



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

1. November 10, 2022
Date of Report (Date of earliest event reported)
2. SEC Identification Number CS200716094
3. BIR Tax Identification No. 006-895-049-000
4. Converge Information and Communications Technology Solutions, Inc.
Exact name of issuer as specified in its charter
5. Metro Manila, Philippines
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code:
7. New Street Building, Mc Arthur Highway, Balibago, Angeles City, Pampanga 2009
Address of principal office Postal Code
8. (02) 8667-0888
Issuer's telephone number, including area code
9. N/A
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	7,266,573,061
Fixed Rate Bonds	10,000,000,000

11. Indicate the item numbers reported herein: Item 9. Other events

CONVERGE CONTINUES TO DELIVER SOLID REVENUE GROWTH AND INDUSTRY-LEADING PROFITABILITY
REVENUE GROWTH FOR 9M2022 REACHED 30.0% Y.O.Y.,
ACHIEVING AN EBITDA OF ₱14.4Bn (59.0% EBITDA MARGIN) AND ₱6.1Bn NET INCOME (24.9% NET INCOME MARGIN) WHILE MAINTAINING ITS STRONG BALANCE SHEET

9M2022 Key Highlights

- Converge achieved solid revenue growth in 9M2022 of 30.0% vs 9M2021 in line with its revised full-year annual guidance
- EBITDA margins expanded from 55.1% in 9M2021 to a new all-time high of 59.0% in 9M2022
- Net income after tax grew by 17.5% to ₱6,107 million in 9M2022 from ₱5,198 million in 9M2021
- Residential revenue grew 30.5% YoY in 9M2022 driven by growing subscriber base and stable ARPU
- Residential subscriber net additions re-accelerated QoQ to more than 28,000 in 3Q2022 (vs. 14,000 in 2Q2022) as average monthly churn rates improved from 2.5% to less than 2.0% QoQ
- Enterprise revenues grew by 26.9% from 9M2021 to 9M2022, yet another peak in YoY growth since the onset of the global pandemic, exceeding management guidance of 20% YoY growth for FY2022
- FTTH port roll-out of more than 411,000 in 3Q2022 augmented our existing extensive fiber infrastructure, which is the broadest fiber network in the country with more than 6.7 million FTTH ports, representing 53.0% household coverage across the Philippines, in line with target of 55.0% by 2023
- Maintained industry leading ROIC of 16.6% in 9M2022

MANILA, Philippines, November 10, 2022 – The Philippines’ only pure-play high-speed fixed broadband operator, Converge Information and Communications Technology Solutions, Inc. (PSE: CNVRG) (“Converge”) ended September 2022 with 1,845,162 residential subscribers, a 16% increase from the same month last year. The Company deployed 411,320 new fiber-to-the-home (“FTTH”) ports during 3Q2022, increasing Converge’s nationwide network reach to more than 14.3 million homes passed as of September 30, 2022. With more than 6.7 million fiber ports throughout the country, Converge has the largest fiber infrastructure network in the Philippines. In line with the Company’s mission to bring affordable high speed fiber broadband connectivity to the unserved and underserved in the country, Converge achieved a 53.0% nationwide household coverage, on track to reach the Company’s accelerated target to cover approximately 55.0% of households in the Philippines by 2023.

Industry-leading Trifecta with 30.0% YoY Revenue Growth from 9M2021 to 9M2022, 59.0% EBITDA Margin and 16.6% ROIC

Residential Business Continues Growth

Consolidated revenues grew by 30.0% from ₱18,831 million in 9M2021 to ₱24,481 million in 9M2022 in line with management’s revised full-year annual guidance of 25-30% YoY revenue growth for FY2022. Revenues from our residential business grew by 30.5% from ₱16,374 million to ₱21,362 million during the same period, driven by a 16% YoY growth in our subscriber base. The monthly Average Revenue per User (“ARPU”) of the residential segment remained stable at ₱1,261 in 3Q2022. Enterprise revenue growth continued to accelerate, growing by 26.9% YoY, from ₱2,457 million to ₱3,119 million during the same period, with solid growth across all enterprise segments, such as small and medium enterprise (“SME”), large enterprises, and wholesale.

