

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended **June 30, 2025**
2. SEC Identification number **CS200716094**
3. BIR Tax Identification No. **006-895-049**
4. **Converge Information and Communications Technology Solutions, Inc.**
Exact name of registrant as specified in its charter
5. **Republic of the Philippines**
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. **New Street Bldg., Mc Arthur Highway, Balibago, Angeles City, Pampanga** **2009**
Address of registrant's principal office Postal Code
8. **(02) 8667-0888**
Registrant's telephone number, including area code
9. **Not applicable**
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	No. of Shares of Common Stock Issued & Outstanding
Common Stock, P0.25 par value	7,266,573,061 Shares
Fixed Rate Bonds	10,000,000,000
11. Are any or all of the securities listed on a Stock Exchange?
Yes [] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange, Common Stock
12. Indicate by check mark whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [] No []
 - (b) has been subject to such filing requirements for the past ninety (90) days

Yes [] No []

PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Our unaudited condensed consolidated financial statements include the financial statements of the Parent Company and its subsidiaries namely, Pentagon Holding Co., Inc. (Pentagon), Converge Global Business Group Limited (Converge Global), Cyan Azurite Properties and Development Corp, Asia Netcom Philippines Corporation, and Converge Venture Holdings Inc. (Converge Ventures). These consolidated financial statements also include Pentagon’s subsidiary, Metroworks ICT Construction Inc. (Metroworks); Metroworks’ subsidiary, Myriad ICT Services Inc (Myriad); Converge Venture’s subsidiaries Pentagon Digital Global Corp., Ametrine Properties & Prime Development Corp., and Rev21 Labs Inc.; and Converge Global’s subsidiary Hyperscal Digital Limited. The Parent Company and its subsidiaries are collectively referred to here as the “Group”.

The unaudited condensed consolidated financial statements for the periods ended June 30, 2025 (filed as Annex 1 of this report) have been prepared in accordance with Philippine Accounting Standard 34, Interim Financial Reporting and hence do not include all of the information required in the annual audited financial statements.

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”) OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of Converge’s financial performance for the period ended June 30, 2025. The prime objective of this MD&A is to help the readers understand the dynamics of the Company’s business and the key factors underlying its financial results. This section focuses on key statistics from the unaudited consolidated financial statements and pertains to known risks and uncertainties relating to the telecommunications industry in the Philippines where we operate up to the stated reporting period. However, Converge’s MD&A should not be considered all inclusive, as it excludes unknown risks, uncertainties and changes that may occur in the general economic, political and environmental condition after the stated reporting period. Converge has adopted an expanded corporate governance approach in managing its business risks. An Enterprise Risk Management Policy was developed to systematically view the risks and to manage these risks in the context of normal business processes such as strategic planning, business planning, operational and support processes.

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

Any references in this MD&A to “we”, “us”, “our”, “Company” means the Converge and references to “Converge” mean Converge Information and Communications Technology Solutions, Inc. Additional information about the Company, including annual and quarterly reports, can be found on our corporate website <https://www.convergeict.com/>

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This report may contain forward looking statements and information that are, by their nature, subject to significant risks, uncertainties, and assumptions. Many factors could make or cause the actual results, performance or achievements to be materially different from those expressed or implied in this release. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein.

I. OVERVIEW OF OUR BUSINESS

Converge Information and Communications Technology Solutions, Inc. (“Converge”) is a high-speed fixed broadband operator in the Philippines. We are the only pure-play high-speed fixed broadband provider, serving the Philippines with industry leading optical fiber-based connectivity services and broadband-enables solutions. Our dedication to providing industry leading fixed broadband and technology services is deeply ingrained in our organization, which we believe permeates all aspects of our operations, including our network rollout, product and service offerings, sales and customer service.

We operate two business segments: (i) our residential business (“Residential Business”), which primarily offers high-speed fixed broadband postpaid and prepaid internet and add-on services to our residential customers; and (ii) our enterprise business (“Enterprise Business”), which offers high-speed fixed broadband internet services, private data network solutions, cloud and colocation services and other connectivity solutions to our enterprise customers of varying sizes, industries and types.

We own and operate the fastest-growing, end-to-end fiber network in the Philippines, which is also one of the newest in the country. Our network is comprised of a fiber backbone that stretches from the northernmost tip of Luzon Island to the southernmost region of Mindanao, as well as a fiber distribution and last-mile network.

II. 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.

III. FINANCIAL AND OPERATIONAL RESULTS

A. FINANCIAL AND OPERATING SUMMARY

SUMMARY OF STATEMENTS OF COMPREHENSIVE INCOME

The following discussion provides a description of the key line items of our consolidated statements of total comprehensive income for the period ended June 30, 2025 and 2024.

In PHP millions	For the six months ended June 30			
	2025	2024	YoY change	YoY change %
Revenues	21,780	19,519	2,261	12%
<i>Residential</i>	18,368	16,635	1,732	10%
<i>Enterprise</i>	3,412	2,884	529	18%
Cost of services (COS)	(7,331)	(7,058)	(272)	-4%
Gross profit	14,449	12,461	1,989	16%
General and administrative expenses (GAE)	(5,029)	(4,226)	(803)	19%
Provision for impairment of trade and other receivables	(871)	(764)	(108)	-14%
Equity in net income of joint ventures	17	55	(38)	-69%
Unrealized fair value loss on financial asset at fair value through profit or loss (FVTPL)	0	(6)	6	-101%
Other income, net	202	456	(254)	-56%
Profit from operations	8,768	7,976	793	10%
Finance costs	(808)	(973)	165	-17%
Profit before income tax	7,960	7,003	957	14%
Income tax expense	(2,012)	(1,709)	303	18%
Profit after income tax for the period	5,948	5,294	654	12%
Other comprehensive income	4	-	4	N/M
Total comprehensive income for the period	5,952	5,294	658	12%
Profit after income tax	5,948	5,294	654	12%
Finance costs	808	973	(165)	-17%
Income taxes	2,012	1,709	303	18%
Depreciation and amortization - COS	3,647	3,395	252	7%
Depreciation and amortization - GAE	270	189	81	43%
Amortization of deferred contract costs - SAQ	765	332	432	130%
EBITDA	13,450	11,892	1,558	13%
EBITDA Margin	61.8%	60.9%		

Six months ended June 30, 2025 compared to six months ended June 30, 2024

B. OPERATING REVENUES

Converge generated consolidated revenues of ₱21,780 million for the six-month period ended June 30, 2025, representing a 12% increase from ₱19,519 million in the same period of 2024. This growth was primarily driven by the sustained strong performance of both the Residential and Enterprise segments.

The Residential Business contributed ₱18,368 million in revenues, reflecting a 10% year-on-year growth, attributable to the continued expansion of the residential subscriber base.

The Enterprise Business delivered ₱3,412 million in revenues, marking an 18% increase from ₱2,884 million in the first half of 2024. This strong performance was supported by the consistent growth of the enterprise customer base and the rollout of enhanced service offerings.

C. EXPENSES

Cost of services amounted to ₱7,331 million, an increase of 4% from ₱7,058 million for the same period last year. The increase was due to higher amortization of deferred contract costs and increased depreciation and amortization. These were partially offset by lower rental expenses during the period.

General and administrative expenses totaled ₱5,029 million, 19% higher than ₱4,226 million in the first half of 2024. This was largely driven by higher managed service and professional fees, increased spending on outside services, and higher personnel costs to support continued business expansion and operations.

Provision for impairment of trade and other receivables increased to ₱871 million, up 14% from ₱764 million in the same period last year. This increase was due to a higher volume of trade receivables used as the basis for credit loss provisioning.

Other income, net, declined by 56% from ₱456 million to ₱202 million, mainly attributable to unfavorable foreign exchange rate movements during the reporting period.

EBITDA rose by 13% year-over-year, reaching a record ₱13,450 million, compared to ₱11,892 million in the first half of 2024. The double-digit EBITDA growth was driven by the 12% increase in consolidated revenues, improved cost management and enhanced operating efficiencies, resulting in higher profit margins.

