



**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. March 18, 2024  
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	
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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
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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 MAINTAINS SUBSCRIBER GROWTH ON THE BACK OF CONTINUED UPTICK IN DEMAND FOR NEWLY LAUNCHED RESIDENTIAL PLANS**

**4Q2023 CONSOLIDATED RESIDENTIAL NET ADDS OF 79,766, SUPPORTED BY ALL-TIME HIGH QUARTERLY NET ADDS FROM BIDA AND S2S OF 25,706 AND 32,655, RESPECTIVELY**

**SUSTAINED INDUSTRY-LEADING FINANCIAL TRIFECTA; CONSOLIDATED REVENUE GROWTH FOR FY2023 AT 5% YOY; EBITDA MARGIN ENDED AT 60.9% AND ROIC AT 16.3%**

**FY2023 Key Highlights**

- Converge registered consolidated revenues of ₱35.4Bn for FY2023, higher by 5% from FY2022,
- FY2023 Residential revenues grew to ₱30.3Bn with full-year net additional subscribers reaching 250,691 – 35% higher than net-adds in the same period last year
- Enterprise revenues reached ₱5.1Bn in FY2023, a growth of 20% YoY
- EBITDA grew 11.2% to ₱21.5Bn with margin ending at 60.9% for FY2023
- FY2023 net income after tax increased by 22.3% from FY2022 to reach ₱9.1 Bn representing net income margin of 25.7%
- Consolidated residential net additions for the quarter reached a total of 79,766 – with BIDA and S2S adds reaching all-time quarterly highs at 25,706 and 32,655, respectively
- Similarly, consolidated residential gross additions for the quarter reached 216,218 – 66.4% higher YoY versus the same period last year
- Demand for FiberX increased to 146,920 gross adds for 4Q2023 – 21.3% higher than the same period last year
- Maintained industry-leading ROIC at 16.3% for FY2023

*MANILA, Philippines, March 18, 2024* – The Philippines’ only pure-play high-speed fixed broadband operator, Converge Information and Communications Technology Solutions, Inc. (PSE: CNVRG) (“**Converge**” or the “Company”) ended 2023 with a total of 2,128,052 subscribers. This is comprised of 2,013,216 postpaid subscribers and 114,836 prepaid subscribers. Net additional subscribers reached a total of 79,766 for the fourth quarter of 2023, representing 31.8% of total FY2023 net adds.

In 4Q2023, FiberX contributed 35,152 in net adds while BIDA Fiber and Surf2Sawa’s net adds amounted to 25,706 and 32,655, respectively. Consolidated subscriber count for BIDA Fiber and Surf2Sawa as of December 31, 2023 reached 174,672, exceeding the Company target of ~120,000 by year-end of 2023.

To grow and protect its base, Converge intends to undertake various initiatives for its Residential and Enterprise segments this 2024 and beyond. For Residential, the Company looks to further grow its sales partner coverage across the nation, and grow brand awareness by leveraging on omnichannel marketing. The Company also established a dedicated churn management team to drive long-term customer retention efforts and reign in churn. To ensure that customers are provided with world-class connectivity, the Company endeavors to provide best-in-class repair and service efforts so as to minimize connection downtime.

Various growth opportunities loom on the horizon for Enterprise this 2024. The international subsea cable systems Bifrost is expected to be completed this year, which will contribute to the Company’s wholesale segment. Converge also looks to foray into the data center space to be able to address the various needs of its enterprise customers. Strategic collaborations are also being explored with industry leaders in the broadband space. To provide enterprise clients with a seamless customer experience, the Company intends to take a more proactive account management approach and widen its product offering by exploring non-connectivity solutions.

## **Residential and Enterprise segments post solid performance, with growing demand across all residential products, and Enterprise sub-segments delivering double-digit growth**

### *Industry-Leading Revenue and Subscriber Growth; Highest Quarterly Adds for BIDA Fiber and Surf2Sawa*

Consolidated revenues grew by 5% in FY2023 to ₱35.4Bn from ₱33.7Bn in FY2022 – cementing the Company’s position as the fastest-growing fixed broadband service provider in the Philippines.

