



**SEC Number** 1177  
**File Number** \_\_\_\_\_

**GLOBE TELECOM, INC.**  
(Company's Full Name)

**The Globe Tower**  
**32nd Street corner 7th Avenue, Bonifacio Global City, Taguig**  
(Company's Address)

**(632) 7797-2000**  
(Telephone Numbers)

**30 June 2024**  
(Quarter Ending)

**SEC FORM 17-Q**  
(Form Type)

**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 six months ended **30 June 2024**
2. Commission identification number: **1177**
3. BIR Tax Identification No. **000-768-480-000**
4. Exact name of registrant as specified in its charter: **GLOBE TELECOM, INC.**
5. Province, country or other jurisdiction of incorporation or organization: **Metro Manila, Philippines**
6. Industry Classification Code:  (SEC Use Only)
7. Address of registrant's principal office:  
**The Globe Tower**  
**32nd Street corner 7th Avenue, Bonifacio Global City, Taguig**
8. Registrant's telephone number, including area code: **(632) 7797-2000**
9. Former name, former address and former fiscal year, if changed since last report: **N / A**
10. Securities registered pursuant to Sections in Securities Regulation Code

<u>Title of each class</u>	Number of shares of stock <u>outstanding</u>
<b>Common Stock, ₱50.00 par value</b>	<b>144,380,334</b>
<b>Voting Preferred Stock, ₱5.00 par value</b>	<b>158,515,021</b>

11. Are any or all the Securities listed on the Philippine Stock Exchange? **Yes**
12. Indicate 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 SRC and SRC Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports).  
**Yes**
  - b) Has been subject to such filing requirements for the past 90 days.  
**Yes**



**GLOBE TELECOM, INC. AND SUBSIDIARIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**OF**

**FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**FOR THE SIX MONTHS ENDED**

**30 June 2024**

## **PART I FINANCIAL INFORMATION**

### **ITEM 1. FINANCIAL STATEMENTS**

*Our unaudited condensed consolidated financial statements include the accounts of Globe Telecom, Inc. and its subsidiaries such as, Innove Communications, Inc. (herein referred to as “Innove”), GTI Business Holdings, Inc. (GTI) and its subsidiaries, Kickstart Ventures, Inc. (Kickstart) and subsidiaries, Asticom Technology, Inc. (Asticom) and subsidiaries, Globe Capital Venture Holdings Inc. (GCVHI) and its subsidiaries, Bayan Telecommunications, Inc. (Bayan) and its subsidiaries, TaoDharma Inc. (Tao), GTowers Inc., and Yondu Inc. and subsidiaries.*

*The unaudited condensed consolidated financial statements for the six months ended June 30, 2024 (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 December 31, 2024 annual audited financial statement*

### **ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following is a discussion and analysis of Globe’s financial performance for the six months ended June 30, 2024. The prime objective of this MD&A is to help the readers understand the dynamics of the Company’s business and the key factors underlying its financial results. Hence, Globe’s MD&A comprised of a discussion of its core business, and analysis of the results of operations for each business segment. This section also focuses on key statistics from the 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, Globe’s MD&A should not be considered all inclusive, as it excludes unknown risks, uncertainties and changes that may occur in the general economic, political and environmental condition after the stated reporting period. The Company has adopted an expanded corporate governance approach in managing its business risks. An Enterprise Risk Management Policy was developed to systematically view the risks and to manage these risks in the context of the normal business processes such as strategic planning, business planning, operational and support processes.*

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

*Any references in this MD&A to “Globe” or “Company” include Globe Telecom, Inc., and its subsidiaries and affiliates.*

*Additional information about the Company, including annual and quarterly reports, can be found on our corporate website [www.globe.com.ph](http://www.globe.com.ph)*

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## **OVERVIEW OF OUR BUSINESS**

Globe Telecom, Inc. is a leading digital platform in the Philippines, with major interests in telecommunications, venture capital and venture building, shared services and digital marketing solutions. The company serves the telecommunications and technology needs of consumers and businesses across an entire suite of products and services including mobile, fixed, broadband, data connectivity, internet and managed services. Globe currently has 59.5 million mobile subscribers, over 1.7 million Home Broadband customers, and over 771 thousand landline subscribers. The company is supported by 7,046 employees and over 435 thousand AutoloadMax (AMAX) retailers, distributors, and business partners nationwide.

Globe is one of the largest companies in the country, and has been consistently recognized both locally and internationally for its corporate governance practices. It is listed on the Philippine Stock Exchange under the ticker symbol GLO and had a market capitalization of US\$5.2 billion as of the end of June 2024.

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

Sustainability at Globe is anchored on The Globe Purpose, "Uplift Filipino Lives Everyday". As a purpose-led organization, the Company aims to contribute to the UN Sustainable Development Goals by promoting innovation and technology for greater social and environmental impact. Globe became a signatory to the United Nations Global Compact in 2019, wherein the company has committed to implement universal sustainability principles on human rights, labor, environment, and anti-corruption (Ten Principles of the UN Global Compact).

Globe is the first publicly listed company in the Philippines to get the Science Based Targets initiative's (SBTi) validation and approval of its science-based net-zero target by 2050. (Published in the SBTi website (<https://sciencebasedtargets.org/companies-taking-action>) in March 2024).

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

- **Globe Telecom, Inc. (Globe)** provides digital wireless communications services in the Philippines under Globe Postpaid and Prepaid, and Touch Mobile (TM). Globe provides digital mobile communication and internet-on-the-go services nationwide using a fully digital network based on the Global System for Mobile Communication (GSM), 3G, HSPA+, 4G, LTE and 5G technologies. It provides voice, SMS, data and value-added services to its mobile subscribers. It also offers domestic and international long distance communication services or carrier services;
- **Innove Communications Inc. (Innove)**, a wholly-owned subsidiary, holds a license to provide digital wireless communication services in the Philippines. Innove also has a license to establish, install, operate and maintain a nationwide local exchange carrier (LEC) service, particularly integrated local telephone service with public payphone facilities and public calling stations, and to render and provide international and domestic carrier and leased line services.

On November 2, 2015, Innove and Techzone Philippines incorporated TechGlobal Data Center, Inc. (TechGlobal), a joint venture company formed for the purpose of operating and managing all kinds of data centers, and providing information technology-enabled, knowledge-based and computer-enabled support services. Innove and Techzone hold ownership interest of 49% and 51%, respectively. TechGlobal started commercial operations in August 2017.

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

#### **Globe Telecom HK Limited (GTHK)**

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

#### **Globe Telecom HK Limited (GTHK)**

In December 2011, GTI incorporated a wholly owned subsidiary, GTHK, a limited company organized under the Companies Ordinance of Hong Kong as a marketing and distribution company.

On March 17, 2015, GTHK applied for a services-based operator license (SBO) with the Office of the Communications Authority in Hong Kong (OFCA) which was subsequently approved on May 7, 2015.

As of June 1, 2020, the SBO was cancelled and surrendered to the OFCA and GTHK has been winding down its operations. GTHK was previously engaged in the marketing and selling of telecommunication products and services in the international market, except the United States of America and the Philippines, under a distributor arrangement.

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

#### **Globetel European Limited (GTEU)**

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

#### **Globetel Singapore Pte. Ltd. (GTSG)**

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

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

In February 2014, Kickstart acquired 40% equity interest in Flipside Publishing Services, Inc. (FPSI). Since Kickstart was able to demonstrate control over FPSI despite having less than 50% ownership interest, FPSI was assessed to be a subsidiary of Kickstart and is included in the consolidation of Globe. FPSI is engaged in acquiring publishing rights to produce, publish, market, and sell printed and electronic books (e-books) and other electronic documents and content for international and domestic sales. FPSI ceased operations in July 2016. FPSI remains a dormant company as of reporting date.

In February 2020, Kickstart registered three Cayman Islands exempted companies with limited liabilities, namely (1) Kickstart Capital Co. Ltd. (KCCL), a wholly owned subsidiary of Kickstart; (2) AG Active Associated I, Limited, a wholly owned subsidiary of KCCL; and,

(3) Kickstart Ventures Co. Ltd., a 65% owned subsidiary of KCCL. These entities were formed as a platform for the management of third-party venture capital investment funds.

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

- **Asticom Technology, Inc.**, a wholly-owned subsidiary, is primarily engaged in providing business process and shared service support, as well as IT system integration and consultancy services. On June 3, 2014, Globe Telecom signed an agreement with Azalea Technology Investments Inc. (ASTI) and SCS Computer Systems, Pte. Ltd. acquiring 100% ownership stake in Asticom.

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

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

On April 12, 2021, Asticom incorporated its wholly owned subsidiary, BRAD Warehouse and Logistics Services Inc. (BRAD). BRAD was incorporated to engage in the business of transporting, shipping, receiving, storing and managing products and services using technology platforms for third-party providers.

On November 29, 2021, ABSI acquired 100% of HCX Technology Partners, Inc., a full-fledged systems integration company offering human capital, customer relationship management and digital solutions to its clients.

On July 27, 2022, Asticom incorporated its wholly owned subsidiary, Acquiro Solutions and Tech Inc. to provide manpower services for support and shared services of administrative functions, information technology including consultancy services for offshore development services and other related services.;

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

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

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

On December 1, 2022, AHI acquired 49% and 51% of outstanding shares of Inquiero from 917Ventures, Inc. and Jerusalem Ventures Holdings Inc. (JVHI), respectively. The acquisition increased Globe's ownership interest from 49% to 100% and was accounted for as an acquisition of a subsidiary. Inquiero was incorporated to provide data management and other data-related services, through the utilization of telecommunication facilities.

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

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

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

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

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

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

On December 15, 2022, Yondu acquired the ownership of Third Pillar Business Applications, Inc. (TPBAI) and Subsidiaries and CaelumPacific and Subsidiaries from GTI, a wholly-owned subsidiary of Globe Telecom.;

#### **Third Pillar Business Applications, Inc. (TPBAI) and Subsidiaries**

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

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

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

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

On July 8, 2024, the Board of Directors approved Yondu's additional capital infusion amounting to ₱20.00 million, which further increased Yondu's ownership to 84.84%;

#### **CaelumPacific Corp. (CaelumPacific) and Subsidiaries**

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

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

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

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

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

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

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

- **Electronic Commerce Payments, Inc. (ECPay)**, is primarily engaged in the business of providing IT and e-commerce solutions, including, but not limited to, prepaid phone and internet products, bills payments and others. On October 25, 2019, Globe Telecom acquired 77% ownership of ECPay.

On September 29, 2023, Globe Telecom entered into a Share Purchase agreement with Globe Fintech Innovations, Inc. (Mynt) for the sale of Globe's 77% investment in ECPay for a total consideration of ₱2,310.00 million. The closing of the transaction and actual transfer of ownership is still subject to the Philippine Competition Commission (PCC) approval. However, Globe Telecom ceased to consolidate ECPay's financial statements as of September 29, 2023 as certain terms and conditions in the Share Purchase Agreement constrains Globe's exposures and rights to variable returns.

Globe Telecom is a grantee of various authorizations and licenses from the National Telecommunications Commission (NTC) as follows: (1) license to offer and operate facsimile, other

traditional voice and data services and domestic line service using Very Small Aperture Terminal (VSAT) technology; (2) license for inter-exchange services; and (3) Certificate of Public Convenience and Necessity (CPCN) for: (a) international digital gateway facility (IGF) in Metro Manila, (b) nationwide digital cellular mobile telephone system under the GSM standard (CMTS-GSM), (c) nationwide local exchange carrier (LEC) services after being granted a provisional authority in June 2005, and (d) international cable landing stations located in Nasugbu, Batangas, Ballesteros, Cagayan and Brgy. Talomo, Davao City.

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

## **CORE TELCO: BUSINESS SEGMENTS**

### **Mobile Business**

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

#### **Postpaid**

*Globe Postpaid* is the leading brand in the postpaid market, with various plan offerings. Over the years, these plans have evolved in order to cater to the changing needs, lifestyles and demands of its customers.

#### **GPlan Plus**

Globe introduces the All-New *GPlan Plus*, the most flexible mobile plan from *Globe Postpaid*. The All-New GPlan Plus is designed to cater to the evolving needs of today's consumers who demand more control over their mobile plans and seek value in every aspect of their subscriptions.

Through the GlobeOne app, users of All-New GPlan Plus 999 to 2499 can use Data Swap to convert their plan allowance into a variety of different offers, including call and text promos, unli data access to mobile games, and social media and messaging apps. They can also choose content subscriptions from BeIN Sports, Vivamax, Disney+, and Crunchyroll, as well as lifestyle vouchers from Lazada, Zalora, Pick.A.Roo, Lalamove, and Parlon.

To get more data, customers can also convert their call and text allowance into gigabytes or choose to get a 12- or 24-month contract period with their plan. The additional data can be used to further customize their plans to fit their unique needs and lifestyles. This Do-It-Yourself approach ensures that no data goes to waste, allowing customers to maximize the value of what they paid for.

Moreover, the All-New GPlan Plus includes great deals on the latest devices when customers apply for or renew their plans. Whether through Globe Stores or Globe Online Shop, the process is seamless, ensuring customers can easily access the latest technology and enhance their mobile experience.

Customers may opt to purchase select mobile devices at prices lower than SRP, with various payment options such as via credit card either straight or installments for 24 months at zero interest, and charge to bill for renewing customers.

(See also <https://www.globe.com.ph/postpaid.html> for more details).

### **All-new Platinum GPlan and GPlan PLUS**

Enjoy all the things that matter and live life worry-free with Globe Platinum, bringing simplicity made with greatness.

The All-new Platinum GPlan PLUS comes with no lock-up, unlimited mobile data surfing, built-in inclusions such as Cyber Insurance, International Lounge Access via DragonPass, Gadget Xchange device protection coverage through the Gadget Xchange add-on, free access to THEA, your Platinum Digital Concierge, and a dedicated Platinum Relationship Manager. Beyond these services, customers also benefit from Globe Priority Network, ensuring fast speeds for uninterrupted browsing, streaming, and gaming. Positioned at the forefront of the mobile data highway, Globe Platinum customers get to experience optimal network performance.

All-new Platinum GPlan PLUS 3799 comes with unlimited mobile data surfing, three days built-in data roaming, built-in Cyber Insurance with up to P50,000 coverage, and free one (1) DragonPass voucher for international airport lounge access; All-new Platinum GPlan PLUS 4999 comes with unlimited mobile data surfing, five days built-in data roaming, built-in Cyber Insurance with up to P75,000 coverage, free two (2) DragonPass vouchers for international airport lounge access, free two (2) years Gadget Xchange coverage when you avail a device, and a dedicated Platinum Relationship Manager; All-new Platinum GPlan 7999 comes with unlimited mobile data surfing, seven days built-in data roaming, built-in Cyber Insurance with up to P100,000 coverage, free three (3) DragonPass vouchers for international airport lounge access, free two (2) years Gadget Xchange coverage when you avail a device, a dedicated Platinum Relationship Manager, and free one Home Squad visit.

Moreover, Globe Platinum aims to reinforce the Platinum Advantage by sharing more of relevant, and curated perks, and championing advocacies that matter. In April, Globe Platinum and Gogoro Smartscooters championed sustainability with the launch of Gogoro's newest product, Pulse, and also with several trial events.

From June until present, Globe Platinum has accelerated in sharing delightful perks, and privileges. Customers get a freebie when dining at renowned spots such as A Mano, Steak & Frice, Ramen Ron, and Cibo. When it comes to retail, Globe Platinum has partnered with Innovator, ArmouryPH, and AMEN, to provide online discounts when shopping luxury accessories, travel needs, and thoughtful jewelry. The brand has also extended customers' lifestyle privileges with the extension of Okada's Rewards Circle Elite card, providing them with an extensive array of benefits such as discounts and perks at the Philippines' largest integrated resort.

Globe Platinum has also continued in its support of the arts, and indulging customers in this passion by inviting customers to art and lifestyle-inclined events such as Beyond The Box x Toki, and Modern Contemporary Arts Festival 2024.

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

In addition, Globe launched Gadget Xchange, OneNumber and Globe Trade-In for its mobile postpaid customers in 2023.

- **Gadget Xchange** is the new device protection program for Globe Postpaid that lets you switch or replace your device, no questions asked. This means that no documentation will be requested

(e.g., police reports, affidavit of loss) upon claim for device switch or replacement. The following services may be availed with Gadget Xchange: (1) Device switch (2) Device replacement and (3) Screen replacement. Gadget Xchange is available to new Globe Postpaid and Platinum customers and those qualified for plan renewal.

- **Globe's ONENUMBER** is an add-on service that allows you to share your mobile phone number with your smartwatch. With ONENUMBER, you can stay connected even if you're away from your phone. Globe Trade-in is a program that allows new and renewing Globe Postpaid customers to trade-in their old device in exchange for a cashback that will be applied to their postpaid bill.
- **Globe Trade-In** is a program that allows new and renewing Globe Postpaid customers to trade-in their old device in exchange for a cashback that will be applied to their postpaid bill. *Globe Trade-In* is currently available for customers residing in NCR, Cavite, Rizal, Pampanga, Davao and Cebu.

### **Prepaid**

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

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

Globe Prepaid and TM subscribers can reload airtime value or credits using various reloading channels including the GlobeOne app, Gcash, bank channels such as ATMs, credit cards, through internet banking, and online loading through <https://new.globe.com.ph/buy-load>. Subscribers can also top-up via AutoLoadMax retailers nationwide, all at affordable denominations and increments.

### **Loyalty & Rewards Program**

The Globe Rewards Program - is the Company's way of granting special treats to its active customers for their continued loyal use of Globe's products and services. Awesome rewards await its loyal customers in exchange for the points earned -- more rewards points mean more wonderful perks. Customers need to register/join the Globe Rewards program so they can start earning points and enjoy their rewards. They just need to go to the GlobeOne App, Tap Redeem Rewards, and Click Join Now. Subscribers can:

- Earn Points from Prepaid reloads or monthly Postpaid payments made via the GlobeOne App
- Redeem Rewards in the form of Mobile and Broadband promos, Vouchers for local and global brands, Donation to beneficiaries, and as Cash to select ECPay Retailers. Subscribers have the option to redeem rewards instantly, or accumulate points to avail of higher value rewards.
- Enjoy Perks through special discounts, exclusive treats, and more wonderful surprises

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

The Globe Rewards points can be used at over 100 local and global partners for shopping, dining, entertainment, travel, and Globe products nationwide. Customers can also use Globe Rewards points to shop in Lazada, order meals from GrabFood, watch Korean movies using Viu, or even play games through Razer Gold pins.

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

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

Step 2 - Select an offer

Step 3 - Click “Redeem.”

Step 4 - Wait for the confirmation notification, along with a message from 4438

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

### ***Living It***

Globe Postpaid gives you online to offline exclusive perks and experiences with *Living It*. Enjoy *Living It experiences* such as access to major events, dining experiences, exclusive retail sales, and fitness classes curated especially for our Postpaid customers. They can also enjoy *Living It exclusive rewards* from lifestyle discount vouchers to chance to win gadgets and travel packages with their Globe Rewards points.

### **Mobile Data**

Globe's Mobile Data services allow subscribers to access the internet using any internet-capable devices, including handsets, tablets, modems, and smart devices such as watches. Data access can be made using various technologies such as 5G, 4G, LTE, HSPA+, or Wi-Fi. Globe and TM subscribers can choose from a variety of consumable data plans, with exclusive promos that come with even more data and/or longer validity available on Globe One. Globe continues to create better and more relevant content that would suit the different needs of its customers regardless of whether it is video, music, games, or eCommerce through key partnerships with local, regional, and global brands. Also, Globe customers can access a wide variety of content and entertainment services from the likes of Netflix, Disney+, Viu, Amazon Prime Video Spotify, Mobile Legends and Lazada, among others. Globe also empowers its customers to access services that go beyond entertainment and extend into life services, such as financial enablement through GCash and accessible health care through KonsultaMD.

### **Mobile Voice**

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

Globe keeps Filipinos connected wherever they may be in the world, through its tie-up with 790<sup>1</sup> roaming partners in 242 calling destinations worldwide. Globe also offers roaming coverage on-board selected shipping lines and airlines, via satellite. Globe also provides an extensive range of international call and text services to allow OFWs (Overseas Filipino Workers) to stay connected with their friends and families in the Philippines. This includes prepaid reloadable call cards and electronic PINs available in popular OFW destinations worldwide.

### **Mobile SMS**

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

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

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

### **Fixed Line Voice**

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

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<sup>1</sup> Inbound and Outbound global roaming partners

Company's cutting-edge Next Generation Network (NGN), Globe Business Voice solutions offer enterprises a bevy of fully-managed traditional and IP-based voice packages that can be customized to their needs.

### **Corporate Data**

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

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

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

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

- **Mobility** - mobility solutions that increase productivity within and beyond the workplace. The Group's enterprise mobility solutions include: (1) Postpaid – leveraging on flexible postpaid plans that suit companies of every scale; (2) Enterprise Mobile Management – allows customers to gain more control over enterprise mobile devices while simultaneously maximizing workforce productivity; and (3) IsatPhone Pro – a satellite phone that enables users call, text, and avail of other services from remote places around the globe.
- **Voice** - The Group's wide range of cost-efficient voice solutions simplifies communications infrastructure and tailors services to fit business needs. Globe's voice products for business include Globelines; ISDN-PRI; Toll-Free Services; Enhanced Managed Voice Solution (EMVS); Managed IP-PBX; SIP Trunk; Hosted PBX System & Services; and Collaboration Solutions.
- **Connectivity** - Globe Business offers a fast and resilient connection powered by dedicated and reliable technologies (comprising Domestic Data; International Data; Internet Services; Managed Services).
- **Cloud** - Improve efficiency and agility in the face of evolving business environments while keeping costs low with Globe's range of cloud services: Infrastructure-as-a-Service (IaaS); Backup-as-a-Service (BaaS); Disaster-Recovery-as-a-Service (DRaaS); Amazon Web Services; AWS Direct Connect.
- **Data Center** - Globe Data Center provides a superior experience that goes beyond technology. Allows customers to outsource data center hosting and management. The services offered include the following:
  - Co-location - managed space for customer's servers and IT equipment that run mission critical systems and applications;
  - Cross Connect - provides direct connection from customer racks to its service provider;
  - LAN-Based Internet - provides a redundant, stable, secure and high-speed connection to hosted environments within the Globe Data Center;

- o Media Storage - physical off-site data storage in a clean, controlled, safe and secure environment within the Data Center; and
- o Disaster Recovery ("DR") Seats - Provides a DR facility and workstations for customers in the event of a disaster or a business interruption
- **Cybersecurity** - Globe Business' Cybersecurity allows customers to handle security threats and IT infrastructure cost-effectively, and allows management of tasks and functions efficiently. The platform allows access to the best-in-class tool sets, hardware, software, and even niche technology experts.
- **Business Applications** - a diverse range of solutions to streamline and enhance business operations, and raise efficiency, productivity, and customer satisfaction (G Suite; Go Canvas, Office 365; Learning Management Solutions, HR Solutions, M2M).
- **Business Continuity** - Enable enterprises with the right digital solutions for uninterrupted business operations for their customers. Ensure seamless connectivity (Prepaid Mobile Wifi and Corporate Managed Broadband), Empower remote workforce (Amazon Chime, Amazon Workdocs, Office 365 and Zoom), and Safeguard business operations (Amazon WorkSpaces, Amazon Appstream 2.0).

### **Home Broadband**

Globe offers wired and fixed wireless broadband services, across various technologies and connectivity speeds for its residential and enterprise customers. *Globe At Home Broadband* consists of wired postpaid and prepaid Fiber broadband packages, and wireless Home Prepaid WiFi, backed by Globe's 4G network.

Globe At Home GFiber Plans provides the best connectivity for your home with fast and unlimited plans which ensures smooth connection to online classes and meetings, viewing of high definition movies, and low latency gaming. *GFiber plans* range from ₱1299 per month for up to 100 Mbps to as high as 1.5 Gbps for ₱7,499 per month. The *GFiber Unli Plan* also comes with access to relevant apps like Disney+, Razor Gold and Konsulta MD, and devices that can provide Fiber-to-the-room connectivity depending on the plan you get. See also [GFiber broadband-plans](#) for more updated details.

As part of the Company's thrust to make fiber-speed internet accessible to all Filipinos, Globe launched the revolutionary offering GFiber Prepaid last July 2023. GFiber Prepaid is designed to reach the mass market segment which remains to be under-served. It aims to democratize access to fiber connectivity, offering a No Monthly Bills, Reloadable Unli Internet, for as low as ₱23/day. Customers can acquire a GFiber Prepaid service with a special introductory offer of a one-time fee of ₱999, inclusive of modem, installation and seven days of unlimited internet. GCash's G-Credit and G-Gives may be used to pay the one-time fee if the upfront cashout is an issue. Customers can also choose from a selection of unlimited data promos with *GFiberSurf199* for 7 days, *GFiberSurf399* for 15 days, *GFiberSurf699* for 30 days, and GFiber SurfAnnual6999 for 365 days. Customers may also avail of promos with Disney+ access thru GFiberSurf999 for 30 days and GFiberSurf999 for 1 year

Moreover, GFiber Prepaid provides customers with a fully digital experience from application to scheduling of installation and account management. Customers can apply, register their accounts, load GFiberSurf promos, and manage their accounts by downloading the GlobeOne app. Also, as part of Globe's commitment to sustainability and circularity, GFiber Prepaid comes in recyclable and upcyclable packaging, which can be repurposed and used as a laptop stand.

In 2024, Globe is enhancing its service delivery and offering innovative plans aiming to broaden its customer base and meet the evolving digital needs of Filipinos.

- GCash users can now subscribe to GFiber Prepaid promos and get reloadable UNLI Fiber internet. On the app, they can click **load** then **broadband**, and choose the *GFiberSurf* promo they need.

- Globe At Home is giving GFiber customers unlimited access to the world of entertainment via a free Blast TV subscription. This unlocks a vast selection of channels, movies, and series, ensuring that customers have access to top-notch digital content at their fingertips.
- Existing Globe mobile subscribers will get the best GFiber Prepaid offers which they can claim via rewards (discounts) .

For areas without fiber connectivity, Globe At Home Prepaid WiFi is a reliable prepaid internet option for the household, that is not just easy to install (plug and play) but also easy on the budget. Customers can load FamSurf promos that are suitable for their surfing requirements for as low as P199. FamSurf GB's may be shared as mobile data to up to four mobile and other prepaid wifi devices so that family members can stay online even if they are not at home. This can easily be done via GlobeOne app. See also [broadband/prepaid-wifi](#) for the latest Home Prepaid WiFi offers; [broadband/help/home-prepaid-wifi-set-up](#) on how to get started with Home Prepaid Wifi.

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

Globe continues to reinforce its position as a leading innovator in the country. Using its core telco business and spurred by rapid consumer digital adoption, the Company currently offers several diverse high-growth enterprises in fintech, healthtech, adtech, e-commerce and climatech, among others.

#### **917Ventures**

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

- **GCash**  
Globe Fintech Innovations, Inc. ("Mynt") is a strategic partnership between Globe, Ayala Corporation and the Ant Group (then referred to as Ant Financial Services Group, "Ant"), which is one of the world's leading digital finance services providers via Alipay of the Alibaba Group. With the vision of accelerating financial inclusion and progress, Mynt has two subsidiaries – G-Xchange, Inc. ("GXI"), the mobile wallet operator of GCash, and Fuse Lending ("Fuse"), a tech-based lending company that gives Filipinos access to microloans and business loans.

*GCash* remains the number one finance super-app and the largest digital cashless ecosystem in the country, bannered by ubiquity across its active user base, which is 5x larger than the next e-wallet, based on statistics from reputable third-party provider [data.ai](#). To complement its ubiquity across its consumers, GCash has also built the largest network of online and offline merchants and social sellers (over 6 million partners) while hosting over 1,000 merchant partners in its app, via GLife. Through the GCash App, customers can easily purchase prepaid airtime, pay bills nationwide, send and receive money anywhere in the Philippines, even to other bank accounts, and purchase from their partner merchants and social sellers.

Built on trust and the security of its brand and platform, GCash was recently recognized by the Asia-Pacific Stevie Awards for the Innovative Use of Technology in Customer Service and for Innovation in Digital Transformation. Alongside this, GCash was recognized by Pan Finance as the best mobile wallet in the Philippines in 2024, and was also given the Company of the Year Award for the Philippines' Financial Technology Industry from leading global analysis and growth strategy consulting firm Frost & Sullivan. These awards recognize GCash's pioneering use of digital solutions and innovative financial services and its strong overall achievements in the financial technology space.

GCash boasts of the most comprehensive suite of digital financial services, covering savings (via GSav), investments (via GFunds, GStocks PH and GCrypto), and insurance products (via

GInsure). On credit, backed by its proprietary trust platform and credit scoring via GScore, GCash has provided access to credit to over 5.4 million borrowers, of which the majority are from lower socio-economic classes and ½ are women. These milestones were achieved through game-changing lending products covering credit lines (GCredit), cash loans (GLoan), buy-now-pay-later (BNPL, via GGives), and the newly-launched micro-credit starter loans (Sakto Loan and Borrow Load), providing loans to more Filipinos who need it the most, continuously paving the way to its vision of Finance for All.

In line with its financial inclusion mandate, GCash has gone beyond the nation's borders and now offers payments in 47 countries through GCash Global Pay. In partnership with Alipay+, this feature offers a hassle-free travel experience abroad through a seamless and secure payment experience across various merchants through Scan to Pay. GCash also empowers overseas Filipinos in 16 countries to manage their finances through GCash Overseas, which allows them to use their international mobile number to register for the GCash App and gives them access to services such as Buy Load, Pay Bills, and Send Money.

Moving beyond transactions, GCash incorporates sustainability across its innovation initiatives. The GForest movement empowers users to accumulate green energy and plant trees by simply using GCash. To date, more than 2.8M trees have been planted and 125K tonnes of carbon dioxide have been avoided, enabling our users to build a greener tomorrow.

- KonsultaMD, is a tech-enabled platform with the goal of providing universal access to healthcare through 24/7 online doctor consultations, in-clinic patient services, medicine delivery, and convenient at-home diagnostics and wellness services. It commits to building an ecosystem of care, empowering Filipinos to live better.

The KonsultaMD SuperApp offers the full healthcare experience from 24/7 doctor consultations, pharmacy, to diagnostics at-home. With over 1,000 healthcare providers, 50+ specializations, and more than 2,000 pharmacy offers, KonsultaMD continues to serve Filipinos nationwide in 16+ dialects. With a vision to uplift the healthcare journey of every Filipino, *KonsultaMD* is a one-stop-shop superapp for health.