Converge ended September 30, 2022 with 1,845,162 residential subscribers. Gross additions in Visayas and Mindanao (collectively referred to as “VisMin”) improved significantly as the Company continues its expansion in these key regions. In 3Q2022, 15.8% of gross adds came from VisMin, compared to only 5.0% in 2Q2021. This remains a key region for growth as the Company continues to expand its network into new cities and municipalities across VisMin.

Converge has reinstated advance payment requirements for new residential subscribers starting June 2022 in efforts to better manage churn. With this, average monthly churn has significantly improved from last quarter – down from 2.5% to less than 2.0%. The Company expects monthly churn rates to gradually trend back to around 1.5% levels. With improved churn and focus on subscriber growth, net residential subscriber additions in 3Q2022 more than doubled from last quarter to more than 28,000.

As the economy of the Philippines continues to recover from the impact of the Covid pandemic, revenues from our enterprise business during the third quarter continued its growth momentum at 29% YoY, marking the sixth consecutive quarter of accelerated revenue growth rates. The SME business continues to grow with a 68% increase in revenue in 3Q2022 on the back of a growing customer base. Compared to September 30, 2021, SME customers grew by 77%, reaching more than 31,000 customers as of September 30, 2022. Large enterprise segment also grew significantly during the first half of the year with 17% revenue growth on the back of additional key customer wins across multiple industries. Similarly, the Company’s wholesale segment grew by 52% as we increasingly monetize capacity on our vast domestic fiber network and our international cables, with wholesale customers such as telecommunication carrier clients and international over-the-top media services (“OTTs”).

Expanded Profitability in 9M2022 driven by Increased Scale and Prudent Cost Management

Converge achieved an EBITDA of ₱14,445 million in 9M2022, 39% higher from the previous year. As a result, Converge’s consolidated EBITDA margin reached 59.0% in the first nine months of the year, higher than the 55.1% in 9M2021. The Company achieved slightly elevated EBITDA margin of 62.4% during 3Q2022, which was driven by enterprise revenue growth, reduced cost to serve and install, manpower cost improvements, one-off effect of personnel benefit adjustments, and foreign exchange gains.

Network materials and supplies costs declined in 9M2022 compared to 9M2021, reducing the account’s cost margin from 8% to 4% of consolidated revenues. This was driven by a combination of fewer installations compared to 9M2021 and lower unit costs of our network materials and supplies as we continue to optimize our last mile roll-out cost. This was offset by increases in Repairs and maintenance, Outside services, Promotions, and Personnel costs (G&A). Repairs and maintenance increased due to increase in headcount for operations and maintenance to support subscriber line repairs and maintenance of our expanded network base. Costs of Outside services, on the other hand, increased as the Company boosted the number of contact agents to improve responsiveness. Promotions were intensified during the first nine months of the year as the Company relating to brand enhancement activities in new areas across Visayas and Mindanao. Lastly, Personnel costs (G&A) grew due to the increase in headcount to support the growing business and compensation expense related to share option benefits.

Net income after tax grew from ₱5,198 million in 9M2021 to ₱6,107 million in 9M2022, resulting in Net income margins of 25%. As expected, depreciation and amortization increased by 71% year-on-year due to the aggressive expansion of the Company’s fiber network infrastructure in the previous years. Depreciation and amortization margins grew from 14% to 19% from 9M2021 to 9M2022. Finance cost margins also grew from 2% to 5% due to bank drawdowns and the ₱10 billion bond issued during 2Q2022 – mainly used for the aforementioned infrastructure expansion.

Return on Invested Capital (“ROIC”) remained high with 16.6% for the first nine months of 2022. Our high ROIC continues to be at industry-leading levels as a result of Converge’s disciplined approach in deploying capital to expand its fiber network and tracking key capital efficiency indicators such as our

port utilization ratios. Converge's blended port utilization ratio as of September 30, 2022 was at 24.1%. Of the 9M2022 FTTH ports deployed, around 24% were rolled out in Visayas and Mindanao ("VisMin") – from 20% last quarter, as we are actively expanding into these new markets, while continuously deepening our presence in Luzon.