D. NET INCOME

Profit from Operations

As a result of the foregoing, profit from operations increased by 10% to ₱8,768 million in the first half of 2025, compared to ₱7,976 million in the first half of 2024.

Finance Costs

Finance costs declined by 17%, from ₱973 million to ₱808 million, primarily due to lower interest expense following loan repayments made during the period.

Profit Before Income Tax

Profit before income tax for the first half of 2025 reached ₱7,960 million, reflecting a 14% increase from ₱7,003 million for the same period in 2024.

Income Tax Expense

Income tax expense increased by 18% from ₱1,709 million amounted to ₱2,012 million, as a result of higher taxable income.

Profit for the Period

Net profit for the first half of 2025 amounted to ₱5,948 million, registering a solid 12% growth from ₱5,294 million recorded in the first half of 2024.

E. CAPITAL EFFICIENCY AND LIQUIDITY

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	Change (%)
Balance Sheet Data (in PHP millions)			
Total Assets	108,400	107,054	1%
Total Debt ⁽¹⁾	26,897	29,515	-9%
Total Stockholders' Equity	57,614	54,691	5%
Financial Ratios			
Total Debt to EBITDA (gross)	1.0x	1.2x	
Total Debt to EBITDA (net)	0.4x	0.5x	
Debt Service Coverage ⁽²⁾	3.3x	3.1x	
Interest Coverage (gross) ⁽³⁾	14.9x	12.8x	
Debt to Equity (gross) ⁽⁴⁾	0.5x	0.5x	
Debt to Equity (net) ⁽⁵⁾	0.2x	0.2x	
Return on Invested Capital ⁽⁶⁾	17.7%	18.3%	

Notes:

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

(2) Debt Service Coverage is computed as Parent Company's last twelve months (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

(3) Interest Coverage (gross) is computed as LTM earnings before interest, taxes, depreciation and amortization, amortization of subscriber acquisition costs / LTM interest expense

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

(5) Debt to Equity (net) is computed as the difference between total debt and the total of cash and cash equivalents, and short term cash placements divided by total equity

(6) Return on Invested Capital is tax-adjusted (25% assumed effective tax rate for 2025 and 2024) profit from operations divided by average invested capital. Invested Capital is the sum of our total equity and total debt, less cash and cash equivalents, short-term cash placements and capital expenditures in progress

Converge and its subsidiaries (together, the "Group") continues to maintain a strong balance sheet and healthy cash flows, with ample liquidity and leverage comfortably within bank covenants.

As of June 30, 2025, total consolidated assets stood at ₱108,400 million, slightly higher than ₱107,054 million as of December 31, 2024. Consolidated cash, cash equivalents and short-term cash placements amounted to ₱15,223 million, compared to ₱16,981 million at year-end 2024.

Total outstanding borrowings declined to ₱26,897 million as of June 30, 2025, from ₱29,515 million as of December 31, 2024, a reduction of ₱2,618 million, mainly due to regular debt repayments and amortizations. The Company's Net Debt position, defined as borrowings less cash, cash equivalents and short-term cash placements, improved to ₱11,673 million from ₱12,534 million as of December 31, 2024. This reduction reflects prudent balance sheet management and strong operating cash flows. As of June 30, 2025, the Net Debt-to-EBITDA ratio, stood at a conservative 0.4x, based on the last twelve months' EBITDA from July 2024 to June 2025. This low level of leverage underscores the Group's financial strength and provides ample room to support our capital expenditure program and growth initiatives, especially in response to the increasing demand for high-speed fixed broadband infrastructure in the Philippines.

The Group's loan agreements include a financial covenant requiring a maintenance of a minimum Debt Service Coverage Ratio (DSCR) of 1.2x. As of June 30, 2025, our DSCR stood at a robust 3.3x, significantly exceeding covenant requirements and further enforcing its strong credit profile.

The Group continues to demonstrate strong capital efficiency. Our Return on Invested Capital ("ROIC") was 17.7% for the six months ended June 30, 2025 (annualized), reflecting an industry-leading performance. This reflects the Group's disciplined approach to capital deployment, with a focus on maximizing returns while expanding its nationwide fiber network. The Group remains committed to maintaining high ROIC levels through prudent decisions and operational efficiency.

As of June 30, 2025, total stockholder's equity stood at ₱57,614 million, an increase of ₱2,923 million from ₱54,691 million as of December 31, 2024. The increase was primarily driven by net income generated during the period, partially offset by the dividends paid on April 16, 2025.

CONSOLIDATED CASH FLOWS

	For the six months ended June 30			
	2025	2024	YoY change	YoY change %
In PHP millions				
Cash flows from operating activities				
Profit before income tax	7,960	7,003	957	14%
Adjustments for operating income	6,884	5,600	1,284	23%
Adjustments for assets and liabilities	(4,188)	(402)	3,785	N/M
Cash from operations	10,656	12,200	(1,544)	-13%
Interest received and income taxes paid	(1,855)	(988)	866	88%
Net cash from operating activities	8,802	11,212	(2,410)	-21%
Cash flows from investing activities				
Acquisitions of property, plant, and equipment and intangible assets	(4,258)	(4,740)	483	-10%
Maturity of short-term cash placements	6,753	-	6,753	N/M
Proceeds from disposal of assets	220	-	220	N/M
Dividends received	149	-	149	N/M
Net cash from (used in) investing activities	2,864	(4,740)	7,604	-160%
Cash flows from financing activities				
Payment of borrowings	(2,633)	(2,436)	(197)	8%
Interest paid on borrowings	(797)	(921)	124	-13%
Dividends paid	(3,125)	-	(3,125)	N/M
Others	(242)	(145)	97	67%
Net cash used in financing activities	(6,797)	(3,502)	(3,295)	94%
Net increase in cash and cash equivalents	4,869	2,970	1,899	64%
Cash and cash equivalents, beginning	8,454	13,694	(5,240)	-38%
Effects of exchange rate changes in cash and cash equivalents	(34)	327	(361)	-110%
Cash and cash equivalents, ending	13,288	16,990	(3,702)	-22%

Net cash flows from operating activities

Net cash provided by operating activities amounted to ₱8,802 million for the six-month period ended June 30, 2025. This was derived by adjusting our profit before income tax of ₱7,960 million with: (i) non-cash and other items, which consist of: ₱3,917 million in depreciation and amortization, ₱1,398 million in amortization of deferred contract costs, ₱871 million in provision for impairment of trade and other receivables, and ₱808 million in finance costs, (ii) working capital changes with positive impact on cash flows, including ₱401 million decrease in other current and non-current assets, ₱51 million increase in deferred revenue and ₱16 million increase in retirement benefit obligation (iii) working capital changes with negative impact on cash flows including: ₱1,843 million increase in trade and other current receivables, ₱1,240 million increase in deferred contract costs, ₱265 million increase in network materials and supplies and ₱1,350 million decrease in trade and other liabilities.

In comparison, net cash from operating activities for the same period in 2024 amounted to ₱11,212 million. This was derived by adjusting profit before income tax of ₱7,003 million with (i) non-cash and other items, which consist of: ₱3,584 million in depreciation and amortization, ₱973 million in finance costs, ₱786 million in amortization of deferred contract costs, and ₱764 million in provision for impairment of trade and other receivables, (ii) working capital changes with positive impact on cash flows including: ₱1,440 million increase in trade and other current liabilities, ₱94 million increase in deferred revenue and ₱62 million decrease in due from related parties (iii) working capital changes with negative impact on cash flows including: ₱1,102 million increase in deferred contract costs and ₱610 million increase in trade and other receivables, ₱176 million increase in other current and non-current asset, and ₱49 million increase in network materials and supplies.

Net cash flows from (used in) investing activities

Net cash from investing activities amounted to ₱2,864 million for the period ended June 30, 2025, a turnaround of ₱7,604 million from the ₱4,740 million net cash used in the same period of 2024. This improvement was mainly due to the maturity of short-term cash placements and proceeds from asset disposals, partially offset by investments in capital expenditures related to the continued expansion of our fiber network.