- Brave Connective Holdings, Inc. (BCHI) provides a holistic adtech and data ecosystem through its four companies: AdSpark, Inquiero, m360, and DeepSea.
  - AdSpark, the award-winning and largest locally-based ad agency. It is a full-service, data-driven agency accelerating digital and mobile advertising in the Philippines. AdSpark helps brands create human connections through digital and more intuitive advertising solutions driven by the company's in-depth understanding of the Filipino consumer.
  - Inquiero - every enterprise's success partner in making smarter use of technology, Inquiero's suite of business intelligence-powered products are designed to create exciting value for enterprises and their customers. Inquiero enriches customer data with online and offline data attributes from over 80M anonymized consumer profiles, giving businesses the power to activate their data and make better business decisions.
  - M360, empowers businesses to scale up in the global digital economy with multi-channel communication services to support rapid growth with advanced customer campaign solutions and messaging enablement. M360 connects businesses with their customers, drives more people to their business, and boosts brand awareness through innovative business messaging solutions leveraging various communication channels for a frictionless experience.
  - DeepSea, is an adtech company focused on enabling programmatic advertising capabilities that power agencies, advertisers, and publishers.
- Gogoro - founded in 2011 to rethink urban energy and inspire the world to move through cities in smarter and more sustainable ways, Gogoro leverages the power of innovation to change the way urban energy is distributed and consumed. Gogoro's battery swapping and vehicle platforms offer a smart, proven, and sustainable long-term ecosystem for delivering a new approach to urban mobility.

## **KEY PERFORMANCE INDICATORS**

Globe is committed to efficiently managing the Company's resources and enhancing shareholder value. The Company regularly reviews its performance against its operating and financial plans and strategies, and 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 measures the average monthly gross revenue generated for each subscriber. This is computed by dividing recurring gross service revenues (gross of interconnect charges) for a business segment for the period by the average number of the segment's subscribers and then dividing the quotient by the number of months in the period.

### **AVERAGE MONTHLY CHURN RATE**

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

### **EBITDA**

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

### **EBITDA MARGIN**

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

### **EBIT and EBIT MARGIN**

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

### **NET INCOME**

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

### **CORE NET INCOME**

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

## FINANCIAL AND OPERATIONAL RESULTS

### GROUP FINANCIAL SUMMARY

Results of Operations (Php Mn)	Quarter on Quarter			Year on Year		
	Q2 2024	Q1 2024	QoQ Change (%)	30-Jun 2024	30-Jun 2023	YoY Change (%)
<b>Operating Revenues</b>	<b>44,318</b>	<b>45,308</b>	<b>-2%</b>	<b>89,626</b>	<b>89,524</b>	<b>-</b>
Service Revenues	41,077	41,149	-	82,226	80,401	2%
Mobile*	29,266	29,126	-	58,392	54,822	7%
Home Broadband**	5,983	6,117	-2%	12,100	12,809	-6%
Corporate Data	4,833	4,956	-2%	9,789	9,072	8%
Fixed line Voice	380	383	-1%	763	857	-11%
Others***	615	567	9%	1,182	2,841	-58%
Non-Service Revenues	3,241	4,159	-22%	7,400	9,123	-19%
<b>Costs and Expenses</b>	<b>22,705</b>	<b>23,957</b>	<b>-5%</b>	<b>46,662</b>	<b>49,031</b>	<b>-5%</b>
Cost of Sales	3,487	4,166	-16%	7,653	9,552	-20%
Operating Expenses	19,218	19,791	-3%	39,009	39,479	-1%
<b>EBITDA</b>	<b>21,613</b>	<b>21,351</b>	<b>1%</b>	<b>42,964</b>	<b>40,493</b>	<b>6%</b>
<b>EBITDA Margin</b>	<b>52.6%</b>	<b>51.9%</b>	<b>1%</b>	<b>52.3%</b>	<b>50.4%</b>	<b>4%</b>
Depreciation	12,461	12,300	1%	24,761	22,890	8%
<b>EBIT</b>	<b>9,152</b>	<b>9,051</b>	<b>1%</b>	<b>18,203</b>	<b>17,603</b>	<b>3%</b>
<b>EBIT Margin</b>	<b>22.3%</b>	<b>22.0%</b>	<b>1%</b>	<b>22.1%</b>	<b>21.9%</b>	<b>1%</b>
<b>Non-Operating Charges</b>	<b>593</b>	<b>(390)</b>	<b>-252%</b>	<b>203</b>	<b>1,432</b>	<b>-86%</b>
<b>Net Income After Tax (NIAT)</b>	<b>7,741</b>	<b>6,796</b>	<b>14%</b>	<b>14,537</b>	<b>14,375</b>	<b>1%</b>
<b>Core Net Income</b>	<b>5,914</b>	<b>5,798</b>	<b>2%</b>	<b>11,712</b>	<b>9,945</b>	<b>18%</b>
<b>Normalized Net Income After Tax</b>	<b>6,111</b>	<b>5,810</b>	<b>5%</b>	<b>11,921</b>	<b>10,001</b>	<b>19%</b>

\* Mobile business includes Mobile and fully Mobile Broadband

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

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

- Globe closed the first half of 2024 with ₱82.2 billion consolidated gross service revenues, or up 2% from a year ago, despite the decline in home broadband and non-telco services. Mobile and corporate data businesses were the primary contributors to this remarkable performance, jointly accounting for an impressive 83% of the total consolidated gross service revenues, up from 79% in the same period last year. Mobile revenues increased by 7%, while corporate data revenues showed an 8% improvement from the year earlier. Notably, data revenues sustained its robust momentum, contributing 85% to consolidated gross service revenues compared to 82% in the previous year. On a comparable basis, assuming the deconsolidation of ECPay from Globe's books in the first half of 2023 (with the sale of its 77% stake in ECPay<sup>2</sup> to Mynt), Globe's total consolidated gross service revenues would have grown by 4%. Meanwhile, total consolidated gross service revenues remained at a steady level compared to the previous quarter.
  - Globe's mobile business has shown resilient growth with all-time high revenues of ₱58.4 billion as of end-June 2024 versus ₱54.8 billion in the same period last year. This achievement was fueled by Globe's effective market repair initiatives, and sustained network quality as evidenced by the continued preference of customers for Globe's products and services. The company's success is further highlighted by the fact that total mobile revenues now constitute 71% of the total consolidated gross service revenues, up from 68% in the

<sup>2</sup> The deal is currently undergoing thorough reviews. Completion is expected upon receipt of approvals from the relevant regulatory bodies and satisfaction of closing conditions.

same period last year, with the total mobile customer base ending at 59.5 million for the first six months of 2024. In comparison to the first quarter, mobile revenue remained stable, hovering around ₱29.3 billion.

- Home Broadband business on the other hand, generated a total of ₱12.1 billion revenues as of end-June 2024, still down by 6% from last year's ₱12.8 billion. This was primarily caused by the decline in fixed wireless products which was partly offset by the positive momentum of postpaid fiber. Compared to the prior quarter, Home broadband revenues also dropped by 2%.
- Corporate Data business reached ₱9.8 billion this period, reflecting an 8% growth compared to the previous year's performance. This increase was mainly driven by strong contributions from information and communication technology (ICT) as well as core data services. However on a sequential basis, Corporate Data revenues declined by 2% compared to the first quarter.
- Fixed line voice revenues declined year-on-year and quarter-on-quarter by 11% and 1%, respectively.
- Globe's non-telco revenues posted a significant decline, dropping by 58% year-on-year compared to the ₱2.8 billion reported at the end of June 2023. This substantial decrease was primarily due to the deconsolidation of ECPay from Globe's books, following the sale of its 77% stake to Mynt in September 2023. However, if the deconsolidation of ECPay had been factored into Globe's records during the first half of 2023, total non-telco revenues would have been lower by only 26%. Compared to the first quarter, non-telco revenues on the other hand grew by 9%.
- Total operating expenses including subsidy as of the first half of 2024 amounted to ₱39.3 billion, or down by 2% from ₱39.9 billion reported in the similar period of 2023. This decline was mainly due to the reduced spending in various areas, such as marketing and subsidy, provisions, services and others, and repairs and maintenance, as a result of the company's ongoing cost-saving measures and ECPay deconsolidation. On a comparable basis, assuming ECPay was deconsolidated in Globe's books as of the first half of 2023, total operating expenses (including subsidy) would have been higher by 1%. Sequentially, total operating expenses plus subsidy declined by 2% versus the previous quarter.
- Total depreciation expenses registered ₱24.8 billion as of end-June this year, surpassing the same period of 2023 by 8% due to the continuous capex investments and capitalized leases. Compared to the first quarter, depreciation expenses increased by 1%.
- Overall, total operating costs including subsidy and depreciation charges increased by 2% to ₱64.0 billion from ₱62.8 billion in the same period of 2023. However, on a quarterly basis, total operating expenses including subsidy and depreciation was lower by 1% versus the first quarter.
- Globe's consolidated EBITDA surged by 6% in the first half of the year, reaching nearly ₱43.0 billion. This growth was driven by a 2% increase in consolidated gross service revenues and a 2% reduction in operating expenses and subsidy. Additionally, if ECPay's deconsolidation from Globe's books were considered as of the first semester of 2023, EBITDA would have been higher by 7% year-on-year. The company's EBITDA margin has also shown impressive year-on-year progress, rising from 50% to 52%, surpassing the full-year guidance of 50%. In comparison to the first quarter, consolidated EBITDA grew by 1%, driven by reduced operating expenses and subsidy.
- Mynt, Globe's fintech arm, sustained its upward trajectory, cementing its status as the leading cashless ecosystem within the Philippines. GCash, the preferred choice for digital financial services, experienced significant user base and profitability growth, empowering more Filipinos with diverse financial tools. Globe's share in Mynt's equity earnings for the first half of 2024, surged to ₱2.1 billion, representing a 12% contribution to Globe's pre-tax net income, compared

to 5% in the previous year. Mynt's equity earnings also witnessed a remarkable 120% growth compared to the same period last year.

- Globe's net income grew by 1% to ₱14.5 billion compared to the ₱14.4 billion reported in the previous year. This was primarily attributed to strong EBITDA for the period offsetting higher depreciation expenses and lower non-operating income. Excluding the one-time gain from the tower sale, the normalized net income would have amounted to ₱11.9 billion, reflecting a 19% increase from the year earlier. Likewise, net income witnessed a sequential growth of 14% primarily due to this period reported non-operating income as opposed to last quarter's non-operating expenses offsetting the slight increase in depreciation costs.
- Excluding the effects of non-recurring charges, foreign exchange, and mark-to-market charges, Globe's core net income expanded by 18% year-on-year, attaining ₱11.7 billion during the first half of 2024. On a comparable basis, assuming that ECPay had been deconsolidated from Globe's books during the first half of 2023, the core net income would have shown an even more robust growth of 21%.
- During the first six months of the year, Globe invested ₱28.3 billion in capital expenditure (capex), representing a 25% decrease compared to the same period in 2023. This reduction in capex spending aligns with the company's ongoing strategy to optimize capital allocation and achieve positive free cash flows by 2025. Approximately 91% of the capital expenditures (capex) allocated during this period were earmarked for data infrastructure to guarantee that customers have uninterrupted access to crucial digital services and entertainment options, regardless of time or location.

### **GROUP OPERATING REVENUES**

Operating Revenues By Business (Php Mn)	Quarter on Quarter			Year-on-Year		
	Q2 2024	Q1 2024	QoQ Change (%)	30-Jun 2024	30-Jun 2023	YoY Change (%)
<b>Mobile*</b>	<b>32,429</b>	<b>33,184</b>	<b>-2%</b>	<b>65,613</b>	<b>63,730</b>	<b>3%</b>
Service Revenues	29,266	29,126	-	58,392	54,822	7%
Non-Service Revenues	3,163	4,058	-22%	7,221	8,908	-19%
<b>Fixed Line and Home Broadband**</b>	<b>11,257</b>	<b>11,523</b>	<b>-2%</b>	<b>22,780</b>	<b>22,890</b>	<b>-</b>
Service Revenues	11,196	11,456	-2%	22,652	22,738	-
Non-Service Revenues	61	67	-8%	128	152	-16%
<b>Others***</b>	<b>632</b>	<b>601</b>	<b>5%</b>	<b>1,233</b>	<b>2,904</b>	<b>-58%</b>
Service Revenues	615	567	9%	1,182	2,841	-58%
Non-Service Revenues	17	34	-51%	51	63	-20%
<b>Total Operating Revenues</b>	<b>44,318</b>	<b>45,308</b>	<b>-2%</b>	<b>89,626</b>	<b>89,524</b>	<b>-</b>

\*Mobile business includes Mobile and fully Mobile Broadband.

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

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

Globe closed the first six months of 2024 with total operating revenues of ₱89.6 billion, or at par versus a year ago. Gross consolidated service revenues for the period improved by 2% year-on-year,

while non-service revenues declined by 19% during the same period. Compared to last quarter, total operating revenues dipped by 2%.

Mobile service revenues, which accounted for 71% of Globe's consolidated gross service revenues, improved by 7% year-on-year from ₱54.8 billion revenues reported last year. This was driven mainly by the sustained increase in mobile data (+9%), partly offset by the decline in traditional voice (-2%) and mobile SMS (-6%). Meanwhile, mobile service revenues were flat compared to the previous quarter.

Home Broadband and fixed line businesses, which accounted for 28% of consolidated service revenues, held steady year-on-year at ₱22.7 billion this period. Compared to the previous quarter, home broadband and fixed line revenues dropped by 2%.

Other revenues, which accounted for 1% of consolidated service revenues, slid year-on-year by 58% but increased by 9% compared to the first quarter.

Mobile non-service revenues declined year-on-year and quarter-on-quarter by 19% and 22%, respectively. Fixed line and Home Broadband non-service revenues also showed yearly decline by 16% and 8% drop quarter-on-quarter. Similarly, other non-service revenues from subsidiaries slid on a yearly and quarterly basis by 20% and 51%, respectively.

## **MOBILE BUSINESS**

<b>Mobile Service Revenue (Php Mn)</b>	<b>Quarter on Quarter</b>			<b>Year-on-Year</b>		
	<b>Q2 2024</b>	<b>Q1 2024</b>	<b>QoQ Change (%)</b>	<b>30-Jun 2024</b>	<b>30-Jun 2023</b>	<b>YoY Change (%)</b>
<b>Service</b>						
Mobile Voice <sup>1</sup>	3,279	3,356	-2%	6,635	6,794	-2%
Mobile SMS <sup>2</sup>	1,807	1,939	-7%	3,746	3,992	-6%
Mobile Data <sup>3</sup>	24,180	23,831	1%	48,011	44,036	9%
<b>Mobile Service Revenues</b>	<b>29,266</b>	<b>29,126</b>	<b>-</b>	<b>58,392</b>	<b>54,822</b>	<b>7%</b>

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

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

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

<sup>3</sup> Mobile Data service revenues consist of revenues from mobile internet browsing and content downloading, mobile commerce services, other add-on value added services (VAS), and service revenues of GXI and MVNO, net of any interconnection or settlement payouts to international and local carriers and content

providers, except where Globe is acting as principal to the contract where revenues are presented at gross billed to subscriber and settlement pay-out are classified as part of costs and expenses. Revenues from premium content services (where Globe is acting as principal to the contract) is reported gross of licensors' fees.

Throughout the years, Globe has led the way in offering products and services tailored to customers' digital preferences, making it the go-to brand for Filipinos' digital lifestyle choices. This was achieved through partnerships with global content giants.

Globe collaborated with Google to provide free access to Google Mobile services and enable subscribers to charge app purchases to their postpaid bills or prepaid loads, eliminating the need for credit cards and enhancing convenience for Globe and TM customers.

Additionally, Globe created customized lifestyle packages for all subscribers, catering to their needs for social networking (Facebook and Wattpad), chatting and digital communication (Viber), music (Spotify), sports (NBA), and media.

Furthermore, Globe's partnerships with premium online streaming platforms like Netflix, iflix, Prime, HBO GO, and VIU, as well as social media networks like YouTube, online shopping sites, and mobile games, usher in a new era of entertainment experiences for its customers.

Globe launched its GlobeOne app, a digital tool designed to assist customers in managing their various Globe accounts. Through the GlobeOne app, Globe customers can conveniently monitor their Globe Postpaid, Globe Prepaid/TM, Home Prepaid WiFi, and Rewards accounts. The GlobeOne app can be easily downloaded from the App Store for iOS devices and the Google Play Store for Android devices, providing customers with seamless access to their account management needs.

### ***Mobile Data***

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

Mobile data, the main contributor to the mobile business, accounted for 82% of the total mobile service revenues from 80% a year ago. mobile data revenues hit a record-breaking quarterly high of ₱24.2 billion, totalling ₱48.0 billion in the first half of the year. This represents a significant 9% growth compared to the previous peak of ₱44.0 billion achieved a year ago. The surge in mobile data revenues was largely attributed to the increasing reliance of Filipinos on mobile apps for various online activities such as e-commerce, media streaming, social networking, among others. The widespread availability of smartphones further propelled this revenue expansion.

Moreover, mobile data traffic also experienced a notable increase, reaching 3,256 petabytes versus the 2,814 petabytes reported in the corresponding period of 2023, indicating improved data consumption across all brands. Compared to the first quarter, mobile data revenues showed a modest increase of 1%.

Globe Prepaid customers can choose from Globe promos that fit their needs and lifestyle for as low as ₱59 with 5GB for all sites and unli allnet texts, valid for 3 days. In addition, Globe continues to give its customers more options to level up their connection with Go+ promos for as low as ₱99 valid for 7 days up to ₱400 valid for 15 days. Customers can have more GBs to use to address everything they need with data for all sites, data for apps of choice, unli allnet texts, and a free discount voucher from their favorite everyday apps. See also [prepaid/go-promos/plus](#) for more details. App-Exclusive promos are likewise available on GlobeOne and GCash which include the following:

Available on GlobeOne only:

- 1) Super Xclusive Go+99 - same as Go+99 but with free +2GB or +1 day validity
- 2) UnliGo149 - 5GB for all sites, unli data for choice of apps, valid for 7 days
- 3) UnliGo299 - 10GB for all sites, unli data for choice of apps, valid for 15 days

Available on GCash and GlobeOne:

- 1) Go59 for Students - 5GB, 1GB for GoLEARN&WORK apps, unli allnet texts, 3 days
- 2) GoEXTRA99 - 8GB for all sites, unli allnet calls and texts, valid for 7 days
- 3) GoEXTRA199 - 8GB for all sites, unli allnet calls and texts, valid for 15 days
- 4) Go+179 - 8GB for all sites, 8GB for choice of apps, unli allnet texts, valid for 15 days, plus a free discount voucher

See <https://www.globe.com.ph/prepaid/app-exclusive-promos> for more information.

Meanwhile, Globe “*Surf4All*” is the Philippines’ first-ever data-sharing promo. This offers users a high data allowance that’s usable on all sites and can be shared with up to four (4) users for one week. Customers get to enjoy up to 20GB of shareable data at an affordable ₱249. This Globe data promo allows its customers to share data with Prepaid, Postpaid, Platinum, Globe At Home Prepaid WiFi, MyFi and TM users. See also [Surf4all](#) for more details. Prepaid customers may also choose to subscribe to “*GoUnli*” offers to get unlimited calls and texts with data for all sites for as low as ₱20 per day (see [prepaid/gounli](#) for more details).

Meanwhile, TM customers can subscribe to the following: *FBML15* which gives customers 1GB for Facebook and Mobile Legends, valid for 3 days; *Big Bente* which offers 1.5GB for Facebook, Mobile Legends, & Tiktok, valid for 3 days and *EasySurf50* which gives customers 6GB of total data (3GB for internet + 3GB content freebies for choice of app bundle: FunAliw and FunAchieve + unlimited texts to all networks, for ₱50 valid for 3 days. TM customers can also subscribe to a GlobeOne/GCash-exclusive offer with 8GB total data: 2GB open-access + 6GB (2GB/day) FunPinoy pack + unlimited texts to all networks, for ₱50 valid for 3 days; *EasySurf75* gives customers 8GB (2GB data + 6GB freebie) with unlimited AllNet calls and text valid for 3 days. 7-days validity offers are likewise available: *EasySurf99* which give its customers 16GB (2GB data + 14GB freebie) with unlimited AllNet texts and *EasySurf140* which give its customers 18GB (4GB data + 14GB freebie) with unlimited AllNet calls and texts. *EasySurf99* also has a GlobeOne/GCash-exclusive version with 17GB total data: 3GB open-access + 14GB (2GB/Day) choice of FunPinoy pack, unlimited texts to all networks, ₱99 valid for 7 days. In addition, 30-days validity offers for TM are also available: TM *EasyPlan150* for Unlimited calls & texts to all networks, 1GB open-access + 15GB (1GB/day) for FB, ML, Tiktok, YouTube, Instagram, ₱150 valid for 15 days; TM *EasyPlan150 in GCash/GlobeOne exclusive - Unlimited calls & texts to all networks, 1GB open-access + 30GB (2GB/day) for FB, ML, Tiktok, YouTube, Instagram, ₱150 valid for 15 days*; TM *EasyPlan300 - Unlimited calls & texts to all networks, 2GB open-access + 30GB (1GB/day) for FB, ML, Tiktok, YouTube, Instagram, ₱300 valid for 30 days*; TM *EasyPlan300 in GCash/GlobeOne exclusive - Unlimited calls & texts to all networks, 2GB open-access + 60GB (2GB/day) for FB, ML, Tiktok, YouTube, Instagram, ₱300 valid for 30 days, exclusive in GlobeOne & GCash*. TM customers can also register to *Surf4all99* (9 GB for all apps & sites, shareable up to four friends or four devices), and *Surf4all249* (20 GB for all apps & sites, shareable up to four friends or four devices) valid for 7 days.

See <https://www.tmtambayan.ph/> for more details on TM’s latest offers.

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

surfing. For Prepaid subscribers, get your favorite Roam Surf promo via the GlobeOne app, GCash, or dial \*143# and select MyAccount > Roaming & Intl.

The Company's latest innovation Globe Roam Surf4All brings ease and affordability to every trip, catering to the needs of budget-conscious families and travel groups. *Roam Surf4All* is available in over 100 countries and offers an unmatched level of convenience by allowing shared connectivity among multiple users. Customers only need to register to one Roam Surf4All promo and add/manage additional members via the GlobeOne app for the group to enjoy data roaming without having to stick together or be in close proximity. Currently available are three tailor-made packages, each designed to suit various travel durations and data needs: *Roam Surf4All 2599* with 5 GB for 5 days (₱104 per person per day); *Roam Surf4All 5499* with 10 GB for 15 days (₱73 per person per day) and *Roam Surf4All 7499* with 12 GB for 30 days

Aside from these, Globe infuses convenience and affordability into wanderlust-driven adventures. The expanded *GoRoam* promos provide travelers with the convenience of a roaming service plus affordable options comparable to local rates in those countries. Globe's *GoRoam* is now available in Singapore and the United States, with country-exclusive packages rivaling local SIM connectivity prices. This allows customers to use their mobile devices abroad with the same comfort and cost-efficiency they enjoy in their country of destination. *GoRoam* offers include the following:

- 20 GB of data valid for 30 days in Singapore for ₱1,500
- 20 GB of data valid for 30 days in the USA for ₱3,000
- 3 GB of data valid for five days in Hong Kong for ₱600
- 2.4 GB of data valid for 10 days in Taiwan for ₱600
- 15 GB of data valid for eight days in Thailand for ₱800
- 5 GB of data valid for 10 days in Malaysia for ₱800
- 8 GB of data valid for 28 days in the UAE for ₱2,000

*GoRoam* promos are available via the GlobeOne app and GCash. To register, access the app, click Buy Promos and search for *GoRoam* to see the available offers. Once registered, simply turn on your mobile data and data roaming to activate and start enjoying the promo abroad. You can easily manage and track your data usage on the app's dashboard.

In addition to 5G Roaming, Globe Postpaid and Prepaid subscribers can now experience VoLTE roaming in Asia and the US. This innovative solution ensures that Globe customers can enjoy uninterrupted high-quality voice calls and text messaging even as foreign networks phase out their legacy 2G and 3G infrastructure.

VoLTE allows users to leverage LTE networks for high-definition voice calls, texts, and simultaneous mobile data usage without relying on older technologies. It provides uninterrupted connectivity, faster call setup, and the ability to use voice and data concurrently - all at no extra cost beyond regular roaming rates.

### **Mobile Voice**

Mobile voice revenues, which account for 11% of overall mobile service revenues, dropped by 2%, ending at ₱6.6 billion. This decline aligns with global trends as consumers increasingly favor data-based OTT services over traditional voice services. Likewise, mobile voice revenues declined by 2% compared to the previous quarter.

The Company continues to provide attractive and affordable bulk voice offers. Globe Prepaid customers can register to GoUNLI promos to enjoy unlimited calls and texts to all networks, and all-access data for as low as ₱20. For worry-free connection for an entire month, customers can opt for GoUNLI350 (see <https://www.globe.com.ph/prepaid/gounli> for more information). Meanwhile, TM subscribers may choose from various combo offers for as low as ₱10 for call and text promos (visit <https://www.tmtambayan.ph/promos/ca10> for more information). Through the Extend

*all-you-can promo*, TM subscribers can extend for another 24 hours their favorite TM promo for only ₱5 up to 365 times by simply texting “EXTEND” to 8888 before their current promo expires.

Filipinos who wish to stay connected with their loved ones abroad, Globe continues to offer its per-second charging for international voice calls for both Globe Postpaid and Globe Prepaid subscribers. Globe customers can enjoy affordable IDD rates, share cherished moments with as low as ₱5 per minute to the Middle East and Europe, and ₱2.50 per minute to North America and Asia. Visit <https://www.globe.com.ph/international/call-and-text-abroad> for more information.

Roam Unli Call & Text is likewise available for Globe Postpaid customers for them to enjoy all-day calls and texts while roaming visit <https://www.globe.com.ph/international/roaming> for more details).

### ***Mobile SMS***

Mobile SMS revenues, which accounted for 7% of total mobile service revenues, registered a 6% decline during the first six months of the year, standing at over ₱3.7 billion. This reduction mirrors global trends, where consumers increasingly prefer over-the-top (OTT) services accessible via the internet. On a sequential basis, mobile SMS revenues also showed a 7% drop from ₱1.9 billion reported last quarter.

Globe continues to showcase a comprehensive line up of mobile SMS value offers ranging from unlimited and bucket text services. Visit the <https://www.globe.com.ph/prepaid/promos> for more information on the latest prepaid promos.

With TM’s continued dedication of giving its subscribers wonderful and value-for-money offers, TM customers can get to choose from a wide array of promo offers ranging from bucket or unlimited SMS. *All-NetSurf10* for 100 mins + 100 SMS to all networks + 100MB FB/ML, ₱10 valid for 1 day, exclusively available in GlobeOne & GCash; *All-NetSurf20* for Unlimited calls & texts to all networks + 300MB open-access + 300MB (150MB/Day) FunAliw apps, ₱20 valid for 2 days and *All-NetSurf30* for Unlimited calls & texts to all networks + 750MB open-access + 300MB (450MB/Day) FunALIW apps, ₱30 valid for 3 days.

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

Visit <https://www.globe.com.ph/international/call-and-text-abroad> for more information.

### ***VoLTE and VoWiFi***

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

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

VoLTE and VoWiFi are being implemented in phases and are now available in key areas starting December 18, 2020. Globe is likewise offering VoLTE to eligible prepaid customers starting November 7, 2022.

On its way to providing VoLTE Roaming capability, Globe's technical team performed successful VoLTE Outbound Roaming and VoLTE Inbound Roaming calls with Airtel. This demonstrates the readiness of its mobile network to support outbound and inbound VoLTE Roaming. While VoLTE roaming is still being built, Globe customers in countries that no longer have any 2G or 3G access may opt to subscribe to data roaming offers that allow them to make and receive calls and messages through Over-the-top (OTT) apps such as Viber, WhatsApp, and Messenger. Customers may easily register and track their data usage via the GlobeOne app.

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

### Key Mobile Drivers

	Quarter on Quarter			Year on Year		
	Q2 2024	Q1 2024	QoQ Change (%)	30-Jun 2024	30-Jun 2023	YoY Change (%)
<b><u>Cumulative Subscribers (or SIMs) - Net</u></b>						
Globe Postpaid	<b>59,487,243</b>	<b>58,774,010</b>	<b>1%</b>	<b>59,487,243</b>	<b>82,889,579</b>	<b>-28%</b>
	2,512,464	2,527,237	-1%	2,512,464	2,552,330	-2%
Prepaid	<b>56,974,779</b>	<b>56,246,773</b>	<b>1%</b>	<b>56,974,779</b>	<b>80,337,249</b>	<b>-29%</b>
<i>Globe Prepaid<sup>1</sup></i>	31,262,784	30,827,302	1%	31,262,784	43,738,135	-29%
<i>TM</i>	25,711,995	25,419,471	1%	25,711,995	36,599,114	-30%
<b><u>Net Subscriber (or SIM) Additions</u></b>						
Globe Postpaid	<b>713,233</b>	<b>1,726,773</b>	<b>-59%</b>	<b>2,440,006</b>	<b>(3,857,093)</b>	<b>-163%</b>
	(14,773)	(18,225)	-19%	(32,998)	22,636	-246%
Prepaid	<b>728,006</b>	<b>1,744,998</b>	<b>-58%</b>	<b>2,473,004</b>	<b>(3,879,729)</b>	<b>-164%</b>
<i>Globe Prepaid<sup>1</sup></i>	435,482	943,002	-54%	1,378,484	(798,841)	-273%
<i>TM</i>	292,524	801,996	-64%	1,094,520	(3,080,888)	-136%
<b><u>Average Revenue Per Subscriber (ARPU)<sup>2</sup></u></b>						
Globe Postpaid	886	875	1%	880	848	4%
Prepaid						
<i>Globe Prepaid<sup>1</sup></i>	149	152	-2%	151	99	52%
<i>TM</i>	113	115	-2%	115	68	68%
<b><u>Average Monthly Churn Rate (%)</u></b>						
Globe Postpaid	1.4%	1.6%		1.5%	1.4%	
Prepaid						
<i>Globe Prepaid<sup>1</sup></i>	1.9%	1.8%		1.8%	2.3%	
<i>TM</i>	2.2%	2.0%		2.1%	3.3%	

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

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

During the first six months of 2024, Globe's total mobile subscriber base declined by 28% compared to the same period in 2023, resulting in 59.5 million subscribers. This decrease was primarily

attributed to the SIM registration exercise in 2023. Globe Prepaid, including GOMO, and TM accounted for 98% of the total SIMs acquired during this period.

Despite the decline in gross acquisitions, Globe achieved a remarkable turnaround in subscriber growth, ending June 2024 with a net incremental subscriber base of 2.4 million, reversing the previous year's significant net reduction of 3.9 million subscribers. This improvement was primarily driven by the reduction in the overall churn rate from 2.7% in the first half of 2023 to 1.9% in the first half of 2024.

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

### ***Globe Postpaid***

*Globe Postpaid* had a cumulative subscriber base of 2.5 million as of the first half of the year, representing a 2% decrease compared to the previous year. *Globe Postpaid*'s gross acquisitions declined by 20% year-on-year, with 193,982 acquisitions in the first half of 2024 compared to 242,247 in the first half of 2023. The combination of higher churn and lower gross acquisitions during this period resulted in a net reduction of 32,998 postpaid subscribers, compared to a net increase of 22,636 in the previous year.

*Globe Postpaid*'s Average Revenue Per User (ARPU) showed a 4% increase reaching ₱880 this period compared to the ₱848 reported a year earlier. Furthermore, *Globe Postpaid*'s ARPU experienced a 1% growth from the previous quarter's ₱875.