Strong Balance Sheet, FX Management, and Cash Flows

Equipped with strong balance sheet to navigate through a challenging macro-economic environment, Converge continues to have ample liquidity and gearing comfortably within bank covenants. The Company's net debt position (as measured by total financial debt less cash and cash equivalents) was ₱26,881 million as of September 30, 2022. The Company did not draw any bank debt in 3Q2022 since liquidity is adequate for operational and capital expenditures paid for during the quarter. All outstanding bank debts have limited inflationary exposure since these are Philippine peso denominated and are long-term fixed lines.

Overall, the Company's disciplined foreign exchange management has limited our negative exposure to peso depreciation. Converge has ₱7.7 billion worth of USD currency cash reserves as of September 2022 to fund the foreign-denominated capital expenditures, allowing the Company to minimize any foreign exchange losses from currency depreciation.

With no additional debt and strong profitability growth, the Company's leverage ratios improved during the quarter. Net debt to LTM EBITDA declined from 1.5x in 1H2022 to 1.4x in 9M2022. Debt service coverage ratio ("DSCR") was at 4.0x in 9M2022, well within our strictest DSCR covenant of 1.2x.

Our weighted average cost of debt from outstanding debt facilities (bank loans and bonds) remains unchanged from previous quarter of 5.0% as of September 2022, with average debt maturity of almost five years. This is significantly lower than the 5-year BVAL benchmark rate of 6.3% as of September 2022, highlighting the strength of our balance sheet in a market environment with rising interest rates.

Boosting Speeds of Residential Plans

Beyond being the largest fiber network in the Philippines, Converge is committed to offer the fastest high-speed internet connectivity services in the country. On November 11, 2022, Converge will be permanently increasing the speeds for its residential base plans for free. The FiberX Plan 1500 will have speeds of up to 200Mbps, double of its current capacity. Similarly, existing and potential subscribers of higher priced plans will also experience speed boosts. (1) A new FiberX Plan 2000 will be introduced to offer 400Mbps, (2) FiberX Plan 2500's speeds will also double from 300Mbps to 600Mbps, (3) FiberX Plan 3500 will maintain its 800Mbps speeds, and (4) finally, a 1Gbps plan will be introduced as FiberX Plan 7499.

As Converge has designed its network with significant built-in capacity, the announced speed-increases come without any need for incremental capital expenditures for the Company.

According to Ookla, the Philippine's fixed broadband download speed registered at 78.69 Mbps in September 2022, ranking fifth behind Singapore, Thailand, Malaysia, and Vietnam.

Sustained Growth Trajectory of Enterprise Business

The Company's Enterprise business continued to accelerate revenue growth, with a 27% YoY growth from 9M2021 to 9M2022, exceeding management guidance of 20% YoY growth for FY2022. The small-medium enterprise segment ("SME") remained a significant growth contributor amid the reopening of the economy. In 3Q2022, revenues from SME grew by 68% compared to 3Q2021. Also, the segment represented 22% of enterprise revenues compared to only 17% during the same comparable period last year. SME customers reached 31,442 as of September 2022, 77% higher compared to September 2021.

Wholesale segment also contributed significant growth at 52% YoY from 3Q2021 to 3Q2022. Large Enterprises and Corporates segment remains to be the largest contributor at ₱758 million, representing 66% of enterprise revenues for the quarter. The segment grew steadily at 17% YoY as the Company secured key contracts in multiple industries, including financial services, logistics, and health services.

Elevating Customer Service through Digital Transformation and Accelerating Service Restoration After Natural Disasters

Streamlined Customer-Facing Processes

The Company remains steadfast in its commitment to ensuring that subscribers are provided with the best service with or without a calamity. One of the Company's large-scale digitalization project aims to improve back-end efficiency through automation. Benefits include streamlining product and promotions management and customer-journey digitalization. New products and promotions can be easily created with reduced back-end manual intervention. This would allow the Company to be constantly flexible amid the evolving needs of the customers. Also, the customer's full journey from application, to installation, billing, and after-sales can be better managed digitally.

Accelerated Service Recovery

Aside from our infrastructure redundancy projects, the Company has been implementing disaster preparedness activities given the number of typhoons that have and are still expected to hit the country. This aims to limit the impact of calamities on the Company's infrastructure to ensure minimal service disruption. Generator sets were mobilized and fuel stocks were prepared in business centers and operation sites where these disasters are anticipated to hit. This allowed the Company to continue operations and provide relief services, such as charging stations and free WiFi in business centers. Also, the Company has repair and maintenance personnel ready to attend to network restoration if needed.

