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# COVER SHEET

PW000011177

GLOBE TELECOM, INC.

(Company's Full Name)

THE GLOBE TOWER

32ND STREET CORNER 7TH AVENUE

BONIFACIO GLOBAL CITY TAGUIG

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

| JUAN CARLO C. PUNO | 7797-2000 |
|---|---|
| Contact Person | Company Telephone Number |

| 12 | 31 | AFS | 04 | 22 |
|---|---|---|---|---|
| Month | Day | FORM TYPE | Month | Day |
| Fiscal Year | | | Annual Meeting | |

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. Of Stockholders | Domestic | Foreign

---

To be accomplished by SEC Personnel concerned

File Number | LCU

Document I.D. | Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

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# SECURITIES AND EXCHANGE COMMISSION

**SEC FORM 17-C**

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

1. **February 27, 2025**
   Date of Report (Date of earliest event reported)

2. **1177** — SEC Identification Number
3. **000-768-480-000** — BIR Tax Identification Number

4. **GLOBE TELECOM, INC.**
   Exact Name of registrant as specified in its charter

5. **METRO MANILA, PHILIPPINES** — Province, country or other jurisdiction of incorporation
6. (SEC Use Only) — Industry Classification Code

7. **The Globe Tower, 32nd Street corner 7th Avenue, Bonifacio Global City, Taguig** — Address of principal office; **1634** — Postal code

8. **(02) 7797-2000**
   Registrant's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

| Title of Each Class | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (As of December 31, 2024) |
|---|---|
| **COMMON SHARES** | 144,380,334 |
| **TOTAL DEBT** | 249,460 |

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

**Re: Globe Telecom, Inc. and Subsidiaries FY 2024 Consolidated Financial Statements**

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

**GLOBE TELECOM, INC.**
Registrant

Date : **27 February 2025**

DocuSigned by:
**JUAN CARLO C. PUNO**
Chief Financial Officer, Treasurer, and Chief Risk Officer

Docusign Envelope ID: 521A28E0-AFB3-4009-AD95-82732E80FA53

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

www.globe.com.ph

27 February 2025

**SECURITIES AND EXCHANGE COMMISSION**
The SEC Headquarters, 7907 Makati Avenue
Barangay Bel-Air, Makati City 1227

Attention: **Atty. Oliver O. Leonardo**
Director, Markets and Securities Regulation Department

**Atty. Rachel Esther J. Gumtang-Remalante**
Director, Corporate Governance and Finance Department

**THE PHILIPPINE STOCK EXCHANGE, INC.**
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City
Philippines 1634

Attention: **Disclosure Department**

Gentlemen/Mesdames:

Attached is the audited consolidated financial statements of Globe Telecom, Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial years ended December 31, 2024, 2023, and 2022, and a summary of material accounting policies and other explanatory information.

Thank you very much.

Very truly yours,

DocuSigned by:
0822467DE1E6469...
JUAN CARLO C. PUNO
Chief Financial Officer, Treasurer, and
Chief Risk Officer

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

www.globe.com.ph

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS**

The management of Globe Telecom, Inc. and Subsidiaries ("Globe") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2024, and 2023 and for each of the three years in the period ended December 31, 2024, 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 Globe'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 Globe or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing Globe'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 Globe 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 2025

SUBSCRIBED AND SWORN to before me this FEB 0 6 2025 at TAGUIG 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 | | 3 | 3 |

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Page No. ; 80
Book No. ; III
Series of 2025

KRISTINE MARGARETTE M. BERROYA
Notary Public for Taguig
Appointment No. 128 (2024-2026)

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

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The Board of Directors is responsible for overseeing Globe'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 Globe 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 2025

SUBSCRIBED AND SWORN to before me this FEB 0 6 2025 at TAGUIG 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 |
|---|---|---|---|
| Ernest L. Cu | | | |

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Page No. ; 30
Book No. ; II
Series of 2025

KRISTINE MARGARETTE M. BERROYA
Notary Public for Taguig

Globe Telecom, Inc.
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Bonifacio Global City,
Taguig, Philippines 1634

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The Board of Directors is responsible for overseeing Globe'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 Globe 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.

**JUAN CARLO C. PUNO**
Chief Financial Officer, Treasurer and Chief Risk Officer

Signed this 6th day of February 2025

SUBSCRIBED AND SWORN to before me this FEB 0 6 2025 at TAGUIG 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 |
|---|---|---|---|
| Juan Carlo C. Puno | | | |

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Page No. ; 30
Book No. ; II
Series of 2025

KRISTINE MARGARETTE M. BERROYA
Notary Public for Taguig



# 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, 2024 and 2023, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2024, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

*What we have audited*

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2024;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2024;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2024; and
- the notes to the consolidated financial statements, comprising material accounting policies.

## Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.



Isla Lipana & Co. is the Philippine member firm of the PwC network. PwC refers to the Philippine member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

**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 material accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

*Key Audit Matter*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is revenue recognition.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Revenue recognition**<br><br>Refer to notes 2.13 and 32 to the consolidated financial statements.<br><br>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, 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. | We addressed the matter by understanding the Group's revenue recognition policies in accordance with PFRS 15, Revenue from Contracts with Customers, and the related business processes and information technology (IT) environment.<br><br>We 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, charging, billing interface and revenue recording covering all assertions with respect to revenue.<br><br>With the assistance of our IT specialists, 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. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| | In particular, to ensure that postpaid revenues are recognized in the proper period, we performed a combination of controls and substantive testing approach as follows:<br>• We tested the design and operating effectiveness of key controls over charging, billing and recording of revenue transactions.<br>• We tested the reliability of key system generated reports and reconciliations which serve as basis for recognizing postpaid revenue in the correct reporting period.<br>• On a sampling basis, we performed substantive audit procedures over postpaid revenue recognized before and after the reporting period end to validate that the sampled subscriber transactions are recognized in the correct reporting period. |

**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 Integrated 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 Integrated 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 audits of the consolidated financial statements, our responsibility is to read the other information identified above when these 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 audits, or otherwise appears to be materially misstated.

When we read the other information identified above which have not yet been received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.





**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 Accounting Standards, 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.





- 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.

- 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

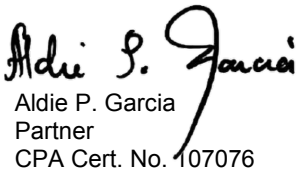
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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, actions taken to eliminate threats or safeguards applied.

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 Aldie P. Garcia.

**Isla Lipana & Co.**



Aldie P. Garcia
Partner
CPA Cert. No. 107076
P.T.R. No. 0011459, issued on January 3, 2025, Makati City
TIN 923-763-007
BIR A.N. 08-000745-143-2025; issued on January 8, 2025; effective until January 7, 2028
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
February 6, 2025

## 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 (together the "Group") as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, on which we have rendered the attached report dated February 6, 2025. 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 the Revised SRC Rule 68.

**Isla Lipana & Co.**



Aldie P. Garcia
Partner
CPA Cert. No. 107076
P.T.R. No. 0011459, issued on January 3, 2025, Makati City
TIN 923-763-007
BIR A.N. 08-000745-143-2025; issued on January 8, 2025; effective until January 7, 2028
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
February 6, 2025



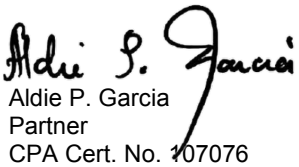
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## Statement Required by Rule 68
## Securities Regulation Code (SRC)

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. (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated February 6, 2025. 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 PFRS Accounting Standards 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 Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

**Isla Lipana & Co.**



Aldie P. Garcia
Partner
CPA Cert. No. 107076
P.T.R. No. 0011459, issued on January 3, 2025, Makati City
TIN 923-763-007
BIR A.N. 08-000745-143-2025; issued on January 8, 2025; effective until January 7, 2028
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
February 6, 2025



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# GLOBE TELECOM, INC. AND SUBSIDIARIES

Consolidated Financial Statements
December 31, 2024, 2023 and 2022

# GLOBE TELECOM, INC. AND SUBSIDIARIES
# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | Notes | December 31 2024 | 2023 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 5 | **₱21,353,659** | ₱16,645,077 |
| Trade receivables – net | 6 | **19,660,468** | 18,097,898 |
| Contract assets – net | 7.1 | **5,442,961** | 6,223,595 |
| Inventories and supplies – net | 9 | **2,964,814** | 3,388,420 |
| Derivative assets – current | 8 | **177,153** | 516,718 |
| Prepayments and other current assets | 10.1 | **19,970,116** | 19,328,108 |
| | | **69,569,171** | 64,199,816 |
| Assets classified as held-for-sale | 11, 13.1, 14.2 | **7,648,795** | 22,724,321 |
| | | **77,217,966** | 86,924,137 |
| **Noncurrent Assets** | | | |
| Property and equipment – net | 11 | **352,115,098** | 334,408,653 |
| Intangible assets and goodwill – net | 12 | **20,130,902** | 23,373,106 |
| Right of use assets – net | 13.1 | **90,464,458** | 69,538,796 |
| Investments in joint ventures | 14 | **59,368,924** | 55,335,717 |
| Derivative assets – net of current portion | 8 | **5,041,998** | 4,200,246 |
| Deferred income tax assets – net | 28 | **1,971,459** | 2,279,979 |
| Other noncurrent assets | 10 | **27,325,318** | 35,567,551 |
| | | **556,418,157** | 524,704,048 |
| **TOTAL ASSETS** | | **₱633,636,123** | ₱611,628,185 |
| **LIABILITIES AND EQUITY** | | | |
| **Current Liabilities** | | | |
| Trade payables and accrued expenses | 15 | **₱78,107,332** | ₱87,664,258 |
| Loans payable – current | 17 | **26,349,796** | 36,792,956 |
| Lease liabilities – current | 13.2 | **8,175,643** | 5,899,426 |
| Deferred revenues – current | 7.2 | **6,049,750** | 7,154,714 |
| Provisions | 16 | **3,393,957** | 2,960,993 |
| Income tax payable | 28 | **902,334** | 1,605,015 |
| Derivative liabilities – current | 8 | **573,005** | 482,182 |
| | | **123,551,817** | 142,559,544 |
| **Noncurrent Liabilities** | | | |
| Loans payable – net of current portion | 17 | **223,110,113** | 213,162,613 |
| Lease liabilities – net of current portion | 13.2 | **107,932,231** | 82,825,056 |
| Deferred income tax liabilities – net | 28 | **4,363,232** | 5,983,954 |
| Pension liability | 27.1 | **2,826,848** | 2,718,312 |
| Deferred revenues – net of current portion | 7.2 | **644,855** | 764,888 |
| Other long-term liabilities | 18 | **3,427,798** | 3,687,080 |
| | | **342,305,077** | 309,141,903 |
| **Total Liabilities** | | **465,856,894** | 451,701,447 |
| **Equity** | | | |
| Capital Stock | 20 | **9,011,592** | 9,004,030 |
| Additional paid in capital | | **54,568,560** | 54,268,520 |
| Cost of share-based compensation | | **871,722** | 802,701 |
| Capital securities | 20.3 | **29,977,639** | 29,977,639 |
| Other reserves | 20.8 | **(2,269,627)** | (1,333,253) |
| Treasury shares | 20.4 | **(10,000,000)** | (10,000,000) |
| Retained earnings | | **85,588,481** | 77,149,257 |
| Equity attributable to equity holders of the Parent | | **167,748,367** | 159,868,894 |
| Non-controlling interest | | **30,862** | 57,844 |
| **Total Equity** | | **167,779,229** | 159,926,738 |
| **TOTAL LIABILITIES AND EQUITY** | | **₱633,636,123** | ₱611,628,185 |

*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 2024 | 2023 | 2022 |
|---|---|---|---|---|
| | | *(In Thousand Pesos, Except Per Share Figures)* | | |
| **REVENUES** | | | | |
| Service revenues | | **₱165,016,289** | ₱162,333,484 | ₱157,979,335 |
| Nonservice revenues | | **15,569,771** | 17,830,971 | 17,061,388 |
| | 32 | **180,586,060** | 180,164,455 | 175,040,723 |
| **INCOME** | | | | |
| Gain on sale of controlling interest on data center business | 14.3 | **-** | - | 10,511,945 |
| Equity share in net income of joint ventures | 14 | **3,897,012** | 2,214,761 | 1,083,202 |
| Gain on sale and leaseback of telecom towers - net | 11 | **3,482,083** | 7,258,378 | 8,260,927 |
| Interest income | 21 | **918,338** | 677,570 | 340,109 |
| Gain on disposal of property and equipment – net | | **206,500** | 371,655 | 321,354 |
| Other income – net | 22 | **1,734,944** | 959,898 | 2,474,814 |
| | | **10,238,877** | 11,482,262 | 22,992,351 |
| **COSTS AND EXPENSES** | | | | |
| General, selling and administrative expenses | 23 | **72,836,753** | 74,681,050 | 74,227,306 |
| Depreciation and amortization | 24 | **50,473,040** | 47,356,043 | 45,653,296 |
| Cost of inventories sold | 9 | **16,428,713** | 18,217,044 | 17,691,677 |
| Financing costs | 25 | **14,444,270** | 12,145,879 | 10,091,289 |
| Interconnect costs | 32, 33.1 | **1,619,788** | 1,367,052 | 1,362,309 |
| Impairment and other losses | 26 | **4,691,290** | 5,463,979 | 4,906,747 |
| | | **160,493,854** | 159,231,047 | 153,932,624 |
| **INCOME BEFORE INCOME TAX** | | **30,331,083** | 32,415,670 | 44,100,450 |
| **PROVISIONS (BENEFIT) FOR INCOME TAX** | | | | |
| Current | | **6,919,731** | 7,853,664 | 9,696,533 |
| Deferred | | **(874,417)** | (16,004) | (200,132) |
| | 28 | **6,045,314** | 7,837,660 | 9,496,401 |
| **NET INCOME** | | **24,285,769** | 24,578,010 | 34,604,049 |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | | | | |
| **Items that will be reclassified into profit or loss in subsequent periods:** | | | | |
| Transactions on cash flow hedges – net | | **(870,457)** | 185,047 | (1,379,590) |
| Exchange differences arising from translations of foreign investments | | **270,419** | (22,443) | 698,533 |
| | 20.8 | **(600,038)** | 162,604 | (681,057) |
| **Item that will not be reclassified into profit or loss in subsequent periods:** | | | | |
| Changes in fair value of financial assets at fair value through other comprehensive income | | **155,313** | 231,871 | 29,104 |
| Remeasurement gain (loss) on defined benefit plan | | **(499,467)** | (1,604,048) | 2,740,701 |
| | 20.8 | **(344,154)** | (1,372,177) | 2,769,805 |
| **TOTAL OTHER COMPREHENSIVE (LOSS) INCOME** | | **(944,192)** | (1,209,573) | 2,088,748 |
| **TOTAL COMPREHENSIVE INCOME** | | **₱23,341,577** | ₱23,368,437 | ₱36,692,797 |

*(Forward)*

# GLOBE TELECOM, INC. AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME

| | Notes | For the Years Ended December 31 2024 | 2023 | 2022 |
|---|---|---|---|---|
| | | *(In Thousand Pesos, Except Per Share Figures)* | | |
| **Total net income attributable to:** | | | | |
| Equity holders of the Parent | | **₱24,304,433** | ₱24,512,760 | ₱34,563,011 |
| Non-controlling interest | | **(18,664)** | 65,250 | 41,038 |
| | | **24,285,769** | 24,578,010 | 34,604,049 |
| **Total other comprehensive income (loss) attributable to:** | | | | |
| Equity holders of the Parent | 20.8 | **(936,374)** | (1,216,947) | 2,078,822 |
| Non-controlling interest | 20.8 | **(7,818)** | 7,374 | 9,926 |
| | | **(944,192)** | (1,209,573) | 2,088,748 |
| **Total comprehensive income attributable to:** | | | | |
| Equity holders of the Parent | | **23,368,059** | 23,295,813 | 36,641,833 |
| Non-controlling interest | | **(26,482)** | 72,624 | 50,964 |
| | | **₱23,341,577** | ₱23,368,437 | ₱36,692,797 |
| **Earnings Per Share** | | | | |
| Basic | 29 | **₱158.48** | ₱160.45 | ₱245.44 |
| Diluted | 29 | **₱157.83** | ₱159.74 | ₱244.25 |
| Cash dividends declared per common share | 20.5 | **₱100.00** | ₱100.00 | ₱106.00 |

*See accompanying Notes to Consolidated Financial Statements.*

Globe

# GLOBE TELECOM, INC. AND SUBSIDIARIES
# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Notes | Capital Stock (Note 20) | Additional Paid-in Capital | Cost of Share-Based Compensation | Capital Securities (Note 20.3) | Other Reserves (Note 20.8) | Retained Earnings | Treasury Shares (Note 20.4) | Total Equity Attributable to Parent | Non-controlling Interest | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | For the Year Ended December 31, 2024 | | | | | | | | | |
| | | *(In Thousand Pesos)* | | | | | | | | | |
| As of January 1, 2024 | | ₱9,004,030 | ₱54,268,520 | ₱802,701 | ₱29,977,639 | (₱1,333,253) | ₱77,149,257 | (₱10,000,000) | ₱159,868,894 | ₱57,844 | ₱159,926,738 |
| Total comprehensive income for the year | | - | - | - | - | (936,374) | 24,304,433 | - | 23,368,059 | (26,482) | 23,341,577 |
| Dividends on: | 20.5 | | | | | | | | | | |
| Common Stock | | - | - | - | - | - | (14,434,240) | - | (14,434,240) | - | (14,434,240) |
| Preferred Stock - voting | | - | - | - | - | - | (61,297) | - | (61,297) | - | (61,297) |
| Distributions on Capital Securities | 20.3 | - | - | - | - | - | (1,369,672) | - | (1,369,672) | - | (1,369,672) |
| Share-based compensation | 27.3.1 | - | - | 376,623 | - | - | - | - | 376,623 | - | 376,623 |
| Issue of shares under share-based compensation plan | | 7,562 | 300,040 | (307,602) | - | - | - | - | - | - | - |
| Others | | - | - | - | - | - | - | - | - | (500) | (500) |
| As of December 31, 2024 | | ₱9,011,592 | ₱54,568,560 | ₱871,722 | ₱29,977,639 | (₱2,269,627) | ₱85,588,481 | (₱10,000,000) | ₱167,748,367 | ₱30,862 | ₱167,779,229 |

*(Forward)*

# GLOBE TELECOM, INC. AND SUBSIDIARIES
# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Notes | Capital Stock (Note 20) | Additional Paid-in Capital | Cost of Share-Based Compensation | Capital Securities (Note 20.3) | Other Reserves (Note 20.8) | Retained Earnings | Treasury Shares (Note 20.4) | Total Equity Attributable to Parent | Non-controlling Interest | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | For the Year Ended December 31, 2023 | | | | | | | | | |
| | | *(In Thousand Pesos)* | | | | | | | | | |
| As of January 1, 2023 | | ₱8,995,602 | ₱53,944,871 | ₱848,890 | ₱29,977,639 | (₱116,306) | ₱68,539,651 | (₱10,000,000) | ₱152,190,347 | ₱342,523 | ₱152,532,870 |
| Total comprehensive income for the year | | - | - | - | - | (1,216,947) | 24,512,760 | - | 23,295,813 | 72,624 | 23,368,437 |
| Dividends on: | 20.5 | | | | | | | | | | |
| Common Stock | | - | - | - | - | - | (14,418,658) | - | (14,418,658) | - | (14,418,658) |
| Preferred Stock - voting | | - | - | - | - | - | (50,027) | - | (50,027) | - | (50,027) |
| Distributions on Capital Securities | 20.3 | - | - | - | - | - | (1,330,619) | - | (1,330,619) | - | (1,330,619) |
| Share-based compensation | 27.3.1 | - | - | 285,888 | - | - | - | - | 285,888 | - | 285,888 |
| Issue of shares under share-based compensation plan | | 8,428 | 323,649 | (332,077) | - | - | - | - | - | - | - |
| Non-controlling interest adjustment arising from subsidiary classified as assets held-for-sale | 14.2 | - | - | - | - | - | - | - | - | (357,303) | (357,303) |
| Others | | - | - | - | - | - | (103,850) | - | (103,850) | - | (103,850) |
| As of December 31, 2023 | | ₱9,004,030 | ₱54,268,520 | ₱802,701 | ₱29,977,639 | (₱1,333,253) | ₱77,149,257 | (₱10,000,000) | ₱159,868,894 | ₱57,844 | ₱159,926,738 |

*(Forward)*

Globe

# GLOBE TELECOM, INC. AND SUBSIDIARIES
# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | | For the Year Ended December 31, 2022 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Notes** | Capital Stock (Note 20) | Additional Paid-in Capital | Cost of Share-Based Compensation | Capital Securities (Note 20.3) | Other Reserves (Note 20.8) | Retained Earnings | Treasury Shares (Note 20.4) | Total Equity Attributable to Parent | Non-controlling Interest | Total |
| | | | | | | *(In Thousand Pesos)* | | | | | |
| As of January 1, 2022 | | ₱8,473,535 | ₱37,226,626 | ₱843,826 | ₱29,977,845 | (₱2,195,128) | ₱49,775,474 | (₱10,000,000) | ₱114,102,178 | ₱293,688 | ₱114,395,866 |
| Total comprehensive income for the year | | - | - | - | - | 2,078,822 | 34,563,011 | - | 36,641,833 | 50,964 | 36,692,797 |
| Dividends on: | 20.5 | | | | | | | | | | |
| Common Stock | | - | - | - | - | - | (14,442,073) | - | (14,442,073) | - | (14,442,073) |
| Preferred Stock - voting | | - | - | - | - | - | (50,027) | - | (50,027) | - | (50,027) |
| Distributions on Capital Securities | 20.3 | - | - | - | - | - | (1,306,734) | - | (1,306,734) | - | (1,306,734) |
| Share-based compensation | 27.3.1 | - | - | 440,894 | - | - | - | - | 440,894 | - | 440,894 |
| Issue of shares under share-based compensation plan | | 16,115 | 419,715 | (435,830) | - | - | - | - | - | - | - |
| Issuance cost of capital securities | | - | - | - | (206) | - | - | - | (206) | - | (206) |
| Issuance of shares by way of stock rights | 20.2 | 505,952 | 16,298,530 | - | - | - | - | - | 16,804,482 | - | 16,804,482 |
| Non-controlling interest adjustment arising from increase in ownership share | | - | - | - | - | - | - | - | - | (2,129) | (2,129) |
| As of December 31, 2022 | | ₱8,995,602 | ₱53,944,871 | ₱848,890 | ₱29,977,639 | (₱116,306) | ₱68,539,651 | (₱10,000,000) | ₱152,190,347 | ₱342,523 | ₱152,532,870 |