### ***Prepaid***

Globe's prepaid segment, which includes the *Globe Prepaid*<sup>3</sup> and *TM* brands, accounts for 96% of its total cumulative mobile subscriber base. As of end-June 2024, cumulative prepaid subscribers stood at nearly 57.0 million down by 29% from 80.3 million subscribers reported in the same period of 2023 mostly due to the SIM registration exercise.

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

Republic Act No. 11934, or the SIM Card Registration Act (SRA), was signed into law on October 10, 2022. The law requires all SIM owners to register their SIM so they can use their SIMs for mobile internet, call and text. All SIMs, including those in card and electronic form used for mobile phones, prepaid WiFi kits or other devices, need to be registered. If not, a SIM will not be activated and customers will not be able to use it. Under the law, all SIMs sold by telcos, authorized distributors or

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<sup>3</sup> *Globe Prepaid* subscribers include GOMO subscribers. GOMO is a fully digital service brand of Globe created to address the needs of the underserved digitally savvy yuppie segment. Simply buy the sim from gomo.ph or thru the GOMO PH mobile app.

resellers will be in a deactivated state and will only be activated once the SIM buyer registers the SIM in the authorized registration platforms.

The Philippines' SIM Registration Act is envisioned to address escalating cybercrime in the country, including the proliferation of smishing and other forms of scam and spam messaging aided by the anonymity afforded by prepaid SIMs.

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

#### **a. *Globe Prepaid (including GOMO)***

*Globe Prepaid* witnessed an 11% yearly decline in gross acquisitions, resulting in 4.8 million subscribers. Despite this, the total net incremental *Globe Prepaid* subscribers reached 1.4 million, a significant improvement compared to the previous year's net reduction of 798,841. This primarily stemmed from an improved churn rate, which decreased from 2.3% to 1.8% during this period. Following the SIM registration exercise, the cumulative *Globe Prepaid* subscribers for the first half of 2024 concluded at roughly 31.3 million, reflecting a 29% year-on-year decrease.

*Globe Prepaid* ARPU increased year-on-year by 52% at ₱151 from ₱99 a year ago. However, on a sequential basis, ARPU was down by 2% quarter-on-quarter.

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

As of the first six months of 2024, *TM*'s gross acquisitions declined 2% year-on-year, resulting in 4.3 million subscribers compared to 4.4 million in the same period of 2023. Despite the decrease in gross acquisitions, a significant improvement in churn led to a net increase of 1.1 million *TM* subscribers during this period, compared to a net reduction of 3.1 million subscribers a year ago. Meanwhile, as of the end of June 2024, the total cumulative *TM* subscribers stood at 25.7 million, representing a 30% drop from the 36.6 million subscribers reported a year earlier.

*TM*'s ARPU increased by 68% year-on-year, from ₱68 to ₱115. However, it decreased by 2% compared to the previous quarter.

### **FIXED LINE AND HOME BROADBAND BUSINESS**

<b>Service Revenues (Php Mn)</b>	<b>Quarter on Quarter</b>			<b>Year-on-Year</b>		
	<b>Q2 2024</b>	<b>Q1 2024</b>	<b>QoQ Change (%)</b>	<b>30-Jun 2024</b>	<b>30-Jun 2023</b>	<b>YoY Change (%)</b>
<b>Service</b>						
Home Broadband <sup>1</sup>	5,983	6,117	-2%	12,100	12,809	-6%
Corporate Data <sup>2</sup>	4,833	4,956	-2%	9,789	9,072	8%
Fixed line Voice <sup>3</sup>	380	383	-1%	763	857	-11%
<b>Fixed Line &amp; Home Broadband Service Revenues</b>	<b>11,196</b>	<b>11,456</b>	<b>-2%</b>	<b>22,652</b>	<b>22,738</b>	<b>-</b>

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

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

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

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

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

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

### **Home Broadband**

	Quarter on Quarter			Year-on-Year		
	Q2 2024	Q1 2024	QoQ Change (%)	30-Jun 2024	30-Jun 2023	YoY Change (%)
<b>Cumulative Broadband Subscribers</b>						
Fixed Wireless	541,256	574,505	-6%	541,256	1,055,222	-49%
Wired	1,173,410	1,150,072	2%	1,173,410	1,103,766	6%
<b>Total (end of period)</b>	<b>1,714,666</b>	<b>1,724,577</b>	<b>-1%</b>	<b>1,714,666</b>	<b>2,158,988</b>	<b>-21%</b>

During the first half of 2024, Globe's Fixed line and Home Broadband revenues remained steady at ₱22.7 billion compared to the same period of the previous year. This was primarily attributed to the strong performance of Corporate Data, which helped offset the declines from Home Broadband and Fixed line voice services. On a quarterly basis, however, there was a 2% decrease in Fixed line and Home Broadband revenues compared to the preceding quarter.

Home broadband revenues dropped by 6% year-on-year, from ₱12.8 billion to ₱12.1 billion by the end of June 2024, due to lower fixed wireless services. Despite this decline, postpaid fiber showed steady expansion, accounting for 85% of home broadband revenues. The 3% increase in both postpaid fiber subscribers and revenues partially offset the overall decline in home broadband revenues. On a quarterly basis, home broadband revenues were down by 2% compared to the first quarter.

Globe's fixed wireless revenue decline is slowing down, in line with the company's expectations. The initial surge in demand for dependable data connectivity during the COVID-19 pandemic led to a substantial increase in sales for their Home Prepaid WiFi (HPW) product. However, as market preferences shifted towards more stable wired connectivity post-pandemic, fixed wireless metrics gradually returned to normal levels, as anticipated. Globe expects this positive trend, along with the newly introduced GFiber Prepaid, will result in positive growth in overall broadband revenue during the second half of the year.

Customers have been very receptive to GFiber Prepaid since its launch in late 2023. The service's strengths include a completely digital experience, affordability, reliable network connectivity, and convenient loading through GCash, as evidenced by positive feedback. This reflects Globe's comprehension of the prepaid consumer market. As a result, the first half GFiber Prepaid acquisitions

increased by 272% vs 2023, indicating the service's promising growth trajectory, which is expected to continue in the second half of 2024.

The home broadband subscriber base likewise declined from 2.2 million in the previous year to 1.7 million this period, marking a 21% dip. This drop was mainly from the normalization of fixed wireless broadband as customers transition toward more dependable wired connectivity. Similarly, HPW data traffic experienced a downward trend, with a decrease from 166 petabytes in the preceding year to just 105 petabytes in the current reporting period.

Globe continues to disrupt the market with its most economical unlimited prepaid fiber internet service, GFiber Prepaid, providing an unparalleled combination of 50 Mbps speed and budget-friendly pricing to democratize access to reliable connectivity for as low as ₱33/day that customers can enjoy on a pay-per-use basis. Catering to diverse connectivity needs, GFiber Prepaid offers a comprehensive suite of four distinct promos:

- GFiberSurf299: Unli fiber internet for seven days at only ₱299, perfect for short-term internet use.
- GFiberSurf549: 15 days of Unli connectivity for ₱549, ideal for work-from-home professionals and avid gamers.
- GFiberSurf999: A full month of strong and reliable Unli internet service for just ₱999 ideal for long-term renters and even homeschooling.
- GFiberSurf9999: 12 months of Unli internet for only ₱9,999, perfect for transient and rental homes.

Signing up for GFiber Prepaid is a seamless, fully digital experience, with no documents required and instant installation within 24 hours.

### ***Corporate Data***

Corporate data business maintained its positive momentum, driven by the company's commitment to providing innovative solutions. These solutions supported the digital transformation and addressed the specific needs of its enterprise clients. As a result, corporate data revenues grew by a solid 8% year-on-year, generating approximately ₱9.8 billion as of end-June of 2024. This was mainly due to the solid contributions from information and communication technology (ICT) and core data services which improved versus last year by 9% and 7%, respectively. Increase in ICT revenues came mostly from business applications solutions (BAS), which grew by 22% from last year. However, Globe's corporate data revenues posted a sequential decrease of 2% compared to the previous quarter.

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

In comparison to the same period last year and the previous quarter, Globe's fixed-line voice revenue has decreased by 11% and 1%, respectively.

## **OTHER GLOBE REVENUES**

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

Both Globe and Innove offer ILD voice services which cover international call services between the Philippines to 242 destinations with 790<sup>4</sup> roaming partners. This service generates revenues from both inbound and outbound international call traffic, with pricing based on agreed international termination rates for inbound traffic revenues and NTC-approved ILD rates for outbound traffic revenues.

Globe's ILD voice revenues from the mobile and fixed line businesses decreased year-on-year by 6% (from ₱852 million in 6M'2023 to ₱799 million in 6M'2024). Likewise, on a quarterly basis, ILD

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<sup>4</sup> Inbound and Outbound global roaming partners

voice also dropped by 11% from the ₱422 million reported last quarter. This year-on-year and quarterly decline was mainly attributed to lower roaming voice usage.

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

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

Globe has expanded beyond its core telco business into a robust digital ecosystem of products and services that target the needful sectors in financial inclusion, healthcare, education, environmental sustainability, and business enablement, among others.

The Company's non-telco revenues declined by 58% to ₱1.2 billion this period from ₱2.8 billion reported a year ago. This sharp drop resulted from the deconsolidation of ECPay from Globe's books, following the sale of its 77% stake in ECPay to Mynt in September 2023<sup>5</sup>. However, if ECPay's deconsolidation had been reflected in Globe's books during the first half of 2023, total non-telco revenues would have been lower by only 26%. Additionally, compared to the previous quarter, non-telco revenues recorded an increase of 9% due to the solid contributions from Adspark, Yondu and Asticom.

#### **917Ventures**

Globe's corporate venture builder, 917Ventures portfolio companies, includes telehealth service platform KonsultaMD and Brave Connective Holdings, Inc., which brings together under its umbrella the companies that will help businesses strengthen their connection with customers through the use of data, analytics, targeting, and storytelling.

- *KonsultaMD*, is a tech-enabled platform with the goal of providing universal access to healthcare through 24/7 online doctor consultations, in-clinic patient services, medicine delivery, and convenient at-home diagnostics and wellness services. It commits to building an ecosystem of care, empowering Filipinos to live better.

The *KonsultaMD* SuperApp offers the full healthcare experience from 24/7 doctor consultations, pharmacy, to diagnostics at-home. With over 1,000 healthcare providers, 50+ specializations, and more than 2,000 pharmacy offers, *KonsultaMD* continues to serve Filipinos nationwide in 16+ dialects. With a vision to uplift the healthcare journey of every Filipino, *KonsultaMD* is a one-stop-shop superapp for health.

- *Brave Connective Holdings, Inc. (BCHI)*
  - *AdSpark*, the award-winning and largest locally ad-based data powered digital media and creative agency which has launched more than 3,000 digital campaigns.
  - *M360*, largest A2P multi-channel messaging platform, capable of sending messages to over 700 partner network operators in 190 countries via SMS or chat apps. Generates over 1.1 billion average monthly traffic with access to over 150 million mobile SMS users and over 45 million OTT users in the Philippines.
  - *DeepSea*, enables programmatic advertising by leveraging first party data, millions of audiences and wide variety & unique audience segments to advertisers
  - *iNQUIRO*, suite of data-driven products and solutions designed to create value for enterprises and their customers.
- Globe's 917Ventures, Ayala Corporation, and Gogoro Inc. have introduced Gogoro Smartscooters® and battery-swapping in the Philippines in 2023. This collaboration brings forth a new era of sustainable transportation, offering smart, convenient, and accessible electric two-wheelers to customers.

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<sup>5</sup> The deal is currently undergoing thorough reviews. Completion is expected upon receipt of approvals from the relevant regulatory bodies and satisfaction of closing conditions.

## **GROUP OPERATING EXPENSES**

In the first half of the year, Globe's total costs and expenses, including depreciation charges, increased by 2% to reach ₱64.0 billion. However, excluding depreciation charges, the company's operating expenses and subsidy decreased by 2%. This decline was primarily driven by reduced marketing and subsidy expenses, provisions, services and others, and repairs and maintenance, as a result of the company's ongoing cost-saving measures and ECPay deconsolidation.

(Php Mn)	Quarter on Quarter			Year-on-Year		
	Q2 2024	Q1 2024	QoQ Change (%)	30-Jun 2024	30-Jun 2023	YoY Change (%)
Interconnect	408	363	12%	771	705	9%
Marketing and Subsidy	1,110	781	42%	1,892	2,714	-30%
Staff Costs	4,421	4,883	-9%	9,304	8,578	8%
Utilities, Supplies & Other Administrative Expenses	3,116	2,765	13%	5,881	5,359	10%
Lease	834	828	1%	1,663	1,450	15%
Repairs & Maintenance	3,419	3,325	3%	6,744	6,956	-3%
Provisions	1,020	1,199	-15%	2,219	2,531	-12%
Services and Others	5,137	5,654	-9%	10,788	11,615	-7%
<b>Operating Expenses &amp; Subsidy</b>	<b>19,465</b>	<b>19,798</b>	<b>-2%</b>	<b>39,262</b>	<b>39,908</b>	<b>-2%</b>
<b>Depreciation and Amortization</b>	<b>12,461</b>	<b>12,300</b>	<b>1%</b>	<b>24,761</b>	<b>22,890</b>	<b>8%</b>
<b>Costs and Expenses</b>	<b>31,926</b>	<b>32,098</b>	<b>-1%</b>	<b>64,023</b>	<b>62,798</b>	<b>2%</b>

### **Interconnect**

Globe's interconnect charges reached ₱771 million by the end of June 2024, up by 9% from the ₱705 million reported during the same period the previous year. The increase came mostly from Application to Person (A2P) domestic SMS payout and data roaming, partly offset by outbound SMS and NDD. On a sequential basis, interconnect costs grew by 12% compared to the ₱363 million incurred in the preceding quarter, primarily on higher Application to Person (A2P) domestic SMS payout, partly offset by lower outbound IDD.

### **Marketing & Subsidy**

Marketing and subsidy costs declined by 30% from ₱2.7 billion to only ₱1.9 billion this period. The decrease was primarily caused by lower subsidy and commissions, coupled with reduced spending on airtime & placements and merchandising materials. Sequentially, marketing and subsidy grew by 42% from the prior quarter, due to higher airtime costs and commissions.

### **Staff Costs**

Staff costs rose by 8% hitting ₱9.3 billion this period from ₱8.6 billion the year earlier. However, staff costs showed a 9% decline when compared to the preceding quarter due to lower headcount.

### **Utilities, Supplies and Other Administrative Expenses**

Globe's utilities, supplies, and other administrative expenses surged by 10%, increasing from ₱5.4 billion reported as of end-June 2023 to ₱5.9 billion this period. This increase was primarily driven by higher electricity, partly offset by lower subscriber line installation materials. Similarly, compared to the previous quarter, total utilities, supplies and other administrative expenses grew by 13% mainly on increased electricity consumption during the second quarter.

### **Lease**

Lease expenses, accounting for 4% of operating expenses and subsidy, increased year-on-year by 15% mainly from joint pole, data center and cell sites. Compared to the previous quarter, lease cost slightly grew by 1%.

### **Repairs & Maintenance**

Repairs & maintenance costs fell by 3% year-on-year, bulk from business application services (BAS) payout tempered by tower maintenance costs. Meanwhile, compared to the first quarter, repairs & maintenance cost rose by 3% driven by higher expenses related to hardware and software maintenance, equipment maintenance and other preventive maintenance costs.

### **Provisions**

This account includes provisions associated with trade, non-trade, traffic receivables, and inventory obsolescence. The Globe's provisions decreased by 12% year-on-year and 15% quarter-on-quarter, primarily attributable to the decline in trade provisions.

### **Services and Others**

Globe's services and other expenses, comprising 27% of total operating expenses and subsidy, witnessed a 7% year-on-year decline mainly from lower miscellaneous bank charges and insurance. Compared to the first quarter, there was also a 9% decrease due to lower taxes and licenses.

### **Depreciation and Amortization**

In the first six months of the year, depreciation expenses saw an 8% increase compared to the same period last year, reaching ₱24.8 billion due to the continued capex investments and capitalized leases. On a quarterly basis, depreciation costs slightly grew by 1%.

## OTHER INCOME STATEMENT ITEMS

(Php Mn)	Quarter on Quarter			Year-on-Year		
	Q2 2024	Q1 2024	QoQ Change (%)	30-Jun 2024	30-Jun 2023	YoY Change (%)
<b>Financing Costs</b>						
Interest Expense	(3,383)	(3,200)	6%	(6,582)	(5,413)	22%
Swap costs and other financing costs	(55)	(80)	-31%	(135)	(290)	-53%
Foreign Exchange Gain (Loss)	(2,887)	(1,023)	182%	(3,910)	627	-723%
	<b>(6,325)</b>	<b>(4,303)</b>	<b>47%</b>	<b>(10,627)</b>	<b>(5,076)</b>	<b>109%</b>
<b>Other Income</b>						
Gain (Loss) on derivative instruments	3,156	1,039	204%	4,194	(612)	-785%
Interest Income	167	202	-17%	369	285	29%
Others	3,595	2,672	35%	6,267	6,835	-8%
<i>Equity share from Affiliates (net)</i>	<i>1,320</i>	<i>1,310</i>	<i>1%</i>	<i>2,630</i>	<i>1,065</i>	<i>147%</i>
<i>Frequency/Intangible Amortization</i>	<i>(94)</i>	<i>(94)</i>	<i>-</i>	<i>(188)</i>	<i>(188)</i>	<i>-</i>
<i>Others – net</i>	<i>2,369</i>	<i>1,456</i>	<i>63%</i>	<i>3,824</i>	<i>5,958</i>	<i>-36%</i>
<b>Total Income (Other Expenses)</b>	<b>593</b>	<b>(390)</b>	<b>-252%</b>	<b>203</b>	<b>1,432</b>	<b>-86%</b>

Globe's total non-operating income as of end-June 2024, closed at ₱203 million or down by 86% versus the ₱1.4 billion non-operating income posted a year ago, due to lower tower sale gains recognized this period, and increased net interest expenses. However, this decline was partially offset by the expansion of equity share in affiliates.

Sequentially, total non-operating income stood at ₱593 million for the second quarter of 2024 compared to ₱390 million non-operating expenses reported last quarter. This was mainly due to higher gain on tower sale and net forex gain, tempered by higher net interest expense reported this quarter.

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

## **LIQUIDITY AND CAPITAL RESOURCES**

	<b>For the Year Ended</b>		
	<b>30 Jun 2024</b>	<b>31 Dec 2023</b>	<b>YoY Change (%)</b>
<b>Balance Sheet Data (Php Mn)</b>			
Total Assets	628,284	611,628	3%
Total Debt	248,735	249,956	-
Total Stockholders' Equity	166,583	159,927	4%
<b>Financial Ratios (x)</b>			
Total Debt to EBITDA (gross)	2.68	2.75	
Total Debt to EBITDA (net)	2.48	2.57	
Debt Service Coverage	1.60	2.18	
Interest Coverage (Gross)	4.66	4.95	
Total Debt to Total Capitalization (Book)	0.60	0.61	
Total Debt to Total Capitalization (Market)	0.45	0.50	

Globe's financial health is robust, with ample liquidity and gearing that comfortably meets bank covenants.

As of June 30, 2024, the Globe's consolidated assets stood at ₱628.3 billion, a significant increase from the ₱611.6 billion reported on December 31, 2023. Furthermore, the consolidated cash and cash equivalents reached ₱18.6 billion by the end of June 2024, compared to ₱16.6 billion reported at the end of December 2023. The Globe's cash equivalents consist of short-term, highly liquid time deposit placements.

Globe's current ratio stood at 0.56:1 as of 30 June 2024 and 0.61:1 as of 31 December 2023 which are at par with industry standards. While Globe's average current ratio was below the SEC's minimum of 1:1, Globe believes it has sufficient liquidity sources to meet its debt maturities, currently and prospectively.

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

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

*\*Composed of loans payable and net derivative liabilities*

<sup>1</sup> *Debt service coverage ratio is defined as the ratio of EBITDA to required debt service, where debt service includes subordinated debt but excludes shareholder loans.*

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

As of 30 June 2024, Globe is well within the ratios prescribed under its loan agreements.

On November 2, 2021, Globe Telecom issued US\$600 million senior perpetual capital securities with an initial distribution rate of 4.20% payable semi-annually and callable on or after August 2, 2026. The distribution rate is subject to a step up on the fifth anniversary and shall be recalculated every five

years thereafter. The capital securities were classified as equity since there is no fixed redemption date and the redemption is at the option of Globe Telecom. Globe Telecom also has the right to defer payment of any or all of the distribution. On November 3, 2021, the capital securities were listed in Singapore Exchange Securities Trading Limited.

Distribution to holders of capital securities in the six-month period ended June 30, 2024 and 2023 amounted to ₱681.55 million and ₱658.45 million, respectively.

### Consolidated Net Cash Flows

(Php Mn)	For the Quarter Ended		
	30-Jun 2024	30-Jun 2023	YoY Change (%)
Net Cash from Operating Activities	42,827	34,092	26%
Net Cash from Investing Activities	(14,220)	(24,289)	-41%
Net Cash from Financing Activities	(26,608)	(2,533)	950%

Net cash flows provided by operating activities for the first six months of the year was at ₱42.8 billion, up by 26% from the same period last year.

Meanwhile, net cash used in investing activities amounting to ₱14.2 billion, was 41% lower from a year ago. Similarly, consolidated cash capital expenditures as of end-June 2024 amounted to ₱28.3 billion, or down by 25% compared to the year earlier.

(Php Mn)	For the Quarter Ended		
	30-Jun 2024	30-Jun 2023	YoY Change (%)
Cash Capital Expenditures <sup>1</sup>	28,348	37,693	-25%
Total Additions to Property and equipment and Intangible assets <sup>2</sup>	32,095	59,169	-46%
<b>Cash Capital Expenditures<sup>1</sup> / Service Revenues (%)</b>		<b>34%</b>	<b>47%</b>

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

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

Consolidated net cash used in financing activities significantly increased by 950% year-on-year to ₱26.6 billion, primarily attributed to a decrease in borrowings proceeds coupled with an increase in interest and lease liability payments. Consolidated total debt slightly improved from ₱250.0 billion at the end of December 2023 to only ₱248.7 billion this period.

100% of US\$ consolidated loans have been effectively converted to PHP via US\$927 million in currency hedges. After swaps, effectively none of the total debt is denominated in US\$.

Below is the schedule of debt maturities for Globe for the years stated below based on total outstanding debt as of June 30, 2024:

Year Due	Principal*
	(US\$ Mn)
2024	524.65
2025	325.87

\* Principal amount before debt issuance costs

<b>2026</b>	<b>377.97</b>
<b>2027 through 2035</b>	<b>3,031.76</b>
<b>Total</b>	<b>4,260.25</b>

The Globe has available uncommitted short-term credit facilities of USD 114 million and ₱72,861 million as of June 30, 2024 and USD 114 million and ₱71,380 million as of December 31, 2023.

The Globe also has ₱3,000 million committed short-term credit facilities as of June 30, 2024 and December 31, 2023. There are nil and ₱2,000 million long term committed credit facilities as of June 30, 2024 and December 31, 2023, respectively.

There are ₱14 billion and ₱19 billion outstanding short-term loans as of June 30, 2024 and December 31, 2023, respectively.

Stockholders' equity as of the first six months of 2024 stood at ₱166,583 million from ₱159,927 million last year. Globe's capital stock consists of the following:

#### Voting Preferred Stock

Voting Preferred stock at a par value of ₱5 per share of which 158.5 million shares are outstanding out of a total authorized of 160 million shares. The dividends for voting preferred stock are declared upon the sole discretion of Globe Telecom's BOD. To date, none of the voting preferred shares have been converted to common shares.

#### Non-Voting Preferred Stock

Non-Voting Preferred stock at a par value of ₱50 per share of which 20 million shares are issued out of a total authorized of 40 million shares. On August 22, 2021, Globe telecom redeemed the 20 million non-voting preferred shares for ₱10 billion.

#### Treasury Shares

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

#### Common Stock

Common stock at par value of ₱50 per share of which 144.4 million are issued and outstanding out of a total authorized of 168.9 million shares.

#### Cash Dividends

The dividend policy of Globe as approved by the Board of Directors is to declare cash dividends to its common stockholders on a regular basis as may be determined by the Board. The dividend payout rate is reviewed annually and subsequently each quarter of the year, to take into consideration Globe Telecom's operating results, cash flows, debt covenants, capital expenditure levels and liquidity.

Pursuant to the Corporation's amended By-Laws as ratified by stockholders in the annual stockholders' meeting on April 20, 2021, the dividends shall be paid by electronic transfer to stockholders with enrolled accounts. For stockholders with no enrolled accounts, the dividend checks shall be available for pick-up at the Stock Transfer Service, Inc. at 34/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City at the declared payment dates.

On February 6, 2024, The Globe Board of Directors approved the change in the dividend policy to 60% to 90% (from 60% to 75%) of prior year's core net income. The amended policy will provide Globe with increased flexibility for future dividend declarations that are in line with the expected improvements in earnings and cash flow generation given the Company's reduced capex spending.

Also, a wider payout range allows the Company to maximize value to its shareholders moving forward and will improve Globe's dividend payout competitiveness compared to its regional peers

The Board of Directors of Globe approved in separate approvals the declaration of two quarterly distributions of cash dividends of ₱25 per share, paid each last March 7, 2024 and June 13, 2024. Each cash dividend payment total to about ₱3.6 billion, bringing total distribution by end of June 2024 to ₱7.2 billion

*Return on Average Equity (ROE)*

Consolidated Return on Average Equity (ROE) registered at 15.2% as of end-June 2024, compared to 20.6% in the same period of 2023 using trailing 12 months net income and based on average equity balances for the year ended. Using trailing 12 months core net income, which excludes the effects of non-recurring expenses on net income, return on average equity as of end-June 2024 and 2023 was 12.7%.

*Earnings Per Share (EPS)*

Consolidated basic earnings per common share were ₱95.99 and ₱94.69, while consolidated diluted earnings per common share were ₱95.67 and ₱94.37 as of end-June 2024 and 2023, respectively.

## **FINANCIAL RISK MANAGEMENT**

### ***FOREIGN EXCHANGE EXPOSURE***

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

#### ***Transaction exposures***

Globe has US\$ inflows and outflows arising from its operations. Consolidated foreign currency-linked revenues<sup>1</sup> was at 6% of total gross service revenues for the periods ended 30 June 2024 and 2023. In contrast, Globe's foreign-currency linked expenses was at 16% and 18% of total operating expenses for the same period.

The US\$ flows are as follows:

	June 30, 2024
US\$ and US\$ Linked Revenues	₱ 4.7 billion
US\$ Operating Expenses	₱ 6.0 billion
US\$ Net Interest Expense	₱ 1.2 billion

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

*Includes the following revenues:*

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

#### ***Translation Exposures***

Globe's foreign exchange translation exposures result primarily from movements of the Philippine Peso (Php) against the U.S. Dollars (USD) with respect to USD-denominated financial assets, USD-denominated financial liabilities and certain USD-denominated revenues. Majority of revenues are generated in Php, while bulk of capital expenditures are in USD. In addition, 22% of debt as of June 30, 2024 are denominated in USD before taking into account any swap and hedges. After swaps, effectively none of the total debt is denominated in US\$.

Information on Globe's foreign currency-denominated monetary assets and liabilities as of June 30, 2024 are as follows:

	June 30, 2024
US\$ Assets	US\$ 96 million
US\$ Liabilities	US\$ 1,598 million
Net US\$ Liability Position	US\$ 1,502 million

As of end-June 2024, Globe posted a total of ₱3,910 million net foreign exchange losses.

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

As of end-June 2024, Globe has US\$247 million in cross currency swap contracts which are hedges of the interest and foreign exchange risks of some of the US\$ loans maturing in August 2024, March 2025, March 2027 and August 2027. The MTM of the outstanding swap contracts stood at a gain of ₱2,267 million as of end-June 2024.

As of end-June 2024, Globe has US\$680 million in principal only swap contracts which are hedges of the foreign exchange risks of some of the US\$ loans maturing in July 2025, May 2027, July 2027, July 2030 and July 2033. The MTM of the swap contracts stood at a gain of ₱4,208 million as of end-June 2024.

Globe has US\$428 million short-term FX swap contracts which remain outstanding as of end-June 2024. The mark-to-market of the outstanding FX swap contracts stood at a gain of ₱197 million as of end-June 2024.

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

Interest rate exposures are managed using a mix of fixed and floating rate debt that are meant to achieve a balance between cost and volatility.

As of end-June 2024, Globe has US\$247 million in cross currency swaps. The US\$ swaps fixed some of the Company's outstanding floating rate debts with quarterly payment intervals up to August 2024, March 2025, March 2027 and August 2027.

As of end-June 2024, 68% (excluding short-term debt) of peso debt is fixed, while 88% of USD debt is fixed after swaps.

## **CREDIT EXPOSURES FROM FINANCIAL INSTRUMENTS**

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

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

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

## **VALUATION OF DERIVATIVE TRANSACTIONS**

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

Gains (losses) on derivative instruments represent the net mark-to-market (MTM) gains (losses) on derivative instruments. As of June 30, 2024, the MTM value of the derivatives of Globe amounted to ₱6,672 million while net gain on derivative instruments arising from changes in MTM reflected in the consolidated income statements as of end-June 2024 amounted to ₱4,194 million.

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

## **LEGAL, REGULATORY AND CORPORATE DEVELOPMENTS**

Globe is contingently liable for various claims arising in the ordinary conduct of business and certain tax assessments which are either pending decisions by the courts or are being contested, the outcome of which are not presently determinable. In the opinion of management and legal counsel, the possibility of outflow of economic resources to settle the contingent liability is remote. (see Note 21 of the attached consolidated financial statement)

### **Interconnection Charge for Short Messaging Service**

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

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

- Reduce its regular SMS retail rate from P1.00 to not more than ₱0.80;
- Refund/reimburse its subscribers the excess charge of ₱0.20; and
- Pay a fine of ₱200.00 per day from December 1, 2011 until date of compliance.

On May 7, 2014, NTC denied the Motion for Reconsideration (MR) filed by Globe Telecom last December 5, 2012 in relation to the November 20, 2012 decision. Globe Telecom's assessment is that Globe Telecom is in compliance with the NTC Memorandum Circular No. 02-10-2011. On June 9, 2014, Globe Telecom filed a petition for review of the NTC decision and resolution with the Court of Appeals (CA).

The CA granted the petition in a resolution dated September 3, 2014 by issuing a 60-day temporary restraining order on the implementation of Memorandum Circular 02-10-2011 by the NTC. On October 15, 2014, Globe Telecom posted a surety bond to compensate for possible damages as directed by the CA.

On June 27, 2016, the CA rendered a decision reversing the NTC's abovementioned decision and resolution requiring telecommunications companies to cut their SMS rates and return the excess amount paid by subscribers. The CA said that the NTC order was baseless as there is no showing that the reduction in the SMS rate is mandated under MC No. 02-10-2011; there is no showing, either that the present P1.00 per text rate is unreasonable and unjust, as this was not mandated under the memorandum. Moreover, under the NTC's own MC No. 02-05-2008, SMS is a value-added service (VAS) whose rates are deregulated. The respective motions for reconsideration filed by NTC and that of intervenor Bayan Muna Party List (Bayan Muna) Representatives Neri Javier Colmenares and Carlos Isagani Zarate were both denied.