Cash used for the acquisitions of property, plant and equipment and intangible assets was ₱4,258 million for the period ended June 30, 2025, ₱483 million lower than the ₱4,740 million incurred in the same of 2024. Key investments made in both periods included: (i) outside plant equipment, primarily passive infrastructure supporting the fiber network, (ii) inside plant equipment, including active components such as dense wavelength division multiplexing equipment and routers and (iii) other property, plant and equipment, such as customer premise equipment, vehicles, and general IT hardware such as laptop computers and other office IT equipment.

Net cash used in financing activities

Net cash used in financing activities was ₱6,797 million for the six-month period ended June 30, 2025. This primarily consisted of ₱3,125 million in cash dividends paid, ₱2,633 million in loan amortizations and repayments and ₱797 million in interest payments on borrowings.

For the same period in 2024, net cash used in financing activities totaled ₱3,502 million, mainly comprising ₱2,436 million in loan amortizations and repayments and ₱921 million in interest payments on borrowings.

Commitments and Off-Balance Sheet Arrangements

As of June 30, 2025, the Group had unused credit lines from local banks amounting to ₱5.5 billion, providing additional liquidity headroom to support ongoing operations and capital expenditures. Kindly refer to Note 2 of the accompanying financial statements for further details on the Group's commitments and other off-

balance sheet arrangements.

F. QUANTITATIVE AND QUALITATIVE DISCLOSURE OF FINANCIAL RISK

The Group is exposed to various financial risks in the ordinary course of business. These risks may adversely impact the Group's results of operations and are typically driven by external factors beyond its direct control.

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. This arises principally from the Group's receivables from subscribers and other financial assets.

To manage credit risk, the Group continuously reviews and updates its credit policies and processes. Service applications are subjected to standard credit evaluation and verification. Receivable balances of subscribers are monitored regularly and appropriate credit actions are implemented at various stages of delinquency to manage exposure.

The Group's maximum exposure to credit risk is equivalent to the carrying value of the financial assets, except for trade receivables secured by subscribers' deposits which provide coverage for expected credit losses from default.

As of June 30, 2025, the Group's financial assets as to which the expected credit losses ("ECL") model has been applied are summarized below:

In PHP millions	At gross amounts	Allowance provided	Net carrying amount	Internal credit rating	Basis for recognition of ECL
Cash and cash equivalents	13,278	-	13,278	Performing	12-month ECL
Short-term cash placements	1,935	-	1,935	Performing	12-month ECL
Trade receivables					
Residential - Group 2	2,225	(118)	2,107	Collective assessment	Lifetime ECL
Residential - Group 3	1,436	(724)	712	Credit impaired	Lifetime ECL
Enterprise - Group 2	1,831	(684)	1,147	Collective assessment	Lifetime ECL
Enterprise - Group 3	1,021	(911)	110	Credit impaired	Lifetime ECL
Other receivables - Group 1	1,044	-	1,044	Performing	12-month ECL
Due from related parties - Group 1	209	-	209	Performing	12-month ECL
Construction bonds and rental deposits - Group 1	266	-	266	Performing	12-month ECL
	23,245	(2,437)	20,808		

Credit quality classifications are defined as follows:

- Group 1 - Subscribers and counterparties with no history of default and assessed to be fully recoverable.
- Group 2 - Subscribers and counterparties with some defaults in the past.
- Group 3 - Individually assessed subscribers and counterparties with defaults and assessed as impaired; recovery is not expected despite collection efforts.

Cash and cash equivalents

As of June 30, 2025, cash and cash equivalents exclude cash on hand amounting to ₱10 million which is not subject to credit risk. To minimize credit risk exposure from cash, the Company deposits its cash in banks with universal banks, all with good credit ratings.

The Group is also exposed to credit risk related to its ₱55 million investment in exchangeable bonds, measured at fair value through profit or loss. These bonds, along with short-term government securities, are considered low risk, and the Group actively monitors their credit ratings for signs of deterioration.

Trade receivables

Trade receivables from residential and enterprise subscribers are partially secured by subscribers' deposits, mitigating losses from potential defaults. The Group does not hold any collateral as security for the rest of the financial assets.

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 for current and forward-looking macroeconomic indicators such as gross domestic product (GDP) growth and inflation.

For enterprise subscription receivables, credit risk is assessed based on individual subscriber profile. 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 show no history of default and are assessed to be fully recoverable. ECL is deemed insignificant.

Group 2 enterprise subscribers show some payment delays, with loss rates based on historical trends and macroeconomic factors.

Other receivables

Credit risk for other receivables is assessed individually, considering historical defaults and counterparty credit ratings. No material defaults have been recorded and credit risk is assessed as low.

Due from related parties

These receivables are considered to have low credit risk, based on qualitative and quantitative assessments. This includes availability of highly liquid assets and access to internal or external funding. As such, ECL is deemed insignificant.

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 cash placements, trade payables and other liabilities denominated in US Dollar as of June 30, 2025.

The Group manages its US Dollar exchange risk by maintaining sufficient cash in US Dollar to cover its maturing obligations.

At June 30, 2025, the exchange rate used to translate US Dollar denominated monetary assets and liabilities is P56.33/\$. If the US Dollar had weakened or strengthened by 1.3% against the Philippine Peso, with all other variables held constant, pre-tax profit for the year ended June 30, 2025 and equity would have been ₱123 million higher or lower, mainly as a result of foreign exchange losses or gains 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.

Interest Rate Risk

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 of June 30, 2025, if interest rates increased/decreased by 10 basis points, with all other variables held constant, profit for the period ended June 30, 2025 would have been ₱0.7 million 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 of June 30, 2025, 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 ₱55 million. 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 7.47%. This financial asset is managed on an individual basis thereby reducing the Group's exposure to equity price risk at an acceptably low level.

As of June 30, 2025, if BVAL rates increased/decreased by 100 basis points, with all other variables held constant, the financial asset carried at fair value through profit or loss as at June 30, 2025 would have been ₱7.0 million lower mainly as a result of higher BVAL rates while it would have been ₱8.4 million higher mainly as a result of lower BVAL rates.

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 of June 30, 2025.

	Amount
Trade payables and other liabilities	16,919
Subscribers' deposit	1,346
Due to related parties	28
Borrowings	26,897
Lease liabilities, gross of discount	2,242
Future interest payable	2,458
	49,890

Trade and other liabilities presented above exclude non-financial liabilities such as deferred output VAT payable, payable to government agencies, and provision for contingencies.

Capital Risk Management

Our 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 consider declaring 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 reserve for remeasurements of retirement benefit obligation and other reserves as shown in the consolidated statements of financial position.

Converge is not subject to any externally imposed capital requirements.

The Group's borrowings include compliance with certain ratios.

BASIS OF PREPARATION

The consolidated interim financial statements of the Group have been prepared in accordance with Philippines Accounting Standards (PAS) 34, Interim Financial Reporting. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These condensed consolidated interim financial statements do not include all the notes normally included in a full set of annual financial statement. Accordingly, this report should be read in conjunction with the annual financial statements for the year ended December 31, 2024, as well as any public announcements made during the six-month period.

The accounting policies adopted are consistent with those applied in the previous financial year and corresponding interim reporting period.

There are no new accounting standards or amendments effective January 1, 2025 that have had a material impact on these condensed consolidated interim financial statements.

There are no other future standards, amendments or interpretations effective on or after January 1, 2025 that are expected to have a material impact on the Group's financial statements.

IV. OTHER RELEVANT INFORMATION

CORPORATE DEVELOPMENTS

Converge unveils refreshed brand identity and strengthens leadership structure

Converge marked a significant milestone in its shift from a traditional telecommunications provider to a technology-driven enterprise – expanding services to include broadband-enabled solutions from a pure connectivity provider, with the launch of its refreshed corporate identity. The new logo, featuring three upward-flowing strands forming a “C,” symbolizes the Company’s evolution and core pillars: connectivity, intelligence, and experience.

