

COVER SHEET

SEC Registration Number

C	S	2	0	0	7	1	6	0	9	4
---	---	---	---	---	---	---	---	---	---	---

Company Name

C	O	N	V	E	R	G	E		I	N	F	O	R	M	A	T	I	O	N		A	N	D					
C	O	M	M	U	N	I	C	A	T	I	O	N	S		T	E	C	H	N	O	L	O	G	Y				
S	O	L	U	T	I	O	N	S	,		I	N	C	.														

Principal Office (No./Street/Barangay/City/Town/Province)

N	E	W		S	T	R	E	E	T		B	U	I	L	D	I	N	G		M	C	A	R	T	H	U	R		
H	I	G	H	W	A	Y		B	A	L	I	B	A	G	O		A	N	G	E	L	E	S		C	I	T	Y	
P	A	M	P	A	N	G	A																						

Form Type

2	0	-	IS
---	---	---	----

Department requiring the report

M	S	R	D
---	---	---	---

Secondary License Type, If Applicable

--	--	--	--

(Definitive)

COMPANY INFORMATION

Company's Email Address

converge.sec@convergeict.com

Company's Telephone Number/s

+632 82487227

Mobile Number

09175774586

Annual Meeting

Month/Day

Fiscal Year

Month/Day

Last Friday of May of Each Year

Dec-31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

ELVIRA C. OQUENDO

Email Address

ecoquendo@convergeict.com

Telephone Number/s

+632 82487227

Mobile Number

09175774586

CONTACT PERSON'S ADDRESS

Reliance IT Center Bldg., Annex 1, No. 99, E. Rodriguez Jr. Ave., Brgy. Ugong, Pasig City

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To: **All Stockholders of
Converge Information and
Communications Technology
Solutions, Inc.**

Please take notice that the Annual Meeting of the Stockholders of **Converge Information and Communications Technology Solutions, Inc.** will be held virtually or conducted through remote communication via https://conveneagm.com/ph/convergeict_asm2025 on May 30, 2025, Friday at 2:00 p.m., to discuss the following:

AGENDA

1. Call to Order
2. Proof of Service of Notice
3. Certification of Presence of Quorum
4. Approval of the Minutes of the Previous Meeting
5. Report of Management
6. Presentation of the Management Report and Ratification of the Audited Financial Statements as of 31 December 2024
7. Ratification of all acts of the Board of Directors and Management for the period of January 1, 2024, to December 31, 2024, adopted in the ordinary course of business
8. Election of Directors, including Independent Directors, for the year 2025
9. Appointment of External Auditors
10. Consideration of such other matters as may properly come before the meeting
11. Adjournment

For purposes of the meeting, only stockholders of record as of May 10, 2025 (the "Record Date") are entitled to attend and vote in the said meeting.

The Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance at the meeting only by remote communication. Voting shall be done by electronic means, or *in absentia*, or by appointing the Chairman of the meeting as proxy.

Online participation and voting by remote communication will be available for all qualified stockholders as of Record Date. Stockholders who wish to participate and vote online by remote communication should register at https://conveneagm.com/ph/convergeict_asm2025 starting May 10, 2025, and until May 30, 2025. The **Registration and Validation Procedures for the 2025 Annual Stockholders Meeting (Virtual)** are set out in **Annex "A"** in the Notice and Agenda attached to the Information Statement.

In accordance with the Company's By-Laws, all stockholders who will not, are unable, or do not expect to attend the virtual meeting in person may choose to execute and send a valid proxy in writing to the Office of the Corporate Secretary, by email at asm2025@convergeict.com or in digital/electronic form at https://conveneagm.com/ph/convergeict_asm2025 on or before May 23, 2025. Proxies shall be validated beginning on May 24, 2025.



Pursuant to SEC Notice dated March 13, 2025, copies of this Notice, Information Statement, and Other Documents related to the Annual Stockholders' Meeting, shall be published through Manila Times and BusinessWorld.

Electronic copies of the Corporation's Information Statement, Management Report, SEC 17-A and other pertinent documents are available at its website at <https://corporate.convergeict.com/investor-relations/> and uploaded at the PSE's EDGE disclosure system.

A visual/audio recording of the meeting shall be made.

April 25, 2025,

By order of the Board of Directors:

Original sgd.
ELVIRA C. OQUENDO
Corporate Secretary

Annex A

Registration and Validation Procedures for the 2025 Annual Stockholders Meeting (Virtual)

Annex A: Registration and Validation Procedures for the Virtual ASM:

**Note: All communications thru the online and designated email address provided.
Please be guided accordingly.**

1. Registration and validation of stockholders as of Record Date will be from 8:00 a.m. of May 10, 2025, until the day of ASM on May 30, 2025.
2. Stockholders who will execute a proxy must submit their duly executed proxy thru this link https://conveneagm.com/ph/convergeict_asm2025 on or before May 23, 2025, validation of proxies is scheduled on May 24, 2025.

Note: For corporate stockholders, a secretary's certificate on the authorized signatory to execute the proxy is required to be submitted. Scanned copies of the secretary's certificate may be uploaded, but the Corporation reserves the right to require the submission of the originals for authentication.

3. Stockholders who intend to participate in the virtual ASM must register thru this link https://conveneagm.com/ph/convergeict_asm2025 for validation starting on May 10, 2025 until day of ASM on May 30, 2025 and submit the following documents:

For certificated stockholders:

- a. Full Name
- b. Address
- c. Email address
- d. Contact number
- e. Scanned copies of two (2) valid/unexpired government issued IDs

For stockholders whose shares are lodged with brokers:

- a. Full Name
- b. Certification from broker stating the name and number of shares of the beneficial owner and that they are beneficial owner as of the Record Date (must be complete)
- c. Address
- d. Email address
- e. Contact number
- f. Scanned copies of two (2) valid/unexpired government issued IDs

Note: the above documents will be subject to review for purposes of validation, and we may require additional documents as needed.

4. Validated stockholders will get confirmation through email and will be provided with a link to virtual ASM and the link to cast their vote on or before May 30, 2025.
5. Validated proxies will get confirmation through email and will be provided with a link to virtual ASM and the link to cast their vote on or before May 23, 2025.
6. Validated stockholders may cast their vote through the designated link until the day of the ASM of May 30, 2025. Real-time tabulation of votes will be done during the ASM.
7. Validated proxies may cast their vote through the designated link until May 23, 2025.
8. For the determination of the quorum, all shares represented by duly validated proxies will be counted as "shares represented by proxies" and shares of validated stockholders present at the virtual ASM will be counted as "shares present in person". The Corporate Secretary shall announce all the results during the meeting proper subject to final tabulation and validation.



9. For the tabulation of votes, all validated ballots submitted during, on or before the ASM of May 30, 2025, and of all validated proxies submitted on or before May 23, 2025, will be tabulated by the Office of the Corporate Secretary and validated by a third party, as the independent validator.
10. Questions and comments may be submitted during registration and real-time during the ASM on May 30, 2025 either via https://conveneagm.com/ph/convergeict_asm2025 or via email at asm2025@convergeict.com.

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION
17.1(b) OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

☐ Preliminary Information Statement

☒ Definitive Information Statement

2. Name of registrant as specified in its charter:

CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC.

3. Province, Country or other jurisdiction of incorporation or organization

METRO MANILA, PHILIPPINES

4. SEC Identification Number: CS200716094

5. BIR Tax Identification Number: 006-895-049

6. Address of Principal Office

New Street Bldg., Mc Arthur Highway, Balibago, Angeles City, Pampanga 2009

7. Registrant's telephone no. and area code: (02)-8667-0888

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

Date : May 30, 2025

Time : 2:00 P.M.

Place : https://conveneagm.com/ph/convergeict_asm2025 via remote communication

9. Approximate date of which the Information Statement is first to be sent or given to security holders

April 25, 2025

10. Securities registered pursuant to Sections 8 & 12 of the Code or Section 4 and 8 of the Revised Securities Act:

Common Shares - 7,526,294,461 shares with a par value of Php0.25 per share and a total amount of Php1,881,573,615.25
Fixed Rate Bonds - 10,000,000,000

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

Yes ☐ No ☐

As of March 31, 2025, there are 7,526,294,461 of the Company's common shares listed on the Philippine Stock Exchange.

EXPLANATION OF AGENDA ITEMS

1. **Call to Order**

The Presiding Officer will call to order the Annual Stockholders' Meeting at the principal office of the Company as provided in its articles of incorporation, or, if not practicable, in the city or municipality where the principal office of the corporation is located.

2. **Proof of Service of Notice**

The Corporate Secretary will be asked to certify that copies of the Notice and Agenda of the meeting, among others, were served upon the stockholders entitled to the same through publication in two (2) newspapers of general circulation, Manila Times and BusinessWorld, in print and online.

3. **Certification of Presence of Quorum**

The Corporate Secretary will then certify whether, based on the number of shares present, through remote communication, *voting in absentia* or by proxy, a quorum exists for a valid meeting.

Pursuant to Sections 57 and 23 of the Revised Corporation Code which allow voting *in absentia* by the stockholders, the Corporation has set up https://conveneagm.com/ph/convergeict_asm2025 as the designated online web address which may be accessed by the stockholders to register and vote, real-time or *in absentia* on the matters presented for resolution at the meeting. A stockholder who votes *in absentia* as well as a stockholder participating via remote communication shall be deemed present for purposes of quorum.

The following are the rules of conduct and procedures for the meeting:

- (i) Stockholders may attend the meeting via remote communication through https://conveneagm.com/ph/convergeict_asm2025. Questions and comments may be sent by email on or before the ASM on May 30, 2025, at asm2025@convergeict.com and shall be limited to the Items in the Agenda.
- (ii) Each of the proposed resolutions will be shown on the screen in the venue and during the livestreaming as the same is taken up at the meeting.
- (iii) Stockholders must notify the Company of their intention to participate in the Meeting by remote communication to be included in determining quorum, together with the stockholders who voted *in absentia* and by proxy.
- (iv) Voting shall only be allowed for Stockholders registered in the online system through https://conveneagm.com/ph/convergeict_asm2025 or through the Chairman of the meeting as proxy.
- (v) Stockholders voting *in absentia*, who have previously registered through https://conveneagm.com/ph/convergeict_asm2025 may cast their votes electronically at any time using such online web address and which votes will be accepted real-time until during the ASM.
- (vi) All the items on the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting.
- (vii) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his/her votes.

- (viii) The Company's stock transfer agent and the Office of the Corporate Secretary will tabulate all votes received and an independent third party will validate the results. The Corporate Secretary shall report the results of voting during the meeting.
- (ix) The proceedings of the meeting shall be recorded.

4. Approval of the Minutes of the Previous Meeting

The minutes of the previous stockholders' meeting is attached here as Annex "B" or may be accessed here at <https://corporate.convergeict.com/wp-content/uploads/2024/01/Converge-Information-and-Communications-Technology-Solutions-Inc.-2024-Minutes-of-the-ASM.pdf>. A resolution on this item requires the approval of a majority of the votes of the stockholders present and eligible to vote. The minutes of the stockholders' meeting held on 31 May 2024 contain discussions of the following items:

1. Ratification of the Audited Financial Statements as of 31 December 2024
2. Ratification of all acts of the Board of Directors and Management for the period starting from January 1, 2024, up to December 31, 2024, adopted in the ordinary course of business
3. Election of Directors, including Independent Directors, for the year 2025
4. Appointment of External Auditors

5. Presentation of Management Report

The Chief Executive Officer and the President will present the Management Report on the Company's performance in 2024. The Audited Financial Statements ("AFS") of the Company as of and for the year ended December 31, 2024 (as audited by Isla Lipana & Co.) will also be presented for approval by the stockholders. The corresponding Management Report, with the Management Discussion and Analysis (MD&A), attached as Annex "C", and AFS, attached as Annex "D" is incorporated in this Definitive Information Statement for this meeting.

In keeping with the Company's thrust to observe best corporate governance practices, the results of operations and financial condition of the Company will be presented and explained to the shareholders. Any comment from the shareholders will provide guidance in running the business and affairs of the Company.

6. Ratification of the Audited Financial Statements

The stockholders will be requested to ratify the Board's approval of the Company's audited financial statements as of December 31, 2024. The audited financial statements are attached to the Information Statement and distributed to eligible stockholders pursuant to the requirements of the Securities Regulation Code.

A resolution on the ratification of the approval of the audited financial statements requires the approval of a majority of the votes of stockholders present and eligible to vote.

7. Ratification of the Acts of the Board and of Management

Ratification by the stockholders will be sought for all the acts and resolutions of the Board of Directors and all the acts of Management taken or adopted from January 1, 2024, to December 31, 2024. A summary of these resolutions and actions is set forth below. Copies of the minutes of the meetings of the Board of Directors are available for inspection by any shareholder at the offices of the Company during business hours.

A resolution on this agenda item requires the ratification of a majority of the votes of stockholders present and eligible to vote.

Consistent with the Company's commitment to observing the best corporate governance practices, the ratification of the Board and Management's acts and resolutions will be requested from the shareholders at this annual meeting. Such ratification will be confirmation that the shareholders approve the manner that the Board and Management run the business and affairs of the Company.

8. Election of Directors for the Ensuing Year

Pursuant to the Company's By-Laws, and applicable rules of the Securities and Exchange Commission, and the Corporation's Nomination and Election Policy, any stockholder, including minority stockholders, may submit nominations for the election of directors not later than April 30, 2025. The Corporate Secretary will present the names of the persons who have been duly nominated for election as directors of the Company in accordance with the By-Laws and Manual on Corporate Governance of the Company and applicable laws and regulations.

9. Appointment of External Auditors

The Audit Committee has recommended the re-appointment of Isla Lipana & Co. as external auditors for the ensuing year. The profile of the firm is duly indicated in the Information Statement. A resolution on this agenda item requires the approval of a majority of the votes of stockholders present and eligible to vote.

10. Consideration of such other business as may properly come before the meeting

The Chairman will open the floor for comments and questions by the stockholders submitted beforehand in accordance with the rules.

This covers consideration of other business that may properly come before the meeting.

Under SEC Memorandum Circular No. 14, series of 2020, stockholders who alone, or together with other shareholders, hold at least five percent (5%) of the outstanding capital stock of the Company, shall have the right to include items on the agenda prior to the annual stockholders meeting. Items added on the agenda pursuant to the Memorandum Circular after the filing of the Definitive Information Statement shall be filed under Other Business.

PROXY FORM

Date:

Item 1. **Identification**

This proxy will serve to nominate, constitute and appoint _____, as my attorney and proxy, to represent me at the Annual Meeting of the Stockholders of the Corporation scheduled on May 30, 2025 at 2:00 p.m. at https://conveneagm.com/ph/convergeict_asm2025 and any adjournment(s) thereof, as fully and to all intents and purposes as I might or could if present and voting in person, hereby ratifying and confirming any and all action taken on matters which may properly come before such meeting or adjournment(s) thereof.

Item 2. **Instruction**

By affixing his/her signature on the space provided below, the undersigned stockholder hereby directs the said proxy to vote on the agenda items set forth below as he/she has expressly indicated by marking the same with an "X", failing which, his/her said proxy shall exercise full discretion in acting thereon. **If the undersigned stockholder fails to indicate his/her vote on the items specified below, this shall serve to authorize his/her proxy to exercise full discretion to act on behalf of the undersigned stockholder.**

Please be advised that proxies are validated by the Company's stock and transfer agent, PNB. The record date for the stockholders entitled to attend and to vote in the said meeting is **May 10, 2025**.

Item 3. **Revocability of Proxy**

This proxy shall be valid for the Annual Stockholders Meeting scheduled on May 30, 2025, or any adjournment thereof. This proxy shall not be valid where the undersigned stockholder personally appears and registers in the stockholders' meeting. The proxy may not be withdrawn if coupled with an interest.

1. **Approval of the Minutes of the Previous Meeting**

YES		NO		ABSTAIN	
-----	--	----	--	---------	--

2. **Ratification of the Audited Financial Statements for the Year Ended December 31, 2024**

YES		NO		ABSTAIN	
-----	--	----	--	---------	--

3. **Ratification of the Acts of the Board and of Management from January 1, 2024 until December 31, 2024**

YES		NO		ABSTAIN	
-----	--	----	--	---------	--

4. Election of Directors

	No. of Votes
Jose P. de Jesus (Independent Director)	
Dennis Anthony H. Uy	
Maria Grace Y. Uy	
Amando M. Tetangco, Jr. (Independent Director)	
Roman Felipe S. Reyes (Independent Director)	
Estela Perlas-Bernabe (Independent Director)	
Francisco Ed. Lim	

5. Appointment of Isla Lipana & Co. as External Auditors

YES		NO		ABSTAIN	
-----	--	----	--	---------	--

IN WITNESS WHEREOF, I have hereunto set my hand at _____, this _____, 2025.

(Printed Name of Stockholder & Signature)

(Witness)

NOTE: Accomplished proxy form, together with copies of valid identification cards, should be sent to asm2025@convergeict.com on or before May 23, 2025.

THIS PROXY FORM IS BEING PROVIDED AS A SAMPLE FOR USE BY THE STOCKHOLDERS SHOULD THEY WISH TO ACCOMPLISH THE SAME. IT IS NOT BEING SOLICITED ON BEHALF OF THE CORPORATION OR ITS MANAGEMENT. THE CORPORATION OR ITS MANAGEMENT IS NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND MANAGEMENT A PROXY.



CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC. INFORMATION STATEMENT

This information statement is dated April 25, 2025, and is to be furnished to stockholders of record of Converge Information and Communications Technology Solutions, Inc. ("CNVRG" or the "Company") as of May 10, 2025, in connection with the Annual Stockholders' Meeting.

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

=====

==

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

Date - May 30, 2025, Friday
Time - 2:00 P.M.
Place - https://conveneagm.com/ph/convergeict_asm2025 via remote communication

Principal Office - New Street Bldg., Mc Arthur Highway, Balibago, Angeles City, Pampanga 2009

The Presiding Officer shall call and preside over the stockholders' meeting at the principal office of the Company as provided in its articles of incorporation, or, if not practicable, in the city or municipality where the principal office of the corporation is located.

Approximate date of which the Information Statement is first to be sent to security holders

April 25, 2025

Item 2. Dissenters' Right of Appraisal

A stockholder has a right to dissent and demand payment of the fair value of his share: (i) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares or of authorizing preferences over the outstanding shares or of extending or shortening the term of corporate existence; (ii) in case any sale, lease, mortgage or disposition of all or substantially all the corporate property or assets; (iii) in case of merger or consolidation and (iv) in case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The appraisal right may be exercised by a stockholder who has voted against the proposed corporate action, by making a written demand on the Company within thirty (30) days after the date on which the vote was taken for the payment of the fair market value of his shares; provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of appraisers shall be final, and their award shall be

paid by the corporation within thirty (30) days after such award is made: provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

There are no matters or proposed corporate actions, which may give rise to a possible exercise by stockholders of their appraisal rights under Title X of the Corporation Code of the Philippines.

Item 3. Interest of Certain Persons in Matters to be acted upon

- (a) No Director or Executive Officer of the Company has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon.
- (b) No Director has informed the Company of his opposition to any matter to be taken upon at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) The Company has 7,526,294,461 common shares issued, 259,721,400 treasury shares, and 7,266,573,061 outstanding common shares as of March 31, 2025. Every stockholder shall be entitled to one vote for each share of common stock held as of the established record date.
- (b) All stockholders of record as of May 10, 2025, are entitled to notice of and to vote at the Company's Stockholders' Meeting.
- (c) With respect to the election of directors, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may accumulate said shares and give one candidate as many votes as the number of directors to be elected or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the total number of shares owned by him multiplied by the whole number of directors to be elected.
- (d) Security ownership of certain Record and Beneficial Owners and Management:

Security Ownership of Certain Records and Beneficial Owners as of March 31, 2025:

The following table sets forth the record owners and, to the best knowledge of the Board of Directors and Management of the Company, the beneficial owners of more than five percent of the Company's outstanding shares of Common Stock, the number of shares owned by, and percentage of shareholdings of, each of them, as of March 31, 2025.

Title of Class	Name of Record Owner	Name of Beneficial Owner	Citizenship	Number of Shares held	Percentage of Ownership
Common Shares	Comclark Network and Technology Corp.	Dennis Anthony H. Uy and Grace Y. Uy	Filipino	4,515,776,677	62.14%
Common Shares	PCD Nominee Corporation *	Comclark Network and Technology Corp**	Filipino	281,640,597	3.88%
Common Shares	PCD Nominee - Filipino	Public Ownership	Filipino	1,299,844,427	17.89%
Common Shares	PCD Nominee Corporation	Cloud Gateway Limited***	Foreign	222,757,739	3.07%
Common Shares	PCD Nominee – Non-Filipino****	Public Ownership	Foreign	945,788,114	13.02%

*PCD Nominee Corporation is not related to the Company

**These shares of Comclark Network and Technology Corp. in the amount of 281,640,597 are scrippless shares. The ultimate Beneficial Owners are Dennis Anthony H. Uy and Grace Y. Uy

***Dennis Anthony H. Uy and Grace Y. Uy are the ultimate beneficial owners of shares registered under Cloud Gateway Limited

**** PCD Nominee Non-Filipino excludes the shares of Cloud Gateway Limited

Comclark Network and Technology Corp. is the majority shareholder of CNVRG, owning 66.02% of the total issued and outstanding capital stock. It is ultimately and beneficially owned by Mr. Dennis Anthony H. Uy and Ms. Maria Grace Y. Uy.

PCD Nominee Corporation, whose beneficial owner is Cloud Gateway Limited, is the owner of 3.07% of CNVRG. It is ultimately and beneficially owned by Mr. Dennis Anthony H. Uy and Ms. Maria Grace Y. Uy.

Dennis Anthony H. Uy, or in his absence, Maria Grace Y. Uy, has been named and appointed to exercise the voting power of Comclark Network and Technology Corp.'s and PCD Nominee Corporation shares in CNVRG.

PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Depository & Trust Corporation, a private company organized to implement an automated book entry system of handling securities transactions in the Philippines (PCD). Under the PCD procedures, when an issuer of a PCD-eligible issue will hold a stockholders' meeting, the PCD shall execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients. Other than the stockholders identified above, as of March 31, 2025, the Company is not aware of any shareholder beneficially owning shares lodged with the PCD which comprise more than 5% of the Company's total outstanding capital stock.

Equity Ownership of Foreign and Local Shareholders as of March 31, 2025:

Shareholders	No. of Shares	% Ownership
Filipino	6,097,940,207	83.92%
Foreign	1,168,632,854	16.08%
TOTAL Outstanding Shares	7,266,573,061	100%

Security Ownership of Management as of March 31, 2025:

As of March 31, 2025, the following is the share ownership of the Company's directors and senior officers:

Title of Class	Name of Record Owner	Position	Citizenship	Amount and Nature of Beneficial Ownership (Direct or Indirect*)	Percentage of Total Outstanding Shares
Common	Jose P. de Jesus	Chairman of the Board	Filipino	1 common share (Direct)	0.0%
Common	Dennis Anthony H. Uy*	Chief Executive Officer	Filipino	1 common share (Indirect) 2,158,837,773** (Indirect) 111,378,869*** (Indirect)	31.2%
Common	Maria Grace Y. Uy*	President, Chief Risk Officer, and Chief Resource Officer	Filipino	1 common share (Indirect) 2,638,579,501** (Indirect) 111,378,870*** (Indirect)	37.8%
Common	Amando M. Tetangco, Jr.	Independent Director	Filipino	1 common share (Direct)	0.0%
Common	Roman Felipe S. Reyes	Independent Director	Filipino	1 common share (Direct)	0.0%
Common	Francisco Ed. Lim	Director	Filipino	1 common share (Direct)	0.0%
Common	Estela M. Perlas-Bernabe	Independent Director	Filipino	3,000 common shares (Indirect)	0.0%
Common	Jesus C. Romero	Chief Operations Officer	Filipino	0	0.0%
Common	Benjamin Rex Emilio B. Azada	Chief Commercial Officer and Chief Sustainability Officer	Filipino	25,100 common shares (Indirect)	0.0%
Common	Paolo Martin G. Santos	Chief Network Transformation Officer	Filipino	0	0.0%
Common	Robert Leo A. Yu	Chief Finance Officer	Filipino	24,000 common shares (Indirect)	0.0%
Common	Christine Renee R. Blabagno	Treasurer	Filipino	0	0.0%
Common	Elvira C. Oquendo	Corporate Secretary	Filipino	0	0.0%
Common	Laurice P. Esteban-Tuason	Compliance Officer	Filipino	0	0.0%
Common	Owen Kieffer D. Ocampo	Investor Relations Officer	Filipino	3,200 common shares (Indirect)	0.0%
Common	Jenelyn M. Del Rosario	Officer-in-Charge, Internal Audit	Filipino	0	0.0%

* Pursuant to PSE Guidelines, Direct shares are those shares under the registered name of the shareholders; Indirect shares are those lodged with PCD Nominee Corporation, but whose beneficial owners are the directors and/or officers.

**Dennis Anthony H. Uy and Maria Grace Y. Uy, beneficially own 4,797,417,274 shares of the Company through Comclark Network and Technology Corp.

*** Dennis Anthony H. Uy and Maria Grace Y. Uy are the ultimate beneficial owners of 222,757,739 shares registered under Cloud Gateway Limited.

The directors and senior officers have no beneficial ownership of the Company except as disclosed above.

- (a) The Company is not aware of any person holding more than 5% of the total issued and outstanding capital stock of the Company under a voting trust or similar agreement.
- (b) The Company is not aware of any voting trust agreements or any other similar agreements which may result in a change in control of the Company. No change of control in the Company has occurred since the beginning of its last fiscal year.

Item 5. Directors and Executive Officers Board of Directors

Term of Office

Each director holds office until the annual meeting of stockholders held next after his election and his successor shall have been elected and qualified, except in case of death, resignation, disqualification, or removal from office. The term of office of the officers is coterminous with that of directors that elected or appointed them.

The following are the incumbent directors and independent directors of the Company:

Name	Position	Citizenship
Dennis Anthony H. Uy	Executive Director	Filipino
Maria Grace Y. Uy	Executive Director	Filipino
Jose P. de Jesus	Chairman, Independent Non-Executive Director	Filipino
Amando M. Tetangco, Jr.	Independent Non-Executive Director	Filipino
Roman Felipe S. Reyes	Independent Non-Executive Director	Filipino
Francisco Ed. Lim	Non-Executive Director	Filipino
Estela M. Perlas-Bernabe	Independent Non-Executive Director	Filipino

All of the incumbent Directors named above have a one-year term of office. All have been nominated for re-election to the Board of Directors.

The nominees for directors for the year 2025 are as follows:

Name	Position	Citizenship
Dennis Anthony H. Uy	Executive Director	Filipino
Maria Grace Y. Uy	Executive Director	Filipino
Jose P. de Jesus	Independent Non-Executive Director	Filipino
Amando M. Tetangco, Jr.	Independent Non-Executive Director	Filipino
Roman Felipe S. Reyes	Independent Non-Executive Director	Filipino
Estela M. Perlas-Bernabe	Independent Non-Executive Director	Filipino
Francisco Ed. Lim	Non-Executive Director	Filipino

The Filipino executive and non-executive directors were formally nominated by Comclark Network and Technology Corp., and independent stockholders, Marrie Anne Asuncion and Aileen Dizon.

The following were nominated as independent non-executive directors for board seats: Messrs. De Jesus, Tetangco, Reyes and (Ret.) Justice Perlas-Bernabe as independent non-executive directors. The nominating stockholders are not related in any way to the nominees for independent directors.

The nominees will serve as directors of the Company for one year from the date of election.

The Corporate Governance Committee reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval and assesses the effectiveness of the Board's processes and procedures in the election or replacement of directors. The Corporate Governance Committee



is composed of Jose P. de Jesus, Amando M. Tetangco, Jr., Roman Felipe S. Reyes, Estela M. Perlas-Bernabe, and Francis Ed. Lim.

The Company has adopted SRC Rule 38 (Requirements on Nomination and Election of Independent Directors) and has complied therewith.

Directors elected during the annual meeting of stockholders will hold office for one year until their successors are duly elected and qualified. A director who was elected to fill any vacancy holds office only for the unexpired term of his predecessor.

No Director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting due to disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Below is a summary of the nominees' qualifications:

The Board is composed of experienced individuals with different and complementing knowledge, skills, experiences, perspectives, and backgrounds. The following states the business experience of our incumbent directors for the last five years:

Mr. Dennis Anthony H. Uy, aged 58, Filipino
Director since July 18, 2012
Executive Director

Mr. Dennis Anthony H. Uy co-founded Converge with Ms. Maria Grace Y. Uy in 2007 and currently serves as CEO and Executive Director. A self-made industrialist, Mr. Uy started doing business in his teens with a Betamax and VHS rental shop with his family in Angeles City that eventually evolved into cable television which he founded right after the Mount Pinatubo eruption in his home province Pampanga. He founded Comclark Network and Technology Corporation, the controlling shareholder of Converge, in Pampanga in 1997 and remains the CEO and President of Comclark. Mr. Uy also serves on the boards of several companies in the technology, media, power, and real estate sectors.

Recognized as a game-changer and a futurist in his field, Mr. Uy was named as the Entrepreneur of the Year and Master Entrepreneur at the prestigious Entrepreneur of the Year Philippines 2022 Awards organized by EY Philippines through the SGV Foundation. He represented the country during the June 2023 World Entrepreneur Awards held in Monaco.

Mr. Uy holds a Bachelor of Science degree in Electrical Engineering from Holy Angels University, Pampanga.

Expertise: General Management, Economics, Technology, Media and Telecommunications Industries, Information Technology, Risk Management, Regulatory, Strategy

Ms. Maria Grace Y. Uy, aged 57, Filipino
Director since January 1, 2014
Executive Director

Ms. Maria Grace Y. Uy co-founded Converge with Mr. Dennis Anthony H. Uy in 2007 and currently serves as the Company's President, Chief Resources Officer, Chief Risk Officer and Executive Director. Prior to that, Ms. Uy secured a management role at IBM Philippines. Following seven years under her belt at IBM, Ms. Uy served as CFO and VP at Savers Mall in Pampanga. Already with a foot in the IT industry, Ms. Uy founded ComClark Network and Technology Corp. with Dennis Anthony Uy. Currently she is also the Chief Financial Officer and Executive Vice President of ComClark Network and Technology Corp. and the Angeles City Cable Television Network.

In 2022, Ms. Uy garnered the Woman in Telecoms award from the World Communication Awards for her outstanding leadership in the field of telecommunications. She is the only Filipina leader to receive the award. In that same year, she landed a spot in Forbes Asia's 50 Over 50 Asia edition. In 2023, she gained further

renown as she won the Stevie Awards for Women in Business, winning the Gold Stevie for Woman of the Year – Technology category.

Ms. Uy graduated from De La Salle University in 1988 where she obtained her Bachelor of Science in Accountancy and notched 16th place in the Certified Public Accountant (CPA) Licensure Board Examination in 1989.

Expertise: General Management, Technology, Media and Telecommunications Industries, Accounting and Financial Reporting, Corporate Finance, Risk Management, Human Resource Management, Strategy

Mr. Jose P. de Jesus, aged 90, Filipino
Director since June 8, 2020
Independent and Non-Executive Director

Mr. Jose P. de Jesus was appointed as Chairman and elected as an Independent Director in June 2020. Mr. de Jesus is also a Director of AirAsia, Inc., Philippines AirAsia, Inc., Petron Corporation, SMC Skyway Corporation, SMC TPLEX Corporation, SMC SLEX, Inc., Comstech Integration Alliance as well as an Independent Director of Alviera Country Club. He is a Trustee of the Kapampangan Development Foundation and Holy Angel University, a Member of the Board of Advisors of *Bantayog ng mga Bayani* Foundation, an Eisenhower Exchange Fellow since 1977, and a Member of the Management Association of the Philippines.

Throughout his executive career Mr. de Jesus held senior positions in Manila Waterworks & Sewerage System (MWSS), Philippine Long Distance Telephone Co. (PLDT), Manila North Tollways Corporation, Meralco (Manila Electric Company), Clark Development Corporation, to name a few. Mr. de Jesus brought his expertise in strategic management to the government sector when he was appointed to the helm of two major agencies, the Department of Public Works and Highways (1991-1993), and the Department of Transportation and Communications (2010-2011). Prior to this, his government service included leading the Development Academy of the Philippines and serving as Cabinet Secretary during the administration of President Corazon C. Aquino. Mr. de Jesus was a former Trustee of the UP Foundation and a Member of the Board of Regents, University of the Philippines from 2001 to 2003. In recognition of his leadership and management excellence, he was awarded the IABC CEO Excel Awards in Leadership Communication, and the Lux in Domino (Most Outstanding Alumnus) Award from alma mater Ateneo de Manila University. He was conferred the Philippine Legion of Honor, Rank of Commander in June 1992 by then President Corazon Aquino.

Mr. de Jesus completed his graduate studies in Human Development from the University of Chicago under university scholarship and Fulbright grant. He holds a Master of Arts degree in Psychology from the Ateneo de Manila University where he also obtained his Bachelor of Arts degree in Economics.

Expertise: General Management, Technology, Media and Telecommunications Industries, Corporate Governance, Risk Management, Regulatory, Human Resource Management

Mr. Amando M. Tetangco, Jr., aged 72, Filipino
Director since June 8, 2020
Independent and Non-Executive Director

Mr. Amando M. Tetangco, Jr. was elected as an Independent Non-Executive Director of the company in June 2020. He is Independent Director and Chairman of the Board of SM Investments Corporation since June 16, 2023. Concurrently, he is Independent Director and Vice Chairman of SM Prime Holdings, Inc. and Independent Director of Shell Pilipinas Corporation. He also sits on the boards of Toyota Motor Corporation, CIBI Information, Inc., and The Manila Hotel. Additionally, Mr. Tetangco is a Trustee of St. Luke's Medical Center, Tan Yan Kee Foundation, Inc., and Foundation for Liberty and Prosperity. He also sits as member of international advisory boards of the Graduate Institute for Policy Studies in Tokyo, Japan and of the Asia School of Business in Kuala Lumpur, Malaysia. Mr. Tetangco's banking career includes serving as Governor of the Bangko Sentral ng Pilipinas and Chairman of the Monetary Board for two consecutive terms from July 2005 to July 2017, where he also held various official positions and chaired international groups. He was conferred the Order of Lakandula with the rank of Bayani by the President of the Philippines in 2009 and the Order of the Rising Sun, Gold and Silver Star by the Emperor of Japan in 2019. He was voted MAP Management Man of the Year in 2015. Mr.

Tetangco also received multiple recognition from global organizations as one of the best central bank governors.

He holds an AB Economics degree from the Ateneo de Manila University and a Master's in Public Policy and Administration (Development Economics) from the University of Wisconsin-Madison. Mr. Tetangco was conferred the Honorary Doctorate in Management by the Asian Institute of Management in 2023. He has attended various training programs at prestigious institutions like Harvard Business School and the New York Institute of Finance.

Expertise: Corporate Finance, Economics, Accounting and Financial Reporting, Risk Management, Legal, Regulatory, Corporate Governance

Mr. Roman Felipe S. Reyes, aged 72, Filipino
Director since June 8, 2020
Independent and Non-Executive Director

Mr. Roman Felipe S. Reyes was elected as an Independent Non-Executive Director in June 2020. Mr. Reyes is the Founding Partner & Chairman of Reyes Tacandong & Co. Prior to founding Reyes Tacandong & Co., he was with Sycip Gorres Velayo & Co, the Philippine practice of Ernst & Young Global Limited (E&Y Philippines), for 35 years, 25 of which as the Senior Partner of the firm. He was also Vice Chairman for Client Services and Accounts, Head of the Japan Business Services, Head of E&Y Philippines' highest revenue generating business unit, and member of the Management and Operations Committees of E&Y Philippines. He served as a Director of the Bank of Commerce, and the National Reinsurance Corporation of the Philippines, and Pakistan International Container Terminal Ltd., and Premium Leisure Corporation. He likewise served as a Trustee of the Government Service Insurance System. In 2024, Mr. Reyes was appointed as Independent Director of the Maharlika Investment Corporation. He is also currently a member of the board of directors of the Philippine Geothermal Production Company, RPN 9, Pasudeco, All-Asian Countertrade, a board advisor at Rockwell Club, and a member of the board of trustees in San Beda University, Manila, San Beda College Alabang, and the San Beda College Alumni Association Foundation. He is currently the Chairman of the Board of the Nicanor Reyes Memorial Foundation.

Mr. Reyes is a Certified Public Accountant. He graduated from San Beda College in 1972, where he obtained his Bachelor's degree in Commerce, major in Accounting. He received his Master's degree in Business Administration, concentration in Finance from the University of Detroit, Michigan, USA in 1975.

Expertise: Accounting and Financial Reporting, Risk Management, Corporate Governance

Mr. Francisco Ed. Lim, aged 69, Filipino
Director since June 8, 2020
Non-Executive Director

Mr. Francisco Ed. Lim was elected as Non-Executive Director in June 2020. Atty. Lim is a Senior Legal Counsel of the Angara Abello Concepcion Regala & Cruz Law Offices. He is presently the Chairman of Air Asia, Inc., Philippines Air Asia Philippines, Inc., Justice Reform Initiative (JRI) and Co-Chairman (together with Finance Secretary Ralph Recto) of the Capital Market Development Council. He also currently serves as a Director/Trustee of several Philippine stock and non-stock corporations, among which are the AirAsia Aviation Group Limited (Malaysian company), Alphaland Corporation, First Philippine Holdings Corporation, The Insular Life Assurance Co., Ltd., and Union Bank of the Philippines.

Atty. Lim served as President and Chief Executive Officer of the Philippine Stock Exchange (PSE) from 2004 to 2010. During his time in the PSE, he also held key positions in various institutions such as the Securities Clearing Corporation of the Philippines, Capital Market Development Center, Inc., Philippine Stock Exchange Foundation, Inc., Philippine Dealing and Exchange Corporation, Philippine Dealing System Holdings, Inc., Capital Market Development Council, and Securities Investors Protection Fund.

He is also a law professor of the Ateneo Law School and the San Beda College Graduate School of Law. He is the Chairman of the Commercial Law Department and Professional Lecturer of the Philippine Judicial Academy (PHILJA) and a member of PHILJA's Academic Council and the Rules Committee of the Supreme Court. He is

also a Fellow of the Institute of Corporate Directors and a Columnist in Rappler.

Atty. Lim graduated from University of Sto. Tomas, Manila, Philippines in 1975, where he obtained a Bachelor of Philosophy (Magna Cum Laude) and a Bachelor of Arts (Cum Laude). He received a Bachelor of Laws (Second Honors) from the Ateneo de Manila University, Quezon City, Philippines in 1981. He received his Master of Laws from the University of Pennsylvania, USA in 1987. He is currently a member of the Philippine Bar and the New York State Bar.

Expertise: Corporate Finance, Legal, Regulatory, Labor Law, Human Rights Law, Risk Management, Corporate Governance

Ms. Estela M. Perlas-Bernabe, aged 72, Filipino
Director since May 26, 2023
Independent and Non-Executive Director

Justice Estela M. Perlas-Bernabe was elected as an independent director of the Company since May 2023. She has more than 40 years' experience in public and private legal practice. Justice Bernabe was Senior Associate Justice of the Supreme Court of the Philippines until her retirement in May 2022. She was appointed to the Supreme Court in 2011 after serving the Philippine judiciary in various capacities: as Associate Justice of the Court of Appeals, Regional Trial Court Judge of Makati City, Metropolitan Trial Court Judge of the same city, and as Technical Assistant in the Office of the Court Administrator. She also worked in both private and government offices, and for various financial institutions, including China Banking Corporation, Paramount Finance Corporation, National Home Mortgage and Finance Corporation, and Bernabe Perlas Morte and Associates. She is presently an Independent Director of BDO Unibank, Inc., San Miguel Food and Beverage, Inc., Petrogen Insurance Corporation. She is a member of the Board of Trustees of PHILJA Development Center Inc., and Foundation for Liberty and Prosperity. She is also a member of Singapore International Arbitration Centre – Panel of Arbitrators.

She earned her Bachelor of Science in Commerce degree, magna cum laude, from St. Paul College of Manila, and her law degree from the Ateneo de Manila University College of Law, graduating as Class Salutatorian in 1976.

Expertise: Accounting and Financial Reporting, Legal, Regulatory, Corporate Governance, Human Resource Management

Independent Directors of the Board

The nominees for Independent Directors, Mr. de Jesus, Mr. Tetangco, Mr. Reyes, and (Ret.) Justice Perlas-Bernabe are independent of management and free from any business or other relationship, which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors of the Company.

Specifically, Mr. de Jesus, Mr. Tetangco, Mr. Reyes, and (Ret.) Justice Perlas-Bernabe: (i) are not directors or officers or substantial stockholders of the Company or its related companies or any of its substantial shareholders (other than as independent directors of any of the foregoing); (ii) are not relatives of any director, officer or substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iii) are not acting as nominees or representatives of a substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iv) have not been employed in any executive capacity by the Company, or any of its related companies or by any of its substantial shareholders within the last two (2) years; (v) are not retained as professional advisers by the Company or with any of its related companies or with any of its substantial shareholders within the last two (2) years, either personally or through their firms; (vi) have not engaged and do not engage in any transaction with the Company or with any of its related companies or with any of its substantial shareholders, whether by themselves or with other persons or through a firm of which they are partners or companies of which they are directors or substantial shareholders, other than transactions which are conducted at arm's length and are immaterial; (vii) do not own more than two percent of the shares of the Company and/or its related companies or any of its substantial shareholders; (viii) are not affiliated with any non-profit organization that receives significant funding from the Company or any of

its related companies or substantial shareholders; and (ix) are not employed as executive officers of another company where any of the Company's executives serve as directors.

The certifications of the independent directors are attached hereto as Annexes "E-1", "E-2", "E-3", and "E-4". Likewise, our Corporate Secretary has certified that no directors or officers are connected with any government agencies or its instrumentalities, attached herewith as Annex "E-5".