The NTC thus elevated the CA's ruling to the Supreme Court (SC) via a Petition for Review on Certiorari dated September 15, 2017.

For its part, Bayan Muna filed its own Petition for Review on Certiorari of the CA's Decision. On January 4, 2018, Globe received a copy of the SC's Resolution dated November 6, 2017, requiring it to comment on said petition of Bayan Muna. Subsequently, on February 21, 2018, Globe received a copy of the SC's Resolution dated December 13, 2017 consolidating the Petitions for Review filed by

Bayan Muna and NTC, and requiring Globe to file its comment on the petition for review filed by NTC. Thus, on April 2, 2018, Globe filed its Consolidated Comment on both Bayan Muna and the NTC's petitions for review. On September 18, 2018, Globe received a copy of Bayan Muna's Consolidated Reply to Globe's Consolidated Comment and Digitel and Smart's Comment.

Globe Telecom believes that it did not violate NTC MC No. 02-10-2011 when it did not reduce its SMS retail rate from Php 1.00 to Php 0.80 per text, and hence, would not be obligated to refund its subscribers. However, if it is ultimately decided by the Supreme Court (on the appeal taken thereto by the NTC from the adverse resolution of the CA) that Globe Telecom is not compliant with said circular, Globe may be contingently liable to refund to its subscribers the ₱0.20 difference (between ₱1.00 and ₱0.80 per text) reckoned from November 20, 2012 until said decision by the SC becomes final and executory. Management does not have an estimate of the potential claims currently.

#### *Guidelines on Unit of Billing of Mobile Voice Service*

On July 23, 2009, the NTC issued NTC MC No. 05-07-2009 (Guidelines on Unit of Billing of Mobile Voice Service). The MC provides that the maximum unit of billing for the Cellular Mobile Telephone System (CMTS) whether postpaid or prepaid shall be six (6) seconds per pulse. The rate for the first two (2) pulses, or equivalent if lower period per pulse is used, may be higher than the succeeding pulses to recover the cost of the call set-up. Subscribers may still opt to be billed on a one (1) minute per pulse basis or to subscribe to unlimited service offerings or any service offerings if they actively and knowingly enroll in the scheme.

On December 28, 2010, the Court of Appeals (CA) rendered its decision declaring null and void and reversing the decisions of the NTC in the rates applications cases for having been issued in violation of Globe Telecom and the other carriers' constitutional and statutory right to due process. However, while the decision is in Globe Telecom's favor, there is a provision in the decision that NTC did not violate the right of petitioners to due process when it declared via circular that the per pulse billing scheme shall be the default.

On January 21, 2011, Globe Telecom and two other telecom carriers, filed their respective Motions for Partial Reconsideration (MPR) on the pronouncement that "the Per Pulse Billing Scheme shall be the default". The petitioners and the NTC filed their respective Motion for Reconsideration, which were all denied by the CA on January 19, 2012.

On March 12, 2012, Globe and Innove elevated to the SC the questioned portions of the Decision and Resolution of the CA dated December 28, 2010 and its Resolution dated January 19, 2012. The other service providers, as well as the NTC, filed their own petitions for review. The adverse parties have filed their comments on each other's petitions, as well as their replies to each other's comments. Parties were required to file their respective Memoranda and Globe filed its Memorandum on May 25, 2018. The case is now submitted for resolution.

#### *Acquisition by Globe Telecom and PLDT of the Entire Issued and Outstanding Shares of VTI*

In a letter dated June 7, 2016 issued by Philippine Competition Commission (PCC) to Globe Telecom, PLDT, SMC and VTI regarding the Joint Notice filed by the aforementioned parties on May 30, 2016, disclosing the acquisition by Globe Telecom and PLDT of the entire issued and outstanding shares of VTI, the PCC claims that the Notice was deficient in form and substance and concludes that the acquisition cannot be claimed to be deemed approved.

On June 10, 2016, Globe Telecom formally responded to the letter reiterating that the Notice, which sets forth the salient terms and conditions of the transaction, was filed pursuant to and in accordance with MC No. 16-002 issued by the PCC. MC No. 16-002 provides that before the implementing rules and regulations for RA No. 10667 (the Philippine Competition Act of 2015) come into full force and effect, upon filing with the PCC of a notice in which the salient terms and conditions of an acquisition are set forth, the transaction is deemed approved by the PCC and as such, it may no longer be challenged. Further, Globe Telecom clarified in its letter that the supposed deficiency in form and

substance of the Notice is not a ground to prevent the transaction from being deemed approved. The only exception to the rule that a transaction is deemed approved is when a notice contains false material information. In this regard, Globe Telecom stated that the Notice does not contain any false information.

On June 17, 2016, Globe Telecom received a copy of the second letter issued by PCC stating that notwithstanding the position of Globe Telecom, it was ruling that the transaction was still subject for review.

On July 12, 2016, Globe Telecom asked the CA to stop the government's anti-trust body from reviewing the acquisition of SMC's telecommunications business. Globe Telecom maintains the position that the deal was approved after Globe Telecom notified the PCC of the transaction and that the anti-trust body violated its own rules by insisting on a review. On the same day, Globe Telecom filed a Petition for Mandamus, Certiorari and Prohibition against the PCC, docketed as CA-G.R. SP No. 146538. On July 25, 2016, the CA, through its 6th Division issued a resolution denying Globe Telecom's application for TRO and injunction against PCC's review of the transaction. In the same resolution, however, the CA required the PCC to comment on Globe Telecom's petition for certiorari and mandamus within 10 days from receipt thereof. The PCC filed said comment on August 8, 2016. In said comment, the PCC prayed that the ₱70.00 billion deal between PLDT-Globe Telecom and San Miguel be declared void for PLDT and Globe Telecom's alleged failure to comply with the requirements of the Philippine Competition Act of 2015. The PCC also prayed that the CA direct Globe Telecom to: cease and desist from further implementing its co-acquisition of the San Miguel telecommunications assets; undo all acts consummated pursuant to said acquisition; and pay the appropriate administrative penalties that may be imposed by the PCC under the Philippine Competition Act for the illegal consummation of the subject acquisition.

Meanwhile, PLDT filed a similar petition with the CA, docketed as CA G.R. SP No. 146528, which was raffled off to its 12th Division. On August 26, 2016, PLDT secured a TRO from said court. Thereafter, Globe Telecom's petition was consolidated with that of PLDT, before the 12th Division. The consolidation effectively extended the benefit of PLDT's TRO to Globe Telecom. The parties were required to submit their respective Memoranda, after which, the case shall be deemed submitted for resolution.

On February 17, 2017, the CA issued a Resolution denying PCC's Motion for Reconsideration dated September 14, 2016 for lack of merit. In the same Resolution, the Court granted PLDT's Urgent Motion for the Issuance of a Gag Order and ordered the PCC to remove the offending publication from its website and also to obey the sub judice rule and refrain from making any further public pronouncements regarding the transaction while the case remains pending. The Court also reminded the other parties, PLDT and Globe, to likewise observe the sub judice rule. For this purpose, the Court issued its gag order admonishing all the parties "to refrain, cease and desist from issuing public comments and statements that would violate the sub judice rule and subject them to indirect contempt of court. The parties were also required to comment within ten days from receipt of the Resolution, on the Motion for Leave to Intervene, and Admit the Petition-in Intervention dated February 7, 2017 filed by Citizenwatch, a non-stock and non-profit association.

On April 18, 2017, PCC filed a petition before the SC docketed as G.R. No. 230798, to lift the CA's order that has prevented the review of the sale of San Miguel Corp.'s telecommunications unit to PLDT Inc. and Globe Telecom. On April 25, 2017, Globe filed before the SC a Motion for Intervention with Motion to Dismiss the petition filed by the PCC.

As of June 30, 2017, the SC did not issue any TRO on the PCC's petition to lift the injunction issued by the CA. Hence, the PCC remains barred from reviewing the SMC deal.

On July 26, 2017, Globe received the SC en banc Resolution granting Globe's Extremely Urgent Motion to Intervene. In the same Resolution, the Supreme Court treated as Comment, Globe's Motion

to Dismiss with Opposition Ad Cautelam to PCC's Application for the Issuance of a Writ of Preliminary Injunction and/or TRO.

On August 31, 2017, Globe received another Resolution of the SC en banc, requiring the PCC to file a Consolidated Reply to the Comments respectively filed by Globe and PLDT, within ten (10) days from notice. On November 16, 2017, after several extensions of time were granted to the PCC, the Corporation through its external counsel, received a copy of the Consolidated Reply dated November 7, 2017 filed by the PCC.

In the meantime, in a Decision dated October 18, 2017, the CA, in CA-G.R. SP No. 146528 and CA-G.R. SP No. 146538, granted Globe and PLDTs Petition to permanently enjoin and prohibiting PCC from reviewing the acquisition and compelling the PCC to recognize the same as deemed approved. PCC elevated the case to the SC via Petition for Review on Certiorari.

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

#### *Co-use of frequencies by PLDT/Smart and Globe Telecom as a result of the acquisition of controlling shares in in VTI*

On January 21, 2019, Globe filed its Comment to a petition filed by lawyers Joseph Lemuel Baligod and Ferdinand Tecson before the Supreme Court, against the NTC, PCC, Liberty Broadcasting Network, Inc., (LBNI), Bell Telecommunications Inc. (BellTel), Globe, PLDT and Smart, docketed as G.R. No. 242352. The petition sought to, among others, enjoin PLDT/Smart and Globe from co-using the frequencies assigned to LBNI and BellTel in view of alleged irregularities in NTC's assignment of these frequencies to these entities. In its Comment, Globe argued that the frequencies were assigned in accordance with existing procedures prescribed by law and that to prevent the use of the frequencies will only result to its being idle and unutilized. Moreover, in view of the substantial investments made by Globe, for the use of these frequencies, enjoining its use will cause grave and irreparable injury not only to Globe but to subscribers who will be deprived of the benefits of fast and reliable telecommunications services. The other Respondents have likewise filed their respective Comments to the petition.

### **RECENT CORPORATE DEVELOPMENTS:**

#### Typhoon Carina:

- Globe's network and core services are operational amid non-stop rains and floods brought by Typhoon Carina and the southwest monsoon. Call, text and data services in areas affected by the typhoon remained operational, with isolated cases of interruption due to commercial power outages. Globe has also prepositioned personnel for quick response in case of any network emergency.
- At the height of the devastation, Globe extended connectivity support to customers, giving Globe Prepaid and TM users free calls, texts and data, and extending due date extension to Mobile and Broadband Postpaid customers
- Globe has not recorded any damage to network infrastructure.

#### Crowdstrike Software issue:

- Crowdstrike software issue has caused a global IT outage affecting Microsoft Windows systems, resulting in service disruptions in some industries and key sectors nationwide. However, Globe's core services, which include call, text, and data connectivity, were unaffected by this incident.

#### Tower Sale and Leaseback Deal:

- On June 21, 2024, Globe successfully transferred additional 48 towers to Phil-Tower Consortium, Inc. (PhilTower) for ~₱710 million.

- On 28 June 2024, Globe successfully turned over 140 towers to MIDC for a cash consideration of Php 1.68 billion. On the same date, Globe likewise transferred 187 towers to Frontier Towers for approximately ₱2.38 billion.
- On July 23, 2024, Globe completed 100% of its Tower Sale and Leaseback Deal with Frontier Towers with the closing of the last batch of towers comprising 1,037 sites for a cash consideration of ₱13.17 billion.

Overall, Globe has officially turned over 6,628 out of the 7,506 towers included in the Sale and Leaseback portfolio, generating approximately ₱85.2 billion in proceeds.

#### Data Center Update:

- STT Fairview is scheduled for completion in April 2025. Meanwhile, STT Cavite 2 has successfully completed its design phase and obtained all required pre-construction permits. The general contractor has been selected, and orders have been placed for long-lead equipment. On-site activities, including contractor mobilization, site clearing, and the construction of temporary facilities, are currently underway at STT Cavite 2. These developments are critical to its goal of significantly enhancing its IT capacity from the current 22 MW to an ambitious 52 MW by 2026. This expansion will more than double STT GDC Philippine's capabilities and underscores its commitment to scaling its technological infrastructure.
- Rack Utilization Rate: Current rack utilization rate remains at 80% despite capacity expansions completed last year, reflecting its robust market demand and continued client confidence.

#### Network Related Update:

- Globe continues to spearhead efforts to bridge the digital divide by bringing connectivity to remote areas across the country, with its network now reaching over 500 Geographically Isolated and Disadvantaged Areas (GIDAs). By helping improve the country's digital infrastructure, Globe connects remote communities, enabling residents to access vital online services, educational resources, and economic opportunities regardless of their location.  
<https://www.globe.com.ph/about-us/newsroom/corporate/globe-network-over-500-isolated-areas>
- Globe has unveiled its wireless access cost-saving initiative that uses advanced technology to boost energy efficiency and reduce operational costs, underscoring the company's dedication to network optimization and sustainability. The power-saving features inherent in Base Station Technology (BTS) will allow Globe to integrate Symbol Power Saving and Carrier Shutdown techniques into its LTE and 5G networks. Both solutions lessen energy consumption by adapting the network's operation to real-time demand, ensuring high efficiency without compromising service quality. Symbol Power Saving or "Microsleep" conserves energy during brief idle moments by disabling the power amplifier when no data is transmitted, achieving about 1-4% power savings. During extended low-traffic periods, Carrier Shutdown is employed to maintain essential coverage while disabling capacity layers, leading to substantial power savings of approximately 3% to 7%. Through these initiatives, Globe conserved around 637 MWh by end 2023, translating to a carbon footprint reduction of 464 metric tons of carbon dioxide (CO<sub>2</sub>)  
<https://www.globe.com.ph/about-us/newsroom/corporate/wireless-access-cost-saving-initiative>

## **OTHER RELEVANT INFORMATION**

- 1. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation:**

For details on contingencies please refer to regulatory and corporate developments above.

Globe is contingently liable for various claims arising in the ordinary conduct of business and certain tax assessments which are either pending decision by the courts or are being contested, the outcome of which are not presently determinable. In the opinion of management and legal counsel, the possibility of outflow of economic resources to settle the contingent liability is remote.

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

For details on material commitments and arrangements, see Note 20 and Note 21 for contingent obligations in the attached Notes to the Financial Statements.

- 3. Any significant elements of income or loss that did not arise from the registrant's continuing operations:**

Not applicable.

- 4. Seasonal aspects that have a material effect on the financial statements**

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

## MAJOR STOCKHOLDERS

The following are the major stockholders of Globe Telecom as of June 30, 2024

Stockholders	Common Shares	% of Common	Voting Preferred Shares	% of Voting Preferred Shares	Total Outstanding Shares <sup>1</sup>	% of Total Outstanding Shares
Ayala Corp.	44,266,630	30.66%	-	-	44,266,630	14.61%
SingTel	67,379,310	46.67%	-	-	67,379,310	22.25%
Asiacom	-	-	158,515,017	100.00%	158,515,017	52.33%
Directors*, Officers, ESOP	1,525,320	1.06%	4	0.00%	1,525,324	0.50%
Public	31,209,074	21.62%	-	-	31,209,074	10.30%
<b>Total</b>	<b>144,380,334</b>	<b>100.00%</b>	<b>158,515,021</b>	<b>100.00%</b>	<b>302,895,355</b>	<b>100.00%</b>

\* Messrs. Cu and Noel, Jocson and Periquet, Jr. directly hold one (1) preferred share each.

<sup>1</sup>Total shares includes common shares and voting preferred shares; Foreign Ownership Level (%) on all voting shares (total of common and voting preferred shares) is 25.69%, both well within the 40% ownership limit.

## BOARD OF DIRECTORS (BOD)

The members of the Board of Directors of Globe Telecom Inc.

Name	Position
Jaime Augusto Zobel de Ayala	Chairman (NED)
Tan Mee Ling Aileen	Co-Vice Chair (NED)
Cezar P. Consing	Co-Vice Chair (NED)
Ernest L. Cu	Executive Director, President and Chief Executive Officer
Jaime Alfonso Antonio Zobel de Ayala	Director (NED)
Delfin L. Lazaro	Director (NED)
Ng Kuo Pin	Director (NED)
Cirilo P. Noel	Lead Independent Director (NED, ID)
Natividad N. Alejo	Independent Director (NED, ID)
Ramon L. Jocson	Independent Director (NED, ID)
Antonio Jose U. Periquet, Jr.	Independent Director (NED, ID)

## Key Officers – Globe

Name	Position
Ernest L. Cu <sup>1</sup>	President and Chief Executive Officer (CEO)
Rosemarie Maniego-Eala	Chief Finance Officer (CFO), Treasurer, and Chief Risk Officer (CRO)
Renato Manuel M. Jiao	Chief Human Resources Officer (CHRO)
Rebecca V. Eclipse	Chief Transformation and Operations Officer (CTOO) and Chief Customer Experience Officer (CCEO)
Vicente Froilan M. Castelo	General Counsel (GC)
Maria Franchette M. Acosta	Corporate Secretary
Marisalve Ciocson-Co	Chief Compliance Officer, Senior Vice President – Legal and Compliance, and Assistant Corporate Secretary
Carmeli Pauline M. Briones	Chief Audit Executive (CAE)
Maria Louisa Guevarra-Cabreira	Chief Commercial Officer (CCO)
Maria Yolanda C. Crisanto	Chief Sustainability and Corporate Communications Officer (CSCCO)
Raul M. Macatangay	Chief Information Officer (CIO)

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

## 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.

Registrant GLOBE TELECOM, INC.

DocuSigned by:  
  
AC602256C60B4B6...

MR. CHAN PAUL NICOLAS  
Head – Financial Control

6 Aug 2024

DocuSigned by:  
  
7499A1D5F72C4A8...

MS. ROSEMARIE MANIEGO-EALA  
Chief Finance Officer

6 Aug 2024

## **EXHIBIT I: AGING OF ACCOUNTS RECEIVABLE**

The table below shows the aging analysis of the Globe's trade receivables as of June 30, 2024.

	Current	Less than 30 days past due	31 to 60	61 to 90	Over	Total			
			days past due	days past due	90 days past due				
(In Thousand Pesos)									
<b>Wireless subscribers receivables:</b>									
Consumer	<b>₱3,623,844</b>	<b>₱1,536,341</b>	<b>₱357,124</b>	<b>₱308,456</b>	<b>₱1,237,893</b>	<b>₱7,063,658</b>			
Key corporate accounts	54,474	81,610	96,173	92,002	819,742	1,144,001			
Other corporations and SME	275,869	102,691	25,833	9,518	236,183	650,094			
	<b>3,954,187</b>	<b>1,720,642</b>	<b>479,130</b>	<b>409,976</b>	<b>2,293,818</b>	<b>8,857,753</b>			
<b>Wireline subscribers receivables:</b>									
Consumer	993,413	184,795	69,014	49,890	3,065,189	4,362,301			
Key corporate accounts	362,866	717,251	748,851	722,148	4,404,974	6,956,090			
Other corporations and SME	149,316	99,903	48,206	24,957	505,814	828,196			
	<b>1,505,595</b>	<b>1,001,949</b>	<b>866,071</b>	<b>796,995</b>	<b>7,975,977</b>	<b>12,146,587</b>			
<b>Total subscribers receivables</b>	<b>5,459,782</b>	<b>2,722,591</b>	<b>1,345,201</b>	<b>1,206,971</b>	<b>10,269,795</b>	<b>21,004,340</b>			
<b>Traffic receivables:</b>									
Foreign	411,141	-	23,843	6,150	579,023	1,020,157			
Local	15,283	4,353	1,218	1,035	196,249	218,138			
<b>Total traffic receivables</b>	<b>426,424</b>	<b>4,353</b>	<b>25,061</b>	<b>7,185</b>	<b>775,272</b>	<b>1,238,295</b>			
<b>Other trade receivables</b>	<b>2,676,711</b>	<b>456,293</b>	<b>188,900</b>	<b>115,740</b>	<b>1,609,787</b>	<b>5,047,431</b>			
	<b>₱8,562,917</b>	<b>₱3,183,237</b>	<b>₱1,559,162</b>	<b>₱1,329,896</b>	<b>₱12,654,854</b>	<b>₱27,290,066</b>			

## **EXHIBIT II: GLOBE SUSTAINABILITY**

Globe's Sustainability practice is anchored on Globe Purpose, "Uplift Filipino Lives Everyday". By aligning with global sustainability frameworks, standards, and principles such as the United Nations' Sustainable Development Goals (UN SDGs) and UN Global Compact and industry sustainability ambitions, the company is able to collaborate with its stakeholders to deliver positive societal and environmental impact. Globe is focused on addressing its material topics by scaling the integration of its sustainability practices within its business units, portfolio companies, and across the value chain.

Progress towards sustainability ambitions are disclosed in the Globe Sustainability website (<https://www.globe.com.ph/about-us/sustainability.html>) and in the annual Integrated Report (<https://www.globe.com.ph/about-us/sustainability/integrated-report.html#gref>). The 2023 Integrated Report is guided by the principles of the following frameworks:

- Reference to the Global Reporting Initiative (GRI) standards
- International Integrated Reporting Council (IIRC) Framework
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- United Nations Global Compact (UNGCG) Principles
- United Nations Sustainable Development Goals (UN SDGs)
- Securities and Exchange Commission (SEC) recommendations
  - Integrated Annual Corporate Governance Report (i-ACGR)
  - Sustainability Reporting Guidelines
- GSMA ESG Metrics for Mobile

The annual integrated report is in compliance with the recommendations made in the Philippines SEC Memorandum Circular No. 4, series of 2019 on Sustainability Reporting for Publicly-Listed Companies (PLCs) and has undergone third-party external assurance for select sustainability metrics and GHG accounting conducted by DNV Business Assurance Singapore Pte. Ltd.

### **2Q 2024 Sustainability Updates**

#### **ENVIRONMENT**

Sustainability Ambition	2Q 2024 Milestones
<p>Overall: Reach net-zero greenhouse gas emissions across the value chain by 2050 as approved by the Science Based Target initiative (SBTi)</p> <p>Near Term:</p> <ul style="list-style-type: none"> <li>● 42% absolute reduction target in Scope 1 and 2</li> <li>● 25% absolute reduction target in Scope 3</li> </ul>	<p><b>Emission Reduction Measures</b> Globe has adopted cutting-edge technologies and innovative strategies to build a sustainable and highly efficient mobile and fixed network ecosystem, effectively minimizing energy use, operational costs, and environmental impact. <a href="https://www.globe.com.ph/about-us/newsroom/sustainability/sustainable-telecommunications-energy-efficient-network-strategies#gref">https://www.globe.com.ph/about-us/newsroom/sustainability/sustainable-telecommunications-energy-efficient-network-strategies#gref</a></p> <p>The company has taken a significant leap forward in enhancing network efficiency and sustainability by implementing an innovative energy management system driven by Artificial Intelligence (AI) and Machine Learning (ML) across its wireless access networks. This solution optimizes power usage across its base stations, achieving an impressive potential energy saving of 3% to 8%. <a href="https://www.globe.com.ph/about-us/newsroom/corporate/ai-machine-learning-enhanced-network-efficiency-sustainability#gref">https://www.globe.com.ph/about-us/newsroom/corporate/ai-machine-learning-enhanced-network-efficiency-sustainability#gref</a></p>

<p>Long Term:</p> <ul style="list-style-type: none"> <li>● 90% absolute reduction target in Scope 1 and 2</li> <li>● 90% absolute reduction target in Scope 3</li> </ul>	<p>By shifting to energy-efficient solutions and phasing out outdated equipment, these have led to reduced power consumption by around 3,808 MWh and a total reduction of 2,811 metric tons in carbon emissions, equivalent to exhaust from 669 gas-powered vehicles for one year.</p> <p><a href="https://www.globe.com.ph/about-us/newsroom/corporate/shift-to-energy-efficient-network-solutions#gref">https://www.globe.com.ph/about-us/newsroom/corporate/shift-to-energy-efficient-network-solutions#gref</a></p> <p>Globe has integrated Symbol Power Saving and Carrier Shutdown techniques into its LTE and 5G networks which led to the conservation of around 637 MWh by end 2023, translating to a carbon footprint reduction of 464 metric tons of carbon dioxide (CO2).</p> <p><a href="https://www.globe.com.ph/about-us/newsroom/corporate/wireless-access-cost-saving-initiative#gref">https://www.globe.com.ph/about-us/newsroom/corporate/wireless-access-cost-saving-initiative#gref</a></p>
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## SOCIAL

Sustainability Ambition	2Q 2024 Milestones
Advance a holistic Diversity, Equity, and Inclusion (DEI) agenda	<p><b>DEI Initiatives</b></p> <p>Globe organized an Employee Appreciation Week where employees were encouraged to express gratitude and acknowledgment to co-workers, and also appreciate oneself. It kicked off with Globe's Group Heads sending heartfelt thank you letters to their teams, creating a ripple effect across the organization.</p> <p><a href="https://tribune.net.ph/2024/04/07/feels-like-globe-family">https://tribune.net.ph/2024/04/07/feels-like-globe-family</a></p> <p>The company held its first disability sensitivity training to give participants a better understanding about disability, how to tackle communications about disability, and ways to properly interact with PWDs in the workplace.</p> <p><a href="https://www.globe.com.ph/about-us/newsroom/corporate/path-towards-inclusivity-disability-sensitivity-training#gref">https://www.globe.com.ph/about-us/newsroom/corporate/path-towards-inclusivity-disability-sensitivity-training#gref</a></p>
Promote digital skills and online safety to enable the digital-first Filipino	<p><b>Digital Inclusion</b></p> <p>The World Benchmarking Alliance (WBA) has recognized Globe's commitment to narrowing the digital divide. WBA's recent report "The Role of Benchmarking in Improving the Inclusion of Women and Girls in Tech" highlights the importance of benchmarking in the tech industry to advance action towards attaining the Sustainable Development Goals.</p> <p><a href="https://www.globe.com.ph/about-us/newsroom/corporate/role-in-digital-inclusion-recognized-in-global-case-study#gref">https://www.globe.com.ph/about-us/newsroom/corporate/role-in-digital-inclusion-recognized-in-global-case-study#gref</a></p> <p>The Private Sector Advisory Council (PSAC) laid down necessary steps to uplift the country's internet infrastructure and attain its digitalization goals in its April 19 meeting with President Ferdinand R. Marcos Jr., the fifth interface between the Chief Executive and the private sector body. During his "State of the Internet" presentation, Cu shared PSAC's proposed legislative and policy measures to support the digital infrastructure sector.</p> <p><a href="https://www.globe.com.ph/about-us/newsroom/corporate/psac-spearheads-initiative-with-president-marcos#gref">https://www.globe.com.ph/about-us/newsroom/corporate/psac-spearheads-initiative-with-president-marcos#gref</a></p>

Globe assures its customers that network resilience measures are in place to ensure reliable connectivity despite periodic power outages due to high electricity demand. Globe has long put in place multiple layers of power supply redundancies to ensure undisrupted connectivity for its customers as much as possible.

<https://www.globe.com.ph/about-us/newsroom/corporate/globe-ensures-network-resilience-amid-nationwide-power-supply-woes#gref>

### **Digital Skills**

The #SeniorDigizen campaign, which aims to equip the Filipino elderly with essential digital skills, was conducted in San Pedro, Laguna.

Covered topics were designed to empower seniors with practical knowledge on navigating the digital landscape safely and unlocking its numerous benefits.

<https://www.globe.com.ph/about-us/newsroom/corporate/senior-digizen-campaign-san-pedro-laguna#gref>

This isKwela empowers individuals to uplift their lives through learning resources, online tools, and raket tips and hacks. Focusing on practical learning, creating opportunities for income generation, and developing digital skills, This isKwela serves as an essential resource for those looking to flourish in today's society.

<https://www.globe.com.ph/about-us/newsroom/consumer/this-iskwela-offers-exciting-raffle-prizes-new-members#gref>

In collaboration with the Women's Business Council of the Philippines, Globe Business launched its first women-only mentorship program, "She Thrives". This peer-to-peer platform brought together women C-suite officers and aspiring Pinaypreneurs to engage in meaningful conversations to uplift, inspire, and learn from each other.

<https://www.globe.com.ph/about-us/newsroom/business/globe-business-champions-pinay-entrepreneurs#gref>

Globe has established strategic alliances with academic institutions across the country for a high-impact internship program designed to endow students with industry-standard skills, ensuring their smooth transition into the rapidly changing job market.

<https://www.globe.com.ph/about-us/newsroom/corporate/globe-expands-reach-in-academia-high-impact-internship-program#gref>

### **Cybersecurity and Data Privacy**

The total number of blocked spam and scam SMS plunged from 1.1 billion in Q1 2023 to just 362.8 million in Q1 2024, a remarkable 67% year-on-year decline. Bank-related spam and scam messages, which often attempt to lure victims into revealing sensitive financial information, also saw a steep 74% drop from 4.07 million in Q1 2023 to 1.04 million in the recent quarter.