*(Forward)*

Globe

# GLOBE TELECOM, INC. AND SUBSIDIARIES
# CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Notes | For the Years Ended December 31 2024 | 2023 | 2022 |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Income before income tax | | **₱30,331,083** | ₱32,415,670 | ₱44,100,450 |
| Adjustments for: | | | | |
| Depreciation and amortization | 24 | **50,473,040** | 47,356,043 | 45,653,296 |
| Impairment and other losses | 26 | **4,691,290** | 5,463,979 | 4,906,747 |
| Financing cost | 25 | **14,444,270** | 12,145,879 | 10,091,289 |
| Equity share in net (income) in joint ventures | 14 | **(3,897,012)** | (2,214,761) | (1,083,202) |
| Gain on sale of controlling interest on data center business | 14.3 | **-** | - | (10,511,945) |
| Foreign exchange losses (gains) – net | 22 | **2,431,889** | (1,042,052) | 5,343,019 |
| (Gain) Loss on derivative instruments | 22 | **(2,957,406)** | 740,686 | (5,797,800) |
| Pension expense | 27 | **930,637** | 842,239 | 1,089,723 |
| Share-based compensation | 27 | **376,623** | 285,888 | 440,894 |
| Interest income | 21 | **(918,338)** | (677,570) | (340,109) |
| Gain on settlement and remeasurement of ARO | 18, 22 | **-** | - | (2,629) |
| Gain on sale and leaseback of telecom towers - net | 11 | **(3,482,083)** | (7,258,378) | (8,260,927) |
| Gain on disposal of property and equipment | | **(206,500)** | (371,655) | (321,354) |
| Gain on sale of investments | 14, 22 | **-** | (76,669) | (101,655) |
| Operating income before working capital changes | | **92,217,493** | 87,609,299 | 85,205,797 |
| Changes in operating assets and liabilities: | | | | |
| Decrease (Increase) in: | | | | |
| Trade receivables – net | | **(2,292,557)** | (2,036,751) | (10,142,232) |
| Inventories and supplies | | **267,560** | 89,047 | (82,149) |
| Contract assets | | **113,163** | (279,226) | (616,657) |
| Prepayments and other current assets | | **440,718** | (1,021,630) | (5,013,014) |
| Other noncurrent assets | | **1,499,941** | 547,578 | (288,404) |
| Increase (Decrease) in: | | | | |
| Trade payables and accrued expenses | | **(720,722)** | 382,459 | 3,156,758 |
| Deferred revenues | | **(1,224,997)** | 47,019 | (611,873) |
| Other long-term liabilities | | **(1,613,598)** | (2,397,643) | (990,006) |
| Cash generated from operations | | **88,687,001** | 82,940,152 | 70,618,220 |
| Income taxes paid | | **(3,905,160)** | (2,493,272) | (5,463,218) |
| Net cash flows from operating activities | | **84,781,841** | 80,446,880 | 65,155,002 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Additions to: | | | | |
| Property and equipment | 11 | **(55,960,088)** | (70,534,793) | (97,983,036) |
| Investment properties | | **-** | - | (5,622,764) |
| Investment in joint ventures | 14 | **(270,150)** | (749,390) | (585,530) |
| Intangible assets | 12 | **(233,565)** | (92,878) | (3,383,869) |
| Release of loans receivable to related parties | 10 | **-** | (636,000) | (681,000) |
| Proceeds from sale and leaseback of telecom towers - net | 11 | **27,821,162** | 24,858,693 | 29,940,218 |
| Collections of loans receivable from related parties | 10 | **101,000** | - | 408,000 |
| Cash from subsidiary classified as assets held-for-sale | 14.2 | **-** | (2,457,220) | - |
| Interest received | | **857,470** | 660,328 | 311,379 |
| Dividends received | 14 | **598,500** | - | - |
| Proceeds from sale of property and equipment | | **1,068,740** | 747,121 | 750,716 |
| Net cash received from sale of data center business | 14.3 | **-** | - | 5,030,000 |
| Proceeds from sale of investments | | **-** | - | 175,725 |
| Cash used in investing activities | | **(26,016,931)** | (48,204,139) | (71,640,161) |
| Income taxes paid | | **(4,728,481)** | (6,274,463) | (2,211,098) |
| Net cashflows used in investing activities | | **(30,745,412)** | (54,478,602) | (73,851,259) |

*(Forward)*

# GLOBE TELECOM, INC. AND SUBSIDIARIES
# CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Notes | For the Years Ended December 31 2024 | 2023 | 2022 |
|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Proceeds from borrowings: | | | | |
| Long-term | 17 | **₱27,000,000** | ₱45,000,000 | ₱8,000,000 |
| Short-term | 17 | **23,310,000** | 63,250,000 | 82,020,167 |
| Repayments of borrowings: | | | | |
| Long-term | 17 | **(18,396,869)** | (20,214,691) | (15,934,168) |
| Short-term | 17 | **(34,572,500)** | (70,905,167) | (56,175,000) |
| Payments of dividends to stockholders: | 20.5 | | | |
| Common | | **(14,434,240)** | (14,418,658) | (14,442,073) |
| Preferred | | **(61,297)** | (50,027) | (50,027) |
| Distributions to holders of capital securities | 20.3 | **(1,369,672)** | (1,330,619) | (1,306,734) |
| Issuance of shares by way of stock rights | 20.2 | **-** | - | 16,804,482 |
| Payments of lease liabilities | 13.2 | **(17,035,519)** | (15,841,394) | (6,878,960) |
| Interest paid | | **(13,901,534)** | (13,048,218) | (9,834,409) |
| Net cash from (used in) financing activities | | **(49,461,631)** | (27,558,774) | 2,203,278 |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **4,574,798** | (1,590,496) | (6,492,979) |
| **NET FOREIGN EXCHANGE DIFFERENCE ON CASH AND CASH EQUIVALENTS** | | **133,784** | 201,788 | 287,569 |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR** | | **16,645,077** | 18,033,785 | 24,239,195 |
| **CASH AND CASH EQUIVALENTS AT THE END OF YEAR** | 5 | **₱21,353,659** | ₱16,645,077 | ₱18,033,785 |

*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.

On March 27, 2024, the sole director resolved and signed a written resolution with the purpose of placing GTHK into liquidation. As of the reporting date, the completion of the regulatory requirements on the liquidation of GTHK is still in process.

### *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 Globe 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.

### *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 to invest in 16.67% of CaelumPacific's capital, effectively reducing GTI's ownership to 83.33%.

On May 30, 2021, the Board of Directors approved GTI's additional capital infusion amounting to $500,000, effectively increasing GTI'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.

On March 7, 2024, the sole director of Caelum Northwest approved the dissolution of the Company. Subsequently, on July 29, 2024, the Department of Revenue State of Washington issued a revenue clearance certificate, allowing Caelum Northwest to proceed with its dissolution. As of November 7, 2024, regulatory requirements for the dissolution of Caelum Northwest is still subject to completion.

On October 28, 2024, the ownership of CaelumPacific and Subsidiaries was transferred from Yondu, Inc. to GTI, a wholly-owned subsidiary of Globe Telecom.

### *1.8 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. 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 (AAAL), 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.

On December 15, 2023, KCCL incorporated its wholly-owned subsidiary, Kickstart Holdings Company, Ltd., (KHCL) for future offshore venture capital investments.

### *1.9 Asticom Holding Co. Inc. (Asticom, formerly known as Asticom Technology, Inc.) 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.

On June 14, 2024, SEC approved the amendment of Asticom's article of incorporation which effectively changes its corporate name to Asticom Holding Co. Inc., as well as its primary purpose as an investing and holding company.

### *1.10 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 Techgroowers, 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 Techgroowers' 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's ownership interest from 49% to 100% and was accounted for as an acquisition of a subsidiary. Inquiro was incorporated to provide data management and other data-related services, through the utilization of telecommunication facilities.

On February 14, 2023, the SEC approved the amendment of AHI's articles of incorporation which effectively change its corporate name to Brave Connective Holdings, Inc. (BCHI).

On June 5, 2023, 917Ventures, Inc. incorporated its wholly owned subsidiary Slyce Digital, Inc. to engage in the business of developing, marketing, advertising, managing, and operating technology platforms.

### *1.11 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").

### *1.12 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.

### *1.13 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.

### *1.14 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 Third Pillar Business Applications, Inc. (TPBAI) and Subsidiaries and CaelumPacific and Subsidiaries from GTI, a wholly-owned subsidiary of Globe Telecom.

On October 28, 2024, Yondu sold its ownership of CaelumPacific and Subsidiaries to GTI, a wholly-owned subsidiary of Globe Telecom.

*Third Pillar Business Applications, Inc. (TPBAI)*

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.

Third Pillar Global Delivery Center Inc. (TPGDC) is a wholly owned subsidiary of TPBAI that is engaged in software implementation and maintenance services and the outsourcing arm of TPBAI.

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

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

On July 8, 2024, the Board of Directors approved Yondu's additional capital infusion amounting to ₱20.00 million, which further increased Yondu's ownership to 85%.

*1.15 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.

On September 29, 2023, Globe Telecom entered into a Share Purchase Agreement with Globe Fintech Innovations, Inc. (Mynt) for the sale of Globe's 77% investment in ECPay for a total consideration of ₱2,310.00 million. The closing of the transaction and actual transfer of ownership is still subject to the Philippine Competition Commission (PCC) approval. On September 29, 2023, Globe Telecom ceased to consolidate ECPay as certain terms and conditions in the Share Purchase Agreement constrained Globe's exposures and rights to variable returns. At the date of deconsolidation, the fair value of the Globe's interest in ECPay amounting to ₱2,310.00 million has been reclassified to Assets held-for-sale under the current assets section in Globe's consolidated statement of financial position. Accordingly, resulting gain was recognized in the consolidated statements of comprehensive income amounting to ₱76.67 million in 2023. (See Note 14.2)

## 2 Summary of Material Accounting Policies

### *2.1 Basis of Preparation and Presentation*

The consolidated financial statements of Globe Telecom, Inc. and its subsidiaries, collectively referred to as "Globe", 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 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 classification of accounts are consistent across all periods, except for certain accounts in prior years that were reclassified to align with the current year's presentation. For material reclassifications, additional disclosures are provided to describe the nature and impact of the reclassifications in all the periods affected.

The consolidated financial statements of Globe 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, 2025, the BOD approved and authorized the release of the consolidated financial statements of Globe Telecom, Inc. and its subsidiaries as of December 31, 2024 and 2023 and each of the three years in the period ended December 31, 2024.

### *2.2 Statement of Compliance*

The consolidated financial statements of Globe have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards, which comprise the following authoritative literature:

- PFRS Accounting Standards,
- PAS Standards, 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 and Sustainability Reporting Standards Council (FSRSC) 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[7] | Principal Activity | Parent Company's Percentage of Ownership | |
|---|---|---|---|---|
| | | | **2024** | 2023 |
| 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% |
| Caelum Pacific[4] | Philippines | Technical and IT consulting services | **88%** | - |
| Caelum US[4] | United States | Holding company | **100%** | - |
| Caelum Northwest[1, 4] | United States | Cloud software development and consulting services | **100%** | - |
| Globe STT GDC[8] | Philippines | Data center management | **50%** | 50% |
| KVI | Philippines | Venture capital company | **100%** | 100% |
| FPSI[1] | Philippines | E-book solutions | **40%** | 40% |
| KCCL | Cayman Islands | Management of capital investment funds | **100%** | 100% |
| KVCL | Cayman Islands | Management of capital investment funds | **65%** | 65% |
| KHCL[6] | Cayman Islands | Management of capital investment funds | **100%** | - |
| 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 | Philippines | Human capital management services | **100%** | 100% |
| FINSI | Philippines | Support and industry specific solutions | **100%** | 100% |
| BRAD | Philippines | Warehouse and logistics | **100%** | 100% |
| ACQR | Philippines | Support and shared services provider | **100%** | 100% |
| GCVHI | Philippines | Holding Company | **100%** | 100% |
| 917V | Philippines | Venture capital company | **100%** | 100% |
| Slyce[2] | Philippines | Management of technology platforms | **100%** | 100% |
| BCHI[5] | Philippines | Holding company | **100%** | 100% |
| AI | Philippines | Advertising company | **100%** | 100% |
| Socialytics | Philippines | Advertising company | **100%** | 100% |
| M360 | Philippines | A2P messaging | **100%** | 100% |
| Inquiro | Philippines | Data management services | **100%** | 100% |
| BTI | Philippines | Wireline voice and data communication services | **99%** | 99% |
| RCPI | Philippines | Wireline communication services | **91%** | 91% |
| Telicphil[1] | Philippines | Telco equipment administration and maintenance | **58%** | 58% |
| Sky Internet | Philippines | Data communication services | **100%** | 100% |
| GlobeTel Japan | Japan | Wireless and data communication services | **100%** | 100% |
| NLI | Philippines | Land holding company | **70%** | 70% |
| Tao | Philippines | Distribution company | **67%** | 67% |
| GTowers Inc. | Philippines | Tower company | **100%** | 100% |
| Yondu | Philippines | Information technology and software development | **100%** | 100% |
| Rocket Search | Philippines | Information technology and software development | **100%** | 100% |
| TPBAI | Philippines | Data management services | **85%** | 67% |
| TPGDC | Philippines | Support and shared services provider | **100%** | 100% |
| TPAPPL | Singapore | Data management services | **100%** | 100% |
| Caelum Pacific[4] | Philippines | Technical consulting and IT related services | **-** | 88% |
| Caelum US[4] | United States | Holding Company | **-** | 100% |
| Caelum Northwest[1, 4] | United States | Cloud software development and consulting services | **-** | 100% |
| EC Pay[3] | Philippines | Information technology and electronic services | **77%** | 77% |

[1] *Ceased operations*
[2] *Incorporated in 2023*
[3] *Included under Assets classified as held for sale in 2024 and 2023*
[4] *Transferred to GTI in 2024*
[5] *Formerly under AHI in 2023*
[6] *Incorporated in 2024*
[7] *Same with principal place of business*
[8] *Deconsolidated in 2022*

### *2.4 Business Combination and Goodwill*

Acquisitions of businesses are accounted for using the acquisition 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 Globe, liabilities incurred by Globe to the former owners of the acquiree and the equity interest issued by Globe 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 Globe 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 fair value 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 Globe'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 Globe 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, Globe'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, Globe 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 Globe'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 Globe'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.

Globe 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 *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 Globe'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.

### 2.4.4 *Changes in ownership with loss of control*

If Globe 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 Globe's consolidated statements of financial position when Globe 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 Globe commits to purchase or sell the asset.

Financial instruments are recognized initially at fair value. Transaction costs are included in the initial measurement of Globe'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

Globe 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

Globe 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 31.1.

#### 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 31.1.

### *2.5.2.3 Financial assets at fair value through other comprehensive income*

Globe 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 31.1.

### *2.5.3 Impairment of Financial Assets and Contract Assets at amortized cost*

Globe assesses at end of the reporting date whether a financial asset or group of financial assets is impaired.

Globe 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.

Globe 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, Globe 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, Globe 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.

Globe 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, Globe 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, Globe 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 Globe'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, Globe 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. Globe 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.

Globe 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, Globe considers that default has occurred when the subscriber has been permanently disconnected.

For all other receivables, Globe 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 Globe, in full (without taking into account any collateral held by Globe).

Irrespective of the above analysis, Globe considers that default has occurred when a financial asset is more than 90 days past due unless Globe 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*

Globe 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 Globe has effectively exhausted all collection efforts). Financial assets written off may still be subject to enforcement activities under Globe'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 Globe in accordance with the contract and all the cash flows that Globe expects to receive, discounted at the original effective interest rate.

If Globe 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, Globe 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.

Globe 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*

Globe 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 31.1.

##### *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 31.1.

##### *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 Globe. Globe 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, Globe 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. Globe 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*

Globe 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 Globe'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

Globe derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when Globe transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Globe neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, Globe recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If Globe retains substantially all the risks and rewards of ownership of a transferred financial asset, Globe 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, Globe 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.

### *2.7 Prepayments*

Prepayments represent expenditures not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Prepayments related to acquisition of property and equipment are subsequently capitalized as an item of property and equipment. All other prepayments are subsequently 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 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 Globe 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 Globe. 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 | 3-15 |
| 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 appropriate asset account, based on management's judgment on asset identifiability and separability, when the construction or installation and the related activities necessary to prepare the asset for their intended use are complete, and the asset 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 Globe's control and there is sufficient evidence that Globe 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.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

Globe 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.

### *2.9 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.

*2.10 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, Globe'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 Globe's share in net assets of the JV, less any allowance for impairment losses. The consolidated profit or loss includes Globe's share in the results of operations of its JV. Distributions received from the JV reduce the carrying amount of the investments in JV. Any change in OCI of those investees is presented as part of Globe's OCI. In addition, where there has been a change recognized directly in the equity of the JV, Globe 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, Globe shall discontinue recognizing its share of further losses and apply it to other interests that, in substance, form part of Globe's net investment in the JV. If the JV subsequently reports profits, Globe 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 Globe.

Globe discontinues the use of the equity method from the date when the investment ceases to be a joint venture. When Globe retains an interest in the former joint venture and the retained interest is a financial asset, Globe 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, Globe 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 Globe reduces its ownership interest in a joint venture but Globe continues to use the equity method, Globe 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.

Globe'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.

Globe 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.

*Venture capital exemption*

At initial recognition, Globe, through venture capital subsidiary, may elect to measure its investments in joint ventures at FVPL. Subsequent to the initial recognition, investments in joint ventures at FVPL are carried at fair value with any resultant gain or loss recognized in profit or loss.

### *2.11 Impairment of Nonfinancial Assets*

At the end of each reporting period, Globe 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, Globe 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.

### *2.12 Provisions*

Provisions are recognized when Globe has a present obligation, either legal or constructive, as a result of a past event and it is probable that Globe 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 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. Globe 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, Globe 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, Globe 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, Globe 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.

Globe 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 2.13.1);
- Wireline services provided to subscribers under subscription arrangements such as, voice, corporate communication, and home broadband internet (Note 2.13.1);
- Inbound traffic originating from other telecommunications providers that terminates at Globe's network (Note 2.13.2);
- Inbound roaming due from foreign carriers (Note 2.13.3);
- Postpaid wireless communication services bundled with sale of handsets and other devices (Note 2.13.4);
- Postpaid wireline communication services bundled with equipment installation services (Note 2.13.5);
- Leases, interests and management fees (Note 2.13.7).

### *2.13.1 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.

Globe 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.

### *2.13.2 Inbound traffic*

Inbound traffic originating from other telecommunications providers that terminates at Globe's network are recognized as service revenues in the period the inbound traffic occurred based on agreed rates with the other telecommunication providers.

### *2.13.3 Inbound roaming services*

Service revenues from foreign carriers for inbound roaming transactions at Globe's network are recognized in the period the inbound roaming connection is provided.

### *2.13.4 Postpaid mobile services and sale of mobile handsets and other devices*

Globe 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. Globe 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.

### *2.13.5 Postpaid subscription to wireline services and equipment installation services*

Globe 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.

### *2.13.6 Globe Rewards*

Globe 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, Globe 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.

### *2.13.7 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 Globe can specifically identify;
- The costs generate or enhance resources of Globe that will be used in satisfying performance obligation in the future; and
- The costs are expected to be recovered.

## 2.14 Staff Costs

### 2.14.1 Short-term benefits

Globe 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 Globe 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.

### 2.14.2 Post Employment benefits

Globe 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

Globe 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 Globe, nor can they be paid directly to Globe. Fair value of plan assets is based on market price information.

## 2.15 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 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 Globe at that date, based on the best available estimate of the number of equity instruments, will ultimately vest.

### *2.16 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.

### *2.17 Leases*

#### *2.17.1 Globe as Lessee*

Globe assesses whether a contract is or contains a lease, at inception of the contract. Globe 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, Globe 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, Globe 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 Globe is reasonably certain to exercise that option); and
- the periods covered by an enforceable option to terminate the lease (if Globe 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 Globe'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.

Globe 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.

Globe 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 Globe; and
- Affects whether Globe 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.

Globe 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.

Globe 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 Globe (the seller-lessee) transfers the control of an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor, Globe accounts for the transaction as sale and leaseback. Accordingly, Globe 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 Globe'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.

### *2.18 Foreign Currency Transactions*

Transactions in currencies other than functional currency of the entities included in Globe 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 Globe 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.

### *2.19 Income Tax*

Income tax expense represents the sum of the current tax expense and deferred tax.

#### *2.19.1 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.

#### *2.19.2 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 Globe 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.

### *2.20 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.

### *2.21 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 Globe.

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.

Globe 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, Globe 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 31.3).

## 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, 2024*

In the current year, Globe has applied a number of amendments to PFRS and Interpretations issued by International Accounting Standards Board (IASB) that are effective for the annual period that begins on January 1, 2024. The adoption has not had any material impact on the disclosures or on the amounts reported in the consolidated financial statements.

#### *3.1.1 Amendments to PFRS 16 Leases – Lease Liability in a Sale and Leaseback*

The amendment to PFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the particular or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in PFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted but required to disclose that fact.

#### *3.1.2 Classification of Liabilities as Current or Non-current Liabilities with Covenants – Amendments to PAS 1*

Amendments made to PAS 1 Presentation of Financial Statements in 2020 and 2022 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (for example, the receipt of a waiver or a breach of covenant that an entity is required to comply with only after the reporting period).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either on or before the reporting date, this needs to be considered in the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants with which the entity must comply within 12 months of the reporting date.

The disclosures include:

- the carrying amount of the liability;
- information about the covenants (including the nature of the covenants and when the entity is required to comply with them); and
- facts and circumstances, if any, that indicate that the entity might have difficulty complying with the covenants.

The amendment did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

### *3.2 New and Revised Standards Not Yet Effective*

At the date of authorization of these consolidated financial statements, Globe has not applied the following new and revised PFRS that have been issued but are not yet effective. Globe anticipates that the application of these new and revised standards will not have material impact on Globe's consolidated financial statements in future periods, unless otherwise stated.

#### *3.2.1 Amendments to PAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability*

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- A spot exchange rate for a purpose other than that for which an entity assesses exchangeability
- The first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

An entity using another estimation technique may use any observable exchange rate—including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations—and adjust that rate, as necessary, to meet the objective as set out above.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

### *3.2.2 PFRS 18 – Presentation and Disclosure in Financial Statements*

PFRS 18 replaces PAS 1, carrying forward many of the requirements in PAS 1 unchanged and complementing them with new requirements. In addition, some PAS 1 paragraphs have been moved to PAS 8 and PFRS 7. Furthermore, the IASB has made minor amendments to PAS 7 and PAS 33 Earnings per Share.

PFRS 18 introduces new requirements to:

- Present specified categories and defined subtotals in the statement of profit or loss
- Provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- Improve aggregation and disaggregation.

An entity is required to apply PFRS 18 for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The amendments to PAS 7 and PAS 33, as well as the revised PAS 8 and PFRS 7, become effective when an entity applies PFRS 18. PFRS 18 requires retrospective application with specific transition provisions.

Globe anticipates that the application of these amendments will have an impact on the presentation of Globe's consolidated financial statements in future periods.

## 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*

Globe provides wireless communication services to subscribers which are bundled with handset sales. Based on Globe'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, Globe 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 Deferred Contract Costs*

Globe incurs certain commissions and installation costs in relation to the service provided to its subscribers. Based on Globe's assessment, these costs are incremental in obtaining and fulfilling its performance obligations. Accordingly, Globe recognizes deferred contracts costs which are amortized as expense throughout the period of the subscription contract.

#### *4.1.3 Determination of Whether Globe is Acting as a Principal or an Agent*

Globe 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, Globe 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, Globe recognizes the service revenue at gross amount of consideration. Otherwise, Globe 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.

### 4.1.4 Determination of lease term in lease agreements

Globe has certain lease agreements with renewal options, which Globe applied judgment in evaluating its overall lease term. Globe considered financial and operational factors in determining whether it is reasonably certain that these renewal options will be exercised.

## 4.2 Key Estimation Uncertainties

### 4.2.1 ECL Impairment on Subscribers Receivables and Contract Assets

When measuring ECL Globe 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 2024 and 2023 on subscribers receivable amounted to ₱2,886.12 million and ₱3,416.76 million (see Note 6), and contract assets amounted to ₱667.47 million and ₱947.09 million, respectively (see Notes 7.1 and 26).

### 4.2.2 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.

Globe 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.

### 4.2.3 Inventory Obsolescence and Market Decline

Globe, in determining the NRV, considers any adjustment necessary for obsolescence which is generally provided for nonmoving items after a certain period. Globe 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. Globe 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, Globe 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 2024, 2023 and 2022 amounted to ₱156.05 million, ₱399.50 million, and ₱245.52 million, respectively (see Notes 9 and 26).

Inventories and supplies, net of allowances, amounted to ₱2,964.81 million and ₱3,388.42 million as of December 31, 2024 and 2023, respectively (see Note 9).

### *4.2.4 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 Globe's property and equipment, intangible assets and right of use assets with finite useful lives as of December 31, 2024 and 2023:

| | Notes | **2024** | 2023 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| Property and equipment – net* | 11 | **₱254,004,279** | ₱227,618,631 |
| Right of use assets – net | 13 | **90,464,458** | 69,538,796 |
| Intangible assets – net | 12 | **18,450,131** | 21,454,667 |
| | | **₱362,918,868** | ₱318,612,094 |

**Property and equipment – net also excludes Land amounting to ₱1,965.39 million as of December 31, 2024 and 2023*

### *4.2.5 Impairment of Non-financial Assets Other Than Goodwill*

Globe performs an impairment review when certain impairment indicators are present.

Determining the recoverable amounts of non-financial assets requires Globe to make estimates and assumptions on the cash flows expected to be generated from those assets. While Globe 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 Globe's non-financial assets as of December 31, 2024 and 2023:

| | Notes | **2024** | 2023 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| Property and equipment - net | 11 | **₱352,115,098** | ₱334,408,653 |
| Right of use assets – net | 13 | **90,464,458** | 69,538,796 |
| Investments in joint ventures | 14 | **59,368,924** | 55,335,717 |
| Intangible assets - net (excluding Goodwill) | 12 | **18,450,131** | 21,638,901 |
| Advance payments to suppliers and contractors | 10.1 | **12,172,430** | 19,863,873 |
| | | **₱532,571,041** | ₱500,785,940 |

Impairment loss recognized on property and equipment amounted to ₱410.56 million, ₱92.44 million, and nil in 2024, 2023 and 2022, respectively (see Note 26).

### *4.2.6 Impairment of Goodwill*

Globe'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 Globe 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, 2024 and 2023, the carrying value of goodwill amounted to ₱1,680.77 million and ₱1,734.21 million, respectively (see Note 12).