Alongside the visual rebrand, Converge introduced an updated Vision and Mission, aligning with its aspiration to be the foremost technology leader powering digital journeys and enriching lives through innovation. This rebranding underscores Converge’s commitment to long-term growth and value creation through technology.

As part of this new chapter, Converge also announced key leadership changes that took effect on July 2025. The Board of Directors appointed Benjamin B. Azada, previously the Chief Commercial and Chief Sustainability Officer, as the new Chief Operations Officer (COO), following the retirement of long-serving executive Jesus “Boboy” C. Romero.

Azada passed on the sustainability-related leadership responsibilities to Atty. Laurice Esteban-Tuason, who now serves concurrently as Corporate Sustainability Officer, Corporate Compliance and Data Protection Officer. Additionally, Deputy Chief Finance Officer Christine Renee Blabagno has also been named Chief Risk Officer, tasked with strengthening Converge’s strategic risk management.

Reinforcing its strategic pivot to techco, Converge also elected Mr. Park Weongi, former CEO of NAVER Cloud, to its Board of Directors on July 8. With over 30 years of global experience in cloud and digital infrastructure, Park is expected to provide valuable insights as the Company expands into enterprise cloud, AI, and digital platform services.

“This new corporate identity was created with the future in mind,” said Converge President and Co-Founder Maria Grace Uy. “We’re at an inflection point in our journey — from simply connecting people through fiber broadband to delivering digital-first, value-added solutions. Our transformation into a full-fledged techco is well underway, and this refreshed identity captures that momentum. It represents our charge to go from fiber to the future, a future where technology and humanity converge.”

Converge launches broadband-enabled content product for the evolving Filipino home

Converge has officially launched Super FiberX, its next-generation connectivity solution designed to meet the evolving demands of the modern Filipino household. Super FiberX delivers enhanced speed, value, and reliability, featuring WiFi-6 technology, bundled access to SkyTV, and integration with the Converge Xperience Hub — a digital platform enhancing customer service and network management.

Built on the Philippines’ largest Fiber-to-the-Home network, spanning over 800,000 kilometers, Super FiberX is powered by a highly automated infrastructure with predictive maintenance and zero-touch operations.

Majority of the FiberX gross additions in the second quarter of 2025 were driven by strong uptake of the bundled offerings, particularly the Netflix Bundles and SuperFiberX packages—reflecting growing consumer demand for integrated entertainment and connectivity solutions.

“Over the years, we’ve always strived to deliver faster, more accessible internet to our customers,” stated Benjamin Azada, COO of Converge ICT. “We’ve taken speeds from 35 Mbps to 400 Mbps in a matter of

years — 11 times faster. Equally important, we’ve maintained our prices despite inflation, reducing the cost per Mbps by over 90%, from P45 down to just P4 per Mbps. And it’s all possible because of our robust network design that will enable high-performance connectivity for more Filipino homes well into the future.”

Converge continues to develop innovative solutions for both Residential and Enterprise segments to provide broadband-enabled services that meet the needs of Filipino households and businesses.

Converge sweeps Ookla® Awards for third consecutive year, earns ASEAN governance honors

Converge has once again swept all four major categories at the Ookla® Speedtest Awards™ for the first half of 2025. This achievement marks the third consecutive year that Converge has dominated the awards, reaffirming its position as the most consistent and high-performing fixed network in the country.

Among the accolades received were Fastest Fixed Network, Best Video Experience, Top Internet Provider for Gaming, and Best Fixed Network. These are supported by strong performance metrics, including a Video Score™ of 75.60, a Game Score™ of 82.33, and a Speedtest Connectivity Score™ of 73.77. These recognitions reflect Converge’s continued excellence in delivering high-speed, low-latency, and stable connectivity across various use cases, from streaming to gaming to everyday internet usage.

Further strengthening its leadership, Converge was also named among the ASEAN Top 50 and the Top 5 Philippine publicly listed companies at the ASEAN Corporate Governance Awards 2025. The recognition is based on the ASEAN Corporate Governance Scorecard (ACGS), a rigorous evaluation conducted by the Minority Shareholders Watch Group in collaboration with the ASEAN Capital Markets Forum and the Asian Development Bank.

Furthermore, Converge is one of only five Philippine companies included in the Forbes Asia 200 Best Under A Billion list for 2025—a recognition of the Company’s resilience and strong performance in a competitive regional landscape.

The annual list features 200 top-performing publicly listed companies in the Asia-Pacific region with annual revenues between \$10 million and \$1 billion. Selected from a pool of over 19,000 companies, honorees were evaluated based on a composite score that considered debt levels, revenue and earnings-per-share growth over one and three years, as well as one- and five-year average returns on equity. Companies were also screened for qualitative factors such as governance practices, financial transparency, environmental impact, and legal or management issues.

Converge’s inclusion highlights its sound fundamentals, disciplined growth strategy, and ongoing commitment to delivering long-term value to shareholders.

Converge makes progress with UNGC and WEP commitments

As a signatory of the UN Global Compact, Converge ICT Solutions Inc. reaffirms its commitment to responsible and transparent business practices in its FY2024 [Communication on Progress](#). The report highlights strengthened governance, key policy enhancements including an Occupational Safety and Health Policy to complement the Health and Safety Manual, a Smoke-Free Workplace Policy, a Dividend Policy, and an Open Internet Policy, and recognition from ASEAN governance bodies and telecom awards.

Converge also formalized its Employee Council to strengthen labor-management dialogue and exceeded its employee development targets, launching programs like CompetenShift to build future-ready skills. The Company advanced digital inclusion, human rights, and privacy safeguards while driving progress toward a circular economy through increased equipment reuse and sustainable packaging. Anti-corruption initiatives were reinforced through a Fraud Management Policy and Procedure Manual, supporting a strong culture of ethics and accountability.

Participation in the United Nations Global Compact requires the annual submission of a Communication on Progress (CoP), serving as a formal reaffirmation of a company’s adherence to the Ten Principles. These principles, which encompass the areas of human rights, labor, environmental stewardship, and anti-corruption, include core commitments such as the elimination of all forms of forced and compulsory labor, as well as the advancement of environmentally sustainable technologies.

The UN Global Compact encourages member organizations to integrate these principles into their strategies and operations, while also contributing meaningfully to broader societal objectives, including the realization of the Sustainable Development Goals.

Additionally, Converge submitted its progress report on the [Women’s Empowerment Principles](#) (WEPs), reinforcing its commitment to gender equality and inclusive growth. Through its Social Media and Livelihood Training, Converge helps upskill small business owners in marketing and business model improvement. In partnership with JK2L2 Inc., it also conducted training in Tondo to equip housewives and mothers with skills in online selling, scam prevention, and income generation as Surf2Sawa home-based agents.

MAJOR STOCKHOLDERS

The following are the major stockholders of Converge as of June 30, 2025:

Title of Class	Name of Record Owner	Name of Beneficial Owner	Citizenship	Number of Shared 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	1,288,754,249	17.73%
Common Shares	PCD Nominee Corporation	Cloud Gateway Limited	Foreign	222,757,739***	3.07%
Common Shares	PCD Nominee Non-Filipino	Public Ownership	Foreign	956,927,292	13.16%

*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

BOARD OF DIRECTORS

The following table sets forth our Board of Directors:

Name	Gender	Position	Citizenship	Board Member Since	Stakeholder Represented
Dennis Anthony H. Uy	Male	CEO, Founder & Executive Director	Filipino	Jul 2012	Majority shareholder
Maria Grace Y. Uy	Female	President, Chief Resources Officer, Founder & Executive Director	Filipino	Jan 2014	Majority shareholder
Jose P. de Jesus	Male	Chairman, Independent Non-Executive Director	Filipino	Jun 2020	