<https://www.globe.com.ph/about-us/newsroom/corporate/stEEP-decline-spam-scam-messages-q1-2024#gref>

In the first quarter of 2024, Globe blacklisted 36,549 SIMs from other networks, a 62% spike compared to the 22,455 competitor SIMs blocked during the same period last year. The drastic year-on-year increase underscores Globe's intensified campaign to identify and take down

	<p>errant SIMs involved in SMS spam blasts, online fraud schemes, and other illicit activities.</p> <p><a href="https://www.globe.com.ph/about-us/newsroom/corporate/globe-hits-sims-engaged-in-spam-scam-sms#gref">https://www.globe.com.ph/about-us/newsroom/corporate/globe-hits-sims-engaged-in-spam-scam-sms#gref</a></p> <p>Globe has expressed alarm over the sharp rise in detected child pornography websites and URLs early this year, intensifying its efforts to shield society's most vulnerable from such despicable offenses. The number of blocked child pornography sites from its network climbed from 559 in Q1 2023 to 903 in Q1 2024, marking a 61% increase.</p> <p><a href="https://www.globe.com.ph/about-us/newsroom/corporate/alarm-on-rise-in-child-porn-sites#gref">https://www.globe.com.ph/about-us/newsroom/corporate/alarm-on-rise-in-child-porn-sites#gref</a></p> <p>In line with its campaign to make the Internet safe for all, Globe has blocked an increasing number of illegal online gambling sites, with a total 1,345 domains filtered off its network in the first quarter of the year. The Q1 total represents a staggering 967% increase from the same quarter last year, when a total of 126 sites were barred. Of the total, 260 sites were blocked in January, 855 in February, and 230 in March.</p> <p><a href="https://www.globe.com.ph/about-us/newsroom/corporate/globe-intensifies-crackdown-on-illegal-online-gambling#gref">https://www.globe.com.ph/about-us/newsroom/corporate/globe-intensifies-crackdown-on-illegal-online-gambling#gref</a></p>
Continue to innovate new digital products and services to contribute to sustainable development	<p><b>Artificial Intelligence</b></p> <p>Ernest Cu, President and CEO of Globe, and Pebbles Sy, Chief Technology and Operations Officer of Globe's affiliate GCash, took center stage at Money20/20 Asia, which convened the region's financial ecosystem—banks, payments, startups, retailers, fintechs, and regulators—to explore fintech's present and future. Leaders of Globe and its affiliate GCash put the spotlight on the profound impact of Artificial Intelligence (AI) on fintech and customer service at a recent global conference.</p> <p><a href="https://www.globe.com.ph/about-us/newsroom/corporate/globe-gcash-highlight-ai-impact-fintech#gref">https://www.globe.com.ph/about-us/newsroom/corporate/globe-gcash-highlight-ai-impact-fintech#gref</a></p> <p>In yet another industry-leading step, Globe, a frontrunner in telco services and digital solutions in the Philippines, has created a new group to lead the company's adoption of artificial intelligence, as it consistently innovates to address Filipinos' daily pain points. Ernest Cu, Globe President and CEO, announced the establishment of Globe's AI Development and Enablement Group (AIDE). To lead the new group, Globe has named cybersecurity and data privacy expert Anton Bonifacio as its first Chief AI Officer (CAIO).</p> <p><a href="https://www.globe.com.ph/about-us/newsroom/corporate/new-group-ai-development-first-chief-ai-officer#gref">https://www.globe.com.ph/about-us/newsroom/corporate/new-group-ai-development-first-chief-ai-officer#gref</a></p>
Empowering Communities Towards Sustainable Development	<p><b>Community Development</b></p> <p>Globe and GCash mobile wallet operator G-Xchange, Inc. (GXI) have partnered with the Department of Social Welfare and Development (DSWD) to harness technology towards advancing various humanitarian programs. The unified effort merges telecom, mobile technology, and fintech services with social welfare initiatives to uplift the less fortunate and ensure timely and efficient public services.</p> <p><a href="https://www.globe.com.ph/about-us/newsroom/corporate/globe-gcash-partner-dswd-drive-social-welfare#gref">https://www.globe.com.ph/about-us/newsroom/corporate/globe-gcash-partner-dswd-drive-social-welfare#gref</a></p>

	<p><b>Hapag Movement</b></p> <p>Globe broadens the reach of the Hapag Movement, its advocacy to alleviate involuntary hunger, as it teams up with US-based non-profit Project PEARLS, opening up the program to a global audience. Individuals and corporations from around the United States may now donate to the Hapag Movement through Project PEARLS.</p> <p><a href="https://www.globe.com.ph/about-us/newsroom/sustainability/the-hapag-movement-new-international-partner-project-pearsl#gref">https://www.globe.com.ph/about-us/newsroom/sustainability/the-hapag-movement-new-international-partner-project-pearsl#gref</a></p> <p>The company has partnered with the United Nations World Food Programme (WFP) to open up the Hapag Movement to international donors, launching the collaboration on World Hunger Day to spotlight the lingering hunger problem in the Philippines.</p> <p><a href="https://www.globe.com.ph/about-us/newsroom/corporate/the-hapag-movement-partnership-un-world-food-programme#gref">https://www.globe.com.ph/about-us/newsroom/corporate/the-hapag-movement-partnership-un-world-food-programme#gref</a></p>
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## GOVERNANCE

Sustainability Ambition	2Q 2024 Milestones
Maintain or increase ESG Ratings	<p><b>ESG-linked Recognitions</b></p> <p>For the second consecutive year, Globe once again earned recognition as the foremost environmentally-sustainable network, being cited by Filipino Consumers as the Most Sustainable Brand in this year's Consumer Choice Awards Philippines: Mobile Network Survey by Standard Insights.</p> <p><a href="https://www.globe.com.ph/about-us/newsroom/corporate/ph-most-sustainable-brand-second-straight-year#gref">https://www.globe.com.ph/about-us/newsroom/corporate/ph-most-sustainable-brand-second-straight-year#gref</a></p> <p>Globe has bagged the prestigious ESG Initiative of the Year Award for the Philippines at the Asian Telecom Awards 2024, highlighting the company's steadfast commitment to integrating Environmental, Social, and Governance (ESG) principles into its operations.</p> <p><a href="https://www.globe.com.ph/about-us/newsroom/sustainability/esg-initiative-of-the-year-award-2024#gref">https://www.globe.com.ph/about-us/newsroom/sustainability/esg-initiative-of-the-year-award-2024#gref</a></p> <p>Two campaigns of Globe on digital safety, specifically the "SIM Registration: Number Mo, Identity Mo" and #MakeITSafePH Campaign, earned accolades at the esteemed Marketing-Interactive PR Awards 2024.</p> <p><a href="https://www.globe.com.ph/about-us/newsroom/corporate/globe-triumphs-marketing-interactive-pr-awards-2024#gref">https://www.globe.com.ph/about-us/newsroom/corporate/globe-triumphs-marketing-interactive-pr-awards-2024#gref</a></p> <p>Globe has been cited by the Intellectual Property Office of the Philippines (IPOPHL) for their support in strengthening IP protection and enforcement efforts at the recent Gawad Yamang Isip Awards (GYI) led by IPOPHL and the World Intellectual Property Organization (WIPO).</p> <p><a href="https://www.globe.com.ph/about-us/newsroom/corporate/ipophl-cites-globe-for-advancing-intellectual-property-protection#gref">https://www.globe.com.ph/about-us/newsroom/corporate/ipophl-cites-globe-for-advancing-intellectual-property-protection#gref</a></p>



Information about Globe's Sustainability and Social Responsibility initiatives, may be found at The Globe Newsroom  
<https://www.globe.com.ph/about-us/newsroom/sustainability.html> and  
The Globe Sustainability Page  
<https://www.globe.com.ph/about-us/sustainability.html>

# GLOBE TELECOM, INC. AND SUBSIDIARIES

Interim Condensed Consolidated Financial Statements  
As of June 30, 2024 and December 31, 2023  
For the periods ended June 30, 2024 and 2023





**Globe**

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

	Notes	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
(In Thousand Pesos)			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	₱18,634,038	₱16,645,077
Trade receivables – net	4	17,806,910	18,097,898
Contract assets – net	5.1	5,664,545	6,223,595
Inventories and supplies – net		2,262,792	3,388,420
Derivative assets – current		1,038,840	516,718
Prepayments and other current assets	6	24,249,992	21,638,108
		<b>69,657,117</b>	66,509,816
Assets classified as held-for-sale	7, 9	13,574,212	20,414,321
		<b>83,231,329</b>	86,924,137
<b>Noncurrent Assets</b>			
Property and equipment – net	7	345,957,666	334,408,653
Intangible assets and goodwill – net	8	21,861,125	23,373,106
Right of use assets – net	9.1	78,919,589	69,538,796
Investments in joint ventures	10	57,878,324	55,335,717
Deferred income tax assets – net		2,315,354	2,279,979
Derivative assets – net of current portion		6,045,681	4,200,246
Other noncurrent assets	6	32,074,465	35,567,551
		<b>545,052,204</b>	524,704,048
<b>TOTAL ASSETS</b>		<b>₱628,283,533</b>	₱611,628,185
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables and accrued expenses	11	₱87,210,623	₱87,664,258
Deferred revenues – current	5.2	6,334,393	7,154,714
Loans payable – current	12	43,759,445	36,792,956
Derivative liabilities		413,013	482,182
Lease liabilities – current	9.2	6,422,161	5,899,426
Provisions		3,084,563	2,960,993
Income tax payable		1,896,445	1,605,015
		<b>149,120,643</b>	142,559,544
<b>Noncurrent Liabilities</b>			
Loans payable – net of current portion	12	204,975,153	213,162,613
Deferred income tax liabilities – net		5,781,313	5,983,954
Deferred revenues – net of current portion	5.2	832,757	764,888
Lease liabilities – net of current portion	9.2	94,023,902	82,825,056
Pension liabilities		3,270,189	2,718,312
Other long-term liabilities		3,696,192	3,687,080
		<b>312,579,506</b>	309,141,903
<b>Total Liabilities</b>		<b>461,700,149</b>	451,701,447
<b>Equity</b>			
Capital stock	13	9,011,592	9,004,030
Additional paid in capital		54,568,560	54,268,520
Cost of share-based compensation		685,592	802,701
Capital securities	13.3	29,977,639	29,977,639
Other reserves	13.8	(1,497,686)	(1,333,253)
Treasury shares	13.4	(10,000,000)	(10,000,000)
Retained earnings	13.7	83,806,049	77,149,257
Equity attributable to equity holders of the Parent		<b>166,551,746</b>	159,868,894
Non-controlling interest		31,638	57,844
<b>Total Equity</b>		<b>166,583,384</b>	159,926,738
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>₱628,283,533</b>	₱611,628,185

See accompanying Notes to Interim Consolidated Financial Statements.



## GLOBE TELECOM, INC. AND SUBSIDIARIES

### INTERIM CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME

	Notes	Three-Month Period Ended		Six-Month Period Ended		
		June 30		June 30		
		2024	2023	2024	2023	
(In Thousand Pesos, Except Per Share Figures)						
<b>REVENUES</b>						
Service revenues		<b>₱41,077,304</b>	<b>₱40,419,291</b>	<b>₱82,225,690</b>	<b>₱80,400,993</b>	
Nonservice revenues		<b>3,240,327</b>	4,074,679	<b>7,399,563</b>	9,123,285	
	19	<b>44,317,631</b>	44,493,970	<b>89,625,253</b>	89,524,278	
<b>INCOME</b>						
Gain on sale and leaseback of telecom towers – net	7	<b>2,172,044</b>	2,979,720	<b>3,487,215</b>	5,832,617	
Equity share in net income of joint ventures	10	<b>1,226,210</b>	573,703	<b>2,442,138</b>	877,299	
Gain on disposal of property and equipment – net		<b>264,084</b>	167,707	<b>405,301</b>	202,608	
Interest income		<b>167,351</b>	171,778	<b>369,476</b>	284,552	
Other income – net	14	<b>530,680</b>	221,229	<b>724,703</b>	300,930	
		<b>4,360,369</b>	4,114,137	<b>7,428,833</b>	7,498,006	
<b>COSTS AND EXPENSES</b>						
General, selling and administrative expenses	15.1	<b>18,104,775</b>	19,001,160	<b>36,512,030</b>	36,606,390	
Depreciation and amortization	15.2	<b>12,460,789</b>	11,735,062	<b>24,760,737</b>	22,889,938	
Cost of inventories sold		<b>3,486,354</b>	4,199,180	<b>7,652,663</b>	9,552,406	
Finance costs	15.3	<b>3,437,259</b>	2,862,297	<b>6,716,990</b>	5,703,766	
Impairment and other losses	15.4	<b>1,035,493</b>	1,200,515	<b>2,234,462</b>	2,530,523	
Interconnect costs	20.1	<b>407,952</b>	343,597	<b>771,251</b>	704,589	
		<b>38,932,622</b>	39,341,811	<b>78,648,133</b>	77,987,612	
<b>INCOME BEFORE INCOME TAX</b>						
		<b>9,745,378</b>	9,266,296	<b>18,405,953</b>	19,034,672	
<b>PROVISIONS FOR INCOME TAX</b>						
Current		<b>2,089,572</b>	2,897,977	<b>3,893,722</b>	5,291,561	
Deferred		<b>(85,144)</b>	(734,580)	<b>(24,653)</b>	(632,115)	
		<b>2,004,428</b>	2,163,397	<b>3,869,069</b>	4,659,446	
<b>NET INCOME</b>						
		<b>7,740,950</b>	7,102,899	<b>14,536,884</b>	14,375,226	
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>						
<b>Items that will be reclassified into profit or loss in subsequent periods:</b>						
Transactions on cash flow hedges – net	13.8	<b>281,366</b>	(628,918)	<b>(606,483)</b>	(98,451)	
Currency translation adjustments	13.8	<b>235,379</b>	127,891	<b>310,125</b>	5,625	
		<b>516,745</b>	(501,027)	<b>(296,358)</b>	(92,826)	
<b>Item that will not be reclassified into profit or loss in subsequent periods:</b>						
Changes in fair value of financial assets at FVOCI	13.8	<b>161,279</b>	(47,933)	<b>149,722</b>	30,725	
Remeasurement gain (loss) on defined benefit plan	13.8	<b>(3,353)</b>	36,385	<b>(27,325)</b>	66,731	
		<b>157,926</b>	(11,548)	<b>122,397</b>	97,456	
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS)</b>						
		<b>674,671</b>	(512,575)	<b>(173,961)</b>	4,630	
<b>TOTAL COMPREHENSIVE INCOME</b>						
		<b>₱8,415,621</b>	₱6,590,324	<b>₱14,362,923</b>	₱14,379,856	

(Forward)



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

	Notes	Three-Month Period Ended		Six-Month Period Ended	
		June 30		June 30	
		2024	2023	2024	2023
<i>(In Thousand Pesos, Except Per Share Figures)</i>					
<b>Total net income attributable to:</b>					
Equity holders of the Parent		<b>₱7,744,936</b>	₱7,073,475	<b>₱14,553,562</b>	₱14,327,054
Non-controlling interest		(3,986)	29,424	(16,678)	48,172
		<b>7,740,950</b>	7,102,899	<b>14,536,884</b>	14,375,226
<b>Total other comprehensive income (loss) attributable to:</b>					
Equity holders of the Parent	13.8	<b>675,947</b>	(507,679)	<b>(164,433)</b>	1,153
Non-controlling interest	13.8	(1,276)	(4,896)	(9,528)	3,477
		<b>674,671</b>	(512,575)	<b>(173,961)</b>	4,630
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Parent		<b>8,420,883</b>	6,565,796	<b>14,389,129</b>	14,328,207
Non-controlling interest		(5,262)	24,528	(26,206)	51,649
		<b>₱8,415,621</b>	₱6,590,324	<b>₱14,362,923</b>	₱14,379,856
<b>Earnings Per Share</b>					
Basic	16	<b>₱51.18</b>	₱47.21	<b>₱95.99</b>	₱94.69
Diluted	16	<b>₱51.01</b>	₱47.05	<b>₱95.67</b>	₱94.37
Cash dividends declared per common share	13.5	<b>₱25.00</b>	₱25.00	<b>₱50.00</b>	₱50.00

*See accompanying Notes to Interim Consolidated Financial Statements.*



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

For the Six-Month Period Ended June 30, 2024 (Unaudited)												
Notes	Capital Stock (Note 13)	Additional Paid-in Capital	Cost of Share-Based Compensation	Capital Securities (Note 13.3)	Other Reserves (Note 13.8)	Retained Earnings	Treasury Shares (Note 13.4)	Total Equity Attributable to Parent	Non-controlling Interest			Total
(In Thousand Pesos)												
As of January 1, 2024	₱9,004,030	₱54,268,520	₱802,701	₱29,977,639	(₱1,333,253)	₱77,149,257	(₱10,000,000)	₱159,868,894	₱57,844	₱159,926,738		
Total comprehensive income for the year	-	-	-	-	(164,433)	14,553,562	-	14,389,129	(26,206)	14,362,923		
Dividends on common stock	13.5	-	-	-	-	(7,215,224)	-	(7,215,224)	-	(7,215,224)		
Distribution on capital securities	13.3	-	-	-	-	(681,546)	-	(681,546)	-	(681,546)		
Share-based compensation	15.1	-	-	190,493	-	-	-	-	190,493	-	190,493	
Issue of shares under share-based compensation plan		7,562	300,040	(307,602)	-	-	-	-	-	-	-	-
As of June 30, 2024	₱9,011,592	₱54,568,560	₱685,592	₱29,977,639	(₱1,497,686)	₱83,806,049	(₱10,000,000)	₱166,551,746	₱31,638	₱166,583,384		

For the Six-Month Period Ended June 30, 2023 (Unaudited)												
Notes	Capital Stock (Note 13)	Additional Paid-in Capital	Cost of Share-Based Compensation	Capital Securities (Note 13.3)	Other Reserves (Note 13.8)	Retained Earnings	Treasury Shares (Note 13.4)	Total Equity Attributable to Parent	Non-controlling Interest			Total
(In Thousand Pesos)												
As of January 1, 2023	₱8,995,602	₱53,944,871	₱848,890	₱29,977,639	(₱116,306)	₱68,539,651	(₱10,000,000)	₱152,190,347	₱342,523	₱152,532,870		
Total comprehensive income for the year	-	-	-	-	-	1,153	14,327,054	-	14,328,207	51,649	14,379,856	
Dividends on common stock	13.5	-	-	-	-	-	(7,207,227)	-	(7,207,227)	-	(7,207,227)	
Distribution on capital securities	13.3	-	-	-	-	-	(658,452)	-	(658,452)	-	(658,452)	
Share-based compensation	15.1	-	-	156,310	-	-	-	-	156,310	-	156,310	
Issue of shares under share-based compensation plan		8,428	323,649	(332,077)	-	-	-	-	-	-	-	-
As of June 30, 2023	₱9,004,030	₱54,268,520	₱673,123	₱29,977,639	(₱115,153)	₱75,001,026	(₱10,000,000)	₱158,809,185	₱394,172	₱159,203,357		

See accompanying Notes to Interim Consolidated Financial Statements.



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

		Six-Month Period Ended June 30	
	Notes	2024 (Unaudited)	2023 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<i>(Unaudited and In Thousand Pesos)</i>	
Income before income tax		<b>₱18,405,953</b>	₱19,034,672
Adjustments for:			
Depreciation and amortization	15.2	<b>24,760,737</b>	22,889,938
Impairment and other losses	15.4	<b>2,234,462</b>	2,530,523
Finance costs	15.3	<b>6,716,990</b>	5,703,766
Equity share in net (income) losses of joint ventures	10	<b>(2,442,138)</b>	(877,299)
Foreign exchange losses (gains) – net	14	<b>3,910,098</b>	(627,297)
(Gain) Loss on derivative instruments –net	14	<b>(4,194,205)</b>	611,856
Pension expense	15.1	<b>425,079</b>	474,439
Share-based compensation	15.1	<b>190,493</b>	156,310
Interest income		<b>(369,476)</b>	(284,552)
Gain on sale and leaseback of telecom towers - net	7	<b>(3,487,215)</b>	(5,832,617)
Gain on disposal of property and equipment		<b>(405,301)</b>	(202,608)
Operating income before working capital changes		<b>45,745,477</b>	43,577,131
Changes in operating assets and liabilities:			
Decrease (Increase) in:			
Trade receivables – net		<b>205,421</b>	(439,510)
Inventories and supplies		<b>1,069,618</b>	109,511
Contract assets		<b>245,571</b>	1,277,486
Prepayments and other current assets		<b>(2,309,737)</b>	(3,509,375)
Other noncurrent assets		<b>612,150</b>	(371,759)
Increase (Decrease) in:			
Trade payables and accrued expenses		<b>528,821</b>	(3,316,062)
Other long-term liabilities		<b>(10,544)</b>	(63,375)
Deferred revenues		<b>(752,452)</b>	(1,211,589)
Cash generated from operations		<b>45,334,325</b>	36,052,458
Income tax paid relating to operating activities		<b>(2,507,320)</b>	(1,960,266)
<b>Net cash flows from operating activities</b>		<b>42,827,005</b>	34,092,192
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to:			
Property and equipment	7	<b>(28,236,319)</b>	(37,652,958)
Investment in joint ventures	10	<b>(135,649)</b>	(300,988)
Intangible assets	8	<b>(111,765)</b>	(40,332)
Proceeds from sale and leaseback of telecom towers - net	7	<b>14,239,410</b>	17,437,457
Release of loans receivable to related parties		-	(160,000)
Interest received		<b>360,015</b>	265,962
Proceeds from sale of property and equipment		<b>1,040,723</b>	307,361
Cash used in investing activities		<b>(12,843,585)</b>	(20,143,498)
Income tax paid relating to investing activities		<b>(1,376,732)</b>	(4,145,656)
<b>Net cash flows used in investing activities</b>		<b>(14,220,317)</b>	(24,289,154)

(Forward)



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

	Notes	<b>Six-Month Period Ended June 30</b>		
		<b>2024</b>	<b>2023</b>	
<i>(Unaudited and In Thousand Pesos)</i>				
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings:				
Long-term		<b>₱2,000,000</b>	<b>₱-</b>	
Short-term		<b>16,285,000</b>	46,570,000	
Repayments of borrowings:				
Long-term		<b>(1,337,967)</b>	(8,744,655)	
Short-term		<b>(21,270,000)</b>	(20,750,167)	
Payments of dividends to common stockholders	13.5	<b>(7,215,224)</b>	(7,207,227)	
Distributions paid to holders of capital securities	13.3	<b>(681,546)</b>	(658,452)	
Payments of lease liabilities	9.2	<b>(7,333,513)</b>	(5,804,160)	
Interest paid		<b>(7,055,156)</b>	(5,938,572)	
Net cash used in financing activities		<b>(26,608,406)</b>	(2,533,233)	
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1,998,282</b>	7,269,806	
<b>NET FOREIGN EXCHANGE DIFFERENCE ON</b>				
<b>CASH AND CASH EQUIVALENTS</b>		<b>(9,321)</b>	54,068	
<b>CASH AND CASH EQUIVALENTS</b>				
<b>AT THE BEGINNING OF YEAR</b>		<b>16,645,077</b>	18,033,785	
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>		<b>₱18,634,038</b>	₱25,357,659	

*See accompanying Notes to Interim Consolidated Financial Statements.*



## **GLOBE TELECOM, INC. AND SUBSIDIARIES NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **1 Corporate Information and Basis of Financial Statement Preparation**

#### *Corporate Information*

The interim condensed consolidated financial statements of Globe Telecom, Inc. and Subsidiaries ("Globe") as of June 30, 2024 and December 31, 2023, and for the six-month period ended June 30, 2024 and 2023 were authorized for issue in accordance with a resolution of the Board of Directors (BOD) on August 6, 2024.

#### *1.1 Globe Telecom, Inc.*

Globe Telecom, Inc. (hereafter referred to as "Globe Telecom" or The "Parent Company") is a stock corporation organized under the laws of the Philippines on January 16, 1935, and enfranchised under Republic Act (RA) No. 7229 and its related laws to render any and all types of domestic and international telecommunications services. Globe Telecom is one of the leading providers of digital wireless communications services in the Philippines under the Globe Postpaid and Prepaid, and Touch Mobile (TM) using a fully digital network. It also offers domestic and international long distance communication services or carrier services. Globe Telecom's head office is located at The Globe Tower, 32nd Street corner 7th Avenue, Bonifacio Global City, Taguig, Metropolitan Manila, Philippines. Globe Telecom is listed in the Philippine Stock Exchange (PSE) and has been included in the PSE composite index since September 17, 2001. Major stockholders of Globe Telecom include Ayala Corporation (AC), Singapore Telecom International Pte Ltd. (Singtel) and Asiacom Philippines, Inc. None of these companies exercise control over Globe Telecom.

#### *1.2 Innove Communications, Inc. (Innove)*

Globe Telecom owns 100% of Innove, a stock corporation organized under the laws of the Philippines and enfranchised under RA No. 11151 and its related laws to render any and all types of domestic and international telecommunications services. Innove holds a license to provide digital wireless communication services in the Philippines. Innove also has a license to establish, install, operate and maintain a nationwide local exchange carrier (LEC) service, particularly integrated local telephone service with public payphone facilities and public calling stations, and to render and provide international and domestic carrier and leased line services.

On November 2, 2015, Innove and Techzone Philippines incorporated TechGlobal Data Center, Inc. (TechGlobal), a joint venture company formed for the purpose of operating and managing all kinds of data centers, and providing information technology-enabled, knowledge-based and computer-enabled support services. Innove and Techzone hold ownership interest of 49% and 51%, respectively. TechGlobal started commercial operations in August 2017.

#### *1.3 GTI Business Holdings, Inc. (GTI) and Subsidiaries*

Globe Telecom owns 100% of GTI. GTI was incorporated and registered under the laws of the Philippines, on November 25, 2008, as a holding company.

#### *1.4 GTI Corporation (GTIC)*

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



#### ***1.5      Globe Telecom HK Limited (GTHK)***

In December 2011, GTI incorporated a wholly owned subsidiary, GTHK, a limited company organized under the Companies Ordinance of Hong Kong as a marketing and distribution company.

On March 17, 2015, GTHK applied for a services-based operator license (SBO) with the Office of the Communications Authority in Hong Kong (OFCA) which was subsequently approved on May 7, 2015.

As of June 1, 2020, the SBO was cancelled and surrendered to the OFCA and GTHK has been winding down its operations. GTHK was previously engaged in the marketing and selling of telecommunication products and services in the international market, except the United States of America and the Philippines, under a distributor arrangement.

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

#### ***1.6      Globetel European Limited (GTEU) and Subsidiaries***

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

#### ***1.7      Globetel Singapore Pte. Ltd. (GTSG)***

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

#### ***1.8      Kickstart Ventures, Inc. (Kickstart) and Subsidiaries***

On March 28, 2012, Globe Telecom incorporated Kickstart, a stock corporation organized under the laws of the Philippines and formed primarily for the purpose of investing in individual, corporate, or start-up businesses, and to do research, technology development and commercializing of new business ventures.

In February 2014, Kickstart acquired 40% equity interest in Flipside Publishing Services, Inc. (FPSI). Since Kickstart was able to demonstrate control over FPSI despite having less than 50% ownership interest, FPSI was assessed to be a subsidiary of Kickstart and is included in the consolidation of Globe. FPSI is engaged in acquiring publishing rights to produce, publish, market, and sell printed and electronic books (e-books) and other electronic documents and content for international and domestic sales. FPSI ceased operations in July 2016. FPSI remains a dormant company as of reporting date.

In February 2020, Kickstart registered three Cayman Islands exempted companies with limited liabilities, namely (1) Kickstart Capital Co. Ltd. (KCCL), a wholly owned subsidiary of Kickstart; (2) AG Active Associated I, Limited, a wholly owned subsidiary of KCCL; and, (3) Kickstart Ventures Co. Ltd., a 65% owned subsidiary of KCCL. These entities were formed as a platform for the management of third party venture capital investment funds.

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

#### ***1.9      Asticom Technology, Inc. (Asticom) and Subsidiaries***

On June 3, 2014, Globe Telecom signed an agreement with Azalea Technology Investments Inc. (ASTI) and SCS Computer Systems, Pte. Ltd. acquiring 100% ownership stake in Asticom. Asticom is primarily engaged in providing business process and shared service support, as well as IT system integration and consultancy services.



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

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

On April 12, 2021, Asticom incorporated its wholly owned subsidiary, BRAD Warehouse and Logistics Services Inc. (BRAD). BRAD was incorporated to engage in the business of transporting, shipping, receiving, storing and managing products and services using technology platforms for third-party providers.

On November 29, 2021, ABSI acquired 100% of HCX Technology Partners, Inc., a full-fledged systems integration company offering human capital, customer relationship management and digital solutions to its clients.

On July 27, 2022, Asticom incorporated its wholly owned subsidiary, Acquiro Solutions and Tech Inc. (ACQR) to provide manpower services for support and shared services of administrative functions, information technology including consultancy services for offshore development services and other related services.

#### *1.10     Globe Capital Venture Holdings Inc. (GCVHI) and Subsidiaries*

On June 29, 2015, Globe Telecom incorporated its wholly owned subsidiary, GCVHI as an investing and holding company primarily engaged in purchasing, subscribing, owning, holding, assigning real and personal property, shares of stock and other securities. In August 2019, GCVHI was rebranded to "917 Ventures" and will house Globe Telecom's non-telco incubated products.

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

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

On December 1, 2022, AHI acquired 49% and 51% of outstanding shares of Inquiero from 917Ventures, Inc. and Jerusalem Ventures Holdings Inc. (JVHI), respectively. The acquisition increased Globe's ownership interest from 49% to 100% and was accounted for as an acquisition of a subsidiary. Inquiero was incorporated to provide data management and other data-related services, through the utilization of telecommunication facilities.

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

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



#### *1.11 Bayan Telecommunications Inc. (BTI) and Subsidiaries*

Globe Telecom owns 99% of BTI, a stock corporation organized under the laws of the Philippines and enfranchised under RA No. 11503 and its related laws to render domestic and international telecommunications services. BTI is a facilities-based provider of data services and fixed-line telecommunications.

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

#### *1.12 TaoDharma Inc. (Tao)*

Globe Telecom owns 67% of Tao, an entity incorporated and registered under the laws of the Philippines. Tao operates and maintains retail stores in strategic locations within the Philippines that sells telecommunications or internet-related services, and devices, gadgets and accessories.

#### *1.13 GTowers Inc (GTowers)*

On August 17, 2018, GTowers was incorporated as a wholly owned subsidiary of Globe Telecom. GTowers is still under pre-operating stage as of reporting date.

#### *1.14 Yondu, Inc. and Subsidiaries*

Yondu, a wholly owned subsidiary of Globe Telecom, is engaged in the development and creation of wireless products and services accessible through mobile devices or other forms of communication devices. It also provides internet and mobile value-added services, information technology and technical services including software development and related services. Yondu is registered with the Department of Transportation and Communication (DOTC) as a content provider.

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

On December 15, 2022, Yondu acquired the ownership of Third Pillar Business Applications, Inc. (TPBAI) and Subsidiaries and CaelumPacific and Subsidiaries from GTI, a wholly-owned subsidiary of Globe Telecom.

#### *Third Pillar Business Applications, Inc. (TPBAI) and Subsidiaries*

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

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

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

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

On July 8, 2024, the Board of Directors approved Yondu's additional capital infusion amounting to ₱20.00 million, which further increased Yondu's ownership to 84.84%.



#### *CaelumPacific Corp.(CaelumPacific) and Subsidiaries*

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

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

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

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

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

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

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

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

On October 25, 2019, Globe Telecom acquired 77% ownership of ECPay. ECPay is primarily engaged in the business of providing IT and e-commerce solutions, including, but not limited to, prepaid phone and internet products, bills payments and others.

On September 29, 2023, Globe Telecom entered into a Share Purchase agreement with Globe Fintech Innovations, Inc. (Mynt) for the sale of Globe Telecom's 77% investment in ECPay for a total consideration of ₱2,310.00 million. The closing of the transaction and actual transfer of ownership is still subject to the Philippine Competition Commission (PCC) approval. However, Globe Telecom ceased to consolidate ECPay's financial statements as of September 29, 2023 as certain terms and conditions in the Share Purchase Agreement constrains Globe Telecom's exposures and rights to variable returns.

#### *Basis of Preparation and Presentation*

The interim condensed consolidated financial statements have been prepared in accordance with the Philippine Accounting Standard (PAS) 34- Interim Financial Reporting. Accordingly, the interim condensed consolidated financial statements do not include all of the information required in the annual audited financial statements, and should be read in conjunction with Globe's annual financial statements as at and for the year ended December 31, 2023.

The preparation of the financial statements in compliance with the Philippine Financial Reporting Standards (PFRS) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.



The accompanying interim condensed consolidated financial statements have been prepared under the historical cost convention method, except for:

- certain financial instruments carried at fair value
- certain financial instruments and lease liabilities carried at amortized cost;
- inventories carried at net realizable value;
- investments in joint ventures in which equity method of accounting is applied;
- retirement benefit obligation measured at the present value of the defined benefit obligation net of the fair value of the plan assets

The interim consolidated financial statements of Globe are presented in Philippine Peso (₱), which is Globe Telecom's functional currency, and rounded to the nearest thousands, except when otherwise indicated.