Impairment loss recognized on goodwill amounted ₱53.43 million and ₱154.61 million and nil in 2024, 2023 and 2022, respectively. (see Note 26).

### *4.2.7 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, 2024 and 2023, the combined gross deferred tax assets of Globe amounted to ₱38,813.37 million and ₱32,443.48 million, respectively (see Note 28).

### *4.2.8 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 Globe 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, 2024 and 2023 amounted to ₱2,826.85 million and ₱2,718.31 million, respectively (see Note 27.1).

### *4.2.9 Provisions and Contingencies*

Globe 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 Globe's defense in these matters and is based upon an analysis of potential results. Globe 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.

Globe's provisions as of December 31, 2024 and 2023 amounted to ₱3,393.96 million and ₱2,960.99 million, respectively (see Note 16).

### *4.2.10 Determination of incremental borrowing rates in lease agreements*

Globe entered into various lease agreements where the Right-of-use assets and corresponding lease liabilities were measured at present value at initial recognition at interest rate implicit in the lease, or if not determinable, the incremental borrowing rates. Incremental borrowing rate is the rate that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

Globe uses published government bond rates as the risk free input plus a spread adjustment using Globe's credit worthiness.

Lease liabilities amounted to ₱116,107.87 million and ₱88,724.48 million as of December 31, 2024 and 2023, respectively (see Note 13).

## 5 Cash and Cash Equivalents

The cash and cash equivalents account consists of the following as of December 31:

| | **2024** | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| Cash on hand and in banks | **₱6,651,217** | ₱8,623,614 |
| Short-term money market placements | **14,702,442** | 8,021,463 |
| | **₱21,353,659** | ₱16,645,077 |

Cash in banks earn interest at respective bank deposit rates.

Short-term money market placements are highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value. Globe classifies an investment as short-term money market placements if that investment has a maturity of three months of less from the date of acquisition.

Interest income from cash and cash equivalents are as follows (see Note 21):

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| Short-term money market placements | **₱567,639** | ₱374,055 | ₱130,153 |
| Cash in banks | **65,227** | 75,980 | 9,650 |
| | **₱632,866** | ₱450,035 | ₱139,803 |

The ranges of interest rates of the above placements are as follows:

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| Placements: | | | |
| PHP | **0.001% to 5.50%** | 0.001% to 5.45% | 0.001% to 5.50% |
| USD | **0.001% to 4.52%** | 0.001% to 5.00% | 0.001% to 4.40% |

## 6 Trade receivables - net

This account consists of receivables from:

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| Subscribers | | **₱21,274,625** | ₱21,703,830 |
| Traffic settlements - net | 31.2, 33.1 | **907,175** | 1,124,376 |
| Dealers | | **640,035** | 814,033 |
| Others | | **4,848,388** | 3,984,796 |
| | | **27,670,223** | 27,627,035 |
| Less allowance for impairment losses: | | | |
| Subscribers | | **7,216,550** | 8,348,275 |
| Traffic settlements and others | | **793,205** | 1,180,862 |
| | | **8,009,755** | 9,529,137 |
| | | **₱19,660,468** | ₱18,097,898 |

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 Globe under postpaid arrangements.

Traffic settlement receivables are presented net of traffic settlement payables from the same carrier (see Notes 31.2 and 33.1).

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 |
|---|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | | |
| **2024** | | | | | |
| December 31, 2023 | **₱5,657,773** | **₱2,140,484** | **₱550,018** | **₱1,180,862** | **₱9,529,137** |
| Charges for the period (Note 26) | **2,641,800** | **94,255** | **150,069** | **5,910** | **2,892,034** |
| Write-offs and recoveries – net | **(3,699,800)** | **(98,623)** | **(219,426)** | **(393,567)** | **(4,411,416)** |
| December 31, 2024 | **₱4,599,773** | **₱2,136,116** | **₱480,661** | **₱793,205** | **₱8,009,755** |
| 2023 | | | | | |
| December 31, 2022 | ₱6,548,008 | ₱2,417,838 | ₱936,902 | ₱1,194,234 | ₱11,096,982 |
| Charges for the period (Note 26) | 3,129,046 | 114,020 | 173,696 | 77,299 | 3,494,061 |
| Write-offs and recoveries – net | (4,019,281) | (391,374) | (560,580) | (90,671) | (5,061,906) |
| December 31, 2023 | ₱5,657,773 | ₱2,140,484 | ₱550,018 | ₱1,180,862 | ₱9,529,137 |

## 7 Contract Assets and Liabilities

### *7.1* Contract Assets – net

Movements in the contract assets for the periods are as follows:

| | Note | 2024 | 2023 |
|---|---|---|---|
| - | | *(In Thousand Pesos)* | |
| **Contract assets** | | | |
| Balance at beginning of the year | | **₱6,223,595** | ₱6,891,455 |
| Additions during the year | | **5,908,810** | 6,888,421 |
| Billed to subscribers during the year | | **(6,021,973)** | (6,609,194) |
| Impairment loss | 26 | **(667,471)** | (947,087) |
| **Net contract assets, December 31** | | **₱5,442,961** | ₱6,223,595 |

Globe provides wireless communication services to subscribers which are bundled with sale of handsets and other devices. Globe 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 Deferred Revenues*

The following table provides information about the contract liabilities and other deferred revenues:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| Advance monthly service fees | **₱3,924,745** | ₱4,195,802 |
| Deferred revenue from wireless subscribers under prepaid arrangements | **2,655,614** | 2,853,549 |
| Deferred revenue rewards | **58,148** | 143,012 |
| Others | **56,098** | 727,239 |
| | **6,694,605** | 7,919,602 |
| Less current portion | **6,049,750** | 7,154,714 |
| Non current portion | **₱644,855** | ₱764,888 |

Advance monthly service fees represent advance billings to postpaid subscribers arising from contracts.

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.

Deferred revenues from wireless subscribers under prepaid arrangements, deferred revenue rewards and advance monthly service fees are recognize d as revenues within 12 months.

Deferred revenue rewards represent unredeemed customer award credit under customer loyalty program.

## 8 Derivative Financial Instruments

The table below sets out information about Globe's derivative financial instruments and the related fair values as of December 31:

**2024**

| | USD Notional Amount | PHP Notional Amount | Derivative Assets | Derivative Liabilities |
|---|---|---|---|---|
| | | *(In Thousands)* | | |
| **Derivative instruments designated as hedges** | | | | |
| *Cash flow hedges* | | | | |
| Cross currency swaps | **$173,000** | **₱ -** | **₱1,526,688** | **₱-** |
| Principal only swaps | **680,000** | **-** | **3,682,802** | **339,862** |
| **Derivative instruments not designated as hedges** | | | | |
| *Freestanding* | | | | |
| Deliverable forwards | **448,500** | **-** | **9,661** | **233,143** |
| | | | **₱5,219,151** | **₱573,005** |
| Less current portion | | | **177,153** | **573,005** |
| Non current portion | | | **₱5,041,998** | **₱-** |

2023

| | USD Notional Amount | PHP Notional Amount | Derivative Assets | Derivative Liabilities |
|---|---|---|---|---|
| | | *(In Thousands)* | | |
| Derivative instruments designated as hedges | | | | |
| *Cash flow hedges* | | | | |
| Cross currency swaps | $250,350 | ₱ - | ₱1,477,883 | ₱- |
| Principal only swaps | 680,000 | - | 3,235,758 | 424,555 |
| Derivative instruments not designated as hedges | | | | |
| *Freestanding* | | | | |
| Deliverable forwards | 308,000 | - | 2,301 | 53,766 |
| Non-deliverable forwards | 26,158 | - | 1,022 | 3,861 |
| | | | ₱4,716,964 | ₱482,182 |
| Less current portion | | | 516,718 | 482,182 |
| Non current portion | | | ₱4,200,246 | ₱- |

The subsequent sections will discuss Globe'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*

Globe 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 USD173.00 million and USD250.35 million as of December 31, 2024 and 2023, respectively. Principal only swaps have a notional amount of USD680.00 million as of December 31, 2024 and 2023. The fair values of the currency swaps as of December 31, 2024 and 2023 amounted to net asset of ₱4,869.63 million and ₱4,289.09 million, respectively, of which ₱1,866.91 million and ₱996.45 million (net of tax),respectively is included in "Other reserves" in the equity section of the consolidated statements of financial position (see Note 20.8).

Swap costs arising from cross currency swaps recognized as financing cost amounted to ₱318.44 million, ₱490.05 million, and ₱1,140.45 million in 2024, 2023 and 2022, respectively (see Note 25).

### *8.2 Freestanding Derivatives*

Freestanding derivatives that are not designated as hedges consist of currency forwards entered into by Globe. Fair value changes on these instruments are accounted for directly in consolidated profit or loss.

Globe has USD448.50 million and USD308.00 million deliverable currency forward contracts as of December 31, 2024 and 2023, respectively, and USD26.16 million non-deliverable currency forward contracts not designated as hedges as of December 31, 2023.

### *8.3* Hedge Effectiveness Results

As of December 31, 2024 and 2023, the effective fair value changes on Globe's cash flow hedges that were deferred in equity amounted to loss of ₱1,886.91 million and loss of ₱996.45 million, net of tax, respectively (see Note 20.8). Derivatives designated as cash flow hedges for the years ended December 31, 2024, 2023 and 2022 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:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| At beginning of year | **₱4,234,782** | ₱4,519,996 |
| Net changes in fair value of derivatives: | | |
| Designated as cash flow hedges (Note 20.8) | **262,102** | (852,889) |
| Not designated as cash flow hedges | **1,216,255** | (131,114) |
| | **5,713,139** | 3,535,993 |
| Fair value of settled instruments | **(1,066,993)** | 698,789 |
| At end of period | **₱4,646,146** | ₱4,234,782 |

Details of amounts reclassified from cash flow hedge reserve to profit or loss in relation to hedge accounting transactions are shown below.

| | Notes | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | |
| Gain (loss) on derivative instruments – net | | **₱1,741,151** | (₱609,572) | ₱4,771,614 |
| Swap costs | 25 | **(318,440)** | (490,046) | (1,140,451) |
| | 20.8 | **₱1,422,711** | (₱1,099,618) | ₱3,631,163 |

## 9 Inventories and Supplies - net

This account consists of:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| Handsets, devices and accessories | **₱2,154,304** | ₱2,394,979 |
| Supplies | **481,703** | 488,459 |
| Broadband device | **136,852** | 213,493 |
| SIM cards and SIM packs | **65,893** | 141,406 |
| Modem and accessories | **52,194** | 81,525 |
| Call cards and others | **73,868** | 68,558 |
| | **₱2,964,814** | ₱3,388,420 |

Breakdown of cost of inventories recognized as expense are as follows:

| | Note | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | |
| Cost of inventories sold | | **₱16,428,713** | ₱18,217,044 | ₱17,691,677 |
| Repairs and maintenance | | **523,142** | 1,394,034 | 2,454,267 |
| Inventory obsolescence | 26 | **156,046** | 399,495 | 245,516 |
| | | **₱17,107,901** | ₱20,010,573 | ₱20,391,460 |

Cost of inventories sold and services consists of:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| Handsets, devices and accessories | **₱14,681,876** | ₱16,611,417 | ₱15,998,636 |
| SIM cards and SIM packs | **336,913** | 557,551 | 444,163 |
| Modems and accessories | **259,734** | 167,053 | 117,358 |
| Broadband device | **135,550** | 428,700 | 975,646 |
| Supplies | **185,238** | 19,645 | 3 |
| Call cards and others | **829,402** | 432,678 | 155,871 |
| | **₱16,428,713** | ₱18,217,044 | ₱17,691,677 |

## 10 Prepayment and Other Assets

### *10.1 Prepayments and Other Assets - net*

This account consists of:

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| Advance payments to suppliers and contractors | 33.2 | **₱12,172,430** | ₱19,863,873 |
| Input VAT – net | | **6,672,173** | 6,590,446 |
| Investment property | | **5,620,496** | 5,624,264 |
| Prepayments | | **5,525,460** | 5,155,106 |
| Investments in equity and debt securities | | **4,083,797** | 3,812,726 |
| Loans receivable from related parties | 19.3 | **3,763,935** | 3,864,935 |
| Non-trade receivables – net | 10.2 | **3,324,995** | 3,073,670 |
| Security deposits | | **1,579,260** | 1,570,430 |
| Creditable withholding tax | | **1,155,326** | 961,370 |
| Deferred contract costs | 10.3 | **551,231** | 1,676,459 |
| Others | | **2,846,331** | 2,702,380 |
| | | **47,295,434** | 54,895,659 |
| Less current portion | | **19,970,116** | 19,328,108 |
| Non current portion | | **₱27,325,318** | ₱35,567,551 |

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 ₱3.77 million, ₱4.03 million and ₱4.75 million in 2024, 2023 and 2022, respectively. (see Note 24).

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 ₱229.66 million, ₱224.06 million and ₱2.49 million in 2024, 2023 and 2022, respectively (see Note 20.8).

### *10.2 Non-trade receivables - net*

Non-trade receivables – net consists of:

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| Due from related parties | 19 | **₱1,170,419** | ₱1,121,452 |
| Advances to employees | | **186,986** | 187,450 |
| Others | | **1,981,303** | 1,838,283 |
| | | **3,338,708** | 3,147,185 |
| Allowance for impairment loss | | **(13,713)** | (73,515) |
| | | **₱3,324,995** | ₱3,073,670 |

### *10.3 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:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| **Cost to obtain contracts with customers:** | | |
| Commissions | **₱352,079** | ₱810,328 |
| **Cost to fulfill contracts with customers** | | |
| Installation costs | **199,152** | 866,131 |
| | **₱551,231** | ₱1,676,459 |

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:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| Balance at beginning of the year | **₱1,676,459** | ₱3,066,871 |
| Amounts capitalized during the period | **1,059,332** | 1,776,589 |
| Amounts recognized as expense | **(2,184,560)** | (3,167,001) |
| Balance at the end of the year | **₱551,231** | ₱1,676,459 |

## 11 Property and Equipment – net

The rollforward analysis of this account follows:

**2024**

| | Telecommunication Equipment | Buildings, Land and Leasehold Improvement | Cable System | Office Equipment | Transportation Equipment | Assets Under Construction | Total |
|---|---|---|---|---|---|---|---|
| | *(In Thousand Pesos)* | | | | | | |
| **Cost** | | | | | | | |
| At January 1, 2024 | ₱444,716,637 | ₱66,178,280 | ₱25,078,243 | ₱17,161,554 | ₱4,854,430 | ₱104,824,628 | ₱662,813,772 |
| Additions | 1,577,507 | 415,181 | 588,814 | 144,730 | 494,790 | 53,794,280 | 57,015,302 |
| Retirements/disposals | (3,377,505) | (622,881) | (915,873) | (224,569) | (690,463) | (51,478) | (5,882,769) |
| Reclassifications and transfers (Notes 12 and 13) | 57,831,828 | 2,836,509 | (506,940) | 487,600 | 6,322 | (62,428,436) | (1,773,117) |
| Others | 21,245 | - | 182,362 | 126 | - | 6,431 | 210,164 |
| At December 31, 2024 | 500,769,712 | 68,807,089 | 24,426,606 | 17,569,441 | 4,665,079 | 96,145,425 | 712,383,352 |
| **Accumulated Depreciation and Amortization** | | | | | | | |
| At January 1, 2024 | 259,939,230 | 26,318,666 | 17,764,034 | 15,622,564 | 3,352,690 | - | 322,997,184 |
| Depreciation and amortization (Note 24) | 29,543,890 | 2,959,536 | 937,065 | 979,398 | 556,380 | - | 34,976,269 |
| Retirements/disposals | (2,176,461) | (444,622) | (332,680) | (174,512) | (542,511) | - | (3,670,786) |
| Reclassifications and transfers (Notes 12 and 13) | 692,300 | 484,432 | (93,913) | 6,556 | - | - | 1,089,375 |
| Others | 14,325 | - | 84,184 | 138 | - | - | 98,647 |
| At December 31, 2024 | 288,013,284 | 29,318,012 | 18,358,690 | 16,434,144 | 3,366,559 | - | 355,490,689 |
| **Accumulated Impairment Losses** | | | | | | | |
| At January 1, 2024 | 5,298,174 | 106,409 | - | 3,352 | - | - | 5,407,935 |
| Write-off | (630,370) | - | - | - | - | - | (630,370) |
| At December 31, 2024 | 4,667,804 | 106,409 | - | 3,352 | - | - | 4,777,565 |
| **Carrying amount at December 31, 2024** | ₱208,088,624 | ₱39,382,668 | ₱6,067,916 | ₱1,131,945 | ₱1,298,520 | ₱96,145,425 | ₱352,115,098 |

2023

| | Telecommunication Equipment | Buildings, Land and Leasehold Improvement | Cable System | Office Equipment | Transportation Equipment | Assets Under Construction | Total |
|---|---|---|---|---|---|---|---|
| | *(In Thousand Pesos)* | | | | | | |
| **Cost** | | | | | | | |
| At January 1, 2023 | ₱391,346,252 | ₱62,015,190 | ₱25,865,366 | ₱17,801,857 | ₱4,174,885 | ₱80,146,926 | ₱581,350,476 |
| Additions | 1,696,999 | 146,662 | 31,748 | 269,988 | 689,070 | 94,333,493 | 97,167,960 |
| Retirements/disposals | (1,449,777) | (151,220) | (1,787,798) | (1,371,674) | (2,596) | (68,257) | (4,831,322) |
| Reclassifications and transfers (Notes 12 and 13) | 53,423,321 | 4,192,792 | 992,381 | 468,285 | 2,025 | (69,557,331) | (10,478,527) |
| Adjustments from subsidiary reclassified to assets-held-for-sale (Note 14.2) | (297,534) | (25,144) | - | (6,863) | (8,958) | (27,945) | (366,444) |
| Others | (2,624) | - | (23,454) | (39) | 4 | (2,258) | (28,371) |
| At December 31, 2023 | 444,716,637 | 66,178,280 | 25,078,243 | 17,161,554 | 4,854,430 | 104,824,628 | 662,813,772 |
| **Accumulated Depreciation and Amortization** | | | | | | | |
| At January 1, 2023 | 232,919,216 | 23,664,629 | 18,356,579 | 15,880,379 | 2,807,800 | - | 293,628,603 |
| Depreciation and amortization (Note 24) | 28,090,914 | 2,866,694 | 892,021 | 1,077,010 | 550,927 | - | 33,477,566 |
| Retirements/disposals | (879,722) | (59,776) | (1,473,550) | (1,332,803) | (2,017) | - | (3,747,868) |
| Reclassifications and transfers (Notes 12 and 13) | (125,625) | (142,167) | - | 2,734 | - | - | (265,058) |
| Adjustments from subsidiary reclassified to assets-held-for-sale (Note 14.2) | (64,361) | (10,714) | - | (4,727) | (4,020) | - | (83,822) |
| Others | (1,192) | - | (11,016) | (29) | - | - | (12,237) |
| At December 31, 2023 | 259,939,230 | 26,318,666 | 17,764,034 | 15,622,564 | 3,352,690 | - | 322,997,184 |
| **Accumulated Impairment Losses** | | | | | | | |
| At January 1, 2023 | 5,713,051 | 106,409 | - | 3,352 | - | - | 5,822,812 |
| Write-off | (414,877) | - | - | - | - | - | (414,877) |
| At December 31, 2023 | 5,298,174 | 106,409 | - | 3,352 | - | - | 5,407,935 |
| **Carrying amount at December 31, 2023** | ₱179,479,233 | ₱39,753,205 | ₱7,314,209 | ₱1,535,638 | ₱1,501,740 | ₱104,824,628 | ₱334,408,653 |

Assets under construction include intangible components of a network system and indefeasible right of use (IRU) which are reclassified to intangible assets and right of use assets, respectively, subject to amortization only when assets become available for use (see Notes 12 and 13). As of December 31, 2024 and 2023, assets under construction reclassified to intangible assets and rights of use assets totaled to ₱4,372.16. million and ₱6,821.52 million, respectively.

Investments in cable systems include the cost of Globe'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 Globe is the landing party.

Globe 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 5.45% and 5.24% capitalization rates in 2024 and 2023, respectively. Globe's total capitalized borrowing costs amounted to ₱6,500.67 million and ₱6,710.29 million in 2024 and 2023, respectively (see Note 17).

Impairment loss recognized on property and equipment amounted to ₱410.56 million, ₱92.44 million and nil in 2024, 2023 and 2022, respectively. (See Note 26).

The reconciliation of total additions to property and equipment and actual cash flows from acquisition of property and equipment are shown below:

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| Additions to property and equipment | **₱57,015,302** | ₱97,167,960 | ₱86,699,757 |
| Effect of movements in liabilities and prepayments | **5,451,260** | (19,922,882) | 15,019,856 |
| Capitalized ARO (Note 18) | **(5,800)** | - | (2,477) |
| Capitalized interest (Note 17) | **(6,500,674)** | (6,710,285) | (3,734,100) |
| Cash flows from acquisition of property and equipment | **₱55,960,088** | ₱70,534,793 | ₱97,983,036 |

*Sale and Leaseback of Telecom Towers*

In 2022, Globe signed three sale and leaseback agreements with three tower companies consisting of 7,059 telecom towers and related passive telecom infrastructure.

On May 7, 2023, Globe signed another sale and leaseback agreement with a fourth tower company consisting of 447 telecom towers and related passive telecom infrastructure. Accordingly, Telecom towers with net book value of ₱3,391.95 million as of December 31, 2023, were reclassified from "Property and Equipment" to "Assets classified as held-for-sale" under the current assets section in Globe's consolidated statement of financial position.

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.

Information on Globe's sale of telecom towers were as follows:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousand Pesos except no. of Telecom Towers)* | |
| Telecom towers sold *(in absolute numbers in units)* | **2,205** | 2,057 |
| Cash consideration net of direct costs | **₱27,821,162** | ₱24,858,693 |
| Gain on sale on leaseback of telecom towers – net | **3,482,083** | 7,258,378 |

The leaseback arrangements for those telecom towers sold took effect at the date of sale.

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).

As of December 31, 2024, Globe completed the sale of 6,672 telecom towers representing 89% of the total towers portfolio subject to sale.

As of December 31, 2024 and December 31, 2023, property and equipment with net book value of ₱4,520.41 million and ₱15,791.25 million, respectively, were continued to be classified as assets-held-for-sale as Globe remains committed to its plan to sell the telecom towers.

## 12 Intangible Assets and Goodwill - net

The rollforward analysis of this account follows:

**2024**

| | Application Software and Licenses | Goodwill | Other Intangible Assets | Total Intangible Assets and Goodwill |
|---|---|---|---|---|
| **Cost** | | | | |
| At January 1 | **₱71,184,561** | **₱1,734,205** | **₱5,993,692** | **₱78,912,458** |
| Additions | **233,565** | **-** | **-** | **233,565** |
| Retirements/disposals | **(282,226)** | **-** | **-** | **(282,226)** |
| Transferred from property equipment (Note 11) | **3,178,116** | **-** | **-** | **3,178,116** |
| Impairment and others | **(1,316)** | **(53,434)** | **-** | **(54,750)** |
| At December 31 | **74,312,700** | **1,680,771** | **5,993,692** | **81,987,163** |
| **Accumulated Amortization** | | | | |
| At January 1 | **53,607,495** | **-** | **1,931,857** | **55,539,352** |
| Amortization (Note 24) | **6,275,049** | **-** | **256,076** | **6,531,125** |
| Retirements/disposals | **(214,851)** | **-** | **-** | **(214,851)** |
| Others | **635** | **-** | **-** | **635** |
| At December 31 | **59,668,328** | **-** | **2,187,933** | **61,856,261** |
| **Carrying Amount at December 31, 2024** | **₱14,644,372** | **₱1,680,771** | **₱3,805,759** | **₱20,130,902** |

2023

| | Application Software and Licenses | Goodwill | Other Intangible Assets | Total Intangible Assets and Goodwill |
|---|---|---|---|---|
| **Cost** | | | | |
| At January 1 | ₱64,408,624 | ₱3,107,367 | ₱6,446,732 | ₱73,962,723 |
| Additions | 92,878 | - | - | 92,878 |
| Retirements/disposals | (73,619) | - | - | (73,619) |
| Transferred from property equipment (Note 11) | 6,821,523 | - | - | 6,821,523 |
| Adjustment from subsidiary classified as assets-held-for-sale (Note 14.2) | (65,023) | (1,218,548) | (453,040) | (1,736,611) |
| Impairment and others | 178 | (154,614) | - | (154,436) |
| At December 31 | 71,184,561 | 1,734,205 | 5,993,692 | 78,912,458 |
| **Accumulated Amortization** | | | | |
| At January 1 | 47,040,817 | - | 1,839,334 | 48,880,151 |
| Amortization (Note 24) | 6,672,018 | - | 307,138 | 6,979,156 |
| Retirements/disposals | (49,749) | - | - | (49,749) |
| Adjustment from subsidiary classified as assets-held-for-sale (Note 14.2) | (55,617) | - | (214,615) | (270,232) |
| Others | 26 | - | - | 26 |
| At December 31 | 53,607,495 | - | 1,931,857 | 55,539,352 |
| **Carrying Amount at December 31, 2023** | ₱17,577,066 | ₱1,734,205 | ₱4,061,835 | ₱23,373,106 |

*Application software licenses and other intangible assets*

Other intangible assets consist of customer contracts, franchise, spectrum and merchant networks. As of December 31, 2024 and 2023, there was no indication that the application software licenses and other intangible assets are impaired.