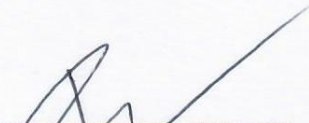
<u>Name</u>	<u>Gender</u>	<u>Position</u>	<u>Citizenship</u>	<u>Board Member Since</u>	<u>Stakeholder Represented</u>
Amando M. Tetangco, Jr.	Male	Independent Non-Executive Director	Filipino	Jun 2020	
Roman Felipe S. Reyes	Male	Independent Non-Executive Director	Filipino	Jun 2020	
Francisco Ed. Lim	Male	Non-Executive Director	Filipino	Jun 2020*	
Estela M. Perlas-Bernabe	Female	Independent Non-Executive Director	Filipino	May 2023	
Park Weongi	Male	Non-Executive Director	Canadian	July 2025*	

**Atty. Francisco Ed. Lim has tendered his resignation as member of the Board of Directors effective June 9, 2025 due to his appointment to a government position. The Board, duly constituting a quorum on July 8, 2025, elected Mr. Park Weongi as a non-executive director to serve the unexpired term of Atty. Francisco Ed. Lim.*

SIGNATURES

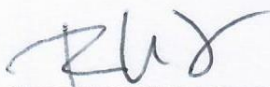
Pursuant to the requirement of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **Converge Information and Communications Technology Solutions, Inc.**



Dennis Anthony H. Uy
Chief Executive Officer

DATE SIGNED: 8/12/2025



Robert Leo A. Yu
Chief Finance Officer

DATE SIGNED: 8/12/2025

Converge Information and Communications Technology Solutions, Inc. and Subsidiaries

**Condensed Consolidated Interim Financial Statements
As at June 30, 2025 (Unaudited) and December 31, 2024
(Audited) and for the periods ended June 30, 2025 and 2024**

Converge Information and Communications Technology Solutions, Inc. and Subsidiaries

Consolidated Interim Statements of Financial Position As at June 30, 2025 and December 31, 2024 (All amounts in Philippine Peso)

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Assets		
Current assets		
Cash and cash equivalents	13,288,150,453	8,453,706,396
Short-term cash placements	1,935,272,087	8,526,947,283
Trade and other receivables, net, current portion	5,165,732,872	4,132,065,391
Due from related parties, current portion	67,223,540	116,340,616
Network materials and supplies, net	1,606,652,794	1,560,243,852
Deferred contract costs, current portion	1,249,465,254	1,395,108,280
Other current assets	1,433,164,794	1,663,154,657
Total current assets	24,745,661,794	25,847,566,475
Non-current assets		
Property, plant and equipment, net	71,036,079,161	70,053,186,580
Right-of-use assets, net	2,273,181,012	2,236,584,279
Intangible assets, net	2,449,327,617	2,046,345,655
Advances to fixed asset suppliers	4,636,024,106	3,810,638,674
Due from related parties, net of current portion	141,743,858	145,826,760
Deferred contract costs, net of current portion	437,925,699	450,328,577
Deferred income tax assets, net	1,978,190,659	1,594,514,382
Other receivables, net of current portion	227,416,495	258,074,786
Financial asset at fair value through profit or loss (FVTPL)	54,540,044	54,142,902
Investment in associate and joint ventures	376,478,265	508,721,605
Other non-current assets	43,455,182	48,263,360
Total non-current assets	83,654,362,098	81,206,627,560
Total assets	108,400,023,892	107,054,194,035
Liabilities and Equity		
Current liabilities		
Trade payables and other liabilities, current portion	15,372,980,167	14,512,799,004
Due to related parties	27,799,670	28,797,542
Subscribers' deposits, current portion	1,345,773,621	1,343,855,868
Deferred revenue	771,484,567	720,266,635
Borrowings, current portion	5,704,698,768	5,572,451,771
Lease liabilities, current portion	426,148,875	425,909,567
Income tax payable	1,259,057,026	932,348,645
Total current liabilities	24,907,942,694	23,536,429,032
Non-current liabilities		
Trade payables and other liabilities, net of current portion	2,981,096,444	3,244,129,913
Borrowings, net of current portion	21,191,913,095	23,942,362,158
Lease liabilities, net of current portion	1,682,944,037	1,606,148,867
Retirement benefit obligation, net	22,111,368	17,014,914
Subscribers' deposits, net of current portion	-	17,512,639
Total non-current liabilities	25,878,064,944	28,827,168,491
Total liabilities	50,786,007,638	52,363,597,523
Equity		
Attributable to owners of the Parent Company		
Share capital	1,881,573,615	1,881,573,615
Additional paid-in capital	18,746,088,245	18,746,088,245
Treasury shares	(6,498,544,185)	(6,498,544,185)
Retained earnings		
Unappropriated	21,161,290,155	16,338,022,848
Appropriated	22,000,000,000	24,000,000,000
Other equity reserves	199,107,804	223,143,489
	57,489,515,634	54,690,284,012
Non-controlling interest	124,500,620	312,500
Total equity	57,614,016,254	54,690,596,512
Total liabilities and equity	108,400,023,892	107,054,194,035

(The notes on pages 1 to 12 are integral part of these condensed consolidated interim financial statements)

Converge Information and Communications Technology Solutions, Inc. and Subsidiaries

Consolidated Interim Statements of Total Comprehensive Income For each of the six-month periods ended June 30, 2025 and 2024 (All amounts in Philippine Peso)

	Six-month period ended June 30		Three-month period ended June 30	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Revenues	21,779,999,565	19,519,006,565	10,983,763,713	9,979,435,193
Cost of services	(7,330,638,058)	(7,058,341,191)	(3,669,923,614)	(3,727,556,218)
Gross profit	14,449,361,507	12,460,665,374	7,313,840,099	6,251,878,975
General and administrative expenses	(5,028,624,551)	(4,226,100,237)	(2,555,637,200)	(2,061,051,173)
Provision for impairment of trade and other receivables	(871,199,983)	(763,513,694)	(435,891,550)	(393,873,459)
Equity in net income of joint ventures	16,889,510	54,888,703	(11,624,007)	27,444,352
Unrealized fair value loss on financial asset at FVTPL	35,516	(6,130,431)	78,384	(3,706,624)
Other income, net	201,929,434	455,761,525	34,014,849	237,207,687
Profit from operations	8,768,391,433	7,975,571,240	4,344,780,575	4,057,899,758
Finance costs	(808,267,820)	(972,777,794)	(381,652,341)	(478,750,049)
Profit before income tax	7,960,123,613	7,002,793,446	3,963,128,234	3,579,149,709
Income tax expense	(2,012,229,890)	(1,708,785,710)	(1,033,987,922)	(836,875,190)
Profit for the period	5,947,893,723	5,294,007,736	2,929,140,312	2,742,274,519
Other comprehensive income				
<i>Item that will not be reclassified to profit or loss</i>				
Remeasurement loss on retirement benefit obligation, net of tax	4,079,494	-	-	-
Total comprehensive income for the period	5,951,973,217	5,294,007,736	2,929,140,312	2,742,274,519
Profit attributable to:				
Owners of the Parent Company	5,947,893,723	5,294,007,736	2,929,140,312	2,742,274,519
Non-controlling interest	-	-	-	-
	5,947,893,723	5,294,007,736	2,929,140,312	2,742,274,519
Total comprehensive income attributable to:				
Owners of the Parent Company	5,951,973,217	5,294,007,736	2,929,140,312	2,742,274,519
Non-controlling interest	-	-	-	-
	5,951,973,217	5,294,007,736	2,929,140,312	2,742,274,519
Earnings per share				
Basic and diluted	0.82	0.72	0.40	0.38

(The notes on pages 1 to 12 are integral part of these condensed consolidated interim financial statements)

Converge Information and Communications Technology Solutions, Inc. and Subsidiaries

Consolidated Interim Statements of Changes in Equity
For each of the three-month periods ended June 30, 2025 (Unaudited) and 2024 (Unaudited)
(All amounts in Philippine Peso)