With these measures in place, restoration efforts were immediate when both Super Typhoon Karding (Noru) and Severe Tropical Storm Paeng (Nalgae) devastated multiple provinces throughout the country. More than 75% of residential subscribers affected by Super Typhoon Karding (Noru) were reconnected within 2 weeks, the remainder of which were reconnected after due to lack of commercial power. All of affected enterprise customers were reconnected within 1 week. Severe Tropical Storm Paeng (Nalgae) had less impact on the Company's infrastructure but restoration efforts were still fast. More than 80% of residential subscribers have been reconnected within one week and 100% of enterprise customers have been reconnected within 3 days. These were vast improvements on our restoration efforts after Super Typhoon Odette (Rai) where approximately 60% of affected residential customers were only reconnected after two months and enterprise customers were only restored fully after one month.

The Company will continue to improve its disaster preparedness and recovery programs to ensure service interruption is minimal on the event of a calamity, including network infrastructure redundancy. Converse is also employing natural catastrophe and climate modelling to better understand potential risks and impacts of natural disasters and climate change, and how best to prepare for them.

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



For questions, please contact:

Owen Kieffer Ocampo
Investor Relations Officer
Email: investors.relations@convergeict.com

Jay-Anne Encarnado
Corporate Communications and Public Relations Director
Email: corpcomm@convergeict.com

ANNEX

Exhibit 1: Summary Statement of Comprehensive Income

	For the nine months ended September 30				For the three months ended September 30			
	2022	2021	YoY change	YoY change %	2022	2021	YoY change	YoY change %
	(in ₱ millions)							
Revenues	24,481	18,831	5,650	30%	8,427	7,050	1,377	20%
<i>Residential</i>	21,362	16,374	4,988	31%	7,278	6,162	1,116	18%
<i>Enterprise</i>	3,119	2,457	662	27%	1,149	887	261	29%
Cost of services.....	(9,649)	(7,461)	(2,188)	29%	(3,319)	(2,636)	(683)	26%
Gross profit	14,831	11,370	3,462	30%	5,108	4,413	695	16%
General and administrative expenses.....	(4,636)	(3,272)	(1,364)	42%	(1,559)	(1,148)	(411)	36%
Provision for impairment of trade and other receivables.....	(1,194)	(778)	(416)	54%	(386)	(254)	(132)	52%
Other income (expense), net	27	(132)	159	N/M	144	(310)	453	N/M
Profit from operations	9,029	7,188	1,841	26%	3,307	2,702	604	22%
Finance costs	(1,181)	(448)	(733)	164%	(495)	(184)	(311)	170%
Profit before income tax	7,848	6,740	1,108	16%	2,812	2,518	293	12%
Income tax expense	(1,741)	(1,542)	(199)	13%	(655)	(572)	(83)	14%
Profit after income tax for the year/ period	6,107	5,198	909	17%	2,157	1,946	211	11%
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	6,107	5,198	909	17%	2,157	1,946	211	11%
Profit after income tax	6,107	5,198	909	17%	2,157	1,946	211	11%
Finance costs	1,181	448	733	164%	495	184	311	169%
Income taxes	1,741	1,542	199	13%	655	572	83	14%
Depreciation and amortization – cost of services	4,282	2,565	1,717	67%	1,576	937	640	68%
Depreciation and amortization – general and administrative expenses.....	381	157	223	142%	119	55	64	118%
Amortization of subscriber acquisition costs	753	461	293	64%	258	183	75	41%
EBITDA	14,445	10,371	4,075	39%	5,260	3,877	1,383	36%
EBITDA Margin	59.0%	55.1%			62.4%	55.0%		