*Goodwill*

Globe recognized goodwill from business combination. Details of Globe's goodwill are as follows:

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| BTI | **₱1,140,248** | ₱1,140,248 | ₱1,140,248 |
| Yondu | **540,523** | 540,523 | 540,523 |
| EC Pay (Note 14.2) | **-** | - | 1,218,548 |
| Others | **-** | 53,434 | 208,048 |
| | **₱1,680,771** | ₱1,734,205 | ₱3,107,367 |

Globe conducts its annual impairment test of goodwill in the third fiscal quarter of each year. The table below presents Globe's allocation of goodwill to the relevant CGUs for impairment testing purposes:

| | **2024** | 2023 |
|---|---|---|
| Mobile communications CGU | BTI | BTI and EC Pay |
| Standalone CGU | Yondu and others | Yondu and others |

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 2024 and 2023, the recoverable amounts of the CGUs where the goodwill were allocated were substantially in excess of their carrying amounts.

*Sensitivity Analysis*

Globe 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. In 2024 and 2023, the pre-tax discount rates applied to cash flow projections were 9.87% and 10.73% for mobile communications CGU and 14.00% for Yondu standalone CGU, respectively. The cash flows beyond the five-year period were extrapolated using the average terminal growth rate for telecommunication industry of 2.00% and 2.20% in 2024 and 2023, respectively.

Globe 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:

**2024**

| | Network Sites | Leased lines, IRUs and Data Centers | Transportation Equipment | Corporate Office | Stores | Total |
|---|---|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | | | |
| At January 1 | **₱64,591,245** | **₱3,634,838** | **₱504,368** | **₱783,106** | **₱25,239** | **₱69,538,796** |
| Additions | **24,603,249** | **1,846,782** | **513,489** | **57,545** | **167,077** | **27,188,142** |
| Transfers from property and equipment (Note 11) | **-** | **1,194,051** | **-** | **-** | **-** | **1,194,051** |
| Terminations and modifications | **1,232,160** | **287,052** | **(21,796)** | **(9,704)** | **17,635** | **1,505,347** |
| Depreciation (Note 24) | **(6,678,849)** | **(1,461,979)** | **(409,431)** | **(312,052)** | **(99,567)** | **(8,961,878)** |
| **Carrying Amount at December 31** | **₱83,747,805** | **₱5,500,744** | **₱586,630** | **₱518,895** | **₱110,384** | **₱90,464,458** |

2023

| | Network Sites | Leased lines and Data Centers | Transportation Equipment | Corporate Office | Stores | Total |
|---|---|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | | | |
| At January 1 | ₱33,122,847 | ₱3,096,530 | ₱642,408 | ₱200,260 | ₱45,846 | ₱37,107,891 |
| Additions | 37,440,200 | 2,045,538 | 337,798 | 826,277 | 26,893 | 40,676,706 |
| Terminations and modifications | (658,815) | (18,009) | (18) | - | (11,463) | (688,305) |
| Transferred to assets held for sale | (662,207) | - | - | - | - | (662,207) |
| Depreciation (Note 24) | (4,650,780) | (1,489,221) | (475,820) | (243,431) | (36,037) | (6,895,289) |
| **Carrying Amount at December 31** | ₱64,591,245 | ₱3,634,838 | ₱504,368 | ₱783,106 | ₱25,239 | ₱69,538,796 |

Network sites leases include ground lease occupied by self constructed tower assets, Tower leases from sale and leaseback arrangements with Tower Companies and Tower Leases from Build to Suit arrangement with Tower Companies.

*Sale and Leaseback of Telecom Towers*

As disclosed in Note 11 – Property and Equipment, Globe and the tower companies signed a sale and leaseback agreements consisting of 7,506 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.

Accordingly, the corresponding ROU assets covering the ground leases with net book value of ₱662.21 million as of December 31, 2023, were reclassified from "ROU assets" to "Assets classified as held-for-sale" under the current assets section in Globe's consolidated statement of financial position.

The leaseback arrangements for those telecom towers sold took effect at the date of sale. Information on Globe's leaseback arrangements follows:

| | **2024** | 2023 |
|---|---|---|
| | *(In Thousand Pesos except no. of Telecom Towers)* | |
| No. of Telecom Towers *(in absolute numbers in units)* | **2,205** | 2,057 |
| Recognition of lease liabilities | **₱23,575,501** | ₱18,312,907 |
| Recognition of ROU assets | **12,879,334** | 10,594,340 |

The recognition of additional ROU assets represents only the rights retained by Globe over the telecom towers leased back from the tower companies.

As of December 31, 2024 and 2023, ROU assets with remaining net book value of ₱1,318.89 million and ₱4,623.07 million, respectively, were continued to be classified as assets-held-for-sale as Globe 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:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| Network sites - net | **₱111,850,877** | ₱84,180,567 |
| Leased lines, IRU and Data Centers | **3,178,317** | 3,323,048 |
| Transportation Equipment | **520,332** | 479,221 |
| Corporate Office | **427,025** | 714,477 |
| Stores | **131,323** | 27,169 |
| | **116,107,874** | 88,724,482 |
| Less current portion | **8,175,643** | 5,899,426 |
| Non current portion | **₱107,932,231** | ₱82,825,056 |

Network sites consist of telecom towers and ground leases.

The rollforward analysis of this account follows:

**2024**

| | Network Sites - net | Leased Lines, IRUs and Data Centers | Corporate Office | Transportation Equipment | Stores | Total |
|---|---|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | | | |
| At January 1, 2024 | **₱84,180,567** | **₱3,323,048** | **₱714,477** | **₱479,221** | **₱27,169** | **₱88,724,482** |
| Additions | **35,299,416** | **1,846,782** | **57,545** | **513,489** | **167,077** | **37,884,309** |
| Interests (Note 25) | **6,510,105** | **171,617** | **39,402** | **25,167** | **3,223** | **6,749,514** |
| Settlements | **(13,653,451)** | **(2,451,114)** | **(373,452)** | **(476,394)** | **(81,108)** | **(17,035,519)** |
| Terminations | **(485,760)** | **287,983** | **(10,947)** | **(21,151)** | **14,963** | **(214,912)** |
| **At December 31, 2024** | **₱111,850,877** | **₱3,178,316** | **₱427,025** | **₱520,332** | **₱131,324** | **₱116,107,874** |

2023

| | Network Sites | Leased Lines and Data Centers | Corporate Office | Transportation Equipment | Stores | Total |
|---|---|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | | | |
| At January 1, 2023 | ₱50,200,277 | ₱3,209,151 | ₱173,041 | ₱595,458 | ₱53,670 | ₱54,231,597 |
| Additions | 45,158,767 | 2,045,538 | 826,277 | 337,798 | 26,893 | 48,395,273 |
| Interests (Note 25) | 4,639,213 | 183,951 | 16,289 | 25,278 | 2,511 | 4,867,242 |
| Settlements | (12,919,076) | (2,095,249) | (301,130) | (479,274) | (46,665) | (15,841,394) |
| Terminations | (2,898,614) | (20,343) | - | (39) | (9,240) | (2,928,236) |
| **At December 31, 2023** | ₱84,180,567 | ₱3,323,048 | ₱714,477 | ₱479,221 | ₱27,169 | ₱88,724,482 |

The table below presents the maturity profile of Globe's lease liabilities using undiscounted cash flows of future lease payments.

**2024**

| | 1 year | More than 1 year but not more than 5 years | More than 5 years | Total |
|---|---|---|---|---|
| | | *(In Thousand Pesos)* | | |
| Network Sites | **₱13,289,273** | **₱53,119,911** | **₱108,724,659** | **₱175,133,843** |
| Transportation equipment | **316,333** | **217,191** | **-** | **533,524** |
| Corporate office | **296,836** | **135,744** | **29,985** | **462,565** |
| Stores | **121,248** | **16,310** | **773** | **138,331** |
| Leased lines and Data Centers | **1,773,438** | **1,609,544** | **-** | **3,382,982** |
| | **₱15,797,128** | **₱55,098,700** | **₱108,755,417** | **₱179,651,245** |

2023

| | 1 year | More than 1 year but not more than 5 years | More than 5 years | Total |
|---|---|---|---|---|
| | | *(In Thousand Pesos)* | | |
| Network Sites | ₱9,902,271 | ₱37,882,764 | ₱81,987,719 | ₱129,772,754 |
| Transportation equipment | 309,413 | 174,251 | - | 483,664 |
| Corporate office | 348,183 | 400,246 | 38,231 | 786,660 |
| Stores | 16,707 | 11,593 | 3,055 | 31,355 |
| Leased lines and Data Centers | 1,256,723 | 2,309,437 | - | 3,566,160 |
| | ₱11,833,297 | ₱40,778,291 | ₱82,029,005 | ₱134,640,593 |

As of December 31, 2024, Network site lease liabilities represents net obligations to lessors after offsetting lease receivables amounting to ₱789.19 million under sublease arrangements in 2024. Interest income and collections from sublease receivables amounted to ₱17.38 million and ₱133.75 million, respectively for the as of December 31, 2024 (See Note 25).

As of December 31, 2024 and 2023, the portion of the lease liabilities related to ROU assets that are reclassified to assets classified as held-for-sale amounted to ₱1.60 billion and ₱4.60 billion. Such liabilities will remain to be Globe'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 ₱2,983.98 million, ₱2,828.28 million and ₱2,794.32 million in 2024, 2023 and 2022, respectively (see Note 23).

## 14 Investments in joint ventures

This account consists of the following as of December 31:

| | | 2024 | 2023 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| Vega | 14.1 | **₱34,180,363** | ₱34,177,005 |
| Mynt | 14.2 | **15,293,630** | 11,534,484 |
| GSG | 14.3 | **9,086,466** | 8,612,590 |
| Gogoro Philippines, Inc. | 14.7 | **234,135** | 234,135 |
| TechGlobal | 14.4 | **148,498** | 291,443 |
| Bridge Mobile Pte. Ltd (BMPL) | 14.5 | **56,810** | 53,103 |
| Telecommunications Connectivity, Inc. (TCI) | 14.6 | **41,809** | 42,579 |
| Others | 14.8 | **327,213** | 390,378 |
| | | **₱59,368,924** | ₱55,335,717 |

Details of Globe's investments in joint venture and the related percentages of ownership as of December 31 are shown below:

| | Country of Incorporation | Principal Activities | 2024 | 2023 |
|---|---|---|---|---|
| **Joint Ventures** | | | | |
| VTI | Philippines | Telecommunications | **50%** | 50% |
| BAHC | Philippines | Holding company | **50%** | 50% |
| BHC | Philippines | Holding company | **50%** | 50% |
| Konsulta | Philippines | Health hotline facility | **50%** | 46% |
| TechGlobal | Philippines | Installation and management of data centers | **49%** | 49% |
| Mynt | Philippines | Holding company | **36%** | 36% |
| BMPL | Singapore | Mobile technology infrastructure and common service | **10%** | 10% |
| TCI | Philippines | Telecommunications | **33%** | 33% |
| Rush | Philippines | Cloud-based solutions | **49%** | 49% |
| PureGo* | Philippines | E-commerce platform | **50%** | 50% |
| GSG***** | Philippines | Data centers management | **50%** | 50% |
| Gogoro** | Philippines | E-vehicle and battery swapping | **49%** | 49% |
| GoLearn*** | Philippines | Web development education | **49%** | 49% |
| QuickClose**** | Philippines | Digital services for real estate brokers and developers | **49%** | - |

**Ceased operations on February 15, 2023*
***Incorporated on June 5, 2023 (See Note 14.7)*
****Incorporated on July 7, 2023*
*****Incorporated in 2024*
******A subsidiary of Globe until March 3, 2022 (See Note 14.3)*

Equity share in net (loss) income from investment in joint ventures are as follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| Investments in joint ventures: | | | |
| Mynt | **₱3,759,146** | ₱2,369,752 | ₱808,251 |
| GSG | **473,876** | 330,051 | 214,419 |
| Vega | **44,262** | 28,176 | 169,542 |
| TCI | **(770)** | 2,117 | 1,576 |
| BMPL | **(1,242)** | (2,107) | (603) |
| TechGlobal | **(44,945)** | 33,360 | 50,372 |
| Others | **(333,315)** | (546,588) | (160,355) |
| | **₱3,897,012** | ₱2,214,761 | ₱1,083,202 |

Investment in joint ventures share in other comprehensive income are as follows:

| | Note | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | |
| Investments in joint ventures: | | | | |
| BMPL | | **₱4,949** | (₱291) | ₱5,276 |
| Vega | | **(40,904)** | 68,949 | 17,854 |
| | 20.8 | **(₱35,955)** | ₱68,658 | ₱23,130 |

The movement in investments in joint ventures are as follows:

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| **Costs** | | | |
| At January 1 | | **₱58,193,453** | ₱57,279,133 |
| Additional capital contributions during the year | | | |
| Investment in Gogoro | 14.7 | **-** | 234,135 |
| Others | 14.8 | **270,150** | 515,255 |
| Return on investment | 14.4 | **(98,000)** | - |
| Others | | **-** | 164,930 |
| At December 31 | | **58,365,603** | 58,193,453 |
| **Accumulated Equity in Net Losses** | | | |
| At January 1 | | **(3,316,738)** | (5,531,499) |
| Equity share in net income | | **3,897,012** | 2,214,761 |
| At December 31 | | **580,274** | (3,316,738) |
| **Other Comprehensive Income** | | | |
| At January 1 | | **459,002** | 390,344 |
| Equity share in currency translation adjustment | 20.8 | **4,949** | (291) |
| Equity share in investment in equity securities | 20.8 | **(16,932)** | 63,823 |
| Equity share in retirement obligation | 20.8 | **(23,972)** | 5,126 |
| At December 31 | | **423,047** | 459,002 |
| **Carrying Value at December 31** | | **₱59,368,924** | ₱55,335,717 |

The table below presents the summarized financial information lifted from the unaudited statutory financial statements of Globe's investments in joint ventures:

**2024**

| | Vega | Mynt | TechGlobal | BMPL | GSG | TCI | Others |
|---|---|---|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | | | | |
| **Statements of Financial Position:** | | | | | | | |
| Current assets | **₱5,490,996** | **₱181,573,373** | **₱227,693** | **₱743,444** | **₱4,974,915** | **₱135,856** | **₱457,307** |
| Noncurrent assets | **43,665,842** | **5,409,702** | **133,414** | **15,775** | **13,462,192** | **23,793** | **468,306** |
| Current liabilities | **2,666,581** | **139,277,911** | **21,901** | **190,114** | **1,442,125** | **34,221** | **401,613** |
| Noncurrent liabilities | **9,851,978** | **9,249,796** | **36,146** | **1,007** | **5,520,118** | **-** | **52,269** |
| Equity attributable to Parent Company | **32,711,240** | **38,455,368** | **303,060** | **568,098** | **11,474,865** | **125,428** | **471,731** |
| **Statements of Comprehensive Income:** | | | | | | | |
| Revenue | **4,707,733** | **62,768,930** | **94,042** | **516,805** | **2,533,421** | **71,942** | **82,557** |
| Costs and expenses | **(4,265,936)** | **(47,720,716)** | **(180,925)** | **(529,225)** | **(1,261,412)** | **(73,830)** | **(590,331)** |
| Income before tax | **441,797** | **15,048,214** | **(86,883)** | **(12,420)** | **1,272,009** | **(1,888)** | **(507,774)** |
| Income tax | **(130,414)** | **(4,467,894)** | **(4,841)** | **-** | **(324,257)** | **(421)** | **-** |
| Profit (Loss) for the period | **311,383** | **10,580,320** | **(91,724)** | **(12,420)** | **947,752** | **(2,309)** | **(507,774)** |
| *Equity holders of the parent* | ***88,524*** | ***10,580,320*** | ***(91,724)*** | ***(12,420)*** | ***947,752*** | ***(2,309)*** | ***(507,774)*** |
| *Non-controlling interest* | ***222,859*** | **-** | **-** | **-** | **-** | **-** | **-** |
| Other comprehensive income (loss) | **(81,808)** | **-** | **-** | **49,490** | **-** | **-** | **-** |
| Total comprehensive income | **₱229,575** | **₱10,580,320** | **(₱91,724)** | **₱37,070** | **₱947,752** | **(₱2,309)** | **(₱507,774)** |

2023

| | Vega | Mynt | TechGlobal | BMPL | GSG | TCI | Others |
|---|---|---|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | | | | |
| **Statements of Financial Position:** | | | | | | | |
| Current assets | ₱4,380,498 | ₱119,147,606 | ₱489,807 | ₱685,276 | ₱5,377,345 | ₱125,464 | ₱392,228 |
| Noncurrent assets | 43,882,075 | 3,060,445 | 144,364 | 21,774 | 9,270,630 | 37,316 | 644,384 |
| Current liabilities | 2,174,393 | 94,080,037 | 38,629 | 165,833 | 2,584,107 | 35,044 | 641,452 |
| Noncurrent liabilities | 9,560,468 | 252,965 | 761 | 10,191 | 1,536,753 | - | 4,400 |
| Equity attributable to Parent Company | 32,704,521 | 27,875,049 | 594,781 | 531,026 | 10,527,115 | 127,736 | 390,760 |
| **Statements of Comprehensive Income:** | | | | | | | |
| Revenue | 4,343,829 | 39,921,069 | 189,213 | 447,722 | 2,212,362 | 70,176 | 321,943 |
| Costs and expenses | (3,860,744) | (32,641,250) | (103,549) | (468,786) | (1,301,188) | (63,330) | (932,098) |
| Income before tax | 483,085 | 7,279,819 | 85,664 | (21,064) | 911,174 | 6,846 | (610,155) |
| Income tax | (181,293) | (610,024) | (17,583) | - | (251,072) | (495) | - |
| Profit (Loss) for the period | 301,792 | 6,669,795 | 68,081 | (21,064) | 660,102 | 6,351 | (610,155) |
| *Equity holders of the parent* | *56,352* | *6,669,795* | *68,081* | *(21,064)* | *660,102* | *6,351* | *(610,155)* |
| *Non-controlling interest* | *245,440* | - | - | - | - | - | - |
| Other comprehensive income (loss) | 137,896 | - | - | (2,920) | - | - | |
| Total comprehensive income | ₱439,688 | ₱6,669,795 | ₱68,081 | (₱23,984) | ₱660,102 | ₱6,351 | (₱610,155) |

### *14.1 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, 2024 and 2023.

The table below presents the additional financial information of Vega:

| | **2024** | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| **Items in the Statements of Financial Position** | | |
| Cash and cash equivalents | **₱3,009,985** | ₱2,386,845 |
| | | |
| **Items in the Statements of Comprehensive Income** | | |
| Depreciation and amortization | **₱1,158,994** | ₱870,912 |
| Interest income | **128,160** | 111,355 |
| Interest expense | **-** | - |

### *14.2 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 Globe's network as platform under GCash brand.

On August 1, 2024, Mynt secured fresh strategic investments from AC, through its wholly-owned subsidiary, AC Ventures Holdings, Inc. (ACV), and Mitsubishi UFJ Financial Group (MUFG), through its consolidated subsidiary, MUFG Bank Ltd. The deal pushed Mynt's valuation to $5 billion from the $2 billion valuation in the 2021 funding round. As of December 31, 2024, the deal is subject to the execution of definitive transaction documents and satisfaction of customary closing conditions.

Notional goodwill recognized as part of investment in Mynt amounted to ₱1,630.59 million as of December 31, 2024 and 2023.

The table below presents the additional financial information of Mynt:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| **Items in the Statements of Financial Position** | | |
| Cash and cash equivalents | **₱123,556,940** | ₱76,196,233 |
| Current financial liabilities, excluding trade and other payables and provisions | **120,240,945** | 82,748,774 |
| **Items in the Statements of Comprehensive Income** | | |
| Depreciation and amortization | **₱268,654** | ₱158,834 |
| Interest income | **2,359,015** | 1,203,710 |
| Interest expense | **61,946** | 23,027 |
| Net income | **10,580,320** | 6,669,795 |

The significant growth in Mynt's net income in 2024 was driven by Mynt's strong performance which was partially tempered by non-recurring charges taken up by Mynt related to the resolution of certain long outstanding accounts.

*Share Purchase Agreements*

On September 8, 2023, Mynt entered into a definitive agreement with AB Capital & Investment Corporation, an entity controlled by a member of the Board of Directors of Globe, to acquire up to a 50.0% equity stake in AB Capital Securities, Inc ("ABCSI"). As of December 31, 2024, Mynt has closed the two investment tranches and currently owns 16% of ABSCI.

On September 29, 2023, Globe Telecom entered into a Share Purchase Agreement with Mynt for the sale of Globe's 77% investment in ECPay for a total consideration of ₱2,310.00 million. The closing of the transaction and actual transfer of ownership is still subject to the PCC approval. On September 29, 2023, Globe Telecom ceased to consolidate ECPay as certain terms and conditions in the Share Purchase Agreement constrained Globe's ability to exercise control over ECPay's relevant activities, including its exposures and rights to variable returns. At the date of deconsolidation, the fair value of Globe's interest in ECPay amounting to ₱2,310.00 million has been reclassified to Assets classified as held-for-sale under the current assets section in Globe's consolidated statement of financial position. Accordingly, resulting gain was recognized in the consolidated statements of comprehensive income amounting to ₱76.67 million in 2023.

On September 27, 2024, ECPay declared dividends to its existing shareholders representing a return of investment. Globe Telecom received cash amounting to ₱500.50 million presented as dividends received in Globe's consolidated statement of cashflows.

As of December 31, 2024, PCC review is still in progress. Investment in ECPay, classified as Assets held-for-sale, amounted to ₱1,809.50 million and ₱2,310.00 million as of December 31, 2024 and 2023, respectively. (See Note 1.15).

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

Globe 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 Globe 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, Globe 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 Globe 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, Globe 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.

Globe 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 Globe's investment in KarmanEdge was measured at fair value amounting to ₱8,068.12 million, equivalent to 50% of the post-money valuation.

The final fair values of the identifiable assets and liabilities of Globe STT GDC, Inc. as of the date of the acquisition are as follows:

| | | Amount recognized on acquisition |
|---|---|---|
| | | *(In Million Pesos)* |
| **ASSETS** | | |
| Current assets | | **₱9,056** |
| Property and equipment | | **5,156** |
| Other noncurrent assets | | **19** |
| | | **14,231** |
| **LIABILITIES** | | |
| Current Liabilities | | **5,807** |
| Noncurrent Liabilities | | **256** |
| | | **6,063** |
| **Total net assets at fair value** | | **₱8,168** |
| **Intangible assets arising on acquisition** | | |
| Customer relationship | **₱1,689** | |
| Supplier relationship | **5** | |
| | **1,694** | |
| **Deferred tax liabilities** | **(423)** | **1,271** |
| | | **₱9,439** |
| Purchase consideration transferred | | **₱8,068** |
| Share in identifiable assets and liabilities (50%) | | **(4,720)** |
| Notional goodwill arising on acquisition | | **₱3,348** |

The fair value amounts of supplier and customer relationship were determined by an independent appraiser using multi period excess earnings method and replacement cost method.

The goodwill comprises the fair value of the expected synergies arising from the acquisition. For goodwill impairment assessment, the cash generating unit is the wireline communications segment of Globe.

The table below presents the additional financial information of Globe STT GDC, Inc.:

| | December 31 | |
|---|---|---|
| | **2024** | 2023 |
| **Items in the Statements of Financial Position** | *(In Thousand Pesos)* | |
| Cash and cash equivalents | **₱959,158** | ₱1,984,521 |
| Non-current financial liabilities, excluding trade and other payables and provisions | **3,971,579** | - |
| **Items in the Statements of Comprehensive Income** | | |
| Depreciation and amortization | **₱412,222** | ₱365,390 |
| Interest income | **61,929** | 45,268 |
| Interest expense | **72,953** | 17,215 |

### *14.4 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.

Dividends from TechGlobal amounted to ₱98.00 million in 2024.