List of Executive and Corporate Officers

The following officers are the incumbent senior officers and corporate officers of the Company:

Name	Position	Citizenship
Dennis Anthony H. Uy	Chief Executive Officer, Founder & Executive Director	Filipino
Maria Grace Y. Uy	President, Chief Resources Officer, Chief Risk Officer, Founder and Executive Director	Filipino
Jesus C. Romero	Senior Executive VP, Chief Operations Officer	Filipino
Benjamin Rex Emilio B. Azada	Executive Vice President, Chief Commercial Officer and Chief Sustainability Officer	Filipino
Robert Leo A. Yu	Executive Vice President, Chief Finance Officer	Filipino
Paolo Martin G. Santos	Executive Vice President, Chief Network Transformation Officer	Filipino
Christine Renee R. Blabagno	Senior Vice President, Treasurer and Deputy Chief Financial Officer	Filipino
Elvira C. Oquendo	Senior Vice President, Corporate Secretary, Head of Legal Services	Filipino
Laurice P. Esteban-Tuason	Senior Vice President, Corporate Compliance Officer and Data Protection Officer	Filipino
Jenelyn M. Del Rosario	Officer-in-Charge, Internal Audit	Filipino
Owen Kieffer D. Ocampo	Vice President, Head of Investor Relations	Filipino

Mr. Dennis Anthony H. Uy, aged 58, co-founded Converge with Ms. Maria Grace Y. Uy in 2007 and currently serves as CEO and Executive Director. A self-made industrialist, Mr. Uy started doing business in his teens with a Betamax and VHS rental shop with his family in Angeles City that eventually evolved into cable television which he founded right after the Mount Pinatubo eruption in his home province Pampanga. He founded Comclark Network and Technology Corporation, the controlling shareholder of Converge, in Pampanga in 1997 and remains the CEO and President of Comclark. Mr. Uy also serves on the boards of several companies in the technology, media, power, and real estate sectors.

Recognized as a game-changer and a futurist in his field, Mr. Uy was named as the Entrepreneur of the Year and Master Entrepreneur at the prestigious Entrepreneur of the Year Philippines 2022 Awards organized by EY Philippines through the SGV Foundation. He represented the country during the June 2023 World Entrepreneur Awards held in Monaco.

Mr. Uy holds a Bachelor of Science degree in Electrical Engineering from Holy Angels University, Pampanga.

Ms. Maria Grace Y. Uy, aged 57, co-founded Converge with Mr. Dennis Anthony H. Uy in 2007 and currently serves as our President, Chief Resources Officer, Chief Risk Officer and Executive Director. Prior to that, Ms. Uy secured a management role at IBM Philippines. Following seven years under her belt at IBM, Ms. Uy served as CFO and VP at Savers Mall in Pampanga. Already with a foot in the IT industry, Ms. Uy founded ComClark Network and Technology Corp. with Dennis Anthony Uy. Currently she is also the Chief Financial Officer and Executive Vice President of ComClark Network and Technology Corp. and the Angeles City Cable Television Network.

In 2022, Ms. Uy garnered the Woman in Telecoms award from the World Communication Awards for her outstanding leadership in the field of telecommunications. She is the only Filipina leader to receive the award.



In that same year, she landed a spot in Forbes Asia's 50 Over 50 Asia edition. In 2023, she gained further renown as she won the Stevie Awards for Women in Business, winning the Gold Stevie for Woman of the Year – Technology category.

Ms. Uy graduated from De La Salle University in 1988 where she obtained her Bachelor of Science in Accountancy and notched 16th place in the Certified Public Accountant (CPA) Licensure Board Examination in 1989.

Mr. Jesus C. Romero, aged 61, was appointed as Chief Operating Officer in February 2016. He oversees and manages our day-to-day operations, covering revenue generation, customer experience, product development, and organic growth initiatives through partnerships. Prior to joining Converge, Mr. Romero held senior leadership positions spanning all aspects of operation from Globe Telecom, DTSI Group, ComStream Corporation and Hughes Network systems. He has close to 40 years of industry experience to date and has led market entry, growth and transformation in the areas of Telecommunications, Systems Integration and IT services.

Mr. Romero received a Bachelor's degree in Electronics and Communications Engineering (B.S.E.E.) from the De La Salle University in Manila, the Philippines in 1984.

Mr. Benjamin Rex Emilio B. Azada, aged 51, was appointed as Chief Commercial Officer in February 2024 concurrent to his Chief Sustainability Officer role for which he was appointed to in February 2023. Prior to his role as Chief Commercial Officer, he was the Chief Strategy Officer of Converge since April 2020 until January 2024. Prior to joining Converge, Mr. Azada was a Partner with PwC's Southeast Asia Consulting practice, with P&L responsibility for operations in the Philippines. His clients included top enterprises in the telecommunications, media, technology and financial services sectors. He spent over a decade of his career with PwC Hong Kong, where he helped clients in Hong Kong and China transform their operations, comply with new regulations, and enter new markets. He has over 25 years of industry experience to date.

Mr. Azada holds a Bachelor of Science degree in Industrial Engineering from the University of the Philippines Diliman, and a PgDip in Business Administration (with Merit) from the University of Durham, UK. He has attended executive education courses at INSEAD and is currently pursuing an MSc in Sustainable Development at the University of Sussex. He is a Global Reporting Initiative (GRI) Certified Sustainability Professional, and an IFRS Fundamentals of Sustainability Accounting (FSA) credential holder.

Mr. Robert Leo A. Yu, aged 40, was appointed as the Chief Finance Officer in May 2024. Mr. Yu is a seasoned corporate finance professional with over 15 years of experience in investments and valuation. Prior to joining Converge as CFO, Robert was part of Malaysia-headquartered private equity firm Creador which handles \$2.3 billion in funds across South and Southeast Asia. He also served as a consultant at Converge from 2018 - 2019, putting in place a strategic and efficient capital structure plan for the company based on its performance and projected growth.

Previously, Robert was an Investment Principal at Sierra Madre Advisers Inc., which makes equity investments in ambitious companies in the Philippines spanning a diverse range of sectors. Prior to that, he rose through the ranks at Morgan Stanley (Southeast Asia and Consumer Coverage), starting as an associate in 2015, and becoming a Vice President in 2017. Robert started his career in New York, focusing on mergers, acquisitions and capital raising for Citigroup's consumer-sector clients.

Robert holds a Bachelor's degree in Accountancy, Concentration in Finance from the University of Illinois at Urbana-Champaign, and a Master's Degree in Business Administration from the University of Chicago's Booth School of Business.

Mr. Paolo Martin G. Santos, aged 35, was appointed as the Chief Network Transformation Officer in May 2022. He brings to Converge a wealth of experience from the Government, Telecom & Network, and Banking industries, specializing and leading organizations in Digital Transformation, Information Technology, and Network Innovation.

He held various key leadership roles in Globe Telecom, Wifi Nation, Smart Communications Inc., and PLDT. In

2017, he also led the overall digital transformation of the Food and Drug Administration (FDA). Prior to joining Converge, Mr. Santos was part of Unionbank of the Philippines as Vice President and Head of Enterprise Communications, Collaboration and Security, where he steered the transformation of Unionbank's IT arm and built its capabilities that helped transform the bank's network infrastructure to a cloud ready Software Defined Network (SDN).

Mr. Santos earned his bachelor's degree in Materials Engineering from the University of the Philippines Diliman.

Ms. Christine Renee R. Blabagno, aged 52, was appointed as Treasurer in March 2021. Prior to joining Converge, Ms. Blabagno was the Vice President for Consolidated Core Business Controllershship of Globe Telecom and most recently held the position as CFO of the Philippine Business for Social Progress, a corporate membership non-profit organization. She also worked for 10 years with SGV's assurance practice and has over 30 years of experience to date.

Ms. Blabagno graduated from the Notre Dame University, Cotabato City with a degree of Bachelor of Science in Commerce, Major in Accounting. She is a Certified Public Accountant, a Certified Management Accountant and a Certified Enterprise Risk Manager. She completed her Master of Business Management Major in Finance at the Asian Institute of Management.

Ms. Elvira C. Oquendo, aged 58, was appointed as Corporate Secretary in June 2020 and is our Senior Vice President & Head of Legal Services. After graduation from law school in 1992, she joined Carpio Villaraza & Cruz Law Office where she specialized in Litigation, Commercial and Banking Law, Intellectual Property Law, Telecommunications Law, and Labor Law. In 2001, she joined the government as Solicitor III in the Office of the Solicitor General, and in 2002, she became the Chief of Staff/Head Executive Assistant of the Office of the Ombudsman. Prior to joining Converge, Ms. Oquendo served as Legal Director and Corporate Secretary of various corporations under the Cemex Philippines Group of Companies and was also a Board member of the CEMEX Philippines Foundation. Ms. Oquendo also participated in the Management Development Program of the Asian Institute of Management.

Ms. Oquendo holds a double degree in Physics and Computer Engineering from the Ateneo de Manila University, where she also later went on to receive her Juris Doctor degree. She was admitted to the Philippine Bar in 1992.

Ms. Laurice P. Esteban-Tuason, aged 43, was appointed as Corporate Compliance Officer in April 2021. She has over fifteen (15) years of corporate experience in the legal and compliance space. She started her career in 2007 with highly reputable law firms as Junior Associate, then embarked in Government service with the Bangko Sentral ng Pilipinas in 2011 as Legal Officer II. In 2016, Atty. Tuason joined ABS-CBN Corporation and held leadership roles in legal and compliance with its various subsidiaries such as ABS-CBN E-Money Plus Inc., ABS-CBN Global Ltd., and U-Pay Digital Technologies, Inc. Prior to joining Converge, Atty. Tuason was the Compliance Officer-Director of ABS-CBN Corporation.

Atty. Tuason graduated from Ateneo de Manila University with a degree in BS Legal Management in 2002. She went on to obtain her Juris Doctor degree from the Ateneo School of Law in 2006 and was admitted to the Philippine Bar in 2007. She recently completed her degree, with high distinction, in Master in Cybersecurity at the Asian Institute of Management.

Ms. Jenelyn M. Del Rosario, aged 43, is a Certified Public Accountant with 20 years' experience in the field of financial and operational audit. Prior to her appointment as Officer-in-Charge, Internal Audit, she served as the Assistant Vice President for Financial and Operations Audit of Converge wherein she designed and performed audit procedures in accordance with COSO Framework and Internal Audit Standards. She also developed risk-based audit plans, assessed control environments, and identified key audit areas. Moreover, she was responsible for and headed audit activities to test surrounding controls of various end-to-end processes such as billing and collection, revenue to receivables, purchase to payables, inventories, disbursements, order management to installation process, and aftersales process.

She joined ComClark Network Technology Corp. in 2004 as Junior Financial Analyst and rose from the ranks to become one of the most respected internal audit leaders in Converge. Ms. Del Rosario graduated from Holy

Angel University in Angeles City with a degree in BSBA Major in Financial Management Accounting in 2002 and BS Accountancy in 2003. She became a Certified Public Accountant in May 2004.

Mr. Owen Kieffer D. Ocampo, aged 34, was appointed as Investor Relations Officer in January 2021. He started his career with J.P. Morgan & Chase before moving to KPMG in the Philippines where he was part of the Deal Advisory Group for almost four years, specializing in transaction advisory and corporate finance. Immediately prior to joining Converge, he was the Investor Relations Manager of Metro Pacific Investments Corporation for more than three years.

Mr. Ocampo graduated from De La Salle University – Manila and holds a double degree in Applied Economics and Commerce.

Significant Employees

While the Company considers all our employees as significant contributors to our success and all our employees work together as a team to successfully meet our goals and objectives. The Company believes there is no non-executive employee that the resignation or loss of whom would have a material adverse impact on the business of the Company. Other than standard employment contracts, there are no special arrangements with non-executive employees of the Company.

Family Relationships

Dennis Anthony H. Uy, CEO, Founder & Executive Director, is married to Maria Grace Y. Uy, President, Chief Resources Officer, Chief Risk Officer, Founder & Executive Director.

Involvement of Directors and Officers in Certain Legal Proceedings

To the best of our knowledge, in the last five years, none of the above-named directors or members of senior management have been subject to the following:

- (i) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (ii) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (iii) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities, commodities, or banking activities; or
- (iv) found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

Relationships and Related Transactions

In the ordinary course of business, we enter transactions with related parties and affiliates, principally consisting of construction, lease, and services arrangements. Our policy with respect to related party transactions is to ensure that these transactions are entered on an arm's length basis and entered on terms comparable to those available from or to unrelated third parties. We have established a Related Parties Transactions Committee to comply with the Board and shareholder voting mechanisms provided under the Philippine Corporation Code and the relevant regulations of the Philippine SEC for related party transactions.

Please see Note 20 of the consolidated financial statements for further discussion.

Item 6. Compensation of Directors and Executive Officers

The compensation for our executive officers for the years ended December 31, 2022, 2023, 2024 and 2025 (estimated) are shown below:

Names	Position	Year	Salary	Bonus
Aggregate executive compensation for the following key management officers: Mr. Dennis Anthony H. Uy Ms. Maria Grace Y. Uy Mr. Jesus C. Romero Mr. Benjamin Rex Emilio B. Azada Mr. Ronald G. Brusola (retired 2023) Mr. Alberto L. Santos (resigned 2024) Mr. Ulysses C. Naguit (resigned 2023) Mr. Paolo Martin G. Santos Mr. Robert Leo A. Yu (starting 2024 only)	Chief Executive Officer President Chief Operating Officer Chief Commercial Officer and Chief Sustainability Officer Chief Technology Officer Chief Customer Experience Officer Chief Information Officer Chief Network Transformation Officer Chief Finance Officer	2022 2023 2024 2025-E	 <	

Compensation of Directors

Directors' Arrangement:

Except for the executive directors, who do not receive compensation as directors, the following is the remuneration arrangement for the directors:

Board Meetings: Per diem of ₱50,000.00 every meeting
Committee Meetings: Per diem of ₱30,000.00 per meeting.
Stockholders Meeting: Per Diem of ₱50,000.00 per stockholders meeting
Variable remuneration: Minimum bonus of ₱2,000,000.00, subject to the performance of the company at year-end

The directors do not participate in discussions and/or deliberations involving their own remuneration.

Pursuant to the provisions of the Revised Corporation Code on the annual compensation of the directors, the table below indicates the gross compensation for the following non-executive and independent directors for FY 2024 – both paid and unpaid, and adjustments. Executive Directors do not receive compensation as directors.

Director	Per Diem		Variable Director Remuneration	Total*
	Board Meetings	Committee Meetings		
Jose P. de Jesus	750,000.00	420,000.00	4,111,111.11	5,281,111.11
Francisco Ed. Lim	750,000.00	540,000.00	4,111,111.11	5,401,111.11
Amando M. Tetangco, Jr.	650,000.00	570,000.00	4,111,111.11	5,331,111.11
Roman Felipe S. Reyes	700,000.00	690,000.00	4,111,111.11	5,501,111.11
Estela M. Perlas-Bernabe	750,000.00	660,000.00	4,111,111.11	5,521,111.11
Dennis Anthony H. Uy	-	-	-	-
Maria Grace Y. Uy	-	-	-	-

**Pursuant to and in compliance with Par. 2 of Section 29 of the Revised Corporation Code, the total yearly compensation of the directors does not exceed ten (10%) percent of the net income before income tax of the Company during the preceding year.*

Other than the foregoing, there are no other compensatory plans or arrangements that will result from a resignation, retirement, or any other termination of an executive officer's employment from a change-in-control of the Company or a change in the executive officer's responsibilities following a change-in-control. No action is to be taken about elections, any bonuses, profitsharing, and pension/retirement plan.

Item 7. Directors' Attendance and Performance Appraisal

Board Meetings

At the start of FY2024, the Corporate Secretary sets the meeting for the entire year in advance. Regular board meetings are held on the second Tuesday every other month with Special Board meetings set in between. Moreover, board committee meetings are likewise set at the start of each year. The board and committee meetings are set in the directors' calendars.

In accordance with our Amended Manual on Corporate Governance, the non-executive directors (NEDs) are required to hold separate periodic meetings with the external auditor, and the heads of internal audit, compliance, and risk functions, without any executives present. For FY2024, the NED meeting took place on March 23, 2024, with all NEDs in attendance. The meeting was chaired by the Chairman of the Board and served as a platform for the NEDs to provide independent judgment and ensure the company's adherence to high governance standards.

For FY2024, these are the board meetings attended by the directors, including the breakdown as to the classification of meetings.

NAME OF DIRECTOR	MEETINGS ATTENDED / HELD	PERCENTAGE
Dennis Anthony H. Uy	12 out of 12 *	100%
Maria Grace Y. Uy	12 out of 12 *	100%
Jose P. de Jesus	14 out of 14	100%
Amando M. Tetangco Jr.	13 out of 14	93%

Roman Felipe S. Reyes	14 out of 14	100%
Francisco Ed. Lim	14 out of 14	100%
Estela M. Perlas-Bernabe	14 out of 14	100%

** Dennis Anthony H. Uy and Maria Grace Y. Uy are required to attend only 12 out of the 14 total meetings. The remaining two meetings, which they are not required to attend, include a NED meeting and a Special Board Meeting from which they were inhibited.*

Breakdown of Board Meetings

MEETING TYPE	FREQUENCY
Regular Board Meeting	6
Special Board Meeting	5
Annual Stockholders Meeting	1
Organizational Board Meeting	1
Non - Executive Directors Meeting	1

The respective committees conducted the required number of meetings under the Code of Corporate Governance:

	Audit Committee	Related Party Transactions Committee	Corporate Governance Committee	Board Risk Oversight Committee	Remuneration Committee
Director Attendance / Meetings Held					
Dennis Anthony H. Uy					3 out of 3
Maria Grace Y. Uy					3 out of 3
Jose P. de Jesus			5 out of 5	4 out of 4	
Amando M. Tetangco Jr.	8 out of 9		5 out of 5	4 out of 4	
Roman Felipe S. Reyes	9 out of 9	4 out of 4	5 out of 5	4 out of 4	
Francisco Ed. Lim		4 out of 4	5 out of 5	4 out of 4	3 out of 3
Estela M. Perlas Bernabe	9 out of 9	4 out of 4	5 out of 5		3 out of 3

Performance Appraisal for FY 2024

The Company's Amended Manual on Corporate Governance provides that the Board shall conduct an annual self-assessment of its performance, including the performance of the Chairperson, Board members, committees, and key control officers. The self-assessment evaluation is conducted in accordance with Section 49(h) and Section 177 of the Revised Corporation Code of the Philippines, and pursuant to Principle 6 of the Code of Corporate Governance for Publicly Listed Companies (SEC Memorandum Circular No. 19 – 2016). Internally, this self-assessment aligns with the Converge Corporate Governance Framework and best practices of good governance

Furthermore, the assessment was comprehensive, covering evaluations of each individual Director, the Chairman, Chief Executive Officer, President, Corporate Compliance Officer, Chief Risk Officer, and Chief Audit Executive. For FY 2024, the Company was not required to enlist an external facilitator for the assessment, as this was done in 2023 and will be conducted every three years thereafter.

In the conduct of its assessment, the Company benchmarked on multiple principles, notably the ASEAN Corporate Governance Scorecard (ACGS) which scopes on; a) structure and composition, highlighting diversity and competencies b) responsibilities and duties, which include strategy, oversight, and accountability c) board processes, that highlights internal processes and d) dynamics and relationships, which shows how the board functions collectively. Following this, Converge observed the following assessment process:



In the above process, responses to the evaluation form cover overall performance for 2024. The same is measured through quantitative and qualitative means. A 4-point Likert scale is used to answer an enumeration of questions per evaluation segments while a freeform qualitative evaluation is used to supplement the quantitative responses and serves as a medium for directors to freely express their opinions on their ratings.

The evaluation was made part of discussions during the Corporate Governance Committee for 2024. The committee, which is also chaired by the Chairman of the board, was appraised of the evaluation process. The forms were handed out to the board through physical and digital versions which were then submitted back to the office of the Corporate Compliance Officer for tabulation and reporting. Tabulation of results was handled by the Corporate Compliance Officer and all responses submitted by the board were kept private and confidential.

The Corporate Compliance Officer provided the directors with the results of the assessment and outlined the methodology of evaluation, criteria and metrics, and the process of the assessment. Said assessment was discussed with the board's Corporate Governance Committee and the Board of Directors.

For 2024, the overall average performance rating of the board, committees, directors, and key officers was 97%, reflecting a 2% improvement from the previous year's assessment of 95%. This increase signifies enhancements in the board's performance across various areas, including its composition, duties and responsibilities, processes, and dynamics. Additionally, improvements were observed in the performance of both the committees and key officers.

We acknowledge the need for continuous improvement in several key areas. Firstly, we aim to enhance the ongoing education and training of our directors in emerging technologies. Additionally, our directors have emphasized that any new director we onboard should possess strong technological acumen. Lastly, we recognize the importance of refining our succession planning for management and C-suite executives. We place great importance on these areas as we continue to develop and improve our Corporate Governance practices.

Directorship in Other Listed Companies

In accordance with the Code of Corporate Governance, non-executive directors concurrently serve in a maximum of five publicly listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the Company.

None of the executive directors serve as directors in any other publicly listed company (PLC). The following non-executive directors of the Board are also directors of the PLCs below:

Name	Directorship in other PLCs
Jose P. de Jesus	Petron Corporation (PSE:PCOR)
Amando M. Tetangco, Jr.	SM Investments Corporation (PSE:SM) SM Prime Holdings, Inc. (PSE:SMPH) Shell Pilipinas Corporation (PSE:SHLPH)
Francisco Ed. Lim	Unionbank of the Philippines, Inc. (PSE:UBP) First Philippine Holdings Corporation (PSE:FPH)
Estela M. Perlas-Bernabe	BDO Unibank, Inc. (PSE:BDO) San Miguel Food and Beverage, Inc. (PSE:FB)

In compliance with pertinent regulations, the Company complies and submits its Integrated Annual Corporate Governance Report (IACGR) with the SEC on or before May 30 of every year.

On October 8, 2021, the Board amended the Manual on Corporate Governance (Manual), to cover compliance with requirements under SEC Memorandum Circular No. 19, Series of 2016, which institutionalizes the principles of good corporate governance in the entire organization. We believe that it is a necessary component of sound strategic business management, hence, we undertake efforts to create awareness within the organization.

In 2023, the Board made additional amendments to the Manual to reflect the separation of the Audit and Related Party Transactions (ARPT) Committee to be standalone committees. The Company now has a separate Audit Committee and Related Party Transactions Committee. This separation enables the organization to ensure that the board's oversight responsibilities are well executed. Following this, the amended manual was made available publicly in February 2024.

We strive and commit to improving the Company's corporate governance practices to align with industry and global best standards (such as the OECD Principles of Corporate Governance, ICGN Global Governance Principles, ASEAN Corporate Governance Scorecard, and the ISO 37000:2021 Governance of Organizations Framework), as evidenced by our continued efforts in enhancing our processes and procedures.

The Manual provides that it is the Board that has the primary responsibility for the governance of the corporation. In addition to setting the policies for the accomplishment of corporate objectives, it has the duty to provide an independent check on the Management. The Company's Amended Manual on Corporate Governance and other governance documents may be found here: <https://corporate.convergeict.com/corporate-governance/>.

Annex "F" is the Evaluation System established to monitor compliance of directors and officers with the Manual on Corporate Governance.

As of date, there have been no deviations from the Manual.

Item 8. Independent Public Accountants

The principal accountants and external auditors of the Company is the accounting firm of Isla Lipana & Co., the Philippine member firm of the PwC network. Isla Lipana & Co. has been the Company's Independent Public Accountants since the last nine (9) years. There was no event in the past nine (9) years where Isla Lipana & Co. and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

Isla Lipana & Co. was re-elected at the Annual Stockholders' Meeting held on May 31, 2024. Their re-election this upcoming meeting on May 30, 2025, is part of the Agenda.

The Company has engaged Isla Lipana & Co., with Nelson Charsegun L. Aquino as the engagement partner, for the audit of the Company's books in 2024. The Company has complied with the revised SRC Rule 68, paragraph 3(b)(iv). In addition, pursuant to the revised SRC Rule 68, paragraph 3(b)(ix), and the Company's Manual on Corporate Governance, the engagement partner shall be rotated after every five (5) years.

Representatives of Isla Lipana & Co. for the current year and for the most recently completed fiscal year are expected to be present at the Annual Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The Group's aggregate fees for each of the last two (2) fiscal years for professional services rendered by the external auditor are as follows:

	2024	2023
Audit and Audit Related Fees	Php3,282,000	Php3,742,000
Non-Audit Fees	70,000	Php51,000

The Audit Committee is composed of Mr. Roman Felipe S. Reyes as Chairman, Mr. Amando M. Tetangco, Jr., and (Ret.) Justice Estela M. Perlas-Bernabe.

Item 9. Dividend Policy

On September 10, 2024, the Board of Directors of Converge approved and adopted the Company's Dividend Policy. This is also in adherence to one of the pillars of the G20/ The Organization for Economic Co-operation and Development (OECD) Principles of Corporate Governance 2023 on the rights and equitable treatment of shareholders.

Please see the discussion in the Management Report, Annex "C" of this Information Statement. No action is to be taken with respect to dividends.

Item 10. Compensation Plans

No action is to be taken with respect to compensation plans.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 11. Item Authorization or Issuance of Securities Other than for Exchange

No action is to be taken with respect to the authorization or issuance of securities.

Item 12. Modification or Exchange of Securities

No action is to be taken with respect to the modification or exchange of the Company's securities.

Item 13. Financial and Other Information

The Management Report, including the Management Discussion and Analysis, which include the market price of shares and dividends, and other data is attached as Annex “C” and the Company undertakes to submit to the shareholders the quarterly financial statements as of March 31, 2024, on or before May 15, 2025, which is at least eleven (11) business days prior to the ASM date. The schedules required under Part IV(c) of Revised SRC Rule 68 are included in the Management Report. The Audited Financial Statements is attached also as Annex “D”.

Annex “F” is the Evaluation System established to monitor compliance of directors and officers with the Manual on Corporate Governance.

Item 14. Mergers, Consolidations, Acquisitions, and Similar Matters

No action is to be taken with respect to mergers, consolidations, acquisitions, and similar matters.

Item 15. Acquisition or Disposition of Property

No action is to be taken with respect to the acquisition or disposition of any property.

Item 16. Restatement of Accounts

No action is to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS**Item 17. Action with Respect to Reports**

- Approval of the Minutes of the Meeting of the Stockholders held on 31 May 2024 covering the following matters:
 1. Ratification of the Audited Financial Statements as of 31 December 2023
 2. Ratification of all acts of the Board of Directors and Management for the period starting from January 31, 2023, up to December 31, 2023, adopted in the ordinary course of business
 3. Election of Directors, including Independent Directors, for the year 2024
 4. Appointment of External Auditors
- Ratification of the Audited Financial Statements for the year ending December 31, 2024.

Item 18. Matters Not Required to be Submitted

No action is to be taken with respect to any matter that is not required to be submitted to a vote of security holders.

Item 19. Amendment of Charter, By-laws, or Other Documents

No action is to be taken with respect to an amendment of the Articles of Incorporation or By-laws of the Company.

Item 20. Other Proposed Actions

Other proposed actions in the Agenda are:

- Ratification of all acts of the Board of Directors, Executive Committee and Management for the period covering January 1, 2024, to December 31, 2024 adopted in the ordinary course of business. These matters have already been approved by the Board of Directors and these acts are not being submitted for approval or disapproval and are subject only to general ratification of stockholders. The resolutions of the Board were duly adopted in the normal course of trade or business and are set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been filed with the PSE and the SEC, as may be required under applicable regulations. These minutes cover various resolutions, including treasury matters, including borrowings, opening of accounts and bank transactions; and housekeeping matters, including the appointment of signatories and amendments thereof, appointment of authorized signatories and approval of various transactions in the normal course of business of the Company.

- Other Business:

Under SEC Memorandum Circular No. 14, series of 2020, stockholders who alone, or together with other shareholders, hold at least 5% of the outstanding capital stock of the Company, shall have the right to include items on the agenda prior to the ASM.

The Company did not receive any such request to include items on the agenda in accordance with the Memorandum Circular before the filing of this Definitive Information Statement. Items proposed to be added on the agenda pursuant to the Memorandum Circular after the filing of this Definitive Information Statement shall be filed under Other Business.

Item 21. Voting Procedures

- (a) **Vote Required:** The proposed actions listed in Items 17 and Item 20, as in motions in general, require the affirmative vote of a majority of the shares of the Company's common stock and preferred stock present through remote communication, electronic voting in absentia and/or represented and entitled to vote via proxy. The manner of voting is non-cumulative, except as to the election of directors.
- (b) **Method:** Straight and cumulative voting. In the election of directors, the top seven nominees with the highest number of votes will be elected as directors. If the number of nominees does not exceed the number of directors to be elected, all the shares present or represented at the meeting will be cast in favor of the nominees. If the number of nominees exceeds the number of directors to be elected, voting will be done by ballots. On the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may accumulate such shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected. In adopting an online format for this meeting, stockholders

Voting will be by poll. Upon registration at the annual stockholders' meeting, each stockholder will be provided with an electronic ballot to enable him to vote real-time on each item or proposal in the Agenda.

The Corporate Secretary and the Company's stock transfer agent will be responsible for counting and tabulating all the votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at any meeting of the stockholders, and the results will be validated by an independent third party.

- (c) **Participation via Remote Communication**

To ensure the safety, security, and welfare of our directors and stockholders, the Company will dispense with the physical attendance of stockholders at the meeting and will only allow attendance



through remote communication, as set forth above, by voting in absentia or by voting through the Chairman of the meeting as proxy.

The live webcast of the Annual Stockholders Meeting may be accessed through https://conveneagm.com/ph/convergeict_asm2025. To enable the Company to perform validation procedures, identify the shareholders participating by remote communication and record their presence for purposes of quorum, the shareholders shall follow the registration and validation procedures attached as Annex "A" to the notice.

The Company's annual and quarterly reports are posted on the Company's website and are made available to the stockholders during the meeting. Upon the written request of a stockholder, the Company undertakes to furnish said stockholder with a copy of the Company's annual report or SEC Form 17-A and quarterly report or SEC Form 17-Q free of charge. Any written request for a copy of the annual and quarterly reports shall be addressed to the following:

CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC.

Attention: Owen Kieffer D. Ocampo
Vice President & Head of Investor Relations

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete, and correct. This report is signed in Pasig City on April 25, 2025.

CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC.

By: Original sgd.
ELVIRA C. OQUENDO
Corporate Secretary

**MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS OF
CONVERGE INFORMATION AND COMMUNICATIONS
TECHNOLOGY SOLUTIONS, INC.**
on Friday, May 31, 2024 at 2:00 p.m.
(Via Remote Communication)

DIRECTORS AND OFFICERS PRESENT IN THE MEETING

SHARE INFORMATION

Jose Pamintuan de Jesus	- Chairman of the Board and Independent Director
Dennis Anthony H. Uy	- Director and Chief Executive Officer
Maria Grace Y. Uy	- Director and President, Chief Resource Officer and Chief Risk Officer
Francisco Ed Lim	- Director
Estela Perlas-Bernabe	- Independent Director
Amando M. Tetangco, Jr.	- Independent Director
Roman Felipe S. Reyes	- Independent Director
Maria Grace C. de Jesus	- Assistant Corporate Secretary

TOTAL ISSUED AND
OUTSTANDING SHARES: 7,526,294,461 common shares

TOTAL OUTSTANDING
SHARES: 7,266,573,061 common shares

TOTAL NUMBER OF
SHARES REPRESENTED
IN THIS MEETING: 5,707,136,037 common shares

I. CALL TO ORDER

The Chairman of the Board, Mr. Jose Pamintuan de Jesus, called the meeting to order and presided over the same from Angeles City, Pampanga. The Assistant Corporate Secretary, Atty. Maria Grace C. De Jesus, recorded the minutes of the meeting, in the absence of the Corporate Secretary.

The Secretary of the meeting introduced the incumbent members of the Board of Directors of the Company who were all in attendance and the other principal executive officers of the Company who were present, including the Company's Investor Relations Officer, Mr. Owen Kieffer D. Ocampo. Members of the external auditor team, Isla Lipana & Co., are likewise present.

II. CERTIFICATION OF NOTICE AND QUORUM

At the request of the Chairman, the Corporate Secretary certified that notices of this meeting were published in print and online format in the Manila Standard and Business Mirror, both newspapers of general circulation, on May 2, 2024 and May 3, 2024, and posted on the website of the Company and the Philippine Stock Exchange (PSE), all in accordance with the requirements of the Securities and Exchange Commission (SEC); that stockholders as of record date of May 11, 2024 are entitled to vote in this meeting; that there were represented in the meeting stockholders owning a total of 5,707,136,037 common shares representing 78.54% of the total outstanding voting stock of the Company, and that there is therefore a quorum at this meeting.



The Corporate Secretary explained that this meeting is being conducted through remote communication pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, and proceeded to discuss the rules and procedures for the conduct of this meeting.

Further, the Corporate Secretary also highlighted the following rules and procedures for the conduct of the meeting:

1. Stockholders were given the opportunity to send questions and comments through the online platform and by e-mail prior to this meeting. The Company will endeavor to answer all said questions at this meeting, or separately through the Company's Investor Relations Office, or by email.
2. As indicated in the ballot for voting of shareholders, there are five (5) Agenda items proposed for the approval of the stockholders in this meeting. Each of the Agenda items presented for resolution will be shown on the screen as the same is taken up at this meeting.
3. Voting has been allowed for Stockholders registered in the Company's Electronic Voting in Absentia System or through the Chairman of the meeting as proxy.
4. Only votes on each of the Agenda items cast through the Company's Electronic Voting in Absentia System or through the Chairman of this meeting as proxy, shall be recognized.
5. Votes as of May 31, 2024 had been tabulated after the end of the proxy validation process, as well as electronic voting in absentia. The votes tabulated were from stockholders owning a total of 5,707,125,937 shares, including the shares represented by the Chairman as proxy, representing in the aggregate 78.54% of the total outstanding voting shares of the Company. SGV & Co. was appointed as the independent third party to count and validate the votes for this Meeting. The Corporate Secretary would be referring to the results of the tabulation when she reports the voting results throughout this meeting.
6. Finally, an audio/video recording of this meeting is being made and will be kept for future reference.

III. APPROVAL OF THE MINUTES OF THE LAST ANNUAL STOCKHOLDERS' MEETING HELD ON MAY 26, 2023

The Chairman noted that the next item in the Agenda is the approval of the minutes of the last Annual Meeting of Stockholders held on May 26, 2023. A copy of the same minutes of meeting may be found in the Company's website, and a summary of the same is contained in the Definitive Information Statement circulated prior to the meeting.

At the request of the Chairman, the Corporate Secretary reported that shareholders owning 5,707,125,937 shares or 99.99% of the total voting shares represented in this meeting have voted in favor of the approval of this corporate action.

Accordingly, the Chairman declared the minutes of the last Annual Meeting of Stockholders held on May 26, 2023 adopted and approved:

"RESOLVED, that the Minutes of the Annual Meeting of Stockholders of the Corporation held on May 26, 2023 be, as it is hereby, approved."



The breakdown of the votes cast on this matter was as follows:

Votes in favor: 5,707,125,937 (representing 99.99% of shares present)

Votes against: 0

Abstentions: 0

IV. CHAIRMAN'S MESSAGE

The Chairman shared a few words on behalf of the Board of Directors, prior to the delivery by Management of its report, as follows:

On behalf of the Board of Directors, I would like to thank all our shareholders who are represented today and sincerely appreciate your continued support of the Company.

At Converge, we are building not just a world class network but also a world class organization. We uphold the highest standards of corporate governance and commit to living our values at work. We have put sustainability at the core of our operations, making sure that our technology is used to empower the Filipino people and the nation.

Thus, we have continued to reach out to the unserved and underserved communities in the country that allowed our pure fiber network to reach over 60% of total Filipino households with fiber connectivity. Our focus now is on connecting every home and business that our network passes.

We have diversified our Board with the appointment of former Supreme Court Senior Associate Justice Estela Bernabe as an Independent Director – bringing a new voice to the table and improving the quality of our deliberations and decisions. She chairs our now standalone Related Party Transactions Committee, ensuring minority shareholders' interests are protected.

Your Board has also been cited for its effectiveness through a self-assessment program facilitated by the Institute of Corporate Directors or ICD. It has noted that the board has functioned in accordance with the Company's vision, mission, values, and strategic objectives, citing that processes are effective and well managed. High marks were also received for cultivating a culture of engagement and collegial decision making. Additionally, your Board exhibited a suitable blend of expertise and diversity which are complementary and supplementary. In summary, the board received an overall average rating of 95% or Very Good across all evaluation categories done by the ICD.

With improvements in our corporate governance practices, Converge jumped in its rating in the ASEAN Corporate Governance Scorecard to Three Arrows from One Arrow previously.

We have also responded to the call to action of the United Nations Global Compact for stronger anti-corruption efforts. Data privacy has also become our passion with a yearly objective of having zero customer data breaches.

As part of our sustainability initiatives, Converge is now using 100% clean energy for our data centers in Metro Manila and Pampanga while continuing to invest in programs that increase the company's resilience against disasters.



The Company has also adopted climate-related financial disclosure frameworks, implemented an ESG reporting platform which was used for our 2023 Sustainability Report submission process, and increased the level of our internal and external assurance.

Last year, we ramped up our Countdown to Zero Waste program by launching the #BawalAngPlastik campaign that sought to discourage the use of single-use plastic by employees and collect plastic bottles for recycling by accredited partner organizations. We started this campaign with the collection of electronic waste and refurbishing old modems.

We have also registered our Extended Producer Responsibility Program in compliance with Republic Act No. 11898 that sought to eliminate plastic packaging waste.

Our commitment to sustainability has earned Converge higher Environmental, Social, and Governance (ESG) ratings from various agencies.

We have done a lot, but we are not stopping here. We will continue to march on until we reach our sustainability targets and stand among the best in the region in terms of corporate governance.

We thank all our shareholders for continuing to walk this journey with us. Your continued support inspires us to keep doing great things for our nation and our people.

**V. MANAGEMENT REPORT AND RATIFICATION OF THE DECEMER 31, 2023
AUDITED FINANCIAL STATEMENTS**

a. Presentation of the Management Report:

The Chief Executive Officer, Mr. Dennis Anthony H. Uy, and the President, Ms. Maria Grace Y. Uy, reported the highlights of the Company's operations and financial performance for the year 2023. The Chief Executive Officer discussed the highlights of the Company's operations for the year 2023, as follows:

Good afternoon, fellow shareholders. I'm Dennis Anthony Uy, CEO and Co-Founder of Converge.

2023 was a year of steady progress for Converge. We have maintained our position as a leading fiber broadband and technology solutions provider in the country as we launch mass market products for residential customers and reach out to more enterprises, including the public sector.

At the start of 2023, we boosted our Wholesale Business as we obtained a Facilities-Based Operations License in Singapore to provide connectivity services to wholesale and enterprise customers in the region.

We also began constructing the cable landing station for the Philippine branch of the trans-Pacific Bifrost cable system which is the first submarine cable system that will directly link Singapore with the West Coast of the United States.

Going closer to our target customers, we launched our prepaid fiber internet service Surf2Sawa in Tondo, Manila in June last year. We also officially launched BIDA Fiber,



the most affordable postpaid fiber plan in the market, in Cebu. And we have seen strong demand for these affordable products throughout 2023, even during the first quarter of 2024.

Converge also embarked on connectivity projects aimed at enhancing the delivery of public service. Since the second half of 2023, we introduced the Free Public Wi-fi project in Philippine airports, and by the first quarter of 2024, we completed fiber powering all four terminals of the Ninoy Aquino International Airport. We aim to fiber power smaller, regional airports for the rest of this year.

We have also undergone strategic partnerships last year in order to diversify our technology offerings to our more than 2 million customers; we concluded a partnership with TapDMV in mid 2023 to offer a free, entertainment streaming service for BIDA and Surf2Sawa subscribers, and just this past quarter, we signed an MOU with South Korean tech giant NAVER Cloud. This cooperation will get us in the door in terms of offering cloud solutions to enterprises in the Philippines, and we're excited on what the future holds for this.

One of our biggest milestones in 2023 is being proclaimed as the Philippines' Fastest Internet provider, toppling local competitors. We earned the four major awards of Ookla: the Fastest Internet, the Best Internet Gaming Experience, the Best Internet Video Experience, and Top-Rated Internet in the Philippines - proving our claim as a provider of world-class connectivity.

We also led the market in introducing cutting edge technology to improve our operations from the network side. In 2023, we introduced the use of a Network Intelligence and Automation Platform (NIAP) in our network management processes and in our customer care delivery. As a result, Converge was recognized by many international awarding bodies for this initiative.

Lastly, we also undertook a reorganization, which proved crucial to improving our performance. We have appointed Benjamin Azada as Chief Commercial Officer, concurrent with his role as Chief Sustainability Officer. His new role now tasks him with control of Marketing and Sales while Boboy Romero, our Chief Operations Officer, has expanded his scope of responsibilities to include Customer Experience, IT, and Network Transformation. We now have a leaner, more efficient management team that in a way, has been more functionally integrated than before. On top of these, we also recently onboarded veteran investment banker Robert Yu as our Chief Finance Officer, further strengthening our senior leadership team.

We have built a strong foundation with our digital highway in place and we are more than ready to leap into the future. With all your support, we will forge ahead and continue to blaze the trail for our people and the country!

Allow me to share this video that showcases how far we have gone as a company.

[Video presentation was played.]

Moreover, the following are the key financial highlights for Fiscal Year 2023 as discussed by the President:

A warm welcome to our fellow shareholders. I am Grace Uy, President and Co-Founder of Converge.



2023 is yet another momentous year for Converge. And we are confident that with our differentiated products and innovative solutions, we will reach greater heights in our mission to bridge the digital gap in the country.

Let me now share our financial performance in the past year.

First. Consolidated revenue grew by 5% year-on-year, reaching P35.4 billion on the back of industry-leading residential subscriber growth and continued double digit enterprise revenue growth.

Second. Residential revenues grew to more than P30 billion driven by subscriber growth. Consolidated net adds reached more than 250k – with more than 160k coming from our newly launched plans Bida Fiber and Surf2Sawa, showing promising demand from the underserved segment of the Philippines.

Third. Enterprise revenues grew by 20% reaching P5.1 billion, with all subsegments registering solid double-digit growths year-on-year.

Fourth. We also led the market in terms profitability performance and margins. Our EBITDA grew by an industry-leading 11% year-on-year, reaching more than P21 billion. This represented a company-high 61% annual EBITDA margin.

Lastly. Our net income after tax increased by 22% year-on-year to P9.1 billion representing a margin of 25.7%. This is a significant increase from the 2022 net income margin of 22.1%. ROIC ended at 16.3%, which remains to be industry-leading.

To also share a quick summary of our first quarter results,

Our quarterly consolidated revenue growth reached double digits at 10.4%. Both residential and enterprise segments contributed similar growth rates of 10.4% and 10.5%, respectively.

We ended March 2024 with 2.25 million residential subscribers. Consolidated gross adds reached almost 245k, which is the highest in 10 quarters while consolidated monthly churn rate significantly improved to 1.8%.

Our profitability shows promise with EBITDA growing by 12.8% year-on-year, reaching more than P5.8 billion. This represented a 61% EBITDA margin while ROIC ended at 17.4%.

As we continue moving forward towards our goal of connecting more unserved and underserved households across the country, we will keep innovating and disrupting the market with new and better products and services.