The estimates and assumptions used in the accompanying interim condensed consolidated financial statements are consistent with those followed in the preparation of Globe's consolidated financial statements as at and for the year ended December 31, 2023, and are based upon management's evaluation of relevant facts and circumstances as at the date of the interim condensed consolidated financial statements. Actual results could differ from such estimates.

## **2 Adoption of New and Revised Accounting Standards**

The accounting policies adopted in the preparation and presentation of the interim condensed consolidated financial statements are consistent with prior years, except for the effects of the adoption of new and revised accounting standards set out below.

### *2.1 Adoption of New and Revised Standards Effective January 1, 2024*

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

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

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

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

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



### 3 Cash and Cash Equivalents

Cash equivalents are short term highly liquid investments with insignificant risk of changes in value. The cash and cash equivalents account consists of the following:

	June 30 2024 (Unaudited)	December 31 2023 (Audited)
(In Thousand Pesos)		
Cash on hand and in banks	<b>₱9,519,256</b>	₱8,623,614
<u>Cash equivalents</u>	<b>9,114,782</b>	8,021,463
	<b>₱18,634,038</b>	₱16,645,077

Globe's cash equivalents consist of short-term, highly liquid time deposit placements.

### 4 Trade Receivables – net

The account consists of the following:

	June 30 2024 Note (Unaudited)	December 31 2023 (Audited)
(In Thousand Pesos)		
Trade receivables		
Subscribers receivables	<b>₱21,004,340</b>	₱21,703,830
Dealers	<b>505,301</b>	814,033
Traffic settlements – net	<b>1,238,295</b>	1,124,376
Others	<b>4,542,130</b>	3,984,796
	<b>27,290,066</b>	27,627,035
Less allowance for impairment losses:		
Trade receivables		
Subscribers	<b>8,281,222</b>	8,348,275
Traffic settlements and others	<b>1,201,934</b>	1,180,862
	<b>9,483,156</b>	9,529,137
	<b>₱17,806,910</b>	₱18,097,898

Impairment loss on trade receivables amounted to ₱704.40 million and ₱731.29 million for the three-month period and ₱1,653.43 million and ₱1,703.26 million for the six-month period ended June 30, 2024 and 2023, respectively (see [Note 15.4](#)).



Globe analyzes its subscribers' receivables and contract assets based on internal credit rating. The following table shows the analysis of Globe's subscribers' receivables and contract assets.

**June 30, 2024**

	High Quality	Medium Quality	Low Quality	Terminated Accounts	Total
<i>(In Thousand Pesos)</i>					
Wireless subscribers receivables:					
Consumer	₱4,508,031	₱885,036	₱606,527	₱1,064,064	₱7,063,658
Key corporate accounts	169,562	297,871	58,882	617,686	1,144,001
Other corporations and SME	361,639	64,044	6,023	218,388	650,094
	5,039,232	1,246,951	671,432	1,900,138	8,857,753
Wireline subscribers receivables:					
Consumer	608,094	570,479	377,360	2,806,368	4,362,301
Key corporate accounts	1,405,269	2,451,363	652,528	2,446,930	6,956,090
Other corporations and SME	162,743	148,358	37,510	479,585	828,196
	2,176,106	3,170,200	1,067,398	5,732,883	12,146,587
Total subscribers' receivables	7,215,338	4,417,151	1,738,830	7,633,021	21,004,340
Wireless contract assets					
Consumer	3,987,535	568,430	196,421	42,890	4,795,276
Key corporate accounts	236,945	236,989	9,231	4,998	488,163
Other corporations and SME	325,993	48,113	3,773	3,227	381,106
	4,550,473	853,532	209,425	51,115	5,664,545
Total subscribers' receivables and contracts assets	₱11,765,811	₱5,270,683	₱1,948,255	₱7,684,136	₱26,668,885

December 31, 2023

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



Globe's credit risk rating comprises the following categories:

- High quality accounts are accounts considered to be of good quality, have consistently exhibited good paying habits, and are unlikely to miss payments. High quality accounts primarily include strong corporate and consumer accounts with whom Globe has excellent payment experience.
- Medium quality accounts are accounts that exhibited good paying habits but may require minimal monitoring with the objective of moving accounts to high quality rating. Medium quality accounts primarily include subscribers whose creditworthiness can be moderately affected by adverse changes in economic and financial conditions, but will not necessarily, reduce the ability of the subscriber to fulfill its obligations. It includes customers with whom Globe has limited experience and therefore, creditworthiness needs to be further established over time.
- Low quality accounts are accounts which exhibit characteristics that are identified to have increased likelihood to miss payments. Low quality accounts are subject to closer monitoring and scrutiny with the objective of managing risk and moving accounts to improved rating category. It primarily includes mass consumer, corporate and SME customers whose creditworthiness are easily affected by adverse changes in economic and financial conditions.
- Terminated accounts are accounts in cancelled status. Although there is a possibility that terminated accounts may still be collected by exhausting collection efforts, the probability of recovery has significantly deteriorated.

## 5 Contracts with Customers

### 5.1 Contract Assets – net

Movements in the contract assets - net for the periods ended are as follows:

	Note	Three – Month Period Ended		Six – Month Period Ended		
		June 30 2024	2023	June 30 2024	2023	
(Unaudited and in Thousand Pesos)						
<b>Contract assets</b>						
Balance at beginning of the period		<b>₱6,127,888</b>	₱6,871,595	<b>₱6,223,595</b>	₱6,891,455	
Additions during the period		<b>1,288,829</b>	1,558,219	<b>2,861,249</b>	3,425,271	
Billed to subscribers during the period		<b>(1,562,389)</b>	(1,643,537)	<b>(3,106,819)</b>	(3,342,172)	
Impairment loss	15.4	<b>(189,783)</b>	(316,118)	<b>(313,480)</b>	(504,395)	
<b>Contract assets – net, June 30</b>		<b>₱5,664,545</b>	₱6,470,159	<b>₱5,664,545</b>	₱6,470,159	

*Contract assets as of December 31, 2023 amounted to ₱6,223,595*

Globe provides wireless communication services to subscribers which are bundled with sale of handsets and other devices. Globe allocates the revenue based on the stand - alone selling price of each performance obligation. Contract assets are recognized for the unbilled portion of revenue allocated to the sale of handset and other devices which will be reduced as the monthly service fees are billed to the subscribers.



## 5.2 Deferred Revenues

This account consists of:

	June 30 2024 (Unaudited)	December 31 2023 (Audited)
<i>(In Thousand Pesos)</i>		
Advance monthly service fees	<b>₱4,314,834</b>	₱4,195,802
Deferred revenue from wireless subscribers under prepaid arrangements	<b>2,349,207</b>	2,853,549
Deferred revenue rewards	<b>15,821</b>	143,012
Others	<b>487,288</b>	727,239
	<b>7,167,150</b>	7,919,602
Less current portion	<b>6,334,393</b>	7,154,714
<u>Non current portion</u>	<b>₱832,757</b>	₱764,888

Deferred revenues from wireless subscribers under prepaid arrangements are recognized as revenues upon actual usage of airtime value, consumption of prepaid subscription fees or upon expiration of the unused load value prepaid credit.

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

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

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



## 6 Prepayments and Other Assets

### 6.1 Prepayments and other assets - net

This account consists of:

		June 30 2024	December 31 2023
	Note	(Unaudited)	(Audited)
<i>(In Thousand Pesos)</i>			
Advance payments to suppliers and contractors	20.2	<b>₱16,406,304</b>	₱19,863,873
Input VAT – net		<b>6,745,371</b>	6,590,446
Prepayments		<b>6,078,926</b>	5,155,106
Investment property		<b>5,622,380</b>	5,624,264
Non-trade receivables – net	6.2	<b>5,234,214</b>	5,383,670
Investment in debt and equity securities		<b>3,961,781</b>	3,812,726
Loans receivable from related parties		<b>3,864,935</b>	3,864,935
Security deposits		<b>1,575,369</b>	1,570,430
Deferred contract costs	6.3	<b>1,355,317</b>	1,676,459
Creditable withholding tax		<b>1,243,128</b>	961,370
Others		<b>4,236,732</b>	2,702,380
		<b>56,324,457</b>	57,205,659
Less current portion		<b>24,249,992</b>	21,638,108
Net of current portion		<b>₱32,074,465</b>	₱35,567,551

Investment properties consist of land and building which are held to earn rentals and for capital appreciation. Depreciation and amortization of investment properties amounted to ₱0.94 million and ₱1.88 million for the three-month and six-month period ended June 30, 2024, ₱0.68 million and ₱2.27 million for the three-month and six-month period ended June 30 2023, respectively (see Note 15.2).

The "Prepayments" account includes prepaid insurance, rent, maintenance, and licenses fee among others.

Fair value gain (loss) from investment in equity securities recognized in consolidated OCI amounted to ₱222.20 million and (₱44.13) million for the six-month period ended June 30, 2024 and 2023, respectively (see Note 13.8).



## 6.2 Non-trade receivables – net

Non-trade receivables – net consists of:

	June 30 2024	December 31 2023
	(Unaudited)	(Audited)
<i>(In Thousand Pesos)</i>		
Due from related parties	₱3,789,292	₱3,431,452
Advances to employees	163,297	187,450
Others	1,355,140	1,838,283
	<b>5,307,729</b>	5,457,185
Allowance for impairment loss	(73,515)	(73,515)
	<b>₱5,234,214</b>	₱5,383,670

## 6.3 Deferred Contract Costs

Deferred contract costs pertain to incremental costs incurred in the effort to obtain and fulfill the contract with subscribers. Details are as follows:

	June 30 2024	December 31 2023
	(Unaudited)	(Audited)
<i>(In Thousand Pesos)</i>		
<b>Cost to obtain contracts with customers:</b>		
Commissions	₱653,309	₱810,328
<b>Cost to fulfill contracts with customers</b>		
Installation costs	702,008	866,131
	<b>₱1,355,317</b>	₱1,676,459

Deferred contract costs are capitalized and subsequently amortized on a straight-line basis over the term of the subscription contract. Movements in the deferred contract costs for the period are as follows:

	Three – Month Period Ended		Six – Month Period Ended	
	June 30 2024	2023	June 30 2024	2023
<i>(Unaudited and in Thousand Pesos)</i>				
Balance at beginning of the period	₱1,490,268	₱2,574,729	₱1,676,459	₱3,066,871
Amounts capitalized during the period	413,820	469,930	837,104	871,069
Amounts recognized as expense	(548,771)	(833,978)	(1,158,246)	(1,727,259)
Balance at end of period	<b>₱1,355,317</b>	₱2,210,681	<b>₱1,355,317</b>	₱2,210,681



## 7 Property and Equipment – net

The rollforward analysis of this account follows:

**June 30, 2024**

	Telecommunication Equipment	Buildings, Land and Leasehold Improvement	Cable System	Office Equipment	Transportation Equipment	Assets Under Construction	Total
<i>(Unaudited and In Thousand Pesos)</i>							
<b>Cost</b>							
At January 1, 2024	<b>₱444,716,637</b>	<b>₱66,178,280</b>	<b>₱25,078,243</b>	<b>₱17,161,554</b>	<b>₱4,854,430</b>	<b>₱104,824,628</b>	<b>₱662,813,772</b>
Additions	990,919	181,794	587,950	38,640	272,299	29,911,605	31,983,207
Retirements/disposals	(2,294,992)	(90,953)	(496,670)	(119,754)	(321,573)	(40,881)	(3,364,823)
Reclassifications	38,904,139	516,561	136,655	220,293	6,322	(39,783,970)	-
Transferred to intangible assets ( <a href="#">Note 8</a> )	-	-	-	-	-	(1,678,960)	(1,678,960)
Transferred to right of use assets ( <a href="#">Note 9</a> )	-	-	(507,269)	-	-	-	(507,269)
Others	30,091	-	256,201	184	-	8,586	295,062
At June 30, 2024	<b>482,346,794</b>	<b>66,785,682</b>	<b>25,055,110</b>	<b>17,300,917</b>	<b>4,811,478</b>	<b>93,241,008</b>	<b>689,540,989</b>
<b>Accumulated Depreciation and Amortization</b>							
At January 1, 2024	<b>259,939,230</b>	<b>26,318,666</b>	<b>17,764,034</b>	<b>15,622,564</b>	<b>3,352,690</b>	-	<b>322,997,184</b>
Depreciation and amortization ( <a href="#">Note 15.2</a> )	15,180,368	1,129,889	471,387	506,950	286,226	-	17,574,820
Retirement/disposals	(1,637,717)	(49,232)	(292,256)	(109,087)	(275,388)	-	(2,363,680)
Transferred to right of use assets ( <a href="#">Note 9</a> )	-	-	(30,195)	-	-	-	(30,195)
Others	15,903	-	119,987	144	-	-	136,034
At June 30, 2024	<b>273,497,784</b>	<b>27,399,323</b>	<b>18,032,957</b>	<b>16,020,571</b>	<b>3,363,528</b>	-	<b>338,314,163</b>
<b>Accumulated Impairment Losses</b>							
At January 1, 2024	<b>5,298,174</b>	<b>106,409</b>	-	<b>3,352</b>	-	-	<b>5,407,935</b>
Write-off	(138,775)	-	-	-	-	-	(138,775)
At June 30, 2024	<b>5,159,399</b>	<b>106,409</b>	-	<b>3,352</b>	-	-	<b>5,269,160</b>
<b>Carrying amount at June 30, 2024</b>	<b>₱203,689,611</b>	<b>₱39,279,950</b>	<b>₱7,022,153</b>	<b>₱1,276,994</b>	<b>₱1,447,950</b>	<b>₱93,241,008</b>	<b>₱345,957,666</b>
Carrying amount at December 31, 2023	₱179,479,233	₱39,753,205	₱7,314,209	₱1,535,638	₱1,501,740	₱104,824,628	₱334,408,653



June 30, 2023

	Telecommunication Equipment	Buildings, Land and Leasehold Improvement	Cable System	Office Equipment	Transportation Equipment	Assets Under Construction	Total
<i>(Unaudited and In Thousand Pesos)</i>							
<b>Cost</b>							
At January 1, 2023	₱391,346,252	₱62,015,190	₱25,865,366	₱17,801,857	₱4,174,885	₱80,146,925	₱581,350,475
Additions	965,605	109,965	-	163,350	455,010	57,460,276	59,154,206
Retirements/disposals	(968,812)	(26,497)	(1,468,937)	(43,681)	(1,161)	(55,195)	(2,564,283)
Reclassifications	26,863,489	8,913,950	-	173,039	197	(35,950,675)	-
Transferred to assets held for sale	(1,261,449)	(790,940)	-	-	-	-	(2,052,389)
Transferred to intangible assets ( <a href="#">Note 8</a> )	-	-	-	-	-	(3,972,470)	(3,972,470)
Others	(3,872)	-	(40,559)	(61)	-	61	(44,431)
<b>At June 30, 2023</b>	<b>416,941,213</b>	<b>70,221,668</b>	<b>24,355,870</b>	<b>18,094,504</b>	<b>4,628,931</b>	<b>97,628,922</b>	<b>631,871,108</b>
<b>Accumulated Depreciation and Amortization</b>							
At January 1, 2023	232,919,216	23,664,629	18,356,579	15,880,379	2,807,800	-	293,628,603
Depreciation and amortization ( <a href="#">Note 15.2</a> )	14,046,053	1,469,128	477,476	546,734	268,940	-	16,808,331
Retirements/disposals	(679,417)	(2,492)	(1,457,792)	(31,586)	(1,161)	-	(2,172,448)
Transferred to assets held for sale	(123,888)	(28,732)	-	-	-	-	(152,620)
Others	(1,550)	-	(14,038)	(46)	-	-	(15,634)
<b>At June 30, 2023</b>	<b>246,160,414</b>	<b>25,102,533</b>	<b>17,362,225</b>	<b>16,395,481</b>	<b>3,075,579</b>	<b>-</b>	<b>308,096,232</b>
<b>Accumulated Impairment Losses</b>							
At January 1, 2023	5,713,051	106,409	-	3,352	-	-	5,822,812
Write-off	(275,934)	-	-	-	-	-	(275,934)
<b>At June 30, 2023</b>	<b>5,437,117</b>	<b>106,409</b>	<b>-</b>	<b>3,352</b>	<b>-</b>	<b>-</b>	<b>5,546,878</b>
<b>Carrying amount at June 30, 2023</b>	<b>₱165,343,682</b>	<b>₱45,012,726</b>	<b>₱6,993,645</b>	<b>₱1,695,671</b>	<b>₱1,553,352</b>	<b>₱97,628,922</b>	<b>₱318,227,998</b>



Assets under construction include intangible components of a network system and indefeasible right of use (IRU) which are reclassified to intangible assets and right of use assets, respectively, subject to amortization only when assets become available for use (see [Note 8 and 9](#)).

Investments in cable systems include the cost of Globe's ownership share in the capacity of certain cable systems under a joint undertaking or a consortium or private cable set-up. It also includes the cost of cable landing station and transmission facilities where Globe is the landing party.

Globe uses its borrowed funds to finance construction of network assets and bring it to its intended location and working conditions. Borrowing costs incurred relating to these qualifying assets were included in the cost of property and equipment using 5.44% and 5.05% capitalization rates for the six-month period ended June 30, 2024 and 2023, respectively. Globe's total capitalized borrowing costs amounted to ₱3,388.25 million and ₱3,143.78 million for the six-month period ended June 30, 2024 and 2023, respectively (see [Note 12](#)).

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

	<b>For the Six-Month Period Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
<i>(Unaudited and In Thousand Pesos)</i>		
Additions to property and equipment	<b>₱31,983,207</b>	₱59,154,206
Effect of movements in liabilities and prepayments	<b>(358,635)</b>	(18,357,471)
Capitalized interest	<b>(3,388,253)</b>	(3,143,777)
Cash flows from acquisition of property and equipment	<b>₱28,236,319</b>	₱37,652,958

#### *Sale and Leaseback of Telecom Towers*

On August 11, 2022, Globe signed two sale and leaseback agreements with two tower companies consisting of 5,709 telecom towers and related passive telecom infrastructure.

On September 23, 2022, Globe signed another sale and leaseback agreement with a third tower company, composed of 1,350 telecom towers and related passive telecom infrastructure.

On May 7, 2023, Globe signed another sale and leaseback agreement with a fourth tower company consisting of 447 telecom towers and related passive telecom infrastructure.

The closing of the agreements will be on a staggered basis depending on the satisfaction of closing conditions, according to the number of towers transferred.



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

	Three – Month Period Ended June 30		Six – Month Period Ended June 30	
	2024	2023	2024	2023
	<i>(Unaudited and in Thousand Pesos)</i>			
Telecom towers sold	746	723	1,124	1,301
Cash consideration net of direct costs	₱9,434,845	₱8,883,057	₱14,239,410	₱17,437,457
Gain on sale on leaseback of telecom towers - net	₱2,172,044	₱2,979,7209	₱3,487,215	₱5,832,617

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

The gain recognized from the sale and leaseback transaction represents only the amount relating to the rights in the underlying assets that were transferred to the buyer-lessor after considering the lease liabilities recognized from the leaseback (see [Note 9](#)).

As of June 30, 2024, Globe completed the sale of 5,591 telecom towers representing 74% of the total towers portfolio subject to sale.

As of June 30, 2024 and December 31, 2023, property and equipment with net book value of ₱10,220.28 million and ₱15,791.25 million, respectively, were continued to be classified as assets-held-for-sale as Globe remains committed to its plan to sell the telecom towers.

## 8 Intangible Assets and Goodwill - net

The rollforward analysis of this account follows:

### June 30, 2024

	Application Software and Licenses	Goodwill	Other Intangible Assets	Total Intangible Assets and Goodwill
<b>Cost</b>				
<i>(Unaudited and In Thousand Pesos)</i>				
At January 1	₱71,184,561	₱1,734,205	₱5,993,692	₱78,912,458
Additions	111,765	-	-	111,765
Retirements/Disposals	(273,007)	-	-	(273,007)
Transferred from property and equipment ( <a href="#">Note 7</a> )	1,678,960	-	-	1,678,960
Others	2,994	-	-	2,994
At June 30	72,705,273	1,734,205	5,993,692	80,433,170
<b>Accumulated Amortization</b>				
At January 1	53,607,495	-	1,931,857	55,539,352
Amortization ( <a href="#">Note 15.2</a> )	3,160,218	-	45,147	3,205,365
Retirements/Disposals	(173,315)	-	-	(173,315)
Others	643	-	-	643
At June 30	56,595,041	-	1,977,004	58,572,045
<b>Carrying Amount at June 30, 2024</b>	<b>₱16,110,232</b>	<b>₱1,734,205</b>	<b>₱4,016,688</b>	<b>₱21,861,125</b>
Carrying Amount at December 31, 2023	₱17,577,066	₱1,734,205	₱4,061,835	₱23,373,106



June 30, 2023

	Application Software and Licenses	Goodwill	Other Intangible Assets	Total Intangible Assets and Goodwill
<i>(Unaudited and In Thousand Pesos)</i>				
Cost				
At January 1	₱64,408,624	₱3,107,367	₱6,446,732	₱73,962,723
Additions	40,332	-	-	40,332
Retirements/disposals	(48,086)	-	-	(48,086)
Transferred from property and equipment ( <a href="#">Note 7</a> )	3,972,470	-	-	3,972,470
Others	(465)			(465)
At June 30	68,372,875	3,107,367	6,446,732	77,926,974
<i>Accumulated Amortization</i>				
At January 1	47,040,817	-	1,839,333	48,880,150
Amortization ( <a href="#">Note 15.2</a> )	3,065,796	-	119,814	3,185,610
Retirements/disposals	(33,694)	-	-	(33,694)
Others	(48)	-	-	(48)
At June 30	50,072,871	-	1,959,147	52,032,018
Carrying Amount at June 30, 2023	₱18,300,004	₱3,107,367	₱4,487,585	₱25,894,956

#### *Application software and licenses and other intangible assets*

Other intangible assets consist of customer contracts, franchise, spectrum and merchant networks. As of June 30, 2024 and December 31, 2023, there was no indication that the application software licenses and other intangible assets are impaired.

#### *Goodwill*

Globe's goodwill were recognized from acquisition of subsidiaries. Details of Globe's goodwill are as follows:

Note	June 30	December 31	June 30
	2024	2023	2023
<i>(In Thousand Pesos)</i>			
BTI	₱1,140,248	₱1,140,248	₱1,140,248
Yondu	540,523	540,523	540,523
Third Pillar Group	53,434	53,434	53,434
Caelum	-	-	154,614
ECPay	10.2	-	1,218,548
	<b>₱1,734,205</b>	<b>₱1,734,205</b>	<b>₱3,107,367</b>

Globe conducts its annual impairment test of goodwill in the third fiscal quarter of each year. Globe considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment.

	2023	2022
Mobile communications CGU	BTI and EC Pay	BTI and EC Pay
Standalone CGU	Caelum, Third Pillar and Yondu	Caelum, Third Pillar and Yondu



The recoverable amount of the CGUs are determined based on value in use calculations using cash flow projections from business plans covering a five-year period. Based on the Goodwill impairment testing performed in the third fiscal quarter of 2023, the recoverable amounts of the CGUs where the goodwill were allocated were substantially in excess of their carrying amounts.

#### *Sensitivity Analysis*

Globe has determined that the recoverable amount calculations are most sensitive to changes in assumptions on cash flow projections, discount rate, and verifiable industry growth rates. The pre-tax discount rates applied to cash flow projections were 10.73% for mobile communications CGU and 14.00% for Yondu standalone CGU. The cash flows beyond the five-year period were extrapolated using the average terminal growth rate for telecommunication industry of 2.20%.

Globe has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount of the CGU. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount of the CGU is based would not result in impairment loss due to the substantial headroom.

#### *Goodwill from Caelum*

In 2023, management determined that the recoverable amount of goodwill related to Caelum is less than its carrying value. Accordingly, Globe recognized impairment loss amounting to ₱154.61 million.



## 9 Lease commitments

### 9.1 Right of use assets– net

The rollforward analysis of this account follows:

**June 30, 2024**

	Network Sites	Transportation Equipment	Corporate Office	Stores	Leased lines, IRUs and Data Centers	Total
<b>Cost</b>						
(Unaudited and In Thousand Pesos)						
At January 1	₱72,684,666	₱2,532,412	₱1,907,379	₱366,051	₱5,673,171	₱83,163,679
Additions	11,786,144	261,939	57,544	85,695	37,451	12,228,773
Transferred from property and equipment ( <a href="#">Note 7</a> )	-	-	-	-	507,269	507,269
Modifications and terminations	630,517	(69,745)	(10,094)	1,266	3,356	555,300
At June 30	85,101,327	2,724,606	1,954,829	453,012	6,221,247	96,455,021
<b>Accumulated Amortization</b>						
(Unaudited and In Thousand Pesos)						
At January 1	8,093,421	2,028,044	1,124,273	340,812	2,038,333	13,624,883
Depreciation ( <a href="#">Note 15.2</a> )	2,933,996	206,688	150,020	36,041	651,923	3,978,668
Transferred from property and equipment ( <a href="#">Note 7</a> )	-	-	-	-	30,195	30,195
Modifications and terminations	(43,106)	(49,303)	(391)	(5,514)	-	(98,314)
At June 30	10,984,311	2,185,429	1,273,902	371,339	2,720,451	17,535,432
<b>Carrying Amount At June 30, 2024</b>	<b>₱74,117,016</b>	<b>₱539,177</b>	<b>₱680,927</b>	<b>₱81,673</b>	<b>₱3,500,796</b>	<b>₱78,919,589</b>
Carrying Amount at December 31, 2023	₱64,591,245	₱504,368	₱783,106	₱25,239	₱3,634,838	₱69,538,796



June 30, 2023

	Network Sites	Transportation Equipment	Corporate Office	Stores	Leased lines and Data Centers	Total
<b>Cost</b> <i>(Unaudited and In Thousand Pesos)</i>						
At January 1	₱37,123,701	₱2,195,465	₱1,081,102	₱352,800	₱3,645,643	₱44,398,711
Additions	21,845,701	267,329	-	16,266	-	22,129,296
Modifications and terminations	(411,228)	(991)	-	(6,792)	(381)	(419,392)
Transferred to AHFS	(335,074)	-	-	-	-	(335,074)
<b>At June 30</b>	<b>58,223,100</b>	<b>2,461,803</b>	<b>1,081,102</b>	<b>362,274</b>	<b>3,645,262</b>	<b>65,773,541</b>
<b>Accumulated Amortization</b>						
At January 1	4,000,489	1,553,197	880,842	306,954	549,113	7,290,595
Depreciation (Note 15.2)	2,169,560	230,711	110,604	18,559	364,289	2,893,723
Modifications and terminations	(269,543)	(973)	-	-	-	(270,516)
<b>At June 30</b>	<b>5,900,506</b>	<b>1,782,935</b>	<b>991,446</b>	<b>325,513</b>	<b>913,402</b>	<b>9,913,802</b>
<b>Carrying Amount At June 30</b>	<b>₱52,322,594</b>	<b>₱678,868</b>	<b>₱89,656</b>	<b>₱36,761</b>	<b>₱2,731,860</b>	<b>₱55,859,739</b>

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

#### *Sale and Leaseback of Telecom Towers*

As disclosed in Note 7 – Property and Equipment, Globe and the portfolio companies signed a sale and leaseback agreements consisting of 7,506 telecom towers and related passive telecom infrastructure and has agreed to leaseback the telecom towers sold in the transaction for an initial period of 15 years with option to extend as agreed by the parties.

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

	Three – Month Period Ended		Six – Month Period Ended	
	June 30		June 30	
	2024	2023	2024	2023
<i>(Unaudited and in Thousand Pesos)</i>				
No. of Telecom Towers	<b>746</b>	<b>723</b>	<b>1124</b>	<b>1,301</b>
Recognition of lease liabilities	<b>₱5,710,895</b>	<b>₱7,033,590</b>	<b>₱9,802,568</b>	<b>₱11,721,750</b>
Recognition of ROU assets	<b>₱3,121,263</b>	<b>₱4,158,560</b>	<b>₱5,918,462</b>	<b>₱6,383,790</b>

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

As of June 30, 2024 and December 31, 2023, ROU assets with remaining net book value of ₱3,353.93 million and ₱4,623.07 million, respectively, were continued to be classified as assets-held-for-sale as Globe remains committed to its plan to sell the telecom towers.



## 9.2 Lease liability

The following table provides the components of lease liabilities:

	June 30 2024 (Unaudited)	December 31 2023 (Audited)
(In Thousand Pesos)		
Network sites	<b>₱96,652,798</b>	₱84,180,567
Leased lines and Data Centers	<b>₱2,671,966</b>	3,323,048
Transportation Equipment	<b>₱468,768</b>	479,221
Corporate Office	<b>₱563,588</b>	714,477
Stores	<b>₱88,943</b>	27,169
	<b>₱100,446,063</b>	88,724,482
Less current portion	<b>₱6,422,161</b>	5,899,426
<b>Net of current portion</b>	<b>₱94,023,902</b>	₱82,825,056

The roll forward analysis of this account follows:

### June 30, 2024

	Network Sites	Lines and Data Centers	Transportation Equipment	Corporate Office	Stores	Total
(Unaudited and In Thousand Pesos)						
At January 1, 2024	₱84,180,567	₱3,323,048	₱479,221	₱714,477	₱27,169	₱88,724,482
Additions	15,670,250	37,451	261,939	57,544	85,695	16,112,879
Interests (Note 15.3)	2,868,332	87,977	10,952	21,736	1,319	2,990,316
Settlements	(6,038,438)	(779,867)	(263,584)	(219,222)	(32,402)	(7,333,513)
Modifications and terminations	(27,913)	3,357	(19,760)	(10,947)	7,162	(48,101)
<b>Carrying Amount at June 30, 2024</b>	<b>₱96,652,798</b>	<b>₱2,671,966</b>	<b>₱468,768</b>	<b>₱563,588</b>	<b>₱88,943</b>	<b>₱100,446,063</b>

June 30, 2023

	Network Sites	Lines and Data Centers	Transportation Equipment	Corporate Office	Stores	Total
(Unaudited and In Thousand Pesos)						
At January 1, 2023	₱50,200,277	₱3,209,151	₱595,458	₱173,041	₱53,670	₱54,231,597
Additions	27,183,661	-	267,329	-	16,266	27,467,256
Interests (Note 15.3)	1,993,721	82,078	12,720	2,067	1,485	2,092,071
Settlements	(4,965,997)	(445,019)	(240,604)	(108,754)	(43,786)	(5,804,160)
Modifications and terminations	(1,310,321)	(381)	(21)	-	(6,792)	(1,317,515)
<b>Carrying Amount At June 30, 2023</b>	<b>₱73,101,341</b>	<b>₱2,845,829</b>	<b>₱634,882</b>	<b>₱66,354</b>	<b>₱20,843</b>	<b>₱76,669,249</b>

As of June 30, 2024 and December 31, 2023, the portion of the lease liabilities related to ROU assets that are reclassified to assets classified as held-for-sale amounted to ₱2.80 billion and ₱4.60 billion, respectively. Such liabilities will remain to be Globe's liability until the closing conditions on the transfer of assets are met, on which date, these liabilities will be pre-terminated.