### *14.5 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.

### *14.6 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.

### *14.7 Investment in Gogoro*

On June 5, 2023, 917Ventures, Inc., Gogoro Network Pte. Ltd and Ayala Corporation formed Gogoro Philippines Inc. (Gogoro), a Joint Venture company established to engage in, operate, conduct, and maintain the business of importing, selling, distributing, operating, managing, and maintaining two-wheeled and three-wheeled electric vehicles, for retail, and battery-swapping stations, and to provide after-sales services. Globe owns 49% of Gogoro. Initial investment infused by Globe amounted to ₱234.14 million in 2023.

### *14.8 Others*

Globe has investments in non-telco businesses offering healthcare and digital solutions, among others, which are individually immaterial. Globe invested a total of ₱270.15 million, ₱515.26 million and ₱485.53 million of additional capital in 2024, 2023 and 2022, respectively.

## 15 Trade Payables and Accrued Expenses

This account consists of:

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| Accrued project costs | 33.2 | **₱30,740,903** | ₱40,311,982 |
| Accrued expenses | | **23,159,507** | 23,423,651 |
| Taxes payable | | **9,958,773** | 11,144,092 |
| Trade payable | | **8,525,360** | 7,658,017 |
| Traffic settlements - net | 31.2, 33.1 | **749,690** | 575,373 |
| Other creditors | | **4,973,099** | 4,551,143 |
| | | **₱78,107,332** | ₱87,664,258 |

Traffic settlements payable are presented net of traffic settlements receivable from the same carrier (see Note 31.2).

Accrued expenses consists of the following:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| Staff costs | **₱3,586,565** | ₱4,199,796 |
| Professional and other contracted services | **3,321,742** | 3,865,420 |
| Repairs and maintenance | **3,055,762** | 3,811,311 |
| Utilities, supplies and other administrative expenses | **2,895,099** | 2,294,850 |
| Taxes and licenses | **2,081,415** | 2,065,153 |
| Lease | **1,558,352** | 1,533,617 |
| Selling, advertising and promotions | **1,541,434** | 1,629,063 |
| Interest on loans | **1,438,267** | 1,518,500 |
| Others | **3,680,871** | 2,505,941 |
| | **₱23,159,507** | ₱23,423,651 |

## 16 Provisions

The rollforward analysis of this account follows:

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| At beginning of year | | **₱2,960,993** | ₱2,583,476 |
| Provisions for claims | 26 | **874,255** | 562,574 |
| Payments and reversals for claims | 26 | **(441,291)** | (185,057) |
| At end of year | | **₱3,393,957** | ₱2,960,993 |

Provisions pertain to probable liabilities related to various pending unresolved claims over Globe'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, 2024, the remaining claims are still being resolved.

## 17 Loans Payable

Globe's loans payable consists of the following:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| Term Loans: | | |
| Peso | **₱200,472,330** | ₱198,821,740 |
| Dollar | **14,605,104** | 18,251,956 |
| | **215,077,434** | 217,073,696 |
| Retail bonds dollar | **34,382,475** | 32,881,873 |
| | **249,459,909** | 249,955,569 |
| Less current portion | **26,349,796** | 36,792,956 |
| Net of current portion | **₱223,110,113** | ₱213,162,613 |

The rollforward analysis of this account follows:

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| At beginning of year | | **₱249,955,569** | ₱233,204,659 |
| Cash items | | | |
| Proceeds from long term borrowings | | **27,000,000** | 45,000,000 |
| Proceeds from short term borrowings | | **23,310,000** | 63,250,000 |
| Repayments of long term borrowings | | **(18,396,869)** | (20,214,691) |
| Repayments of short borrowings | | **(34,572,500)** | (70,905,167) |
| | | **(2,659,369)** | 17,130,142 |
| Non-cash items | | | |
| Debt issuance cost | | **(248,019)** | (639,400) |
| Amortization of debt issue cost | | **273,568** | 642,875 |
| Adjustment from subsidiary classified as held-for-sale | Note 14.2 | **-** | (2,156) |
| Foreign exchange loss (gain) | | **2,138,160** | (380,551) |
| | | **2,163,709** | (379,232) |
| At end of year | | **₱249,459,909** | ₱249,955,569 |

The maturities of loans payable at nominal values as of December 31, 2024 follow (in thousands):

| | |
|---|---|
| Due in: | |
| 2025 | **₱26,369,562** |
| 2026 | **22,239,286** |
| 2027 | **23,184,943** |
| 2028 | **22,602,000** |
| 2029 and thereafter | **156,298,200** |
| | **₱250,693,991** |

The interest rates and maturities of the above debts are as follows:

| | Maturities | Interest Rates |
|---|---|---|
| Term Loans: | | |
| Peso | 2025-2039 | 4.00% to 7.11% in 2024 |
| | 2024-2034 | 4.00% to 7.11% in 2023 |
| Dollar | 2025-2027 | 5.51% to 8.10% in 2024 |
| | 2024-2027 | 5.36% to 8.10% in 2023 |
| Retail bonds Dollar | 2030-2035 | 3.13% to 3.75% in 2024 |
| | 2030-2035 | 3.13% to 3.75% in 2023 |

Total interest expense recognized in the consolidated profit or loss related to long-term debt amounted to ₱7,204.47 million, ₱6,723.60 million and ₱6,884.49 million in 2024, 2023 and 2022, respectively (see Note 25).

Total interest expenses capitalized as part of property and equipment amounted to ₱6,500.67 million and ₱6,710.29 million in 2024 and 2023, respectively (see Note 11).

### *17.1 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.

### *17.2 Retail Bonds Peso*

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. Globe fully redeemed its ₱4,000.00 million and ₱3,000.00 million retail bonds in July 2020 and July 2023, respectively.

### *17.3 Retail Bonds Dollar*

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.

### *17.4 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's loan agreements include compliance with the following ratios:

- 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, 2024 and 2023, Globe is not in breach of any loan covenants.

## 18 Other Long-term Liabilities

This account consists of:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| Asset retirement obligation (ARO) | **₱2,018,702** | ₱2,253,106 |
| Others | **1,409,096** | 1,433,974 |
| | **₱3,427,798** | ₱3,687,080 |

ARO represents Globe's estimated dismantling cost of property and equipment and obligation to restore leased properties to their original condition. The rollforward analysis of Globe's ARO follows:

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| At beginning of year | | **₱2,253,106** | ₱2,689,423 |
| Accretion expense during the year | 25 | **11,272** | 8,250 |
| Capitalized to property and equipment during the year | 11 | **5,800** | - |
| Settlements and reversals | | **-** | (621,672) |
| Remeasurements | | **(251,476)** | 177,105 |
| At end of year | | **₱2,018,702** | ₱2,253,106 |

Gain on settlement and remeasurement of ARO recognized in consolidated profit or loss amounted to ₱2.63 million in 2022 (see Note 22).

## 19 Related Party Transactions

Parties are considered to be related to Globe if they have the ability, directly or indirectly, to control Globe or exercise significant influence over Globe in making financial and operating decisions, or vice versa, or where Globe 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 Globe, and post-employment benefit plan which are for the benefit of employees of Globe or of any entity that is a related party of Globe.

Globe, in their regular conduct of business, enter into transactions with their major stockholders, AC and Singtel, joint ventures and certain related parties.

Globe's audit and related party transactions committee (Committee) reviews and approves all covered related party transactions in accordance with Globe's corporate governance policy. The Committee endorses the covered related party transactions to the Board of Directors for final approval.

The summary of balances arising from related party transactions for the relevant financial year follows (in thousand pesos):

**2024**

| | 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 Group | 19.1 | **₱250,336** | **₱217,487** | **₱-** | **₱-** | **₱27,066** | **₱149,473** | Interest-free, settlement in cash | Unsecured, no impairment |
| AC | 19.1 | **41,836** | **58,414** | **-** | **-** | **20,683** | **44,439** | Interest-free, settlement in cash | Unsecured, no impairment |
| **Jointly controlled entities** | | | | | | | | | |
| BMPL | 19.2 | **-** | **39,210** | **-** | **-** | **-** | **4,595** | Interest-free, settlement in cash | Unsecured, no impairment |
| Mynt | 19.2 | **186,206** | **3,302,881** | **-** | **344,959** | **635,204** | **-** | Interest-free, settlement in cash | Unsecured, no impairment |
| Globe STT GDC, Inc. | 19.2 | **171,695** | **-** | **1,747,480** | **-** | **486,189** | **2,931,513** | Interest-free, settlement in cash | Unsecured, no impairment |
| **Other related parties** | | | | | | | | | |
| GRP | 19.3 | **155,424** | **-** | **-** | **-** | **2,547,935** | **-** | 3-5 years, 4.25-6.00%, settlement in cash | Unsecured, no impairment |
| BEAM | 19.3 | **-** | **203,000** | **-** | **-** | **-** | **-** | - | - |
| JVHI | 19.3 | **81,340** | **-** | **-** | **-** | **1,216,000** | **-** | 5-6 years, 5.94%-7.88%, settlement in cash | Unsecured, no impairment |
| Key management personnel | 19.4 | **-** | **373,500** | **-** | **-** | **-** | **-** | - | - |
| Others | 19.3 | **618,651** | **215,277** | **83,837** | **245,941** | **105,200** | **26,879** | Interest-free excluding cash and cash equivalents, settlement in cash | Unsecured, no impairment |
| | | **₱1,505,488** | **₱4,409,769** | **₱1,831,317** | **₱590,900** | **₱5,038,277** | **₱3,156,899** | | |

2023

| | 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 Group | 19.1 | ₱336,003 | ₱290,729 | ₱- | ₱- | ₱65,655 | ₱277,517 | Interest-free, settlement in cash | Unsecured, no impairment |
| AC | 19.1 | 39,215 | 54,873 | - | - | 23,505 | 1,745 | Interest-free, settlement in cash | Unsecured, no impairment |
| Jointly controlled entities | | | | | | | | | |
| BMPL | 19.2 | - | 20,142 | - | - | - | 2,784 | Interest-free, settlement in cash | Unsecured, no impairment |
| Mynt | 19.2 | 81,242 | 3,523,508 | - | 320,141 | 448,838 | - | Interest-free, settlement in cash | Unsecured, no impairment |
| Globe STT GDC, Inc. | 19.2 | 230,603 | - | 1,639,638 | - | 641,412 | 2,254,883 | Interest-free, settlement in cash | Unsecured, no impairment |
| Other related parties | | | | | | | | | |
| GRP | 19.3 | 154,999 | - | - | - | 2,547,935 | - | 3-5 years, 4.25-6.00%, settlement in cash | Unsecured, no impairment |
| BEAM | 19.3 | - | 215,000 | - | - | - | - | - | - |
| JVHI | 19.3 | 59,790 | - | - | - | 1,317,000 | - | 5-6 years, 5.94%-7.88%, settlement in cash | Unsecured, no impairment |
| Key management personnel | 19.4 | - | 423,800 | - | - | - | - | - | - |
| Others | 19.3 | 640,632 | 65,584 | 84,522 | 313,963 | 180,181 | 54,324 | Interest-free excluding cash and cash equivalents, settlement in cash | Unsecured, no impairment |
| | | ₱1,542,484 | ₱4,593,636 | ₱1,724,160 | ₱634,104 | ₱5,224,526 | ₱2,591,253 | | |

Amounts owed by related parties are presented in the statement of financial position as follows:

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| Trade receivables – net | | **₱103,923** | ₱238,139 |
| Due from related parties | 10.2 | **1,170,419** | 1,121,452 |
| Loans to related parties | 10.1 | **3,763,935** | 3,864,935 |
| | | **₱5,038,277** | ₱5,224,526 |

Amounts owed to related parties amounting to ₱3,156.90 million and ₱2,591.25 million as of December 31, 2024 and 2023, respectively are presented under trade payables and accrued expenses account in the statements of financial position.

As of December 31, 2024 and 2023, 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 ₱81,574.63 million and ₱67,812.23 million, respectively. These are mostly unsecured, interest-free and settled in cash.

### *19.1 Entities with Joint Control over Globe - AC and Singtel Group*

#### *Singtel Group*

##### *Interconnection agreements*

Globe Telecom has interconnection agreements with Singtel Group. The interconnection revenues recognized in relation to the agreements amounted to ₱250.34 million, ₱336.00 million and ₱427.09 million in 2024, 2023 and 2022, respectively. The interconnection costs recognized in relation to the agreements amounted to ₱15.30 million, ₱23.05 million and ₱19.35 million in 2024, 2023 and 2022, respectively.

##### *Technical assistance agreement*

Globe Telecom and Singtel Group have a technical assistance agreement whereby Singtel Group 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 Group. General and administrative expenses charged to profit or loss in relation to the agreement amounted to ₱202.19 million, ₱267.68 million and ₱157.85 million in 2024, 2023 and 2022, respectively.

#### *AC*

##### *Subscription receivable*

Globe Telecom, Innove and BTI earn subscriber revenues from AC. Service revenues recognized from AC amounted to ₱41.84 million, ₱39.22 million and ₱23.27 million in 2024, 2023 and 2022, respectively.

##### *Cost reimbursements*

Globe Telecom reimburses AC for certain operating expenses. Total expense recognized by Globe from the transaction amounted to ₱58.41 million, ₱54.87 million and ₱40.13 million in 2024, 2023 and 2022, respectively.

### *19.2 Joint Ventures in which Globe 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 ₱4.60 million and ₱2.78 million as of December 31, 2024 and 2023, respectively. Total expenses recognized related to these transactions amounted to ₱39.21 million, ₱20.14 million and ₱26.22 million in 2024, 2023, and 2022, respectively.

*Mynt*

*Management support services*

Globe renders certain management support services to Mynt. The management services also include the use of Globe's network and facilities to conduct Mynt's operations. Management fee income amounted to ₱80.84 million, ₱64.77 million and ₱165.43 million in 2024, 2023, and 2022, respectively (see Note 22).

*Leases*

Globe has lease arrangements with Mynt for the use of certain office space. Lease income recognized in relation to the agreement amounted to ₱105.36 million, ₱16.47 million and nil in 2024, 2023 and 2022, respectively.

*Service agreement*

Mynt offers over-the-air reloading to the mobile prepaid subscribers of Globe 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 Globe and functions as an Internet Payment Gateway. This enables the subscribers of Globe 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 ₱3,302.88 million, ₱3,523.51 million and ₱3,327.75 million in 2024, 2023 and 2022, respectively.

Outstanding Gcash wallet balance as of December 31, 2024 and 2023 amounted to ₱344.96 million and ₱320.14 million, respectively.

*Share Purchase Agreement*

On September 8, 2023, Mynt entered into a definitive agreement with AB Capital & Investment Corporation, an entity controlled by a member of the Board of Directors of Globe, to acquire up to a 50.0% equity stake in AB Capital Securities, Inc ("ABCSI"). As of December 31, 2024, Mynt has closed the two investment tranches and currently owns 16% of ABSCI.

On September 29, 2023, Globe Telecom entered into a Share Purchase Agreement with Mynt for the sale of Globe's 77% investment in ECPay for a total consideration of ₱2,310.00. The closing of the transaction and actual transfer of ownership is still subject to PCC approval. As of December 31, 2024, PCC review is still in progress (See Note 14.2).

On September 27, 2024, ECPay has declared dividends to its existing shareholders. Globe Telecom received cash amounting to ₱500.50 million presented as dividends received in Globe's consolidated statement of cashflows.

*Globe STT GDC, Inc.*

*Management fees*

Globe renders certain management support services to Globe STT GDC. Management fees recognized in relation to the services rendered amounted to ₱36.56 million, ₱75.75 million and ₱83.14 million in 2024, 2023 and 2022, respectively (See Note 22).

*Reimbursement of expenses*

In the normal course of business, Globe STT GDC reimburse expenses to Globe amounting to ₱28.74 million, ₱41.80 million and ₱121.32 million recognized as other income in 2024, 2023 and 2022, respectively.

*Leases*

Globe 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 ₱1,747.48 million and ₱1,639.64 million in 2024 and 2023, respectively.

Globe has lease arrangements with Globe STT GDC for the use of certain office space. Lease income recognized in relation to the agreement amounted to ₱106.40 million, ₱113.05 million and ₱62.47 million in 2024, 2023 and 2022, respectively.

*19.3 Transactions with the other related parties*

*Globe Retirement Plan (GRP)*

Globe 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. In April 2022, Globe Telecom collected ₱408.00 million as full settlement. On May 5, 2021, Globe granted additional loans to the GRP at an interest rate of 6%, which will mature on May 26, 2026. Interest income amounted to ₱155.42 million, ₱155.00 million and ₱160.25 million in 2024, 2023 and 2022, respectively (see Note 21). As of December 31, 2024 and 2023, the outstanding balance of loan receivable from GGRP amounted to ₱2,547.94 million (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.

*BEAM*

On February 1, 2009, Globe 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. Globe recognized expense amounting to ₱203.00 million, ₱215.00 million and ₱215.00 million in 2024, 2023 and 2022, respectively.

*Altimax*

On October 1, 2009, Globe entered into a MOA with Altimax for Globe's co-use of specific frequencies of Altimax's for the rollout of broadband wireless access to Globe's subscribers.

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*

Globe granted loan to JVHI at an interest rate of 5.94%, which will mature on January 19, 2028. In 2023, Globe granted additional loan to JVHI at an interest of 7.88%, which will mature on January 19, 2028. In October 2024, Globe Telecom collected ₱101.00 million as partial settlement of the loan. Interest income amounted to ₱81.34 million, ₱59.79 and ₱21.49 million in 2024, 2023 and 2022, respectively (see Note 21). As of December 31, 2024 and 2023, the outstanding balance of loan receivable from JVHI amounted to ₱1,216.00 million and ₱1,317.00 million, respectively (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, BCHI and AI.

*Others*

Globe 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.

### *19.4 Transactions with key management personnel of Globe*

The following compensation of key management personnel were recognized as expenses in 2024 and 2023 which includes accrued but unpaid amounts for the years ended:

| | **2024** | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| Short-term employee benefits | **₱274,700** | ₱329,000 |
| Share-based payments | **78,800** | 80,200 |
| Post-employment benefits | **20,000** | 14,600 |
| | **₱373,500** | ₱423,800 |

There are no agreements between Globe 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 Globe's retirement plans.

## 20 Equity and Other Comprehensive Income

As of December 31, 2024 and 2023, Globe Telecom's authorized capital stock consists of (amounts in thousand pesos and number of shares):

| | Shares | Amount |
|---|---|---|
| | *(In Thousand Pesos and Number of Shares)* | |
| Voting preferred stock -₱5 per share | **160,000** | **₱800,000** |
| Non-voting preferred stock -₱50 per share | **40,000** | **2,000,000** |
| Common stock -₱50 per share | **168,934** | **8,446,719** |

*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:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **Shares** | **Amount** | Shares | Amount |
| | *(In Thousand Pesos and Number of Shares)* | | | |
| Voting preferred stock | **158,515** | **₱792,575** | 158,515 | ₱792,575 |
| Non-voting preferred stock | **20,000** | **1,000,000** | 20,000 | 1,000,000 |
| Common stock | **144,380** | **7,219,017** | 144,229 | 7,211,455 |
| Total capital stock | | **₱9,011,592** | | ₱9,004,030 |

Below is the summary of Globe Telecom's track record of registration of securities:

| | Number of shares registered | Issue/offer price | Date of approval |
|---|---|---|---|
| | *(In Thousands, Except for Issue/Offer price)* | | |
| 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*

## *20.1 Preferred Stock*

### *Non-Voting Preferred Stock*

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 20.4).

### *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.

## 20.2 Common Stock

The rollforward of outstanding common shares follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Shares** | **Amount** | Shares | Amount |
| | *(In Thousand Pesos and Number of Shares)* | | | |
| At beginning of year | **144,229** | **₱7,211,455** | 144,060 | ₱7,203,027 |
| Issuance of shares under share-based compensation plan and exercise of stock options | **151** | **7,562** | 169 | 8,428 |
| At end of year | **144,380** | **₱7,219,017** | 144,229 | ₱7,211,455 |

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

### *Stock Rights Offering*

On June 17, 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.

## 20.3 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. On November 2024, Globe updated its distribution rate based on market.

Distributions to holders of capital securities amounted to ₱1,369.67 million, ₱1,330.62 million and ₱1,306.73 million in 2024, 2023 and 2022, respectively.

## 20.4 Treasury Shares

Globe'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 20.1).

## *20.5 Cash Dividends*

Information on Globe Telecom's BOD declaration of cash dividends follows:

| | | | Date | |
|---|---|---|---|---|
| | Per Share | Amount | Record | Payment |
| | | *(In Thousand Pesos, Except Per Share Figures)* | | |
| Dividends on Voting Preferred stock: | | | | |
| November 11, 2022 | 0.32 | 50,027 | November 25, 2022 | December 9, 2022 |
| November 3, 2023 | 0.32 | 50,027 | November 17, 2023 | December 1, 2023 |
| November 7, 2024 | 0.39 | 61,297 | November 21, 2024 | December 6, 2024 |
| Dividends on Common stock: | | | | |
| 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 |
| February 6, 2023 | 25.00 | 3,601,514 | February 20, 2023 | March 8, 2023 |
| May 4, 2023 | 25.00 | 3,605,714 | May 18, 2023 | June 2, 2023 |
| August 11, 2023 | 25.00 | 3,605,715 | August 29, 2023 | September 8, 2023 |
| November 3, 2023 | 25.00 | 3,605,715 | November 17, 2023 | December 1, 2023 |
| February 6, 2024 | 25.00 | 3,605,716 | February 21, 2024 | March 7, 2024 |
| May 14, 2024 | 25.00 | 3,609,508 | May 28, 2024 | June 13, 2024 |
| August 6, 2024 | 25.00 | 3,609,508 | August 20, 2024 | September 5, 2024 |
| November 7, 2024 | 25.00 | 3,609,508 | November 21, 2024 | December 6, 2024 |

## *20.6 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.

In 2023, 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.

On February 6, 2024, the BOD approved the proposed change in the dividend policy to 60% to 90% of the prior year's core net income, to be applied starting 2024 dividend declarations.

### *20.7 Retained Earnings Available for Dividend Declaration*

The total unrestricted retained earnings available for dividend declaration amounted to ₱12,582.82 million and ₱19,998.15 million as of December 31, 2024 and 2023, 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. Globe is also subject to loan covenants that limits its ability to pay dividends (see Note 17).