Exhibit 2: Quarterly Operational Performance Summary

	2021				2022			YoY Growth
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	3Q2022 vs 3Q2021
Residential								
Revenues	4,797	5,415	6,162	6,754	6,812	7,272	7,278	18%
FTTH	4,086	4,771	5,571	6,215	6,299	6,800	6,853	23%
HFC	711	644	590	539	513	472	424	-28%
Customers	1,181,723	1,355,079	1,576,759	1,691,550	1,802,202	1,817,115	1,845,162	16%
FTTH	964,644	1,139,290	1,363,681	1,476,223	1,591,472	1,622,115	1,652,977	21%
HFC	217,079	215,789	213,078	215,327	210,370	195,000	192,185	-10%
Homes Passed	7,172,033	8,303,553	9,610,861	10,913,865	12,200,921	13,493,993	14,316,633	49%
FTTH	6,330,536	7,462,056	8,768,296	10,063,064	11,350,120	12,643,192	13,456,376	54%
HFC	841,497	841,497	842,565	850,801	850,801	850,801	850,801	1%
Ports	4,006,765	4,572,525	5,226,713	5,882,333	6,525,861	7,172,397	7,583,717	45%
FTTH	3,165,268	3,731,028	4,384,148	5,031,532	5,675,060	6,321,596	6,732,916	54%
HFC	841,497	841,497	842,565	850,801	850,801	850,801	850,801	1%
Household Coverage (%)	28.3%	32.5%	37.6%	42.7%	47.5%	52.1%	53.0%	
ARPU	1,390	1,372	1,346	1,304	1,243	1,278	1,261	-6%
FTTH	1,481	1,455	1,424	1,380	1,301	1,351	1,323	-7%
HFC	1,014	967	891	806	790	701	539	-39%
Customer Churn (%)	1.16	1.11	1.32	0.99	1.47	2.49	1.96	48%
FTTH	1.14	0.97	1.32	1.02	1.48	2.43	2.12	61%
HFC	1.27	1.79	1.34	0.77	1.37	2.98	0.83	-38%
Port Utilization (%)	29.5	29.6	30.2	28.7	27.6	25.3	24.4	-19%
FTTH	30.5	30.5	31.1	29.3	28.5	25.7	24.6	-20%
HFC	25.8	25.6	25.3	25.2	21.7	22.9	22.7	-10%
Enterprise								
Revenues	750	819	887	892	935	1,034	1,149	29%
Customers	12,400	17,539	21,425	26,038	29,723	31,886	35,324	65%
ARPU	21,269	18,247	15,175	12,510	11,195	11,114	11,430	-25%
Customer Churn (%)	0.72	0.35	1.42	1.15	1.98	2.19	2.69	90%

Notes:

(1) FTTH homes passed is derived from the number of homes within a 300-meter radius from a network access point ("NAP") that we have installed in a coverage area. Each NAP has eight or sixteen ports, and one port serves one home.

(2) HFC homes passed refers to the number of homes and other residential units that are within a 200-meter radius from our HFC ports, and can be connected to our network.

(3) The number of FTTH ports installed represents both activated FTTH connections and ports available for immediate activation once a new subscription is approved.

(4) The number of HFC ports installed refers to a slot on a network device allowing for the transmission of data between our HFC network and the equipment at the customer premises.

(5) Household coverage is calculated as total homes passed over total number of homes in the Philippines, which is estimated at 27.0 million as of September 2021.

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

(7) Blended churn rate refers to the combined FTTH and HFC churn rate. Churn rate for our Residential Business is calculated by dividing (i) the sum of the number of permanent subscriber discontinuations in a month, by (ii) the average number of subscribers during the respective month and multiplying the result by 100%. The average number of subscribers during a month, is calculated by the sum of the subscribers at the beginning and at the end of the month, divided by two.

(8) Our port utilization rates for our FTTH network is our number of FTTH subscribers as a percentage of total FTTH ports and for our HFC network is our number of HFC subscribers as a percentage of HFC homes passed.

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

(10) Customer churn rate for our Enterprise Business is calculated by dividing (i) the sum of the number of permanent customer deactivations in a month, by (ii) the average number of customers during the respective month and multiplying the result by 100%. The average number of customers during a month is calculated by the sum of the circuits at the beginning and at the end of the month, divided by two.