To our Board of Directors, I would like to express my heartfelt gratitude for believing in our vision, providing guidance that has allowed Converge to grow and hit new milestones every year. To the Converge employees, your service and commitment to our customers are truly appreciated.

To our shareholders, we look forward to continuing our partnership as we leap into the future and serve more Filipinos.

The shareholders noted the Management Report.

Since the stockholders were given the opportunity to send questions and comments through the online platform and by e-mail prior to this meeting, the Chairman mentioned that it will now



entertain the questions on the reports.

The Corporate Secretary reported that the Company received several questions from the stockholders to which were responded to by the executives of the Company during the meeting as set out in **Annex “A”** of these minutes.

b. Ratification of the December 31, 2023 Audited Financial Statements:

The next item in the Agenda is the ratification of the Audited Financial Statements of the Company as of December 31, 2023, which is reproduced in the Annual Report and is available in the Converge website.

At the request of the Chairman, the Corporate Secretary reported that shareholders owning 5,706,738,637 shares or 99.99% of total voting shares represented in this meeting have voted in favor of the approval of this corporate action.

Accordingly, the Chairman declared the Audited Financial Statements of the Company as of and for the year ended December 31, 2023 adopted and approved:

“RESOLVED, that the Audited Financial Statements of the Corporation for the year ended December 31, 2023, be, as the same are hereby, approved.”

The breakdown of the votes cast on this matter was as follows:

Votes in favor: 5,706,738,637 (representing 99.99% of shares present)

Votes against: 0

Abstentions: 387,300

VI. RATIFICATION OF ACTS OF BOARD OF DIRECTORS AND MANAGEMENT

At the request of the Chairman, the Corporate Secretary explained that Management is proposing the ratification of the acts of the Board of Directors and Management of the Company for the period covering January 1, 2023 to December 31, 2023, as set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the Securities and Exchange Commission and the Philippine Stock Exchange and as more particularly described in the Definitive Information Statement for this meeting.

At the request of the Chairman, the Corporate Secretary reported that shareholders owning 5,706,738,637 shares or 99.99% of total voting shares represented in this meeting have voted in favor of the approval of this corporate action.

Accordingly, the Chairman declared the ratification of acts of the Board of Directors and Management for the period covering January 1, 2023 until December 31, 2023, adopted and approved:

“RESOLVED, that all acts, resolutions, and deeds of the Board of Directors and Management of the Corporation during the period from **January 01, 2023** to **December 31, 2023**, be, as they are hereby, confirmed, ratified, and approved.”

The breakdown of the votes cast on this matter was as follows:



Votes in favor: 5,706,738,637 (representing 99.99% of shares present)
Votes against: 0
Abstentions: 387,300

VII. ELECTION OF DIRECTORS

At the request of the Chairman, the Corporate Secretary reported that the following individuals had been duly nominated for election as directors of the Company in accordance with the Company's By-Laws, Manual on Corporate Governance and applicable laws and regulations, and whose nominations have been duly considered and endorsed by the Corporate Governance Committee in accordance with the Company's Manual of Corporate Governance:

Dennis Anthony H. Uy
Maria Grace Y. Uy
Francisco Ed. Lim
Estela M. Perlas-Bernabe (Independent Director)
Jose Pamintuan De Jesus (Independent Director)
Amando M. Tetangco, Jr. (Independent Director)
Roman Felipe S. Reyes (Independent Director)

The Corporate Secretary reported further that the Corporate Governance Committee had evaluated the qualifications of the foregoing nominees and confirmed that they possess all the qualifications and have none of the disqualifications to be elected as directors of the Company. The Corporate Governance Committee had also confirmed that Mr. de Jesus, Mr. Tetangco, Mr. Reyes, and Ms. Bernabe meet all the requirements and qualifications for election as independent directors of the Company under Section 38 of the Securities Regulation Code and Rule 38 of its Implementing Rules and Regulations.

The Corporate Secretary then stated that considering that there are only seven nominees for the seven Board seats and each nominee received votes, each of the same nominees has received sufficient votes for election to the Board.

Accordingly, the Chairman declared the seven nominees named by the Corporate Secretary elected as directors of the Company for the year 2024-2025 and until their successors have been duly elected and qualified.

The number of votes cast in favor of each director is as follows:

Dennis Anthony H. Uy	- 12,649,389,675
Maria Grace Y. Uy	- 12,590,781,675
Francisco Ed. Lim	- 2,825,080,916
Jose P. de Jesus	- 2,833,644,356
Amando M. Tetangco, Jr.	- 2,893,409,543
Roman Felipe S. Reyes	- 2,908,256,063
Estela Perlas M. Bernabe	- 2,908,801,963

VIII. APPOINTMENT OF EXTERNAL AUDITOR

The Corporate Secretary stated that the Audit Committee of the Board recommended, and Management is accordingly proposing to the stockholders, the re-appointment of Isla Lipana & Co. as external auditors of the Company for the year 2024.



The Corporate Secretary then reported that shareholders owning 5,707,125,237 shares or 99.99% of total voting shares represented in this meeting have voted in favor of the approval of this corporate action.

The Chairman accordingly declared Isla Lipana & Co. reappointed as external auditors of the Company for the year 2024, as follows:

“**RESOLVED**, that the reappointment of Isla Lipana & Co. as external auditors of the Corporation for the year ended December 31, 2024, be, as the same is hereby, approved.”

The breakdown of the votes cast on this matter was as follows:

Votes in favor: 5,707,125,237 (representing 99.99% of shares present)

Votes against: 0

Abstentions: 0

IX. OTHER MATTERS

The Corporate Secretary stated that there are no other matters to be taken up in this meeting based on the Agenda and that the Company has not received any further questions from its shareholders to be taken up under Other Matters.

X. ADJOURNMENT

There being no further business to transact, the Chairman declared the meeting adjourned.

(Signature Page Follows)



*Minutes of Annual Stockholders Meeting of
Converge Information and Communications
Technology Solutions, Inc.
Held on 31 May 2024*

CERTIFIED CORRECT:

ORIGINAL SIGNED

MARIA GRACE C. DE JESUS
Assistant Corporate Secretary

ATTESTED BY

ORIGINAL SIGNED

JOSE P. DE JESUS
Chairman

**QUESTIONS FROM STOCKHOLDERS AND
RESPONSES FROM MANAGEMENT**
(31 May 2024 Annual Stockholders Meeting of
Converge Information and Communications Technology Solutions, Inc.)

Questions From Stockholders	Responses from Company Executive
1. Mr. Erick Brecia: <i>What is the Company's expected revenue growth this 2024? Will the Company pay dividends this year?</i>	1. President (Ms. Grace Y. Uy): We expect consolidated revenue to grow by 7% to 8% this year, with our residential segment growing by 6% and our enterprise segment growing by 12%. We also expect EBITDA margins to settle within the 58% to 59% levels, with ROIC reaching 15% to 16%. We have not revised our guidance even if 1Q2024 performance came in better than expected. We will await the 2Q2024 results before we decide to make any changes to our full year targets. On the dividends question, we are looking to pay our initial dividend in 2025 as promised during the IPO.
2. Mr. Rafael Zialcita: <i>Is the Company looking to get into other lines of businesses aside from broadband?</i>	2. Chief Executive Officer (Mr. Dennis Anthony H. Uy): We are always on the lookout for profitable business opportunities whether it be from investing in other companies or improving current products. As a result, we have decided to set aside a dedicated budget this year for Research and Development. This budget will allow us to look for ways we can improve on existing products, create innovative new ones, and look for value added services beyond connectivity that are adjacent to our core business – so that we can provide our subscribers with world-class broadband connectivity.
3. Ms. Vizhamel De Jesus: <i>How many subscribers does the company target to have in the long run?</i>	3. President (Ms. Grace Y. Uy): This 2024, we are looking at a consolidated net adds figure of around 450k for FY2024. By 2025, we are looking to end with a subscriber count of 1 million for our lower cost brands BIDA and Surf2Sawa. In 2027, we are looking to reach a consolidated subscriber count of 4 million, 50% of which will come from our lower cost brands BIDA and S2S.

(End of Q&A)



MANAGEMENT REPORT

KEY PERFORMANCE INDICATORS

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

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

AVERAGE REVENUE PER UNIT ("ARPU")

ARPU is calculated by dividing (i) the revenue generated by subscribers during a period by (ii) the average number of subscribers during that period, then dividing the quotient by the number of months during that period. The average number of subscribers during a period is calculated by the sum of the subscribers at the beginning and at the end of the period, divided by two.

AVERAGE MONTHLY CHURN RATE

The percentage measure of the number of customers who have, voluntarily or involuntarily, discontinued a service for which the customer had subscribed for the relevant period over the number of customers for that period.

Our churn rate is calculated by dividing (i) the sum of the number of permanent subscriber discontinuations in a month, by (ii) the average number of subscribers during the respective month and multiplying the result by 100%. The average number of subscribers during a month is calculated by the sum of the subscribers at the beginning and at the end of the month, divided by two.

PORT UTILIZATION

Our port utilization rates for our fiber network are the number of our fiber subscribers as a percentage of total fiber ports deployed. Each residential subscriber is connected through one port. Each utilized port generates revenue for us.

EBITDA

EBITDA is calculated as our profit for the year before depreciation and amortization (other than amortization of installation fees as their corresponding revenue impact has not been adjusted), finance costs, income tax expense. This measure provides useful information regarding a company's ability to generate cash flows, incur and service debt, finance capital expenditures and working capital changes. As the Company's method of calculating EBITDA may differ from other companies, it may not be comparable to similarly titled measures presented by other companies.

NET INCOME

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

EBITDA AND NET INCOME MARGIN

EBITDA and Net Income Margins are calculated as a percentage of revenues.

RETURN ON INVESTED CAPITAL (“ROIC”)

Return on Invested Capital is tax-adjusted (25% corporate income tax rate with the CREATE Law approved this year to be applied starting July 2020) profit from operations divided by average invested capital. Invested Capital is the sum of our total equity and total debt (comprising loans payable (non-current and current portions)), less cash and cash equivalents and capital expenditures in progress. This measure provides useful information regarding a company’s ability to deploy capital efficiently.

MANAGEMENT’S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Description of Key Line Items

Revenues

Converge operates two main business segments: (i) Residential Business, which primarily offers high-speed fixed broadband internet services to residential customers; and (ii) Enterprise Business, which offers high-speed fixed broadband internet services and multiple connectivity solutions and tailored digital services to enterprise customers of varying sizes, industries and types. The Residential and Enterprise Business revenues also include installation revenue that is generated from each new subscriber or customer.

Historically, majority of revenues have been derived from the Residential Business. For the full year of 2024, revenues from our Residential Business represented 84.8% of the consolidated revenues, while revenues from our Enterprise Business represented 15.2% of the same. Revenues from the Residential Business increased from ₱12,628.3 million in 2020 to ₱34,422.5 million in 2024, representing a CAGR of 28.5% between the periods. Revenues from the Enterprise Business increased at a CAGR of 19.6% during the same period to reach ₱6,187.7 million in 2024 from ₱3,024.0 million in 2020. The consolidated revenue increased at a CAGR of 26.9% from ₱15,652.3 million in 2020 to ₱40,610.1 million for 2024.

	For the years ended December 31,					CAGR (2020-24)
	2020	2021	2022	2023	2024	
	(in millions)					
Revenues	₱					
Residential Business	12,628.3	23,129.1	29,462.2	30,282.1	34,422.5	28.5%
Enterprise Business	3,024.0	3,349.7	4,233.5	5,077.3	6,187.7	19.6%
Total Revenues	15,652.3	26,478.8	33,695.6	35,359.3	40,610.1	26.9%

The Company’s strategy is to focus on Fiber-to-the-Home (FTTH) expansion, as FTTH technology offers higher quality connectivity and generates higher ARPU compared to Hybrid fiber-coaxial (HFC).



Our Residential Business offers high-speed fixed broadband internet services, and other bundled or add-on connectivity services to residential customers, through fiber access networks.

Following our successful network expansion through the Go National and Go Deep strategies since 2019, the Company has expanded its residential subscriber base from 1,038,321 as of December 2020 to 2,563,458 as of December 2024. This represented an almost 150% growth within the last four years. By the end of 2024, Converge's residential fixed wired broadband subscriber market share was more than one-third amongst the three largest broadband operators in the Philippines.

We also charge our residential customers a one-time installation fee at the time of sign-up. These up-front payments of installation fees are capitalized and recorded as deferred revenues in our consolidated statement of financial position and recognized as revenue on a straight-line basis over the term of the subscription contract.

Converge's Enterprise Business offers diverse high-speed broadband internet services and other solutions for enterprise customers. The Company's enterprise solutions are delivered over end-to-end fiber networks via fiber-to-the-premise (FTTP) technology. The Company serves enterprises of varying sizes, ranging from SMEs to some of the largest businesses in the Philippines, including multinational corporations with a presence in the country, and local and global content providers. While most enterprise clients are for-profit corporations, we also serve non-profit organizations, such as governmental departments, public universities, and non-governmental organizations. The Company's key strategic accounts include large business process outsourcing companies, major financial institutions, content providers including local and global telecommunication carriers, national government agencies, and other large accounts with industry-specific bandwidth-intensive requirements. Consistent with Converge's overall vision, the Enterprise Business segment is focused on serving the needs of enterprise customers for critical high-speed and reliable connectivity, as well as other digital solutions to empower their businesses to run efficiently and effectively.

Revenue from our fixed term subscription contracts is recognized on a straight-line basis over the subscriber's subscription period. Additional services are charged separately and recognized as provided or used. For more information on revenue recognition, see Notes 14 and 26.15 of our audited consolidated financial statements.

Cost of Services

Cost of services comprises the following:

- Depreciation and amortization, primarily consist of (i) depreciation of property, plant and equipment, covering our fiber network infrastructure, (ii) amortization of right-of-use assets which relates to various network and co-located sites, office space, warehouses, and transportation equipment that we lease, and (iii) amortization of intangible assets such as our customer list, telecommunication franchise, software and licenses, and other intangibles;
- Amortization of deferred contract costs relates to the straight-line amortization of the incremental costs incurred to obtain and fulfill our contracts with customers;
- Repairs and maintenance related to our fiber network, which do not qualify for capitalization;
- Rent pertains to pole rentals, co-location and short-term rentals of land and office spaces used for our network infrastructure;
- Bandwidth and leased line costs primarily relate to international bandwidth costs in connection with the transmission of data between the Philippines and an international location, to the extent that we do not have proprietary access to international bandwidth. In addition, we incur transit costs in connection with



the transmission of data between one or more international locations. On occasion, we may also incur short-term bandwidth and leased line costs tied to providing domestic connectivity;

- Utilities pertain to costs of electricity and water used in various network and co-located sites;
- Service fees relate to charges of content providers whose services are included in some of our bundled cable TV services offered to HFC subscribers;
- Personnel costs in cost of services relate to salaries and other employee benefits of our network operations team;
- Cost of network materials and supplies used relates to various consumable installation materials which we use in providing our services to customers (e.g. cable wires, tapes, and connectors); and
- Others include meals and transportation and other costs directly attributable to providing our services to customers.

General and Administrative Expenses

General and administrative expenses primarily consist of the following:

- Managed service fees relate to fees paid to third-party service providers who handle sales and post-sales activities for the Company in local cities and municipalities;
- Personnel costs (other than personnel costs recorded as cost of services) primarily pertain to headquarters, general and administrative personnel;
- Outside services mainly relate to janitorial, security services and other business support functions used in the operations of the Company;
- Promotions pertain to our marketing and advertising costs to promote our brand and obtain more customers;
- Depreciation and amortization, primarily comprise of (i) depreciation of property, plant and equipment (other than those recorded as cost of services), (ii) amortization of right-of-use assets, which relates to office space, warehouses and transportation equipment that we lease (other than amortization expense recorded under cost of services), and (iii) amortization of intangible assets such as software and licenses (other than amortization expense recorded under cost of services);
- Taxes and license costs relate to business permits and local government taxes;
- Repairs and maintenance represent minor renovations in the upkeep of our facilities, in the ordinary course of business;
- Other components of general and administrative expenses include office supplies, meals and transportation, professional fees, utilities, insurance, rent, retirement benefit expense, and other expenses including representation, permits, training and seminars, membership dues, and miscellaneous expense.

Provision for Impairment of Trade and Other Receivables

Provision for impairment of trade and other receivables are calculated using expected credit losses (ECL).

ECL are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and considering past events, current conditions and assessment of future



economic conditions. We used relevant historical information and loss experience to determine the probability of default of the receivables and due from related parties and incorporated forward-looking information, which involved significant estimates and judgements. For more information, see Note 3 of our audited consolidated financial statements.

Equity in Net Income of Associate and Joint Ventures

Equity in net income of associate and joint ventures pertains to the Company's share in net income of associate and joint ventures.

Unrealized Fair Value Gain on Financial Asset at FVTPL

Unrealized fair value gain on financial asset at FVTPL arises from the Company's investment in 10 exchangeable bonds issued by its Ultimate Parent. The exchangeable bonds have an aggregate face value of USD 2,000,000, a term of 30 years and with interest rate of 3% per annum. Each exchangeable bond confers the right to purchase 5,000 common shares of a certain entity under common control.

Other Income (Expense), Net

Other income (expense), net, consists of net foreign exchange gain, interest income on cash and cash equivalents, and short-term cash placements, interest income on finance lease receivable arising from our sale and leaseback agreement with our related parties, interest income on financial assets at FVTPL arising from the issuance of exchangeable bonds from the ultimate parent, and other miscellaneous income. Other income (expense), net, also includes non-recurring items such as provision for impairment on property, plant and equipment, provision for inventory obsolescence, gains (loss) on disposal/retirement of property, plant and equipment and intangible assets.

Finance Costs

Finance costs consist of borrowing costs for our long-term loans and bonds payable, amortization of debt issue costs and interest arising from the recognition of lease liabilities related to various network and co-located sites, office space, warehouses and transportation equipment that we lease.

Income Tax Expense

Income tax expense represents taxes on profit for the year. We are subject to the regular income tax rate of 25% imposed on corporations incorporated in the Philippines. For the years 2024 and 2023, the Company opted for an Itemized deduction as the method of deductibility in its income tax returns. For more information, see Note 19 of our audited consolidated financial statements.

Other Comprehensive Loss

Other comprehensive loss pertains to:

Remeasurement Loss on Retirement Benefit Obligation, Net of Tax

We provide retirement benefits for qualified employees under a defined benefit plan. An independent actuary conducts a periodic actuarial valuation of the defined benefit plan using the projected unit credit method. Remeasurement represents changes in the retirement benefit obligation arising from experience adjustments and changes in actuarial assumptions.

RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenues

Revenues climbed 14.8% year-over-year to P40,610.1 million in 2024 from P35,359.3 million in 2023, mainly driven by the strong performance of our Residential and Enterprise Businesses.



Our Residential Business contributed 85% to the total revenues, reflecting a growth of 13.7% or an increase of ₱4,140.1 million, to ₱34,422.5 million in 2024 from the ₱30,282.1 million revenues reported in 2023. This robust growth was on account of 20.5% increase in residential subscribers or an additional 435,406 subscribers from 2,128,052 subscribers as of end-December 2023 to 2,563,458 subscribers as of end-December 2024. FTTH subscribers grew 23.4% or by 462,672 subscribers, from 1,976,500 FTTH subscribers as of December 31, 2023, to 2,439,172 FTTH subscribers as of December 31, 2024. HFC subscribers, on the other hand, decreased by 18.0%, or 27,266 subscribers, from 151,552 as of December 31, 2023, to 124,286 as of December 31, 2024. The incremental residential subscriber was driven by our ability to deepen our presence in existing areas and expand our network to new areas, increasing our ports from 8,853,089 as of December 31, 2023, to 8,963,021 as of December 31, 2024 (8,107,720 of which are fiber ports) and attract new subscribers to take-up available ports. Our residential blended ARPU decreased by 7.2% from ₱1,183 as of December 31, 2023, to ₱1,165 as of December 31, 2024, due to a shift in the mix of premium and lower-tier plans.

Enterprise Business revenues reached ₱6,187.7 million, higher by 21.9% or ₱1,110.7 million than the ₱5,077.3 million revenues reported in 2023. The double-digit growth was largely driven by the increase in unique enterprise customers.

Cost of Services

Cost of services amounted to ₱14,384.1 million in 2024, marking an increase of 13.2% or ₱1,673.7 million, from ₱12,710.4 million recorded in 2023, due to the higher depreciation and amortization, rent, repairs and maintenance, personnel costs, and network materials and supplies used, partially offset by the decreases in deferred contracts costs, service fees and bandwidth and leased line.

Depreciation and amortization in 2024 amounting to ₱7,074.1 million was higher by 17.6% over last year's ₱6,014.9 million mainly due to a higher asset base.

Repairs and maintenance rose by 17.8% or ₱282.1 million, from ₱1,585.2 million in 2023 to ₱1,867.2 million in 2024. This increase was primarily driven by higher maintenance and restoration costs of our fiber network facilities, and trouble ticket resolution for our subscribers.

Amortization of deferred contract costs decreased by 15.5% or ₱330.4 million, from ₱2,135.1 million in 2023 to ₱1,804.7 million in 2024. This decrease was primarily due to a lower base balance of deferred contract costs from active subscribers, along with a reduced level of accelerated amortization related to acquisition and installation costs from disconnected subscribers.

Rent increased by 89.8% or ₱716.3 million, from ₱797.2 million in 2023 to ₱1,513.5 million in 2024, mainly due to additional rentals related to the expansion of our network infrastructure.

Personnel cost amounting to ₱536.7 million in 2024 was higher by 49.8% from ₱358.3 million in 2023, on account of annual salary rate increase and higher employee incentives.

Bandwidth and leased line costs decreased by 23.4% year-on-year, or a reduction of ₱157.0 million, from ₱672.0 million to ₱515.0 million. This decline was brought about by the activations of our long-term international bandwidth capacities with key partners, allowing us to discontinue bandwidth and leased line contracts with various providers.

Network materials and supplies used increased by 45.9% from ₱187.6 million to ₱273.7 million, as higher installation were used, ascribed to an increased volume of installations for Prepaid subscribers and Enterprise customers.



Service fees decreased by 43.3% or ₱192.1 million, from ₱444.0 million to ₱251.9 million due to less existing bundled accounts with subscribers.

Gross Profit

Gross profit soared 15.8% to ₱26,226.0 million in 2024, or a ₱3,577.1 million increase from ₱22,648.9 million reported in 2023. Gross margin, or gross profit as a percentage of consolidated revenues, registered at 64.6% in 2024, higher than the gross profit margin of 64.1% a year ago, mainly coming from the incremental revenues, partially offset by the increase in cost of services.

General and Administrative Expenses

General and administrative expenses amounted to ₱9,216.8 million in 2024, up by 32.7% or ₱2,269.9 million, from ₱6,946.9 million in 2023, primarily due to higher managed service fees, personnel costs, promotions and outside services.

Managed service fees increased by 38.6% or ₱837.7 million, to ₱3,005.6 million in 2024 from ₱2,167.9 million in 2023, as we implemented low-cost support service models in additional provinces to serve our growing subscriber base.

Personnel costs increased by 33.0%, or ₱467.6 million, from ₱1,418.4 million in 2023 to ₱1,886.0 million in 2024, due to higher salary rate and employee incentives.

Outside services also increased from ₱1,080.3 million in 2023 to ₱1,352.9 million in 2024, higher by 25.2%, or ₱272.6 million, mainly on account of higher expenses incurred on outsourced after-sales and other business support teams.

Promotions doubled in 2024, increasing from ₱439.0 million reported in 2023 to ₱879.0 million in 2024, which attributed to higher spend on brand building, and trade marketing for both Residential and Enterprise segments.

Provision for Impairment of Trade and Other Receivables

Provision for impairment of trade and other receivables amounted to ₱1,640.6 million in 2024, 19.8% or ₱271.5 million higher than the ₱1,369.1 million recorded in 2023. For more information, see Note 3 and Note 25.2 of our audited consolidated financial statements.

Equity Share in Net Income of Associate and Joint Ventures

Equity share in net income of associate and joint ventures declined by 50.1% or ₱124.3 million, from ₱248.1 million in 2023 to ₱123.8 million in 2024, primarily due to lower level of net income generated by our associate and joint ventures. For more information, see Note 8, Investment in Associate and Joint Ventures of our audited consolidated financial statements.

Other Income (Expense), Net

Other income (expense), net in 2024 amounted to ₱716.9 million, an increase of 286.7% or ₱1,100.8 million from the ₱384.0 million other expense, net in 2023. This was due to higher interest income earned from cash in bank, cash equivalents and short-term cash placements, and gain on disposal/retirement of property and equipment, complemented by lower level of provisions for impairment of property, plant and equipment and provision for network materials and supplies obsolescence.

Profit from Operations

As a result of the foregoing, profit from operations grew by 14.2% to ₱16,210.7 million in 2024, reflecting an increase of ₱2,010.0 million from the ₱14,200.6 million in 2023. The increase was on account of the strong growth in gross profit, outpacing the rise in general and administrative expenses.



Finance Costs

Finance costs decreased by 7.5% to ₱1,922.1 million in 2024, representing a reduction of ₱156.7 million from ₱2,078.8 million in previous year. This decline was primarily driven by lower debt level due to loan repayments during the year.

Profit Before Income Tax

With strong profit growth in 2024 surpassing the increase in financing costs, our profit before income tax reached a record high of ₱14,288.6 million, marking a 17.9% increase from ₱12,121.8 million in 2023.

Income Tax Expense

Income tax expense increased by 15.0% or ₱453.3 million, from ₱3,023.0 million in 2023 to ₱3,476.2 million in 2024, directly related to higher profit before income tax. The Company maintained our effective tax rate, which is income tax expense as a percentage of profit before income tax, at 25%, both in 2024 and 2023.

Profit for the Year

As a result of the foregoing, profit for the year 2024 surged by 18.8% to ₱10,812.7 million from the ₱9,098.8 million in 2023.

Remeasurement Loss on Retirement Benefit Obligation, Net of Tax

Remeasurement loss on retirement benefit obligation, net of tax, in 2024, amounted to ₱14.8 million, or a decrease of 40.9% or ₱10.3 million from the ₱25.1 million in 2023, as a result mainly of experience adjustments and changes in economic and financial assumptions used in the actuarial valuations.

Total Comprehensive Income for the Period

Total comprehensive income increased to ₱10,797.8 million in 2024, up by 19.0% or ₱1,724.1 million from ₱9,073.7 million in 2023.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenues

Revenues registered a year-on-year growth of 4.9% or an increase of ₱1,663.7 million from ₱33,695.6 million in 2022 to ₱35,359.3 million in 2023, mainly due to higher revenue contributions of our Residential and Enterprise Businesses.

Residential Business revenues, which accounts for 86% of total revenues, grew 2.8% or by ₱819.9 million, to ₱30,282.1 million in 2023 from the ₱29,462.2 million reported in 2022, on the back of 13.4% increase in residential subscribers or an additional 250,691 subscribers from 1,877,361 subscribers as of end-December 2022 to 2,128,052 subscribers as of end-December 2023. Fiber-to-the-Home (FTTH) subscribers grew 16.8% or by 284,295 subscribers, from 1,692,205 FTTH subscribers as of December 31, 2022, to 1,976,500 FTTH subscribers as of December 31, 2023. HFC subscribers decreased by 18.1%, or 33,604 subscribers, from 185,156 HFC subscribers as of December 31, 2022, to 151,552 HFC subscribers as of December 31, 2023. The residential subscriber increase was driven by our ability to deepen our presence in existing areas and expand our network to new areas, increasing our ports from 7,895,785 as of December 31, 2022, to 8,853,089 as of December 31, 2023, and attract new subscribers to take-up available ports. Our residential blended ARPU decreased by 7.2% from ₱1,275 as of December 31, 2022, to ₱1,183 as of December 31, 2023.

Enterprise Business full-year revenues posted an all-time high ₱5,077.3 million, up by 19.9% or ₱843.8 million higher than the ₱4,233.5 million revenues reported in 2022. The year-on-year robust growth was

largely driven by the 28.2% increase in unique enterprise customers or an incremental 10,587 customers from the 37,563 as of end-December 2022 to 48,150 as of end-December 2023. Monthly ARPU decreased by 13.0% from ₱11,070 for the year ended December 31, 2022, to ₱9,636 for the year ended December 31, 2023, which reflects the significant growth of the SME segment, which has a relatively lower ARPU than large corporates and enterprises.

Cost of Services

Cost of services amounted to ₱12,710.4 million in 2023, a cost savings of 5.4% or ₱727.2 million, from ₱13,437.6 million recorded in 2022, due to the decrease in network materials and supplies used, lower amortization of deferred contract costs for active subscriber accounts, and savings on bandwidth and leased line costs and service fees, partially offset by higher repairs and maintenance, rent, utilities and personnel costs.

Network materials and supplies used in 2023 amounted to ₱187.6 million, lower by 84.0% or ₱984.8 million over last year's ₱1,172.4 million, due to capitalization of material costs under deferred contract costs of subscriber accounts. Improvements in the back office digital systems enabled Converge to improve accounting recognition to align with other subscriber contract costs. The remaining costs included in network materials and supplies used pertain to additional material costs beyond standard installation costs paid for by customers and installation materials for prepaid subscribers and enterprise customers.

Amortization of deferred contract cost decreased by 24.4% or ₱688.4 million, from ₱2,823.5 million in 2022 to ₱2,135.1 million in 2023, mainly due to the reduced base-balance of deferred contract costs from active subscribers, coupled with lower level of accelerated amortizations related to the acquisition and installation costs from disconnected subscribers.

Bandwidth and leased line costs dropped year-on-year by 18.9% or ₱156.8 million, from ₱828.8 million to ₱672.0 million, brought about by the activations of our long-term international bandwidth capacities with key partners, and as a result, contracts with existing providers were not renewed.

Service fees decreased by 10% or ₱49.3 million, from ₱493.3 million to ₱444.0 million due to decline in subscribers with bundled cable TV services.

Repairs and maintenance, meanwhile, increased by 57.8% or ₱580.9 million, from ₱1,004.3 million in 2022 to ₱1,585.2 million in 2023, primarily due to the normal repairs and maintenance activities done on our fiber network facilities and trouble ticket resolution with our subscribers.

Rent, likewise, increased by 74.2% or ₱339.6 million, from ₱457.6 million in 2022 to ₱797.2 million in 2023, mainly due to rentals related to the expansion of our network infrastructure.

Utilities increased by 88.4% or ₱211.7 million, from ₱239.6 million in 2022 to ₱451.3 million in 2023 due to higher electricity costs.

Personnel cost amounted to ₱358.3million in 2023, up 9.9% from ₱326.0 million in 2022, on account mainly of higher headcount and salary rate for the year.

Gross Profit

Gross profit soared 11.8% to ₱22,648.9 million in 2023, or a ₱2,391.0 million increase from ₱20,258.0 million reported in 2022. Gross margin, or gross profit as a percentage of consolidated revenues, registered at 64.1% in 2023, higher than the gross profit margin of 60% a year ago, as a result of cost savings, as previously discussed in the preceding section.

General and Administrative Expenses

General and administrative expenses amounted to ₱6,946.9 million in 2023, up by 5.2% or ₱345.9 million, from ₱6,601.0 million reported in 2022, primarily due to higher managed service fees, partly cushioned by the decreases in promotions, outside services and taxes and licenses.

Managed service fees increased by 82.8% or ₱981.7 million, to ₱2,167.9 million in 2023 from ₱1,186.2 million in 2022, as we implemented low-cost support service models in additional provinces to serve our growing subscriber base.

Promotions, meanwhile, decreased by 26.1%, or ₱155.1 million, from ₱594.1 million reported in 2022 to ₱439.0 million in 2023, attributed to lower spend on brand building and trade marketing.

Outside services also decreased from ₱1,203.4 million in 2022 to ₱1,080.3 million in 2023, down by 10.2%, or ₱123.1 million, mainly on account of lower expenses incurred on outsourced services as we implemented low-cost support service models.

Taxes and licenses decreased by 24.2%, or ₱102.3 million, from ₱423.3 million in 2022 to ₱321.0 million in 2023, as a result of lower NTC supervision fees and local taxes.

Provision for Impairment of Trade and Other Receivables

Provision for impairment of trade and other receivables amounted to ₱1,369.1 million in 2023, 17.5% or ₱291.2 million lower than the ₱1,660.3 million recorded in 2022, mainly as a result of combined impact of provision recalculation and ECL rate updates. For more information, see Note 3 and Note 24.2 of our audited consolidated financial statements.

Equity Share in Net Income of Joint Ventures

Equity share in net income of joint ventures posted a rise of 386.7% or ₱197.1 million, from ₱51.0 million in 2022 to ₱248.1 million in 2023, ascribed mainly to the higher net income generated by the joint ventures. For more information, see Note 8, Investment in Associate and Joint ventures of our audited consolidated financial statements.

Other Expense, Net

Other expense, net, decreased by 15.4% or ₱69.7 million, from ₱453.7 million in 2022 to ₱384.0 million in 2023, due to higher interest income earned from cash in bank and short-term placements and increases in net foreign exchange gain, gain on disposal/retirement of property and equipment, and miscellaneous income, which altogether outpaced the increase in provision for impairment of property and equipment.

Profit from Operations

As a result of the foregoing, profit from operations climbed 22.6% to ₱14,200.6 million in 2023, higher by ₱2,613.1 million over the reported profit of ₱11,587.5 million in 2022. The robust growth in gross profit surpassed the increase in general and administrative expenses and was further accompanied by lower provision for impairment of trade and other receivables and other expenses, and with a higher recognized share in net income of joint ventures.

Finance Costs

Finance costs increased by 20% to ₱2,078.8 million in 2023, or an incremental of ₱346.9 million from ₱1,731.9 million in previous year, which mainly came from the additional loan availments during the year.



Profit Before Income Tax

With higher profit generated in 2023 that outpaced the increase in financing costs, our profit before income tax in 2023 reached an all-time high of ₱12,121.8 million, posting a double-digit growth of 23.0% from ₱9,855.6 million in 2022.

Income Tax Expense

Income tax expense increased by 25.1% or ₱606.7 million, from ₱2,416.3 million in 2022 to ₱3,023.0 million in 2023, directly related to higher profit before income tax. The Company maintained our effective tax rate, which is income tax expense as a percentage of profit before income tax, at 25%, both in 2023 and 2022.

Profit for the Period

Converge ended 2023 with ₱9,098.8 profit, a rise of 22.3% or higher by ₱1,659.5 million over the ₱7,439.3 million profit in 2022.

Remeasurement (Loss) Gain on Retirement Benefit Obligation, Net of Tax

Remeasurement loss on retirement benefit obligation, net of tax, in 2023, amounted to ₱25.1 million, or a decrease of ₱26.5 million from the ₱1.4 million remeasurement gain in 2022, as a result mainly of experience adjustments and changes in economic and financial assumptions used in the actuarial valuations.

Total Comprehensive Income For the Period

Total comprehensive income increased to ₱9,073.7 million in 2023, up by 21.9% or ₱1,633.0 million from ₱7,440.8 million in 2022.

STATEMENT OF FINANCIAL POSITION

	December 31, 2024	December 31, 2023	YoY Change (%)
Balance Sheet Data (in ₱ millions)			
Total Assets	107,054	101,145	5.8
Total Debt ⁽¹⁾	29,515	35,244	(16.3)
Total Stockholders' Equity	54,691	45,246	20.9
Financial Ratios			
Total Debt to EBITDA (gross)	1.22x	1.64x	
Total Debt to EBITDA (net)	0.52x	1.00x	
Debt Service Coverage ⁽²⁾	2.9x	3.6x	
Interest Coverage (gross) ⁽³⁾	12.1x	10.4x	
Debt to Equity (gross) ⁽⁴⁾	0.5x	0.8x	
Debt to Equity (net) ⁽⁵⁾	0.2x	0.5x	

Notes:

(1) Total Debt is the sum of current and noncurrent borrowings

(2) Debt Service Coverage is computed as Parent Company's LTM earnings before interest, taxes, depreciation and amortization / Parent Company's LTM annual debt service requirements due over the same corresponding period which are the interests, principal and lease payments

(3) Interest Coverage (gross) is computed as EBITDA divided by finance costs

(4) Debt to Equity (gross) is computed as total debt divided by total shareholders' equity

(5) Debt to Equity (net) is computed as total debt, net of cash and cash equivalents and short-term cash placements divided by total shareholders' equity

As of December 31, 2024 compared to December 31, 2023

Total Assets

Total assets as of December 31, 2024, stood at ₱107,054.2 million, an increase of 5.8% or ₱5,826.6 million, compared to ₱101,145.0 million as of December 31, 2023.



A significant increase was noted in the following asset accounts:

Cash and cash equivalents decreased by 38.3%, or ₱ 5,240.4 million to ₱8,453.7 million as of end-2024 from ₱13,694.1 million as of end of 2023 as major portion of excess funds are invested in short-term cash placements with higher yielding interest.

Short-term cash placements increased to ₱8,526.9 million as more funds were invested in higher yielding term deposits with maturity dates exceeding three months but less than one year.

Trade and other receivables, net, was higher by 19.6% or ₱676.0 million, to ₱4,132.1 million as of December 31, 2024 from ₱3,456.0 million as of December 31, 2023, mainly attributable to higher level of net trade receivables from subscribers partially offset by decrease in other receivables.

Property, plant and equipment, net reached ₱70,053.2 million as of December 31, 2024, an 3.7% or ₱2,522.7 million increase over the ₱67,530.5 million balance as of December 31, 2023 attributed to the additions of more than one hundred thousand deployed ports, more than 2,500 kilometers of fiber network backbone, installation of CPEs, core equipment, office equipment and furniture, transportation equipment and leasehold improvements, heavy equipment and tools.

Advances to fixed asset suppliers, net of current portion, amounted to ₱3,810.6 million as of end of 2024, reflecting an increase of 5.7% or ₱205.8 million, from ₱3,604.8 million as of end-December 2023, due to additional advances paid to contractors for on-going construction projects.

Deferred income tax assets, net increased by 3.2%, or ₱48.7 million, at ₱1,594.5 million as of December 31, 2024 from ₱1,545.8 million as of December 31, 2023, attributable to the deferred tax assets on leases and provision for employee benefits, partially offset by higher deferred tax liabilities recognized for net unrealized forex gain and deferred contract costs.

The increase in asset accounts discussed above was offset by the following material movements:

Due from related parties, net (combined current and noncurrent) decreased by 27.6% or ₱ 100.2 million, to ₱262.2 million as of December 31, 2024 from ₱362.3 million as of December 31, 2023 primarily due to collections of long outstanding receivables.

Network materials and supplies decreased by 22.9% or ₱464.1 million, to ₱1,560.2 million as of December 31, 2024 from ₱2,024.3 million as of December 31, 2023 because of lower purchases made during the year, accompanied with increased usage in the ongoing network infrastructure build out, as well as additional allowance for inventory obsolescence recognized for non-moving inventories.

Other current assets decreased by 7.0%, or ₱124.4 million, to ₱1,663.2 million as of December 31, 2024 from ₱1,787.5 million as of December 31, 2023 primarily due to the utilization of advances to suppliers applied against outstanding payables.

Right-of-use assets, net decreased by 21.6%, or ₱616.6 million, to ₱2,236.6 million as of December 31, 2024 from ₱2,853.2 million as of December 31, 2023 on account of the amortization during the year and termination of some lease contracts, partly offset by additional leases on network assets and co-located sites, office and warehouse spaces during the year.

Intangible assets, net ended at ₱2,046.3 million as of December 31, 2024, lower by 4.6%, or ₱98.5 million, from ₱2,144.8 million as of additional intangibles.



Investment in associate and joint ventures decreased by 28.0% or ₱197.7 million to ₱508.7 million as at December 31, 2024 from ₱706.4 million as at December 31, 2023 mainly due to the dividends received, partially offset by share in net income recognized during the year.

Total Liabilities

Total liabilities as of December 31, 2024 was at ₱52,363.6 million, a decline of 6.3%, or ₱3,535.7 million, compared to ₱55,899.3 million as of December 31, 2023, with the following significant movements:

Trade and other liabilities (current and non-current) increased by 9.6%, or ₱1,557.9 million, to ₱17,756.9 million as of December 31, 2024 from ₱16,199.0 million as of December 31, 2023, as a result of higher accruals for unbilled pole rentals, repairs and maintenance costs and unpaid employee bonuses.

Borrowings (current and noncurrent) decreased by 16.3% or ₱5,728.8 million, to ₱29,514.8 million as of December 31, 2024 from ₱35,243.6 million as of December 31, 2023 due to principal payments made during the year.

Deferred revenue increased by 29.1%, or ₱162.3 million, to ₱720.3 million as of December 31, 2024 from ₱557.9 million as of December 31, 2023. This increase was driven by additional installation fees from new subscribers, partially offset by the amortization of deferred revenue for active subscribers throughout the year.

Income tax payable increased by 589.1%, or ₱797.0 million, to ₱843.1 million as of December 31, 2024 from ₱135.3 million as of December 31, 2023, due to higher taxable income for the year partially offset by quarterly tax remittance.

Liquidity and Capital Resources

Our principal liquidity requirements have primarily been for, and are projected to continue to be for, (i) capital expenditures to extend and augment our end-to-end fiber network and build digital capabilities through investments in IT platforms, (ii) operating and maintenance costs related to our existing fiber network, (iii) operating expenses for after sales support and administrative overhead to support the rapid expansion of our network and subscriber base and (iv) debt service payments.

Our principal sources of funding for our capital requirements have been (a) capital contributions from our shareholders, (b) cash flow generated from our operations, (c) bank financing, and (d) issuance of retail bonds. We maintain a strong and conservatively levered balance sheet. The Company's net debt position (as measured by total financial debt less cash and cash equivalents and short-term cash placements) is at ₱12,534.1 million as of December 31, 2024 compared to ₱21,549.4 million as of December 31, 2023. We believe that our strong balance sheet and conservative leverage position provide us with significant financial flexibility and sufficient leverage headroom to fund our growth plans.

Looking ahead, we expect to fund our capital requirements through a combination of (a) the available cash and cash equivalents and short-term cash placements on our balance sheet (₱16,980.7 million as of December 31, 2024), (b) further cash to be generated from operations, (c) debt facilities of ₱5,500.0 million available for drawdown as of December 31, 2024, and (d) an available ₱10,000.0 million peso-denominated facility under the debt securities issuance program in 2022.

We believe that our sources of liquidity described above will be sufficient to fund our currently anticipated capital expenditures, working capital requirements, and debt service requirements for at least the next 12 months.

Total Assets

Total assets as of December 31, 2023 stood at ₱101,145.0 million, an increase of 3.1% or ₱3,046.7 million, compared to ₱98,098.3 million as of December 31, 2022.