	Share capital	Additional paid-in capital	Treasury shares	Retained earnings		Other equity reserves	Non-controlling interest	Total
				Appropriated	Unappropriated			
Balances at January 1, 2024	1,881,573,615	18,746,088,245	(6,498,544,185)	14,000,000,000	16,833,317,171	282,940,990	312,500	45,245,688,336
Comprehensive income								
Profit for the period	-	-	-	-	5,294,007,736	-	-	5,294,007,736
Other comprehensive income for the period						-		-
Total comprehensive income for the period	-	-	-	-	5,294,007,736	-	-	5,294,007,736
Share-based compensation	-	-	-	-	-	17,225,247	-	17,225,247
Appropriation of retained earnings	-	-	-	10,000,000,000	(10,000,000,000)	-	-	-
Balances at June 30, 2024	1,881,573,615	18,746,088,245	(6,498,544,185)	24,000,000,000	12,127,324,907	300,166,237	312,500	50,556,921,319
Balances at January 1, 2025	1,881,573,615	18,746,088,245	(6,498,544,185)	24,000,000,000	16,338,022,848	223,143,489	312,500	54,690,596,512
Comprehensive income								
Profit for the period					5,947,893,723		-	5,947,893,723
Other comprehensive income for the period	-	-	-	-	-	4,079,494	-	4,079,494
Total comprehensive income for the period	-	-	-	-	5,947,893,723			5,951,973,217
Share-based compensation						(28,115,179)		(28,115,179)
Release of appropriated retained earnings				(2,000,000,000)	2,000,000,000			-
Transactions with owners								
Declaration of dividends	-	-	-	-	(3,124,626,416)	-	-	(3,124,626,416)
Issuance of shares							124,188,120	124,188,120
					(3,124,626,416)		124,188,120	(3,000,438,296)
Balances at June 30, 2025	1,881,573,615	18,746,088,245	(6,498,544,185)	22,000,000,000	21,161,290,155	199,107,804	124,500,620	57,614,016,254

(The notes on pages 1 to 12 are integral part of these condensed consolidated interim financial statements)

Converge Information and Communications Technology Solutions, Inc. and Subsidiaries

Consolidated Statements of Cash Flows For each of the three-month periods ended June 30, 2025 and 2024 (All amounts in Philippine Peso)

	Six-month period ended June 30	
	2025 (Unaudited)	2024 (Unaudited)
Cash flows from operating activities		
Profit before income tax	7,960,123,613	7,002,793,446
Adjustments for:		
Depreciation and amortization	3,917,255,493	3,584,120,546
Amortization of deferred contract costs	1,398,316,279	785,805,524
Provision for impairment of trade and other receivables	871,199,983	763,513,694
Finance costs	808,267,820	972,777,794
Unrealized foreign exchange (gain) loss, net	161,771,305	(243,865,035)
Unrealized (gain) loss on FVTPL	(35,516)	6,130,431
Interest income on financial asset at FVTPL	(2,118,933)	(2,030,181)
Interest income on finance lease receivable	(4,689,042)	(4,805,675)
Gain on lease terminations	(10,461,024)	-
Share in net income of joint venture	(16,889,510)	(54,888,703)
Share-based compensation	(28,115,179)	17,225,246
Interest income on cash and cash equivalents and short-term cash placements	(210,525,950)	(228,477,510)
Loss on disposal of property, plant and equipment	-	4,064,059
Operating income before changes in assets and liabilities	14,844,099,339	12,602,363,635
(Increase) decrease in assets:		
Trade and other receivables	(1,842,561,769)	(609,646,577)
Due from related parties	57,889,020	61,651,560
Network materials and supplies	(264,600,743)	(49,479,367)
Deferred contract costs	(1,240,270,375)	(1,102,153,704)
Other current assets and non-current assets	401,198,781	(175,680,589)
Increase (decrease) in liabilities:		
Trade payables and other liabilities	(1,350,067,547)	1,440,429,670
Subscribers' deposits	(15,594,886)	(20,356,901)
Due to related parties	(997,872)	(6,221,682)
Retirement benefit obligation	16,121,782	(35,173,909)
Deferred revenue	51,217,932	94,286,976
Cash from operations	10,656,433,662	12,200,019,112
Interest received	135,698,219	204,665,363
Income taxes paid	(1,990,562,156)	(1,193,111,909)
Net cash from operating activities	8,801,569,725	11,211,572,566
Cash flows from investing activities		
Acquisitions of property plant, and equipment	(3,636,641,828)	(4,544,557,455)
Acquisitions of intangible assets	(620,924,527)	(195,581,635)
Dividends received	149,132,850	-
Proceeds from disposal of assets	219,401,059	-
Maturity of short-term cash placements	6,753,277,331	-
Net cash from (used in) investing activities	2,864,244,885	(4,740,139,090)
Cash flows from financing activities		
Payments of borrowings	(2,632,980,935)	(2,436,477,569)
Interest paid on borrowings	(796,835,113)	(920,568,559)
Payments on lease liabilities	(175,585,901)	(66,504,565)
Interest paid on lease liabilities	(67,183,683)	(78,182,119)
Dividends paid	(3,124,626,416)	-
Net cash used in financing activities	(6,797,212,048)	(3,501,732,812)
Net increase in cash and cash equivalents	4,868,602,563	2,969,700,664
Cash and cash equivalents, beginning	8,453,706,396	13,694,146,438
Effects of exchange rate changes in cash and cash equivalents	(34,158,506)	326,547,230
Cash and cash equivalents, ending	13,288,150,453	16,990,394,332

(The notes on pages 1 to 12 are integral part of these condensed consolidated interim financial statements)

Converge Information and Communications Technology Solutions, Inc. and Subsidiaries

Notes to the Consolidated Interim Financial Statements
As at June 30, 2025 and December 31, 2024 and
for the three-month periods ended June 30, 2025 and 2024
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 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 June 30, 2025 and December 31, 2024, there has been no follow-on offering after the initial public offering.

As at June 30, 2025 and December 31, 2024, 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 shares outstanding are held by the following shareholders as of June 30, 2025 and December 31, 2024:

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

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 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 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 Group's 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, management considers there is only one operating segment under the requirements of *PFRS 8, Operating Segments*. In this regard, no segment information is presented.

No geographic information is shown as the revenue and profit from operations of the Company are presently solely derived from its activities in the Philippines.

1.3 Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements of the Group as at June 30, 2025 have been approved and authorized for issuance by the Parent Company's Board of Directors (BOD) on August 12, 2025.

Note 2 - Additional notes in compliance with PAS 34

Selected Notes to the Condensed Consolidated Interim Financial Statements

1. The same accounting policies and methods of computation were followed in the interim consolidated financial statements consistent with those adopted for the Group's annual consolidated financial statements for the year ended December 31, 2024.
2. There are no seasonal aspects that have a material effect on the condensed consolidated interim financial statements.
3. The Group had total additions to property, plant and equipment amounting to P4,459,643,848 on accrual basis and P3,636,641,828 on cash basis.

Significant acquisitions mainly pertain to investments in outside plant equipment amounting to P272,095,545, which primarily consists of passive network equipment related to the construction of its end-to-end fiber network, and inside plant and facilities amounting to P1,209,540,800, which primarily consists of active network equipment. Other acquisitions pertain to data center construction amounting to P1,429,837,423, customer premise equipment amounting to P1,362,277,540, and other general IT related investments.

These additions are partially offset by the recognition of depreciation expense for the periods ended June 30, 2025.

4. Related party transactions include collections, reimbursement of expenses, sale of assets, service fees, finance lease receivable, interest income from finance lease receivable, financial asset at fair value through profit or loss, interest income from financial asset at fair value through profit or loss, rental expenses, and lease liabilities with related parties.