Exhibit 3: Cost of Services, G&A Expenses and Provisions

	For the nine months ended September 30				For the three months ended September 30			
	2022	2021	YoY change	YOY change %	2022	2021	YoY change	YoY change %
	(in ₱ millions)							
Depreciation and amortization.....	4,282	2,565	1,717	67%	1,576	937	640	68%
Amortization of deferred contract cost.....	1,811	1,220	590	48%	604	472	132	28%
Network materials and supplies used.....	900	1,546	(646)	-42%	219	552	(333)	-60%
Bandwidth and leased line costs.....	758	763	(5)	-1%	239	248	(8)	-3%
Repairs and maintenance expense	744	160	584	N/M	281	39	242	N/M
Service fees	383	449	(67)	-15%	133	133	(1)	0%
Personnel costs.....	285	391	(106)	-27%	74	102	(28)	-27%
Rent.....	323	257	66	26%	122	109	13	12%
Utilities	150	82	68	82%	64	36	28	79%
Retirement benefit expense	8	4	4	92%	3	1	1	92%
Others	5	23	(18)	-78%	3	7	(4)	-56%
Total cost of services	9,649	7,461	2,188	29%	3,319	2,636	683	26%
Gross profit	14,831	11,370	3,462	30%	5,108	4,413	695	16%
Gross profit margin	60.6%	60.4%			60.6%	62.6%		

	For the nine months ended September 30				For the three months ended September 30			
	2022	2021	YoY change	YOY change %	2022	2021	YoY change	YoY change %
	(in ₱ millions)							
Personnel costs.....	1,302	1,030	271	26%	360	311	48	15%
Managed Service Fees	768	557	211	38%	305	222	83	37%
Outside services.....	647	363	283	78%	275	155	119	77%
Depreciation and amortization.....	381	157	223	142%	119	55	64	118%
Promotions	373	205	168	82%	139	118	21	18%
Taxes and licenses	302	280	22	8%	40	90	(50)	-56%
Repairs and Maintenance	296	146	150	103%	106	64	41	65%
Meals and transportation	142	51	91	178%	57	28	29	104%
Utilities	98	76	22	29%	43	28	15	54%
Other general and administrative expenses...	326	405	(79)	-20%	117	77	40	52%
Total G&A expenses	4,636	3,272	1,364	42%	1,559	1,148	411	36%
Provision for impairment of receivables	1,194	778	416	54%	386	254	132	52%
Other expense (income), net	(27)	132	(159)	N/M	(144)	310	(453)	N/M
Operating profit	9,029	7,188	1,841	26%	3,307	2,702	604	22%
Operating profit margin	36.9%	38.2%			39.2%	38.3%		

Exhibit 4: Other Income/(Expenses) Statement Items

	For the nine months ended September 30				For the three months ended September 30			
	2022	2021	YoY change	YoY change %	2022	2021	YoY change	YoY change %
	(in ₱ millions)							
Net foreign exchange (gain) loss.....	22	223	(201)	-90%	(164)	338	(503)	N/M
Gain on transfer of network materials to related parties	18	(20)	38	N/M	27	(7)	34	N/M
Loss on sale of assets	14	-	14	N/M	2	-	2	N/M
Interest income.....	(17)	(32)	15	-46%	(8)	0	(8)	N/M
Miscellaneous (income) expense	(63)	(39)	(25)	65%	1	(21)	22	N/M
Total other (income) expense, net	(27)	132	(159)	N/M	(144)	310	(453)	N/M
Operating profit	9,029	7,188	1,841	26%	3,307	2,702	604	22%
Finance cost.....	(1,181)	(448)	(733)	164%	(495)	(184)	311	170%
Profit before income tax.....	7,848	6,740	1,108	16%	2,812	2,518	293	12%
Income tax expense.....	(1,741)	(1,542)	(199)	13%	(655)	(572)	(83)	14%
Net income	6,107	5,198	909	17%	2,157	1,946	211	11%
Net income margin	24.9%	27.6%			25.6%	27.6%		

Exhibit 5: Summary Balance Sheet

	As of the period			
	Sept 30 2022	Dec 31 2021	Change	Change %
	(in ₱ millions)			
Current assets	26,910	21,040	5,869	28%
Cash and cash equivalent	11,788	8,084	3,704	46%
Trade and other receivables, net	3,674	3,033	641	21%
Network materials and supplies	5,150	3,485	1,665	48%
Other current assets	6,298	6,439	(141)	-2%
Noncurrent assets	73,664	60,824	12,840	21%
Property, plant and equipment, net	59,310	48,341	10,969	23%
Right-of-use assets	3,390	3,446	(56)	-2%
Intangible assets, net	2,263	1,969	295	15%
Other noncurrent assets	8,701	7,068	1,633	23%
Total assets	100,574	81,864	18,710	23%
Current liabilities	26,592	26,884	(291)	-1%
Trade and other payables	19,194	20,740	(1,546)	-8%
Loans payable, current portion	2,119	2,999	(881)	-29%
Other current liabilities	5,280	3,144	2,135	68%
Noncurrent liabilities	39,210	19,869	19,340	97%
Bonds payable	9,866	-	9,866	N/M
Loans payable, net of current portion	26,685	16,847	9,838	58%
Other noncurrent liabilities	2,659	3,022	(363)	-12%
Total liabilities	65,802	46,753	19,049	41%
Total equity	34,772	35,111	(339)	-1%
Total liabilities and equity	100,574	81,864	18,710	23%