Significant increase was noted in the following asset accounts:

Cash and cash equivalents increased by 34.1%, or ₱3,480.1 million to ₱13,694.1 million as of end-2023 from ₱10,214.1 million as of end of 2022 due to the net effect of cash flows generated from operations and additional loan availments, offset by the loan and interest payments and expenditures for our network expansion.

Trade and other receivables, net was higher by 3.6% or ₱118.9 million, to ₱3,456.0 million as of December 31, 2023 from ₱3,337.1 million as of December 31, 2022, mainly attributable to other receivables from sale of assets to partners, partially offset by lower level of net trade receivables on account of provision for doubtful accounts recorded for the period.

Property, plant and equipment, net reached ₱67,530.5 million as of December 31, 2023, an 8.0% or ₱4,996.4 million increase over the ₱62,534.0 million balance as of December 31, 2022 attributed to the additions of almost one million deployed ports, more than 20,000 kilometers of fiber network backbone, installation of CPEs, core equipment, office equipment and furniture, transportation equipment and leasehold improvements, heavy equipment and tools.

Investment in associate and joint ventures increased by 54.1% or ₱248.1 million to ₱706.4 million as at December 31, 2023 from ₱458.3 million as at December 31, 2022 ascribed mainly to the Company's share in the net profit of the joint ventures recognized for the current year.

The increase in asset accounts discussed above was offset by the following material movements:

Due from related parties, net (combined current and noncurrent) decreased by 52.7% or ₱404.2 million, to ₱362.3 million as of December 31, 2023 from ₱766.5 million as of December 31, 2022 primarily due to collections of long outstanding receivables.

Network materials and supplies decreased by 53.8% or ₱2,360.8 million, to ₱2,024.3 million as of December 31, 2023 from ₱4,385.1 million as of December 31, 2022 because of lower purchases made during the year, utilization in the ongoing network infrastructure build out, and allowance for inventory obsolescence recognized for HFC-related inventories.

Other current assets decreased by 41.3%, or ₱1,258.6 million, to ₱1,787.5 million as of December 31, 2023 from ₱3,046.1 million as of December 31, 2022 primarily due to the utilization of input VAT upon application against output VAT.

Right-of-use assets, net decreased by 13.4%, or ₱440.4 million, to ₱2,853.2 million as of December 31, 2023 from ₱3,293.6 million as of December 31, 2022 on account mainly of the amortization during the year, partly offset by additional network assets and co-located sites, office and warehouse spaces during the year.

Intangible assets, net ended at ₱2,144.8 million as of December 31, 2023, lower by 10.1%, or ₱239.8 million, from the balance of ₱2,384.6 million as of December 31, 2022 primarily due to amortization during the year, partly offset by purchase of software and licenses.

Advances to fixed asset suppliers, net of current portion, amounted to ₱3,604.8 million as of end of 2023, down by 16.5% or ₱712.5 million, from ₱4,317.3 million as of end-December 2022, as a result of application of advances to existing liabilities.

Deferred income tax assets, net reduced by 13.8%, or ₱246.9 million, at ₱1,545.8 million as of December 31, 2023 from ₱1,792.7 million as of December 31, 2022, due to the decrease in deferred tax pertaining to lower level of allowance for impairment of trade and other receivables from the write-off of some bad debts, coupled with higher deferred tax liabilities recognized for net unrealized forex gain and deferred contract costs.

Total Liabilities

Total liabilities as of December 31, 2023 was at ₱55,899.3 million, a decline of 9.8%, or ₱6,088.2 million, compared to ₱61,987.5 million as of December 31, 2022, with the following significant movements:

Borrowings (current and noncurrent) decreased by 7.8% or ₱2,996.2 million, to ₱35,243.6 million as of December 31, 2023 from ₱38,239.8 million as of December 31, 2022 due to principal payments on existing loans partially offset by the additional drawdown of ₱500.0 million from our loan facility during the year.

Deferred revenue (current and noncurrent) decreased by 35.4%, or ₱306.0 million, to ₱557.9 million as of December 31, 2023 from ₱863.9 million as of December 31, 2022 due to amortization of deferred revenues for active subscribers during the year.

Trade and other current liabilities decreased by 5.0%, or ₱856.3 million, to ₱16,199.0 million as of December 31, 2023 from ₱17,055.4 million as of December 31, 2022, on account of the application of long-term advances of suppliers against the existing liabilities, as previously mentioned.

Due to related parties decreased by 62.1% or ₱69.0 million, to ₱42.1 million as of December 31, 2023 from ₱111.1 million as of December 31, 2022, attributed to the payments made to related parties.

CASH FLOWS

The following discussion of our cash flows for the years ended December 31, 2024 and 2023 should be read in conjunction with the statements of cash flows included in the audited financial statements.

	For the years ended December 31			
	2024	2023	YoY change	YoY change %
In PHP millions				
Cash flow from operating activities				
Profit before income tax	14,289	12,122	2,167	18%
Adjustments for operating income	12,279	12,490	(211)	-2%
Adjustments for assets and liabilities	(3,188)	(3,765)	(577)	-15%
Cash from operations	23,379	20,847	2,532	12%
Interest received and income taxes paid	(2,344)	(3,218)	(874)	-27%
Net cash from operating activities	21,035	17,629	3,406	19%
Cash flow from investing activities				
Acquisition of property, plant, and equipment	(8,540)	(8,595)	(55)	-1%
Short-term cash placements	(8,311)	-	(8,311)	N/M
Others	(285)	(208)	(77)	37%

For the years ended December 31				
	2024	2023	YoY change	YoY change %
In PHP millions				
Net cash (used in) investing activities	(17,135)	(8,803)	(8,332)	95%
Cash flow from financing activities				
Proceeds from borrowings	-	500	(500)	100%
Payment of borrowings	(5,757)	(3,523)	2,234	63%
Dividends paid	(1,308)	-	(1,308)	N/M
Others	(2,184)	(2,500)	(316)	-13%
Net cash from/(used in) financing activities	(9,249)	(5,523)	3,732	67%
Net increase/(decrease) in cash and cash equivalents	(5,349)	3,304	(8,653)	262%
Cash and cash equivalents, beginning	13,694	10,214	3,480	34%
Effects of exchange rate changes in cash and cash equivalents	109	177	(68)	-39%
Cash and cash equivalents, ending	8,454	13,695	(5,241)	-38%

Net cash flows from operating activities

Our cash from operations primarily comprises cash payments received from subscribers under the terms of their subscription plans.

Net cash from operating activities was ₱21,035.3 million for the year ended December 31, 2024. Our cash flows generated from operating activities for 2024 are calculated by adjusting our profit before income tax of ₱ 14,288.9 million, by (i) non-cash and other items, primarily comprising ₱7,558.1 million of depreciation and amortization, ₱1,922.1 million in finance costs, ₱1,804.7 million of amortization of deferred contract costs, and ₱1,640.6 million in provision for impairment of trade and other receivables (ii) changes in certain working capital items that positively impacted cash flows from operating activities, in particular decrease in other current and non-current assets of ₱227.5 million, decrease in due from related parties of ₱80.4 million, ₱162.3 million increase in deferred revenue, ₱20.7 million increase in subscribers' deposits, (iii) changes in certain working capital items that negatively impacted cash flows from operating activities, in particular, the ₱2,607.2 million increase in trade and other receivable, a ₱2,394.9 million increase in deferred contract costs, a ₱2,011.5 million decrease in trade and other current liabilities, a ₱13.3 million decrease in due to related parties, and (iv) income taxes paid during the year amounting to ₱2,745.5 million.

Net cash from operating activities was ₱17,628.5 million for the year ended December 31, 2023. Our cash flows generated from operating activities for 2024 are calculated by adjusting our profit before income tax of ₱ 12,121.8 million, by (i) non-cash and other items, primarily comprising ₱6,445.0 million of depreciation and amortization, ₱2,135.1 million of amortization of deferred contract costs, ₱2,078.8 million in finance costs, ₱1,369.1 million in provision for impairment of trade and other receivables, and ₱1,059.1 million in provision for impairment of property, plant and equipment, (ii) changes in certain working capital items that positively impacted cash flows from operating activities, in particular decrease in due from related parties of ₱445.2 million, decrease in other current and noncurrent assets of ₱1,373.7 million, (iii)

changes in certain working capital items that negatively impacted cash flows from operating activities, in particular, the ₱1,049.1 million increase in trade and other receivable, a ₱2,119.8 million increase in deferred contract costs, a ₱1,007.5 million decrease in trade and other current liabilities, a ₱784.8 million increase in subscribers' deposits, a ₱69.0 million decrease in due to related parties, a ₱305.9 million decrease in deferred revenue, and (iv) income taxes paid during the year amounting to ₱3,449.0 million.

Net cash flows used in investing activities

Net cash used in investing activities was ₱17,135.2 million and ₱8,802.8 million for the year ended December 31, 2024 and 2023, respectively. During each period, we made significant investments in capital expenditure to expand our network infrastructure and acquire software. In 2024, we also invested in short-term cash placements amounting to ₱8,526.9 million.

Cash used in acquisitions of property, plant and equipment was ₱8,539.6 million and ₱8,595.4 million for the year ended December 31, 2024 and 2023, respectively. Over that period, we made the following significant investments: (i) additions in outside plant equipment, which primarily consists of passive network equipment related to the construction of our end-to-end fiber network, (ii) additions in inside plant equipment, which primarily consists of active network equipment such as dense wavelength division multiplexing equipment and routers and (iii) additions in other property, plant and equipment, which primarily consists of customer premise equipment, transportation and heavy equipment, leasehold improvements, and general IT related investments to build our digital capabilities and laptop computers and other office IT equipment.

Cash used in acquisitions of intangible assets was ₱775.8 million and ₱259.6 million for the year ended December 31, 2024 and 2023, respectively. Over that period, we made the following significant investments: (i) additions in software and licenses, (ii) additions in intangible assets relating to customer list acquisitions, and (iii) additional investments in other intangible assets.

Net cash flows used in financing activities

Net cash used in financing activities was ₱9,249.1 million during the year ended December 31, 2024. Cash flows used in financing activities primarily consisted of ₱5,757.0 million of repayments of borrowings, ₱1,308.0 million of dividend payment, ₱1,771.9 million of payments for interests on borrowings, ₱246.8 million of payments on lease liabilities, and ₱165.4 million of payments for interests on lease liabilities.

Net cash used in financing activities was ₱5,522.6 million during the year ended December 31, 2023. Cash flows used in financing activities primarily consisted of ₱3,522.8 million of repayments of borrowings, ₱1,937.5 million of payments for interests on borrowings, ₱385.7 million of payments on lease liabilities, and ₱176.5 million of payments for interests on lease liabilities, which were partially offset by the ₱500.0 million proceeds from loan availments.

Contractual Obligations and Commitments

As of December 31, 2024, we have unused credit lines from local banks amounting to ₱5.5 billion and ₱10.0 billion unissued retail bonds. Refer to Note 10 to our audited consolidated financial statements for further discussions. As of December 31, 2024, we have entered into agreements with various suppliers for the construction, delivery and installation of property and equipment. As of December 31, 2024, the Group has commitments amounting to ₱12.9 billion (2023 - ₱12.8 billion). See Note 9 to our audited consolidated financial statements for further discussions.

The following table summarizes our contractual obligations as of December 31, 2024:

	Within 12 Months	More than 12 months	Total
	(in ₱ millions)		
Trade and other liabilities	13,437	3,244	16,681
Subscribers' deposits	1,344	17	1,361
Due to related parties	29	-	29
Borrowings	5,572	23,942	29,514
Lease liabilities, gross of discount	544	2,197	2,741
Future interest payable	1,413	1,693	3,106
	22,339	31,093	53,432

Capital Expenditures

The Company has and is continuing to deploy capital expenditures to extend and augment our proprietary end-to-end fiber network, comprising of domestic backbone, distribution and last-mile networks, and international cable connectivity networks.

The Company categorize our capital expenditures as follows:

- Domestic backbone which connects the three major Philippine islands of Luzon, Visayas and Mindanao in a single continuous loop. The primary Luzon, Visayas, and Mindanao segments were already operational and completed last November 2021, supported by over 20 cable landing stations across the archipelago. The domestic backbone comprises of both outside plant equipment, or passive or not electrically powered network equipment (e.g. fiber), and inside plant equipment, or active or electrically powered network equipment (e.g. routers). We estimate our domestic backbone capital expenditures on a per kilometer basis according to the length of the network that we are planning to develop;
- Distribution network, which connects the domestic backbone with the network access points ("NAPs"), and the ports mounted on the NAPs. We construct poles to support our distribution network, particularly where NAPs are hoisted;
- Customer premise equipment (CPE), which are the modems and routers provided to residential subscribers. The cost for each CPE is depreciated over three years. The annual CPE cost that we incur is directly correlated to the volume of gross residential subscriber additions in a given year;
- International connectivity, which connects our domestic network with key international networks. We actively seek to form partnerships with global carriers in order to secure proprietary access to bandwidth capacity on certain key international network routes. For example, in August 2020, we entered into an agreement with Telstra International Limited for international bandwidth capacity. This bandwidth capacity has been priced at an aggregate unit cost that is meaningfully lower compared to our average contracted leased bandwidth capacity costs historically. This IRU is subject to certain conditions.

In May 2021, Converge secured its participation in the Bifrost Cable System with the signing of definitive agreements with Keppel Telecommunications & Transportation's wholly-owned subsidiary, Keppel Midgard Holdings Pte. Ltd. (KMH). The agreement aims to grant Converge an IRU for one fiber pair on the main trunk of Bifrost Cable System, which directly connects Singapore to the west coast of North America. KMH and Converge will also jointly develop a branch on the Bifrost Cable System that will land in Davao, Philippines, with Converge also being granted an IRU on the entire Davao branch. The additional branch will significantly increase internet speeds and network diversity for businesses and consumers in the Philippines.

In March 2023, Converge announced that it will participate in the South-East Asia Hainan-Hong Kong Express Cable System. This project is intended to address the tremendous growth of the telecommunications traffic between South East Asia and Hong Kong by building and implementing a state of the art fiber-optic submarine cable system connecting Singapore, Thailand, Malaysia, Philippines, Hainan China and Hong Kong SAR.

Going forward, Converge intends to continue to secure proprietary access to international bandwidth capacity through similar agreements with other international carriers, which can provide us with significant cost savings; and

- Other property, plant and equipment and intangible assets, such as IT platforms and equipment.

The table below summarizes the balances and changes in these major capital expenditure items:

	For the years ended December 31			
	2024	2023	YoY Change	YoY Change %
			(in millions)	
Total capital expenditures*	9,498	12,040	(2,542)	(21)
Total cash capital expenditures*	9,315	8,995	320	4
Cash capital expenditures⁽¹⁾ / Revenue	23%	25%		

*Include property, plant and equipment, intangibles and indefeasible right-of-use assets, acquired as of report date

Off-Balance Sheet Arrangements

We did not have any other off-balance sheet arrangements or obligations that were likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF FINANCIAL RISK

The Company is exposed to financial risks in the course of its normal business activities. These financial risks principally involve the possibility of adverse consequences on its results of operations due to factors that are generally beyond its control. The most important types of risk the Company manages are credit risk, market risk and liquidity risk.

The following parameters pertain to various qualitative and quantitative factors that may affect the operations of the Company:

- There are no other known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.
- There are no other known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of obligation.
- There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

- iv. The Company's financial performance depends on various risk factors outlined in our 2024 Annual Report under *Major Risk Factors and Risk Management*. The Company's business may be affected by these risks. Nonetheless, this Company takes steps to augment and manage these risks through various means as indicated in our 2024 Annual Report under *Major Risk Factors and Risk Management*.
- v. There are no other significant elements of income or loss that did not arise from the Company's continuing operations.
- vi. There are no seasonal aspects that may have a material effect on the financial condition or results of operations.

For a detailed discussion, see Note 25 of our consolidated financial statements included in this Report.

LIST OF TOP SHAREHOLDERS

As of March 31, 2025, the stockholders of the Company own 7,266,573,061 or 100% of issued and outstanding common shares.

	Name	No. of Shares	Percentage
1	COMCLARK NETWORK AND TECHNOLOGY CORP.	4,797,417,274*	66.02%
2	PCD NON FILIPINO	1,168,545,853	16.08%
3	PCD FILIPINO	1,299,844,427**	17.89%
4	CAROUSEL HOLDINGS, INC.	317,500	0.00%
5	LAARNI N. ENRIQUEZ	150,000	0.00%
6	DIOSDADO M. PERALTA	120,000	0.00%
7	BERCK Y. CHENG OR ALVIN Y. CHENG OR DIANA Y. CHENG OR CHERYL Y. CHENG	50,000	0.00%
8	HONG, JINZHAN	43,000	0.00%
9	OMRY YADAN	29,000	0.00%
10	WEIXI	15,000	0.00%
11	ARACELI Z. LORAYES	12,000	0.00%
12	MYRA P. VILLANUEVA	10,000	0.00%
13	EDWIN THE GRAJO	5,000	0.00%
14	MYLENE C. ARNIGO	3,000	0.00%
15	MANUEL JORGE L. CRISTOBAL OR LORNA T. CRISTOBAL	2,000	0.00%
16	JOSELITO C. HERRERA	2,000	0.00%
17	GABRIELLE CLAUDIA F. HERRERA	2,000	0.00%
18	MYRNA P. VILLANUEVA	1,000	0.00%
19	MILAGROSA P. VILLANUEVA	1,000	0.00%
20	MARIETTA V. CABREZA	1,000	0.00%
21	JAYBEE C. BARAQUEL	1,000	0.00%
22	JUAN CARLOS V. CABREZA	1,000	0.00%
23	JOSE P. DE JESUS	1	0.00%

	Name	No. of Shares	Percentage
24	AMANDO M. TETANGCO, JR.	1	0.00%
25	ROMAN FELIPE S. REYES	1	0.00%
26	SAURABH AGARWAL	1	0.00%
27	FRANCISCO ED LIM	1	0.00%
28	JOSELITO TANWANGCO BAUTISTA	1	0.00%
29	JOHN RHEY OLLERO ALBAY	1	0.00%
	Total	7,266,573,061	100%

*includes 281,640,597 scripless shares of ComClark Network and Technology Corp

**less 281,640,597 scripless shares of ComClark Network and Technology Corp; includes shares owned by Independent Director Justice Perlas-Bernabe

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

2024	Number of shares	Amount at par
Authorized shares		
Common shares at P0.25 par value per share	16,900,000,000	4,225,000,000
Preferred shares at P0.25 par value per share	3,060,000,000	765,000,000
Preferred B shares at P0.0025 par value per share	4,000,000,000	10,000,000
Total	23,960,000,000	5,000,000,000
Issued and outstanding		
Common shares	7,266,573,061	1,881,573,615
Preferred shares	-	-
Treasury shares	(259,721,400)	(6,498,544,185)
Additional paid-in capital	-	18,746,088,245
Total	7,266,573,061	14,129,117,675

For details of the equity components listed in the table above, please see Note 12 of the attached consolidated financial statements.

Converge was listed on the PSE on October 26, 2020, under the ticker symbol CNVRG at ₱16.80 per share. The quarterly high and low prices are as follows:

Quarter	High (₱)	Low (₱)
4Q2020	16.98	13.20
1Q2021	21.20	14.54
2Q2021	23.45	17.58
3Q2021	40.40	22.25
4Q2021	45.40	27.90
1Q2022	32.20	21.50
2Q2022	31.50	18.24
3Q2022	22.40	12.66
4Q2022	16.78	11.02
1Q2023	19.98	12.80
2Q2023	13.00	10.06
3Q2023	11.18	7.77
4Q2023	10.40	7.63

1Q2024	10.13	8.20
2Q2024	11.42	8.41
3Q2024	17.40	10.68
4Q2024	17.68	15.00

DIVIDENDS

On September 10, 2024, the Board of Directors of Converge approved and adopted the Company's Dividend Policy. This is also in adherence to one of the pillars of the G2/ The Organization for Economic Co-operation and Development (OECD) Principles of Corporate Governance 2023 on the rights and equitable treatment of shareholders.

The Dividend Policy is aimed at maintaining a dividend payment ratio for all outstanding common shares of the Company of approximately 25% to 30% of its net income based on the latest audited financial statements net income, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends as may be determined by management and approved by the Board of Directors.

Unless otherwise required by law, the Board of Directors, has sole discretion to determine the amount, type and date of payment of the dividends to the shareholders, taking into account various factors, including, but not limited to: the level of earnings, cash flow, return on equity and retained earnings, results for and financial condition in a given period in respect of which the dividend is to be paid, expected financial performance, projected levels of capital expenditures and other investment programs, restrictions on payments of dividends that may be imposed on the Company by any current or future financing arrangements and current or prospective debt service requirements, and such other factors as the Board of Directors deems appropriate.

The record date is at least ten (10) trading days from declaration date, and the payment date is no more than thirty (30) days from declaration date or under PSE rules, no more than 18 trading days from record date.

The Board of Directors may, at any time, modify this dividend policy, including the dividend payout.

Following its robust performance in the first half of 2024 and having considered future cash requirements for expansion and growth, Converge also declared a special cash dividend amounting to ₱1.31 billion or ₱0.18 per share to all outstanding common shareholders on record as of September 24, 2024, ahead of its 2025 target dividend declaration announced during its IPO in October 2020.

Additionally, the Board of Directors, at its meeting held last March 17, 2025, approved the declaration of regular cash dividends of ₱0.43 per common share. This will be sourced from unrestricted retained earnings of 2024 Audited Financial Statements.

RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES, INCLUDING RECENT ISSUANCE OF SECURITIES CONSTITUTING AN EXEMPT TRANSACTION

On August 8, 2019, the Company, the Founders, ComClark and Coherent Cloud entered into a share subscription agreement pursuant to which we agreed to issue, and Coherent Cloud agreed to subscribe for the 51,136,363 Preferred Shares for an aggregate consideration of U.S.\$225,000,000. The subscription was completed in two tranches as follows:

Date of issuance	No. of Preferred Shares*	Consideration
August 23, 2019	30,681,818	U.S.\$135,000,000
February 7, 2020	20,454,545	U.S.\$90,000,000

**Number of Shares before the Stock Split and the Conversion.*

Each convertible preferred share confers upon a shareholder: a) the right to vote at any shareholders' meeting or on any resolution of the shareholders; and b) the right to distribution of income on a pari passu basis with all other shareholders based on actual shareholding percentage. Each convertible preferred share shall be convertible into a fully paid ordinary share on a one-to-one basis.

The Company applied for a stock split and was approved by the SEC on September 28, 2020. As a result of the stock split, the above convertible preferred shares were exchanged for 2,045,454,520 newly issued preferred shares, each with a par value of ₱0.25 per share.

On October 8, 2020, Coherent Cloud Investments B.V. exercised its conversion right to convert all 2,045,454,520 issued and outstanding preferred shares held in its name to common shares and the Company has issued 2,045,454,520 common shares to Coherent Cloud on the same date at a conversion ratio of one preferred shares to one common share.

As of December 31, 2024, the Company has no outstanding preferred shares. Please see Note 12 of our consolidated financial statements for a detailed discussion on the movements of our share capital.

MINIMUM PUBLIC OWNERSHIP

Under the PSE Amended Rule on Minimum Public Ownership, listed companies are required, at all times, to maintain a minimum percentage of 20.0%.

R.A. No. 9707 mandates the Company to offer at least 30% of its outstanding capital stock or higher percentage that may hereafter be provided by law in any securities exchange in the operations in compliance with the constitutional provision to encourage public participation in public utilities (the "Converge Public Offering"), which shall occur within five years from the commencement of operations of the Company pursuant to Section 16 of R.A. No. 9707 otherwise, the franchise may be revoked. Nevertheless, under Section 17 of R.A. No. 9707, which provide that "any advantage, favor, privilege, exemption or immunity granted under existing franchises for telecommunications system, or which may hereafter be granted, shall ipso facto become part of this franchise and shall be accorded immediately and unconditionally to the herein grantee", the applicable period for the Converge Public Offering is in fact ten years from the commencement of operations of the Company. Considering that at least two legislative franchises granted in June 1998 under Republic Act No. 8645 for Mindoro Telecommunications Corporation and Republic Act No. 8678 for Sear Telecommunications Inc. provide that the public offering requirement of least 30% of their outstanding capital stock or higher percentage be undertaken within 10 years from commencement of operations, the period for the Converge Public Offering should likewise be deemed automatically extended from five years to ten years. On June 18, 2020, in reply to the letter from the Company requesting clarification on this matter, the NTC confirmed that the applicable period for the Converge Public Offering is 10 years from commencement of the Company's operations in 2012. Since May 2022, the Company has reached 30.9% public float. Please see *Item on Security Ownership of Certain Beneficial Owners, Directors, and Executive Officers* for more details.



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Tungk Line No: 02-5322-7696 Email info@www.sec.gov.ph imessage@sec.gov.ph



ANNEX "D"

The following document has been received:

Receiving: ICTD ERMD

Receipt Date and Time: March 26, 2025 10:47:45 PM

Company Information

SEC Registration No.: CS200716094

Company Name: CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC.

Industry Classification: I64201

Company Type: Stock Corporation

Document Information

Document ID: OST10326202583127624

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2024

Submission Type: Consolidated, Parent, Annual

Remarks: None

Acceptance of this document is subject to review of forms and contents

SEC Registration Number

COMPANY NAME

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

Form Type

Department requiring the report

Secondary License Type, if Applicable

COMPANY INFORMATION

Company's Email Address

Coverge.sec@convergeict.com

Company's Telephone Number/s

N/A

Mobile Number

09175774586

No. of Stockholders

Twenty-Nine (29)

Annual Meeting (Month/Day)

**Last Friday of May of each
Year**

Fiscal Year (Month/Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

Christine Renee R. Blabagno

Email Address

crrblabagno@convergeict.com

Telephone Number/s

N/A

Mobile Number

09178186955

CONTACT PERSON'S ADDRESS

Reliance IT Center Bldg., Annex 1, No. 99, E. Rodriguez Jr. Ave., Brgy. Ugong, Pasig City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

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

The management of **CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC. AND SUBSIDIARIES** (the "Group") 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 years ended December 31, 2024, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

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

JOSE P. DE JESUS Chairman of the Board	
DENNIS ANTHONY H. UY Chief Executive Officer	ROBERT LEO A. YU Chief Finance Officer

Signed this 17th day of March 2025

SUBSCRIBED AND SWORN to before me this MAR 19 2025 at QUEZON CITY, by 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
Jose P. De Jesus			
Dennis Anthony H. Uy			
Robert Leo A. Yu			

Doc No. 356
Page No. 13
Book No. 61
Series of 2025.

NOTARY PUBLIC
Concepcion Villareña
ATTY. CONCEPCION VILLAREÑA
Notary Public for Quezon City
Until December 31, 2025
PTR No. 8929824 / January 2, 2025 Q.C.
IBP No. 461667 / October 29, 2024 Q.C.
Roll No. 30457 / 05-09-1980
MCLE VII-0006904 / 09-21-2021
ADM. MATTER No. NP-021 (2024-2025)
TIN No. 131-942-754



Independent Auditor's Report

To the Board of Directors and Shareholders of
Converge Information and Communications Technology Solutions, Inc.
New Street Bldg., Mc Arthur Highway,
Balibago, Angeles City, Pampanga

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Converge Information and Communications Technology Solutions, Inc. (the "Parent Company") 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 policy information and other explanatory information.

Basis for Opinion

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

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

Independence

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

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, www.pwc.com/ph

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.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Converge Information and Communications Technology Solutions, Inc.
Page 2

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

Key Audit Matters

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.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Converge Information and Communications Technology Solutions, Inc.
Page 3

Key audit matter	How the matter was addressed in our audit
Revenue recognition Refer to Note 14 and accounting policies in Note 26.15.1 to the consolidated financial statements. The Group recognized revenues amounting to P40,610 million for the year ended December 31, 2024. The Group's revenues comprises income from fixed broadband services. Revenue recognition has been identified as a key audit matter primarily due to the large volume of data and transactions processed through various complex systems.	Our audit procedures to address relevant assertions over revenue recognition included the following: • We obtained an understanding of the revenue recognition policy in accordance with PFRS 15, <i>Revenue from contracts with customers</i>, and the related business processes, including an understanding of the related Information Technology (IT) environment and relevant IT systems. • With the assistance of our IT specialists, we evaluated the design and tested the operating effectiveness of the IT general controls over the relevant IT systems, as well as the related automated and manual controls surrounding revenue recognition. In particular, we tested controls from account activation to termination, provisioning, billing and revenue recording. • We tested the reliability of key system-generated reports and reconciliations of revenues recognized in the business support systems to the general ledger. • We performed substantive audit procedures over revenues, which include independent recalculation of earned and unearned revenues and inspection of subscriber agreements, billings and official receipts on a sampling basis. • We evaluated journal entries posted to revenue accounts, on a specific risk-based sample basis, and compared the details of these journal entries with relevant underlying documentation.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Converge Information and Communications Technology Solutions, Inc.
Page 4

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, 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.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Converge Information and Communications Technology Solutions, Inc.
Page 5

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 ability of the Group 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.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Converge Information and Communications Technology Solutions, Inc.
Page 6

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 Nelson Charsegun L. Aquino.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to be "NCA", written over a horizontal line.

Nelson Charsegun L. Aquino

Partner

CPA Cert. No. 0102077

P.T.R. No. 0011078, issued on January 03, 2025, Makati City

TIN 211-507-088

BIR A.N. 08-000745-127-2024, issued on October 30, 2024; effective until October 29 2027

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City

March 17, 2025





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

To the Board of Directors and Shareholders of
Converge Information and Communications Technology Solutions, Inc.
New Street Bldg., Mc Arthur Highway,
Balibago, Angeles City, Pampanga

We have audited the accompanying consolidated financial statements of Converge Information and Communications Technology Solutions, Inc. (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2024 and 2023 for each of the three years in the period ended December 31, 2024, on which we have rendered the attached report dated March 17, 2025. The supplementary information shown in the *Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration, Conglomerate Map and Schedules A, B, C, D, E, F and G*, as additional components required by the Revised Rule 68 of the SRC, 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 are the responsibility of the Group's management and have been subjected to auditing procedures applied in the audits of the basic consolidated financial statements. In our opinion, the supplementary information have been prepared in accordance with the Revised Rule 68 of the SRC.

Isla Lipana & Co.

Nelson Charsegun L. Aquino

Partner

CPA Cert. No. 0102077

P.T.R. No. 0011078, issued on January 03, 2025, Makati City

TIN 211-507-088

BIR A.N. 08-000745-127-2024, issued on October 30, 2024; effective until October 29 2027

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City

March 17, 2025

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, www.pwc.com/ph

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.



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

To the Board of Directors and Shareholders of
Converge Information and Communications Technology Solutions, Inc.
New Street Bldg., Mc Arthur Highway,
Balibago, Angeles City, Pampanga

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Converge Information and Communications Technology Solutions, 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 March 17, 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 Philippine Financial Reporting Standards (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.

Nelson Charsegun L. Aquino
Partner

CPA Cert. No. 0102077

P.T.R. No. 0011078, issued on January 03, 2025, Makati City

TIN 211-507-088

BIR A.N. 08-000745-127-2024, issued on October 30, 2024; effective until October 29 2027

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 17, 2025

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, www.pwc.com/ph

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.

Converge Information and Communications Technology Solutions, Inc. and Subsidiaries

Consolidated Statements of Financial Position
As at December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	2	8,453,706,396	13,694,146,438
Short-term cash placements	2	8,526,947,283	-
Trade and other receivables, net, current portion	3	4,132,065,391	3,456,033,681
Due from related parties, current portion	20	116,340,616	208,826,337
Network materials and supplies, net	4	1,560,243,852	2,024,306,899
Deferred contract costs, current portion	14	1,395,108,280	984,137,068
Other current assets	5	1,663,154,657	1,787,508,625
Total current assets		25,847,566,475	22,154,959,048
Non-current assets			
Property, plant and equipment, net	6	70,053,186,580	67,530,453,203
Right-of-use assets, net	21	2,236,584,279	2,853,200,305
Intangible assets, net	7	2,046,345,655	2,144,828,845
Advances to fixed asset suppliers	5	3,810,638,674	3,604,811,224
Due from related parties, net of current portion	20	145,826,760	153,511,427
Deferred contract costs, net of current portion	14	450,328,577	271,013,411
Deferred income tax assets, net	19	1,594,514,382	1,545,774,996
Other receivables, net of current portion	3	258,074,786	-
Financial asset at fair value through profit or loss (FVTPL)	20	54,142,902	53,404,739
Investment in associate and joint ventures	8	508,721,605	706,388,781
Other non-current assets	5	48,263,360	126,679,587
Total non-current assets		81,206,627,560	78,990,066,518
Total assets		107,054,194,035	101,145,025,566
Liabilities and Equity			
Current liabilities			
Trade payables and other liabilities, current portion	9	14,512,799,004	16,199,040,539
Due to related parties	20	28,797,542	42,054,912
Subscribers' deposits, current portion	14	1,343,855,868	1,265,006,828
Deferred revenue	14	720,266,635	557,939,207
Borrowings, current portion	10	5,572,451,771	5,258,188,019
Lease liabilities, current portion	21	425,909,567	460,388,134
Income tax payable		932,348,645	135,309,283
Total current liabilities		23,536,429,032	23,917,926,922
Non-current liabilities			
Trade payables and other liabilities, net of current portion	9	3,244,129,913	-
Borrowings, net of current portion	10	23,942,362,158	29,985,396,190
Lease liabilities, net of current portion	21	1,606,148,867	1,908,201,413
Retirement benefit obligation, net	11	17,014,914	12,199,590
Subscribers' deposits, net of current portion	14	17,512,639	75,613,115
Total non-current liabilities		28,827,168,491	31,981,410,308
Total liabilities		52,363,597,523	55,899,337,230
Equity			
Attributable to owners of the Parent Company			
Share capital	12	1,881,573,615	1,881,573,615
Additional paid-in capital	12	18,746,088,245	18,746,088,245
Treasury shares	12	(6,498,544,185)	(6,498,544,185)
Retained earnings	13		
Unappropriated		16,338,022,848	16,833,317,171
Appropriated		24,000,000,000	14,000,000,000
Other equity reserves	13	223,143,489	282,940,990
		54,690,284,012	45,245,375,836
Non-controlling interest		312,500	312,500
Total equity		54,690,596,512	45,245,688,336
Total liabilities and equity		107,054,194,035	101,145,025,566

(The notes on pages 1 to 63 are an integral part of these consolidated financial statements)

Converge Information and Communications Technology Solutions, Inc. and Subsidiaries

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2024
(All amounts in Philippine Peso)

	Notes	2024	2023	2022
Revenues	14	40,610,137,819	35,359,344,078	33,695,628,358
Cost of services	15	(14,384,095,727)	(12,710,404,401)	(13,437,644,340)
Gross profit		26,226,042,092	22,648,939,677	20,257,984,018
General and administrative expenses	16	(9,216,823,354)	(6,946,911,067)	(6,601,012,294)
Provision for impairment of trade and other receivables	3	(1,640,649,568)	(1,369,116,943)	(1,660,327,091)
Equity in net income of associate and joint ventures	8	123,826,242	248,085,479	50,969,004
Unrealized fair value gain (loss) on financial asset at FVTPL	25.1	1,762,418	3,601,853	(6,404,519)
Other income (expense), net	17	716,877,343	(383,957,822)	(453,665,249)
Profit from operations		16,211,035,173	14,200,641,177	11,587,543,869
Finance costs	18	(1,922,105,185)	(2,078,827,899)	(1,731,899,699)
Profit before income tax		14,288,929,988	12,121,813,278	9,855,644,170
Income tax expense	19	(3,476,241,160)	(3,022,979,047)	(2,416,309,394)
Profit for the year		10,812,688,828	9,098,834,231	7,439,334,776
Other comprehensive (loss) income				
<i>Item that will not be reclassified to profit or loss</i>				
Remeasurement (loss) gain on retirement benefit obligation, net of tax	11	(14,839,775)	(25,095,288)	1,449,803
Total comprehensive income for the year		10,797,849,053	9,073,738,943	7,440,784,579
Profit attributable to:				
Owners of the Parent Company		10,812,688,828	9,096,805,168	7,439,334,776
Non-controlling interest		-	2,029,063	-
		10,812,688,828	9,098,834,231	7,439,334,776
Total comprehensive income attributable to:				
Owners of the Parent Company		10,797,849,053	9,071,709,880	7,440,784,579
Non-controlling interest		-	2,029,063	-
		10,797,849,053	9,073,738,943	7,440,784,579
Earnings per share	22			
Basic		1.49	1.25	1.01
Diluted		1.49	1.25	1.01

(The notes on pages 1 to 63 are an integral part of these consolidated financial statements)

Converge Information and Communications Technology Solutions, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2024
(All amounts in Philippine Peso)

	Share capital (Note 12)	Additional paid-in capital (Note 12)	Treasury shares (Note 12)	Retained earnings (Note 13)		Other equity reserves (Note 13)	Non- controlling interest	Total
				Unappropriated	Appropriated			
Balances at January 1, 2022	1,881,573,615	18,746,088,245	-	14,297,177,227	-	185,807,413	312,500	35,110,959,000
Comprehensive income								
Profit for the year	-	-	-	7,439,334,776	-	-	-	7,439,334,776
Other comprehensive income for the year	-	-	-	-	-	1,449,803	-	1,449,803
Total comprehensive income for the year	-	-	-	7,439,334,776	-	1,449,803	-	7,440,784,579
Share-based compensation	-	-	-	-	-	57,619,825	-	57,619,825
Transaction with owners								
Acquisition of treasury shares (Note 12)	-	-	(6,498,544,185)	-	-	-	-	(6,498,544,185)
Balances at December 31, 2022	1,881,573,615	18,746,088,245	(6,498,544,185)	21,736,512,003	-	244,877,041	312,500	36,110,819,219
Comprehensive income								
Profit for the year	-	-	-	9,096,805,168	-	-	2,029,063	9,098,834,231
Other comprehensive loss for the year	-	-	-	-	-	(25,095,288)	-	(25,095,288)
Total comprehensive income for the year	-	-	-	9,096,805,168	-	(25,095,288)	2,029,063	9,073,738,943
Share-based compensation	-	-	-	-	-	63,159,237	-	63,159,237
Appropriation of retained earnings (Note 13)	-	-	-	(14,000,000,000)	14,000,000,000	-	-	-
Transaction with owners								
Declaration of dividends by Pentagon	-	-	-	-	-	-	(2,029,063)	(2,029,063)
Balances at December 31, 2023	1,881,573,615	18,746,088,245	(6,498,544,185)	16,833,317,171	14,000,000,000	282,940,990	312,500	45,245,688,336

Converge Information and Communications Technology Solutions, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity *(continued)*
For each of the three years in the period ended December 31, 2024
(All amounts in Philippine Peso)

	Share capital (Note 12)	Additional paid-in capital (Note 12)	Treasury shares (Note 12)	Retained earnings (Note 13)		Other equity reserves (Note 13)	Non- controlling interest	Total
				Unappropriated	Appropriated			
Balances at January 1, 2024	1,881,573,615	18,746,088,245	(6,498,544,185)	16,833,317,171	14,000,000,000	282,940,990	312,500	45,245,688,336
Comprehensive income								
Profit for the year	-	-	-	10,812,688,828	-	-	-	10,812,688,828
Other comprehensive loss for the year	-	-	-	-	-	(14,839,775)	-	(14,839,775)
Total comprehensive income for the year	-	-	-	10,812,688,828	-	(14,839,775)	-	10,797,849,053
Share-based compensation	-	-	-	-	-	(44,957,726)	-	(44,957,726)
Appropriation of retained earnings (Note 13)	-	-	-	(10,000,000,000)	10,000,000,000	-	-	-
Transaction with owners								
Declaration of dividends (Note 13)	-	-	-	(1,307,983,151)	-	-	-	(1,307,983,151)
Balances at December 31, 2024	1,881,573,615	18,746,088,245	(6,498,544,185)	16,338,022,848	24,000,000,000	223,143,489	312,500	54,690,596,512

(The notes on pages 1 to 63 are integral part of these consolidated financial statements)

Converge Information and Communications Technology Solutions, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2024
(All amounts in Philippine Peso)

	Notes	2024	2023	2022
Cash flows from operating activities				
Profit before income tax		14,288,929,988	12,121,813,278	9,855,644,170
Adjustments for:				
Depreciation and amortization	15,16	7,558,142,372	6,444,987,127	6,557,895,271
Finance costs	18	1,922,105,185	2,078,827,899	1,731,899,699
Amortization of deferred contract costs	14	1,804,660,395	2,135,076,483	2,823,468,773
Provision for impairment of trade and other receivables	3	1,640,649,568	1,369,116,943	1,660,327,091
Provision for inventory obsolescence	17	108,145,748	145,456,521	-
Unrealized fair value (gain) loss on FVTPL	25.1	(1,762,418)	(3,801,853)	6,404,519
Interest income on financial asset at FVTPL	17	(4,096,423)	(4,018,990)	(3,656,500)
Interest income on finance lease receivable	17	(9,611,351)	(9,830,872)	(10,037,460)
Share-based compensation		(44,957,726)	63,159,237	57,619,825
(Gain) loss on disposal of property, plant and equipment and intangible assets	17	(46,545,441)	(52,690,297)	163,598,622
Unrealized foreign exchange gain, net	23	(74,714,176)	(113,507,867)	(238,102,720)
Gain on lease terminations	17	(63,396,444)	-	-
Equity share in net income of associate and joint venture	8	(123,826,242)	(248,085,479)	(50,969,004)
Interest income on cash in banks, cash equivalents and short-term cash placements	17	(386,041,356)	(374,187,513)	(38,986,327)
Provision for impairment of property, plant and equipment	17	-	1,059,096,781	543,586,332
Operating income before changes in assets and liabilities		26,567,681,679	24,611,611,398	23,058,692,291
(Increase) decrease in assets:				
Trade and other receivables		(2,607,151,821)	(1,049,081,611)	(1,961,584,807)
Due from related parties		80,377,623	445,192,965	587,138,375
Network materials and supplies		(634,760,475)	(73,568,648)	(2,276,974,391)
Deferred contract costs		(2,394,946,773)	(2,119,781,044)	(1,553,521,911)
Other current assets and non-current assets		227,548,440	1,373,683,593	560,530,699
Increase (decrease) in liabilities:				
Trade payables and other liabilities		2,011,504,056	(1,007,469,228)	(2,332,836,617)
Subscribers' deposits		20,748,564	(784,834,756)	(207,700,396)
Due to related parties		(13,257,370)	(69,036,082)	(444,221,540)
Retirement benefit obligation		(40,655,491)	(173,797,922)	19,744,167
Deferred revenue		162,327,428	(305,918,895)	(491,108,093)
Cash from operations		23,379,415,860	20,846,999,770	14,958,157,777
Interest received		401,375,434	230,569,075	38,986,327
Income taxes paid		(2,745,463,153)	(3,449,043,847)	(3,391,969,862)
Net cash from operating activities		21,035,328,141	17,628,524,998	11,605,174,242
Cash flows from investing activities				
Acquisitions of property, plant, and equipment	6	(8,539,635,311)	(8,595,436,675)	(18,387,721,961)
Acquisitions of intangible assets	7	(775,838,005)	(259,619,032)	(804,432,401)
Proceeds from disposals of property, plant and equipment	6	169,659,278	52,305,531	43,078,518
Dividend received	8	321,493,418	-	-
Short-term cash placements		(8,310,837,937)	-	-
Acquisitions of right-of-use assets	21	-	-	(243,007,375)
Acquisitions of investment in associate	8	-	-	(5,283,333)
Cash from acquisition of a subsidiary	1.5	-	-	619,345
Net cash used in investing activities		(17,135,156,557)	(8,802,750,176)	(19,396,747,207)
Cash flows from financing activities				
Payments of borrowings	10	(5,757,048,566)	(3,522,840,475)	(2,986,848,218)
Interest paid on borrowings	10	(1,771,891,942)	(1,937,540,541)	(1,525,677,307)
Payments on lease liabilities	21	(246,781,933)	(385,747,545)	(428,798,689)
Interest paid on lease liabilities	21	(165,433,664)	(176,475,867)	(188,146,259)
Dividends paid	13	(1,307,983,151)	-	-
Proceeds from borrowings	10	-	500,000,000	21,500,000,000
Payment of debt issuance costs	10	-	-	(232,472,589)
Acquisition of treasury shares	12	-	-	(6,498,544,185)
Net cash (used in) from financing activities		(9,249,139,256)	(5,522,604,428)	9,639,512,753
Net (decrease) increase in cash and cash equivalents		(5,348,967,672)	3,303,170,394	1,847,939,788
Cash and cash equivalents, beginning		13,694,146,438	10,214,065,832	8,083,906,349
Effects of exchange rate changes in cash and cash equivalents		108,527,630	176,910,212	282,219,695
Cash and cash equivalents, ending	2	8,453,706,396	13,694,146,438	10,214,065,832

(The notes on pages 1 to 63 are an integral part of these consolidated financial statements)

Converge Information and Communications Technology Solutions, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

As at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

1 General information

1.1 Business information

Converge Information and Communications Technology Solutions, Inc. (the "Parent Company") is a domestic corporation registered with the Securities and Exchange Commission (SEC) on October 17, 2007 to construct, install, maintain and operate in the Philippines information and communications system, information and communications technology network and associated equipment and facilities for the purpose of supplying at competitive and reasonable cost and without discrimination of information and communications services within the Philippines to government agencies including all its instrumentalities, to corporations and consumers and all other entities and utilities that might use such information and communications services. The Parent Company is a grantee of a congressional franchise (under Republic Act No. 9707) to construct, install, establish, operate and maintain telecommunications systems throughout the Philippines and between the Philippines and other countries and territories. The term of the franchise is twenty-five (25) years effective until August 2034.