	Transactions for the six-month period ended June 30		Outstanding balances as of	
	2025 (Unaudited)	2024 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Due from related parties				
<i>Collections made on behalf of the Group</i>				
Immediate parent company	33,587,887	72,684,945	21,157,255	25,010,175
Entities under common control	2,180,250	4,828,965	873,408	7,945,169
	35,768,137	77,513,910	22,030,663	32,955,344
<i>Reimbursements of expenses from related parties</i>				
Immediate parent company	3,600,000	5,169,062	4,665,368	334,611
Joint ventures	1,264,688	1,559,125	607,326	701,094
Entities under common control	-	54,010,490	218,844	54,010,490
	4,864,688	60,738,677	5,491,538	55,046,195
<i>Sale of property, plant and equipment and intangibles</i>				
Entity under common control	6,226,072	1,803,840	8,029,934	1,803,840
<i>Transfer of network materials and supplies</i>				
Immediate parent company	12,023,576	23,154,902	25,878,423	21,638,770
<i>Advances to related parties</i>				
Immediate parent company	-	937,500	-	937,500
<i>Finance lease receivable</i>				
Entities under common control	-	-	141,743,858	145,826,760
<i>Interest income from finance lease receivable</i>				
Entities under common control	16,113,142	9,611,351	4,082,902	3,958,967
<i>Interest income from convertible bonds</i>				
Ultimate parent	1,768,458	4,096,423	1,710,080	-
			208,967,398	262,167,376
Due from related parties, net - current			67,223,540	116,340,616
Due from related parties, net - non-current			141,743,858	145,826,760
			208,967,398	262,167,376
Trade and other receivables				
<i>Interest income from financial asset at FVTPL</i>				
Ultimate parent company	-	-	14,293,670	14,235,293
Financial asset at FVTPL				
Ultimate parent company	-	-	54,540,044	54,142,902

	Transactions for the six-month period ended June 30		Outstanding balances as of	
	2025 (Unaudited)	2024 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Accruals				
<i>Service fees</i>				
Entities under common control	147,519,894	238,420,736	12,287,255	62,229,098
<i>Reimbursements of expenses to related parties</i>				
Immediate parent company	6,484,254	16,886,747	6,484,254	1,080,709
Joint venture	1,263,102	-	1,263,102	-
	155,267,250	255,307,483	20,034,611	63,309,807
Due to related parties				
<i>Collections made on behalf of related parties</i>				
Entities under common control	5,458,470	17,981,181	12,544,513	10,150,829
<i>Reimbursements of expenses to related parties</i>				
Ultimate parent company	-	15,867	15,867	15,867
Immediate parent company	286,361,025	470,739,881	16,607,258	10,099,408
Entities under common control	-	-	(846,799)	8,219,438
Joint Venture	2,020,652	-	815,821	-
<i>Service Fees</i>				
Entities under common control	101,816,975	-	(1,648,991)	-
	390,198,653	470,755,748	14,943,157	18,334,713
<i>Advances from a related party</i>				
Shareholder	-	-	312,000	312,000
			27,799,670	28,797,542
Lease liabilities				
Immediate parent company			1,099,871,032	1,476,234,075
Entities under common control			23,786,835	43,254,394
			1,123,657,867	1,519,488,469

5. Below is the disaggregation of the Group's revenue from contracts with customers recognized over time for the period ended June 30, 2025 and 2024:

	Six months ended June 30	
	2025 (Unaudited)	2024 (Unaudited)
Residential	18,367,651,713	16,635,365,474
Enterprise	3,412,347,852	2,883,641,091
	21,779,999,565	19,519,006,565

6. There were no items not in the ordinary course of business that affected assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.
7. There were no changes in management's use of estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities. There were no 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.
8. As of June 30, 2025, the Group has entered into agreements with various suppliers for the construction, delivery and installation of property and equipment amounting to P14.6 billion. There were no 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 are material to investors.
9. As of June 30, 2025, the Parent Company has borrowings composed of loans payable amounting to P16,954,698,767 and bonds payable amounting to P9,941,913,096. The Parent Company has unused credit lines from local banks amounting to P5.5 billion.

The Parent Company is compliant with its debt covenants as of June 30, 2025.

10. As of June 30, 2025, the present value of benefit obligations exceeded the fair value of the fund assets thus, the Group recognized retirement benefit obligation of P22,111,368.
11. Aside from interest earnings from the Group's cash deposits, there are no significant elements of income or loss that did not arise from the issuer's continuing operations.
12. Any material changes from period to period in any line items of the Group's condensed consolidated interim financial statements that have not been explained were the results of normal fluctuations in operations.
13. The condensed consolidated interim financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

Note 3 - Additional disclosures on risk management and financial instruments

3.1 Financial risk factor

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.

3.2 Components of financial assets and financial liabilities

3.2.1 Financial assets

Details of the Group's financial assets are as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
<i>At amortized cost</i>		
Cash and cash equivalents	13,288,150,453	8,453,706,396
Short-term cash placements	1,935,272,087	8,526,947,283
Trade and other receivables	7,795,292,918	6,299,392,761
Due from related parties	208,967,398	262,167,376
Constructions bonds and rental deposits	273,931,786	249,915,669
	23,501,614,642	23,792,129,485
<i>At financial assets at FVTPL</i>	54,540,044	54,142,902
	23,556,154,686	23,846,272,387

Trade and other receivables above exclude advances to employees which are subject to liquidation as at June 30, 2025 amounting to P35,077,073 (December 31, 2024 - P56,364,542) and are presented gross of allowance for impairment amounting to P2,437,220,624 (December 31, 2024 - P1,965,617,126).

As at June 30, 2025, financial asset at FVTPL pertains to the Group's investment in exchangeable bonds issued by its Ultimate Parent. 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.

3.2.2 Financial liabilities

The Group's financial liabilities, categorized as liabilities at amortized cost, are as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Trade payables and other liabilities	16,919,265,362	16,680,839,654
Subscribers' deposits	1,345,773,621	1,361,368,507
Due to related parties	27,799,670	28,797,542
Borrowings	26,896,611,863	29,514,813,929
Lease liabilities	2,109,092,912	2,032,058,434
	47,298,543,428	49,617,878,066

Trade and other liabilities presented above exclude the following non-financial liabilities:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Deferred output VAT	1,139,989,894	675,056,766
Payable to government agencies	294,821,354	401,032,497
	1,434,811,248	1,076,089,263

3.3 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 reporting dates 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
<i>June 30, 2025 (Unaudited)</i>					
Cash and cash equivalents	13,278,307,286	-	13,278,307,286	Performing	12-month ECL
Short-term cash placements	1,935,272,087	-	1,935,272,087	Performing	12-month ECL
Trade receivables					
Residential - Group 2	2,225,437,148	(118,450,037)	2,106,987,111	Collective assessment	Lifetime ECL
Residential - Group 3	1,435,789,465	(724,209,204)	711,580,261	Credit impaired	Lifetime ECL
Enterprise - Group 2	1,830,611,610	(683,937,352)	1,146,674,258	Collective assessment	Lifetime ECL
Enterprise - Group 3	1,020,509,581	(910,624,031)	109,885,550	Credit impaired	Lifetime ECL
Other receivables - Group 1	1,044,090,401	-	1,044,090,401	Performing	12-month ECL
Due from related parties - Group 1	208,967,398	-	208,967,398	Performing	12-month ECL
Construction bonds and rental deposits - Group 1	265,979,893	-	265,979,893	Performing	12-month ECL
	23,244,964,869	(2,437,220,624)	20,807,744,245		
<i>December 31, 2024 (Audited)</i>					
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		

Credit quality classifications are defined as follows:

- Group 1 - Subscribers and counterparties with no history of default and assessed to be fully recoverable.
- Group 2 - Subscribers and counterparties with some defaults in the past.
- Group 3 - Individually assessed subscribers and counterparties with defaults and assessed as impaired; recovery is not expected despite collection efforts.

Cash and cash equivalents exclude cash on hand as at June 30, 2025 amounting to P9,843,167. (December 31, 2024 - P9,454,993) which is not subject to credit risk.

As at June 30, 2025, the Group is also exposed to credit risk in related to its investment in exchangeable bonds that are measured at fair value through profit or loss and investment in short-term government securities. The maximum exposure at June 30, 2025 is the carrying amount of the investments aggregating to P54,540,044 (December 31, 2024 - P54,142,902). The Group's investments in exchangeable bonds and short-term government securities are considered low risk, and the Group actively monitors their credit ratings for signs of deterioration.