Residential business grew to ₱30.3Bn during the same period. In the fourth quarter of 2023, BIDA Fiber and Surf2Sawa registered all-time-high quarterly gross adds of 29,844 and 38,810, respectively – a testament to the intact and growing demand for fiber broadband across all income segments. Converge increased its residential subscriber base by 79,766 net adds in 4Q2023, as a result of the growth momentum of BIDA Fiber and Surf2Sawa and maintained demand for FiberX. FiberX contributed 35,152 in net adds in 4Q2023 – 7% higher than the FiberX net adds in the same period last year. Meanwhile, BIDA Fiber’s net adds amounted to 25,706 and Surf2Sawa garnered 32,655 net adds in the quarter.

Consolidated churn rates have also improved QoQ in 4Q2023. The Company still aims to reduce this further. A dedicated churn management team was established to drive long-term strategic churn management initiatives in view of lowering churn further to more favorable levels.

### *Robust full-year enterprise performance with all sub-segments growing by double digits; SME remained the fastest growing sub-segment*

Enterprise revenues increased by 19.9% in full-year 2023 to ₱5.1Bn from ₱4.3Bn owing to the double-digit growth across all enterprise sub-segments. Excluding non-monthly recurring revenues, small and medium enterprise (“SME”) segment grew as much as 34.9% from FY2022. Enterprises and Corporate likewise grew by 13.0% in the same period, while Wholesale grew by 14.0% YoY.

## **EBITDA levels and profitability margins well within target owing to prudent cost management approach and maintaining moderate levels of leverage**

### *EBITDA maintained growth trajectory*

The Company’s EBITDA grew by double-digits at 11.2% to ₱21.5Bn in FY2023 from last year’s ₱19.4Bn. Consolidated EBITDA margin improved to 60.9% in FY2023.

Compared with FY2022, network materials and supplies costs in 2023 decreased by 84.0%. This is due to an improved capability to properly segregate costs of network materials and supplies according to usage. As such, network materials and supplies used in 2023 for last mile connections were deferred and amortized over the contract period with the subscriber. Additionally, as a result of Converge continuing to draw down on its international capacity from the Telstra Indefeasible Right of Use contract, bandwidth and leased line costs decreased by 18.9% YoY. Amortization of deferred contract costs also declined by 24.4% due to the full recognition of the unamortized portion for churned accounts starting in 4Q2022. Meanwhile, Repairs and maintenance costs increased by 57.8% YoY as a result of increased network-related repairs commensurate with our increase in subscriber count.

### *Industry-Leading ROIC and Strong Balance Sheet*

The Company maintained its industry-leading Return on Invested Capital (“ROIC”) at 16.3%. As the Company further scales up its flanker brands, it expects ROIC to further improve as more ports are utilized. This performance is a result of the Company’s disciplined approach in deploying capital to expand its fiber network and improve its overall services.

Net income after tax grew from ₱7.4Bn in FY2022 to ₱9.1Bn in FY2023, resulting in a net income margin of 25.7% for FY2023, higher than FY2022 net income margin.

Converge has been able to maintain its strong balance sheet and cash flows with 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) decreased from ₱23.1Bn as of September 30, 2023, to ₱21.5Bn as of December 31, 2023. The Company repaid a portion of its financial debt, reducing the balance to ₱35.2Bn as of December 31, 2023, from ₱36.2Bn as of September 30, 2023. The Company's debt service coverage ratio ("DSCR") was 2.4x and the net debt-to-total equity was at 0.5x, well within the required financial covenants from its debt facilities. The weighted average cost of debt from drawn debt facilities remained at 5.1% as of December 2023.

Total cash CAPEX as of FY2023 amounted to ₱9.0Bn. Majority of spending was allocated towards Outside Plant, Inside Plant, and Customer Premise Equipment. Additionally, ₱ 3Bn worth of CAPEX was carried over to 2024 due to late invoices received from submarine cable contractors and delays in construction for some assets.

### **Efforts to Scale Lower-Cost Brands are Underway, BIDA Fiber and Surf2Sawa Sales Channels Continue Expansion**

With the official launch of BIDA Fiber and Surf2Sawa last 2023, the Company now endeavors to expand its sales network to better serve the target ~17 million addressable households whose connectivity needs can be addressed by these lower-cost brands.

Since its launch in March, Surf2Sawa was able to expand its reach. As of year-end 2023, Surf2Sawa reached over 600 municipalities, versus 500 in September. BIDA Fiber likewise expanded its reach to over 700 municipalities, an increase of 200 during the same period.

Also, the Company intends to widen its reach via an omnichannel approach to further tap customers. This includes leveraging online platforms such as Tiktok and the like, partnering with LGUs, and launching a new mobile subscriber app for our lower cost brands.