On September 24, 2020 and September 30, 2020, the Philippine SEC and Philippine Stock Exchange (PSE), respectively, approved the Parent Company's application for its initial public offering. The Parent Company attained its status as a "public company" on October 26, 2020 when it listed its shares in the main board of the PSE. As a public company, it is covered by the Securities Regulation Code (SRC) Rule 68.

As at December 31, 2024 and 2023, there has been no follow-on offering after the initial public offering.

As at December 31, 2024 and 2023, the Parent Company is 66.02% owned by Comclark Network and Technology Corp. (Comclark or the "Immediate Parent Company"), a company organized and existing under the laws of the Philippines. Its ultimate parent company is Pentastar Holding Co. Inc. (Pentastar), a company organized and existing under the laws of the Philippines to, among others, purchase or otherwise acquire and own, hold, use, manage, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, without however engaging as an investment company under the Investment Company Act or a finance company or as a dealer in securities or stocks or as real estate broker or a real estate development company but only holds the foregoing assets for purely investment purposes. Pentastar's ultimate beneficial owners are Dennis Anthony H. Uy and Maria Grace Y. Uy.

The total outstanding shares of the Parent Company are held by the following shareholders as at December 31, 2024 and 2023 (Note 13):

Comclark Network and Technology Corp. and Founders	69.09%
Publicly held	30.91%
	100.00%

The Parent Company's registered office address, which is also its principal place of business, is located at New Street Bldg., Mc Arthur Highway, Balibago, Angeles City, Pampanga. The Parent Company has 1,851 employees as at December 31, 2024 (2023 - 1,950).

1.2 Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Parent Company's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of services and the type or class of customers. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Parent Company's most senior executive management assesses the performance and allocates the resources of the Group as a whole, as all of the Group's activities are considered to be primarily the operation of telecommunications systems throughout the Philippines. Therefore, the Parent Company's most senior executive management considers there is only one operating segment under the requirements of Philippine Financial Reporting Standards (PFRS) 8, Operating Segments. In this regard, no segment information is presented.

The Parent Company's most senior executive management uses a measure of revenue and earnings before interest, tax, depreciation and amortization, and amortization of subscriber acquisition costs (EBITDA) to assess the performance of the operating segment. The balances reported to the Parent Company's most senior executive management are consistent with the consolidated financial statements. Total segment assets and liabilities are not measures used by the Parent Company's most senior executive management since total assets and liabilities are managed on a group consolidated basis.

The Group has only one geographical operating segment. The Group derives all its operating revenues in the Philippines. Thus, geographical business information is not presented. The Group does not have a single customer that will meet the 10% reporting criteria.

Revenues

Information about revenues and the type of services from which revenue is generated are disclosed in Note 14.

EBITDA

The following are the segment EBITDA for the years ended December 31:

	Notes	2024	2023	2022
Profit for the year		10,812,688,828	9,098,834,231	7,439,334,776
Adjustments:				
Depreciation and amortization	15,16	7,558,142,372	6,444,987,127	6,557,895,271
Income tax expense	19	3,476,241,160	3,022,979,047	2,416,309,394
Finance costs	18	1,922,105,185	2,078,827,899	1,731,899,699
Amortization of subscriber acquisition costs	14	806,080,714	882,515,805	1,207,489,292
Segment EBITDA		24,575,258,259	21,528,144,109	19,352,928,432
Segment EBITDA margin		61%	61%	57%

1.3 Approval of the consolidated financial statements

The consolidated financial statements of the Group as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 have been approved and authorized for issuance by the Parent Company's Board of Directors (BOD) on March 17, 2025.

1.4 Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries namely, Pentagon Holding Co., Inc. (Pentagon), Converge ICT Solutions (Global) Limited (Converge Global), Converge ICT Singapore Pte. Ltd. (Converge Singapore), Cyan Azurite Properties and Development Corp. (Cyan) and Converge Venture Holdings Company Inc. (Converge Venture). These consolidated financial statements also include Pentagon's subsidiary, Metroworks ICT Construction Inc. (Metroworks) as well as Metroworks' subsidiary, Myriad ICT Services, Inc. (Myriad). Additionally, these consolidated financial statements include Converge Venture's subsidiaries, namely, Rev21 Labs Inc. (Rev21), Pentagon Digital Global Corporation (Pentagon Digital) and Ametrine Properties and Prime Development Corp. (Ametrine). The Parent Company and its subsidiaries are collectively referred to here as the "Group".

The Group's subsidiaries as at December 31 are set out below. Unless otherwise stated, these have share capital consisting solely of ordinary shares that are held directly or indirectly by the Parent Company, and the proportion of ownership interests held equals the voting rights held by the Group.

Subsidiaries	Ownership interest held by the Group			Ownership interest held by non-controlling interest			Notes	Country of incorporation	Corporate information and main activity
	2024	2023	2022	2024	2023	2022			
Pentagon	99%	99%	99%	1%	1%	1%		Philippines	Pentagon was incorporated and registered with the SEC on July 7, 2011. Its primary purpose is to acquire by purchase, otherwise, and to invest, own, use, hold, administer, obtain an interest in, sell, pledge, mortgage, assign, deposit, hypothecate, create trust with respect to real and personal properties of every kind and description including all kinds of shares, stocks, voting trust certificates, bonds, mortgages, debentures, trust receipts, notes and other certificates. Pentagon's registered office address and place of business is at New Street Business Center, Barangay Balibago, Angeles City.
Converge Global	-	100%	100%	-	-	-		Hong Kong	Converge Global was incorporated in Hong Kong on March 3, 2020. Converge Global was organized primarily to provide internet and investor relations services for customers outside the Philippines. Converge Global's registered office address and place of business is at 27/f Alexandra HSE 18 Charter Road Central, Hong Kong. On March 31, 2023, Converge Global ceased its operations and subsequently applied for tax clearance from Hong Kong's Inland Revenue Department on November 13, 2023. On August 30, 2024, Converge Global was deregistered from Hong Kong's Companies Registry and was accordingly dissolved.

(continued)

Subsidiaries	Ownership interest held by the Group			Ownership interest held by non-controlling interest			Notes	Country of incorporation	Corporate information and main activity
	2024	2023	2022	2024	2023	2022			
Converge Singapore	100%	100%	100%	-	-	-		Singapore	Converge Singapore was incorporated in Singapore on August 23, 2021. Converge Singapore was organized primarily to provide telecommunications solutions, including reselling of capacity. Converge Singapore's registered office address and place of business is at 8 Marina Boulevard, #05-02 Marina Bay Financial Centre, Singapore. On January 3, 2023, Converge Singapore was granted the facilities-based operations license to provide telecommunications service in Singapore. As at December 31, 2024, Converge Singapore is operating with the Parent Company as its only customer. Converge Singapore does not meet the definition by the Philippine SEC of a significant subsidiary as at December 31, 2024 and 2023 due to the following: a. The Parent Company's investment in and advances to Converge Singapore amounting to P290,451,300 and P219,479,603, respectively, do not exceed 20% of the consolidated assets as at December 31, 2024 (2023 - P290,451,300 and P220,568,090); and b. Converge Singapore's net income (after intragroup eliminations) amounting to P45,101,987 does not exceed 20% of the total consolidated net income for the year ended December 31, 2024 (2023 - P9,220,341). Converge Singapore's assets and revenues (after intragroup eliminations) as at and for the year ended December 31, 2024 amounted only to P246,224,141 and P69,055,495, respectively, do not exceed 20% of the consolidated assets and revenues (2023 - P369,250,923 and P32,011,372).
Metroworks	99.99%	99.99%	99.99%	.01%	.01%	.01%		Philippines	Metroworks was incorporated and registered with the SEC on June 10, 2013. Metroworks was organized primarily to construct, install, maintain, operate and manage in the Philippines a broadband information and communications system, information communication technology network and associated equipment and outside plant facilities for the purpose of supplying at competitive reasonable cost and without discrimination broadband information and communication facilities, products and services within the Philippines to government agencies including all its instrumentalities, to corporations and consumers and all other entities and utilities that might use broadband information and communications facility and/or other services. Metroworks' registered office address and place of business is at New Street Building, Mc Arthur Highway, Balibago, Angeles City, Pampanga.

(continued)

Subsidiaries	Ownership interest held by the Group			Ownership interest held by non-controlling interest			Notes	Country of Incorporation	Corporate information and main activity
	2024	2023	2022	2024	2023	2022			
Myriad	99.99%	99.99%	99.99%	.01%	.01%	.01%	1.5	Philippines	Myriad was incorporated and registered with the SEC on July 7, 2011 and became primarily engaged in the business of providing consultancy, administrative, technical and managed services beginning 2021. Myriad's registered office address and principal place of business is at #99 E. Rodriguez Jr. Ave., Ugong, Pasig City.
Cyan	100%	100%	-	-	-	-	1.6	Philippines	Cyan was incorporated and registered with the SEC on May 17, 2023 primarily to engage in real estate activities. Cyan's principal office address and place of business is at New Street Building, Mc Arthur Highway, Balibago, Angeles City, Pampanga.
Converge Venture	100%	-	-	-	-	-		Philippines	Converge Venture was incorporated and registered with the SEC on March 13, 2024, primarily to invest in, purchase, or otherwise acquire and own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real property and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities or obligation of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay thereof in money or by exchanging thereof stocks, bonds, and other evidences of indebtedness or securities of this or any other corporation, stocks, bonds, debentures, contracts, or obligations, to receive, collect and dispose of interest, dividends, and income arising from such property, and while the owner or holder thereof, to exercise all the rights, powers and privileges of ownership, including all voting powers of any stock so owned; provided that it shall not act as stock broker or dealer in securities nor solicit, take, accept and/or issue investment contracts from public investors. Converge Venture's principal office address and place of business is at New Street Building, Mc Arthur Highway, Balibago, Angeles City, Pampanga.
Rev21	100%	-	-	-	-	-		Philippines	Rev21 was incorporated and registered with the SEC on October 21, 2024, primarily to engage in the business of information technology products and services, such as but not limited to the research, software development, production, management and operation of software and hardware technology, and other information technology applications, and to do all activities directly or indirectly connected therewith or incident thereto. Rev21's principal office address is at Manibaug Pasig, Porac, Pampanga.

(continued)

Subsidiaries	Ownership interest held by the Group			Ownership interest held by non-controlling interest			Notes	Country of incorporation	Corporate information and main activity
	2024	2023	2022	2024	2023	2022			
Pentagon Digital	100%	-	-	-	-	-		Philippines	Pentagon Digital was incorporated and registered with the SEC on December 2, 2024, primarily to install, maintain, operate plants, lines, instruments, cables, stations, exchanges, apparatus, internet data center and other types of data centers and any and all kinds of equipment or contrivances, for storage, computation, processing, communications and the transmission and reception of data, messages (including, but not limited to, voice, pictures, impressions, or any other means which may hereafter be used for storage, computation, processing, communications and the transmission and reception of data, messages, video, pictures and impressions in their stead, without necessarily acting as a public utility; provided that the corporation shall comply with the provision of Data Privacy Act and shall only engage in activities within the limits allowed by law. Pentagon Digital's principal office address and place of business is at New Street Building, Mc Arthur Highway, Balibago, Angeles City, Pampanga
Ametrine	100%	-	-	-	-	-	1.7	Philippines	Ametrine was incorporated and registered with the SEC on October 27, 2021, primary to acquire by purchase, lease, donation, or otherwise, lands or interest in lands and real property of all kinds, whether in the Philippines or elsewhere; to erect or cause to be erected on any lands, owned, held, occupied, or acquired by the Corporation, buildings and other structures with their appurtenances, including technological parks and buildings with infrastructure space and support facilities; to own, hold, improve, construct, develop, manage, operate, administer or otherwise deal in or dispose of, residential, commercial, industrial, recreational, mixed-used, and other kinds of real properties, for such consideration and in such manner or form, and under such manner or form, and under such terms and conditions as the Corporation may lawfully determine; and to exercise or undertake such other powers and purposes as may be required and necessarily implied from the foregoing purposes. Ametrine's principal office address and place of business is at New Street Building, Mc Arthur Highway, Balibago, Angeles City, Pampanga

1.5 Acquisition of Myriad

In July 2022, Metroworks acquired 99.99% equity interest in Myriad from an entity under common control for a total cash consideration of P312,200. Accordingly, Myriad became a subsidiary of the Group.

The Group has assessed that the acquisition of Myriad qualifies as a 'common control business combination' as the combining entities are collectively controlled by the spouses Dennis Anthony H. Uy and Maria Grace Y. Uy, acting in concert in exercising the voting rights of the Group, both before and after the business combination.

Accordingly, the Group has applied the pooling of interest method in accounting for the acquisition.

The assets and liabilities are brought into the consolidated financial statements at the existing carrying amounts reported in the separate financial statements of Myriad. Cash received from acquisition of Myriad in 2022 amounted to P619,345. The deficit recognized in the consolidated financial statements is the deficit of Myriad immediately before the combination.

1.6 Acquisition of Cyan

On June 22, 2023, the Parent Company acquired 100% equity interest in Cyan from an entity under common control. Accordingly, Cyan became a subsidiary of the Group.

The Group has assessed that the acquisition of Cyan qualifies as a 'common control business combination' as the combining entities are collectively controlled by the spouses Dennis Anthony H. Uy and Maria Grace Y. Uy, acting in concert in exercising the voting rights of the Group, both before and after the business combination.

Accordingly, the Group has applied the pooling of interest method in accounting for the acquisition.

The assets and liabilities are brought into the consolidated financial statements at the existing carrying amounts reported in the separate financial statements of Cyan. The deficit recognized in the consolidated financial statements is the deficit of Cyan immediately before the combination.

1.7 Acquisition of Ametrine

On December 12, 2024, Converge Venture acquired 100% equity interest in Ametrine from an entity under common control. Accordingly, Ametrine became a subsidiary of the Group.

The Group has assessed that the acquisition of Ametrine qualifies as a 'common control business combination' as the combining entities are collectively controlled by the spouses Dennis Anthony H. Uy and Maria Grace Y. Uy, acting in concert in exercising the voting rights of the Group, both before and after the business combination.

Accordingly, the Group has applied the pooling of interest method in accounting for the acquisition.

The assets and liabilities are brought into the consolidated financial statements at the existing carrying amounts reported in the separate financial statements of Ametrine. The deficit recognized in the consolidated financial statements is the deficit of Ametrine immediately before the combination.

2 Cash and cash equivalents and short-term cash placements

Cash and cash equivalents as at December 31 consist of:

	2024	2023
Cash in banks	6,049,303,914	6,807,424,343
Cash equivalents	2,394,947,489	6,877,751,288
Cash on hand	9,454,993	8,970,807
	8,453,706,396	13,694,146,438

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments with maturities of three months or less and earn interest at annual rates ranging from 1.75% to 6.20% in 2024 (2023 - 4.30% to 6.10%).

Short-term cash placements presented as part of current assets in the consolidated statement of financial position as at December 31, 2024 amounted to P8,526,947,283 (2023 - nil). These are term deposits with maturity dates exceeding three months but less than one year and earn interest at annual rates ranging from 4% to 5.85% in 2024.

Interest income earned from cash in banks, cash equivalents and short-term cash placements for the year ended December 31, 2024 amounted to P386,041,356 (2023 - P374,187,513; 2022 - P38,986,327) (Note 17).

3 Trade and other receivables, net

Trade and other receivables, net as at December 31 consist of:

	2024	2023
Trade receivables	5,339,282,312	5,062,949,865
Less: Allowance for impairment	(1,965,617,126)	(2,511,644,305)
Trade receivables, net	3,373,665,186	2,551,305,560
Receivables from partners and other parties, current portion	450,394,735	480,767,231
Accrued interest receivable	127,615,322	142,949,400
Advances to employees	56,364,542	27,677,915
Receivable from employees	33,286,129	42,322,319
Others	90,739,477	211,011,256
	4,132,065,391	3,456,033,681

Trade receivables consist of amounts due from residential and enterprise subscribers. These are short-term, unguaranteed, unsecured, non-interest bearing and collectible in cash with usual credit terms of 30 to 90 days.

Receivables from partners and other parties consist mainly of amounts due from the Group's managed service providers for the sale of various assets including transportation equipment, office equipment, and installation materials. These are unsecured, unguaranteed and with some portions bearing interest.

Current portion of receivable from partners and other parties represents amounts collectible within the next twelve months from reporting date.

Non-current portion of receivables from partners and other parties amounting to P258,074,786 as at December 31, 2024 (2023 - nil), presented within non-current assets in the consolidated statement of financial position, represent receivables from partners and other parties expected to be collected beyond twelve months from reporting date.

Accrued interest receivable represents accrued interest on cash equivalents and short-term money market placements.

Advances to employees pertain to advances for use in operations which are subject to liquidation within 30 to 60 days.

Receivables from employees represent advances and loans granted to employees which are subject to salary deductions within the next 12 months.

Other receivables consist of interest receivable on financial asset at FVTPL and other short-term refundable deposits.

The movements in allowance for impairment of trade and other receivables for the years ended December 31 are as follows:

	2024	2023
Beginning of the year	2,511,644,305	3,553,319,991
Provision for impairment	1,640,649,568	1,369,116,943
Write-off	(2,186,676,747)	(2,410,792,629)
End of the year	1,965,617,126	2,511,644,305

Provision for impairment of receivables recognized in profit or loss for the year ended December 31, 2024 amounted to P1,640,649,568 (2023 - P1,369,116,943; 2022 - P1,660,327,091).

Trade receivables written-off for the years ended December 31, 2024 and 2023 represent accounts deemed not recoverable by management after all collection efforts have been exhausted.

No allowance for impairment on other receivables was recognized as these are determined to be fully collectible as at December 31, 2024 and 2023.

Critical accounting estimates and assumptions and judgment: Recoverability of trade and other receivables and due from related parties

Allowances for impairment of trade and other receivables and due from related parties (Note 20) are calculated using expected credit losses (ECL). ECL are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the receivables and due from related parties and incorporated forward-looking information, which involved significant estimates and judgements.

Any change in the Group's assessment of the collectability of trade and other receivables and amounts due from related parties could impact the recorded carrying amounts of trade and other receivables, due from related parties and related allowance for impairment.

4 Network materials and supplies, net

Network materials and supplies, net as at December 31 consist of:

	2024	2023
Installation materials	1,241,870,596	1,635,689,233
Cable wires	601,741,137	563,839,799
	1,843,611,733	2,199,529,032
Less: Allowance for obsolescence	(283,367,881)	(175,222,133)
Network materials and supplies, net	1,560,243,852	2,024,306,899

The cost of network materials and supplies capitalized as part of property, plant and equipment and recognized in profit or loss within cost of services are as follows:

	Notes	2024	2023	2022
Capitalized as part of property, plant and equipment	6	990,677,774	2,288,947,166	1,376,718,444
Cost of services	15	273,677,514	187,635,814	1,172,410,485

No network materials and supplies are pledged as collateral for the Group's liabilities as at December 31, 2024 and 2023.

The movements in allowance for networks materials and supplies obsolescence for the years ended December 31 are as follows:

	Note	2024	2023
Beginning of the year		175,222,133	29,765,612
Provision for obsolescence	17	108,145,748	145,456,521
End of the year		283,367,881	175,222,133

Critical accounting judgment: Recoverability of network materials and supplies

Allowance for network materials and supplies obsolescence is maintained at a level considered adequate to provide for potential losses. The level of provision is based on past experience and other factors affecting the recoverability and obsolescence of network materials and supplies.

An evaluation of network materials and supplies, designed to identify potential charges to the provision, is performed on a continuous basis throughout the period.

Management uses judgment based on the best available facts and circumstances, including but not limited to nature of network materials and supplies and technology trends which would affect the network materials and supplies' future recoverability and utilization. The amount and timing of recorded expenses for any period would therefore differ based on the judgments made. A change in provision for network materials and supplies obsolescence would impact the Group's recorded expenses and current assets.

5 Other current and non-current assets

Other current assets as at December 31 consist of:

	2024	2023
Advances to suppliers	1,065,720,868	1,436,247,179
Construction bonds	198,336,529	-
Deferred input value-added tax (VAT)	191,041,723	196,809,883
Prepaid maintenance costs	70,639,546	47,268,662
Rental deposits	51,579,140	-
Prepaid taxes	37,126,803	12,348,558
Prepaid insurance	20,287,057	16,997,286
Input VAT, net	13,803,597	2,320,135
Prepaid rent	13,153,639	19,374,579
Others	1,465,755	56,142,343
	1,663,154,657	1,787,508,625

Other non-current assets as at December 31 consist of:

	2024	2023
Deferred input VAT, net of current portion	43,715,817	116,259,976
Prepaid maintenance costs, net of current portion	-	5,872,069
Others	4,547,543	4,547,542
	48,263,360	126,679,587

Current portion of advances to suppliers represents advances that will be applied as payments for inventory purchases within the next 12 months.

As at December 31, 2024, advances to suppliers related to fixed asset projects amounting to P3,810,638,674 (2023 - P3,604,811,224) are presented as part of non-current assets in the consolidated statement of financial position.

Construction bonds represent payment issued and deposited in favor of the local government in relation to on-going construction projects. The deposit shall be returned to the Group upon submission of required documents and approval by the local government.

Prepaid maintenance costs represent upfront fee paid in relation to a software maintenance and support contract.

Deferred input VAT relates to various purchases of goods and services which cannot be claimed yet as credits against output VAT liabilities, pursuant to existing VAT rules and regulations. Deferred input VAT as at December 31 which can be applied against future output VAT liabilities are as follows:

	2024	2023
Due for credit within 12 months	191,041,723	196,809,883
Due for credit beyond 12 months	43,715,817	116,259,976
	234,757,540	313,069,859

6 Property, plant and equipment, net

Details and movements of property, plant and equipment, net as at and for the years ended December 31 are as follows:

	Land	Outside plant	Inside plant and facilities	Customer premises equipment	Transportation and heavy equipment	Office equipment and furniture	Leasehold improvements	Tools and facility equipment	Assets under construction	Total
At January 1, 2023										
Cost	1,264,717,615	44,342,607,670	14,777,119,033	9,376,204,220	958,407,466	654,669,386	443,762,849	195,973,390	5,042,803,814	77,056,265,443
Accumulated depreciation and impairment	-	(4,234,424,801)	(5,324,565,245)	(4,085,359,231)	(492,168,736)	(258,916,585)	(61,363,188)	(65,451,749)	-	(14,522,249,535)
Net carrying amount	1,264,717,615	40,108,182,869	9,452,553,788	5,290,844,989	466,238,730	395,752,801	382,399,661	130,521,641	5,042,803,814	62,534,015,908
For the year ended December 31, 2023										
Opening net carrying amount	1,264,717,615	40,108,182,869	9,452,553,788	5,290,844,989	466,238,730	395,752,801	382,399,661	130,521,641	5,042,803,814	62,534,015,908
Additions	645,148,491	-	2,032,851,992	835,255,201	238,073,687	74,723,360	163,030,135	-	7,757,111,561	11,746,194,427
Transfers	-	9,736,904,453	-	-	-	-	-	-	(9,736,904,453)	-
Disposals/Write-off	-	-	-	-	-	-	-	-	-	-
Cost	-	(878,048)	(163,772,673)	(1,453,665,523)	(377,792,293)	(34,610,131)	(31,472,180)	(60,161,499)	-	(2,122,352,347)
Accumulated depreciation and impairment	-	725,632	83,332,538	1,447,945,328	198,861,727	23,980,296	8,268,060	36,401,759	-	1,799,515,340
Impairment (Note 17)	-	(625,986,408)	-	(433,110,373)	-	-	-	-	-	(1,059,096,781)
Depreciation	-	(2,107,977,647)	(1,570,826,977)	(1,396,277,302)	(35,035,412)	(155,362,924)	(66,643,388)	(35,699,694)	-	(5,367,823,344)
Closing net carrying amount	1,909,866,106	47,110,970,851	9,834,138,668	4,290,992,320	490,346,439	304,483,402	455,582,288	71,062,207	3,063,010,922	67,530,453,203
At December 31, 2023										
Cost	1,909,866,106	54,078,634,075	16,646,198,352	8,757,793,898	818,688,860	694,782,615	575,320,804	135,811,891	3,063,010,922	86,680,107,523
Accumulated depreciation and impairment	-	(6,967,663,224)	(6,812,059,684)	(4,466,801,578)	(328,342,421)	(390,299,213)	(119,738,516)	(64,749,684)	-	(19,149,654,320)
Net carrying amount	1,909,866,106	47,110,970,851	9,834,138,668	4,290,992,320	490,346,439	304,483,402	455,582,288	71,062,207	3,063,010,922	67,530,453,203
For the year ended December 31, 2024										
Opening net carrying amount	1,909,866,106	47,110,970,851	9,834,138,668	4,290,992,320	490,346,439	304,483,402	455,582,288	71,062,207	3,063,010,922	67,530,453,203
Additions	29,393,393	-	601,566,400	1,555,869,894	179,093,478	29,096,237	481,281,013	88,900,475	5,765,910,380	8,731,111,270
Transfers	-	4,604,544,753	-	-	-	-	-	-	(4,604,544,753)	-
Disposals/write-off	-	-	-	-	-	-	-	-	-	-
Cost	-	(229,335)	(10,127,481)	-	(282,303,081)	(6,407,931)	-	(28,407,487)	-	(327,475,315)
Accumulated depreciation and impairment	-	12,200	9,463,078	-	226,784,366	4,960,719	-	19,407,772	-	260,628,135
Depreciation	-	(2,249,413,657)	(1,737,430,206)	(1,891,898,623)	(33,202,887)	(107,041,949)	(85,983,828)	(36,559,563)	-	(6,141,530,713)
Closing net carrying amount	1,939,259,499	49,465,884,812	8,697,610,459	3,954,963,591	580,718,315	225,090,478	850,879,473	114,403,404	4,224,376,549	70,053,186,580
At December 31, 2024										
Cost	1,939,259,499	58,682,949,493	17,237,637,271	10,313,663,792	715,479,257	717,470,921	1,056,601,817	196,304,879	4,224,376,549	95,063,743,478
Accumulated depreciation and impairment	-	(9,217,064,681)	(8,540,026,812)	(6,358,700,201)	(134,760,942)	(492,380,443)	(205,722,344)	(81,901,475)	-	(25,030,556,898)
Net carrying amount	1,939,259,499	49,465,884,812	8,697,610,459	3,954,963,591	580,718,315	225,090,478	850,879,473	114,403,404	4,224,376,549	70,053,186,580

None of these properties are used as collateral for the Group's liabilities as at December 31, 2024 and 2023.

Assets under construction includes the Group's network equipment, fiber optic cabling projects, and ongoing network upgrades which are reclassified to depreciable outside plant when the assets become available for use, which are normally between six (6) months to three (3) years after the balance sheet date.

As at December 31, 2024, the Group's unpaid property, plant and equipment amounted to P8,702,821,289 (2023 - P9,445,231,789). These are presented within trade payables and accruals for contracted services under trade payables and other liabilities, current portion and within trade payables and other liabilities, net of current portion (Note 9) in the consolidated statement of financial position.

Acquisitions of property, plant and equipment as shown in the consolidated statements of cash flows for the years ended December 31 were determined as follows:

	Notes	2024	2023	2022
Additions to property, plant and equipment		8,731,111,270	11,746,194,427	20,708,631,691
Network materials and supplies capitalized as part of property, plant and equipment	4	(990,677,774)	(2,288,947,166)	(1,376,718,444)
Movements in unpaid portion of property, plant and equipment		742,410,500	(31,349,920)	(564,910,679)
Movements in advances to fixed asset suppliers		205,827,450	(712,503,597)	(65,086)
Capitalized borrowing costs	10	(90,328,485)	(84,421,533)	(165,247,143)
Capitalized costs for self-constructed assets by a subsidiary	6,11,21	(58,707,650)	(33,535,536)	(155,935,400)
Availment of car loans	10	-	-	(58,032,978)
Acquisitions of property, plant and equipment per consolidated statements of cash flows		8,539,635,311	8,595,436,675	18,387,721,961

Self-constructed assets represent outside plant constructed by the Group or under management by the Group's in-house construction management company, Metroworks.

Capitalized borrowing costs are presented as part of financing activities in the consolidated statements of cash flows for each of the three years in the period ended December 31, 2024. The capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the Group's general borrowings during the year ended December 31, 2024 of 5.13% (2023 - 4.85%; 2022 - 4.84%).

Network materials and supplies capitalized as part of property, plant and equipment are considered as non-cash movements for operating and investing activities in the consolidated statements of cash flows for each of the three years in the period ended December 31, 2024.

Depreciation expense for the years ended December 31 are recorded as follows:

	Notes	2024	2023	2022
Cost of services	15	6,002,885,782	5,182,248,795	5,536,906,246
General and administrative expenses	16	138,644,931	185,574,549	176,001,904
Capitalized as part of self-constructed property, plant and equipment		-	-	109,193,019
		6,141,530,713	5,367,823,344	5,822,101,169

During the year ended December 31, 2024, various items of property, plant and equipment with net carrying amount of P66,847,179 (2023 - P322,837,007; 2022 - P149,879,531) were disposed for a total cash consideration of P119,871,500 (2023 - P375,527,304; 2022 - P43,078,518). This resulted in a gain on disposal amounting to P53,024,321 (2023 - P52,690,297 gain; 2022 - P106,801,113 loss) (Note 17). Outstanding receivables from the sale of property and equipment presented within trade and other receivables and due from related parties as at December 31, 2024 amounted to P273,433,994 (2023 - P323,221,772).

Critical accounting estimates and assumptions: Estimated useful lives of property, plant and equipment, intangible assets, and right-of-use assets

The useful lives of each of the Group's property, plant and equipment, intangible assets (Note 7) and right-of-use assets (Note 21) are estimated based on the period over which these assets are expected to be available for use. Such estimation is based on a collective assessment of internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

A change in the estimated useful life of any property, plant and equipment, intangible assets, and right-of-use assets would impact the recorded expenses and carrying amounts of non-current assets.

The movements in allowance for impairment of property, plant and equipment for the years ended December 31 are as follows:

	Note	2024	2023
Beginning of the year		1,059,096,781	543,586,332
Provision for impairment	17	-	1,059,096,781
Write-off		-	(543,586,332)
End of the year		1,059,096,781	1,059,096,781

No provision for impairment was recognized for the year ended December 31, 2024, as the allowance for impairment is considered adequate. The provision for the year ended December 31, 2023 amounting to P1,059,096,781 (2022 - P543,586,332) mainly pertains to the Hybrid Fiber Coaxial (HFC)-related equipment due to its expected technical and commercial obsolescence. As a result of the global technological advancement through the advent of Fiber-powered connectivity, the HFC Cable Network has become a sunset technology with its deployment already halted. The Group has been upgrading the connection of its current HFC-based subscribers to Fiber to the Home (FTTH) Technology to enhance their total subscriber experience. Portion of the provision is also attributable to customer premises equipment deployed to subscribers who have been permanently disconnected from the network. The Group exerts all efforts to recover the deployed equipment from disconnected subscribers in accordance with the terms of their subscription agreements. The net carrying amount was recognized as provision for impairment of property, plant and equipment within other expenses in profit or loss (Note 17).

No property, plant and equipment were written-off for the year ended December 31, 2024. Write-offs for the year ended December 31, 2023 represent customer premises equipment deemed not recoverable by management after all retrieval efforts have been exhausted.

Critical accounting judgment: Recoverability of property, plant and equipment, intangible assets, and right-of use assets

Property, plant and equipment, intangible assets (Note 7) and right-of-use assets (Note 21) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable.

Management believes that the remaining carrying amount of its property, plant and equipment, intangible assets and right-of-use assets are recoverable as at December 31, 2024 and 2023.

7 Intangible assets, net

Intangible assets, net as at December 31 consist of:

	Customer list	Telecommunication franchise	Software and licenses	Trademark	Others	Total
At January 1, 2023						
Cost	739,697,996	50,152,368	2,391,568,013	-	90,000,000	3,271,418,377
Accumulated amortization	(173,221,903)	(22,067,041)	(691,517,231)	-	-	(886,806,175)
Net carrying amount	566,476,093	28,085,327	1,700,050,782	-	90,000,000	2,384,612,202
For the year ended December 31, 2023						
Opening net carrying amount	566,476,093	28,085,327	1,700,050,782	-	90,000,000	2,384,612,202
Additions	-	-	293,820,018	-	-	293,820,018
Amortization	(70,647,996)	(2,006,095)	(460,949,284)	-	-	(533,603,375)
Closing net carrying amount	495,828,097	26,079,232	1,532,921,516	-	90,000,000	2,144,828,845
At December 31, 2023						
Cost	739,697,996	50,152,368	2,685,388,031	-	90,000,000	3,565,238,395
Accumulated amortization	(243,869,899)	(24,073,136)	(1,152,466,515)	-	-	(1,420,409,550)
Net carrying amount	495,828,097	26,079,232	1,532,921,516	-	90,000,000	2,144,828,845
For the year ended December 31, 2024						
Opening net carrying amount	495,828,097	26,079,232	1,532,921,516	-	90,000,000	2,144,828,845
Additions	-	-	678,068,123	89,285,714	-	767,353,837
Retirement						
Cost	(5,720,000)	-	(148,668,184)	-	-	(154,388,184)
Accumulated amortization	-	-	147,909,304	-	-	147,909,304
Amortization	(69,998,122)	(2,006,096)	(768,752,739)	(18,601,190)	-	(859,358,147)
Closing net carrying amount	420,109,975	24,073,136	1,441,478,020	70,684,524	90,000,000	2,046,345,655
At December 31, 2024						
Cost	733,977,996	50,152,368	3,214,787,970	89,285,714	90,000,000	4,178,204,048
Accumulated amortization	(313,868,021)	(26,079,232)	(1,773,309,950)	(18,601,190)	-	(2,131,858,393)
Net carrying amount	420,109,975	24,073,136	1,441,478,020	70,684,524	90,000,000	2,046,345,655

Customer list represents a list of known, identifiable subscribers that contains information about these subscribers, such as name and contact information. Costs of acquiring customer list are capitalized as intangible assets given the expected future cash flows from subscriptions.

Telecommunication franchise represents costs to obtain its franchise to construct, install, establish, operate and maintain telecommunications systems throughout the Philippines, which includes direct lawyers' fees, registration fees, application fees and other direct costs incurred by the Group.

Others relates to a franchise over a local professional basketball team.

As at December 31, 2024, the Group's unpaid software and licenses amounting to P86,097,925 is presented under trade payables as part of current trade payables and other liabilities (2023 - P94,580,093)(Note 9) in the consolidated statement of financial position.

Acquisitions of intangible assets as shown in the consolidated statements of cash flows for the years ended December 31 were determined as follows:

	2024	2023	2022
Additions to intangible assets	767,353,837	293,820,018	849,613,829
Movement in unpaid portion of intangible assets	8,482,168	(34,200,986)	(45,181,428)
Acquisitions of intangible assets per consolidated statements of cash flows	775,836,005	259,619,032	804,432,401

Amortization expense for the years ended December 31 recognized in profit or loss are as follows:

	Notes	2024	2023	2022
Cost of services	15	857,352,051	531,597,279	290,106,529
General and administrative expenses	16	2,006,096	2,006,096	86,741,941
		859,358,147	533,603,375	376,848,470

For the year ended December 31, 2024, the Company recognized loss on retirement of intangible assets amounting to P6,478,880 (2023 - nil; 2022 - 56,797,509) (Note 17).

8 Investment in associate and joint ventures

Investment in associate and joint ventures as at December 31 consist of:

	Nature of operations	Percentage ownership by the Group	No. of shares	Amount	
				2024	2023
Joint venture Telstra Converge Inc. (formerly Digitel Crossing, Inc.) (TCI)	TCI was incorporated in the Philippines and registered with the Philippine SEC on June 28, 2001 primarily to own, maintain, operate and manage or lease commercial telecommunications systems and equipment within and outside the Philippines. TCI's principal place of business is at B2 Robinsons Summit Center, 6738 Ayala Avenue, Salcedo Village, Makati City.	40%	10,000,000	262,570,205	493,745,694
Joint venture Asia Netcom Philippines Corporation (ANPC)	ANPC was incorporated in the Philippines and registered with the Philippine SEC on April 19, 2001 as Philippine Crossing Land Corporation primarily to invest, hold, purchase, acquire, lease, contract and generally engage in any commerce relating to any and all kinds and description of real and personal properties. On March 19, 2003, the corporate name was amended to Asia Netcom Philippines Corporation. ANPC's principal place of business 30/F, Citibank Tower, 8741 Paseo de Roxas, Makati City.	60%	300,000	232,455,863	207,359,754
Associate PBA Properties, Inc. (PBA)	PBA was incorporated in the Philippines and registered with the Philippine SEC on February 14, 2001 to market, license and distribute programs for entities or enter into licensing and sub-licensing agreements. PBA's principal place of business is at 186 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City.	8.33%	3,333,332	13,695,537	5,283,333
				508,721,605	706,388,781

The Group exercises joint control over TCI and ANPC with other venturers.

The Group determined it has significant influence over PBA as it has representation on the governing body of the investee and participates in policy-making processes of the investee.

The investments are accounted using the equity method in the consolidated financial statements.

The movements in investment in associate and joint ventures for the years ended December 31 are as follows:

	TCI	ANPC	PBA	Total
2024				
Beginning of the year	493,745,694	207,359,754	5,283,333	706,388,781
Equity in net income for the year	84,470,411	25,096,109	14,259,722	123,826,242
Dividend received	(315,645,900)	-	(5,847,518)	(321,493,418)
	262,570,205	232,455,863	13,695,537	508,721,605
2023				
Beginning of the year	303,424,347	149,595,622	5,283,333	458,303,302
Equity in net income for the year	190,321,347	57,764,132	-	248,085,479
End of the year	493,745,694	207,359,754	5,283,333	706,388,781

Equity in net income of associate and joint ventures for the year ended December 31, 2024 amounted to P123,826,242 (2023 - P248,085,479; 2022 - P50,969,004).

Dividend income earned and collected during the year ended December 31, 2024 from the investment in associate and joint ventures amounted to P321,493,418 (2023 - nil).

Acquisition of investment in associate presented in the consolidated statement of cash flows for the year ended December 31, 2022 amounting to P5,283,333 relates to the acquisition of investment in PBA.

No summarized financial information are presented as the associate and joint ventures are not considered material to the Group.

9 Trade payables and other liabilities

Trade payables and other liabilities as at December 31, shown under current liabilities, consist of:

	Notes	2024	2023
Trade payables, current portion		8,305,892,860	12,965,662,396
Accruals for:			
Contracted services		1,616,621,994	324,519,248
Pole rental		1,036,402,797	256,425,403
Repairs and maintenance		434,910,358	33,427,183
Commissions and installation costs		366,223,730	172,254,882
Interest payable	10	242,572,286	195,742,418
Payroll and employee benefits		134,486,658	130,291,981
Bandwidth and leased line		67,358,704	369,114,627
Service fees	20	62,229,098	35,980,980
Rent		50,534,108	37,706,654
Others		480,922,135	363,705,463
Deferred output VAT		675,056,766	664,809,444
Provision for employee benefits		638,555,013	95,411,739
Payable to government agencies		401,032,497	553,988,121
		14,512,799,004	16,199,040,539

Trade payables are unguaranteed, unsecured and non-interest bearing. Current portion of trade payables are normally settled within 30 days to 90 days.

Non-current portion of trade payables amounting to P3,244,129,913, presented within non-current liabilities in the consolidated statement of financial position as at December 31, 2024 (2023 - nil), represent payables to subcontractors expected to be settled beyond 12 months from reporting date.

Accruals for contracted services mainly pertain to accruals for unbilled contracted projects completed as at reporting date. Accruals for leases represent accruals for short-term leases. Accruals of service fees and bandwidth include amounts owed to related parties (Note 20). Other accrued expenses mainly pertain to accruals for promotions and advertising, outside services, professional fees and utilities.