### 9.3 Short-term Leases and Leases of Low Value Assets

Short-term leases and leases of low-value assets charged as operating expenses amounted to ₱834.39 million and ₱1,662.74 million for the three-month and six month period ended June 30, 2024, ₱715.58 million and ₱1,450.38 million for the three-month and six-month period ended June 30, 2023, respectively (see Note 15.1).

### 10 Investments in Joint Ventures

This account consists of the following:

	June 30 2024 (Unaudited)	December 31 2023 (Audited)
<i>(In Thousand Pesos)</i>		
Vega	₱34,265,938	₱34,177,005
Mynt	13,674,499	11,534,484
GSG	8,864,254	8,612,590
TechGlobal	303,412	291,443
Gogoro	234,135	234,135
Bridge Mobile Pte. Ltd (BMPL)	56,231	53,103
Telecommunications Connectivity, Inc. (TCI)	41,714	42,579
Others	438,141	390,378
	₱57,878,324	₱55,335,717

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

	Three – Month Period Ended		Six – Month Period Ended	
	June 30		June 30	
	2024	2023	2024	2023
<i>(Unaudited and In Thousand Pesos)</i>				
Mynt	₱1,178,385	₱567,326	₱2,140,015	₱971,872
GSG	74,535	64,256	251,664	134,135
Vega	7,164	(11,340)	129,836	20,530
TechGlobal	3,629	42,899	11,969	33,476
TCI	(1,544)	198	(865)	836
BMPL	(2,390)	(19)	(2,595)	248
Others	(33,569)	(89,617)	(87,886)	(283,798)
	₱1,226,210	₱573,703	₱2,442,138	₱877,299

Investment in joint ventures share in other comprehensive income are as follows (see Note 13.8):

	Three – Month Period Ended		Six – Month Period Ended	
	June 30		June 30	
	2024	2023	2024	2023
<i>(Unaudited and In Thousand Pesos)</i>				
Vega	₱-	(₱1,306)	₱40,903	₱68,949
BMPL	₱4,917	1,874	5,723	391
	₱4,917	₱568	(35,180)	₱69,340



### *10.1 Investment in Vega*

On May 30, 2016, Globe Telecom's BOD, through its Executive Committee, approved the signing of a Sale and Purchase Agreement (SPA) and other related definitive agreements for acquisition of 50% equity interest in the telecommunications business of San Miguel Corporation (SMC), Schutzenegel Telecom, Inc. and Grace Patricia W. Vilchez-Custodio (the "Sellers"; SMC being the major seller) through their respective subsidiaries namely, Vega Telecom, Inc. (VTI), Bow Arken Holding Company, Inc. (BAHC) and Brightshare Holdings Corporation (BHC), respectively (the Acquirees). The remaining 50% equity stake in VTI, BAHC and BHC was acquired by Philippine Long Distance Telephone Company (PLDT) under similar definitive agreements.

VTI owns an equity stake in Liberty Telecom Holdings, Inc. (LIB). It also owns, directly and indirectly, equity stakes in various franchised companies, including Bell Telecommunication Philippines, Inc. (Bell Tel), Eastern Telecom Philippines, Inc. (Eastern Telecom), Cobaltpoint Telecommunication, Inc (formerly Express Telecom, Inc.), and Tori Spectrum Telecom, Inc., among others.

The acquisition provided Globe Telecom an access to certain frequencies assigned to Bell Tel in the 700 Mhz, 900 Mhz, 1800 Mhz, 2300 Mhz and 2500 Mhz bands through a co-use arrangement approved by the NTC on May 27, 2016.

The memorandum of agreement between Globe and PLDT provides for both parties to pool resources and share in the profits and losses of the companies on a 50%-50% basis with a view to being financially self-sufficient and able to operate or borrow funds without recourse to the parties.

### *10.2 Investment in Mynt*

Mynt is engaged in purchasing, subscribing, owning, holding and assigning real and personal property, shares of stock and other securities. Mynt holds 100% ownership interest on Fuse Lending Inc. and G-XChange, Inc. (GXI). Fuse operates as a lending company. GXI is registered with Bangko Sentral ng Pilipinas (BSP) as a remittance agent and electric money issuer. GXI handles the mobile payment and remittance service using Globe's network as transport channel under GCash brand. Globe owns 36% ownership interest in Mynt.

#### *Share Purchase Agreements*

On September 8, 2023, Mynt entered into a definitive agreement with AB Capital & Investment Corporation, an entity controlled by a member of the Board of Directors of Globe, to acquire up to a 50.0% equity stake in AB Capital Securities, Inc ("ABCSI"). Mynt has closed the first Investment Tranche as of September 15, 2023 amounting to ₱37.50 million and currently owns 7.5% of ABCSI.

On September 29, 2023, Globe Telecom entered into a Share Purchase Agreement with Mynt for the sale of Globe's 77% investment in ECPay for a total consideration of ₱2,310.00 million.

The closing of the transaction and actual transfer of ownership is still subject to the Philippine Competition Commission (PCC) approval however, certain terms and conditions in the Share Purchase Agreement considerably constrains Globe's exposures and rights to variable returns from ECPay's operations. Accordingly, Globe ceased to consolidate ECPay's financial statements as of September 29, 2023.

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

KarmanEdge is engaged in installing, building, owning, operating, maintaining and managing data centers and other related infrastructure, information technology equipment and facilities.

On May 19, 2022, the SEC approved the amendment of KarmanEdge's articles of incorporation which effectively changes its corporate name to Globe STT GDC, Inc. Globe owns 50% ownership in GSG.



#### *10.4 Investment in TechGlobal*

On November 2, 2015, Innove and Techzone Philippines incorporated TechGlobal, a Joint Venture Company, formed to install, own, operate, maintain and manage all kinds of data centers and to provide information technology-enabled services and computer-enabled support services. Innove and Techzone hold ownership interest of 49% and 51%, respectively. TechGlobal started commercial operations in August 2017.

#### *10.5 Investment in BMPL*

Globe Telecom and other leading Asia Pacific mobile operators (JV partners) signed an Agreement in 2004 (JV Agreement) to form a regional mobile alliance, which will operate through a Singapore-incorporated company, BMPL. The JV company is a commercial vehicle for the JV partners to build and establish a regional mobile infrastructure and common service platform and deliver different regional mobile services to their subscribers. Globe owns 10% ownership in BMPL.

#### *10.6 Investment in TCI*

On January 17, 2020, Globe Telecom, Dito Telecommunity and Smart Communications incorporated a joint venture company, Telecommunications Connectivity, Inc. (TCI) in line with the new mobile number portability initiative of the government under RA 11202 also known as the "Mobile Number Portability Act" ("the MNP Act"). As committed to the National Telecommunications Commission, TCI commenced commercial operations on September 30, 2021 through the implementation of MNP services. Globe owns 33% ownership interest in TCI. TCI is expected to bring in the technical infrastructure to fulfill its primary function as a clearing house for the three mobile operators to ensure the smooth implementation of number porting services.

#### *10.7 Investment in Gogoro*

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

#### *10.8 Others*

Globe has investments in non-telco business offering healthcare and digital solutions, among others. Globe invested a total of ₱135.65 million and ₱300.99 million of additional capital in the six-month period ended June 30, 2024 and 2023, respectively.



## 11 Trade Payables and Accrued Expenses

This account consists of:

	Notes	June 30 2024 (Unaudited)	December 31 2023 (Audited)
<i>(In Thousand Pesos)</i>			
Accrued project costs	20.2	<b>₱36,014,232</b>	₱40,311,982
Accrued expenses		<b>23,318,537</b>	23,423,651
Taxes payable		<b>12,654,895</b>	11,144,092
Trade payables		<b>9,363,597</b>	7,658,017
Traffic settlements – net	20.1	<b>821,701</b>	575,373
Other creditors		<b>5,037,661</b>	4,551,143
		<b>₱87,210,623</b>	₱87,664,258

Traffic settlements payable are presented net of traffic settlements receivable from the same carrier (see Note 20.1).

Accrued expenses consists of the following:

	Notes	June 30 2024 (Unaudited)	December 31 2023 (Audited)
<i>(In Thousand Pesos)</i>			
Repairs and maintenance		<b>₱4,242,716</b>	₱3,811,311
Professional and other contracted services		<b>3,581,576</b>	3,865,420
Staff costs		<b>3,286,198</b>	4,199,796
Utilities, supplies and other administrative expenses		<b>2,795,403</b>	2,294,850
Taxes and licenses		<b>1,911,395</b>	2,065,153
Lease		<b>1,632,129</b>	1,533,617
Selling, advertising and promotions		<b>1,604,637</b>	1,629,063
Interest on loans		<b>1,418,836</b>	1,518,500
Others		<b>2,845,647</b>	2,505,941
		<b>₱23,318,537</b>	₱23,423,651



## 12 Loans Payable

The table below shows Globe's short term credit facilities (in millions).

	June 30 2024 (Unaudited)	December 31 2023 (Audited)
Long-term committed	₱-	₱2,000
Short term		
Committed	<b>₱3,000</b>	₱3,000
Uncommitted		
PHP	<b>₱72,861</b>	₱71,380
USD	<b>\$114.26</b>	\$114.26

Globe's loans payable consists of the following:

	June 30 2024 (Unaudited)	December 31 2023 (Audited)
<i>(In Thousand Pesos)</i>		
Term Loans:		
Peso	<b>₱194,726,085</b>	₱198,821,740
Dollar	<b>19,161,348</b>	18,251,956
	<b>213,887,433</b>	217,073,696
Retail bonds dollar	<b>34,847,165</b>	32,881,873
	<b>248,734,598</b>	249,955,569
Less current portion	<b>43,759,445</b>	36,792,956
Net of current portion	<b>₱204,975,153</b>	₱213,162,613

The maturities of loans payable at nominal values as of June 30, 2024 follow (in thousands pesos):

Due in:	
2024	₱30,775,155
2025	19,114,949
2026	22,170,685
2027	23,230,840
2028 and thereafter	154,606,800
	<b>₱249,898,429</b>



Total interest expense recognized in the interim consolidated profit or loss related to long-term debt amounted to ₱1,794.71 million and ₱1,505.57 million for the three-months period ended June 30, 2024 and 2023 and ₱3,507.09 million and ₱3,289.30 million for the six-months period ended June 30, 2024 and June 30, 2023 (see [Note 15.3](#)).

Total interest expenses capitalized as part of property and equipment amounted to ₱3,388.25 million and ₱3,143.78 million in June 30, 2024 and 2023, respectively (see [Note 7](#)).

### [12.1 Term Loans](#)

Globe Telecom has unsecured term loans which consists of dollar and peso-denominated term loans subject to fixed and floating interest rates.

#### [12.2 Retail Bonds Peso](#)

On July 17, 2013, Globe Telecom issued ₱7,000.00 million fixed rate bond. The amount comprises ₱4,000.00 million and ₱3,000.00 million bonds due in 2020 and 2023, with interest rate of 4.8875% and 5.2792%, respectively. The net proceeds of the issue were used to partially finance Globe Telecom's capital expenditure requirements in 2013.

The seven-year and ten-year retail bonds may be redeemed in whole, but not in part only, starting two years for the seven-year bonds and three years for the ten-year bonds before the maturity date and on the anniversary thereafter at a price ranging from 101.0% to 100.5% and 102.0% to 100.5%, respectively, of the principal amount of the bonds and all accrued interest depending on the year of redemption. In July 2020, Globe Telecom fully redeemed its ₱4,000.00 million retail bonds. In July 2023, Globe Telecom fully redeemed its ₱3,000.00 million retail bonds.

#### [12.3 Retail Bonds Dollar](#)

On July 23, 2020, Globe Telecom issued a USD 300 million 10-year and USD 300 million 15-year US dollar denominated senior notes with a coupon rate of 2.5% and 3.0%, respectively. The notes are unrated and have been listed on the Singapore Exchange Securities Trading Limited on July 24, 2020. The net proceeds from the issue of the notes will be used to finance Globe's capital expenditures, refinance maturing and/or existing obligations, and for general corporate requirements.

#### [12.4 Loan Covenants](#)

The loan agreements with banks and other financial institutions provide for certain restrictions and requirements with respect to, among others, maintenance of financial ratios and percentage of ownership of specific shareholders, incurrence of additional long-term indebtedness or guarantees and creation of property encumbrances.

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

- Total debt\* to equity not exceeding 3:1\*\*,
- Total debt\* to EBITDA not exceeding 3.5:1;
- Debt service coverage exceeding 1.3 times; and
- Secured debt ratio not exceeding 0.2 times.

\*Composed of loans payable and net derivative liabilities.

\*\*No longer required as part of loan covenants following the redemption of ₱3,000.00 million retail bonds in July 2023.

As of June 30, 2024 and December 31, 2023, Globe is not in breach of any loan covenants.



### 13 Equity

Globe Telecom's authorized capital stock as of June 30, 2024 and December 31, 2023 consists of (amounts in thousands pesos and number of shares):

	<b>Shares</b>	<b>Amount</b>
Voting preferred stock - ₱5 per share	160,000	₱800,000
Non-voting preferred stock - ₱50 per share	40,000	2,000,000
Common stock - ₱50 per share	168,934	8,446,719

Globe Telecom's issued, subscribed and fully paid capital stock consists of:

	<b>June 30, 2024</b>		June 30, 2023	
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>
(In Thousand Pesos and Number of Shares)				
Voting preferred stock	<b>158,515</b>	<b>₱792,575</b>	158,515	₱792,575
Non-voting Preferred Stock	<b>20,000</b>	<b>1,000,000</b>	20,000	1,000,000
Common stock	<b>144,380</b>	<b>7,219,017</b>	144,229	7,211,455
Total capital stock	<b>₱9,011,592</b>		<b>₱9,004,030</b>	

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

	Number of shares registered	Issue/offer price	Date of approval
(In Thousands, Except for Issue/Offer price)			
Voting preferred stock	158,515	₱5.00	June 2001
Non-voting preferred stock	20,000	500.00	August 11, 2014
Common stock*	30,000	0.50	August 11, 1975
Common stock*	10,119	1,680	October 28, 2022

\*Initial number of registered shares only

#### 13.1 Preferred Stock

##### Non-Voting Preferred Stock

Non-voting preferred stock has the following features:

- Issued at ₱50 par;
- Dividend rate to be determined by the BOD at the time of issue;
- Redemption - at Globe Telecom's option at such times and price(s) as may be determined by the BOD at the time of issue, which price may not be less than the par value thereof plus accrued dividends;
- Eligibility of investors - Any person, regardless of nationality or partnership, association or corporation provided that at least 60% of the outstanding capital stock shall be owned by Filipino;
- No voting rights;
- Cumulative and non-participating;
- No pre-emptive rights over any sale or issuance of any share in Globe Telecom's capital stock; and
- Stocks shall rank ahead of the common shares and equally with the voting preferred stocks in the event of liquidation.



On August 22, 2021, Globe Telecom redeemed the 20 million non-voting preferred shares for ₱10,000.00 million which were recognized as treasury shares in the consolidated statements of financial position (see [Note 13.4](#)).

#### *Voting Preferred Stock*

Voting preferred stock has the following features:

- Issued at ₱5 par;
- Dividend rate to be determined by the BOD at the time of issue;
- One preferred share is convertible to one common share starting at the end of the 10th year of the issue date at a price to be determined by Globe Telecom's BOD at the time of issue which shall not be less than the market price of the common share less the par value of the preferred share;
- Call option - Exercisable any time by Globe Telecom starting at the end of the 5th year from issue date at a price to be determined by the BOD at the time of issue;
- Eligibility of investors - Only Filipino citizens or corporations or partnerships wherein 60% of the voting stock or voting power is owned by Filipino;
- With voting rights;
- Cumulative and non-participating;
- Preference as to dividends and in the event of liquidation; and
- No preemptive right to any share issue of Globe Telecom, and subject to yield protection in case of change in tax laws.

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

#### *13.2 Common Stock*

The rollforward of outstanding common shares follows:

	Six – Month Period Ended June 30			
	2024		2023	
	Shares	Amount	Shares	Amount
<i>(In Thousand Pesos and Number of Shares)</i>				
At beginning of year	<b>144,229</b>	<b>₱7,211,455</b>	144,060	₱7,203,027
Issuance of shares under share-based compensation plan and exercise of stock options	<b>151</b>	<b>7,562</b>	169	8,428
At end of period	<b>144,380</b>	<b>₱7,219,017</b>	144,229	₱7,211,455

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



### *13.3 Capital Securities*

On November 2, 2021, Globe Telecom issued US\$600 million senior perpetual capital securities with an initial distribution rate of 4.20% payable semi-annually and callable on or after August 2, 2026. The distribution rate is subject to step up on the fifth anniversary and shall be recalculated every five years thereafter. The capital securities were classified as equity since there is no fixed redemption date and the redemption is at the option of Globe Telecom. Globe Telecom also has the right to defer payment of any or all of the distribution. On November 3, 2021, the capital securities were listed in Singapore Exchange Securities Trading Limited.

Distribution to holders of capital securities in the six-month period ended June 30, 2024 and 2023 amounted to ₱681.55 million and ₱658.45 million, respectively.

### *13.4 Treasury Shares*

Globe's treasury shares pertain to the 20 million non-voting preferred shares that were redeemed on August 22, 2021 for ₱10,000.00 million (see [Note 13.1](#)).

### *13.5 Cash Dividends*

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

	Date			
	Per Share	Amount	Record	Payment
<i>(In Thousand Pesos, Except Per Share Figures)</i>				
Dividends on Common stock:				
February 6, 2023	25.00	3,601,514	February 20, 2023	March 8, 2023
May 4, 2023	25.00	3,605,713	May 18, 2023	June 2, 2023
February 6, 2024	25.00	3,605,716	February 21, 2024	March 7, 2024
May 14, 2024	25.00	3,609,508	May 28, 2024	June 13, 2024

### *13.6 Common Stock Dividend*

The dividend policy of Globe Telecom as approved by the BOD is to declare cash dividends to its common stockholders on a regular basis as may be determined by the BOD.

The dividend distribution policy is reviewed annually and subsequently each quarter of the year, taking into account Globe Telecom's operating results, cash flows, debt covenants, capital expenditure levels and liquidity.

In 2023, Globe Telecom distributes cash dividends to its shareholders at the rate of 60% to 75% of prior year's core net income, and is committed to a sustainable dividend policy in line with earnings and cash flow generation.

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

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

The total unrestricted retained earnings available for dividend declaration amounted to ₱15,882.22 million and ₱19,988.15 million as of June 30, 2024 and December 31, 2023, respectively. This amount excludes the undistributed net earnings of consolidated subsidiaries, accumulated equity in net earnings of joint ventures accounted for under the equity method, and unrealized gains recognized on asset and liability, currency translations and unrealized gains on fair value adjustments. Globe is subject to loan covenants that restrict its ability to pay dividends.



### 13.8 Other Reserves

**June 30, 2024**

	Cash flow hedges	Investment in equity securities	Currency translation adjustment	Remeasurement on pension liabilities	Total
<i>(Unaudited and In Thousand Pesos)</i>					
<b>As of January 1</b>	<b>(₱996,453)</b>	<b>₱1,217,194</b>	<b>₱637,601</b>	<b>(₱2,191,595)</b>	<b>(₱1,333,253)</b>
Fair value changes	2,051,074	222,204	-	-	2,273,278
Share in OCI from investment in joint venture (see Note 10)	-	(16,931)	5,723	(23,972)	(35,180)
Remeasurement on pension liabilities	-	-	-	(4,471)	(4,471)
Transferred to profit or loss	(2,859,719)	-	-	-	(2,859,719)
Exchange differences	-	-	304,402	-	304,402
Income tax effect	202,162	(55,551)	-	1,118	147,729
<b>Other comprehensive income for the period</b>	<b>(606,483)</b>	<b>149,722</b>	<b>310,125</b>	<b>(27,325)</b>	<b>(173,961)</b>
<b>Other comprehensive income attributable to non-controlling interest</b>	<b>-</b>	<b>-</b>	<b>8,724</b>	<b>804</b>	<b>9,528</b>
<b>Other comprehensive income attributable to equity holders of the Parent</b>	<b>(606,483)</b>	<b>149,722</b>	<b>318,849</b>	<b>(26,521)</b>	<b>(164,433)</b>
<b>As of June 30</b>	<b>(₱1,602,936)</b>	<b>₱1,366,916</b>	<b>₱956,450</b>	<b>(₱2,218,116)</b>	<b>(₱1,497,686)</b>

June 30, 2023

	Cash flow hedges	Investment in equity securities	Currency translation adjustment	Remeasurement on pension liabilities	Total
<i>(Unaudited and In Thousand Pesos)</i>					
<b>As of January 1</b>	<b>(₱1,181,500)</b>	<b>₱985,323</b>	<b>₱663,055</b>	<b>(₱583,184)</b>	<b>(₱116,306)</b>
Fair value changes	(970,491)	(44,131)	-	-	(1,014,622)
Share in OCI from investment in joint venture (see Note 10)	-	63,823	391	5,126	69,340
Remeasurement on pension liabilities	-	-	-	82,140	82,140
Transferred to profit or loss	839,223	-	-	-	839,223
Exchange differences	-	-	5,234	-	5,234
Income tax effect	32,817	11,033	-	(20,535)	23,315
<b>Other comprehensive income for the period</b>	<b>(98,451)</b>	<b>30,725</b>	<b>5,625</b>	<b>66,731</b>	<b>4,630</b>
<b>Other comprehensive income attributable to non-controlling interest</b>	<b>-</b>	<b>-</b>	<b>216</b>	<b>(3,693)</b>	<b>(3,477)</b>
<b>Other comprehensive income attributable to equity holders of the Parent</b>	<b>(98,451)</b>	<b>30,725</b>	<b>5,841</b>	<b>63,038</b>	<b>1,153</b>
<b>As of June 30</b>	<b>(₱1,279,951)</b>	<b>₱1,016,048</b>	<b>₱668,896</b>	<b>(₱520,146)</b>	<b>(₱115,153)</b>



## 14 Other Income - net

This account consists of:

	Three-Month Period Ended June 30		Six-Month Period Ended June 30	
	2024	2023	2024	2023
<i>(Unaudited and In Thousand Pesos)</i>				
Foreign exchange gain (loss)				
- net	<b>(₱2,886,948)</b>	<b>(₱1,282,489)</b>	<b>(₱3,910,098)</b>	<b>₱627,297</b>
Gain (loss) on derivative instruments – net	<b>3,155,535</b>	1,360,948	<b>4,194,205</b>	(611,856)
Management fees	<b>47,000</b>	63,151	<b>73,712</b>	133,281
Lease	<b>71,720</b>	46,517	<b>140,976</b>	67,198
Others	<b>143,373</b>	33,102	<b>225,908</b>	85,010
	<b>₱530,680</b>	<b>₱221,229</b>	<b>₱724,703</b>	<b>₱300,930</b>

## 15 Cost and Expenses

### 15.1 General, selling and administrative expenses:

This account consists of:

Note	Three-Month Period Ended June 30		Six-Month Period Ended June 30	
	2024	2023	2024	2023
<i>(Unaudited and In Thousand Pesos)</i>				
Staff costs	<b>₱4,420,917</b>	<b>₱4,118,442</b>	<b>₱9,303,950</b>	<b>₱8,577,960</b>
Repairs and maintenance	<b>3,418,792</b>	4,010,035	<b>6,744,167</b>	6,955,745
Professional and other contracted services	<b>3,593,033</b>	4,209,207	<b>7,125,798</b>	7,972,345
Utilities, supplies and other administrative expenses	<b>3,115,987</b>	2,776,212	<b>5,881,274</b>	5,358,932
Selling, advertising and promotions	<b>864,218</b>	1,119,523	<b>1,638,489</b>	2,284,958
Lease	<b>834,392</b>	715,576	<b>1,662,741</b>	1,450,384
Taxes and licenses	<b>640,186</b>	896,719	<b>1,717,096</b>	1,784,653
Insurance and security services	<b>378,953</b>	480,746	<b>803,518</b>	947,478
Courier, delivery and miscellaneous expenses	<b>161,243</b>	70,769	<b>215,747</b>	190,734
Others	<b>677,054</b>	603,931	<b>1,419,250</b>	1,083,201
	<b>₱18,104,775</b>	<b>₱19,001,160</b>	<b>₱36,512,030</b>	<b>₱36,606,390</b>

Staff cost includes pension expense amounting to ₱212.25 million and ₱254.13 million, for the three-month period, ₱425.08 million and ₱474.44 million, for the six-month period ended June 30, 2024 and 2023, and share based compensation amounting to ₱70.25 million and ₱78.16 million for the three-month period, ₱190.49 million and ₱156.31 million for the six-month period ended June 30, 2024 and 2023, respectively.



### 15.2 Depreciation and amortization

The account consist of:

Notes	Three-Month Period Ended June 30		Six-Month Period Ended June 30	
	2024	2023	2024	2023
(Unaudited and In Thousand Pesos)				
Property and equipment	7	<b>₱8,816,036</b>	₱8,497,045	<b>₱17,574,820</b>
Right of use assets– net	9.1	<b>2,061,663</b>	1,627,238	<b>3,978,668</b>
Intangible assets	8	<b>1,582,147</b>	1,610,104	<b>3,205,365</b>
Investment properties	6	<b>943</b>	675	<b>1,884</b>
		<b>₱12,460,789</b>	₱11,735,062	<b>₱24,760,737</b>
				<b>₱22,889,938</b>

### 15.3 Finance Costs

This account consists of:

Notes	Three-Month Period Ended June 30		Six-Month Period Ended June 30	
	2024	2023	2024	2023
(Unaudited and In Thousand Pesos)				
Loans payable	12	<b>₱1,794,711</b>	₱1,505,572	<b>₱3,507,093</b>
Lease liabilities	9.2	<b>1,544,736</b>	1,207,186	<b>2,990,316</b>
Swap costs		<b>54,589</b>	133,331	<b>134,787</b>
Pension liabilities		<b>33,653</b>	8,396	<b>67,306</b>
ARO accretion expense		<b>2,972</b>	2,086	<b>4,818</b>
Others		<b>6,598</b>	5,726	<b>12,670</b>
		<b>₱3,437,259</b>	₱2,862,297	<b>₱6,716,990</b>
				<b>₱5,703,766</b>

### 15.4 Impairment and other losses

This account consists of:

Notes	Three-Month Period Ended June 30		Six-Month Period Ended June 30	
	2024	2023	2024	2023
(Unaudited and In Thousand Pesos)				
Impairment loss on:				
Trade receivables	4	<b>₱704,401</b>	₱731,292	<b>₱1,653,430</b>
Contract assets	5	<b>189,783</b>	316,118	<b>313,480</b>
Provisions for:				
Inventory obsolescence and market decline		<b>29,202</b>	46,717	<b>56,009</b>
Other probable losses		<b>112,107</b>	106,388	<b>211,543</b>
		<b>₱1,035,493</b>	₱1,200,515	<b>₱2,234,462</b>
				<b>₱2,530,523</b>



## 16 Earnings Per Share

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

	Three-Month Period Ended June 30		Six-Month Period Ended June 30	
	2024	2023	2024	2023
Net income attributable to common shareholders	<b>₱7,744,936</b>	₱7,073,475	<b>₱14,553,562</b>	₱14,327,054
Less: Dividends on preferred shares and distributions on capital securities				
Convertible voting preferred shares	<b>12,507</b>	12,507	<b>25,014</b>	25,014
Capital securities	<b>348,891</b>	258,211	<b>681,546</b>	658,452
Net income attributable to common shareholders for basic earnings per share (a)	<b>7,383,538</b>	6,802,758	<b>13,847,002</b>	13,643,588
Add dividends on preferred shares				
Convertible voting preferred shares	<b>12,507</b>	12,507	<b>25,014</b>	25,014
Net income attributable to common shareholders for diluted earnings per share (b)	<b>7,396,045</b>	6,815,265	<b>13,872,016</b>	13,668,602
Common shares outstanding, beginning	<b>144,229</b>	144,060	<b>144,229</b>	144,060
Add Weighted average number of issued shares under sharebased compensation	<b>25</b>	28	<b>25</b>	28
Weighted average number of shares for basic earnings per share (c)	<b>144,254</b>	144,088	<b>144,254</b>	144,088
Dilutive shares arising from:				
Dilutive effect of share based compensation plans	<b>318</b>	310	<b>318</b>	310
Convertible preferred shares	<b>419</b>	441	<b>419</b>	441
Adjusted weighted average number of common stock for diluted earnings per share (d)	<b>144,991</b>	144,839	<b>144,991</b>	144,839
Basic earnings per share (a/c)	<b>₱51.18</b>	₱47.21	<b>₱95.99</b>	₱94.69
Diluted earnings per share (b/d)	<b>₱51.01</b>	₱47.05	<b>₱95.67</b>	₱94.37



## 17 Financial Instruments

### 17.1 Categories of Financial Assets and Financial Liabilities

The table below presents the carrying value of Globe's financial instruments by category:

	Notes	June 30 2024 (Unaudited)	December 31 2023 (Audited)
<i>(In Thousand Pesos)</i>			
<b>Financial Assets</b>			
Derivative assets			
Designated as cash flow hedges (FVOCI)		<b>₱6,869,490</b>	₱4,713,641
Not designated as hedges (FVPL)		<b>215,031</b>	3,323
Financial assets at FVOCI:			
Investment in equity securities	6	<b>3,803,404</b>	3,661,987
Financial assets at FVPL:			
Investment in debt securities	6	<b>158,377</b>	150,739
Financial assets at amortized cost			
Cash and cash equivalents	3	<b>18,634,038</b>	16,645,077
Trade receivables – net	4	<b>17,806,910</b>	18,097,898
Contract assets – net	5	<b>5,664,545</b>	6,223,595
Non-trade receivables	6	<b>5,234,214</b>	5,383,670
Loans receivable from related parties	6	<b>3,864,935</b>	3,864,935
		<b>₱62,250,944</b>	<b>₱58,744,865</b>
<b>Financial Liabilities:</b>			
Derivative liabilities			
Designated as cash flow hedges (FVOCI)		<b>₱394,545</b>	₱424,555
Not designated as hedges (FVPL)		<b>18,468</b>	57,627
Financial liabilities at amortized cost			
Trade payables and accrued expenses*	11	<b>74,555,728</b>	76,520,166
Loans payable	12	<b>248,734,598</b>	249,955,569
Other long term liabilities**		<b>1,028,384</b>	1,137,748
		<b>₱324,731,723</b>	<b>₱328,095,665</b>

\*Trade payables and accrued expenses do not include taxes payables which are not considered financial liabilities

\*\*Other long term liabilities do not include ARO and taxes payables which is not considered financial liabilities



## 17.2 Fair Values of Financial Assets and Financial Liabilities

The table below presents a comparison of carrying amounts and estimated fair values of all Globe's financial instruments as of (In thousands):

	June 30 2024 (Unaudited)	December 31 2023 (Audited)		
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>				
Derivative assets <sup>1</sup>	<b>₱7,084,521</b>	<b>₱7,084,521</b>	₱4,716,964	₱4,716,964
Investment in debt and equity securities <sup>1</sup>	<b>3,961,781</b>	<b>3,961,781</b>	3,812,726	3,812,726
	<b>₱11,046,302</b>	<b>₱11,046,302</b>	₱8,529,690	₱8,529,690
<b>Financial Liabilities</b>				
Derivative liabilities <sup>1</sup>	<b>₱413,013</b>	<b>₱413,013</b>	₱482,182	₱482,182
Loans payable <sup>2</sup>	<b>248,734,598</b>	<b>248,125,641</b>	249,955,569	250,895,575
	<b>₱249,147,611</b>	<b>₱248,538,654</b>	₱250,437,751	₱251,377,757

<sup>1</sup> Measured at fair value on a recurring basis

<sup>2</sup> Fair value is disclosed only in the Notes to Financial Statements

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

### Non-Derivative Financial Instrument

The fair values of cash and cash equivalents, trade receivables, contract assets, non-trade receivables, trade payables and accrued expenses are approximately equal to their carrying amounts considering the short-term maturities of these financial instruments.