### *20.8 Other Comprehensive Income*

*Other Reserves*

**2024**

| | Cash flow hedges (Note 8) | Investment in equity securities (Note 10) | Currency translation adjustment | Remeasurement on pension liabilities (Note 27) | Total |
|---|---|---|---|---|---|
| | | | *(Unaudited and In Thousand Pesos)* | | |
| **As of January 1** | **(₱996,453)** | **₱1,217,194** | **₱637,601** | **(₱2,191,595)** | **(₱1,333,253)** |
| **Fair value changes** | **262,102** | **229,660** | **-** | **-** | **491,762** |
| **Share in OCI from investment in joint venture** (see Note 14) | **-** | **(16,932)** | **4,949** | **(23,972)** | **(35,955)** |
| **Remeasurement on pension liabilities** | **-** | **-** | **-** | **(633,993)** | **(633,993)** |
| **Transferred to profit or loss** | **(1,422,711)** | **-** | **-** | **-** | **(1,422,711)** |
| **Exchange differences** | **-** | **-** | **265,470** | **-** | **265,470** |
| **Income tax effect** (see Note 28) | **290,152** | **(57,415)** | **-** | **158,498** | **391,235** |
| **Other comprehensive income for the period** | **(870,457)** | **155,313** | **270,419** | **(499,467)** | **(944,192)** |
| **Other comprehensive income attributable to non-controlling interest** | **-** | **-** | **7,055** | **763** | **7,818** |
| **Other comprehensive income attributable to equity holders of the Parent** | **(870,457)** | **155,313** | **277,474** | **(498,704)** | **(936,374)** |
| **As of December 31** | **(₱1,866,910)** | **₱1,372,507** | **₱915,075** | **(₱2,690,299)** | **(₱2,269,627)** |

2023

| | Cash flow hedges (Note 8) | Investment in equity securities (Note 10) | Currency translation adjustment | Remeasurement on pension liabilities (Note 27) | Total |
|---|---|---|---|---|---|
| | | | *(Unaudited and In Thousand Pesos)* | | |
| As of January 1 | (₱1,181,500) | ₱985,323 | ₱663,055 | (₱583,184) | (₱116,306) |
| Fair value changes | (852,889) | 224,064 | - | - | (628,825) |
| Share in OCI from investment in joint venture (see Note 14) | - | 63,823 | (291) | 5,126 | 68,658 |
| Remeasurement on pension liabilities | - | - | - | (2,145,565) | (2,145,565) |
| Transferred to profit or loss | 1,099,618 | - | - | - | 1,099,618 |
| Exchange differences | - | - | (22,152) | - | (22,152) |
| Income tax effect (see Note 28) | (61,682) | (56,016) | - | 536,391 | 418,693 |
| Other comprehensive income for the period | 185,047 | 231,871 | (22,443) | (1,604,048) | (1,209,573) |
| Other comprehensive income attributable to non-controlling interest | - | - | (3,011) | (4,363) | (7,374) |
| Other comprehensive income attributable to equity holders of the Parent | 185,047 | 231,871 | (25,454) | (1,608,411) | (1,216,947) |
| As of December 31 | (₱996,453) | ₱1,217,194 | ₱637,601 | (₱2,191,595) | (₱1,333,253) |

2022

| | Cash flow hedges (Note 8) | Investment in equity securities (Note 10) | Currency translation adjustment | Remeasurement on defined benefit plan (Note 27) | Total |
|---|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | | |
| As of January 1 | ₱198,090 | ₱956,219 | (₱35,365) | (₱3,314,072) | (₱2,195,128) |
| Fair value changes | 1,791,710 | 2,492 | - | - | 1,794,202 |
| Share in OCI from investment in joint venture (see Note 14) | - | 27,235 | 5,276 | (9,381) | 23,130 |
| Remeasurement on pension liabilities | - | - | - | 3,666,776 | 3,666,776 |
| Transferred to profit or loss | (3,631,163) | - | - | - | (3,631,163) |
| Exchange differences | - | - | 693,257 | - | 693,257 |
| Income tax effect (see Note 28) | 459,863 | (623) | - | (916,694) | (457,454) |
| Other comprehensive income for the period | (1,379,590) | 29,104 | 698,533 | 2,740,701 | 2,088,748 |
| Other comprehensive income attributable to non-controlling interest | - | - | (113) | (9,813) | (9,926) |
| Other comprehensive income attributable to equity holders of the Parent | (1,379,590) | 29,104 | 698,420 | 2,730,888 | 2,078,822 |
| As of December 31 | (₱1,181,500) | ₱985,323 | ₱663,055 | (₱583,184) | (₱116,306) |

## 21 Interest Income

Interest income is earned from the following sources:

| | Notes | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | |
| Short-term placements | 5 | **₱567,639** | ₱374,055 | ₱130,153 |
| Loans receivable: | | | | |
| GRP | 19.3 | **155,424** | 154,999 | 160,250 |
| JVHI | 19.3 | **81,340** | 59,790 | 21,490 |
| Cash in banks | 5 | **65,227** | 75,980 | 9,650 |
| Others | | **48,708** | 12,746 | 18,566 |
| | | **₱918,338** | ₱677,570 | ₱340,109 |

## 22 Other Income - net

This account consists of:

| | Notes | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | |
| Gain (loss) on derivatives instruments – net | | **₱2,957,406** | (₱740,686) | ₱5,797,800 |
| Foreign exchange gain (loss) - net | | **(2,431,889)** | 1,042,052 | (5,343,019) |
| Management fees: | | | | |
| Mynt | 19.2 | **80,841** | 64,767 | 165,430 |
| Globe STT GDC | 19.2 | **36,557** | 75,750 | 83,143 |
| Others | | **98,446** | 45,142 | 13,138 |
| Lease | | **276,909** | 160,381 | 107,238 |
| Gain on sale of investments | | **-** | 76,669 | 101,655 |
| Gain on settlement and remeasurement of ARO | 18 | **-** | - | 2,629 |
| Others | | **716,674** | 235,823 | 1,546,800 |
| | | **₱1,734,944** | ₱959,898 | ₱2,474,814 |

## 23 General, Selling and Administrative Expenses

This account consists of:

| | Notes | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | |
| Staff costs | 27 | **₱17,920,270** | ₱18,959,128 | ₱19,136,088 |
| Professional and other contracted services | | **14,095,009** | 14,938,459 | 15,361,332 |
| Repairs and maintenance | | **13,207,896** | 13,345,136 | 11,656,701 |
| Utilities, supplies and other administrative expenses | | **11,530,087** | 11,426,299 | 10,309,303 |
| Taxes and licenses | | **4,336,674** | 3,816,353 | 3,889,035 |
| Selling, advertising and promotions | | **3,978,198** | 4,776,126 | 6,385,740 |
| Lease | 13.3 | **2,983,982** | 2,828,275 | 2,794,315 |
| Insurance and security services | | **1,591,082** | 1,916,654 | 2,131,677 |
| Courier and delivery | | **437,757** | 246,937 | 574,883 |
| Others | | **2,755,798** | 2,427,683 | 1,988,232 |
| | | **₱72,836,753** | ₱74,681,050 | ₱74,227,306 |

## 24 Depreciation and amortization

The account consists of:

| | Notes | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | |
| Property and equipment | 11 | **₱34,976,269** | ₱33,477,566 | ₱34,088,386 |
| Intangible assets | 12 | **6,531,125** | 6,979,156 | 6,283,860 |
| Right of use assets | 13 | **8,961,878** | 6,895,289 | 5,276,304 |
| Investment properties | 10 | **3,768** | 4,032 | 4,746 |
| | | **₱50,473,040** | ₱47,356,043 | ₱45,653,296 |

## 25 Financing Costs

This account consists of:

| | Notes | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | |
| Loans payable* | 17 | **₱7,204,469** | ₱6,723,599 | ₱6,884,490 |
| Lease liabilities | 13.2 | **6,749,514** | 4,867,242 | 1,668,972 |
| Swap costs | 8.4 | **318,440** | 490,046 | 1,140,451 |
| Pension cost | 27.1.1 | **134,378** | 33,584 | 198,227 |
| ARO accretion expense | 18 | **11,272** | 8,250 | 187,760 |
| Others | | **26,197** | 23,158 | 11,389 |
| | | **₱14,444,270** | ₱12,145,879 | ₱10,091,289 |

**This account is net of the amount capitalized borrowing costs (see Notes 11 and 17).*

## 26 Impairment and other losses

This account consists of:

| | Notes | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | |
| Impairment loss on | | | | |
| Trade receivables | 6 | **₱2,892,034** | ₱3,494,061 | ₱4,108,704 |
| Contract assets | 7.1 | **667,471** | 947,087 | 723,167 |
| Property and equipment | 11 | **410,563** | 92,441 | - |
| Other assets | | **53,434** | 154,614 | - |
| Provisions for (reversal of): | | | | |
| Inventory obsolescence | 9 | **156,046** | 399,495 | 245,516 |
| Other probable losses – net | 16 | **432,964** | 377,517 | (185,243) |
| Other assets | | **78,778** | (1,236) | 14,603 |
| | | **₱4,691,290** | ₱5,463,979 | ₱4,906,747 |

## 27 Staff Cost

This account consist of:

| | Recognized in profit or loss (Note 23) | Recognized in OCI (Note 20.8) |
|---|---|---|
| **2024** | *(In Thousand Pesos)* | |
| Compensation and short-term benefits | **₱16,613,010** | **₱-** |
| Pension benefits | **930,637** | **633,993** |
| Share based compensation | **376,623** | **-** |
| | **₱17,920,270** | **₱633,993** |
| 2023 | | |
| Compensation and short-term benefits | ₱17,831,001 | ₱- |
| Pension benefits | 842,239 | 2,145,565 |
| Share based compensation | 285,888 | - |
| | ₱18,959,128 | ₱2,145,565 |
| 2022 | | |
| Compensation and short-term benefits | ₱17,605,471 | ₱- |
| Pension benefits | 1,089,723 | (3,666,776) |
| Share based compensation | 440,894 | - |
| | ₱19,136,088 | (₱3,666,776) |

### *27.1 Pension Benefits*

The details of pension liability recognized in the consolidated statements of financial position are as follows:

| | **2024** | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| Globe Retirement Plan (GRP) | **₱2,694,709** | ₱2,636,093 |
| Other pension benefits | **132,139** | 82,219 |
| | **₱2,826,848** | ₱2,718,312 |

The details of pension expense recognized in the consolidated statements of comprehensive income are as follows:

| | Recognized in profit or loss | Recognized in OCI |
|---|---|---|
| **2024** | *(In Thousand Pesos)* | |
| GRP | **₱901,657** | **₱629,584** |
| Others | **28,980** | **4,409** |
| | **₱930,637** | **₱633,993** |
| 2023 | *(In Thousand Pesos)* | |
| GRP | ₱773,424 | ₱2,224,333 |
| Others | 68,815 | (78,768) |
| | ₱842,239 | ₱2,145,565 |
| 2022 | *(In Thousand Pesos)* | |
| GRP | ₱1,020,459 | (₱3,639,967) |
| Others | 69,264 | (26,809) |
| | ₱1,089,723 | (₱3,666,776) |

#### *27.1.1 Globe Retirement Plan*

Globe 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, 2024 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:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| Current service cost | **₱994,654** | ₱847,295 | ₱1,110,085 |
| | **994,654** | 847,295 | 1,110,085 |
| Less: components capitalized as property and equipment | **(92,997)** | (73,871) | (89,626) |
| Amount recognized in profit or loss | **901,657** | 773,424 | 1,020,459 |
| Net interest expense (Note 25) | **134,378** | 33,584 | 198,227 |
| Components of defined benefit costs recognized in profit or loss | **1,036,035** | 807,008 | 1,218,686 |
| Remeasurement on the net defined benefit liability: | | | |
| Return on plan assets (excluding amounts included in net interest expense) | **(64,951)** | 528,921 | (710,521) |
| Actuarial gains and losses: | | | |
| from changes in assumptions | **523,065** | 1,764,509 | (3,931,884) |
| from experience adjustments | **171,470** | (69,097) | 1,002,438 |
| Components of defined benefit costs recognized in other comprehensive income | **629,584** | 2,224,333 | (3,639,967) |
| | **₱1,665,619** | ₱3,031,341 | (₱2,421,281) |

The breakdown of pension liability is as follows:

| | 2024 | 2023 |
|---|---|---|
| | | *(In Thousand Pesos)* |
| Present value of benefit obligation | **₱14,546,217** | ₱14,316,235 |
| Less: fair value of plan assets | **11,851,508** | 11,680,142 |
| Pension liability | **₱2,694,709** | ₱2,636,093 |

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*

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| Balance at beginning of year | **₱14,316,235** | ₱11,392,648 |
| Current service cost | **994,654** | 847,295 |
| Interest cost | **841,355** | 849,664 |
| Benefits paid | **(2,244,554)** | (468,784) |
| Transfer of employees | **(56,008)** | - |
| Remeasurements in other comprehensive income: | | |
| Actuarial gains and losses arising from changes in assumptions | **523,065** | 1,764,509 |
| Actuarial gains and losses arising from experience adjustments | **171,470** | (69,097) |
| Balance at end of year | **₱14,546,217** | ₱14,316,235 |

*Fair value of plan assets*

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| Balance at beginning of year | **₱11,680,142** | ₱9,561,767 |
| Remeasurement (gains)/losses: | | |
| Return on plan assets (excluding amounts included in net interest expense) | **64,951** | (528,921) |
| Contributions from the employer | **1,700,000** | 2,300,000 |
| Interest income | **706,977** | 816,080 |
| Benefits paid | **(2,244,554)** | (468,784) |
| Transfer payments | **(56,008)** | - |
| Balance at end of year | **₱11,851,508** | ₱11,680,142 |
| Actual return on plan assets | **₱771,928** | ₱287,159 |

The recommended contribution for Globe retirement fund for the year 2025 amounted to ₱1,066.91 million. This amount is based on Globe's actuarial valuation report as of December 31, 2024.

The allocation of the fair value of the plan assets of Globe as of December 31 is as follows:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| Cash and cash equivalents | **₱157** | ₱3,852 |
| Investment in debt securities | **3,231,769** | 3,353,801 |
| Investment in equity shares | **8,619,582** | 8,322,489 |
| | **₱11,851,508** | ₱11,680,142 |

The assumptions used to determine pension benefits for Globe are as follows:

| | 2024 | 2023 |
|---|---|---|
| Discount rate | **6.15%** | 6.52% |
| Salary rate increase | **4.50%** | 4.50% |

The assumptions regarding future mortality rates which are based on the 2017 Philippine Intercompany Mortality Table which is based on a recent study by the Actuarial Society of the Philippines.

In 2024 and 2023, Globe 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, 2024 and 2023, assuming all other assumptions were held constant (in thousand pesos):

**December 31, 2024**

| | Increase (decrease) in basis points | Increase (decrease) on defined benefit obligation |
|---|---|---|
| Discount rates | **+0.50%** | **(699,605)** |
| | **-0.50%** | **758,647** |
| Future salary increases | **+0.50%** | **800,126** |
| | **-0.50%** | **(743,075)** |
| Mortality | **+10.00%** | **(20,3390** |
| | **-10.00%** | **19,725** |

December 31, 2023

| | Increase (decrease) in basis points | Increase (decrease) on defined benefit obligation |
|---|---|---|
| Discount rates | +0.50% | (672,126) |
| | -0.50% | 728,715 |
| Future salary increases | +0.50% | 771,445 |
| | -0.50% | (716,368) |
| Mortality | +10.00% | 2,640 |
| | -10.00% | (9,128) |

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 13.99 years and 14.92 years in 2024 and 2023, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| Within 1 year | **₱1,648,259** | ₱1,757,543 |
| More than 1 year to 5 years | **3,638,966** | 3,667,973 |
| 5 years to 10 years | **1,063,255** | 7,193,594 |
| | **₱6,350,480** | ₱12,619,110 |

### *27.2 Other Pension Benefits*

Other pension benefits pertain to the pension liabilities recognized by Globe'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.

### *27.3 Share-based Compensations*

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.

### *27.3.1 Long-Term Incentive Plan*

In November 2014, Globe 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 Globe under the LTIP:

| Date of Grant | Number of Grants at Grant Date | Settlement Dates | Fair Value of Each Grants | Fair Value Measurement |
|---|---|---|---|---|
| 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 subject to stock ownership requirements | 1,970.2 | Market price |
| 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 |
| January 1, 2023 | 208,970 | 100% after 3 years subject to attainment of plan targets and subject to stock ownership requirements | 2,199.00 | Market price |
| January 1, 2024 | 287,500 | 100% after 3 years subject to attainment of plan targets and subject to stock ownership requirements | 1,714.00 | 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 2024, 2023 and 2022 amounted to ₱376.62 million, ₱285.89 million and ₱440.89 million, respectively.

## 28 Income Tax

*Income Tax Expense*

Income tax expense charged to profit or loss includes the following:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| Current | **₱6,919,731** | ₱7,853,664 | ₱9,696,533 |
| Deferred | **(874,417)** | (16,004) | (200,132) |
| | **₱6,045,314** | ₱7,837,660 | ₱9,496,401 |

Deferred tax expense (benefit) recognized in the consolidated other comprehensive income amounted to (₱391.24) million, (₱418.69) million and ₱457.45 million in 2024, 2023 and 2022, respectively (see Note 20.8).

The reconciliation of the provision for income tax at statutory tax rate and the actual current and deferred provision for income tax follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| Income before income tax | **₱30,331,083** | ₱32,415,670 | ₱44,100,450 |
| Multiplied by statutory income tax rate | **25%** | 25% | 25% |
| Provision at statutory income tax rate | **7,582,771** | 8,103,918 | 11,025,113 |
| Add (deduct) tax effects of: | | | |
| Equity in net (income)losses of associates and joint ventures | **(974,253)** | (553,690) | (270,801) |
| Gain on sale of controlling interest on data center business subjected to lower rate | **-** | - | (796,812) |
| Income subjected to lower tax rates | **(340,443)** | 71,477 | (268,411) |
| Others | **(222,761)** | 215,955 | (192,688) |
| Actual provision for income tax | **₱6,045,314** | ₱7,837,660 | ₱9,496,401 |

The current provision for income tax includes the following:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| RCIT or MCIT, whichever is higher | **₱6,751,507** | ₱7,713,544 | ₱9,599,769 |
| Final tax | **168,224** | 140,120 | 96,764 |
| | **₱6,919,731** | ₱7,853,664 | ₱9,696,533 |

*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:

| | 2024 | 2023 |
|---|---|---|
| | | *(In Thousand Pesos)* |
| Net deferred income tax assets | **₱1,971,459** | ₱2,279,979 |
| Net deferred income tax liabilities | **(4,363,232)** | (5,983,954) |
| | **(₱2,391,773)** | (₱3,703,975) |

The significant components of the deferred income tax assets and liabilities of Globe represent the deferred income tax effects of the following (In Thousand Pesos):

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| **Deferred tax assets** | | |
| Lease liabilities | **₱29,239,641** | ₱23,009,073 |
| Allowance for impairment losses on receivables | **1,990,313** | 2,379,928 |
| Unrealized foreign exchange losses | **1,877,592** | 1,317,067 |
| Unearned revenues and advances already subjected to income tax | **1,121,544** | 1,007,499 |
| Accrued manpower cost | **1,047,897** | 1,227,903 |
| Accrued pension | **1,387,147** | 1,288,463 |
| ARO | **463,251** | 517,842 |
| Accumulated impairment losses on property and equipment | **496,419** | 497,020 |
| Provision for claims and assessment | **678,254** | 555,503 |
| Inventory obsolescence and market decline | **205,878** | 262,074 |
| Cost of share-based compensation | **217,931** | 200,675 |
| Others | **87,501** | 180,431 |
| | **38,813,368** | 32,443,478 |
| **Deferred tax liabilities** | | |
| Right of use assets | **(21,839,917)** | (18,132,820) |
| Excess of accumulated depreciation and amortization of Globe Telecom equipment for (a) tax reporting over (b) financial reporting | **(13,093,860)** | (11,581,427) |
| Contract asset | **(1,498,548)** | (1,975,014) |
| Unrealized gain on derivative transaction | **(1,161,537)** | (1,058,695) |
| Others | **(3,612,279)** | (3,399,497) |
| | **(41,206,141)** | (36,147,453) |
| Net deferred income tax (liabilities) assets | **(₱2,392,773)** | (₱3,703,975) |

The rollforward analysis of Globe's net deferred tax assets (liabilities) follows:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| At beginning of year | **(₱3,703,975)** | (₱4,218,242) |
| Deferred income tax recognized in profit or loss | | |
| Deferred tax relating to temporary difference | **874,417** | 16,004 |
| Deferred income tax recognized in comprehensive income | | |
| Deferred tax relating to temporary difference (Note 20.8) | **391,235** | 418,693 |
| Others | **46,550** | 79,570 |
| At end of year | **(₱2,391,773)** | (₱3,703,975) |

## 29 Earnings Per Share

Globe's earnings per share amounts were computed as follows:

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| | *(In Thousand Pesos and Number of Shares Except per Share Figures)* | | |
| Net income attributable to common shareholders | **₱24,304,433** | ₱24,512,760 | ₱34,563,011 |
| Less dividends on preferred shares: | | | |
| Capital securities | **1,369,672** | 1,330,619 | 1,250,363 |
| Convertible voting preferred shares | **61,297** | 50,027 | 50,027 |
| Net income attributable to common shareholders for basic earnings per share (a) | **22,873,464** | 23,132,114 | 33,262,621 |
| Add dividends on convertible voting preferred shares | **61,297** | 50,027 | 50,027 |
| Net income attributable to common shareholders for diluted earnings per share (b) | **22,934,761** | 23,182,141 | 33,312,648 |
| Common shares outstanding, beginning | **144,229** | 144,060 | 133,619 |
| Add Weighted average number of issued shares under share-based compensation | **101** | 112 | 215 |
| Weighted average number of issued shares by way of stock rights | **-** | - | 1,687 |
| Weighted average number of shares for basic earnings per share (c) | **144,330** | 144,172 | 135,521 |
| Add Dilutive shares arising from: | | | |
| Convertible preferred shares | **390** | 442 | 338 |
| Share based compensation plans | **592** | 509 | 529 |
| Adjusted weighted average number of common shares for diluted earnings per share (d) | **145,312** | 145,123 | 136,388 |
| Basic earnings per share (a/c) | **₱158.48** | ₱160.45 | ₱245.44 |
| Diluted earnings per share (b/d) | **₱157.83** | ₱159.74 | ₱244.25 |

## 30 Capital and Financial Risk Management and Financial Instruments

Globe 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 Globe's mission, vision, strategies, and goals, and to provide emphasis on how management and employees play a vital role in achieving Globe'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. Globe 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 Globe's business operations and environment.

Globe continues to monitor and manage its financial risk exposures according to its BOD approved policies.

The succeeding discussion focuses on Globe's capital and financial risk management.

### *30.1 Capital Risk Management Objectives and Policies*

Capital represents equity attributable to equity holders of the Parent Company.

The primary objective of Globe'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.

Globe 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, 2024 and 2023 was at 60% and 61%, respectively.

Globe's loan agreements include compliance with certain ratios which are also regularly monitored (see Note 17.4).

### *30.2 Financial Risk Management Objectives and Policies*

Globe'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. Globe's risk management policies are summarized below:

#### *30.2.1 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. Globe is mainly exposed to two types of market risk: interest rate risk and foreign exchange risk.

Globe seeks to minimize the effects of these risks by using derivative financial instruments to hedge these risk exposures. Globe 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 Globe's policy to ensure that capabilities exist for active but conservative management of its foreign exchange and interest rate risks. Globe 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, 2024 and 2023. 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, 2024 and 2023 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.

#### *30.2.1.1 Interest Rate Risk*

Globe's exposure to market risk from changes in interest rates relates primarily to Globe's long-term debt obligations.

Globe's policy is to manage its interest cost using a mix of fixed and variable rate debt. To manage this mix in a cost-efficient manner, Globe enters into interest rate swaps, in which Globe 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:

| | **2024** | 2023 |
|---|---|---|
| USD fixed rate loans | **88%** | 88% |
| PHP fixed rate loans | **62%** | 68% |

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) |
|---|---|---|---|
| | | *(In Thousand Pesos except changes in bps)* | |
| **2024** | | | |
| USD | **+120bps** | **56,669** | **(11,636)** |
| | **-120bps** | **(56,669)** | **11,648** |
| PHP | **+100bps** | **(170,016)** | **5,822** |
| | **-100bps** | **164,880** | **(5,827)** |
| 2023 | | | |
| USD | +120bps | ₱96,296 | (₱16,503) |
| | -120bps | (96,296) | 16,514 |
| PHP | +200bps | 552,990 | 26,813 |
| | -200bps | (552,990) | (26,841) |

### *30.2.1.2 Foreign Exchange Risk*

Globe'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, 19.68% and 20.52% of debt as of December 31, 2024 and 2023, respectively, are denominated in USD before taking into account any swap and hedges.

Information on Globe's foreign currency-denominated monetary assets and liabilities and their PHP equivalents are as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **US Dollar** | **Peso Equivalent** | US Dollar | Peso Equivalent |
| | | *(In Thousand)* | | |
| Assets | | | | |
| Cash and cash equivalents | **$86,607** | **₱5,009,969** | $129,745 | ₱7,190,228 |
| Trade Receivables | **49,125** | **2,841,710** | 69,769 | 3,866,459 |
| | **135,732** | **7,851,679** | 199,514 | 11,056,687 |
| Liabilities | | | | |
| Trade payable and accrued expenses | **606,829** | **35,103,209** | 715,480 | 39,650,458 |
| Loans payable | **853,000** | **49,343,491** | 930,350 | 51,558,136 |
| | **1,459,829** | **84,446,700** | 1,645,830 | 91,208,594 |
| Net foreign currency - denominated liabilities | **$1,324,097** | **₱76,595,021** | $1,446,315 | ₱80,151,907 |

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 Globe'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) |
|---|---|---|---|
| | | *(In Thousand Pesos except change in bps)* | |
| **2024** | | | |
| | **+1.00** | **(₱878,234)** | **₱713,634** |
| | **-1.00** | **878,234** | **(713,634)** |
| 2023 | | | |
| | +.80 | (₱898,763) | ₱679,837 |
| | -.80 | 898,763 | (679,837) |

The movement in equity arises from changes in the fair values of derivative financial instruments designated as cash flow hedges.

Globe'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 enters into short-term foreign currency forwards and long-term foreign currency swap contracts in order to achieve this target.

### *30.2.2 Credit Risk*

#### *Credit Risk Exposure*

The table below details Globe's exposure to credit risk:

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| Cash and cash equivalents | 5 | **₱21,353,659** | ₱16,645,077 |
| Trade receivables – net | 6 | **19,660,468** | 18,097,898 |
| Contract assets – net | 7.1 | **5,442,961** | 6,223,595 |
| Derivative assets | 8 | **5,219,151** | 4,716,964 |
| Loans receivable from related parties | 10 | **3,763,935** | 3,864,935 |
| Non-trade receivables | 10 | **3,324,995** | 3,073,670 |
| Investment in debt securities | 31.1 | **142,304** | 150,739 |
| | | **₱58,907,473** | ₱52,772,878 |

Globe 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 Globe. Applications for postpaid service are subjected to standard credit evaluation and verification procedures. The Credit, Billing and Risk Management of Globe 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.

Globe analyzes its subscribers' receivables and contract assets based on internal credit risk rating. The table below shows the analysis of Globe's subscribers' receivables and contract assets as of December 31, 2024 and 2023.

| | High Quality | Medium Quality | Low Quality | Terminated Accounts | Total |
|---|---|---|---|---|---|
| | | *(In Thousand Pesos)* | | | |
| **2024** | | | | | |
| Wireless subscribers receivables: | | | | | |
| Consumer | **₱5,821,415** | **₱909,916** | **₱572,368** | **₱1,234,782** | **₱8,538,481** |
| Key corporate accounts | **219,116** | **355,126** | **37,371** | **590,687** | **1,202,300** |
| Other corporations and SMEs | **418,238** | **81,057** | **3,610** | **163,083** | **665,988** |
| | **6,458,769** | **1,346,099** | **613,349** | **1,988,552** | **10,406,769** |
| Wireline subscribers receivables: | | | | | |
| Consumer | **626,729** | **582,511** | **464,889** | **720,635** | **2,394,764** |
| Key corporate accounts | **1,596,395** | **2,193,248** | **614,224** | **3,082,726** | **7,486,593** |
| Other corporations and SMEs | **179,267** | **174,344** | **69,584** | **563,304** | **986,499** |
| | **2,402,391** | **2,950,103** | **1,148,697** | **4,366,665** | **10,867,856** |
| Total subscribers' receivables | **8,861,160** | **4,296,202** | **1,762,046** | **6,355,217** | **21,274,625** |
| Wireless contract assets | | | | | |
| Consumer | **3,795,410** | **541,042** | **186,957** | **40,824** | **4,564,233** |
| Key corporate accounts | **230,832** | **230,875** | **8,992** | **4,870** | **475,569** |
| Other corporations and SMEs | **344,857** | **50,897** | **3,991** | **3,414** | **403,159** |
| | **4,371,099** | **822,814** | **199,940** | **49,108** | **5,442,961** |
| Total subscribers' receivables and contracts assets | **₱13,232,259** | **₱5,119,016** | **₱1,961,986** | **₱6,404,325** | **₱26,717,586** |

| | High Quality | Medium Quality | Low Quality | Terminated Accounts | Total |
|---|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | | |
| 2023 | | | | | |
| Wireless subscribers receivables: | | | | | |
| Consumer | ₱4,350,167 | ₱734,266 | ₱755,808 | ₱611,691 | ₱6,451,932 |
| Key corporate accounts | 135,829 | 294,538 | 37,807 | 569,360 | 1,037,534 |
| Other corporations and SMEs | 358,651 | 68,600 | 6,137 | 227,294 | 660,682 |
| | 4,844,647 | 1,097,404 | 799,752 | 1,408,345 | 8,150,148 |
| Wireline subscribers receivables: | | | | | |
| Consumer | 401,454 | 709,349 | 426,672 | 4,060,363 | 5,597,838 |
| Key corporate accounts | 1,275,043 | 3,060,670 | 705,254 | 2,194,161 | 7,235,128 |
| Other corporations and SMEs | 141,267 | 104,304 | 29,749 | 445,396 | 720,716 |
| | 1,817,764 | 3,874,323 | 1,161,675 | 6,699,920 | 13,553,682 |
| Total subscribers' receivables | 6,662,411 | 4,971,727 | 1,961,427 | 8,108,265 | 21,703,830 |
| Wireless contract assets | | | | | |
| Consumer | 4,396,132 | 626,676 | 216,548 | 47,285 | 5,286,641 |
| Key corporate accounts | 282,818 | 282,871 | 11,018 | 5,966 | 582,673 |
| Other corporations and SMEs | 357,464 | 52,758 | 4,137 | 3,538 | 417,897 |
| | 5,036,414 | 962,305 | 231,703 | 56,789 | 6,287,211 |
| Total subscribers' receivables and contracts assets | ₱11,698,825 | ₱5,934,032 | ₱2,193,130 | ₱8,165,054 | ₱27,991,041 |

Globe'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 Globe 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 Globe 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, Globe uses delinquency and past due information to analyze the credit risk. The tables below show the aging analysis of Globe's traffic settlements and other trade receivables as of December 31, 2024 and 2023.

**2024**

| | 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 |
|---|---|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | | | |
| Traffic receivables: | | | | | | |
| Foreign | **₱333,591** | **₱-** | **₱39,851** | **₱30,623** | **₱209,875** | **₱613,940** |
| Local | **88,784** | **4,491** | **3,434** | **1,082** | **195,444** | **293,235** |
| | **422,375** | **4,491** | **43,285** | **31,705** | **405,319** | **907,175** |
| Other trade receivables | **3,070,561** | **25,221** | **385,389** | **168,741** | **1,838,511** | **5,488,423** |
| Total | **₱3,492,936** | **₱29,712** | **₱428,674** | **₱200,446** | **₱2,243,830** | **₱6,395,598** |

2023

| | 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 |
|---|---|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | | | |
| Traffic receivables: | | | | | | |
| Foreign | ₱348,938 | ₱- | ₱20,090 | ₱10,935 | ₱98,532 | ₱478,495 |
| Local | 350,245 | 5,309 | 179 | 283 | 289,865 | 645,881 |
| | 699,183 | 5,309 | 20,269 | 11,218 | 388,397 | 1,124,376 |
| Other trade receivables | 2,461,170 | 379,447 | 205,085 | 161,491 | 1,591,636 | 4,798,829 |
| Total | ₱3,160,353 | ₱384,756 | ₱225,354 | ₱172,709 | ₱1,980,033 | ₱5,923,205 |

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, 2024 and 2023.

For investments with banks and other counterparties, Globe has a risk management policy which allocates investment limits based on counterparty credit rating and credit risk profile. Globe 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, Globe deals only with counterparty banks with investment grade ratings and major universal and commercial local banks. Credit ratings of derivative counterparties are reviewed quarterly.

Globe's exposures with its investment counterparties for time deposits as of December 31 are as follows:

| | **2024** | 2023 |
|---|---|---|
| Local bank deposits | **61.65%** | 47.53% |
| Onshore foreign bank | **38.35%** | 52.47% |

### *30.2.3 Liquidity Risk*

Globe seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, Globe intends to use internally generated funds and available long-term and short-term credit facilities.

The following table shows Globe's available credit facilities (in millions):

| | **2024** | 2023 |
|---|---|---|
| Long-term committed | **₱-** | ₱2,000 |
| Short term | | |
| Committed | | |
| USD | **$50** | $- |
| PHP | **₱3,000** | ₱3,000 |
| Uncommitted | | |
| USD | **$114.26** | $114.26 |
| PHP | **₱85,788.32** | ₱71,379.84 |

As part of its liquidity risk management, Globe 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 Globe'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*

**2024**

| | Less than 1 year | 1 to 3 years | Over 3 years |
|---|---|---|---|
| | | *(In Thousands)* | |
| **Loans Payable** | | | |
| Fixed Rate | | | |
| USD notes | **$-** | **$-** | **$600,000** |
| Philippine peso | **₱25,304,500** | **₱48,803,500** | **₱50,365,000** |
| Floating rate | | | |
| USD notes | **$9,725** | **$1,725** | **$241,550** |
| Philippine peso | **₱502,500** | **₱5,150,000** | **₱71,225,000** |
| **Interest payable*** | | | |
| PHP debt | **₱10,569,670** | **₱26,563,825** | **₱31,379,778** |
| USD debt | **$35,637** | **$83,777** | **$97,500** |

**Used month-end USD LIBOR and Philippine Dealing and Exchange Corporation (PDEX) rates.*

2023

| | Less than 1 year | 1 to 3 years | Over 3 years |
|---|---|---|---|
| | | *(In Thousands)* | |
| Loans Payable | | | |
| Fixed Rate | | | |
| USD notes | $- | $- | $600,000 |
| Philippine peso | ₱20,739,064 | ₱48,643,500 | ₱86,567,000 |
| Floating rate | | | |
| USD notes | $77,350 | $253,000 | $- |
| Philippine peso | ₱11,830,000 | ₱1,032,500 | ₱30,845,000 |
| Interest payable* | | | |
| PHP debt | ₱10,563,604 | ₱23,773,367 | ₱26,414,220 |
| USD debt | $42,267 | $104,907 | $118,125 |

**Used month-end USD LIBOR and Philippine Dealing and Exchange Corporation (PDEX) rates.*

The following tables present the maturity profile of Globe's other liabilities and derivative instruments (undiscounted cash flows including swap costs payments/receipts except for other long-term liabilities) as of December 31, 2024 and 2023 (in thousand pesos).

**2024**

*Other Financial Liabilities*

| | Less than 1 year | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| Trade payables and accrued expenses* | **₱68,148,559** | **₱-** | **₱-** | **₱68,148,559** |
| Other long-term liabilities* | **-** | **-** | **1,018,474** | **1,018,474** |
| | **₱68,148,559** | **₱-** | **₱1,018,474** | **₱69,167,033** |

**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 | **₱511,786** | **₱397,007** | **₱693,727** | **₱568,980** | **₱-** | **₱-** |
| Principal Only Swaps | **₱-** | **₱579,872** | **₱-** | **₱1,616,908** | **₱-** | **₱1,475,040** |

| | Less than 1 year | | 1 to 3 years | | Over 3 years | |
|---|---|---|---|---|---|---|
| | Receive | Pay | Receive | Pay | Receive | Pay |
| Projected Principal Exchanges: | | | | | | |
| Forward Purchase of USD | **$-** | **₱-** | **$ -** | **₱-** | **$ -** | **₱-** |
| Forward Sale of USD | **₱-** | **$-** | **₱-** | **$-** | **₱-** | **$ -** |
| FX Swap | **$448,500** | **₱26,243,373** | **$ -** | **₱-** | **$ -** | **₱-** |
| Cross Currency Swaps- PHP | **₱-** | **₱507,823** | **₱-** | **₱8,327,153** | **₱-** | **₱-** |
| Cross Currency Swaps- USD | **$9,725** | **$-** | **$163,275** | **$-** | **$-** | **$-** |
| Principal Only Swaps- PHP | **₱-** | **₱-** | **₱-** | **₱4,031,200** | **₱-** | **₱29,118,475** |
| Principal Only Swaps- USD | **$-** | **$-** | **$80,000** | **$-** | **$600,000** | **$-** |

2023

*Other Financial Liabilities*

| | Less than 1 year | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| Trade payables and accrued expenses* | ₱76,520,166 | ₱- | ₱- | ₱76,520,166 |
| Other long-term liabilities* | - | - | 1,137,748 | 1,137,748 |
| | ₱76,520,166 | ₱- | ₱1,137,748 | ₱77,657,914 |

**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 | ₱754,917 | ₱545,857 | ₱969,681 | ₱967,191 | ₱- | ₱- |
| Principal Only Swaps | ₱- | ₱721,917 | ₱- | ₱1,677,640 | ₱- | ₱718,207 |

| | Less than 1 year | | 1 to 3 years | | Over 3 years | |
|---|---|---|---|---|---|---|
| | Receive | Pay | Receive | Pay | Receive | Pay |
| Projected Principal Exchanges: | | | | | | |
| Forward Purchase of USD | $ 26,158 | ₱1,452,301 | $ - | ₱- | $ - | ₱- |
| Forward Sale of USD | ₱- | $- | ₱- | $ - | ₱- | $ - |
| FX Swap | $ 308,000 | ₱17,121,700 | $ - | ₱- | $ - | ₱- |
| Cross Currency Swaps- PHP | ₱- | ₱3,955,797 | ₱- | ₱8,834,976 | ₱- | ₱- |
| Cross Currency Swaps- USD | $77,350 | $- | $173,000 | $- | $- | $- |
| Principal Only Swaps- PHP | ₱- | ₱- | ₱- | ₱21,738,975 | ₱- | ₱11,410,700 |
| Principal Only Swaps- USD | $- | $- | $445,000 | $- | $235,000 | $- |

*Lease Liabilities*

The maturity profile of Globe's lease liabilities using undiscounted cash flows of future lease payments has been disclosed in Note 13.2.

## 31 Financial Assets and Liabilities

### *31.1* Categories of Financial Assets and Financial Liabilities

The table below presents the carrying value of Globe's financial instruments by category as of December 31 based on the classification requirements of PFRS 9:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousand Pesos)* | |
| **Financial Assets** | | |
| Derivative assets: | | |
| Derivative assets designated as cash flow hedges (FVOCI) | **₱5,209,490** | ₱4,713,641 |
| Derivative assets not designated as hedges (FVPL) | **9,661** | 3,323 |
| Financial assets at FVOCI: | | |
| Investment in equity securities | **3,941,493** | 3,661,987 |
| Financial assets at FVPL: | | |
| Investment in debt securities | **142,304** | 150,739 |
| Financial assets at amortized cost | | |
| Cash and cash equivalents | **21,353,659** | 16,645,077 |
| Trade receivables – net | **19,660,468** | 18,097,898 |
| Contract assets – net | **5,442,961** | 6,223,595 |
| Non-trade receivables | **3,324,995** | 3,073,670 |
| Loans receivable from related parties | **3,763,935** | 3,864,935 |
| | **₱62,848,966** | ₱56,434,865 |
| **Financial Liabilities:** | | |
| Derivative liabilities | | |
| Derivative liabilities designated as cash flow hedges (FVOCI) | **₱339,862** | ₱424,555 |
| Derivative liabilities not designated as hedges (FVPL) | **233,143** | 57,627 |
| Financial liabilities at amortized cost | | |
| Trade payables and accrued expenses* | **68,148,559** | 76,520,166 |
| Loans payable | **249,459,909** | 249,955,569 |
| Lease liabilities | **116,107,874** | 88,724,482 |
| Other long term liabilities** | **1,018,474** | 1,137,748 |
| | **₱435,307,821** | ₱416,820,147 |

**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.*

## *31.2* Offsetting Financial Assets and Financial Liabilities

Globe 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 |
|---|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | | |
| **December 31, 2024** | | | | | |
| Derivative assets | **₱5,219,151** | **₱-** | **₱5,219,151** | **(₱573,005)** | **₱4,646,146** |
| Derivative liabilities | **573,005** | **-** | **573,005** | **(573,005)** | **-** |
| Traffic settlements receivable (Note 6) | **2,026,837** | **(1,119,662)** | **907,175** | **-** | **907,175** |
| Traffic settlements payable (Note 15) | **1,869,352** | **(1,119,662)** | **749,690** | - | **749,690** |
| December 31, 2023 | | | | | |
| Derivative assets | ₱4,716,964 | ₱- | ₱4,716,964 | (₱468,087) | ₱4,248,877 |
| Derivative liabilities | 482,182 | - | 482,182 | (468,087) | 14,095 |
| Traffic settlements receivable (Note 6) | 2,009,595 | (885,219) | 1,124,376 | - | 1,124,376 |
| Traffic settlements payable (Note 15) | 1,460,592 | (885,219) | 575,373 | - | 575,373 |

Globe 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.

### *31.3 Fair Values of Financial Assets and Financial Liabilities*

The table below presents a comparison of carrying amounts and estimated fair values of all Globe's financial instruments as of December 31:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Carrying Value** | **Fair Value** | Carrying Value | Fair Value |
| | *(In Thousand Pesos)* | | | |
| **Financial Assets** | | | | |
| Derivative assets[1] | **₱5,219,151** | **₱5,219,151** | ₱4,716,964 | ₱4,716,964 |
| Investment in debt and equity securities[1] | **4,083,797** | **4,083,797** | 3,812,726 | 3,812,726 |
| | **₱9,302,948** | **₱9,302,948** | ₱8,529,690 | ₱8,529,690 |
| **Financial Liabilities** | | | | |
| Derivative liabilities[1] | **₱573,005** | **₱573,005** | ₱482,182 | ₱482,182 |
| Loans payables [2] | **249,459,909** | **249,032,055** | 249,955,569 | 250,895,575 |
| | **₱250,032,914** | **₱249,605,060** | ₱250,437,751 | ₱251,377,757 |

[1] *Measured at fair value on a recurring basis*
[2] *Fair value is disclosed only in the Notes to Financial Statements*

The following discussions are methods and assumptions used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value.

#### *31.3.1 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 2.3x to 5.5x in 2024 and 1.5x to 26.3x in 2023

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.

#### *31.3.2 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 Globe deals its derivatives with large foreign and local banks with very minimal risk of default.

### *31.3.3 Fair Value Hierarchy*

The following tables provide the fair value measurement hierarchy of Globe's assets and liabilities:

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **2024** | | *(In Thousand Pesos)* | | |
| **Financial Assets** | | | | |
| Derivative assets | **₱-** | **₱5,219,151** | **₱-** | **₱5,219,151** |
| Investment in debt and equity securities | **804,240** | **2,244,100** | **1,035,457** | **4,083,797** |
| **Financial Liabilities** | | | | |
| Derivative liabilities | **-** | **573,005** | **-** | **573,005** |
| Loans payable | **-** | **249,032,055** | **-** | **249,032,055** |
| 2023 | | | | |
| Financial Assets | | | | |
| Derivative assets | ₱- | ₱4,716,964 | ₱- | ₱4,716,964 |
| Investment in debt and equity securities | 648,240 | 2,387,863 | 776,623 | 3,812,726 |
| Financial Liabilities | | | | |
| Derivative liabilities | - | 482,182 | - | 482,182 |
| Loans payable | - | 250,895,575 | - | 250,895,575 |

There were no transfers from Level 1 and Level 2 fair value measurements for the years ended December 31, 2024 and 2023.

For financial instruments at fair value measured under Level 3, significant unobservable input includes sales enterprise value multiple of comparable companies and risk-adjustment rates.

As at December 31, 2024 and 2023, Globe's sensitivity analysis shows that if the sales enterprise value multiple of comparable companies increased by 100 basis points, with all other variables held constant, income before income tax and equity would increase while an increase in risk-adjustment rates by 100 basis points, with all other variables held constant, income before income tax and equity would decrease.

## 32 Operating Segment Information

Globe's reportable segments consist of: (1) mobile communications services; and (2) wireline communication services; which Globe operates and manages as strategic business units and organize by products and services. Globe 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 Globe's revenues are derived from operations within the Philippines, hence, Globe does not present geographical information required by PFRS 8, *Operating Segments*. Globe does not have a single customer that will meet the 10% reporting criteria.

Globe 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.

Globe's segment information is as follows:

| | 2024 | | | |
|---|---|---|---|---|
| | Mobile Communications Services | Wireline Communications Services | Others | Consolidated |
| | *(In Thousand Pesos)* | | | |
| REVENUES: | | | | |
| Service revenues: | | | | |
| External customers: | | | | |
| Data | **₱97,368,837** | **₱20,379,506** | **₱-** | **₱117,748,343** |
| Voice | **12,652,830** | **1,500,199** | **-** | **14,153,029** |
| SMS | **6,691,721** | **-** | **-** | **6,691,721** |
| Broadband | **-** | **23,785,396** | **-** | **23,785,396** |
| Others | **-** | **-** | **2,637,800** | **2,637,800** |
| | **116,713,388** | **45,665,101** | **2,637,800** | **165,016,289** |
| Nonservice revenues: | | | | |
| External customers | **15,201,455** | **275,435** | **92,881** | **15,569,771** |
| Segment revenues | **131,914,843** | **45,940,536** | **2,730,681** | **180,586,060** |
| Operating costs and expenses-net | **(62,023,847)** | **(29,023,427)** | **(2,725,110)** | **(93,772,384)** |
| EBITDA | **69,890,996** | **16,917,109** | **5,571** | **86,813,676** |
| Depreciation and amortization | **(33,872,521)** | **(16,337,933)** | **(262,586)** | **(50,473,040)** |
| EBIT | **36,018,475** | **579,176** | **(257,015)** | **36,340,636** |
| Finance cost and non-operating expenses – net | **(5,968,552)** | **(194,618)** | **153,617** | **(6,009,553)** |
| **NET INCOME (LOSS) BEFORE TAX** | **30,049,923** | **384,558** | **(103,398)** | **30,331,083** |
| Provision for income tax | **(5,965,078)** | **(162,183)** | **81,947** | **(6,045,314)** |
| **NET INCOME (LOSS)** | **₱24,084,845** | **₱222,375** | **(₱21,451)** | **₱24,285,769** |
| Intersegment revenues | **(₱1,036,603)** | **(₱2,209,280)** | **(₱5,597,524)** | **(₱8,843,407)** |
| Core net income after tax | | | | **₱21,497,995** |
| Operating costs and expenses - net | | | | |
| Operating expenses-net[1] | **(42,665,146)** | **(25,769,915)** | **(2,597,532)** | **(71,032,593)** |
| Cost of inventories sold | **(15,199,428)** | **(1,117,123)** | **(112,162)** | **(16,428,713)** |
| Impairment/recovery and other losses[2] | **(3,188,139)** | **(1,487,793)** | **(15,358)** | **(4,691,290)** |
| Interconnect costs | **(971,134)** | **(648,596)** | **(58)** | **(1,619,788)** |
| | **(62,023,847)** | **(29,023,427)** | **(2,725,110)** | **(93,772,384)** |
| Finance costs and non-operating charges | | | | |
| Finance costs | **(14,245,860)** | **(172,118)** | **(26,292)** | **(14,444,270)** |
| Equity share in net profit (loss) of JVs | **3,468,081** | **428,931** | **-** | **3,897,012** |
| Interest income | **480,720** | **197,400** | **240,218** | **918,338** |
| Other non-operating income-net[3] | **4,328,507** | **(648,831)** | **(60,309)** | **3,619,367** |
| | **(5,968,552)** | **(194,618)** | **153,617** | **(6,009,553)** |
| **Cash Flows** | | | | |
| Net cash from (used in): | | | | |
| Operating activities | **₱71,897,654** | **₱12,868,594** | **₱15,593** | **₱84,781,841** |
| Investing activities | **(15,299,725)** | **(15,423,744)** | **(21,943)** | **(30,745,412)** |
| Financing activities | **(46,996,258)** | **(2,424,738)** | **(40,635)** | **(49,461,631)** |

*[1]Operating expenses-net primarily includes general, selling and admin expenses net of income from leases, management fees and other operating income*
*[2]Impairment and other losses includes impairment loss on receivables, contract assets, inventories, provision for probable losses and other assets*
*[3]Other non-operating income primarily includes, 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*

| | 2023 | | | |
|---|---|---|---|---|
| | Mobile Communications Services | Wireline Communications Services | Others | Consolidated |
| | *(In Thousand Pesos)* | | | |
| REVENUES: | | | | |
| Service revenues: | | | | |
| External customers: | | | | |
| Data | ₱90,894,707 | ₱18,319,203 | ₱- | ₱109,213,910 |
| Voice | 13,505,925 | 1,595,674 | - | 15,101,599 |
| SMS | 7,975,319 | - | - | 7,975,319 |
| Broadband | - | 25,111,748 | - | 25,111,748 |
| Others | - | - | 4,930,908 | 4,930,908 |
| | 112,375,951 | 45,026,625 | 4,930,908 | 162,333,484 |
| Nonservice revenues: | | | | |
| External customers | 17,457,309 | 262,738 | 110,924 | 17,830,971 |
| Segment revenues | 129,833,260 | 45,289,363 | 5,041,832 | 180,164,455 |
| Operating costs and expenses-net | (64,308,442) | (30,812,730) | (3,616,537) | (98,737,709) |
| EBITDA | 65,524,818 | 14,476,633 | 1,425,295 | 81,426,746 |
| Depreciation and amortization | (32,471,473) | (14,599,070) | (285,500) | (47,356,043) |
| EBIT | 33,053,345 | (122,437) | 1,139,795 | 34,070,703 |
| Finance cost and non-operating expenses – net | (1,343,333) | (89,900) | (221,800) | (1,655,033) |
| NET INCOME (LOSS) BEFORE TAX | 31,710,012 | (212,337) | 917,995 | 32,415,670 |
| Provision for income tax | (7,654,942) | 45,664 | (228,382) | (7,837,660) |
| NET INCOME (LOSS) | ₱24,055,070 | (₱166,673) | ₱689,613 | ₱24,578,010 |
| Intersegment revenues | (₱1,091,461) | (₱2,028,645) | (₱6,841,972) | (₱9,962,078) |
| Core net income after tax | | | | ₱18,915,767 |
| Operating costs and expenses - net | | | | |
| Operating expenses-net[1] | (43,149,184) | (27,064,200) | (3,476,250) | (73,689,634) |
| Cost of inventories sold | (17,289,667) | (797,580) | (129,797) | (18,217,044) |
| Impairment/recovery and other losses[2] | (3,040,665) | (2,412,838) | (10,476) | (5,463,979) |
| Interconnect costs | (828,926) | (538,112) | (14) | (1,367,052) |
| | (64,308,442) | (30,812,730) | (3,616,537) | (98,737,709) |
| Finance costs and non-operating charges | | | | |
| Finance costs | (11,912,325) | (198,200) | (35,354) | (12,145,879) |
| Equity share in net profit (loss) of JVs | 1,851,350 | 363,411 | - | 2,214,761 |
| Interest income | 418,031 | 112,729 | 146,810 | 677,570 |
| Other non-operating income-net[3] | 8,299,611 | (367,840) | (333,256) | 7,598,515 |
| | (1,343,333) | (89,900) | (221,800) | (1,655,033) |
| Cash Flows | | | | |
| Net cash from (used in): | | | | |
| Operating activities | ₱65,974,197 | ₱14,292,582 | ₱180,101 | ₱80,446,880 |
| Investing activities | (35,606,141) | (18,821,989) | (50,472) | (54,478,602) |
| Financing activities | (25,303,012) | (2,222,596) | (33,166) | (27,558,774) |