Deferred output VAT represents VAT on uncollected billings prior to the effectivity of the Ease of Paying Taxes Act.

Provision for employee benefits pertains to estimated amounts of bonuses and other incentives for employees, the final amount of which, including specific qualified employees will be determined in the following year. The movements in provision for employee benefits for the years ended December 31 are as follows:

	2024	2023
Beginning of the year	95,411,739	199,941,712
Provision (reversal) during the year	697,787,116	(10,219,571)
Payout	(154,643,842)	(94,310,402)
End of the year	638,555,013	95,411,739

Provision for employee benefits recognized in profit or loss as part of personnel costs under cost of services and general and administrative expenses for the year ended December 31, 2024 amounted to P697,787,116 (2023 - P10,219,571 reversal; 2022 - P111,130,603 provision) (Notes 15 and 16).

The carrying amounts of trade payables and other liabilities as at December 31, 2024 and 2023 approximate its fair values as the impact of discounting is not considered significant.

Commitments

The Group has entered into agreements with various suppliers for the construction, delivery and installation of property and equipment. As at December 31, 2024, the Group has commitments amounting to P12,949,813,957 (2023 - P12,829,539,008) related to future capital expenditures.

10 Borrowings

The Group's borrowings as at December 31 consists of the following:

	2024	2023
Term loans	19,587,670,613	25,318,679,340
Fixed-rate bonds	9,927,134,227	9,898,855,941
Car loans	9,089	26,048,928
	29,514,813,929	35,243,584,209

Term loans

	Interest rate		Amount	
	2024	2023	2024	2023
a. Fixed-rate 7-year loan with principal amount of P3 billion issued on December 26, 2019, payable in equal quarterly payments beginning March 23, 2022.	4.92%	4.92%	1,200,000,000	1,800,000,000
b. Fixed-rate 7-year loan with principal amount of P2 billion issued on January 17, 2020, payable in equal quarterly payments beginning March 23, 2022.	5.25%	5.25%	798,442,660	1,196,642,266
c. Variable-rate 7-year loan with principal amount of P2 billion issued on November 27, 2020, payable in equal quarterly payments beginning February 26, 2023. Expected repricing date is on November 27, 2025.	4.75%	4.75%	1,196,805,924	1,594,433,463

(continued)

	Interest rate		Amount	
	2024	2023	2024	2023
d. Variable-rate 7-year loan with principal amount of P5 billion issued on August 6, 2021, payable in equal quarterly payments beginning November 6, 2023. Expected repricing is on August 2026.	3.98%	3.98%	3,738,156,188	4,731,210,064
e. Variable-rate 7-year loan with principal amount of P1.5 billion issued on February 3, 2022, payable in equal quarterly payments beginning May 3, 2024. Expected repricing is on February 2025.	4.20%	4.20%	1,270,470,459	1,493,174,700
f. Variable-rate 7-year loan with principal amount of P6.5 billion issued on May 25, 2022, payable in equal quarterly payments beginning May 3, 2024. Expected repricing is on February 2025.	5.58%	5.58%	5,504,015,564	6,468,545,825
g. Fixed-rate 5-year loan with principal amount of P500 million issued on March 6, 2023, payable in equal quarterly installments beginning June 6, 2025.	7.08%	7.08%	-	497,012,552
h. Fixed-rate 7-year loan with principal amount of P2 billion issued on March 18, 2022, payable in equal quarterly installments beginning June 18, 2024.	6.44%	6.44%	1,693,462,916	1,990,344,480
i. Variable-rate 7-year loan with principal amount of P1.5 billion issued on June 16, 2021, payable in equal quarterly payments beginning September 18, 2023. Expected repricing is on June 2026.	4.50%	4.50%	1,046,717,672	1,344,684,548
j. Variable-rate 7-year loan with principal amount of P2 billion issued on December 10, 2021, payable in equal quarterly payments beginning September 18, 2023.	4.54% - 6.53%	4.36% - 4.54%	1,395,165,579	1,792,168,218
k. Variable-rate 7-year loan with principal amount of P1.5 billion issued on February 8, 2022, payable in equal quarterly payments beginning September 18, 2023.	4.40% - 6.53%	4.23% - 4.40%	1,046,595,098	1,344,299,661
l. Variable-rate 7-year loan with principal amount of P1 billion issued on June 1, 2021, payable in equal quarterly payments beginning September 1, 2023.	4.50% - 6.51%	4.50%	697,838,553	896,498,475
m. Variable-rate 5-year loan with principal amount of P500 million issued on March 7, 2019, payable in equal quarterly payments beginning June 7, 2021.	4.50%	4.50%	-	41,666,667
n. Variable-rate 5-year loan with principal amount of P900 million issued on April 4, 2019, payable in equal quarterly payments beginning June 7, 2021.	4.50%	4.50%	-	75,000,000
o. Variable-rate 5-year loan with principal amount of P200 million issued on June 18, 2019, payable in equal quarterly payments beginning June 7, 2021.	4.50%	4.50%	-	16,666,667
p. Variable-rate 5-year loan with principal amount of P400 million issued on June 15, 2021, payable in equal quarterly payments beginning September 7, 2021.	4.50%	4.50%	-	36,331,754
			19,587,670,613	25,318,679,340

All term loans availed from the banks are unsecured, with no assets pledged as collateral.

As at December 31, 2024 and 2023 the Group has unused credit lines from the local banks totaling P5,500,000,000.

Fixed-rate bonds

On April 8, 2022, the Parent Company issued P10 billion unsecured fixed rate bonds. The amount is due on April 8, 2027, with a fixed interest rate of 5.59%. The net proceeds of the issue were used for capital expenditures and general corporate purposes.

The bonds may be redeemed by the Parent Company in whole, but not in part only, starting two (2) years before maturity date and on the anniversary thereafter at a price equal to 101.00% and 100.50%, respectively, of the principal amount of the bonds and all accrued interest to the date of the redemption.

The foregoing fixed-rate bonds represent the first tranche that forms part of the P20 billion Debt Securities Program of the Parent Company.

The fixed rate bonds as at December 31, 2024 is net of unamortized bond issue cost amounting to P72,865,773 (2023 - P101,144,059).

Car loans

The Group availed multiple vehicle loans payable monthly for two (2) years from the date of availment with interest rates ranging from 8.50% to 9.00%. These vehicles include cars, utility vans and trucks used for day-to-day operations. These loans are secured by the availed vehicles.

The movements of borrowings presented in the consolidated statements of financial position and statements of cash flows as at and for the years ended December 31 are as follows:

	Notes	2024	2023	2022
Beginning of the year		35,243,584,209	38,239,770,485	19,846,232,800
Payments		(5,757,048,566)	(3,522,840,475)	(2,986,848,218)
Amortization of debt issuance costs	18	28,278,286	26,654,199	54,825,514
Proceeds from availments of term loans		-	500,000,000	11,500,000,000
Proceeds from issuance of fixed-rate bonds		-	-	10,000,000,000
Availment of car loans	6	-	-	58,032,978
Debt issuance costs		-	-	(232,472,589)
End of the year		29,514,813,929	35,243,584,209	38,239,770,485

Amortization of debt issuance costs are recognized as part of finance costs in the consolidated statements of total comprehensive income.

The current and non-current portion of the borrowings as at December 31 are as follows:

	2024	2023
Current	5,572,451,771	5,258,188,019
Non-current	23,942,362,158	29,985,396,190
	29,514,813,929	35,243,584,209

The movements in accrued interest payable presented under the current portion of trade payables and other liabilities in the consolidated statements of financial position and statements of cash flows as at for the years ended December 31 are as follows:

	Notes	2024	2023	2022
Beginning of the year		195,742,418	173,163,593	44,665,831
Finance costs recognized in profit or loss	18	1,728,393,325	1,875,697,833	1,488,927,926
Capitalized borrowing costs	6	90,328,485	84,421,533	165,247,143
Payments		(1,771,891,942)	(1,937,540,541)	(1,525,677,307)
End of the year	9	242,572,286	195,742,418	173,163,593

Covenants

The bonds and term-loan agreements provide for certain restrictions and requirements. The more significant covenants are as follows:

- prohibition on the payment of dividends or distribution of any other income or capital to its shareholders at any time, without prior consent of the banks and bondholders, when its financial covenants under the agreement are not complied with;
- prohibition on the payment of any discretionary management bonuses or profit sharing at any time, without prior consent of the banks and bondholders, when any amount due and payable by the Parent Company under the agreement is in arrears;
- prohibition to materially change its ownership structure, control and management whether direct or indirect, without prior consent of the banks and bondholders;
- prohibition to sell, transfer or dispose all or substantially all of its assets outside the ordinary course of business, without prior consent of the banks and bondholders; and
- requirement to maintain a specific level of debt service coverage ratio, debt to equity ratio and debt to EBITDA ratio.

The Group is in full compliance with its covenants as at and for the years ended December 31, 2024 and 2023.

11 Retirement benefit obligation, net

The Group has adopted Conworks Multiemployer Retirement Plan (the "Plan") jointly established by the Parent Company, Metroworks and other affiliates effective September 1, 2021. The Plan is a non-contributory and of the final salary defined benefit type. The Plan provides a retirement benefit equal to 104% of the plan salary for every year of credited service. Benefits are paid in lump sum upon retirement or separation in accordance with the terms of the Plan. As at December 31, 2024 and 2023, the Plan is partially funded.

An independent actuary conducts a periodic actuarial valuation of the defined benefit plan using the projected unit credit method.

The retirement benefit obligation recognized in the consolidated statements of financial position as at December 31 are as follows:

	2024	2023
Defined benefit obligation	215,209,420	162,820,495
Fair value of plan assets	(198,194,506)	(150,620,905)
	17,014,914	12,199,590

The movements in the present value of the defined benefit obligation for the years ended December 31 are as follows:

	2024	2023
Beginning of the year	162,820,495	153,027,875
Current service cost	39,934,434	24,432,728
Interest cost	10,903,479	9,382,175
Settlement loss	21,650,073	39,655,888
Past service cost	14,836,966	4,791,023
Benefits paid	(52,170,312)	(99,541,249)
Remeasurement loss (gain):		
Effect of changes in financial assumptions	(32,141,149)	19,773,230
Experience adjustments	22,321,138	11,298,825
Demographic assumptions	27,054,296	-
End of the year	215,209,420	162,820,495

Settlement loss was recognized for the years ended December 31, 2024 and 2023 due to the significant amount of non-routine benefit payments.

Past service cost recognized for the years ended December 31, 2024 and 2023 represents curtailment due to the significant decrease in the number of employees covered by the Plan.

There was no plan amendment recognized for the years ended December 31, 2024 and 2023.

The movements in the fair value of plan assets for the years ended December 31 are as follows:

	2024	2023
Beginning of the year	150,620,905	-
Contributions	39,402,171	147,174,318
Interest income	10,710,178	5,344,169
Remeasurement (loss) gain:		
Effect of the asset ceiling	(4,576,381)	-
Remeasurement on plan assets	2,037,633	(1,897,582)
End of the year	198,194,506	150,620,905

Plan assets as at December 31 consist of:

	2024		2023	
	Percentage	Amount	Percentage	Amount
Debt instruments - government bonds	90.38%	179,128,195	89.05%	134,127,916
Equity instruments	3.67%	7,273,738	3.41%	5,136,173
Debt instruments - other bonds	2.76%	5,470,168	3.66%	5,512,725
Unit investment trust funds	2.20%	4,360,279	2.62%	3,946,268
Others	0.99%	1,962,126	1.26%	1,897,823
	100.00%	198,194,506	100.00%	150,620,905

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets is invested in Philippine government securities such as treasury notes and bonds, although the retirement fund also invests in listed equity securities and mutual funds.

The Plan is being administered by a trustee-bank which is authorized to invest the fund as it deems proper under the investment policies approved by the Retirement Plan Trustee.

The movements in retirement benefit obligation for the years ended December 31 are as follows:

	2024	2023
Beginning of the year	12,199,590	153,027,875
Retirement benefit expense	76,614,774	72,917,645
Benefits paid	(52,170,312)	(99,541,249)
Contributions	(39,402,171)	(147,174,318)
Remeasurement loss, net	19,773,033	32,969,637
End of the year	17,014,914	12,199,590

The components of retirement benefit expense and remeasurements for the years ended December 31 consists of:

	Note	2024	2023	2022
Current service cost		39,934,434	24,432,728	32,136,271
Settlement loss		21,650,073	39,655,888	8,204,528
Net interest cost		193,301	4,038,006	8,137,184
Past service cost		14,836,966	4,791,023	-
Retirement benefit expense capitalized or recognized in profit or loss		76,614,774	72,917,645	48,477,983
Remeasurement loss (gain) on defined benefit obligation		17,234,285	31,072,055	(1,933,071)
Remeasurement loss on plan assets		2,538,748	1,897,582	-
Remeasurement loss (gain), gross of tax		19,773,033	32,969,637	(1,933,071)
Deferred income tax	19	(4,933,258)	(7,874,349)	483,268
Remeasurement loss (gain), net of tax recognized in other comprehensive income		14,839,775	25,095,288	(1,449,803)

The retirement benefit expense for the years ended December 31 are allocated as follows:

	Notes	2024	2023	2022
Cost of services	15	12,710,790	16,947,684	8,350,975
General and administrative expenses	16	38,206,202	55,969,961	26,560,333
Capitalized as part of self-constructed assets	6	25,697,782	-	13,566,675
		76,614,774	72,917,645	48,477,983

Movements in the reserve for remeasurements of retirement benefit obligation for the years ended December 31 are as follows:

	2024	2023
Beginning of the year	20,318,331	45,413,619
Remeasurement loss, net of tax	(14,839,775)	(25,095,288)
End of the year	5,478,556	20,318,331

The principal actuarial assumptions used as at December 31 are as follows:

	2024	2023
Discount rate	6.09% - 6.14%	6.12% - 6.13%
Salary increase rate	4.00% - 6.00%	8.00%

Discount rate

The discount rate is determined by reference to yields on long-term Philippine treasury bonds and adjusted to reflect the term similar to the estimated term of the benefit obligation as determined by the actuary as at the end of the reporting period as there is no deep market in high quality corporate bonds in the Philippines.

Salary increase rate

Salary increase rate is the expected long-term average rate of salary increase taking into account general inflationary measure plus a factor increase for individual productivity, merit and promotion. The salary increase rate is set by management over the period which benefits are expected to be paid.

Demographic assumptions

Assumptions regarding future mortality and disability are set based on published statistics and experience in the Philippines.

Other key assumptions for retirement benefit obligation are based in part of current market conditions.

Expected maturity analysis of undiscounted retirement benefits as at December 31 are as follows:

	2024	2023
One year to five years	162,205,841	120,770,421
More than five years to ten years	130,332,841	120,461,210
Total expected payments	292,538,682	241,231,631

The weighted average duration of the defined benefit obligation as at December 31, 2024 is 5.3 years to 13.5 years (2023 - 6.4 years to 8.9 years).

The sensitivity of the retirement benefit obligation to changes in the principal actuarial assumptions as at December 31 is as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
2024			
Discount rate	+/- 100 bps	(16,407,099)	19,337,683
Salary increase rate	+/- 100 bps	19,193,770	(16,589,212)
2023			
Discount rate	+/-100 bps	(12,677,800)	14,809,468
Salary increase rate	+/-100 bps	14,388,263	(12,582,135)

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit obligation recognized within the consolidated statements of financial position.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous periods.

12 Share capital, additional paid-in capital and treasury shares

Details of capital as at December 31, 2024 and 2023 are as follows:

	Number of shares	Amount
Authorized shares		
Common shares at P0.25 par value per share	16,900,000,000	4,225,000,000
Preferred shares at P0.25 par value per share	3,060,000,000	765,000,000
Preferred B shares at P0.0025 par value per share	4,000,000,000	10,000,000
Total authorized shares	23,960,000,000	5,000,000,000
Issued common shares	7,526,294,461	1,881,573,615
Treasury shares	(259,721,400)	(6,498,544,185)
Additional paid-in capital (APIC)	-	18,746,088,245
Issued and outstanding common shares	7,266,573,061	14,129,117,675

On June 10, 2020, the Parent Company's BOD and stockholders approved, among others, the following amendments to the Articles of Incorporation:

- a. The authorized capital stock of the Parent Company is P5,000,000,000, divided into: (i) 16,900,000,000 common shares with a par value of P0.25 per share; (ii) 3,060,000,000 preferred shares with a par value of P0.25 per share; and (iii) 4,000,000,000 preferred B shares with a par value of P0.0025 per share;
- b. The preferred shares and preferred B shares of each and any series may or may not be convertible, and may or may not be redeemable, as well as may or may not be entitled to any other participation or share in the retained earnings after dividend payments shall have been made on the preferred shares and preferred B shares; and
- c. The stockholders of the Parent Company shall have no pre-emptive right to subscribe to any issue or disposition of shares of any class of the Parent Company.

The amendments to the Articles of Incorporation was approved by the SEC on September 28, 2020.

Each holder of a common and preferred share is entitled to one vote.

Each preferred B share confers upon a holder thereof: a) the right to vote at any shareholders' meeting or on any resolution of the shareholders other than with respect to matters requiring the vote of a particular class of shares in accordance with applicable law and b) if dividends are declared by the BOD, dividends on the preferred B shares shall be at the fixed rate of 0.01% per annum. Further, holders of the preferred B shares shall: (a) not be entitled to participate in any other or future dividends beyond the dividends specifically payable on the preferred B shares and (b) have no right to convert the preferred B shares to any other preferred shares or common shares of the Parent Company.

Each holder of a common share and preferred share is entitled to a pro rata share in the assets available for distribution to the shareholders in the event of dissolution, liquidation and winding up.

In the event of a return of capital in respect of the Parent Company's winding up or otherwise (whether voluntarily or involuntarily) but not on a redemption or purchase by the Parent Company of any of its share capital, the holders of the preferred B shares at the time outstanding will be entitled to receive, in Philippine Pesos out of the assets of the Parent Company available for distribution to shareholders, together with the holders of any other securities of the Parent Company ranking, as regards repayment of capital, in pari passu with the preferred B shares; and, before any distribution of assets is made to holders of any class of the securities of the Parent Company ranking after the preferred B shares as regards repayment of capital, liquidating distributions in of the preferred B shares plus an amount equal to any dividends declared but unpaid in respect of the previous dividend period. If, upon any return of capital in the winding up of the Parent Company, the amount payable with respect to the preferred B shares and any other securities of the Parent Company ranking as to any such distribution in pari passu with the preferred B shares is not paid in full, the holders of the preferred B shares and of such other securities will share ratably in any such distribution of the assets of the Parent Company in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the preferred B shares will have no right or claim to any of the remaining assets of the Parent Company and will not be entitled to any further participation or return of capital in a winding up.

Treasury shares

On May 23, 2022, the BOD of the Parent Company approved a share buy-back program as part of its objective to increase shareholder value. As part of this buy-back program, on May 24, 2022, the Parent Company has acquired 259,721,400 common shares at P25 per share aggregating to P6,498,544,185, including transaction costs.

The Parent Company's record of registration of its securities follows:

Number of shares registered	7,526,294,461
Issue/offer price	P16.80
Date of approval	September 24, 2020
Number of shareholders as at December 31:	
2024	29
2023	26

13 Retained earnings and other equity reserves

Appropriation retained earnings

On March 15, 2023, the Parent Company's BOD approved the appropriation of retained earnings of P14 billion for capital acquisitions in 2023 and 2024 in relation to the management's plan to continue its nationwide expansion of its network infrastructure.

On March 17, 2024, the Parent Company's BOD approved an additional appropriation of retained earnings of P10 billion for planned capital expenditures in 2024 related to data center, submarine cables and other network expansion activities.

On March 17, 2025, the Parent Company's BOD approved the reversal of appropriated retained earnings of P24 billion. On the same date, the Parent Company's BOD approved an appropriation of retained earnings amounting to P22 billion for planned capital expenditures in 2025 related to submarine cables, network expansion activities and construction of data centers.

Dividends

On September 10, 2024, a special cash dividend amounting to P1,307,983,151 (P0.18 per share) was declared to stockholders on record as of September 24, 2024. The cash dividend was paid on October 10, 2024.

On March 17, 2025, the Parent Company's BOD approved a cash dividend amounting to P3,124,626,416 (P0.43 per share) to stockholders on record as at April 2, 2025 for payout on April 16, 2025.

Other equity reserves

Other equity reserves consist of share-based compensation reserve and reserve for remeasurements of retirement benefit obligation (Note 11).

14 Revenue from contracts with customers

Disaggregation of revenue

Below is the disaggregation of the Group's revenue from contracts with customers recognized over time for the years ended December 31:

	2024	2023	2022
Residential	34,422,460,249	30,282,092,418	29,462,175,052
Enterprise	6,187,677,570	5,077,251,660	4,233,453,306
	40,610,137,819	35,359,344,078	33,695,628,358

Deferred contract costs

Deferred contract costs pertain to incremental costs incurred to obtain and fulfill the contract with subscribers. These are capitalized and subsequently amortized on a straight-line basis over the estimated subscriber relationship period. Details as at December 31 are as follows:

	2024	2023
<i>Costs to obtain contracts with customers:</i>		
Subscribers acquisition costs, net of amortization	895,401,114	488,659,933
<i>Costs to fulfill contracts with customers:</i>		
Installation costs, net of amortization	950,035,743	766,490,546
	1,845,436,857	1,255,150,479

These are presented as deferred contract costs in the consolidated statements of financial position as at December 31 as follows:

	2024	2023
Current	1,395,108,280	984,137,068
Non-current	450,328,577	271,013,411
	1,845,436,857	1,255,150,479

Movements in the deferred contract costs for the years ended December 31 are as follows:

	Note	2024	2023
Beginning of the year		1,255,150,479	1,270,445,918
Amounts capitalized during the year		2,394,946,773	2,119,781,044
Amortization	15		
Subscriber acquisition costs		(806,080,714)	(882,515,805)
Deferred installation costs		(998,579,681)	(1,252,560,678)
End of the year		1,845,436,857	1,255,150,479

Amortization of deferred contract costs recognized as part of cost of services in profit or loss amounted to P1,804,660,395 for the year ended December 31, 2024 (2023 - P2,135,076,483; 2022 - P2,823,468,773) (Note 15).

Critical accounting estimates, assumptions and judgment: Estimated amortization period of deferred contract costs

The Group's deferred contract costs are amortized over the period during which the future economic benefits are expected to be obtained. This is estimated based on a collective assessment of practices of similar business and historical subscriber relationship period. The carrying value of deferred contract costs at reporting date and the amount and timing of recorded amortization expense for any period could be materially affected by changes in estimates brought about by changes in the factors mentioned above.

As at December 31, 2024 and 2023, management has assessed that the estimated useful lives of deferred contract costs is two (2) years.

Contract liabilities

Contract liabilities, recorded as deferred revenues under current liabilities in the consolidated statement of financial position, amounting to P720,266,635 under current liabilities as at December 31, 2024 (2023 - P557,939,207) represent outright payments of installation service fees which are recognized as revenue on a straight-line basis over the term of the subscription contract, monthly recurring subscription fees received but not yet earned and unused load subscriptions.

The following table shows the rollforward analysis of contract liabilities for the years ended December 31:

	2024	2023
Beginning of the year	557,939,207	863,858,102
Additions during the year	2,633,526,976	1,864,933,898
Recognized as revenue	(2,471,199,548)	(2,170,852,793)
End of the year	720,266,635	557,939,207

Revenue from amortization of contract liabilities recognized in profit or loss for the year ended December 31, 2024 amounted to P2,910,844,429 (2023 - P2,017,135,178; 2022 - P1,206,314,205).

Subscribers' deposits

Subscribers' deposits pertain to cash bonds paid by the subscribers as deposits to cover for any loss or damage to certain network assets (e.g. customer premises equipment) and other accessories installed in their premises, as well as to cover anticipated losses on default payments (Note 25.2.1). These are presented in the consolidated statements of financial position as at December 31 as follows:

	2024	2023
Current	1,343,855,868	1,265,006,828
Non-current	17,512,639	75,613,115
	1,361,368,507	1,340,619,943

15 Cost of services

The components of cost of services for the years ended December 31 are as follows:

	Notes	2024	2023	2022
Depreciation and amortization	6,7,21	7,074,091,061	6,014,904,434	6,063,250,604
Repairs and maintenance		1,867,247,314	1,585,159,642	1,004,297,623
Amortization of deferred contract costs	14	1,804,660,395	2,135,076,483	2,823,468,773
Rent	21	1,513,461,181	797,199,178	457,036,510
Personnel costs		536,650,681	358,253,128	325,961,169
Bandwidth and leased line costs		515,044,564	672,008,168	828,803,893
Utilities		466,536,435	451,338,645	239,648,942
Network materials and supplies used	4	273,677,514	187,635,814	1,172,410,485
Service fees		251,907,325	443,984,775	493,310,406
Retirement benefit expense	11	12,710,790	16,947,684	8,350,975
Others		68,108,467	47,896,450	21,104,960
		14,384,095,727	12,710,404,401	13,437,644,340

Bandwidth and leased line costs mainly pertain to the costs for transmitting data through signals from both local and foreign suppliers.

Rent consists of costs incurred in relation to short-term leases and other agreements for the use of third-party structures necessary in providing services to subscribers that did not qualify as leases under PFRS 16, Leases.

16 General and administrative expenses

The components of general and administrative expenses for the years ended December 31 are as follows:

	Notes	2024	2023	2022
Managed service fees		3,005,552,549	2,167,901,197	1,186,165,426
Personnel costs		1,886,017,522	1,418,437,223	1,435,317,458
Outside services		1,352,909,875	1,080,333,566	1,203,419,540
Promotions		879,004,542	439,036,928	594,141,722
Depreciation and amortization	6,7,21	484,051,311	430,082,693	494,644,667
Taxes and licenses		305,031,731	321,025,306	423,324,813
Repairs and maintenance		251,361,133	254,249,221	469,678,010
Meals and transportation		211,748,692	175,905,942	199,829,682
Professional fees		130,629,898	130,046,604	90,529,982
Rent	21	110,603,765	62,345,428	32,363,558
Office supplies		109,254,360	177,429,961	120,130,168
Utilities		105,568,177	127,977,043	159,772,535
Insurance		75,971,960	65,595,334	58,036,741
Retirement benefit expense	11	38,206,202	55,969,961	26,560,333
Reversal of provision for probable losses		-	(152,774,993)	-
Others		270,911,637	193,349,653	107,097,659
		9,216,823,354	6,946,911,067	6,601,012,294

Managed service fees refer to charges from managed service providers for subscriber service activities outsourced by the Group.

Rent represents costs incurred in relation to short-term leases.

During the year ended December 31, 2023, the Group has assessed that the anticipated loss is no longer probable based on management's reassessment of the specific circumstances associated with the previously recognized loss. As such, the Group has reversed the provision for probable losses amounting to P152,774,993. The disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position. Thus, as allowed by PAS 37, Provisions, Contingent Liabilities and Contingent Assets, only a general description is provided.

Others mainly include postage and delivery expenses, operational bank charges and fees, membership dues, representation expenses, permits, penalties and surcharges and training costs.

17 Other (income) expense, net

The components of other (income) expense, net for the years ended December 31 are as follows:

	Notes	2024	2023	2022
Interest income on cash and cash equivalents and short-term placements	2	(386,041,356)	(374,187,513)	(38,986,327)
Gain on lease terminations	21	(63,396,444)	-	-
Gain on sale of network assets		(84,966,492)	-	-
Net foreign exchange gain	23	(58,050,560)	(77,417,955)	(27,437,389)
(Gain) loss on disposal/retirement of property, plant and equipment and intangible assets	6, 7	(46,545,441)	(52,690,297)	163,598,622
Interest income on finance lease receivable	21	(9,611,351)	(9,830,872)	(10,037,460)
Interest income on financial asset at FVTPL	25.1	(4,096,423)	(4,018,990)	(3,656,500)
Provision for inventory obsolescence	4	108,145,748	145,456,521	-
Provision for impairment of property, plant and equipment	6	-	1,059,096,781	543,586,332
Management fees	20	-	(3,600,000)	(35,100,000)
Miscellaneous		(172,315,024)	(298,849,853)	(138,302,029)
		(716,877,343)	383,957,822	453,665,249

Miscellaneous income includes revenue from installation services, earnings as a landing party, and gains from the reversal of long-standing payables, as these obligations were determined to no longer exist.

18 Finance costs

The components of finance costs for the years ended December 31 are as follows:

	Notes	2024	2023	2022
Interest on borrowings	10	1,728,393,325	1,875,697,833	1,488,927,926
Amortization of debt issue cost	10	28,278,286	26,654,199	54,825,514
Finance cost on leases	21	165,433,574	176,475,867	188,146,259
		1,922,105,185	2,078,827,899	1,731,899,699

19 Income taxes

Income tax expense

The components of income tax expense as shown in the consolidated statements of total comprehensive income for the years ended December 31 are as follows:

	2024	2023	2022
Current tax expense	3,517,724,270	2,763,009,866	3,210,700,218
Deferred tax (benefit) expense	(41,483,110)	259,969,181	(794,390,824)
	3,476,241,160	3,022,979,047	2,416,309,394

On a per entity basis, the Group claimed deductible expenses through itemized deductions or optional standard deduction (OSD) for the years ended December 31 as follows:

	2024	2023	2022
Converge	Itemized	Itemized	OSD
Pentagon	Itemized	Itemized	Itemized
Metroworks	Itemized	Itemized	OSD
Myriad	Itemized	OSD	OSD
Cyan	Itemized	Itemized	-
Converge Venture	Itemized	-	-
Rev21	Itemized	-	-
Pentagon Digital	Itemized	-	-
Ametrine	Itemized	-	-

The reconciliation of income tax expense computed at the statutory income tax rate to the income tax expense as reflected in the consolidated statements of total comprehensive income for the years ended December 31 are as follows:

	2024	2023	2022
Income tax at statutory income tax rate of 25%	3,572,232,497	3,030,453,320	2,463,911,042
Adjustments for:			
Interest income subjected to final tax	(96,189,080)	(93,546,878)	(9,746,582)
Equity share in net income of joint ventures	(30,956,561)	(62,021,370)	-
Unrecognized benefit from net operating loss carry-over (NOLCO)	7,759	60,073	48,022
Non-deductible expenses	31,146,545	25,688,464	-
Availment of OSD	-	(312,679)	(37,903,088)
Change in income tax rate	-	122,658,117	-
	3,476,241,160	3,022,979,047	2,416,309,394

Deferred income tax (DIT)

DIT assets, net as at December 31 represent the tax effects of the following temporary differences:

	2024	2023
Property, plant and equipment	566,200,099	626,687,513
Allowance for impairment of trade and other receivables	491,404,283	627,911,076
Leases	320,335,717	113,442,096
Provision for impairment of property, plant and equipment	264,774,195	264,774,195
Deferred revenue	180,066,659	139,484,802
Provision for employee benefits	159,638,753	22,909,249
Allowance for inventory obsolescence	70,841,970	43,805,533
Shared-based compensation expense	54,416,233	65,655,665
Retirement benefit obligation	50,405,385	43,190,451
Unrealized fair value loss on financial asset at FVTPL	11,786,192	12,226,797
NOLCO	615,935	-
Unrealized foreign exchange gain, net	(109,238,674)	(101,417,862)
Deferred contract costs	(466,732,365)	(312,894,519)
	1,594,514,382	1,545,774,996

The Tax Reform Act of 1997 (the "Act") introduced NOLCO as a deduction from taxable income for the three consecutive years immediately following the year such loss was incurred. Pursuant to Republic Act no. 11494, otherwise known as the Bayanihan to Recover as One Act (Bayanihan II), the net operating losses of a business or enterprise incurred for taxable years 2021 and 2022 can be carried over as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

As at December 31, 2024 (2023 - nil), the Group recognized DIT asset on Myriad's NOLCO as follows:

Year incurred	Year of expiration	
2021	2026	2,447,334
2020	2025	16,406
		2,463,740
Tax rate		25%
Tax benefit		615,935

The Group did not recognize DIT assets arising from Pentagon's NOLCO because management has assessed there will be no future taxable income against which the benefits of these tax assets can be utilized. Details of the Group's unrecognized DIT assets as at December 31 arising from Pentagon's NOLCO are as follows:

Year incurred	Year of expiration	2024	2023
2020	2025	150,120	150,120
2021	2026	401,721	401,721
2022	2025	192,087	192,087
2023	2026	240,290	240,290
2024	2027	31,038	-
		1,015,256	984,218
Tax rate		25%	25%
		253,814	246,055

Deferred income tax credited (charged) to profit or loss and other comprehensive income for the years ended December 31, are as follows:

	Note	2024	2023	2022
Profit for the year		41,483,110	(259,969,181)	794,390,824
Other comprehensive (loss) income for the year	11	4,933,258	7,874,349	(483,268)

The tax rate used in computing the DIT assets as at December 31, 2024 and 2023 is 25%. This is the applicable rate at which the Group expects the related DIT assets to be realized (settled).

Critical accounting judgment: Income taxes

Significant judgment is required in determining the income tax expense recognized in profit or loss. There are some transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Group recognizes liabilities for anticipated tax assessment issues when it is probable. The liabilities are based on assessment and judgment of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the Group's income tax and related liability in the period in which such determination is made.

The recognition of DIT assets depends on management's assessment of the probability and available future taxable income against which the temporary difference can be applied. The Group reviews the carrying amount of its DIT assets at the end of each reporting period and reduces the amounts to the extent it is no longer probable that sufficient taxable profit will allow all or part of its DIT assets to be utilized.

The Group's assessment on the recognition of DIT assets on deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting period. This forecast is based on the past results and future expectations on revenues and expenses as well as future tax planning strategies. Management reviews the levels of taxable income that the Group expects to achieve and assesses the future tax consequences for the recognition of DIT assets.

Management has assessed during the reporting periods that the Group will be able to generate sufficient future taxable income against which the temporary differences can be applied.

20 Related party transactions and balances

Transactions and balances with related parties are presented as follows:

	Transactions			Outstanding balances		Ref.
	2024	2023	2022	2024	2023	
Due from related parties						
<i>Collections made on behalf of the Group</i>						(a)
Immediate parent company	72,684,945	63,112,763	72,503,140	25,010,175	39,708,487	
Entities under common control	4,828,965	14,537,608	489,012,736	7,945,169	70,145,618	
	77,513,910	77,650,371	561,515,876	32,955,344	109,854,105	
<i>Reimbursements of expenses from related parties</i>						(b)
Immediate parent company	5,375,387	78,822,138	-	334,611	63,087,044	
Joint ventures	1,559,125	271,827	13,024,546	701,094	279,532	
Entities under common control	54,010,490	499,698	5,715,282	54,010,490	-	
	60,945,002	79,593,663	18,739,828	55,046,195	63,366,576	
<i>Sale of property, plant and equipment</i>						(c)
Immediate parent company	-	31,207,956	-	-	31,207,956	
Entity under common control	1,803,840	-	-	1,803,840	-	
	1,803,840	31,207,956	-	1,803,840	31,207,956	
<i>Transfer of network materials and supplies</i>						(d)
Immediate parent company	23,154,902	124,938	3,308,636	21,638,770	-	
Entities under common control	-	-	68,656	-	-	
	23,154,902	124,938	3,377,292	21,638,770	-	
<i>Management service fees (Note 17)</i>						(e)
Joint ventures	-	3,600,000	35,100,000	-	672,000	
<i>Advances to related parties</i>						(f)
Immediate parent company	937,500	-	-	937,500	-	
Entities under common control	-	-	5,080,092	-	-	
	937,500	-	5,080,092	937,500	-	

(continued)

	Transactions			Balances		Ref.
	2024	2023	2022	2024	2023	
Due from related parties						
<i>Finance lease receivable (Note 21)</i>						
Entities under common control	-	-	-	145,826,760	153,511,427	(g)
<i>Interest income from finance lease receivable (Note 21)</i>						
Entities under common control	9,611,351	9,830,872	10,037,460	3,958,967	3,725,700	(g)
				262,167,376	362,337,764	
Due from related parties, net - current				116,340,616	208,826,337	
Due from related parties, net - non-current				145,826,760	153,511,427	
				262,167,376	362,337,764	
Trade and other receivables						
<i>Interest income from financial asset at FVTPL</i>						
Ultimate parent company	4,096,423	4,018,990	3,656,500	14,235,293	10,138,870	(h)
Financial asset at FVTPL (Notes 25.1, 25.2.1)						
Ultimate parent company	-	-	-	54,142,902	53,404,739	(h)

Due from related parties are generally unguaranteed and unsecured, non-interest bearing and collectible in cash on a gross basis.

No allowance for impairment from related parties was recognized as these are determined to be fully collectible as at December 31, 2024 and 2023.

Specific terms for each related party transactions are as follows:

- These are collections made on behalf of the Group by related parties or on behalf of the related parties by the Group from common subscribers. These are unsecured, unguaranteed and non-interest bearing.
- In the ordinary course of business, the Group pays certain expenses on behalf of its related parties. Such expenses are accordingly reimbursed at cost from related parties. All outstanding balances are unguaranteed, unsecured, non-interest bearing and collectible in cash at given amount upon demand.
- The Group has sold property, plant and equipment to related parties at agreed mark-up. These are collectible upon demand, unsecured, unguaranteed and non-interest bearing.
- The Group has transferred network materials and supplies to related parties at an agreed mark-up. Gross amounts presented above are collectible upon demand, unsecured, unguaranteed and non-interest bearing. Net gain or loss on the aforementioned transfer of network assets are recognized as part of other income (expense), net in profit or loss (Note 17).

- (e) The Group has management service agreements with related parties whereby the Group provides general management services such as administrative and finance support. The fee for the management services are based on agreed fixed rate per month. These are collectible upon demand, unsecured, unguaranteed and non-interest bearing.
- (f) The Group has made advances to its related parties for use in normal operations. These are generally non-interest bearing and are collectible in cash upon demand.
- (g) During the year ended December 31, 2020, the Group entered into an agreement with entities under common control for the purchase of outside plant assets for a total consideration of P199,060,462 (Note 21). The same assets were subsequently leased back to the related parties for an indefinite period which the Group can unilaterally terminate. Portion of finance lease receivable amounting to P145,826,760 is presented as non-current portion of amounts due from related parties in the consolidated statement of financial position as at December 31, 2024 (2023 - P153,511,427). Refer to Note 21 for further details.
- (h) On May 18, 2021, the Group has purchased 10 exchangeable bonds from its ultimate parent for USD2,000,000 (P104,510,000). The exchangeable bonds have an aggregate face value of USD2,000,000, a term of 30 years and with interest rate of 3% per annum. Each exchangeable bond note confers the right to purchase 5,000 common shares of certain entities under common control. The investment earned interest income amounting to P4,096,423 for the year ended December 31, 2024 (2023 - P4,018,990; 2022 - P3,656,500). Related interest receivable is presented as part of other receivables within the current portion of trade and other receivables. Refer to Note 25.1 for further details.

	Transactions			Outstanding balances		Ref.
	2024	2023	2022	2024	2023	
Accruals						
<i>Service fees (Note 9)</i>						(i)
Entities under common control	238,420,736	443,984,775	493,310,406	62,229,098	35,980,980	
<i>Bandwidth cost</i>						(j)
Immediate parent company	16,886,747	14,281,812	63,812,498	1,080,709	-	
				63,309,807	35,980,980	
Due to related parties						
<i>Collections made on behalf of related parties</i>						(a)
Entities under common control	17,981,181	21,023,424	423,444,065	10,150,829	5,112,268	
<i>Reimbursements of expenses to related parties</i>						(k)
Ultimate parent company	15,867	-	-	15,867	-	
Immediate parent company	470,934,103	-	94,279,048	10,099,408	20,201,544	
Entities under common control	-	103,549,508	216,505,261	8,219,438	16,428,600	
	470,949,970	103,549,508	310,784,309	18,334,713	36,630,144	
<i>Advances from a related party</i>						(l)
Shareholder	-	-	312,500	312,000	312,500	
				28,797,542	42,054,912	
Lease liabilities						(m)
Immediate parent company	353,719,870	238,468,664	263,248,790	1,476,234,075	1,285,668,374	
Entities under common control	22,053,177	93,313,943	104,846,566	43,254,394	482,009,565	
	375,773,047	331,782,607	368,095,356	1,519,488,469	1,767,677,939	
Key management compensation						
Salaries and other short-term benefits	466,612,645	184,913,659	115,641,566	280,745,605	3,445,222	(n)
Retirement benefits	34,529,197	9,615,288	14,003,867	76,898,792	-	
Share-based compensation	-	18,579,333	35,488,607	95,065,488	134,814,128	
	501,141,842	213,108,280	165,134,040	452,709,885	138,259,350	

Due to related parties are generally unguaranteed and unsecured, non-interest bearing and payable in cash on a gross basis. Specific terms for each related party transactions are as follows:

- (i) The Group pays a fixed fee to related parties for providing services to common subscribers. These accrued expenses when billed are payable upon demand, unguaranteed and non-interest bearing.

- (j) Amounts due for bandwidth costs are based on actual expenses incurred plus margin. These are included under accrued expenses and when billed are settled in cash upon demand and non-interest bearing.
- (k) Reimbursements of expenses are determined based on actual expenses incurred by the Group, such as personnel costs (salaries and benefits and travel expenses), operating expenses, professional fees, technical support and IT-related expenses, which are paid in advance by the related parties. These are recorded as part of the related expenses in the consolidated statements of total comprehensive income. Due to related parties are settled in cash, billed and payable upon demand, unsecured, unguaranteed and non-interest bearing.
- (l) The Group received advances from a shareholder. The advances are unsecured, non-interest bearing and payable on demand.
- (m) The Group has existing agreements with its immediate parent company and certain entities under common control for the lease of certain office space and warehouse. The Group has accounted for this lease agreements under PFRS 16 and has recognized right-of-use asset and the related lease liability (Note 21) except for certain short-term leases which are still accounted for under operating leases as allowed under PFRS 16. Rental rates are based on contracts agreed with related parties in the lease agreements as discussed in Note 21. These are billed and settled in cash and payable on demand.
- (n) Key management compensation covering salaries and wages and other short-term benefits are determined based on contract of employment and payable in accordance with the Group's payroll process. The Group has not provided termination benefits and other long-term benefits for its key management personnel other than retirement benefits which are determined and recorded as part of the retirement liability in accordance with policies disclosed in Note 11 and share-based benefits for the years ended December 31, 2024, 2023 and 2022.

Material related party transactions policy

The Group has an approved material related party transactions policy that sets forth the required thresholds for approval for related party transactions as part of the Group's corporate governance policy.

As at December 31, 2024, total related party receivables with subsidiaries that were eliminated at consolidation against related party payables amounted to P454,796,934 (2023 - P1,044,858,145).