Trade receivables from residential and corporate subscribers are partially secured by subscribers' deposits mitigating losses from potential defaults. 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 during the periods ended June 30, 2025 and December 31, 2024.

Cash and cash equivalents

To minimize credit risk exposure from cash, the Group deposits its cash 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 for current and forward-looking macroeconomic indicators such as gross domestic product growth and inflation rate affecting the ability of the subscribers to settle the receivables.

On that basis, the loss allowances as at reporting dates were determined as follows:

	Current	1-30 days	31-60 days	61-90 days	Total
<i>June 30, 2025</i>					
Carrying amount, gross	1,611,166,378	336,072,245	198,274,282	79,924,243	2,225,437,148
Loss allowance	9,250,739	17,278,234	27,645,191	64,275,873	118,450,037
<i>December 31, 2024</i>					
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

As a result of management's review of receivables provisioning, management has transferred balances from certain residential subscribers from Group 2 to Group 3 and full provisioning have been made to these individually impaired accounts.

As at June 30, 2025, credit impaired receivables from certain residential subscribers amounting P1,435,789,465 (December 31, 2024 - P548,043,585) which are deemed uncollectible despite collection efforts have been provided with an allowance for impairment equal to the total receivables of the subscribers net of value-added taxes, advances and deposits collected from them.

Enterprise subscribers

In relation to Enterprise subscription receivables, the Group's exposure to credit risk is assessed based on individual subscriber profile. 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 show no history of default and are assessed to be fully recoverable. ECL on these balances have therefore been assessed to be insignificant.

For Group 2 enterprise subscribers show some payment delays, with loss rates based on historical trends and macroeconomic factors.

On that basis, the loss allowances were determined as follows:

	Current	1-30 days	31-60 days	61-90 days	Over 90 days	Total
<u>June 30, 2025</u>						
Carrying amount, gross	442,588,375	260,533,657	194,891,432	8,760,238	923,837,908	1,830,611,610
Loss allowance	42,846,335	25,428,459	19,096,626	856,433	595,709,499	683,937,352
<u>December 31, 2024</u>						
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

As at June 30, 2025, credit impaired receivables from certain Enterprise subscribers (Group 3) amounting P1,020,509,580 (December 31, 2024 - P903,841,005) which are deemed uncollectible despite collection efforts have been provided with an allowance for impairment equal to the total receivables of the subscribers net of value-added taxes, advances and deposits collected from them.

Other receivables

Credit risk for other receivables is assessed individually, considering historical defaults and counterparty credit ratings. No material defaults have been recorded and credit risk is assessed as low.

Due from related parties

These receivables are considered to have low credit risk, based on qualitative and quantitative assessments. This includes the availability of highly liquid assets and access to internal or external funding. As such, ECL is deemed insignificant.

3.4 Market risk

a) 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, trade and other receivables, trade and other current liabilities denominated in US Dollar as at June 30, 2025 and December 31, 2024.

The Group manages its US Dollar exchange risk by maintaining sufficient cash in US Dollar to cover its maturing obligations.

As at June 30, 2025, the exchange rate used to translate US Dollar denominated monetary assets and liabilities is P56.33/\$ (December 31, 2024 - P57.85/\$). If the US Dollar had weakened or strengthened by 1.28% (December 31, 2024 - 0.89%) against the Philippine Peso, with all other variables held constant, pre-tax profit for the year ended June 30, 2025 and equity would have been P123,170,168 higher or lower (December 31, 2024 - P24,365,480 higher or lower), mainly as a result of foreign exchange losses or gains on translation of net US Dollar denominated monetary asset. 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.

b) 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 June 30, 2025, if interest rates increased/decreased by 10 basis points, with all other variables held constant, profit for the period ended June 30, 2025 would have been P653,820 (December 31, 2024 - 10 basis points; P752,075) 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 June 30, 2025, 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 P54,540,044 (December 31, 2024 - P54,142,902). 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 BVAL rates adjusted for the issuer's credit spread and premium on the embedded exchange option or which in this case is at 7.47% (December 31, 2024 - 6.74%). This financial asset is managed on an individual basis thereby reducing the Group's exposure to equity price risk at an acceptably low level.

The sensitivity of the FVTPL to changes in the principal assumptions are as follows:

	June 30, 2025 (Unaudited)			December 31, 2024 (Audited)		
	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%	(7,036,431)	8,380,320	+/-1.00%	(7,146,455)	8,686,300

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 statements of financial position.

c) Price risk

As at June 30, 2025, 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.

3.5 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 reporting dates:

	Within 12 Months	More than 12 months	Total
<i>June 30, 2025 (Unaudited)</i>			
Trade payables and other liabilities	13,938,168,918	2,981,096,444	16,919,265,362
Subscribers' deposits	1,345,773,621	-	1,345,773,621
Due to related parties	27,799,670	-	27,799,670
Borrowings	5,704,698,768	21,191,913,095	26,896,611,863
Lease liabilities, gross of discount	567,572,886	1,674,150,395	2,241,723,281
Future interest payable	1,277,927,052	1,180,485,410	2,458,412,462
	22,861,940,915	27,027,645,344	49,889,586,259
<i>December 31, 2024 (Audited)</i>			
Trade payables 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

Lease liabilities disclosed above represent the contractual undiscounted cash flows.

The Group expects to settle the above financial obligations due within 12 months in accordance with their contractual maturity of 30 to 60 days.

There are no trends, demands, commitments, events or uncertainties known to management that will have a material adverse impact on the Group's liquidity.

3.6 Capital risk 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 reserve for remeasurements of retirement benefit obligation and other reserves as shown in the consolidated statements of financial position.

The Group is not subject to any externally imposed capital requirements.

The Group's borrowings include compliance with certain ratios.

Note 4 - Basis of preparation

The condensed consolidated interim financial statements for the three-month period ended June 30, 2025 has been prepared in accordance with Philippines Accounting Standards (PAS) 34, Interim Financial Reporting. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These condensed consolidated interim financial statements do not include all the notes normally included in a full set of annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements for the year ended December 31, 2024, as well as any public announcements made by the Group during the six-month period.

The accounting policies adopted are consistent with those applied in the previous financial year and corresponding interim reporting period.

There are no new accounting standards or amendments effective January 1, 2025 that have had a material impact on these condensed consolidated interim financial statements.

There are no other future standards, amendments or interpretations that are effective on or after January 1, 2025 that are expected to have a material impact on the Group's financial statements.

CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC. AND SUBSIDIARIES

AGING ANALYSIS OF RECEIVABLES

JUNE 30, 2025 (UNAUDITED)

The table below shows the aging analysis of the Group's trade receivables as of June 30, 2025:

	Current	1-30 days	31-60 days	61-90 days	Over 90 days	Total
Residential	1,618,836,774	345,391,086	211,718,142	120,806,887	1,364,473,724	3,661,226,613
Enterprise	449,854,409	275,062,462	208,749,398	10,180,998	1,907,273,924	2,851,121,191
Gross trade receivables						6,512,347,804
Allowance for doubtful accounts						(2,437,220,624)
Net trade receivables						4,075,127,180
Other receivables, current						1,090,605,692
Trade and other receivables, net, current portion						5,165,732,872
Other receivables, net of current portion						227,416,495

CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATOR
JUNE 30, 2025

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Current ratio ^a	1.0x	1.1x
Acid test ratio ^b	0.8x	0.9x
Solvency ratio ^c	0.9x	0.6x
Debt-to-equity ratio ^d	0.5x	0.5x
Asset-to-equity ratio ^e	1.9x	2.0x
Interest coverage ratio ^f	14.9x	12.8x
Debt service coverage ratio ^g	3.3x	3.1x
Net debt/ EBITDA ^h	0.4x	0.5x
Earnings per share (PHP) ⁱ	0.82	1.49
Book value per share ^j	7.93	7.53
Return on Assets ^k	5.49%	10.39%
Return on Equity ^l	10.59%	21.64%
Net profit margin ^m	27.31%	26.63%

^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