The fair value of loans receivable from related parties was estimated based on the present value of all future cash flows discounted using the prevailing market rate of interest for a similar instrument. The resulting fair value of loans receivable from related parties approximates the carrying amount.

The fair value of investments in debt and equity securities are based on quoted prices of similar instruments (Level 1) and recent funding round prices of identical or similar instruments (Level 2). Certain investments in equity securities with no recent funding round were valued using sales enterprise value multiple of comparable companies ranging from 1.5x to 26.3x.

For variable rate loans payable that reprice every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates. For variable rate loans payable that reprice every six months, the fair value is determined by discounting the principal amount plus the next interest payment using the prevailing market rate for the period up to the next repricing date.

For noninterest bearing and fixed rate loans payable, the fair value was estimated as the present value of all future cash flows discounted using the prevailing market rate of interest for a similar instrument.



### *Derivative Instrument*

The fair value of freestanding and embedded forward exchange contracts is calculated by using the interest rate parity concept.

The fair values of interest rate swaps and cross currency swap transactions are determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for credit and liquidity risks existing at the end each of reporting period. The fair value of interest rate swap transactions is the net present value of the estimated future cash flows. The fair values of currency and cross currency swap transactions are determined based on changes in the term structure of interest rates of each currency and the spot rate.

The fair values were tested to determine the impact of credit valuation adjustments. However, the impact is not material given that Globe deals its derivatives with large foreign and local banks with very minimal risk of default.

### *Fair Value Hierarchy*

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

	Fair value measurement using				
	Level 1	Level 2	Level 3	Total	
<b>June 30, 2024</b>		<i>(In Thousand Pesos)</i>			
<b>Financial Assets</b>					
Derivative assets	₱-	₱7,084,521	₱-	₱7,084,521	
Investment in debt and equity securities	828,240	2,357,378	776,163	3,961,781	
<b>Financial Liabilities</b>					
Derivative liabilities	-	413,013	-	413,013	
Loans payable	-	248,125,641	-	248,125,641	
<b>December 31, 2023</b>					
<b>Financial Assets</b>					
Derivative assets	₱-	₱4,716,964	₱-	₱4,716,964	
Investment in debt and equity securities	648,240	2,387,863	776,623	3,812,726	
<b>Financial Liabilities</b>					
Derivative liabilities	-	482,182	-	482,182	
Loans payable	-	250,895,575	-	250,895,575	

There were no transfers from Level 1 and Level 2 fair value measurements for the period ended June 30, 2024.

## **18 Capital and Financial Risk Management and Financial Instruments**

Globe adopts an expanded corporate governance approach in managing its business risks. An Enterprise Risk Management Policy was developed to systematically view the risks and to provide a better understanding of the different risks that could threaten the achievement of Globe's mission, vision, strategies, and goals, and to provide emphasis on how management and employees play a vital role in achieving Globe's mission of transforming and enriching lives through communications.



The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. Globe's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The application of these policies is the responsibility of the BOD through the Chief Executive Officer. The Chief Finance Officer and concurrent Chief Risk Officer champion oversees the entire risk management function. Risk owners have been identified for each risk and they are responsible for coordinating and continuously improving risk strategies, processes and measures on an enterprise-wide basis in accordance with established business objectives.

The risks are managed through the delegation of management and financial authority and individual accountability as documented in employment contracts, consultancy contracts, letters of authority, letters of appointment, performance planning and evaluation forms, key result areas, terms of reference and other policies that provide guidelines for managing specific risks arising from Globe's business operations and environment.

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

## **19 Operating Segment Information**

Globe's reportable segments consist of: (1) mobile communications services; and (2) wireline communication services; which Globe operates and manages as strategic business units and organize by products and services. Globe presents its various operating segments based on segment net income.

Intersegment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation.

Most of Globe's revenues are derived from operations within the Philippines, hence, Globe does not present geographical information required by PFRS 8, *Operating Segments*. Globe does not have a single customer that will meet the 10% reporting criteria.

Globe also presents the different product types that are included in the report that is regularly reviewed by the chief operating decision maker in assessing the operating segments performance.

Segment assets and liabilities are not measures used by the chief operating decision maker since the assets and liabilities are managed on a group basis.



Globe's segment information is as follows (in thousand pesos):

	June 30, 2024 (Unaudited)			
	Mobile Communications Services	Wireline Communications Services	Others	Consolidated
(In Thousand Pesos)				
<b>REVENUES:</b>				
Service revenues:				
External customers:				
Data	₱48,010,980	₱9,789,005	₱-	₱57,799,985
Voice	6,635,061	762,961	-	7,398,022
SMS	3,745,909	-	-	3,745,909
Broadband	-	12,100,164	-	12,100,164
Others	-	-	1,181,610	1,181,610
	<b>58,391,950</b>	<b>22,652,130</b>	<b>1,181,610</b>	<b>82,225,690</b>
Nonservice revenues:				
External customers	7,221,077	128,222	50,264	7,399,563
Segment revenues	65,613,027	22,780,352	1,231,874	89,625,253
Operating costs and expenses-net	(31,246,990)	(14,360,608)	(1,054,095)	(46,661,693)
EBITDA	34,366,037	8,419,744	177,779	42,963,560
Depreciation and amortization	(16,639,553)	(7,994,652)	(126,532)	(24,760,737)
EBIT	17,726,484	425,092	51,247	18,202,823
Finance cost and non-operating expenses – net	442,994	(261,633)	21,769	203,130
<b>NET INCOME (LOSS) BEFORE TAX</b>	<b>18,169,478</b>	<b>163,459</b>	<b>73,016</b>	<b>18,405,953</b>
Provision for income tax	(3,826,114)	(30,170)	(12,785)	(3,869,069)
<b>NET INCOME (LOSS)</b>	<b>₱14,343,364</b>	<b>₱133,289</b>	<b>₱60,231</b>	<b>₱14,536,884</b>
Intersegment revenues	(₱531,829)	(₱1,302,881)	(₱2,816,895)	(₱4,651,605)
Core net income after tax				11,712,052
Operating costs and expenses - net				
Operating expenses-net <sup>1</sup>	(22,014,664)	(12,975,316)	(1,013,337)	(36,003,317)
Cost of inventories sold	(7,320,036)	(295,354)	(37,273)	(7,652,663)
Impairment and other losses <sup>2</sup>	(1,447,237)	(783,732)	(3,493)	(2,234,462)
Interconnect costs	(465,053)	(306,206)	8	(771,251)
	<b>(31,246,990)</b>	<b>(14,360,608)</b>	<b>(1,054,095)</b>	<b>(46,661,693)</b>
Finance costs and non-operating charges				
Finance costs	(6,613,222)	(90,892)	(12,876)	(6,716,990)
Equity share in net income (losses) of joint ventures	2,178,505	263,633	-	2,442,138
Interest income	222,865	80,087	66,524	369,476
Other non-operating income-net <sup>3</sup>	4,654,846	(514,461)	(31,879)	4,108,506
	<b>442,994</b>	<b>(261,633)</b>	<b>21,769</b>	<b>203,130</b>
<b>Cash Flows</b>				
Net cash from (used in):				
Operating activities	₱38,323,900	₱4,430,749	₱72,356	₱42,827,005
Investing activities	(6,966,980)	(7,246,127)	(7,210)	(14,220,317)
Financing activities	(25,977,460)	(632,854)	1,908	(26,608,406)

<sup>1</sup>Operating expenses-net primarily includes general, selling and admin expenses net of income from leases, management fees and other operating income

<sup>2</sup>Impairment and other losses includes impairment loss on receivables, contract assets, inventories, and provision for probable losses

<sup>3</sup>Other non-operating income primarily includes gain on sale and leaseback of telecom towers – net under mobile communications services, net gain (loss) on derivative instruments, net foreign exchange gain (loss), net gain on disposal of property and equipment, net gain (loss) on ARO and other non-operating income/charges



	Mobile Communications Services	Wireline Communications Services	Others	Consolidated
June 30, 2023 (Unaudited)				
<i>(In Thousand Pesos)</i>				
<b>REVENUES:</b>				
Service revenues:				
External customers:				
Data	₱44,036,306	₱9,071,921	₱-	₱53,108,227
Voice	6,793,917	856,725	-	7,650,642
SMS	3,992,439	-	-	3,992,439
Broadband	-	12,809,116	-	12,809,116
Others	-	-	2,840,569	2,840,569
	54,822,662	22,737,762	2,840,569	80,400,993
Nonservice revenues:				
External customers	8,907,502	152,147	63,636	9,123,285
Segment revenues	63,730,164	22,889,909	2,904,205	89,524,278
Operating costs and expenses-net	(31,806,378)	(15,193,908)	(2,030,917)	(49,031,203)
EBITDA	31,923,786	7,696,001	873,288	40,493,075
Depreciation and amortization	(15,840,879)	(6,921,350)	(127,709)	(22,889,938)
EBIT	16,082,907	774,651	745,579	17,603,137
Finance cost and non-operating expenses – net	1,427,042	5,837	(1,344)	1,431,535
<b>NET INCOME (LOSS) BEFORE TAX</b>	17,509,949	780,488	744,235	19,034,672
Provision for income tax	(4,255,775)	(215,915)	(187,756)	(4,659,446)
<b>NET INCOME (LOSS)</b>	<b>₱13,254,174</b>	<b>₱564,573</b>	<b>₱556,479</b>	<b>₱14,375,226</b>
Intersegment revenues	(₱547,588)	(₱974,868)	(₱3,358,504)	(₱4,880,960)
Core net income after tax				9,944,684
Operating costs and expenses - net				
Operating expenses-net <sup>1</sup>	(20,646,485)	(13,656,898)	(1,940,302)	(36,243,685)
Cost of inventories sold	(9,171,499)	(294,928)	(85,979)	(9,552,406)
Impairment and other losses <sup>2</sup>	(1,570,525)	(955,415)	(4,583)	(2,530,523)
Interconnect costs	(417,869)	(286,667)	(53)	(704,589)
	(31,806,378)	(15,193,908)	(2,030,917)	(49,031,203)
Finance costs and non-operating charges				
Finance costs	(5,584,427)	(102,567)	(16,772)	(5,703,766)
Equity share in net income (losses) of joint ventures	709,688	167,611	-	877,299
Interest income	193,887	46,929	43,736	284,552
Other non-operating income-net <sup>3</sup>	6,107,894	(106,136)	(28,308)	5,973,450
	1,427,042	5,837	(1,344)	1,431,535
<b>Cash Flows</b>				
Net cash from (used in):				
Operating activities	₱27,310,491	₱6,669,849	₱111,852	₱34,092,192
Investing activities	(18,433,635)	(5,842,128)	(13,391)	(24,289,154)
Financing activities	(2,730,355)	135,701	61,421	(2,533,233)

<sup>1</sup>Operating expenses-net primarily includes general, selling and admin expenses net of income from leases, management fees and other operating income

<sup>2</sup>Impairment and other losses includes impairment loss on receivables, contract assets, inventories, and provision for probable losses

<sup>3</sup>Other non-operating income primarily includes gain on sale and leaseback of telecom towers – net under mobile communications services, net gain (loss) on derivative instruments, net foreign exchange gain (loss), net gain on disposal of property and equipment, net gain (loss) on ARO and other non-operating income/charges



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

	<b>Six-Month Period Ended June 30</b>	
	<b>2024 (Unaudited)</b>	<b>2023 (Unaudited)</b>
<i>(In Thousand Pesos)</i>		
CORE NIAT	<b>₱11,712,052</b>	₱9,944,684
Gain (Loss) on derivative instruments - /net	<b>3,145,654</b>	(458,892)
Foreign exchange gains (losses) – net	<b>(2,932,574)</b>	470,473
Gain on sale and leaseback of telecom towers - net	<b>2,615,411</b>	4,374,463
Others	<b>(3,659)</b>	44,498
<b>NIAT</b>	<b>₱14,536,884</b>	<b>₱14,375,226</b>

### *19.1 Mobile Communications Services*

This reporting segment is made up of digital cellular telecommunications services which includes mobile voice, mobile SMS and mobile data.

Globe Telecom offers its mobile communications services to consumers, corporate and small and medium enterprise (SME) clients through the following three (3) brands: Globe Postpaid, Globe Prepaid and Touch Mobile.

#### *19.1.1 Mobile Voice*

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

#### *19.1.2 Mobile SMS*

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

#### *19.1.3 Mobile Data*

Mobile Data services allow subscribers to access the internet using their internet-capable mobile devices or laptops with USB modems. Mobile data also includes local and international revenues from value-added services such as content downloading, mobile commerce services, and other add-on VAS.

### *19.2 Wireline Communications Services*

This reporting segment is made up of fixed line voice, corporate data and home broad band services.

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

#### *19.2.1 Fixed Line Voice*

Globe's fixed line voice services include local, national and international long-distance calling services in postpaid and prepaid packages through its Globelines brand. For corporate and enterprise customers, Globe offers voice solutions that include regular and premium conferencing, enhanced voice mail, IP-PBX solutions and domestic or international toll-free services.



#### *19.2.2 Corporate Data*

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

- Connectivity - Globe connectivity services provides an up to speed with a fast and resilient connection powered by dedicated and reliable technologies. This service includes domestic data, international data, and other internet services.
- Cloud computing– Globe's range of cloud computing services provides improved efficiency and agility in the face of evolving business environments while keeping costs low.
- Data Centers - Globe Data Center offers outsourced data center hosting and management for a superior experience that goes beyond technology.
- Cybersecurity –Globe cybersecurity provides enterprises the access to the best-in-class tool sets, hardware, software, and even niche technology experts to handle security threats and IT infrastructure in a cost-effective manner.
- Business Continuity - Globe business continuity services provides the right digital solutions for uninterrupted business operations. The product offers seamless connectivity through Prepaid Mobile WiFi or Corporate Managed Broadband, empowered remote workforce using collaboration tools, and security for their business operations with Backup-as-a-Service (BaaS) and Disaster-Recovery-as-a-Service (DRaaS), among others.
- Business Applications – Globe offers a diverse range of business applications solutions to streamline and enhance the business' operations, and raise efficiency, productivity, and customer satisfaction.

#### *19.2.3 Home Broadband*

Globe offers wired and fixed wireless Broadband services, across various technologies and connectivity speeds for its residential and business customers. Globe Home Broadband consists of wired Broadband packages bundled with voice, or Broadband data-only services.

#### *19.2.4 Others*

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



## 20 Significant Agreements

### 20.1 Agreements and Commitments with Other Carriers

Globe Telecom, Innove and BTI have existing international telecommunications service agreements with various foreign administrations and interconnection agreements with local telecommunications companies for their various services. Globe Telecom also has international roaming agreements with other foreign operators, which allow its subscribers access to foreign networks. The agreements provide for sharing of toll revenues derived from the mutual use of telecommunication networks.

The Interconnect costs amounted to ₱407.95 million and ₱343.60 million for the three-month period ended and ₱771.25 million and ₱704.59 million for the six-month period ended June 30, 2024 and 2023, respectively.

Net traffic settlements receivables amounted to ₱1,238.30 million and ₱1,124.38 million while net traffic settlements payable amounted to ₱821.70 million and ₱575.37 million as of June 30, 2024 and December 31, 2023, respectively (see [Notes 4](#) and [11](#)).

### 20.2 Arrangements and Commitments with Suppliers

Globe has entered into agreements with various suppliers for the development or construction, delivery and installation of property and equipment. Under the terms of these agreements, advance payments and down payments are made to suppliers upon submission of required documentation. While the development or construction is in progress, project costs are accrued based on the project status. Billings are based on the progress of the development or construction and advance payments are being applied proportionately to the milestone billings. When development or construction and installation are completed and the property and equipment is ready for service, the value of unbilled but delivered goods or services from the related purchase orders is accrued.

The accrued project costs as of June 30, 2024 and December 31, 2023 included in the "Trade payables and accrued expenses" account in the consolidated statements of financial position amounted to ₱36,014.23 million and ₱40,311.98 million, respectively (see [Note 11](#)). The settlement of these liabilities is dependent on the payment terms and project milestones agreed with the suppliers and contractors. As of June 30, 2024 and December 31, 2023, the unapplied advances made to suppliers and contractors relating to purchase orders issued amounted to ₱16,406.30 million and ₱19,863.87 million, respectively (see [Note 6](#)).

## 21 Contingencies

Globe is contingently liable for various claims arising in the ordinary conduct of business and certain tax assessments which are either pending decision by the courts or are being contested, the outcome of which are not presently determinable. In the opinion of management and legal counsel, the possibility of outflow of economic resources to settle the contingent liability is remote.

### *Interconnection Charge for Short Messaging Service*

On October 10, 2011, the NTC issued Memorandum Circular (MC) No. 02-10-2011 titled Interconnection Charge for Short Messaging Service requiring all public telecommunication entities to reduce their interconnection charge to each other from ₱0.35 to ₱0.15 per text, which Globe Telecom complied as early as November 2011. On December 11, 2011, the NTC One Stop Public Assistance Center (OSPAC) filed a complaint against Globe Telecom, Smart and Digitel alleging violation of the said MC No. 02-10-2011 and asking for the reduction of SMS off-net retail price from P1.00 to P0.80 per text. Globe Telecom filed its response maintaining the position that the reduction of the SMS interconnection charges does not automatically translate to a reduction in the SMS retail charge per text.



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

- Reduce its regular SMS retail rate from P1.00 to not more than ₱0.80;
- Refund/reimburse its subscribers the excess charge of ₱0.20; and
- Pay a fine of ₱200.00 per day from December 1, 2011 until date of compliance.

On May 7, 2014, NTC denied the Motion for Reconsideration (MR) filed by Globe Telecom last December 5, 2012 in relation to the November 20, 2012 decision. Globe Telecom's assessment is that Globe Telecom is in compliance with the NTC Memorandum Circular No. 02-10-2011. On June 9, 2014, Globe Telecom filed petition for review of the NTC decision and resolution with the Court of Appeals (CA).

The CA granted the petition in a resolution dated September 3, 2014 by issuing a 60-day temporary restraining order on the implementation of Memorandum Circular 02-10-2011 by the NTC. On October 15, 2014, Globe Telecom posted a surety bond to compensate for possible damages as directed by the CA.

On June 27, 2016, the CA rendered a decision reversing the NTC's abovementioned decision and resolution requiring telecommunications companies to cut their SMS rates and return the excess amount paid by subscribers. The CA said that the NTC order was baseless as there is no showing that the reduction in the SMS rate is mandated under MC No. 02-10-2011; there is no showing, either that the present P1.00 per text rate is unreasonable and unjust, as this was not mandated under the memorandum. Moreover, under the NTC's own MC No. 02-05-2008, SMS is a value added service (VAS) whose rates are deregulated. The respective motions for reconsideration filed by NTC and that of intervenor Bayan Muna Party List (Bayan Muna) Representatives Neri Javier Colmenares and Carlos Isagani Zarate were both denied.

The NTC thus elevated the CA's ruling to the Supreme Court (SC) via a Petition for Review on Certiorari dated September 15, 2017.

For its part, Bayan Muna filed its own Petition for Review on Certiorari of the CA's Decision. On January 4, 2018, Globe received a copy of the SC's Resolution dated November 6, 2017, requiring it to comment on said petition of Bayan Muna. Subsequently, on February 21, 2018, Globe received a copy of the SC's Resolution dated December 13, 2017 consolidating the Petitions for Review filed by Bayan Muna and NTC, and requiring Globe to file its comment on the petition for review filed by NTC. Thus, on April 2, 2018, Globe filed its Consolidated Comment on both Bayan Muna and the NTC's petitions for review. On September 18, 2018, Globe received a copy of Bayan Muna's Consolidated Reply to Globe's Consolidated Comment and Digitel and Smart's Comment.

Globe Telecom believes that it did not violate NTC MC No. 02-10-2011 when it did not reduce its SMS retail rate from Php 1.00 to Php 0.80 per text, and hence, would not be obligated to refund its subscribers. However, if it is ultimately decided by the Supreme Court (on the appeal taken thereto by the NTC from the adverse resolution of the CA) that Globe Telecom is not compliant with said circular, Globe may be contingently liable to refund to its subscribers the ₱0.20 difference (between ₱1.00 and ₱0.80 per text) reckoned from November 20, 2012 until said decision by the SC becomes final and executory. Management does not have an estimate of the potential claims currently.



### *Guidelines on Unit of Billing of Mobile Voice Service*

On July 23, 2009, the NTC issued NTC MC No. 05-07-2009 (Guidelines on Unit of Billing of Mobile Voice Service). The MC provides that the maximum unit of billing for the Cellular Mobile Telephone System (CMTS) whether postpaid or prepaid shall be six (6) seconds per pulse. The rate for the first two (2) pulses, or equivalent if lower period per pulse is used, may be higher than the succeeding pulses to recover the cost of the call set-up. Subscribers may still opt to be billed on a one (1) minute per pulse basis or to subscribe to unlimited service offerings or any service offerings if they actively and knowingly enroll in the scheme.

On December 28, 2010, the Court of Appeals (CA) rendered its decision declaring null and void and reversing the decisions of the NTC in the rates applications cases for having been issued in violation of Globe Telecom and the other carriers' constitutional and statutory right to due process. However, while the decision is in Globe Telecom's favor, there is a provision in the decision that NTC did not violate the right of petitioners to due process when it declared via circular that the per pulse billing scheme shall be the default.

On January 21, 2011, Globe Telecom and two other telecom carriers, filed their respective Motions for Partial Reconsideration (MPR) on the pronouncement that "the Per Pulse Billing Scheme shall be the default". The petitioners and the NTC filed their respective Motion for Reconsideration, which were all denied by the CA on January 19, 2012.

On March 12, 2012, Globe and Innove elevated to the SC the questioned portions of the Decision and Resolution of the CA dated December 28, 2010 and its Resolution dated January 19, 2012. The other service providers, as well as the NTC, filed their own petitions for review. The adverse parties have filed their comments on each other's petitions, as well as their replies to each other's comments. Parties were required to file their respective Memoranda and Globe filed its Memorandum on May 25, 2018. The case is now submitted for resolution.

### *Acquisition by Globe Telecom and PLDT of the Entire Issued and Outstanding Shares of VTI*

In a letter dated June 7, 2016 issued by Philippine Competition Commission (PCC) to Globe Telecom, PLDT, SMC and VTI regarding the Joint Notice filed by the aforementioned parties on May 30, 2016, disclosing the acquisition by Globe Telecom and PLDT of the entire issued and outstanding shares of VTI, the PCC claims that the Notice was deficient in form and substance and concludes that the acquisition cannot be claimed to be deemed approved.

On June 10, 2016, Globe Telecom formally responded to the letter reiterating that the Notice, which sets forth the salient terms and conditions of the transaction, was filed pursuant to and in accordance with MC No. I6-002 issued by the PCC. MC No. 16-002 provides that before the implementing rules and regulations for RA No. 10667 (the Philippine Competition Act of 2015) come into full force and effect, upon filing with the PCC of a notice in which the salient terms and conditions of an acquisition are set forth, the transaction is deemed approved by the PCC and as such, it may no longer be challenged. Further, Globe Telecom clarified in its letter that the supposed deficiency in form and substance of the Notice is not a ground to prevent the transaction from being deemed approved. The only exception to the rule that a transaction is deemed approved is when a notice contains false material information. In this regard, Globe Telecom stated that the Notice does not contain any false information.



On June 17, 2016, Globe Telecom received a copy of the second letter issued by PCC stating that notwithstanding the position of Globe Telecom, it was ruling that the transaction was still subject for review.

On July 12, 2016, Globe Telecom asked the CA to stop the government's anti-trust body from reviewing the acquisition of SMC's telecommunications business. Globe Telecom maintains the position that the deal was approved after Globe Telecom notified the PCC of the transaction and that the anti-trust body violated its own rules by insisting on a review. On the same day, Globe Telecom filed a Petition for Mandamus, Certiorari and Prohibition against the PCC, docketed as CA-G.R. SP No. 146538. On July 25, 2016, the CA, through its 6th Division issued a resolution denying Globe Telecom's application for TRO and injunction against PCC's review of the transaction. In the same resolution, however, the CA required the PCC to comment on Globe Telecom's petition for certiorari and mandamus within 10 days from receipt thereof. The PCC filed said comment on August 8, 2016. In said comment, the PCC prayed that the ₱70.00 billion deal between PLDT-Globe Telecom and San Miguel be declared void for PLDT and Globe Telecom's alleged failure to comply with the requirements of the Philippine Competition Act of 2015. The PCC also prayed that the CA direct Globe Telecom to: cease and desist from further implementing its co-acquisition of the San Miguel telecommunications assets; undo all acts consummated pursuant to said acquisition; and pay the appropriate administrative penalties that may be imposed by the PCC under the Philippine Competition Act for the illegal consummation of the subject acquisition.

Meanwhile, PLDT filed a similar petition with the CA, docketed as CA G.R. SP No. 146528, which was raffled off to its 12th Division. On August 26, 2016, PLDT secured a TRO from said court. Thereafter, Globe Telecom's petition was consolidated with that of PLDT, before the 12th Division. The consolidation effectively extended the benefit of PLDT's TRO to Globe Telecom. The parties were required to submit their respective Memoranda, after which, the case shall be deemed submitted for resolution.

On February 17, 2017, the CA issued a Resolution denying PCC's Motion for Reconsideration dated September 14, 2016 for lack of merit. In the same Resolution, the Court granted PLDT's Urgent Motion for the Issuance of a Gag Order and ordered the PCC to remove the offending publication from its website and also to obey the sub judice rule and refrain from making any further public pronouncements regarding the transaction while the case remains pending. The Court also reminded the other parties, PLDT and Globe, to likewise observe the sub judice rule. For this purpose, the Court issued its gag order admonishing all the parties "to refrain, cease and desist from issuing public comments and statements that would violate the sub judice rule and subject them to indirect contempt of court. The parties were also required to comment within ten days from receipt of the Resolution, on the Motion for Leave to Intervene, and Admit the Petition-in Intervention dated February 7, 2017 filed by Citizenwatch, a non-stock and non-profit association.

On April 18, 2017, PCC filed a petition before the SC docketed as G.R. No. 230798, to lift the CA's order that has prevented the review of the sale of San Miguel Corp.'s telecommunications unit to PLDT Inc. and Globe Telecom. On April 25, 2017, Globe filed before the SC a Motion for Intervention with Motion to Dismiss the petition filed by the PCC.

As of June 30, 2017, the SC did not issue any TRO on the PCC's petition to lift the injunction issued by the CA. Hence, the PCC remains barred from reviewing the SMC deal.

On July 26, 2017, Globe received the SC en banc Resolution granting Globe's Extremely Urgent Motion to Intervene. In the same Resolution, the Supreme Court treated as Comment, Globe's Motion to Dismiss with Opposition Ad Cautelam to PCC's Application for the Issuance of a Writ of Preliminary Injunction and/or TRO.



On August 31, 2017, Globe received another Resolution of the SC en banc, requiring the PCC to file a Consolidated Reply to the Comments respectively filed by Globe and PLDT, within ten (10) days from notice.

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

In the meantime, in a Decision dated October 18, 2017, the CA, in CA-G.R. SP No. 146528 and CA-G.R. SP No. 146538, granted Globe and PLDTs Petition to permanently enjoin and prohibiting PCC from reviewing the acquisition and compelling the PCC to recognize the same as deemed approved. PCC elevated the case to the SC via Petition for Review on Certiorari.

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

#### *Co-use of frequencies by PLDT/Smart and Globe Telecom as a result of the acquisition of controlling shares in VTI*

On January 21, 2019, Globe filed its Comment to a petition filed by lawyers Joseph Lemuel Baligod and Ferdinand Tecson before the Supreme Court, against the NTC, PCC, Liberty Broadcasting Network, Inc., (LBNI), Bell Telecommunications Inc. (BellTel), Globe, PLDT and Smart, docketed as G.R. No. 242352. The petition sought to, among others, enjoin PLDT/Smart and Globe from co-using the frequencies assigned to LBNI and BellTel in view of alleged irregularities in NTC's assignment of these frequencies to these entities. In its Comment, Globe argued that the frequencies were assigned in accordance with existing procedures prescribed by law and that to prevent the use of the frequencies will only result to its being idle and unutilized. Moreover, in view of the substantial investments made by Globe, for the use of these frequencies, enjoining its use will cause grave and irreparable injury not only to Globe but to subscribers who will be deprived of the benefits of fast and reliable telecommunications services. The other Respondents have likewise filed their respective Comments to the petition.

## **22 Events After Reporting Period**

### *Sale and Leaseback of Telecom Towers*

Globe completed the sale of 1,037 telecom towers on July 23, 2024 for cash consideration of ₱13.17 billion. The corresponding leaseback arrangements for those telecom towers sold took effect at the date of sale.

To date, Globe completed the sale of 6,628 telecom towers representing 88% of the total towers portfolio subject to sale.

### *Investment in Mynt*

On August 1, 2024, Mynt secured fresh strategic investments from AC, through its wholly-owned subsidiary, AC Ventures Holdings, Inc. (ACV), and Mitsubishi UFJ Financial Group (MUFG), through its consolidated subsidiary, MUFG Bank Ltd. The deal pushed Mynt's valuation to \$5 billion from the \$2 billion valuation in the 2021 funding round.

### *Dividend Declaration*

On August 6, 2024, the BOD approved the declaration of the third quarter cash dividend of ₱25 per common share, payable to common stockholders of record as of August 20, 2024. Total dividends amounting to ₱3.6 billion will be payable on September 5, 2024.



## 23 Financial Soundness Indicators

	June 30 2024	December 31 2023
<b>Financial Ratios</b>		
Debt to EBITDA	<b>2.68</b>	2.75
Debt Service Coverage Ratio	<b>1.60</b>	2.18
Interest Coverage Ratio	<b>4.66</b>	4.95
Debt to Equity (D/E Ratio) - gross	<b>1.49</b>	1.56
Debt to Equity (D/E Ratio) - net	<b>1.38</b>	1.46
Debt to Total Capitalization - book	<b>0.60</b>	0.61
Debt to Total Capitalization - market	<b>0.45</b>	0.50
Total Asset to Equity Ratio	<b>3.77</b>	3.82
Current Ratio	<b>0.56</b>	0.61
Solvency Ratio	<b>0.17</b>	0.17
<b>Profitability Margins</b>		
EBITDA Margins	<b>52%</b>	50%
Net Profit Margin	<b>18%</b>	15%
Return on Equity	<b>15%</b>	16%