Exhibit 6: Summary Cash Flow

For the nine months ended September 30

	2022	2021	YoY change	YoY change %
	(in ₱ millions)			
Cash flow from operating activities				
Profit before income tax.....	7,848	6,740	1,108	16%
Adjustments for operating income.....	8,676	5,573	3,103	56%
Adjustments for assets and liabilities.....	(4,379)	(4,029)	-350	9%
Cash from operations.....	12,145	8,284	3,861	47%
Interest received and income taxes paid.....	(2700)	(1,342)	-1358	101%
Net cash from operating activities	9,445	6,942	2503	36%
Cash flow from investing activities				
Acquisition of property, plant, and equipment and intangibles.....	(16,815)	(15,904)	-911	6%
Others.....	(5)	(363)	358	-99%
Net cash (used in) investing activities	(16,820)	(16,268)	-552	3%
Cash flow from financing activities				
Proceeds from issuance of bonds.....	9,866	-	9,866	0%
Payment of treasury shares.....	(6,499)	-	(6,499)	0%
Proceeds from loans payable.....	11,463	8,833	2,630	30%
Payment of loans payable.....	(2,506)	(2,049)	-457	22%
Others.....	(1,808)	(757)	-1051	139%
Net cash from/(used in) financing activities	10,516	6,028	4,488	74%
Net increase/(decrease) in cash and cash equivalents	3,141	(3,299)	6,440	-195%
Cash and cash equivalents, beginning.....	8,084	12,957		
Effects of exchange rate changes in cash and cash equivalents.....	563	(12)		
Cash and cash equivalents, ending	11,788	9,647		

Exhibit 7: Liquidity and Capital Resources

	September 30, 2022	December 31, 2021	Change (%)
Balance Sheet Data (in \$ millions)			
Total Assets	100,574	81,864	23%
Total Debt ⁽¹⁾	38,669	19,846	95%
Total Stockholders' Equity	34,772	35,111	-1%
Financial Ratios			
Total Debt to EBITDA (gross)	2.1x	1.3x	
Total Debt to EBITDA (net)	1.4x	0.8x	
Debt Service Coverage ⁽²⁾	4.0x	4.4x	
Interest Coverage (gross) ⁽³⁾	15.5x	30.5x	
Debt to Equity (gross) ⁽⁴⁾	1.1x	0.6x	
Debt to Equity (net) ⁽⁵⁾	0.8x	0.3x	
Return on Invested Capital ⁽⁶⁾	16.6%	20.9%	

Notes:

(1) Total Debt is the sum of current and noncurrent loans payable and bonds payable

(2) Debt Service Coverage is computed as last twelve month's ("LTM") EBITDA divided by the sum of current loans payable, LTM interest expense, and current lease liabilities

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

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

(5) Debt to Equity (net) is computed as the difference between total debt and cash and cash equivalents divided by total shareholders' equity

(6) Return on Invested Capital is tax-adjusted (25% assumed tax rate for 2021 and 2022) profit from operations divided by average invested capital. Invested Capital is the sum of our total equity and total debt (comprising loans payable (non-current and current portions)), less cash and cash equivalents and capital expenditures in progress

Exhibit 8: Property, plant, and equipment

	As of the period			
	Sept 30, 2022	Sept 30, 2021	YoY Change	YoY Change %
	(in millions)			
Total additions to property, plant and equipment	15,966	18,160	(2,890)	16%
Total cash capital expenditures⁽¹⁾	16,815	15,904	910	6%
Cash capital expenditures⁽¹⁾ / Revenue	-69%	-84%		

Notes:

(1) Include property, plant and equipment, and intangibles acquired as of report date

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