21 Lease agreements and commitments

• As lessee

The Group leases various network assets and co-located sites, office and buildings, and transportation equipment. Network assets include investments in bandwidth capacity. Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. Lease agreements include rent escalation clauses ranging from 3% to 10% beginning on specified periods in the agreements. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Critical accounting judgement: Determining whether or not a contract contains a lease

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. Management considers the following evaluations, all of which must be met in order to conclude that a contract is or contains a lease:

- a. Whether there is an identified asset - An identified asset is an asset that is either explicitly identified in the contract or is implicitly specified by being identified at the time that the asset is made available for use by the Group. Even if an asset is explicitly specified, the Group does not have the right to use an identified asset if the supplier has a substantive substitution right throughout the period of use.
- b. Whether the Group have the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use - When making this evaluation, the Group considers its rights within the defined scope of the contract.
- c. Whether the Group have the right to direct the use of the identified asset throughout the period of use - In making this evaluation, the Group considers the decisions that most directly impact the economic benefits to be derived from the use of the asset, including: (i) rights to decide the type of output to be produced by the assets (ii) rights to decide when the output is produced (iii) rights to decide where the output is produced, and (iv) rights to decide whether the output is produced and the quantity thereof.

Based on the factors discussed above, the Group has identified contracts that convey the right to use network and co-located sites, office and buildings, and transportation equipment as contracts containing a lease and concluded that certain data capacity contracts and joint pole arrangements (Notes 15 and 16) do not qualify as leases under PFRS 16.

In August 2020, the Group has entered into an agreement for the use of major international connectivity networks for a period of 15 years where the Group has the right to use specified wavelengths. The Group is entitled to transmit traffic over a specific wavelength within the networks. The right to use of specified wavelengths meets the definition of an intangible asset. As allowed by PFRS 16, the Group has treated the arrangement as containing a lease of an intangible asset and recognized fees paid on the agreement start date as part of right-of-use assets (within network assets and co-located sites) in the consolidated statements of financial position.

The Group reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed. Any change in the Group's assessment of whether a contract contains a lease or not, could impact the recorded carrying amount of right-of-use assets and lease liabilities.

(i) Amounts recognized in the consolidated statements of financial position

Leased assets are presented as a separate line item in the consolidated statement of financial position. The consolidated statements of financial position show the following amounts relating to leases as at December 31:

	2024	2023
<i>Right-of-use assets</i>		
Network assets and co-located sites	645,947,375	713,144,714
Office space and warehouse	1,509,432,030	1,861,571,589
Transportation equipment	81,204,874	278,484,002
	2,236,584,279	2,853,200,305
<i>Lease liabilities</i>		
Current	425,909,567	460,388,134
Non-current	1,606,148,867	1,908,201,413
	2,032,058,434	2,368,589,547

Movements in right-of-use assets for the years ended December 31 are as follows:

	Network assets and co-located sites	Office space and warehouse	Transportation equipment	Total
At January 1, 2023				
Cost	915,012,675	3,081,593,905	489,086,981	4,485,693,561
Accumulated depreciation	(168,110,572)	(864,593,552)	(159,418,759)	(1,192,122,883)
Net carrying amount	746,902,103	2,217,000,353	329,668,222	3,293,570,678
For the year ended December 31, 2023				
Opening net carrying amount	746,902,103	2,217,000,353	329,668,222	3,293,570,678
Additions	38,311,009	98,414,562	-	136,725,571
Depreciation	(72,068,398)	(453,843,326)	(51,184,220)	(577,095,944)
Closing net carrying amount	713,144,714	1,861,571,589	278,484,002	2,853,200,305
At December 31, 2023				
Cost	953,323,684	3,180,008,467	489,086,981	4,622,419,132
Accumulated depreciation	(240,178,970)	(1,318,436,878)	(210,602,979)	(1,769,218,827)
Net carrying amount	713,144,714	1,861,571,589	278,484,002	2,853,200,305
For the year ended December 31, 2024				
Opening net carrying amount	713,144,714	1,861,571,589	278,484,002	2,853,200,305
Additions	-	474,130,797	-	474,130,797
Lease modification	-	69,496,661	(115,990,473)	(46,493,812)
Terminations				
Cost	-	(727,919,908)	(113,158,816)	(841,078,724)
Accumulated depreciation	-	303,576,997	83,512,096	387,089,093
Depreciation	(67,197,339)	(471,424,106)	(51,641,935)	(590,263,380)
Closing net carrying amount	645,947,375	1,509,432,030	81,204,874	2,236,584,279
At December 31, 2024				
Cost	953,323,684	2,995,716,017	259,937,692	4,208,977,393
Accumulated depreciation	(307,376,309)	(1,486,283,987)	(178,732,818)	(1,972,393,114)
Net carrying amount	645,947,375	1,509,432,030	81,204,874	2,236,584,279

Acquisitions of right-of-use assets presented in the consolidated statement of cash flows for the year ended December 31, 2022 amounting to P243,007,275 relate to advance payments for the use of major international connectivity networks.

Depreciation for the years ended December 31 is recognized as follows:

	Notes	2024	2023	2022
Recognized in profit or loss	15,16	557,253,512	543,560,408	468,138,651
Capitalized as part of self-constructed property, plant and equipment	6	33,009,868	33,535,536	33,175,706
		590,263,380	577,095,944	501,314,357

The movements in lease liabilities presented in the consolidated statements of financial position and consolidated statements of cash flows for the years ended December 31 are as follows:

	Note	2024	2023	2022
Beginning of the year		2,368,589,547	2,617,611,521	2,940,733,699
Increase in lease liabilities		474,130,797	136,725,571	105,676,511
Lease modifications		(46,493,812)	-	-
Lease terminations		(517,386,075)	-	-
Finance costs	18	165,433,574	176,475,867	188,146,259
Cash flows - payment of lease liabilities		(246,781,933)	(385,747,545)	(428,798,689)
Cash flows - interest paid on lease liabilities		(165,433,664)	(176,475,867)	(188,146,259)
End of the year		2,032,058,434	2,368,589,547	2,617,611,521

During the year ended December 31, 2024, the Group has entered into lease modification agreements with related parties to update the consideration for the lease of certain office space and warehouse without increasing or decreasing the scope of the lease. As such, the Group remeasured the lease liabilities using the Group's incremental borrowing rate at the effective date of the modifications and made a corresponding adjustment to the right-of-use assets.

During the year ended December 31, 2024, several leases relating to office space and warehouse and transportation equipment were pre-terminated. As a result, the Group derecognized carrying amounts of right-of-use assets and lease liabilities related to the pre-termination and recognized gain on termination amounting to P63,396,444 (Note 17).

(ii) Amounts recognized in the consolidated statements of total comprehensive income

The consolidated statements of total comprehensive income for the years ended December 31 show the following amounts relating to leases:

	Notes	2024	2023	2022
Depreciation expense	15,16	557,253,512	543,560,408	468,138,651
Finance costs	18	165,433,574	176,475,867	188,146,259
Expense relating to short-term leases	15,16	1,624,064,946	859,544,606	489,400,068
Gain on lease terminations	17	(63,396,444)	-	-
		2,283,355,588	1,579,580,881	1,145,684,978

Depreciation expense for the years ended December 31 recognized in profit or loss are as follows:

	Notes	2024	2023	2022
Cost of services	15	213,853,228	301,058,360	236,237,829
General and administrative expenses	16	343,400,284	242,502,048	231,900,822
		557,253,512	543,560,408	468,138,651

The total cash outflows for lease liabilities and short-term leases for the year ended December 31, 2024 amounted to P1,243,475,695 (2023 - P1,418,706,216; 2022 - P1,107,521,341).

(iii) Discount rate

The lease payments for lease of transportation equipment are discounted using the interest rate implicit in the lease. Payments for leases of network assets and co-located sites, office space and warehouse are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Critical accounting estimates and assumptions: Determining incremental borrowing rate

To determine the incremental borrowing rate, the Group uses the government bond yield, adjusted for the (1) credit spread specific to the Group and (2) security using the right-of-use asset. The discount rates applied by the Group ranges from 3% to 8% for the years ended December 31, 2024 and 2023.

(iv) Extension and termination options

Extension and termination options are included in several property and equipment leases of the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The extension and termination options held are exercisable by both the Group and the respective lessor.

Critical accounting judgment: Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended. The Group considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate, the Group is reasonably certain to extend.
- If any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend.
- The Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension options in leases have not been included in the lease liabilities because the Group could replace the assets without significant cost or business disruption. The assessment is reviewed if a significant change in circumstances occurs which affects this assessment and that is within the control of the lessees.

• **As lessor**

During the year ended December 31, 2020, the Group entered into an agreement with certain related parties for the purchase of outside plant assets for a total consideration of P199,060,462 (Note 20). Accordingly, the Group has obtained control of the outside plant assets since it has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the assets, or to restrict the access of other entities to those benefits.

Subsequent to the sale, the same assets were leased back to the related parties at an agreed rate for an indefinite period which the Group can unilaterally terminate. The lease was accounted as finance lease since substantially all of the risk and rewards of the ownership were transferred to the seller-lessees.

At the inception of the lease, the Group derecognized the carrying amount of assets directly related to the lease and recognized finance lease receivables.

Finance lease receivables presented as part of due from related parties in the consolidated statements of financial position as at December 31 are as follows:

	2024	2023
Gross investment	266,741,019	283,803,770
Unearned interest income	(116,955,292)	(126,566,643)
Net investment	149,785,727	157,237,127
Current	3,958,967	3,725,700
Non-current	145,826,760	153,511,427
	149,785,727	157,237,127

Interest income from the finance lease recognized in profit or loss for the year ended December 31, 2024 amounted to P9,611,351 (2023 - P9,830,872, 2022 - P10,037,460) (Notes 17 and 20).

Expected maturity analysis of the undiscounted finance lease receivables as at December 31 are as follows:

	Gross investment	Unearned interest	Net investment
2024			
Not later than 1 year	3,958,967	-	3,958,967
Later than 1 year not later than 5 years	49,389,237	(35,962,064)	13,427,173
Later than 5 years	213,392,815	(80,993,228)	132,399,587
	266,741,019	(116,955,292)	149,785,727
2023			
Not later than 1 year	3,725,700	-	3,725,700
Later than 1 year not later than 5 years	53,348,204	(36,986,472)	16,361,732
Later than 5 years	226,729,866	(89,580,171)	137,149,695
	283,803,770	(126,566,643)	157,237,127

22 Earnings per share

The following tables present basic and diluted earnings per share for the years ended December 31:

Basic earnings per share (EPS)

	Note	2024	2023	2022
Consolidated net income attributable to common equity holders of the Parent Company		10,812,688,828	9,096,805,168	7,439,334,776
Issued common shares as at January 1	13	7,526,294,461	7,526,294,461	7,526,294,461
Treasury shares as at January 1	13	(259,721,400)	(259,721,400)	(151,504,150)
Weighted average number of common shares for basic EPS		7,266,573,061	7,266,573,061	7,374,790,311
Basic EPS attributable to common equity holders of the Parent Company		1.49	1.25	1.01

Diluted earnings per share

The share options granted were considered in the diluted earnings per share calculation for the years ended December 31, 2024, 2023 and 2022 using the treasury stock method. However, inclusion of the shares to be issued under the share-based compensation plan has an insignificant effect. As such, basic and diluted EPS are stated at the same amount for the years ended December 31, 2024, 2023 and 2022.

23 Foreign currency denominated monetary assets and liabilities

The Group's US Dollar denominated monetary assets and liabilities as at December 31 are as follows:

	2024	2023
Cash and cash equivalents	22,398,178	111,619,181
Short-term placements	81,839,228	-
Financial asset at FVTPL	1,046,623	964,507
Total current assets	105,284,029	112,583,688
Trade payables and other liabilities	(24,287,221)	(48,910,817)
Net US Dollar denominated monetary assets	80,996,808	63,672,871
Exchange rate at year end	57.85	55.37
Philippine Peso equivalent	4,685,665,343	3,525,566,867

Details of net foreign exchange gain presented as part of other income (expense), net in the consolidated statements of total comprehensive income for the years ended December 31 are as follows:

	Note	2024	2023	2022
Realized foreign exchange loss, net		(16,663,616)	(36,089,912)	(210,665,331)
Unrealized foreign exchange gain, net		74,714,176	113,507,867	238,102,720
	17	58,050,560	77,417,955	27,437,389

24 Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments 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.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are enumerated below:

(a) Critical accounting estimates and assumptions

- Recoverability of trade and other receivables and due from related parties (Notes 3 and 20)
- Estimated useful lives of property, plant and equipment, intangible assets and right of use assets (Notes 6, 7, 21)
- Estimated amortization period of deferred contract costs (Note 14)
- Determining incremental borrowing rate (Note 21)

(b) Critical accounting judgments

- Recoverability of trade and other receivables and due from related parties (Notes 3 and 20)
- Recoverability of network materials and supplies (Note 4)
- Recoverability of property, plant and equipment, intangible assets and right-of-use assets (Notes 6, 7 and 21)
- Income taxes (Note 19)
- Determining the lease term (Note 21)
- Determining whether or not a contract contains a lease (Note 21)

25 Financial risk and capital management

25.1 Components of financial assets and financial liabilities

Financial assets

Details of the Group's financial assets as at December 31 are as follows:

	Notes	2024	2023
<i>At amortized cost</i>			
Cash and cash equivalents	2	8,453,706,396	13,694,146,438
Short-term cash placements	2	8,526,947,283	-
Trade and other receivables	3	6,299,392,761	5,940,000,071
Due from related parties	20	262,167,376	362,337,764
Constructions bonds and rental deposits	5	249,915,669	-
		23,792,129,485	19,996,484,273
<i>At financial assets at FVTPL</i>	20	54,142,902	53,404,739
		23,846,272,387	20,049,889,012

Trade and other receivables above exclude advances to employees which are subject to liquidation as at December 31, 2024 amounting to P56,364,542 (2023 - P27,677,915) and are presented gross of allowance for impairment amounting to P1,965,617,126 (2023 - P2,511,644,305) (Note 3).

As at December 31, 2024 and 2023, financial asset at FVTPL pertains to the Group's investment in exchangeable bonds issued by its Ultimate Parent (Note 20). On August 23, 2019, the Group entered into an exchangeable bond agreement with the Ultimate Parent Company. The exchangeable bonds have an aggregate face value of USD 2,000,000, a term of 30 years and with interest rate of 3% per annum. Each exchangeable bond confers the right to purchase 5,000 common shares of a certain entity under common control. On May 18, 2020, the Group was issued 10 exchangeable bonds for USD2,000,000 (P104,510,000). The Group has classified these debt instruments as financial assets at FVTPL considering the contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in financial assets at FVTPL during the years ended December 31 are as follows:

	2024	2023
Beginning of the year	53,404,739	56,757,340
Amortization	744,718	669,038
Unrealized foreign exchange loss	(1,768,973)	(7,623,492)
Unrealized fair value gain	1,762,418	3,601,853
End of the year	54,142,902	53,404,739

Amounts recognized in profit or loss from financial assets at FVTPL for the years ended December 31 consists of:

	Notes	2024	2023	2022
Interest income	17, 20	4,096,423	4,018,990	3,656,500
Unrealized foreign exchange (loss) gain		(1,768,973)	(7,623,492)	5,387,818
Unrealized fair value gain (loss)		1,762,418	3,601,853	(6,404,519)
		4,089,868	(2,649)	2,639,799

Financial liabilities

The Group's financial liabilities, categorized as liabilities at amortized cost, at December 31 are as follows:

	Notes	2024	2023
Trade and other liabilities	9	16,680,839,654	14,980,242,974
Subscribers' deposits	14	1,361,368,507	1,340,619,943
Due to related parties	20	28,797,542	42,054,912
Borrowings	10	29,514,813,929	35,243,584,209
Lease liabilities	21	2,032,058,434	2,368,589,547
		49,617,878,066	53,975,091,585

Trade and other liabilities presented above exclude the following non-financial liabilities as at December 31:

	Note	2024	2023
Deferred output VAT		675,056,766	664,809,444
Payable to government agencies		401,032,497	553,988,121
	9	1,076,089,263	1,218,797,565

25.2 Financial risk factors

The Group's activities expose it to a variety of financial risks and these activities involve the analysis, evaluation and management of some degree of risk or combination of risks. The Group's over-all risk management program focuses on the unpredictability of financial markets, aims to achieve an appropriate balance between risk and return and seeks to minimize potential adverse effects on the Group's financial performance.

The most important types of risk the Group manages are credit risk, market risk and liquidity risk. Market risk includes foreign currency exchange risk, interest rate risk and price risk.

25.2.1 Credit risk

Credit risk is the risk of financial loss to the Group if a subscriber or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from its subscribers.

The Group continuously reviews credit policies and processes and implements various credit actions, depending on assessed risks, to minimize credit exposure. Applications for service are subjected to standard credit evaluation and verification procedures. Receivable balances of subscribers are being monitored on a regular basis and appropriate credit treatments are applied at various stages of delinquency.

The maximum exposure to credit risk equals the carrying amount of the financial assets, except for trade receivables secured by subscribers' deposits which cover for anticipated losses on default payments.

The Group has the following financial assets as at December 31 where the expected credit losses (ECL) model has been applied:

	At gross amounts	Allowance provided	Net carrying amount	Internal credit rating	Basis for recognition of ECL
2024					
Cash and cash equivalents	8,444,251,403	-	8,444,251,403	Performing	12-month ECL
Short-term cash placements	8,526,947,283	-	8,526,947,283	Performing	12-month ECL
Trade receivables					
Residential - Group 2	2,312,844,166	(205,154,381)	2,107,689,785	Collective assessment	Lifetime ECL
Residential - Group 3	548,043,585	(430,840,089)	117,203,496	Credit impaired	Lifetime ECL
Enterprise - Group 2	1,574,553,556	(518,692,037)	1,055,861,519	Collective assessment	Lifetime ECL
Enterprise - Group 3	903,841,005	(810,930,619)	92,910,386	Credit impaired	Lifetime ECL
Other receivables - Group 1	960,110,449	-	960,110,449	Performing	12-month ECL
Due from related parties					
Group 1	262,167,376	-	262,167,376	Performing	12-month ECL
Construction bonds and rental deposits - Group 1	249,915,669	-	249,915,669	Performing	12-month ECL
	23,782,674,492	(1,965,617,126)	21,817,057,366		
2023					
Cash and cash equivalents	13,685,175,631	-	13,685,175,631	Performing	12-month ECL
Trade receivables					
Residential - Group 2	1,864,831,994	(95,368,549)	1,769,463,445	Collective assessment	Lifetime ECL
Residential - Group 3	1,235,940,329	(1,151,086,354)	84,853,975	Credit impaired	Lifetime ECL
Enterprise - Group 2	782,783,422	(221,380,497)	561,402,925	Collective assessment	Lifetime ECL
Enterprise - Group 3	1,179,394,120	(1,043,808,905)	135,585,215	Credit impaired	Lifetime ECL
Other receivables - Group 1	877,050,206	-	877,050,206	Performing	12-month ECL
Due from related parties					
Group 1	362,337,764	-	362,337,764	Performing	12-month ECL
	19,987,513,466	(2,511,644,305)	17,475,869,161		

Credit quality of subscribers and counterparties are classified as follows:

- Group 1 - Subscriber and counterparty balances without history of default and assessed to be fully recoverable.
- Group 2 - Subscriber and counterparty balances with some defaults in the past.
- Group 3 - Individually assessed subscribers and counterparties with defaults and which the Group no longer expects to recover the balance despite its collection efforts.

Cash and cash equivalents exclude cash on hand as at December 31, 2024 amounting to P9,454,993 (2023 - P8,970,807) (Note 2) which is not subject to credit risk.

As at December 31, 2024 and 2023, the Group is also exposed to credit risk in relation to its investment in exchangeable bonds that are measured at fair value through profit or loss. The maximum exposure as at December 31, 2024 is the carrying amount of the investments aggregating to P54,142,902 (2023 - P53,404,739). The Group's investments in exchangeable bonds is considered to be a low risk investment. The credit rating of the investment is monitored for credit deterioration.

Trade receivables from residential and enterprise subscribers are partially secured by subscribers' deposits which cover anticipated losses on default payments. The Group does not hold any collateral as security for the rest of the financial assets.

None of the fully performing financial assets have been renegotiated in 2024 and 2023.

- Cash and cash equivalents and short-term placements

To minimize credit risk exposure from cash, the Group deposits its cash and short-term time deposits in universal banks with good credit ratings.

- Trade receivables

Residential subscribers

To measure the ECL, residential subscription receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of subscribers and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as gross domestic product and inflation rate affecting the ability of the subscribers to settle the receivables.

On that basis, the loss allowances as at December 31 were determined as follows:

	Current	1-30 days	31-60 days	61-90 days	Total
2024					
Carrying amount, gross	1,366,536,026	613,132,083	180,765,361	152,410,696	2,312,844,166
Loss allowance	14,532,544	19,505,972	44,628,594	126,487,271	205,154,381
2023					
Carrying amount, gross	1,332,334,042	317,594,847	115,410,842	99,492,263	1,864,831,994
Loss allowance	5,014,900	5,457,437	7,974,569	76,921,643	95,368,549

As at December 31, 2024, credit impaired receivables from certain residential subscribers amounting P548,043,585 (2023 - P1,235,940,329) which are deemed uncollectible despite collection efforts have been fully provided with an allowance for impairment. In calculating the allowance, subscribers' deposits as at December 31, 2024 amounting to P117,203,496 (2023 - P84,853,975) which will be applied against any outstanding balance from defaulted residential subscribers were considered.

Enterprise subscribers

In relation to enterprise subscription receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each enterprise subscriber. The credit quality of enterprise subscription receivables is further classified and assessed by reference to historical information about each of the counterparty's historical default rates.

Group 1 enterprise subscribers have no history of default and assessed to be fully recoverable. ECL on these balances have therefore been assessed to be insignificant.

For Group 2 enterprise subscribers, expected loss rates are based on the payment profiles of subscription and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on factors such as gross domestic product and inflation rate affecting the ability of the subscribers to settle the receivables.

On that basis, the loss allowances as at December 31 were determined as follows:

	Current	1-30 days	31-60 days	61-90 days	Over 90 days	Total
2024						
Carrying amount, gross	451,277,338	285,348,738	19,383,922	184,025,100	634,518,458	1,574,553,556
Loss allowance	56,350,047	36,117,967	2,447,176	23,472,779	400,304,068	518,692,037
2023						
Carrying amount, gross	293,062,687	152,064,858	7,903,437	82,973,580	246,778,860	782,783,422
Loss allowance	41,131,652	21,802,730	1,123,775	11,923,391	145,398,949	221,380,497

As at December 31, 2024, credit impaired receivables from certain enterprise subscribers (Group 3) amounting P903,841,005 (2023 - P1,179,394,120) which are deemed uncollectible despite collection efforts have been fully provided with an allowance for impairment. In calculating the allowance, subscribers' deposits as at December 31, 2024 amounting to P92,910,386 (2023 - P135,585,215) which will be applied against any outstanding balance from defaulted enterprise subscribers were considered.

- Other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The credit quality of other receivables is further classified and assessed by reference to historical information about each of the counterparty's historical default rates.

Credit risk on other receivables have been assessed to be insignificant considering no historical defaults and counterparties' high credit ratings.

- Due from related parties

Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, including but not limited to, availability of accessible highly liquid asset and internal and external funding of related parties, the Group has assessed that the outstanding balances are generally exposed to low credit risk. ECL on these balances have therefore been assessed to be insignificant.

- Construction bond and rental deposits

The Group's constructions bonds and rental deposits are fully collectible at the end of the agreements and are subject to insignificant expected credit loss.

25.2.2 Market risks

Foreign currency exchange risk

Foreign currency exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Group's functional currency.

The Group has transactional currency exposures. Such exposures arise mainly from cash and cash equivalents, short-term placements, financial assets at FVTPL and trade payables and other liabilities denominated in US Dollar as at December 31, 2024 and 2023 (Note 23).

The Group manages its US Dollar exchange risk by maintaining sufficient cash in US Dollar to cover its maturing obligations.

At December 31, 2024, if the US Dollar had strengthened or weakened by 0.89% (2023 - 1.84%) against the Philippine Peso, with all other variables held constant, pre-tax profit for the year ended December 31, 2024 and equity would have been P24,365,480 higher or lower (2023 - P63,725,003 higher or lower), mainly as a result of foreign exchange gains or losses on translation of net US Dollar denominated monetary assets. The assumed shift in foreign currency exchange rate used in the sensitivity analysis is the rate of change between the US Dollar and the Philippine Peso at the end of the reporting period and the Philippine Peso equivalent determined 30 days after the reporting period, by which management is expected to settle or receive the Group's foreign currency denominated monetary assets or liabilities.

Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of financial assets and liabilities will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of financial assets and liabilities will fluctuate because of changes in market interest rates.

The Group's exposure to cash flow interest rate risk relates to borrowings which are subject to interest rates that are repriced at periodic intervals in accordance with the terms of the agreement. The Group's practice is to manage its interest cost by reference to current market rates in borrowings.

As at December 31, 2024, if interest rates increased/decreased by 10 basis points, with all other variables held constant, profit for the year ended December 31, 2024 would have been P752,075 (2023 -10 basis points; P25,419,697; 2022 - 12 basis points; P22,823,507) lower/higher, mainly as a result of higher/lower interest expense based on variable rates.

Changes in the market interest rates of the Group's borrowing with fixed interest rates only affect income if these are measured at their fair value. As such, the Group's financial liabilities with fixed interest rates that are measured at amortized cost are not subject to fair value interest rate risk as defined in PFRS 7.

As at December 31, 2024, the Group is exposed to fair value interest rate risk in relation to its investment in financial asset carried at fair value through profit or loss amounting to P54,142,902 (2023 - P53,404,739). Profit or loss would increase or decrease as a result of gains or losses on this financial asset measured at fair value at the end of each reporting period. Management monitors such financial asset based on discounted value of future cash flows using the applicable Bloomberg Valuation (BVAL) rates adjusted for the issuer's credit spread and premium on the embedded exchange option or which in this case is at 6.74% as at December 31, 2024 (2023 - 6.60%). This financial asset is managed on an individual basis thereby reducing the Group's exposure to fair value interest rate risk at an acceptably low level.

The sensitivity of the FVTPL to changes in the principal assumptions as at December 31 follows:

	2024			2023		
	Impact on FVTPL			Impact on FVTPL		
	Change in assumption	Increase in assumption	Decrease in assumption	Change in assumption	Increase in assumption	Decrease in assumption
Adjusted BVAL rate	+/-1.00%	(7,146,455)	8,686,300	+/- 1.00%	(6,565,984)	8,094,087

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the FVTPL to significant assumptions, the same method has been applied as when calculating the FVTPL recognized within the consolidated statement of financial position.

Price risk

As at December 31, 2024 and 2023, the Group has no financial assets and liabilities that are price sensitive nor does it hold significant equity investments that are subject to price fluctuations. As such, the Group is not exposed to significant price risk.

25.2.3 Liquidity risk

Liquidity risk arises from the possibility that the Group will encounter difficulty in raising funds to meet associated commitments with financial instruments.

The Group manages the liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves and reserve borrowing facilities as necessary in accordance with internal policies. Short-term loans are availed to cover for immediate expenses and maturing obligations. The Group is also able to defer payments of some of its due to related party balances.

The table below presents the Group's financial liabilities as at December 31:

	Within 12 Months	More than 12 months	Total
2024			
Trade and other liabilities	13,436,709,741	3,244,129,913	16,680,839,654
Subscribers' deposits	1,343,855,868	17,512,639	1,361,368,507
Due to related parties	28,797,542	-	28,797,542
Borrowings	5,572,451,771	23,942,362,158	29,514,813,929
Lease liabilities, gross of discount	543,680,700	2,196,734,547	2,740,415,247
Future interest payable	1,470,247,709	2,041,343,970	3,511,591,679
	22,395,743,331	31,442,083,227	53,837,826,558
2023			
Trade and other liabilities	14,980,242,974	-	14,980,242,974
Subscribers' deposits	1,265,006,828	75,613,115	1,340,619,943
Due to related parties	42,054,912	-	42,054,912
Borrowings	5,258,188,019	29,985,396,190	35,243,584,209
Lease liabilities, gross of discount	496,594,407	1,984,990,238	2,481,584,645
Future interest payable	1,635,935,372	3,107,215,492	4,743,150,864
	23,678,022,512	35,153,215,035	58,831,237,547

Lease liabilities disclosed above represents the contractual undiscounted cash flows.

The Group expects to settle the above financial obligations in accordance with their contractual maturity dates.

25.3 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, obtain borrowings from banks or related parties, and issue new shares. The capital that the Group manages is the total equity attributable to owners of the Parent Company less other reserves as shown in the consolidated statements of financial position.

The Group's borrowings include compliance with certain ratios (Note 10).

Further, under Republic Act (R.A.) No. 9707, the Parent Company is mandated to offer at least 30% of its outstanding share capital or a higher percentage that may hereafter be provided by law in any securities exchange in the operations in compliance with the constitutional provision to encourage public participation in public utilities. As at December 31, 2024 and 2023 the Parent Company has reached 30.91% public float.

26 Summary of material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

26.1 Basis of preparation

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

- PFRS Accounting Standards,
- Philippine Accounting Standards (PAS), and
- Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy, and adopted by the SEC.

These consolidated financial statements have been prepared under the historical cost convention except for financial assets at FVTPL and retirement benefit plan where plan assets are measured at fair value.

The preparation of the consolidated financial statements in conformity with PFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 24.

26.2 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing January 1, 2024:

- Classification of liabilities as current or non-current and non-current liabilities with covenants

Amendments made to PAS 1 *Presentation of Financial Statements* in 2020 and 2022 clarified 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 (e.g. the receipt of a waiver or a breach of covenant).

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 before or at the reporting date, this will affect 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 that the entity must comply with within 12 months of the reporting date. The disclosures include:

- a. the carrying amount of the liability
- b. information about the covenants, and
- c. facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

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

(b) New and amended standards not yet adopted by the Group

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of relevant new standards and amendments is set out below:

- Amendments to the classification and measurement of financial instruments - Amendments to PFRS 9 and PFRS 7 (effective for annual periods beginning on or after January 1, 2026)

Targeted amendments to PFRS 9 and PFRS 7 were issued to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- a. clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- b. clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- c. add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- d. update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group does not expect these amendments to have a material impact on its operations or consolidated financial statements.

- PFRS 18 *Presentation and disclosure in financial statements* (effective for annual periods beginning on or after January 1, 2027)

PFRS 18 will replace PAS 1 *Presentation of financial statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though PFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statement of financial performance and providing management-defined performance measures within the consolidated financial statements. Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- a. Although the adoption of PFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the consolidated statement of total comprehensive income into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:
 - Foreign exchange differences currently aggregated in the line item 'other income and other gains/(losses) - net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
- b. The line items presented on the primary consolidated financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.

- c. The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
- management-defined performance measures;
 - a break-down of the nature of expenses for line items presented by function in the operating category of the consolidated statement of total comprehensive income - this break-down is only required for certain nature expenses; and
 - and for the first annual period of application of PFRS 18, a reconciliation for each line item in the consolidated statement of total comprehensive income between the restated amounts presented by applying PFRS 18 and the amounts previously presented applying PAS 1.
- d. From a cash flow statement perspective, there will be changes to how interest received is presented. Interest received will be presented as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with PFRS 18.

26.3 Financial assets

26.3.1 Classification

The Group classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and (b) those to be measured at amortized cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets at amortized cost are assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI). The Group's financial assets at amortized cost category include cash and cash equivalents, short-term cash placements, trade and other receivables, due from related parties, construction bonds and rental deposits.

The Group's financial asset at FVTPL consists of debt instruments in the form of exchangeable bonds for which the SPPI test was not met. The Group did not hold financial assets at fair value through OCI during and as at December 31, 2024 and 2023.

The Group's financial assets are detailed in Note 25.1.

26.3.2 Measurement

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Subsequently, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is recognized using the effective interest rate method.

Changes in the fair value of financial assets at FVTPL are recognized in profit or loss.

Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income or expenses together with foreign currency exchange gains and losses.

26.3.3 Impairment

The Group assesses on a forward-looking basis the ECL associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment losses are presented separately in the consolidated statement of total comprehensive income.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECL for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL. The expected loss rates are based on the payment profiles of subscribers and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as gross domestic product and inflation rate affecting the ability of the subscribers to settle the receivables.

General approach

Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL

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, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

26.3.4 Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

26.4 Financial liabilities

26.4.1 Classification

The Group classifies its financial liabilities at amortized cost.

The Group's financial liabilities at amortized cost consist of trade payable and other liabilities (excluding deferred output VAT and amounts payable to government agencies), due to related parties, subscribers' deposits, borrowings and lease liabilities.

26.4.2 Measurement

The Group's financial liabilities are measured at amortized cost using the effective interest method. Any difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, are recognized in profit or loss.

26.5 Determination of fair value

The Group's financial asset at FVTPL representing investment in exchangeable bonds issued by a related party is carried at fair value determined based on Level 3 category. The fair value measurement of investment in exchangeable bonds was computed based on the discounted value of future cash flows using the applicable BVAL rates adjusted for the issuer's credit spread and premium on the embedded exchange option. Disclosure of valuation method, significant inputs to the valuation, and sensitivity analysis relating to the exchangeable bonds are disclosed in Note 25.2.2 cash flow and fair value interest rate risks.

The carrying value of the financial assets and liabilities classified as current approximates its fair values as the impact of discounting is not considered significant as these financial assets and liabilities generally have short-term maturities. The fair value of long-term borrowings also approximates its carrying value as the nominal interest rates approximate market interest rates.

26.6 Common control business combinations

A business combination is a common control combination if (a) the combining entities are ultimately controlled by the same party (or parties) both before and after the combination; and (b) common control is not transitory. Common control combinations are not restricted to combinations between entities that are part of the same group. Entities controlled by the same individual shareholder (or group of shareholders acting together in accordance with a contractual concert arrangement) are also regarded as under common control.

Common control business combinations are excluded from the scope of PFRS 3, Business Combinations. However, there are no specific rules under existing PFRS which prescribe how such transactions shall be accounted for. In August 2011, the PIC issued Question and Answer (Q&A) No. 2011-02, PFRS 3.2 - Common Control Business Combinations, to provide guidance in accounting for common control business combinations in order to minimize diversity in the current practices until further guidance is provided by the International Accounting Standards Board (IASB).

The consensus in Q&A No. 2011-02 provides that common control business combinations shall be accounted for using either (a) the pooling of interests method, or (b) the acquisition method in accordance with PFRS 3. However, where the acquisition method of accounting is selected, the transaction must have commercial substance from the perspective of the reporting entity.

In accordance with PIC Q&A No. 2011-02, the Parent Company's acquisitions of businesses under common control are accounted for using either the acquisition method or the pooling of interest method, depending on the specific circumstance of the acquisition.

The Group applied the pooling of interest method when it acquired Myriad, Cyan and Ametrine. Refer to Notes 1.5, 1.6 and 1.7 for details of management's assessment.

There are no acquisitions accounted for under the acquisition method as at and for each of the years ended December 31, 2024 and 2023.

Pooling of interest method

In September 2012, PIC issued PIC Q&A No. 2012-01, PFRS 3.2 - Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements, to provide guidance in applying the pooling of interests method once this method is selected by an entity to account for the common control business combination (after considering the guidance in PIC Q&A 2011-02).

The pooling of interests method is generally considered to involve the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method. The only adjustments that are made are those adjustments to harmonize accounting policies.
- No 'new' goodwill is recognized as a result of the combination. Any difference between the consideration paid or transferred and the equity 'acquired' is reflected within retained earnings and other equity reserves.
- The consolidated statement of total comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.
- Comparatives are presented as if the entities had always been combined.

26.7 Cash and cash equivalents; short-term cash placement

Term deposits are presented as cash equivalents if they have a maturity of three months or less and are readily convertible to known amount of cash and which are subject to insignificant changes in value. For term deposits with maturity terms of more than three months but less than one year, these are classified as short-term cash placements within current assets in the consolidated statement of financial position. Term deposits with maturity terms exceeding one year are classified as non-current assets.

26.8 Network materials and supplies

Network materials and supplies which include installation materials and cable wires are measured initially at cost. Cost is determined using the moving average method.

Provision for obsolescence is provided for damaged, obsolete and slow-moving network materials and supplies based on physical inspection and management evaluation. Network materials and supplies and the related allowance for obsolescence are written-off when the Group has determined that the network materials and supplies is damaged, obsolete or has become slow-moving for a specified period of time. Write-offs represent the release of previously recorded provision using the allowance account and credited the related inventory account following the disposal of network materials and supplies. Reversals of previously recorded provision are charged to profit or loss as credit to cost of services based on the result of management's update assessment, considering the available facts and circumstances, including but not limited to net realizable value at the time of disposal.

Network materials and supplies are derecognized when these are sold, issued for installation at subscriber's premises, used for repairs and maintenance or used in construction of certain property, plant and equipment. The carrying amount of network materials and supplies issued for installation at subscriber's premises is capitalized as deferred contract costs (Note 26.15.1). Upon issuance for ordinary repairs and maintenance of the network, network materials and supplies are derecognized and reported as part of network materials and supplies used within cost of services. Upon issuance for construction of certain property, plant and equipment, assets are also derecognized and transferred as part of assets under construction.

26.9 Other current and non-current assets

Claims for input VAT and prepaid taxes are stated at face value less provision for impairment, if any. Provision for unrecoverable input VAT, if any, is maintained by the Group at a level considered adequate to provide for potentially uncollectible portion of the claim. The Group, on a continuing basis, reviews the status of the claim designed to identify those that may require provision for impairment losses.

A provision for unrecoverable input VAT and prepaid taxes is established when there is objective evidence that the Group will not be able to recover the claims. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss within general and administrative expenses.

Claims for input VAT and prepaid taxes is derecognized when actually collected, applied against taxes due or disallowed by tax authority.

Advances to suppliers that will be applied as payments for property, plant and equipment are classified as non-current assets.

26.10 Property, plant and equipment, net

Depreciation and amortization are computed on the straight-line method over the following estimated useful lives of the property, plant and equipment:

	In years
Outside plant	25
Inside plant and facilities	8 (2022 - 5 years)
Customer premises equipment	3
Transportation and heavy equipment	4-5
Office equipment and furniture	5
Tools and facility equipment	5
Leasehold improvements	Lease term or 5 (whichever is shorter)

26.11 Intangible assets, net

Definite lived intangible assets are amortized using the straight-line method over the following estimated useful lives:

	In years
Customer list	10
Telecommunication franchise	25
Software and licenses	5
Trademark	2

The Company's intangible assets that have indefinite useful life pertain to an acquired franchise.

26.12 Impairment of non-financial assets

Non-financial assets that have definite useful lives, such as property, plant and equipment, intangible assets and right-of-use assets are subject to depreciation or amortization and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Value in use requires the Group to make estimates of future cash flows to be derived from the particular asset and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset.

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Group's intangible assets that have indefinite useful life pertain to an acquired franchise.

Impairment losses, if any, are recognized in profit or loss within other expenses in the consolidated statement of total comprehensive income. Non-financial assets that have been impaired are reviewed for possible reversal of the impairment at each reporting period. When impairment loss subsequently reverses, the carrying amount of the assets or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss has been recognized for the asset or cash-generating unit in prior years. Reversals of previously recorded impairment provisions are credited against provision account in profit and loss.

26.13 Equity

Share capital and additional paid-in capital

The Group's share capital is composed of common and preferred shares with par or stated value. The amount of proceeds from the issuance or sale of shares representing the aggregate par or stated value is credited to share capital. Proceeds in excess of the aggregate par or stated value of shares, if any are credited to additional paid-in capital. Incremental cost directly attributable to the issuance of new shares are shown in equity as a deduction from the proceeds, net of tax.

There are no issued preferred shares as at and for the years ended December 31, 2024 and 2023.

Treasury shares

Treasury shares are shares of the Group that were reacquired under the Group's share buy-back program. No gain or loss are recognized on the purchase, sale, issue or cancellation of such shares. Treasury shares are deducted from equity and is presented as a separate line item in the consolidated statement of financial position.

Retained earnings

Retained earnings pertain to the accumulated profit from the operations of the Group.

Appropriation of retained earnings is recognized based on the provisions of the Corporation Code of the Philippines and by approval of the Parent Company's BOD. The Parent Company's BOD release retained earnings from appropriation when the purpose of such appropriation has been completed.

Other equity reserves

Other equity reserves consist of share-based compensation reserve and reserve for remeasurements of retirement benefit obligation.

26.14 Dividend distribution

Dividend distribution to the Parent Company's shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved by the Parent Company's BOD.

26.15 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a product or service to a customer.

The following is a description of principal activities from which the Group generates its revenues.

26.15.1 Service revenues

Revenues are principally derived from providing the following telecommunications services: data services from internet and installation and corporate services including network service solutions. When determining the amount of revenue to be recognized in any period, the overriding principle followed is to match the revenue with the provision of service. Services may be rendered separately or together with goods or other services.

The specific recognition criteria are as follows:

Subscribers

Postpaid service arrangements include fixed monthly charges generated from postpaid data services through postpaid plans primarily from data and other network services and leased line services. Services provided to postpaid subscribers are billed throughout the month according to the billing cycles of subscribers. Fees are recognized over time based on a straight-line or monthly basis as services are provided essentially on a pro-rata basis and the terms of the contract support monthly basis accounting. Services availed by subscribers in addition to these fixed fee arrangements are charged separately and recognized as the additional service is provided or as availed by the subscribers.

Non-recurring upfront fees such as installation fees charged to subscribers for connection to the Group's network are deferred and recognized as revenue over the term of the subscription contract. The related incremental costs are similarly deferred and recognized over the same period in the Group's consolidated statement of total comprehensive income, if such costs are expected to be recovered.

Subscriptions to prepaid promotional offers are recognized as service revenue over the promotional period.

Contract assets and liabilities

Subscription and other service fees are normally billed according to the bill cycle of a subscriber. The subscriber pays the fixed amount based on the bill cycle. If the performance obligations fulfilled by the Group exceed the total payments received to date, a contract asset is recognized. If the total payments received to date exceed the performance obligation fulfilled, a contract liability is recognized and is presented as deferred revenue. The contract assets are transferred to trade receivables when the Group's rights to the contract consideration become unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Proceeds from sale of prepaid load subscription, net of any discounts given, are recognized as contract liabilities and presented as deferred revenues. These are recognized as revenue upon actual usage or upon the expiration of the subscription period, which coincides with the lapse of the subscription service.