[1]*Operating expenses-net primarily includes general, selling and admin expenses net of income from leases, management fees and other operating income*
[2]*Impairment and other losses includes impairment loss on receivables, contract assets, inventories, provision for probable losses and other assets*
[3]*Other non-operating income primarily includes, 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*

| | 2022 | | | |
|---|---|---|---|---|
| | Mobile Communications Services | Wireline Communications Services | Others | Consolidated |
| | *(In Thousand Pesos)* | | | |
| REVENUES: | | | | |
| Service revenues: | | | | |
| External customers: | | | | |
| Data | ₱83,758,035 | ₱17,198,099 | ₱- | ₱100,956,134 |
| Voice | 14,916,566 | 1,989,174 | - | 16,905,740 |
| SMS | 8,845,422 | - | - | 8,845,422 |
| Broadband | - | 27,093,520 | - | 27,093,520 |
| Others | - | - | 4,178,519 | 4,178,519 |
| | 107,520,023 | 46,280,793 | 4,178,519 | 157,979,335 |
| Nonservice revenues: | | | | |
| External customers | 16,564,819 | 390,033 | 106,536 | 17,061,388 |
| Segment revenues | 124,084,842 | 46,670,826 | 4,285,055 | 175,040,723 |
| Operating costs and expenses-net | (62,365,084) | (31,770,891) | (1,812,729) | (95,948,704) |
| EBITDA | 61,719,758 | 14,899,935 | 2,472,326 | 79,092,019 |
| Depreciation and amortization | (30,527,076) | (14,949,839) | (176,381) | (45,653,296) |
| EBIT | 31,192,682 | (49,904) | 2,295,945 | 33,438,723 |
| Finance cost and non-operating expenses – net | (423,221) | 10,966,676 | 118,272 | 10,661,727 |
| **NET INCOME (LOSS) BEFORE TAX** | 30,769,461 | 10,916,772 | 2,414,217 | 44,100,450 |
| Provision for income tax | (6,937,464) | (2,040,252) | (518,685) | (9,496,401) |
| **NET INCOME (LOSS)** | ₱23,831,997 | ₱8,876,520 | ₱1,895,532 | ₱34,604,049 |
| Intersegment revenues | (₱1,041,557) | (₱1,590,256) | (₱12,391,872) | (₱15,023,685) |
| Core net income after tax | | | | ₱19,168,650 |
| Operating costs and expenses - net | | | | |
| Operating expenses-net[1] | (42,705,117) | (27,585,579) | (1,697,275) | (71,987,971) |
| Cost of inventories sold | (16,696,797) | (887,733) | (107,147) | (17,691,677) |
| Impairment/recovery and other losses[2] | (2,124,732) | (2,773,708) | (8,307) | (4,906,747) |
| Interconnect costs | (838,438) | (523,871) | - | (1,362,309) |
| | (62,365,084) | (31,770,891) | (1,812,729) | (95,948,704) |
| Finance costs and non-operating charges | | | | |
| Finance costs | (9,887,855) | (183,339) | (20,095) | (10,091,289) |
| Equity share in net profit (loss) of JVs | 818,411 | 264,791 | - | 1,083,202 |
| Interest income | 274,617 | 23,619 | 41,873 | 340,109 |
| Other non-operating income-net[3] | 8,371,606 | 10,861,605 | 96,494 | 19,329,705 |
| | (423,221) | 10,966,676 | 118,272 | 10,661,727 |
| **Cash Flows** | | | | |
| Net cash from (used in): | | | | |
| Operating activities | ₱51,824,698 | ₱13,054,664 | ₱275,640 | ₱65,155,002 |
| Investing activities | (60,589,661) | (13,198,943) | (62,655) | (73,851,259) |
| Financing activities | 3,319,075 | (1,113,272) | (2,525) | 2,203,278 |

*[1]Operating expenses-net primarily includes general, selling and admin expenses net of income from leases, management fees and other operating income*
*[2]Impairment and other losses includes impairment loss on receivables, contract assets, inventories, provision for probable losses and other assets*
*[3]Other non-operating income primarily includes gain on sale of controlling interest on data center business under wireline 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*

The reconciliation of the EBITDA to income before income tax presented in the consolidated statements of comprehensive income is shown below:

| | Notes | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| | | | *(In Thousand Pesos)* | |
| EBITDA | | **₱86,813,676** | ₱81,426,746 | ₱79,092,019 |
| Depreciation and amortization | 24 | **(50,473,040)** | (47,356,043) | (45,653,296) |
| Financing costs | 25 | **(14,444,270)** | (12,145,879) | (10,091,289) |
| Impairment of property and equipment | 26 | **(410,563)** | (92,441) | - |
| Equity in net income (losses) of joint ventures | 14 | **3,897,012** | 2,214,761 | 1,083,202 |
| Foreign exchange gain (loss) - net | 22 | **(2,431,889)** | 1,042,052 | (5,343,019) |
| Gain (loss) on derivative instruments | 22 | **2,957,406** | (740,686) | 5,797,800 |
| Interest income | 21 | **918,338** | 677,570 | 340,109 |
| Gain on disposal of property and equipment - net | | **206,500** | 371,655 | 321,354 |
| Gain on sale of controlling interest on data center business | 14.3 | **-** | - | 10,511,945 |
| Gain on sale and leaseback of telecom towers - net | 11 | **3,482,083** | 7,258,378 | 8,260,927 |
| Gain on sale of investments | | **-** | 76,669 | 101,655 |
| Other items | | **(184,170)** | (317,112) | (320,957) |
| Income before income tax | | **₱30,331,083** | ₱32,415,670 | ₱44,100,450 |

The reconciliation of core net income after tax (core NIAT) to NIAT is shown below:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| | | *(In Thousand Pesos)* | |
| Core NIAT | **₱21,497,995** | ₱18,915,767 | ₱19,168,650 |
| Foreign exchange gains (losses) | **(1,823,917)** | 781,538 | (4,007,264) |
| Gain (loss) on derivatives instruments | **2,218,055** | (555,515) | 4,348,350 |
| Gain on sale of controlling interest on data center business | **-** | - | 8,680,771 |
| Gain on sale and leaseback of telecom towers – net | **2,611,562** | 5,443,784 | 6,195,695 |
| Gain on sale of investments | **-** | - | 22,449 |
| Others | **(217,926)** | (7,564) | 195,398 |
| NIAT | **₱24,285,769** | ₱24,578,010 | ₱34,604,049 |

### *32.1 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 TM (including fully Mobile, internet-on-the-go service and GOMO).

#### *32.1.1 Mobile Voice*

Mobile voice include local, national and international long-distance call services. In addition to Globe's standard, pay-per-use rates, subscribers can choose from bulk and unlimited voice offerings for all-day, and in several denominations.

### *32.1.2 Mobile SMS*

Mobile SMS consist of local and international revenues from inbound and outbound SMS.

### *32.1.3 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.

## *32.2 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.

### *32.2.1 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.

### *32.2.2 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, internet services and managed services.
- Cloud - Globe's range of cloud 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.

### *32.2.3 Home Broadband*

Globe offers wired and fixed wireless Broadband services, across various technologies and connectivity speeds for its residential and enterprise customers. Globe Home Broadband consists of wired postpaid and prepaid Fiber broadband packages and wireless Home Prepaid WiFi .

### *32.3 Others*

Globe offers non-telecommunications products and services in e-commerce, adtech and manpower among others.

## 33 Significant Agreements

### *33.1 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 2024, 2023 and 2022 amounted to ₱1,619.79 million, ₱1,367.05 million and ₱1,362.31million, respectively.

Net traffic settlement receivables amounted to ₱907.18 million and ₱1,124.38 million while net traffic settlement payables amounted to ₱749.69 million and ₱575.37 million as of December 31, 2024 and 2023, respectively (see Notes 6 and 15).

### *33.2 Arrangements and Commitments with Suppliers*

Globe 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, 2024 and 2023 included in the "Trade payables and accrued expenses" account in the consolidated statements of financial position amounted to ₱30,740.90 million and ₱40,311.98 million , respectively (see Note 15). The settlement of these liabilities is dependent on the payment terms and project milestones agreed with the suppliers and contractors. As of December 31, 2024 and 2023, the unapplied advances made to suppliers and contractors relating to purchase orders issued amounted to ₱12,172.43 million and ₱19,863.87 million, respectively (see Note 10).

Also, Globe has existing agreements with various Tower Companies for the use of Telecom Towers. In relation to these arrangements, Globe has 776 tower lease commitments in which leases have not yet commenced as of December 31, 2024

## 34 Contingencies

Globe 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 Digitel 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.

On September 18, 2024, Globe and Innove received the SC Decision promulgated on February 13, 2023 sustaining the said CA's Decision dated December 28, 2010 and Resolution dated January 19, 2012. The dispositive portion of which reads:

Accordingly, the December 28, 2010 Decision and January 19, 2012 Resolution of the Court of Appeals in CA-G.R. SP Nos. 111947, 111970, 112006, and 112198 are upheld.

The December 5, 2009 Orders and December 9, 2009 Show Cause Orders and Cease and Desist Orders issued by the National Telecommunications Commission in NTC Case Nos. 2009-138, 2009-139, 99-121, 2009-140, 2009-268, 2009-269, 2009-270, and 2009-271 are reversed and set aside.

The writ of preliminary injunction issued by the Court of Appeals in CA-G.R. SP Nos. 111947 and 111970 enjoining the National Telecommunications Commission and its representatives from enforcing all the assailed Orders in the two cases, are hereby made permanent. The National Telecommunications Commission and all persons acting on its behalf are also permanently enjoined from implementing the assailed Orders in CA G.R. SP Nos. 112006 and 112198. So ordered.

NTC filed its Motion for Reconsideration (MR) of the SC's Decision promulgated on 13 February 2023, a copy of which was received by Globe and Innove on October 1, 2024. Globe and Innove await the SC's Resolution requiring the filing of comment on said MR.

*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. l6-002 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 ruled 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.

On November 16, 2017, after several extensions of time were granted to the PCC, the Corporation through its external counsel, received a copy of the Consolidated Reply dated November 7, 2017 filed by the PCC.

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.

On June 1, 2018, the Corporation received a copy of the Court of Appeals' Notice of Resolution dated May 25, 2018, and attached Resolution dated May 24, 2018 denying Citizenwatch's Motion for Partial *Reconsideration on the ground of lack of legal standing and mootness. No further action has been taken since the Resolution dated May 24, 2018 of the Court of Appeals.

*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. 242352. 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.

*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. In its Decision dated April 19, 2023, the Supreme Court dismissed BCC and PLDT's petition for lack of merit and affirmed the Court of Appeals' Decision dated August 16, 2011 and the Resolution dated May 18, 2012 in CA G.R. SP No. 117535, sustaining the NTC's cease and desist order versus the enforcement by PLDT and BCC of their so-called contractual exclusivity to provide telecommunications services in BGC. Finally, on November 6, 2023, Innove received the Supreme Court's Entry of Judgement certifying that on April 19, 2023, a decision was rendered and that the same has, on July 26, 2023, become final and executory and recorded in the Book of Entries of Judgments.

## 35 Events After Reporting Period

*Dividend Declaration*

On February 6, 2025, 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, 2025. Total dividends amounting to ₱3.6 billion will be payable on March 7, 2025.

# 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 Globe

Schedule 4 - Schedule of External Auditor Fee-Related information

Schedule 5 - Supplementary Schedules required by Annex 68-J

**Schedule 1**

| FINANCIAL SOUNDNESS INDICATORS | Formula | December 31 2024 | December 31 2023 |
|---|---|---|---|
| **FINANCIAL RATIOS** | | | |
| Interest Coverage Ratio | EBITDA / Interest Expense gross of capitalized borrowing costs | **4.55** | 4.95 |
| Debt to Equity (D/E Ratio) | Total Debt / Total Equity | **1.49** | 1.56 |
| Total Asset to Equity Ratio | Total Assets / Total Equity | **3.78** | 3.82 |
| Current Ratio | Current Assets / Current Liabilities | **0.62** | 0.61 |
| Solvency Ratio | Net Income + Depreciation and Amortization + Provisions for Doubtful Accounts / Total Liabilities | **0.17** | 0.17 |
| Acid test ratio | Current Assets – Inventories and Supplies – net / Current Liabilities | **0.60** | 0.58 |
| **PROFITABILITY MARGINS** | | | |
| EBITDA Margins | EBITDA / Service Revenues | **53%** | 50% |
| Net Profit Margin | Net Income / Service Revenues | **15%** | 15% |
| Return on Asset | Net Income / Total Assets | **4%** | 4% |
| Return on Equity | Net Income / Total Average Equity | **15%** | 16% |

Globe

**Schedule 2**

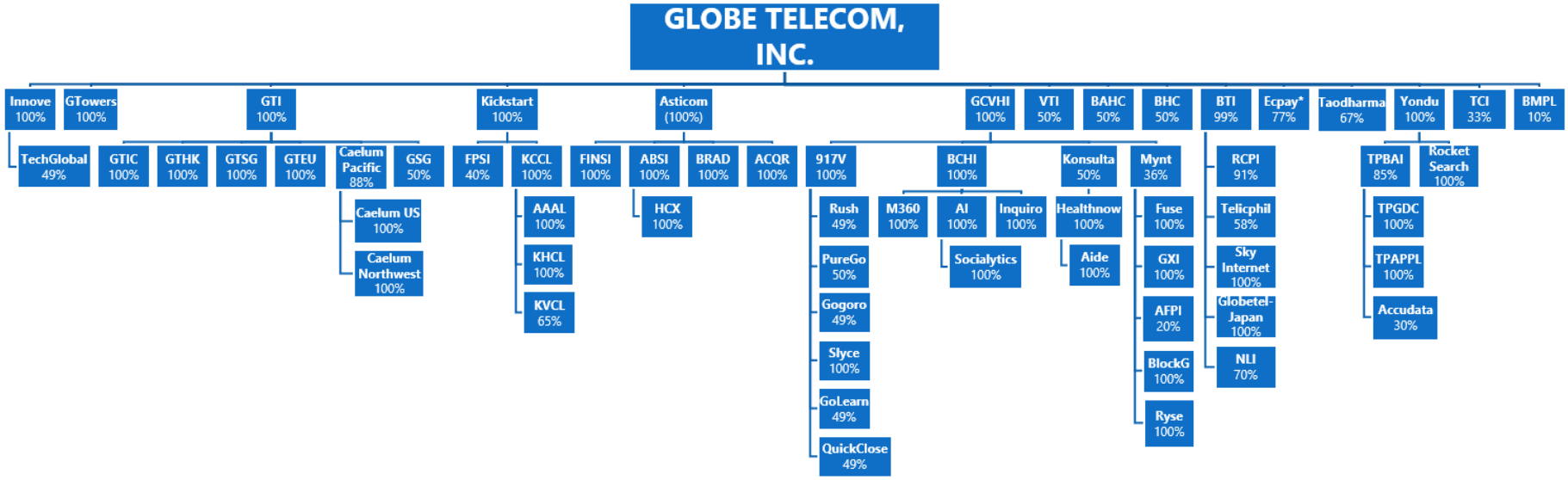
**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS OF DECEMBER 31, 2024**

| Items | Amount (In thousands) |
|---|---|
| **Unappropriated Retained Earnings, beginning** | ₱19,998,150 |
| **Less: Category B – Items that are directly debited to Unappropriated Retained Earnings** | |
| Dividends during the reporting period | (14,495,537) |
| Distribution on capital securities | (1,369,672) |
| **Unappropriated Retained Earnings, as adjusted** | **4,132,941** |
| **Net income during the period closed to Retained Earnings** | **12,308,600** |
| **Less: Category C.1 – Unrealized income recognized in the profit or loss during the reporting period** | |
| Unrealized fair value gain on derivatives net of previously recognized accumulated unrealized loss | (5,834,163) |
| **Category C.1 – Subtotal** | **(5,834,163)** |
| **Add: Category C.2 – Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period** | |
| Unrealized foreign exchange gain from prior period realized during the year | 633,080 |
| Unrealized fair value gain on derivatives from prior period realized during the year | 4,497,985 |
| **Category C.2 – Subtotal** | **5,131,065** |
| **Adjusted net income during the period** | **11,605,502** |
| **Less: Category F - Other items that should be excluded from the determination of the amount of available dividends distribution** | |
| Deferred tax assets realized during the year | (3,155,623) |
| **Unappropriated Retained Earnings, as adjusted, ending** | **₱12,582,820** |

Globe

**Schedule 3**

**MAP OF THE RELATIONSHIP OF THE COMPANIES WITHIN GLOBE**
**AS OF DECEMBER 31, 2024**




**Sale subject to PCC approval*

Globe

**Schedule 4**

**SCHEDULE EXTERNAL AUDITOR FEE-RELATED INFORMATION**
**AS OF DECEMBER 31, 2024**

| | **2024** | 2023 |
|---|---|---|
| | *(In millions)* | |
| **Total Audit Fees** | **₱17.34** | ₱17.02 |
| Non-audit services fees: | | |
| Other assurance services | **0.32** | 2.85 |
| All other services | **0.63** | 2.36 |
| **Total Non-audit Fees** | **0.95** | 5.21 |
| **Total Audit and Non-audit Fees** | **₱18.29** | ₱22.23 |

**SCHEDULE 5A – FINANCIAL ASSETS**
**DECEMBER 31, 2024**

| 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 |
|---|---|---|---|

# Not Applicable

**SCHEDULE 5B – Amounts Receivable from Directors, Officers, Employees, Related Parties and principal Stockholders (Other than Related parties)**

| Name and Designation of debtor | Balance at the beginning of period (January 1, 2024) | Additions | Amounts collected | Current | Non-current | Balance at the end of period (December 31, 2024) |
|---|---|---|---|---|---|---|
| | | | *(In thousands)* | | | |
| Education Loan | ₱86,727 | ₱129,787 | ₱130,490 | ₱86,024 | ₱- | ₱86,024 |
| Hospitalization Loan | 19,138 | 10,635 | 15,461 | 14,312 | - | 14,312 |
| Housing and Renovation Loan | 55,169 | 89,286 | 94,390 | 50,065 | - | 50,065 |
| Medical and Health Related Loan | 7,953 | 8,711 | 5,742 | 10,922 | - | 10,922 |
| Others | - | 8,206 | 5,015 | 3,191 | - | 3,191 |
| Total | **₱168,987** | **₱246,625** | **₱251,098** | **₱164,514** | **₱-** | **₱164,514** |

Globe

**Schedule 5C - Trade & Other Receivables Eliminated During Consolidation**

| Creditor | Creditor's Relationship to the Reporting Company (Subsidiary or Parent) | Account Type | Beginning Balance (January 1, 2024) | Net Movement | Outstanding Balance (December 31, 2024) |
|---|---|---|---|---|---|
| | | | | *(In thousands)* | |
| Globe | Parent | Traffic receivables | ₱240,590 | ₱74,199 | ₱314,789 |
| | Parent | Trade Receivables | (25,309) | 464,520 | 439,211 |
| | Parent | Other Receivables | 31,532,553 | 548,592 | 32,081,145 |
| | Subsidiary | Trade Receivables | 94,912 | (3,964) | 90,948 |
| | Subsidiary | Other Receivables | 20,132,602 | 12,170,060 | 32,302,662 |
| | Co-Subsidiary | Trade Receivables | 18,000 | 18,295 | 36,295 |
| | Co-Subsidiary | Other Receivables | 610,063 | (35,118) | 574,945 |
| | Co-Subsidiary | Traffic receivables | 110 | 41 | 151 |
| Asticom | Subsidiary | Trade Receivables | 957,149 | (265,757) | 691,392 |
| | Co-Subsidiary | Trade Receivables | 92,050 | (63,032) | 29,018 |
| | Co-Subsidiary | Other Receivables | 284,151 | (44,020) | 240,131 |
| BTI | Subsidiary | Other Receivables | 4,104,704 | 233,441 | 4,338,145 |
| | Subsidiary | Traffic receivables | 2,524 | 602 | 3,126 |
| | Subsidiary | Trade Receivables | 4,884 | 2 | 4,886 |
| | Co-Subsidiary | Trade Receivables | 6,048 | 120 | 6,168 |
| | Co-Subsidiary | Traffic receivables | 332 | 109 | 441 |
| | Co-Subsidiary | Other Receivables | 6,795,918 | (425,308) | 6,370,610 |

*(forward)*

| Creditor | Creditor's Relationship to the Reporting Company (Subsidiary or Parent) | Account Type | Beginning Balance (January 1, 2024) | Net Movement | Outstanding Balance (December 31, 2024) |
|---|---|---|---|---|---|
| GCVH | Subsidiary | Trade Receivables | 681,869 | (27,361) | 654,508 |
| | Subsidiary | Other Receivables | 76,378 | 194,692 | 271,070 |
| | Co-Subsidiary | Other Receivables | 122,877 | 1,648,268 | 1,771,145 |
| | Co-Subsidiary | Trade Receivables | 622,665 | (484,218) | 138,447 |
| GTI | Subsidiary | Other Receivables | 98,021 | 4,230 | 102,251 |
| | Subsidiary | Trade Receivables | - | 615 | 615 |
| | Co-Subsidiary | Trade Receivables | - | 1,177 | 1,177 |
| | Co-Subsidiary | Other Receivables | 520,345 | 18,978 | 539,323 |
| TAOD | Subsidiary | Other Receivables | 7,284 | - | 7,284 |
| | Co-Subsidiary | Other Receivables | 73 | - | 73 |
| Kickstart | Co-Subsidiary | Other Receivables | 136,854 | 15,088 | 151,942 |
| | Subsidiary | Other Receivables | 10,535 | (1,825) | 8,710 |
| Yondu | Subsidiary | Trade Receivables | 283,396 | (222,499) | 60,897 |
| | Co-Subsidiary | Trade Receivables | 169,462 | (13,135) | 156,327 |
| | Co-Subsidiary | Other Receivables | 231,191 | (44,392) | 186,799 |
| **TOTAL** | | | **₱67,812,231** | **₱13,762,400** | **₱81,574,631** |

**SCHEDULE 5D – LONG TERM DEBT**
**DECEMBER 31, 2024**

| 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** |
| | | | *(In thousands)* | | |
| Term Loans: | | | | | |
| Peso | ₱205,000,000 | ₱25,788,437 | ₱174,683,893 | 4% to 7.11% | 2025-2039 |
| Dollar | $370,000 | 561,359 | 14,043,745 | 5.51% to 8.10% | 2025-2027 |
| Retail Bonds Dollar | $600,000 | - | 34,382,475 | 3.13% to 3.75% | 2030-2035 |
| | | **₱26,349,796** | **₱223,110,113** | | |

**SCHEDULE 5E – INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES**
**DECEMBER 31, 2024**

| Name of Related Party | Balances at beginning of period | Balance at end of period |
|---|---|---|
| Not Applicable | | |

**SCHEDULE 5F – GUARANTEES OF SECURITIES OF OTHER ISSUERS**
**DECEMBER 31, 2024**

| 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 |
|---|---|---|---|---|
| Not Applicable | | | | |

**SCHEDULE 5G - CAPITAL STOCK**
**DECEMBER 31, 2024**

| 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 |
|---|---|---|---|---|---|---|
| | | | *(In thousands)* | | | |
| Common* | 168,934 | 144,380 | 10,136 | 111,646 | 1,437 | 31,297 |
| Voting preferred stock | 160,000 | 158,515 | - | 158,515 | - | - |
| Non-voting preferred stock** | 40,000 | - | - | - | - | - |

**10,119,047 common shares were issued by way of stock rights*
***Reacquired as treasury shares*