Additionally, the Company allied with gadget retailer TL Sales and Management Services, Inc. (TSLM), which operates over 200 stores nationwide located in various leading malls across the country, to sell Converge broadband products such as FiberX, BIDA Fiber, and Surf2Sawa. Aside from its business centers, Converge is being carried by the following retail partners among others: USSC (Western Union), Microgold Pawnshop (Tambunting Pawnshops), Sta. Monica Pawnshop, and ACM International (VIP Payment Center).

### **Renewed Focus on Executing on Strategic Framework Supported by Management Reorganization**

In a regular meeting held last February 1, the Board of Directors approved the designation of Mr. Benjamin Emilio B. Azada as Chief Commercial Officer, concurrent with his role as Chief Sustainability Officer. Mr. Azada's new designation is a necessary evolution of his chief strategic role having laid down Converge's strategic direction and framework as a necessary foundation for the Company's success. Moving forward, he will focus on executing various revenue-generating initiatives, primarily steering the Company towards sustained commercial growth. As such, he will now oversee the sales and marketing efforts of the Company, and provide guidance and supervision to the Company's regional general managers.

With the oversight of revenue-generating functions now under the purview of Mr. Azada, Mr. Jesus C. Romero's role as Chief Operations Officer will now oversee Customer Experience, Information Technology, and Network Transformation. Given Mr. Romero's years of experience and expertise in the ICT industry, he will be able to ensure that the operations are optimized to grow the business through innovation and determined customer-focus.

## Converge reaps global awards on innovation, broadband connectivity, and operational excellence

Converge continues to provide best-in-class connectivity as evidenced by its recent awardings for delivering on speed, reliability, and seamlessness. Last November 2023, the Company was hailed as Broadband Telecom Company of the year at the International Business Magazine (INTLBM) awards held in Dubai. INTLBM cited the Company's efforts in expanding and improving digital infrastructure to better serve both its residential and business clients.

Additionally, Converge dominated the Ookla® Speedtest Awards™ in the second half of 2023 and has been declared as the \*Fastest Internet Service Provider in the Philippines. Based on Ookla's Speedtest Intelligence® data for the six-month period, Converge also hauled major awards in multiple categories bagging Best Internet Gaming Experience, Best Internet Video Experience, and Top-Rated Internet in the Philippines. Ookla® is the global leader in mobile and broadband network intelligence, testing applications, and related technologies.

*"What we're seeing is a changing of the guard in the industry and this comes as no surprise given our hard-earned investments into our fiber network. In the end, service excellence through innovation and technology ruled the day,"* shared Converge President and Co-Founder Grace Y. Uy.

Also, the Company capped 2023 atop the Netflix Speed Index, solidifying its position as the best connectivity for high-quality and seamless video streaming. Converge occupied the top rank of the Netflix Speed Index Leaderboard for 11 months in 2023.

In the recent Asian Telecom Awards, Converge won Broadband Telecom Company of the Year, AI Initiative of the Year, and Philippines and Technology Innovation of the Year. The Company's receipt of the Broadband Telecom Company of the Year marks the third consecutive time Converge was awarded this. Additionally, as a result of the implementation of the Network Intelligence and Automation Platform (NIAP) the Company was awarded the AI Initiative of the Year.

## Converge Collaborates with DITO Telecommunication by Signing Master Facilities Provisioning Agreement in View of Creating Operational Efficiencies and Reduced CAPEX Requirements

Converge ICT Solutions Inc. and DITO Telecommunity Corp., a subsidiary of DITO CME Holdings Corp., entered into a landmark Master Facilities Provisioning Agreement (MFPA) which allows the two companies to share select terrestrial and submarine fiber optic cable assets, under terms and conditions to be mutually agreed upon by Converge and DITO Telecommunity.

This resource exchange arrangement is expected to strengthen the network of both operators as it translates to expanded coverage and increased redundancy. At the same time, the sharing of network assets will allow both firms to create savings from increased operational efficiencies and reduced capital expenditure requirements for redundancy.

*"We want to leverage our respective existing facilities through this resource sharing agreement to bring us closer to our goal of empowering every Filipino home with quality broadband connectivity. Our collaboration will allow us to reach more customers and deliver a better service with increased resiliency,"* said Converge Chief Executive Officer and Co-Founder Dennis Anthony H. Uy.

## Converge Improves Sustainability Rating Agency Scores from Sustainalytics and S&P

In Sustainalytics' latest review in October 2023, Converge improved its overall ESG risk rating to '19.6/Low Risk' from its '23.4/Medium Risk' rating in the previous year. The Company was also rated '54.0/Strong' in its ESG risk management, which measures the robustness of the Company's ESG

programs, practices, and policies. This also marks a significant improvement from its '43.7/Average' rating in the previous year.

Also, the Company garnered an improved score from 2023 S&P Global, earning 50 out of 100, coming from 2022's score of 40. Furthermore, Converge scored higher than the industry average on all three Dimensions of Governance and Economy, Environment, and Social. Converge saw the most improvement in the Environmental and Social Dimensions, increasing by 14 and 18 points respectively. Under the Social Dimension, Converge ranked high on the criteria of Privacy Protection and Occupational Health and Safety. In the Environment Dimension, the criteria of Climate Strategy received a boost of 32 points. S&P also recently introduced the ESG score where Converge attained a final ESG Score of 53, reflecting its commitment to sustainability and responsible business practices.

Converge also completed various sustainability-related projects in 4Q2023. In compliance with RA11898, the Company established and registered an Extended Producer (EPR) responsibility program with the DENR National Solid Waste Management Commission. The Company collaborated with accredited recyclers Jontrix Trading Philippines and Green Antz Builders with the dual goal of reducing environmental impact of products and services and promoting responsible product stewardship within our business communities. The Company also implemented a cloud-based ESG reporting platform to help ensure the reliability of sustainability-related data by preventing errors during data capture and computation. As an active participant in the UN Global Compact (UNGC), the Company strengthened its commitment by submitting its first Communication on Progress (CoP) Questionnaire. This submission underscores Converge's unwavering dedication to uphold the United Nations' Ten Principles and actively contribute to realizing the Sustainable Development Goals.

Converge also joined other business leaders in signing the Call-to-Action from Business to Governments on the 20th Anniversary of the UN Convention against Corruption (UNCAC), held last December 12, 2023. Some of the steps promoted by the signatories in the appeal include the strengthening of policies for business integrity in supply chains, promotion of transparency in public-private interactions, integration of corporate sustainability criteria into government decision-making processes, and the use of technology to manage corruption risks, among others.

Over the course of preparing its latest Sustainability Report, the Company referred to the recently released International Financial Reporting Standards (IFRS) S1 and S2, in preparation for a full adoption next year. Additionally, the Sustainability Report was subjected to internal audit assurance procedures and resulted in an increased level of external assurance. The 2023 Sustainability Report is expected to be released in tandem with the Company's 17-A.

## Management Guidance

With an expanding sales network and a renewed blue-ocean strategy, the Company stands more ready than ever to meet the growing demand for fiber connectivity. The Company looks to grow consolidated revenues by 7% to 8% this 2024, supported by 6% growth in Residential, and 12% growth in Enterprise.

With various cost management efforts in place, EBITDA margins are expected to settle at the 58% to 59% levels. Additionally, ROIC is expected to reach 15% to 16% for FY2024. Due to upcoming international subsea cable payments, the inclusion of capital outlays for data centers, and delays in supplier invoices earmarked for 2023 payment, the Company now looks to spend ₱ 17 to ₱ 19 Bn in cash CAPEX this 2024.

*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:

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## ANNEX

### Exhibit 1: Summary Statement of Comprehensive Income

	For the twelve months ended December 31				For the three months ended December 30			
	2023	2022	YoY chang e	YoY change %	2023	2022	YoY change	YoY change %
	(in P millions)							
<b>Revenues</b> .....	35,359	33,696	1,664	5%	9,111	9,215	(104)	-1%
<i>Residential</i> .....	30,282	29,462	820	3%	7,812	8,100	(288)	-4%
<i>Enterprise</i> .....	5,077	4,233	844	20%	1,299	1,115	184	16%
Cost of services.....	(12,710)	(13,438)	728	-5%	(3,781)	(3,788)	7	0%
<b>Gross profit</b> .....	22,649	20,257	2,391	12%	5,330	5,427	(97)	-2%
General and administrative expenses.....	(6,947)	(6,601)	(346)	5%	(1,726)	(1,965)	239	-12%
Provision for impairment of trade and other receivables.....	(1,369)	(1,660)	291	-18%	402	(467)	869	-186%
Other income (loss), net.....	(136)	(403)	267	-66%	222	(427)	649	-152%
<b>Profit from operations</b> .....	14,201	11,587	2,614	23%	4,224	2,558	1,666	65%
Finance costs.....	(2,079)	(1,732)	(347)	20%	(503)	(551)	48	-9%
<b>Profit before income tax</b> .....	12,122	9,855	2,267	23%	3,721	2,008	1,713	85%
Income tax expense.....	(3,023)	(2,416)	(607)	25%	(991)	(676)	(315)	47%
<b>Profit after income tax for the period</b>	<b>9,099</b>	<b>7,439</b>	<b>1,660</b>	<b>22%</b>	<b>2,731</b>	<b>1,332</b>	<b>1,399</b>	<b>105%</b>
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>9,099</b>	<b>7,440</b>	<b>1,660</b>	<b>22%</b>	<b>2,731</b>	<b>1,333</b>	<b>1,398</b>	<b>105%</b>
Profit after income tax.....	9,099	7,439	1,660	22%	2,731	1,332	1,399	105%
Finance costs.....	2,079	1,732	347	20%	503	551	(48)	-9%
Income taxes.....	3,023	2,416	607	25%	991	676	315	47%
Depreciation and amortization – cost of services .....	6,015	6,063	(48)	-1%	1,676	1,781	(105)	-6%
Depreciation and amortization – general and administrative expenses.....	430	495	(65)	-13%	285	114	171	150%
Amortization of subscriber acquisition costs.....	883	1,207	(325)	-27%	195	454	(259)	-57%
<b>EBITDA</b>	<b>21,528</b>	<b>19,352</b>	<b>2,176</b>	<b>11%</b>	<b>6,380</b>	<b>4,908</b>	<b>1,472</b>	<b>30%</b>
<b>EBITDA Margin</b>	<b>60.9%</b>	<b>57.4%</b>			<b>70.0%</b>	<b>53.5%</b>		



## Exhibit 2: Quarterly Operational Performance Summary

	2022				2023				YoY Change %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	3Q2023 vs 3Q2022
<b>Residential</b>									
<b>Revenues (In PHP millions)</b>	<b>6,812</b>	<b>7,272</b>	<b>7,278</b>	<b>8,100</b>	<b>7,399</b>	<b>7,477</b>	<b>7,591</b>	<b>7,812</b>	<b>-3.6%</b>
FTTH	6,299	6,800	6,853	7,605	7,089	7,181	7,331	7,600	-0.1%
HFC	513	472	424	480	311	291	259	212	-55.8%
<b>Customers</b>	<b>1,802,202</b>	<b>1,817,115</b>	<b>1,845,162</b>	<b>1,877,36</b>	<b>1,920,361</b>	<b>1,969,663</b>	<b>2,048,286</b>	<b>2,128,052</b>	<b>13.4%</b>
FTTH	1,591,472	1,622,115	1,652,977	1,692,205	1,740,666	1,795,858	1,882,987	1,976,500	16.8%
HFC	210,370	195,000	192,185	185,156	179,695	173,805	165,299	151,552	-18.1%
<b>Homes Passed</b>	<b>12,200,921</b>	<b>13,493,993</b>	<b>14,316,633</b>	<b>14,940,769</b>	<b>15,917,481</b>	<b>16,560,337</b>	<b>16,732,193</b>	<b>16,850,877</b>	<b>12.8%</b>
FTTH	11,350,120	12,643,192	13,456,376	14,089,968	15,066,680	15,709,536	15,881,392	15,995,576	13.5%
HFC	850,801	850,801	850,801	855,301	855,301	855,301	855,301	855,301	0.0%
<b>Ports</b>	<b>6,525,861</b>	<b>7,172,397</b>	<b>7,583,717</b>	<b>7,895,785</b>	<b>8,384,141</b>	<b>8,705,569</b>	<b>8,791,497</b>	<b>8,853,089</b>	<b>12.1%</b>
FTTH	5,675,060	6,321,596	6,732,916	7,044,984	7,533,340	7,854,768	7,940,696	7,997,788	13.5%
HFC	850,801	850,801	850,801	855,301	855,301	855,301	855,301	855,301	0.0%
<b>Household Coverage (%)</b>	<b>47.5%</b>	<b>52.1%</b>	<b>53.0%</b>	<b>56.2%</b>	<b>59.9%</b>	<b>62.3%</b>	<b>62.9%</b>	<b>63.4%</b>	<b>12.7%</b>
<b>ARPU</b>	<b>1,243</b>	<b>1,278</b>	<b>1,261</b>	<b>1,240</b>	<b>1,219</b>	<b>1,208</b>	<b>1,196</b>	<b>1,195</b>	<b>-3.6%</b>
FTTH	1,301	1,351	1,323	1,309	1,297	1,277	1,262	1,225	-6.4%
HFC	790	701	663	632	562	543	506	482	-23.8%
<b>Customer Churn (%)</b>	<b>1.47</b>	<b>2.49</b>	<b>1.96</b>	<b>1.75</b>	<b>1.89</b>	<b>2.04</b>	<b>2.43</b>	<b>2.18</b>	<b>24.0%</b>
FTTH	1.48	2.43	2.12	1.78	2.09	2.12	2.50	2.11	17.9%
HFC	1.37	2.98	0.83	1.43	1.16	1.19	1.68	3.03	112.0%
<b>Port Utilization (%)</b>	<b>27.6</b>	<b>25.3</b>	<b>24.4</b>	<b>23.8</b>	<b>22.9</b>	<b>22.6</b>	<b>23.3</b>	<b>24.0</b>	<b>1.0%</b>
FTTH	28.5	25.7	24.6	23.9	23.1	22.9	23.7	24.7	3.4%
HFC	21.7	22.9	22.7	21.8	21.1	20.4	19.4	17.7	-18.7%
<b>Enterprise</b>									
<b>Revenues (In PHP millions)</b>	<b>935</b>	<b>1,034</b>	<b>1,149</b>	<b>1,115</b>	<b>1,243</b>	<b>1,244</b>	<b>1,292</b>	<b>1,299</b>	<b>16.5%</b>
<b>Customers</b>	<b>29,723</b>	<b>31,886</b>	<b>35,324</b>	<b>37,563</b>	<b>40,683</b>	<b>42,797</b>	<b>45,736</b>	<b>48,150</b>	<b>28.2%</b>
<b>ARPU</b>	<b>11,195</b>	<b>11,114</b>	<b>11,430</b>	<b>11,076</b>	<b>10,398</b>	<b>10,130</b>	<b>10,195</b>	<b>8,824</b>	<b>-20.3%</b>
<b>Customer Churn (%)</b>	<b>1.98</b>	<b>2.19</b>	<b>2.69</b>	<b>2.73</b>	<b>1.58</b>	<b>1.27</b>	<b>1.22</b>	<b>1.14</b>	<b>-58.2%</b>

### 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 25.7 million as of December 2021, extrapolated from MPA data.
- (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 twelve months ended December 31				For the three months ended December 31			
	2023	2022	YoY change	YoY change %	2023	2022	YoY change	YoY change %
	(in P millions)							
Depreciation and amortization	6,015	6,063	(48)	-1%	1,676	1,781	(105)	-6%
Amortization of deferred contract cost	2,135	2,823	(688)	-24%	567	1,013	(446)	-44%
Repairs and maintenance expense	1,585	1,004	581	58%	547	281	286	110%
Bandwidth and leased line costs	672	829	(157)	-19%	178	70	108	155%
Rent	797	458	340	74%	394	134	260	194%
Service fees	444	493	(49)	-10%	110	111	(1)	-1%
Personnel costs	358	326	(32)	10%	88	41	47	115%
Network materials and supplies used	188	1,172	(985)	-84%	84	272	(188)	-69%
Others	516	269	247	92%	138	105	33	31%
<b>Total cost of services</b>	<b>12,710</b>	<b>13,438</b>	<b>(728)</b>	<b>-5%</b>	<b>3,781</b>	<b>3,788</b>	<b>(7)</b>	<b>0%</b>
<b>Gross profit</b>	<b>22,649</b>	<b>20,257</b>	<b>2,391</b>	<b>12%</b>	<b>5,330</b>	<b>5,427</b>	<b>(97)</b>	<b>-2%</b>
<b>Gross profit margin</b>	<b>64.1%</b>	<b>60.1%</b>			<b>58.5%</b>	<b>58.9%</b>		

	For the twelve months ended December 31				For the three months ended December 31			
	2023	2022	YoY change	YoY change %	2023	2022	YoY change	YoY change %
	(in P millions)							
Managed service fees	2,168	1,186	982	83%	692	418	274	65%
Personnel costs	1,418	1,435	(17)	-1%	271	134	137	102%
Outside services	1,080	1,203	(12)	-10%	67	557	(490)	-88%
Promotions	439	594	(155)	-26%	142	221	(79)	-36%
Taxes and licenses	321	423	(102)	-24%	48	121	(73)	-60%
Depreciation and amortization	430	495	(65)	-13%	285	114	171	150%
Other general and administrative expenses	1,090	1,264	(174)	-14%	222	401	(179)	-45%
<b>Total G&amp;A expenses</b>	<b>6,947</b>	<b>6,601</b>	<b>346</b>	<b>5%</b>	<b>1,726</b>	<b>1,965</b>	<b>(239)</b>	<b>-12%</b>
Provision for impairment of receivables	1,369	1,660	(291)	-18%	(402)	467	(869)	-186%
Unrealized fair value loss on financial asset at FVPTL	(4)	6	(10)	-156%	3	9	(6)	-67%
Other income/(expenses)	136	403	(267)	-66%	(222)	427	(649)	-152%
<b>Operating profit</b>	<b>14,201</b>	<b>11,587</b>	<b>2,614</b>	<b>23%</b>	<b>4,224</b>	<b>2,558</b>	<b>1,666</b>	<b>65%</b>
<b>Operating profit margin</b>	<b>40.2%</b>	<b>34.4%</b>			<b>46.4%</b>	<b>27.8%</b>		

### Exhibit 4: Other Income/(Expenses) Statement Items

	For the twelve months ended December 30				For the three months ended September 30			
	2023	2022	YoY change	YoY change %	2023	2022	YoY change	YoY change %
	(in ₱ millions)							
Provision for impairment of property plant and equipment	1,059	707	352	50%	657	-	657	N/M
Provision for inventory obsolescence	145	-	145	N/M	(33)	-	(33)	N/M
Net foreign exchange gain/(loss)	(77)	(27)	(50)	182%	(94)	(49)	(45)	91%
Equity share in net income of associate and joint ventures	(248)	(51)	(197)	387%	(218)	4	(221)	N/M
Interest income	(388)	(53)	(335)	N/M	(231)	-	(231)	N/M
Miscellaneous income (expense)	(355)	(173)	(182)	105%	(304)	473	(777)	-164%
<b>Total other income (expense), net</b>	<b>136</b>	<b>403</b>	<b>(267)</b>	<b>-66%</b>	<b>(222)</b>	<b>427</b>	<b>(649)</b>	<b>-152%</b>
Operating profit	14,201	11,587	2,614	23%	4,224	2,558	1,666	65%
Finance cost	2,079	1,732	347	20%	503	(551)	1,054	-191%
Profit before income tax	12,122	9,855	2,267	23%	3,721	2,008	1,713	85%
Income tax expense	3,023	2,416	607	25%	991	(676)	1,667	N/M
<b>Net income</b>	<b>9,099</b>	<b>7,439</b>	<b>1,660</b>	<b>22%</b>	<b>2,731</b>	<b>1,332</b>	<b>1,399</b>	<b>105%</b>
<b>Net income margin</b>	<b>25.7%</b>	<b>22.1%</b>			<b>30.0%</b>	<b>14.5%</b>		

### Exhibit 5: Summary Balance Sheet

	As of the period			
	Dec 31, 2023	Dec 31, 2022	Change	Change %
	In P millions			
<b>Current assets</b>				
Cash and cash equivalents	13,694	10,214	3,480	34%
Trade and other receivables, net	3,450	3,337	113	3%
Due from related parties, net, current portion	209	609	(401)	-66%
Network materials and supplies, net	2,024	4,385	(2,361)	-54%
Deferred contract costs, current portion	984	1,007	(22)	-2%
Other current assets	1,788	3,046	(1,259)	-41%
<b>Non-current assets</b>				
Property, plant and equipment, net	67,530	62,534	4,996	8%
Right-of-use assets, net	2,853	3,294	(440)	-13%
Intangible assets, net	2,145	2,385	(240)	-10%
Due from related parties, net of current portion	154	157	(4)	-2%
Advances to fixed assets suppliers	3,605	4,317	(713)	-17%
Other non-current assets	2,703	2,813	(110)	-4%
<b>Total assets</b>	<b>101,145</b>	<b>98,098</b>	<b>3,047</b>	<b>3%</b>
<b>Current liabilities</b>				
Trade and other current liabilities	16,199	17,055	(856)	-5%
Due to related parties	42	111	(69)	-62%
Borrowings, current portion	5,258	3,240	2,019	62%
Lease liabilities, current portion	460	616	(155)	-25%
Other current liabilities	1,958	3,701	(1,743)	-47%
<b>Non-current liabilities</b>				
Borrowings, net of current portion	29,985	35,000	(5,015)	-14%
Retirement benefit obligation, net	12	153	(141)	-92%
Other non-current liabilities	1,984	2,111	(127)	-6%
<b>Total liabilities</b>	<b>55,899</b>	<b>61,988</b>	<b>(6,088)</b>	<b>-10%</b>
<b>Total equity</b>	<b>45,246</b>	<b>36,111</b>	<b>9,135</b>	<b>25%</b>
<b>Total liabilities and equity</b>	<b>101,145</b>	<b>98,098</b>	<b>3,047</b>	<b>3%</b>

## Exhibit 6: Summary Cash Flow

	2023	For the year ended December 31		
		2022	YoY change	YoY change %
(in P millions)				
<b>Cash flow from operating activities</b>				
Profit before income tax	12,122	9,856	2,266	23%
Adjustments for operating income	12,490	13,238	(748)	-6%
Adjustments for assets and liabilities	(3,765)	(8,120)	4,356	-54%
Cash from operations	20,847	14,973	5,874	39%
Interest received, retirement and income taxes paid	(3,218)	(3,368)	150	-4%
<b>Net cash from operating activities</b>	<b>17,629</b>	<b>11,605</b>	<b>6,023</b>	<b>52%</b>
<b>Cash flow from investing activities</b>				
Acquisition of property, plant, and equipment and intangibles	(8,855)	(19,192)	10,337	-54%
Others	52	(205)	257	-126%
<b>Net cash used in investing activities</b>	<b>(8,803)</b>	<b>(19,397)</b>	<b>10,594</b>	<b>-55%</b>
<b>Cash flow from financing activities</b>				
Proceeds from borrowings	500	11,500	(11,000)	-96%
Payment of borrowings	(3,523)	(2,987)	(536)	18%
Proceeds from issuance of bonds	-	10,000	(10,000)	-100%
Acquisition of treasury shares	-	(6,499)	6,499	-100%
Others	(2,500)	(2,375)	(125)	5%
<b>Net cash (used in) from financing activities</b>	<b>(5,523)</b>	<b>9,640</b>	<b>(15,126)</b>	<b>-157%</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,303</b>	<b>1,848</b>	<b>1,455</b>	<b>79%</b>
Cash and cash equivalents, beginning	10,214	8,084	2,130	26%
Effects of exchange rate changes in cash and cash equivalents	177	282	(105)	-37%
<b>Cash and cash equivalents, ending</b>	<b>13,694</b>	<b>10,214</b>	<b>3,480</b>	<b>34%</b>

## Exhibit 7: Liquidity and Capital Resources

	December 31, 2023	December 31, 2022	Change (%)
<b>Balance Sheet Data (in P millions)</b>			
Total Assets	101,145	98,098	3%
Total Debt <sup>(1)</sup>	35,244	28,240	-8%
Total Stockholders' Equity	45,246	36,111	25%
<b>Financial Ratios</b>			
Total Debt to EBITDA (gross)	1.6x	1.9x	
Total Debt to EBITDA (net)	1.0x	1.5x	
Debt Service Coverage <sup>(2)</sup>	2.4x	3.9x	
Interest Coverage (gross) <sup>(3)</sup>	10.4x	11.2x	
Debt to Equity (gross) <sup>(4)</sup>	0.8x	1.1x	
Debt to Equity (net) <sup>(5)</sup>	0.5x	0.8x	
Return on Invested Capital <sup>(6)</sup>	16.3%	15.7%	

Notes:

(1) Total Debt is the sum of current and noncurrent loans 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 effective tax rate) 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: Capital expenditures

	As of the period			
	December 31, 2023	December 31, 2022	YoY Change	YoY Change %
	(in millions)			
<b>Total additions to property, plant and equipment</b>	12,040	15,966	(3,926)	-25%
<b>Total cash capital expenditures<sup>(1)</sup></b>	8,995	19,397	(10,594)	-55%
<b>Cash capital expenditures<sup>(1)</sup> / Revenue</b>	25%	79%		

Notes:

(1) Include acquired property, plant and equipment, intangibles, and right-of-use assets and advances to fixed asset suppliers as of report date.

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