Deferred contract costs

Incremental costs to obtain a contract with customers such as subscriber acquisition costs and costs to fulfill the contract such as installation costs are capitalized as deferred contract costs if the Group expect to recover those costs. Deferred contract costs are stated at cost less accumulated amortization and impairment losses. Deferred contract costs are amortized on a straight-line basis over the estimated subscriber relationship period from the date of activation of the subscription. Amortization of deferred contract costs are presented as part of cost of services in profit or loss.

Impairment losses are recognized to the extent that the carrying amount of the deferred contract costs exceed the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognized as expenses.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

26.15.2 Non-service revenues

Revenues from sale of materials, accessories and other peripherals are recognized at the point in time when the goods are delivered. The related cost or net realizable value of these materials, sold to subscribers are presented as part of cost of services in the consolidated statement of total comprehensive income.

26.15.3 Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. Interest income from bank deposits, cash equivalents and short-term cash placements is presented net of applicable tax withheld by the banks.

26.15.4 Other income

Other income is recognized when earned.

26.16 Employee benefits

(a) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Retirement benefit obligation

The Group has a defined benefit retirement plan in accordance with the local conditions and practices in the Philippines. The plan is generally funded through payments to trustee-administered funds as determined by periodic actuarial on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability (or asset) recognized in the consolidated statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation less the fair value of plan assets at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in Philippine Peso, the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement obligation.

When the Group has a surplus in a defined benefit plan, the Group measures the net defined benefit asset at the lower of the surplus in the defined benefit plan, and the asset ceiling determined using the same discount rate in determining the present value of defined benefit obligations. The amount of the asset recognized should not exceed the aggregate of the present values of any refunds expected from the plan; and any expected reduction in future contributions arising from the surplus.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

Past-service costs and gain or losses on settlements are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in profit or loss.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

26.17 Leases

26.17.1 Where the Group is the lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(i) Measurement of lease liabilities

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

(ii) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it.

The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(iii) Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise certain IT-equipment.

(iv) Agreements for the use of connectivity networks

Agreements for the use of connectivity networks where the Group has the right to use specified wavelengths meet the definition of an intangible asset. As allowed by PFRS 16, the Group treats such arrangements as containing lease of intangible assets and are recognized as part of right-of-use assets (within network assets and co-located sites) in the consolidated statement of financial position.

Agreements where the Group uses only a portion of capacity of the cable which is not physically distinct from the remaining capacity of the cable, does not represent substantially all of the capacity of the cable and where the Group has no right to use a specific wavelength are treated as arrangements for the delivery of a service.

26.17.2 Where the Group is the lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating lease. Operating lease payments received are recognized as an income on a straight-line basis over the lease term.

Leases in which substantially all the risks and rewards of ownership are transferred to the lessee are classified as finance leases. When assets are leased out under a finance lease, the net investment in the lease is recognized as a finance lease receivable. Net investment in the lease is equal to the minimum lease payments receivable by the lessor discounted at the interest rate implicit in the lease at the inception date plus any unguaranteed residual value accruing to the lessor. Initial direct costs as included in the initial measurement of the finance lease receivable and reduce the amount of income recognized over the lease term.

Finance lease income is recognized over the term of the lease using the effective interest method, which reflects a constant periodic rate of return.

26.17.3 Sale and leaseback transactions where the Group is the buyer-lessor

A sale and leaseback transaction involves the transfer of an asset by an entity (the seller-lessee) to another entity (the buyer-lessor) and the leaseback of the same asset by the seller-lessee. When a seller-lessee has undertaken a sale and lease back transaction with a buyer-lessor, both the seller-lessee and the buyer-lessor must first determine whether the transfer qualifies as a sale. This determination is based on the requirements for satisfying a performance obligation in PFRS 15 'Revenue from contracts with customers'. If the transfer qualifies as a sale and the transaction is on market terms, the buyer-lessor accounts for the purchase in accordance with the applicable standards (e.g. PAS 16 'Property, plant and equipment' if the asset is property, plant or equipment or PAS 40 'Investment property' if the property is investment property). The lease is then accounted for as either a finance lease or an operating lease using PFRS 16's lessor accounting requirements.

Adjustments are required if consideration for the sale is not at fair value and/or payments for the lease are not at market rates. These adjustments result in recognition of:

- a prepayment to reflect below-market terms
- additional financing provided by the buyer-lessor to the seller-lessee to reflect above-market terms.

If the transfer does not qualify as a sale the parties account for it as a financing transaction. This means that the buyer-lessor has not purchased the underlying asset and therefore does not recognize the transferred asset on the consolidated statement of financial position. Instead, the buyer-lessor accounts for the amounts paid to the seller-lessee as a financial asset in accordance with PFRS 9. From the perspective of the buyer-lessor, this arrangement is a financing transaction.

26.18 Provisions and contingencies

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized in profit or loss.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and derecognized in the consolidated statement of financial position.

Provisions are derecognized when the related legal or contractual obligation is discharged, cancelled or expired.

26.19 Current and deferred income tax

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the uncertainty.

DIT assets are recognized to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized. DIT liabilities are recognized in full for all taxable temporary differences.

26.20 Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

**CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC. AND
SUBSIDIARIES**

SUPPLEMENTARY SCHEDULES AS REQUIRED BY SRC RULE 68, AS AMENDED
DECEMBER 31, 2024

Schedules	Description
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are eliminated during the consolidation of the financial statements
D	Long Term Debt
E	Indebtedness to Related Parties (Long-Term loans from Related Companies)
F	Guarantees of Securities of Other Issuers
G	Share Capital
	Schedule of Financial Soundness Indicator
	Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration
	A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
	External Auditor Fee

CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC. AND SUBSIDIARIES

SCHEDULE A - FINANCIAL ASSETS

DECEMBER 31, 2024

Name of issuing entity and association of each issue	Principal amount of bonds and notes	Amount shown in the consolidated statement of financial position	Income received and accrued
Financial assets at amortized cost			
Cash on hand	-	9,454,993	-
Cash in banks	-	6,049,303,914	5,676,145
Cash equivalents		2,394,947,489	114,920,929
Total cash and cash equivalents		8,453,706,396	120,597,074
Short-term cash placements	-	8,526,947,283	265,444,282
Trade and other receivables, gross	-	6,299,392,761	-
Due from related parties	-	262,167,376	9,611,351
Constructions bonds and rental deposits		249,915,669	-
	-	23,792,129,485	395,652,707
Financial assets at fair value through profit or loss (FVTPL)			
Pentastar Holding Co. Inc.	104,510,000	54,142,902	4,096,423
Total financial assets	104,510,000	23,846,272,387	399,749,130

CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC. AND SUBSIDIARIES

**SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)
DECEMBER 31, 2024**

Name and Designation of debtor	Balances at beginning of year	Additions/ Reclassifications	Collection/ Reclassifications	Amounts written off	Current	Non-current	Balances at end of year
Advances to directors, officers and employees*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Trade and other receivables Pentastar Holding Co. Inc.	10,138,870	4,096,423	-	-	14,235,293	-	14,235,293
Due from related parties							
Comclark Network & Tech. Corp.	134,003,487	102,152,734	(188,235,165)	-	47,921,056	-	47,921,056
Telstra Converge Inc., and Asia							
Netcom Philippines Corporation	951,532	1,559,125	(1,809,563)	-	701,094	-	701,094
South Luzon CATV, Inc.	172,349,751	11,076,343	(77,684,289)	-	10,296,738	95,445,067	105,741,805
Central Luzon Cable Television Network, Inc.	55,032,994	3,363,973	(6,407,876)	-	1,607,398	50,381,693	51,989,091
Hyperscal Digital Pte. Ltd.	-	54,010,490	-	-	54,010,490	-	54,010,490
Telecommunications Technology Solutions, Inc.	-	1,803,840	-	-	1,803,840	-	1,803,840
Total Due from related parties	362,337,764	173,966,505	(274,136,893)	-	116,340,616	145,826,760	262,167,376

*As required by SRC Rule 68, this schedule shall be filed with respect to each person among the directors, officers and employees from whom an aggregate indebtedness of more than P1 million or one percent (1%) of total assets, whichever is less, is owed for items arising outside the ordinary course of business. There were no advances with respect to each person among the directors, officers and employees amounting to more than P1 million outside the ordinary course of business as at December 31, 2024.

CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC. AND SUBSIDIARIES

**SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

Name and Designation of debtor	Balances at beginning of year	Additions/ Reclassifications	Collection/ Reclassifications	Amounts written off	Current	Non-current	Balance at the end of the period
Metroworks ICT Construction, Inc.	21,388,672	10,098,849	-	-	31,487,521	-	31,487,521
Pentagon Holding Co. Inc.	198,495,000	5,000,000	(198,495,000)	-	5,000,000	-	5,000,000
Converge ICT Solutions (Global) Limited	3,269,032	-	(3,269,032)	-	-	-	-
Converge ICT Singapore Pte. Ltd.	220,568,090	1,978,703	(3,067,190)	-	219,479,603	-	219,479,603
Myriad ICT Services, Inc	66,639,997	207,183,097	(83,201,012)	-	190,622,082	-	190,622,082
Cyan Azurite Properties and Development Corp.	534,497,354	868,893	(534,963,242)	-	403,005	-	403,005
Converge Venture Holdings, Inc.	-	6,793,313	(1,000,000)	-	5,793,313	-	5,793,313
REV21 Labs Inc.	-	2,011,410	-	-	2,011,410	-	2,011,410
	1,044,858,145	233,934,265	(823,995,476)	-	454,796,934	-	454,796,934

CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC. AND SUBSIDIARIES

SCHEDULE D - LONG TERM DEBT DECEMBER 31, 2024

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under current portion of long-term debt in the statement of financial position*	Amount shown under non-current portion of long-term debt in the statement of financial position*	Notes
Bank Borrowings	5,000,000,000	998,863,884	999,578,776	Interest rate ranges from 4.92% to 5.25% per annum based on prevailing market interest rate
Bank Borrowings	15,000,000,000	2,982,458,320	8,726,989,815	- Payable in equal quarterly installments starting March 23, 2022 and matures on December 23, 2026 - Interest rate ranges from 3.98% to 5.58% per annum based on prevailing market interest rate - Payable in equal quarterly installments in different tranches starting February 26, 2023 and matures on November 27, 2027; November 6, 2023 matures on August 6, 2028; and May 3, 2024 matures on February 3, 2029.
Bank Borrowings	5,000,000,000	994,391,293	2,494,087,056	Interest rate ranges from 4.5% to 6.12% per annum payable in equal quarterly installments starting September 18, 2023 and matures on June 16, 2028
Bank Borrowings	4,000,000,000	198,968,563	498,869,990	Interest rate at 5.82% per annum payable in equal quarterly installments starting September 1, 2023, matures on June 1, 2028
Bank Borrowings	2,000,000,000	397,760,622	1,295,702,294	Interest rate is at 6.44% per annum fixed until maturity, payable in equal quarterly installments starting June 18, 2024, matures on March 18, 2029
Bonds	10,000,000,000	-	9,927,134,227	Fixed Interest rate at 5.59% starting April 8, 2022 and matures on April 08, 2027.
Car loan	-	9,089	-	Interest rate ranges from 8.5% to 9%
	41,000,000,000	5,572,451,771	23,942,362,158	

*Amount are presented net of unamortized finance cost.

**CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC. AND
SUBSIDIARIES**

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

Name of related party	Balance at beginning of the period	Balance at the end of the period
N/A	N/A	N/A



**CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC. AND
SUBSIDIARIES**

SCHEDULE F - 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 statement is filed	Nature of guarantee
N/A	N/A	N/A	N/A	N/A



CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC. AND SUBSIDIARIES

SCHEDULE G - SHARE CAPITAL
DECEMBER 31, 2024

Title of issue	Number of shares authorized	Number of shares issued and outstanding	Number of shares reserved for		Directors, officers, and employees	Others
			options, warrants, conversion, and other rights	Number of shares held by related parties		
Common shares at P0.25	16,900,000,000	7,266,573,061	33,196,333	4,797,417,274	222,813,045	N/A
Preferred shares at P0.25	3,060,000,000	-	-	-	-	N/A
Preferred B shares at P0.0025	4,000,000,000	-	-	-	-	N/A

CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC. AND SUBSIDIARIES

**SCHEDULE OF FINANCIAL SOUNDNESS INDICATOR
DECEMBER 31, 2024**

	December 31, 2024	December 31, 2023
Current ratio ^a	1.1x	0.9x
Acid test ratio ^b	0.9x	0.7x
Solvency ratio ^c	0.6x	0.5x
Debt-to-equity ratio ^d	0.5x	0.8x
Asset-to-equity ratio ^e	2.0x	2.2x
Interest coverage ratio ^f	12.8x	10.4x
Debt service coverage ratio ^g	3.1x	3.6x
Net debt/ EBITDA ^h	0.5x	1.0x
Earnings per share (PHP) ⁱ	1.49	1.25
Book value per share ^j	7.53	6.23
Return on Assets ^k	10.39%	9.13%
Return on Equity ^l	21.64%	20.73%
Net profit margin ^m	26.63%	25.73%

^aCurrent assets / Current liabilities

^bCash and cash equivalents + Short-term cash placements + Trade and other receivables, net + Due from related parties (current portion) / Current liabilities

^cLast twelve months' ("LTM") net operating profit after tax + LTM depreciation and amortization and amortization of subscriber acquisition costs / Borrowings

^dLoans payable / Total equity

^eTotal assets / Total equity

^fLTM Earnings before interest, taxes, depreciation and amortization, amortization of subscriber acquisition costs / LTM interest expense

^gParent Company's LTM earnings before interest, taxes, depreciation and amortization, amortization of subscriber acquisition costs / Parent Company's LTM annual debt service requirements due over the same corresponding period which are the interests, principal and lease payments

^hBorrowings less cash and cash equivalents and short-term cash placements/ LTM earnings before interest, taxes, depreciation and amortization, amortization of subscriber acquisition costs

ⁱNet income attributable to ordinary equity holders of the Parent Company / Weighted average number of ordinary shares

^jTotal equity less Preferred Equity / Total number of shares outstanding

^kNet income attributable to owners of the Parent Company / Average total assets

^lNet income attributable to owners of the Parent Company / Average total equity

^mNet income / Revenues

Converge Information and Communications Technology Solutions, Inc. and Subsidiaries

Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration

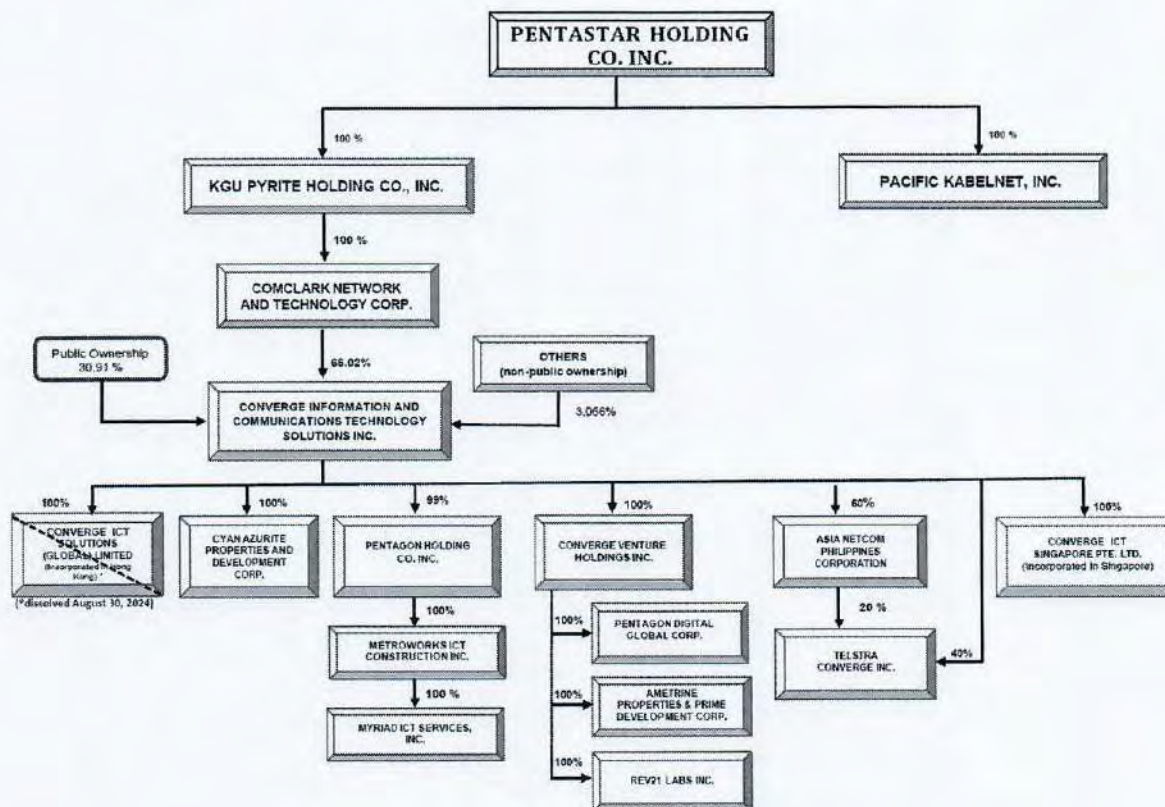
For the year ended December 31, 2024

(All amounts in Philippine Peso)

Unappropriated Retained Earnings, beginning of the year		18,363,098,986
Prior-period adjustment - Treasury shares		(6,498,544,185)
Unappropriated Retained Earnings, beginning, as adjusted		11,864,554,801
Add: Category A: Items that are directly credited to		
Unappropriated retained earnings		
Reversal of Retained earnings appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Less: Category B: Items that are directly debited to		
Unappropriated retained earnings		
Dividend declaration during the reporting period	(1,307,983,151)	
Retained earnings appropriated during the reporting period	(10,000,000,000)	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	(11,307,983,151)
Unappropriated Retained Earnings, as adjusted		556,571,650
Add/Less: Net Income (loss) for the current year		10,635,393,487
Less: Category C.1: Unrealized income recognized in the profit or loss during the year (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	197,667,176	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(162,082,010)	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	(1,321,814)	
Unrealized fair value gain of investment property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	34,263,352
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of Investment property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	-

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of investment property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	-
Adjusted net income/loss		11,226,228,489
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)		-
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others (describe nature)	-	-
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(223,882,156)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(37,086,821)	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others (describe nature)	-	(260,968,977)
Total Retained Earnings, end of the year available for dividend declaration		10,965,259,512

Converge Information and Communications Technology Solutions, Inc. and Subsidiaries
A Map Showing the Relationships between and among the Company and its
Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
December 31, 2024



**CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC. AND
SUBSIDIARIES**

EXTERNAL AUDITOR FEE
DECEMBER 31, 2024

	2024	2023
Total audit fees	3,282,000	3,742,000
Non-audit service fees:		
Other assurance services	-	-
Tax services	-	-
All other services	70,000	51,000
Total non-audit fees	70,000	51,000
Total audit and non-audit fees	3,352,000	3,793,000



CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Jose P. de Jesus**, Filipino, of legal age and a resident of 30 Mangyan Road, La Vista, Diliman, Quezon City, Philippines, after having been duly sworn to in accordance with law do hereby declare that:

- 1. I am a nominee for independent director of Converge Information and Communications Technology Solutions, Inc. and have been its independent director since 8 June 2020.
- 2. I am affiliated with the following companies or organizations:

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
AirAsia, Inc.	Director	August 2023 - present
Philippines AirAsia, Inc.	Director	August 2023 - present
SMC TPLEX Corporation	Director	March 2013 - present
SMC SLEX Inc.	Director	March 2013 - present
Petron Corporation	Director	May 2014 - present
SMC Skyway Corporation	Director	June 2014 - present
Alviera Country Club	Independent Director	October 2017 - present
Comstech Integration Alliance Inc.	Director	December 2020 - present
Kapampangan Development Foundation	Trustee	1987 - present
Holy Angel University	Trustee	August 2008 - present
Bantayog ng mga Bayani Foundation	Member, Board of Advisors	April 2022 - present

I am not affiliated with any Government-Owned and Controlled Corporation.

- 3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Converge Information and Communications Technology Solutions, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
- 4. I am not related to any of the director/officer/substantial shareholder of Converge Information and Communications Technology Solutions, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
NOT APPLICABLE		

- 5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NOT APPLICABLE		

- 6. I am not an elected public servant nor an appointed and/or employee in any government agency.
- 7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.
- 8. I shall inform the Corporate Secretary of Converge Information and Communications Technology Solutions, Inc. of any changes in the abovementioned information within five days from its occurrence.

MAR 31 2025

QUEZON CITY

Done, this _____ day of _____ at _____.

Original sgd.

~~JOSE R. DE JESUS~~

Independent Director

MAR 31 2025
SUBSCRIBED AND SWORN TO before me this _____ day of _____ at _____, affiant
personally appeared before me and exhibited to me his Passport no. _____ issued at DFA
NCR East on _____

Doc. No. 66
Page No. 15
Book No. 98
Series of 2025.

ATTY. CONFERENCIO VILLARENA
Notary Public for Quezon City
Until December 31, 2025
PTR No. 6989624 / January 2, 2025 Q.C.
IBP No. 461667 / October 29, 2024 Q.C.
Roll No. 30457 / 05-09-1980
MCLE VII-0006994 / 09-21-2021
ADM. MATTER No. NP-021 (2024-2025)
TIN No. 131-942-754

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **AMANDO M. TETANGCO, JR.** Filipino, of legal age and a resident of Don Gavino Street, Don Enrique Heights, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

- 1. I am a nominee for Independent Director of **Converge Information and Communications Technology Solutions, Inc.** (the "Corporation") and have been its Independent Director since 8 June 2020.
- 2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
SM Investments Corporation	Chairman of the Board and Independent Director	June 16, 2023 to present
SM Prime Holdings, Inc	Vice Chairman of the Board and Independent Director	April 20, 2021 to present
Shell Pilipinas Corporation	Independent Director	May 2021 to present
Toyota Motor Philippines	Independent Director	March 2019 to present
Manila Hotel	Independent Director	August 2018 to present
St. Luke's Medical Center	Trustee/Director	August 2017 to present
Tan Yan Kee Foundation	Trustee	December 2017 to present
Foundation for Liberty and Prosperity	Trustee	May 2019 to present

- 3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other SEC issuances.
- 4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable		

- 5. To the best of my knowledge, I disclose that I am the subject of the following criminal/administrative investigation or proceeding:

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
See Notes ¹ below		

- 6. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.
- 7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this MAR 31 2025, at QUEZON CITY

Original sgd.

AMANDO M. TETANGCO, JR.
Affiant

SUBSCRIBED AND SWORN to before me this 31 day of MAY 2025 at QUEZON CITY,
affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) Card with
TIN

Doc. No. 65
Page No. 17
Book No. 98
Series of 2025.

ATTY. CONCEPCION P. VILLARENA
Notary Public for Quezon City
Until December 31, 2025
PTR No. 6989624 / January 2, 2025 Q.C
IBP No. 461667 / October 29, 2024 Q.C

¹ A criminal and administrative case (OMB-C-C-13-0092) filed by Maxy Abad et al. against Mr. Amando M. Tetangco, Jr. et al. with the Ombudsman was dismissed on 13 May 2015. The dismissal was elevated to the Court of Appeals (CA) (CA-G.R. SP No. 144038), which sustained the dismissal on 15 May 2017. The CA's resolution was assailed with the Supreme Court (SC) (G.R. No. 234696) upon the filing of a Petition for Review dated 29 November 2017. In its Resolution dated 03 October 2022, the SC denied the Petition for Review and affirmed the 15 May 2017 Decision and 04 October 2017 Resolution of the CA. In its Resolution dated 09 August 2023, the SC denied with finality the petitioners' motion for reconsideration and directed the issuance of an Entry of Judgment. To date, an Entry of Judgment has not been received yet.

² A complaint for damages was filed by Mr. Antonio Tiu, et al. against Mr. Amando M. Tetangco, Jr., et. al before the Regional Trial Court of Quezon City (RTC-QC) in connection with the Report of the Anti-Money Laundering Council (AMLC), which served as the basis of AMLCs ex-parte petition for the issuance of Freeze Order issued by the Court of Appeals in CA G.R. AMLA No. 00134 dated 11 May 2015. Mr. Tetangco, Jr., et. al., were impleaded in their official capacity as members and/or officers of the AMLC.

In an order dated 27 March 2020, the RTC-QC dismissed the Complaint for Damages (Civil Case No. R-QZN-15-04513-CV) as to plaintiff Spouses James and Ann Lorraine Tiu against Mr. Tetangco Jr., Ms. Teresita Herbosa, Mr. Emmanuel Dooc, and Ms. Julia Abad; and ordered Mr. Antonio Tiu to amend his complaint. Plaintiffs filed a Motion for Reconsideration, to which the Office of the Solicitor General (in representation of defendants Tetangco, et al) filed its Comment. In an Order dated 9 February 2021, the trial court denied the Motion for Reconsideration filed by the Spouses Tiu and upheld its earlier 27 March 2020 Order dismissing the case. Aggrieved Tiu, et al filed a Petition for Certiorari with the Court of Appeals (CA-G.R. SP No. 169478), assailing the 27 March 2020 and 09 February 2021 Orders. The CA, in its Decision dated 13 November 2023, dismissed the Petition for Certiorari and upheld the 27 March 2020 and 09 February 2021 Orders. On 21 December 2023, a Motion for Reconsideration was filed assailing said CA Decision. In its Resolution dated 11 April 2024, the CA denied the Motion for Reconsideration as the contentions raised therein were a mere rehash of those matters already passed upon in the assailed Decision. In view of the CA Resolution, Spouses Tiu filed a Motion to Withdraw [the Complaint dated 18 May 2015] dated 03 July 2024 before the RTC-QC. In its Order dated 11 July 2024, the RTC-QC resolved to grant the said Motion, and dismissed the case.

³ A Subpoena dated 8 November 2022 was reportedly issued by the Office of the City Prosecutor - Manila (OCP-Manila) in connection with the Joint Complaint-Affidavit filed by Perry Y. Uy and Cesar M. Mayo, Jr. against Mr. Amando M. Tetangco, Jr. and several other respondents including former members of the Monetary Board, for alleged violation of the Central Bank Act, as amended (R.A. 7653 as amended by R.A. 11211). As of date, no official service of subpoena or complaint has been made on Mr. Tetangco. The other respondents who have officially received the subpoena and/or voluntarily submitted to the jurisdiction of the OCP- Manila filed their respective counter-affidavits and their joint rejoinder-affidavit. In a Resolution dated 10 February 2023, the OCP-Manila dismissed the complaint against all respondents, including Mr. Tetangco, for lack of probable cause. Consequently, complainants requested a reconsideration of the said resolution which was eventually denied by the OCP-Manila in a Resolution dated 03 May 2023. Accordingly, complainants filed a Petition for Review dated 02 June 2023 with the Department of Justice (DOJ). On 23 June 2023, the other respondents filed a Verified Comment [To Petition for Review dated 02 June 2023] of even date. To date, a resolution/order relative to the Petition for Review from the DOJ has not been received by the respondents yet.

In an order dated 27 March 2020, the Regional Trial Court of Quezon City dismissed the Complaint for Damages (Civil Case No. R-QZN-15-04513-CV) as to plaintiff Spouses James and Ann Lorraine Tiu against Mr. Tetangco Jr., Ms. Teresita Herbosa, Mr. Emmanuel Dooc, and Ms. Julia Abad; and ordered Mr. Antonio Tiu to amend his complaint. Plaintiffs filed a Motion for Reconsideration, to which the Office of the Solicitor General (in representation of defendants Tetangco, et al) filed its Comment. In an Order dated 9 February 2021, the trial court denied the Motion for Reconsideration filed by the Spouses Tiu and upheld its earlier 27 March 2020 Order dismissing the case. Aggrieved Tiu, et al filed a Petition for Certiorari with the Court of Appeals (CA-G.R. SP No. 169478), assailing the 27 March 2020 and 09 February 2021 Orders. The CA, in its Decision dated 13 November 2023, dismissed the Petition for Certiorari and upheld the 27 March 2020 and 09 February 2021 Orders. On 21 December 2023, a Motion for Reconsideration was filed in relation to the said Decision. To date, we have not received a Resolution/Order from the CA.

³ A Subpoena dated November 8, 2022 was reportedly issued by the Office of the City Prosecutor - Manila in connection with the Joint Complaint-Affidavit filed by Perry Y. Uy and Cesar M. Mayo, Jr. against Mr. Amando M. Tetangco, Jr. and several other respondents including former members of the Monetary Board, for alleged violation of the Central Bank Act, as amended (R.A. 7653 as amended by R.A. 11211). As of this date, no official service of subpoena or complaint has been made on Mr. Tetangco. The other respondents who have officially received the subpoena and/or voluntarily submitted to the jurisdiction of the OCP- Manila filed their respective counter-affidavits and their joint rejoinder-affidavit. In a Resolution dated 10 February 2023, the OCP-Manila dismissed the complaint against all respondents, including Mr. Tetangco, for lack of probable cause. Consequently, complainants requested a reconsideration of the said resolution which was eventually denied by the OCP-Manila in a Resolution dated 03 May 2023. Accordingly, complainants filed a Petition for Review dated 02 June 2023 with the Department of Justice ("DOJ"). On 23 June 2023, the other respondents filed a Verified Comment [To Petition for Review dated 02 June 2023] of even date. To date, we have not received any resolution/order from the DOJ.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Roman Felipe S. Reyes**, Filipino, of legal age and a resident of Jefferson St., Greenhills West, San Juan, Metro Manila, Philippines, after having been duly sworn to in accordance with law do hereby declare that:

- 1. I am a nominee for independent director of Converge Information and Communications Technology Solutions, Inc. and have been its independent director since 8 June 2020.
- 2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations):

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Reyes Tacandong & Co.	Founding Partner & Chairman	May 2010 to present
Maharlika Investment Corporation	Independent Director	January 2024 – present
Philippine Geothermal Production Company	Member, Independent Director – Board of Directors	November 2012 to present
All-Asian Countertrade	Member, Independent Director – Board of Directors	2010 to present
Pasudeco	Member, Independent Director – Board of Directors	2010 to present
RPN 9	Member, Independent Director – Board of Directors	June 3, 2010 to present
San Beda University Manila	Member – Board of Trustees	January 26, 2015 to present
San Beda College Alabang	Chairman of the Board of Trustees Member – Board of Trustees	March 16, 2018 to present September 26, 2016 to present
San Beda College Alumni Association Foundation	Trustee	2002 to present
Nicanor Reyes Memorial Foundation	Chairman, Board of Governors	2011 to present
Rockwell Club	Board Advisor	2022 to present

- 3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Converge Information and Communications Technology Solutions, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
- 4. I am not related to any of the director/officer/substantial shareholder of Converge Information and Communications Technology Solutions, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
NOT APPLICABLE		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NOT APPLICABLE		

6. I am not an elected public servant nor appointed personnel and/or employee in any government agency.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of Converge Information and Communications Technology Solutions, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this 31 day of MAR at QUEZON CITY

Original sgd.

ROMAN FELIPE S. REYES
Independent Director

SUBSCRIBED AND SWORN TO before me this 31 day of MAR at QUEZON CITY, affiant
personally appeared before me and exhibited to me his _____ ssued at
_____ on _____ expiring on _____

Doc. No. 63
Page No. 14
Book No. 98
Series of 2025.

ATTY. Don'ton C. VILLARERA
Notary Public for Quezon City
Until December 31, 2025
PTR No. 6989624 / January 2, 2025 Q.C
IBP No. 461667 / October 29, 2024 Q.C
Roll No. 30457 / 05-09-1980
MCLE VII-0006994 / 09-21-2024
ADM. MATTER No. NP-021 (2024-2025)
TIN No. 131-942-754

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Estela M. Perlas-Bernabe**, Filipino, of legal age and a resident of Columbia St., Northeast Greenhills, San Juan City, after having been duly sworn to in accordance with law do hereby declare that:

- 1. I am a nominee for independent director of Converge Information and Communications Technology Solutions, Inc. (the "Corporation") and have been its independent director since 26 May 2023.
- 2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
BDO Unibank, Inc.	Independent Director	July 31, 2022 – present
San Miguel Food and Beverage Inc.	Independent Director	August 3, 2022 – present
Petrogen Insurance Corporation	Independent Director	March 23, 2023 – present
PHILJA Development Center, Inc.	Trustee	November 13, 2023 - present
Foundation for Liberty and Prosperity	Trustee	December 6, 2022 – present
Singapore International Arbitration Centre – Panel of Arbitrators	Member	February 2025 - present

- 3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other SEC issuances.
- 4. I am not related to any of the director/officer/substantial shareholder of Converge Information and Communications Technology Solutions, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
NOT APPLICABLE		

- 5. To the best of my knowledge, I disclose that I am the subject of the following criminal/administrative investigation or proceeding:

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NOT APPLICABLE		

- 6. I am not an elected public servant nor an appointed personnel and/or employee in any government agency.
- 7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.
- 8. I shall inform the Corporate Secretary of Converge Information and Communications Technology Solutions, Inc. of any changes in the abovementioned information within five days from its occurrence.

APR 14 2025
Done, this _____ day of _____ at PASIG CITY.

Original sgd.
ESTELA M. PERLAS-BERNABE
Independent Director

APR 14 2025
SUBSCRIBED AND SWORN to before me this _____ day of _____ at PASIG CITY.
affiant personally appeared before me and exhibited to me her Driver's License No.
expiring on _____

Doc. No. 523 ;
Page No. 106 ;
Book No. 811 ;
Series of 2025.



April 2, 2025

THE SECURITIES AND EXCHANGE COMMISSION

The SEC Headquarters, 7907 Makati Avenue
Salcedo Village, Bel-air, Makati City

Attention : HON. OLIVER O. LEONARDO
Director, Markets and Securities Regulation Department

Gentlemen:

This is to certify that to the best of the Corporation's knowledge, information, and belief, none of the Directors and Independent Directors and/or Officers of the Corporation are connected with and/or employees in any government agency.

This Certification is in compliance with the requirement to be attached to the Information Statement or SEC Form 20-IS.

We trust the Commission finds everything in order.

Very truly yours,

Original sgd.

 **Elmira C. Oquendo**
Corporate Secretary

ANNEX "F"**Manual on Corporate
Governance Compliance
Evaluation****of****Converge Information and
Communication
Technology Solutions, Inc.**

The Manual on Corporate Governance Compliance Evaluation

I. Introduction

Converge Information and Communication Technology Solutions, Inc. (the “Company”) aims to accelerate steps to promote corporate governance, assisting sound corporate development, and safeguarding the interests of investors. The Company aims to institutionalize this corporate governance evaluation to better understand how the Company implements its governance initiatives towards developing a corporate culture which encourages voluntary effort to improve sound governance practice.

This evaluation on the compliance of the Manual on Corporate Governance is being implemented by the Company in order to ensure its compliance with SEC Memorandum Circular No. 19 Series of 2016 or the Code of Corporate Governance of Publicly Listed Companies.

II. Categories

Evaluation Categories and Weight

Category	Category Weightings
Protecting Shareholder Rights and Interests and Treating Shareholders Equitably	20%
Enhancing Board Composition and Operation	30%
Increasing Information Transparency	20%
Promoting Sustainable Development	30%
Total	<u>100%</u>

III. Self-Evaluation Period

Self-evaluation for the year will commence on January 1 of the FY and must be completed by no later than January 31 of the following year.

IV. Questionnaires

1. Questionnaire procedures

In Q4 of the FY, questionnaires will be sent to the board directors, chief risk officer, corporate secretary, chief internal auditor and the external auditor of the Company to collect their observations regarding the degrees to which the boards and board members of the companies under evaluation are conscious of and take seriously their duty to oversee corporate governance. The feedback and practical suggestions collected in the returned questionnaires will be gone through and organized.

2. Questionnaire response period

The directors and officers are required to complete the questionnaires no later than December 31 of the FY.

MANUAL ON CORPORATE GOVERNANCE EVALUATION CRITERIA	
Item No.	Evaluation Indicator
I. Protecting Shareholder Rights and Interests and Treating Shareholders Equitably	
1.1	Right to vote on all matters that require consent or approval: Did the Company provide the stockholders the right to nominate, elect, remove and replace directors?
1.2	Right to vote on all matters that require consent or approval: Did the Company provide in its Information Statement the right of a stockholder to call for a special meeting in accordance with SEC regulations (i.e. propose matters in the agenda)?
1.3	Pre-emptive right: Does the Company allow the exercise of a stockholders' pre-emptive right?
1.4	Right to inspect corporate books and records: Did the Company receive any request for inspection of corporate books and records, and if so, allowed the stockholder to exercise its right to inspect?
1.5	Right to information: Did the Company provide periodic reports and disclose personal and professional information about the directors and officers?
1.6	Right to dividends: Should the Board decide to pay out dividends based on the proper criteria indicated in the Manual on Corporate Governance, are all stockholders able to receive said dividends?
1.7	Appraisal Right: Is the appraisal right of the stockholders explicitly stated in the Company's Manual on Corporate Governance?
1.8	Did the Company conduct its Annual Stockholders' Meeting (ASM) in accordance with its By-Laws?
1.9	Did the Chairman of the Board attend the ASM in person and/or virtually?
1.10	Was there a full attendance of the directors in the ASM?
1.11	Were stockholders able to attend the ASM in person or virtually or was able to appoint a proxy?

1.12	Were there no extraordinary motions passed in the ASM, and were there no changes to the agenda or motions within the 7 days prior to the day of the ASM?
1.13	Did the Company disclose the shareholders meeting agenda and other information in the Information Statement at least 28 days prior to the day of the ASM?
1.14	Did the Company disclose the implementation status of the ASM resolutions of the preceding fiscal year in the Annual Report?
1.15	Did the Company adopt a policy prohibiting insiders, including directors and employees, from using information not publicly disclosed in the market to trade securities, with content including (but not limited to) a prohibition against directors trading the company's stock during a blackout period of at least 10 days before the publication of the company's annual and quarterly financial reports and 2 days after the publication of said reports?
II. Enhancing Board Composition and Operation	
2.1	Are the compositions of the Board and its committees appropriate and in accordance with the Code of Corporate Governance?
2.2	Has the Company adopted corporate governance best practice principles under the Code of Corporate Governance and have they been passed by the Board? Has the Company submitted its Integrated Annual Corporate Governance Report (IACGR) on or before May 30 of the year?
2.3	Did the Company adopt a board diversity policy and disclose the specific management objectives as well as the status of implementation of the diversity policy on the company's website and in the annual report?
2.4	Is it true that the Company's Chairman of the Board and Chief Executive Officer are neither the same person?
2.5	Did the Company's board members include at least one female director?
2.6	Did the Company's independent directors reach one-third or more of all of the directors?
2.7	Were the continuous terms of service of the independent directors no more than 9 years each?

2.8	Has the Company adopted succession planning for board members and key executives?
2.9	Did the Company disclose the professional qualifications and experience of the Audit Committee members as well as the key tasks and status of operations of the Audit Committee for that fiscal year (Audit Committee Report)?
2.10	Were the Company's interim financial reports all approved by the Audit Committee and submitted to the Board for discussion and resolution?
2.11	Did the members of the Remuneration Committee each attend at least two Committee meetings a year, and disclose information such as regarding their periodical reviews of the policies, systems, standards, and structure for the performance assessment and remuneration of the directors, supervisors, and managerial officers?
2.12	Did the Company have any non-statutory functional committees such as a corporate governance committee, nomination committee, risk management committee, or sustainable development committee, and did such functional committees have not less than three members, with at least majority of the members being independent directors, and with one or more members possessing the particular professional competences required by the respective committees, and did the company disclose the organization, functions, and operations of such committees?
2.13	Did the Board regularly (at least once a year) review the independence of the external auditors?
2.14	Did the Board carry out regular annual assessment of its performance, its directors, its committees?
2.15	In the year being evaluated, did the average rate of actual attendance of all directors at Board meetings reach 85% or more?
2.16	Were at least two independent directors personally in attendance at each board meeting of the Company?
2.17	Has the Company appointed a Corporate Secretary and disclosed on the Company's website and in its annual report the scope of the Company Secretary's authority?
2.18	Has the Company adopted risk management policies and procedures that have been passed by the Board, and disclosed the scope of risk management, the corresponding organizational structure in place, and the status of risk management operations, and did it report to the Board of Directors on these at least twice a year?

2.19	Does the Manual on Corporate Governance of the Company adopted the performance assessment framework of the Board of Directors with the express requirement that an external assessment be carried out at least once every three years?
2.20	Has the Company established a cyber security risk management framework, adopted cyber security policies and concrete management programs, and invested in resources for cyber security management?
2.21	Did all of the Company's directors complete the number of hours of continuing education required by the Code of Corporate Governance?
III. Increasing Information Transparency	
3.1	Did the Company comply with the PSE Disclosure Rules and thus avoid incurring any monetary penalty?
3.2	Did the company file its Audited Annual Financial Statement before the annual deadline of April 15?
3.3	Is it true that the Company did not restate its financial reports for the ~~fy~~ year evaluated?
3.4	Did the Company voluntarily disclose its quarterly FS, without having any corrections ordered by the competent authority?
3.5	Did the Company disclose a specific and clear dividend policy in the Annual Report?
3.6	Did the Company voluntarily disclose the individual remuneration details of each non-executive director in its Annual Report?
3.7	Did the Company disclose its performance incentive framework in the IACGR?
3.8	Did the Company disclose and published on its website the list of its Top 100 Stockholders and its Public Ownership Report quarterly?
3.9	Did the Company website disclose information related to the Company's finances, business and corporate governance?
3.10	Did the Company make information relating to its ASM available on its website, including, at least, the most recent Annual Report to shareholders, the meeting notice, the agenda, and the meeting minutes?
3.11	Did the Company voluntarily hold investor conferences at least two times in the year being evaluated?

IV. Promoting Sustainable Development	
4.1	Did the Company have a designated unit in charge of promoting sustainable development that, following the principle of materiality, conducted risk assessment on environmental, social, or corporate governance issues related to the Company's operations, and adopted relevant risk management policies or strategies, and did the board of directors oversee the promotion of sustainable development, and did it disclose the same on the Company's website and in its annual report?
4.2	Did the Company have a designated unit in charge of promoting ethical corporate management, with responsibility for establishing and supervising the implementation of the ethical corporate management policies and prevention programs?
4.3	Did the Company regularly disclose on the company website or in its annual report or sustainability report its concrete plans for promoting environmental, social, and governance (ESG) practices and the results of the implementation of those plans?
4.4	Is the Company ISO certified in terms of its environmental compliance and information security compliance?
4.5	Did the Company adopt and disclose in detail on its website a whistleblower system for company insiders and outsiders to report illegal behavior (including corruption) and unethical behavior?
4.6	Did the Company disclose on its website or in its annual report or sustainability report the supplier management policies it adopted, and require suppliers to comply with the relevant provisions regarding issues such as environmental protection, occupational safety and health, or labor rights, and specify the status of implementation?

OTHER COMMENTS:
