



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 13, 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

9M2024 CONSOLIDATED RESIDENTIAL NET ADDS REACHED 331,799; SURF2SAWA REACHED ITS HIGHEST QUARTERLY NET ADDS

SUSTAINED INDUSTRY-LEADING FINANCIAL TRIFECTA; CONSOLIDATED REVENUE GROWTH FOR 9M2024 AT 14.1% YOY; EBITDA MARGIN ENDED AT 61.0% AND ROIC AT 18.0%

9M2024 Key Highlights

- **Converge registered consolidated revenues of ₱29.9Bn for 9M2024, higher by 14.1% from the same period last year**
- **9M2024 Residential revenues grew to ₱25.4Bn or 13.2% YoY growth**
- **Enterprise revenues reached ₱4.5Bn in 9M2024, a growth of 19.0% YoY**
- **EBITDA grew 20.5% to ₱18.3Bn with margin ending at 61.0% for 9M2024**
- **9M2024 net income after tax increased by 29.0% from last year to reach ₱8.2 Bn representing net income margin of 27.4%**
- **Consolidated residential net additions for 3Q2024 reached a total of 108,048 or 331,799 for 9M2024**
- **Maintained industry-leading ROIC (post-dividend payout) at 18.0% for 9M2024**

MANILA, Philippines, November 13, 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 September 2024 with a total of 2,459,851 residential subscribers. This is comprised of 2,218,003 postpaid subscribers and 241,848 prepaid subscribers.

Consolidated revenues improved due to continuing double digit growth of both Residential and Enterprise segments

Consolidated gross adds reached 257,594 during the quarter

Consolidated revenues grew by 14.1% in 9M2024 to ₱29.9Bn from ₱26.2Bn in 9M2023 – reinforcing the Company’s position as the fastest-growing fixed broadband service provider in the Philippines.

Residential business grew to ₱25.4Bn during the same period, representing 13.2% year-over-year growth. This growth was largely attributed to the increase in the number of residential subscribers. FiberX gross adds during the third quarter was the highest of the last 10 quarters with churn rate maintained at around 2%. Surf2Sawa recorded its highest quarterly gross and net adds, showing the continuous demand from the broader underserved market.

In 9M2024, enterprise revenue grew by 19.0% year-on-year to ₱4.5Bn from ₱3.8Bn in the same period last year. This growth trajectory reflects the continued expansion of our Enterprise customer base, reaching over 60,000 customers as of September 30, 2024. Small and medium enterprise (“SME”) continued to be the fastest growing subsegment with 30.0% revenue growth with all subsegments maintaining their double-digit growth.

EBITDA levels and profitability margins consistently leading the industry

The Company’s EBITDA grew by 20.5% to ₱18.3Bn in 9M2024, representing an EBITDA margin of 61.0%, from ₱15.1Bn in 9M2023 or 57.9% EBITDA margin. Provision for impairment of trade and other receivables declined by 34.1% to 4.0% cost margin, from 6.8% in 9M2023, due to improved efficiency and effectivity in collection.

The Company maintained its industry-leading Return on Invested Capital (“ROIC”) at 18.0% from 17.3% last quarter. This 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 by 29.0% from ₱6.4Bn in 9M2023 to ₱8.2Bn in 9M2024, resulting in a net income margin of 27.4% for 9M2024, higher than 9M2023 net income margin of 24.3%.

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 ₱15.8Bn as of June 30, 2024 to ₱14.1Bn as of September 30, 2024. The Company repaid a portion of its financial debt, reducing the balance to ₱30.9Bn. The Company's debt service coverage ratio ("DSCR") was 3.4x, the net debt-to-total equity was at 0.4x, and gross debt-total equity was at 0.6x – well within the required financial covenants from its debt facilities.

Total cash CAPEX as of 9M2024 amounted to ₱7.5Bn.

Converge introduced product enhancement and innovation on Residential and Enterprise subsegments

Residential

With a focus on providing better and more reliable internet experience, Converge launched Boost Mode for all existing and new residential subscribers. This is a free automatic speed boost of an additional 100 Mbps for all FiberX plans plus Wi-Fi 6 capabilities to FiberX plans starting from ₱1,699.

“At Converge, our vision has always centered on giving amazing digital experiences. With our subscriber base exceeding 2 million this year, we want to continue providing customers with substantial speed increases.” Converge EVP & Chief Commercial Officer Benjamin B. Azada adds, “for Year 5, we’ve decided to give it a name; Boost Mode is only the most recent step in Converge's vision of bridging the gap with the best in the world.”

Converge also recently announced a new collaboration with Netflix, the world's largest streaming service in terms of subscriber base. This new collaboration will be headlined by the new Converge Netflix Bundle, where new and existing FiberX customers will be able to have both an internet and Netflix plan, all in one. This offering aims to provide countless entertainment options and a better streaming experience for FiberX users.

This Converge Netflix Bundle is offered with the abovementioned Boost Mode, a new WiFi-6 Next Gen Modem, and a Converge Xperience Box with Freemium Channels. The Converge Xperience Box is a Google-certified Android TV box that allows the customer to download apps such as YouTube, Spotify, and streaming apps like Netflix.

Enterprise

Converge Sky+++ integrates world-class cutting-edge technology with the Company's renowned high-speed broadband internet to create a comprehensive hospitality solution. This innovative all-in-one smart tv solution promises to streamline hotel operations and to elevate guests' experiences, marking a new era in hospitality technology.

“In today's competitive hospitality landscape, providing a personalized, tech-forward experience is no longer a luxury—it's a necessity,” noted Mr. Azada. “Converge Sky+++ offers hotels the tools they need to meet and exceed guest expectations while optimizing their operations. This product represents our vision for the future of hospitality that will set a new standard for guests' satisfaction and operational efficiency in hotels across the country.”

Converge's Dividend Policy and maiden Special Cash Dividend since IPO approved by the Board of Directors

In September, Converge’s Board of Directors has approved its dividend policy aimed at maintaining a dividend payment ratio for all outstanding common shares of the Company of approximately 25% to 30% of its net income based on the latest audited net income.

Converge will share part of its profits with the Company’s common equity shareholders - adhering to one of the pillars of the G20/OECD Principles of Corporate Governance 2023’s rights and equitable treatment of shareholders.

“We are really thankful to all shareholders who have believed in our mission to provide world-class connectivity services to the Filipino people. We are committed to ensuring that we deliver value to our shareholders as we continue to improve our performance,” said Converge CEO and Co-Founder Dennis Anthony Uy.

Under its dividend policy, the Company’s Board has sole discretion to determine the amount, type, and date of payment of the dividends to the shareholders, taking into account various factors, including, but not limited to:

- the level of its earnings, cash flow, return on equity and retained earnings;
- its results for and financial condition at the end of the year in respect of which the dividend is to be paid and expected financial performance;
- the projected levels of capital expenditures and other investment programs;
- restrictions on payments of dividends that may be imposed on the company by any current or future financing arrangements and current or prospective debt service requirements; and
- such other factors as the Board deems appropriate.

The Company’s Board may, at any time, modify this dividend policy, including the dividend payout ratio.

"With the continued strength of the earnings growth and operating cash flow generation at Converge, we remain well positioned to support the dividend policy going forward. The approval of this dividend policy reflects the Company’s commitment to delivering value to shareholders while investing in the continued growth of the business,” said President and Co-Founder Maria Grace Uy.

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

Converge keeps Three Golden Arrow rating in ASEAN Corporate Governance Scorecard

Converge sustained its outstanding corporate governance practice, receiving the Three Golden Arrow Award at the 2024 Golden Arrow Awards. Presented by the Institute of Corporate Directors (ICD) annually, the Golden Arrow Awards range from 1-Arrow Recognition up to Five-Arrow recognition and are based on the company’s rating on the Asean Corporate Governance Scorecard (ACGS).

The ACGS measures companies’ corporate governance performance in the areas of facilitating the rights and the equitable treatment of shareholders, how they relate to their different stakeholders, ensuring transparency and accountability through timely disclosure of material information, and how the board guides the company strategically, monitors the management, and ensures the board’s accountability to the company and the shareholders.

“We continue to strive to improve our Corporate Governance rating in all areas of governance, allowing Converge to steadily underscore matters that we can improve on, amid the policy and business



environment we have today,” said Atty. Laurice Esteban-Tuason, Converse SVP and Corporate Compliance and Data Protection Officer.

In the period under review, Converse made strides to strengthen its corporate governance policies and practices; the company reported zero incidents of customer data breaches for 2023, exhibiting the robust oversight and control of its Data Privacy and Corporate Governance teams.

Converse joins ASEAN Circular Economy Business Alliance

Converse has become the first Filipino company to join the private sector-led ASEAN Circular Economy Business Alliance (ACEBA) that seeks to promote business action towards the adoption of circular economy strategies and practices in the southeast Asian region.

Facilitated by country leads in participating members states of the Association of Southeast Asian Nations (ASEAN) and supported through the ASEAN Responsible And Inclusive Business Alliance (ARAIBA), ACEBA seeks to provide visibility for its members and to serve as a voice to its participating companies to ASEAN, its entities and government and business sectors in ASEAN members.

Converse is committed to creating policies and implementing more programs that will help address the resource gaps that will continue to promote a circular economy.

The ASEAN Business Advisory Council and the ASEAN Corporate Social Responsibility Network conceptualized the ACEBA as an ASEAN-centric initiative of and for businesses to catalyze leadership and action for the regional Circular Economy transition in Southeast Asia.

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 nine months ended September 30				For the three months September 30			
	2024	2023	YoY change	YoY change %	2024	2023	YoY change	YoY change %
In PHP millions								
Revenues	29,938	26,248	3,690	14%	10,419	8,886	1,533	17%
<i>Residential</i>	25,441	22,470	2,971	13%	8,806	7,595	1,211	16%
<i>Enterprise</i>	4,497	3,778	719	19%	1,613	1,292	321	25%
Cost of services	(10,583)	(8,929)	(1,654)	19%	(3,525)	(3,258)	(267)	8%
Gross profit	19,355	17,319	2,035	12%	6,894	5,628	1,266	22%
General and administrative expenses	(6,433)	(5,221)	(1,212)	23%	(2,206)	(1,579)	(627)	40%
Provision for impairment of trade and other receivables	(1,167)	(1,771)	605	-34%	(403)	(631)	228	-36%
Equity share in net income of joint ventures	82	31	52	169%	27	10	17	174%
Unrealized fair value (loss) gain on financial asset at FVTPL	5	7	(1)	-21%	11	(1)	12	N/M
Other income (expense), net	468	(388)	856	N/M	12	(173)	185	N/M
Profit from operations	12,311	9,976	2,335	23%	4,335	3,254	1,081	33%
Finance costs	(1,458)	(1,576)	118	-7%	(485)	(484)	(1)	0%
Profit before income tax	10,853	8,401	2,452	29%	3,850	2,770	1,080	39%
Income tax expense	(2,641)	(2,032)	(609)	30%	(932)	(687)	(245)	36%
Profit after income tax for the period	8,212	6,368	1,844	29%	2,918	2,083	835	40%
Other comprehensive (loss) income	-	-	-	N/M	-	-	-	#DIV/0!
Total comprehensive income for the period	8,212	6,368	1,844	29%	2,918	2,083	835	40%
Profit after income tax	8,212	6,368	1,844	29%	2,918	2,083	835	40%
Finance costs	1,458	1,576	(118)	-7%	485	484	1	0%
Income taxes	2,641	032	609	30%	932	687	245	36%
Depreciation and amortization - COS	5,173	4,339	833	19%	1,778	1,575	203	13%
Depreciation and amortization - G&A	264	145	118	81%	74	32	42	133%
Amortization of deferred contract costs - SAQ	506	688	(182)	-26%	173	232	(59)	-25%
EBITDA	18,253	15,149	3,105	20%	6,361	5,093	1,268	25%
EBITDA Margin	61.0%	57.7%			61.1%	57.3%		

Exhibit 2: Quarterly Operational Performance Summary

	2023			2024			YoY Change
	2Q	3Q	4Q	1Q	2Q	3Q	3Q2024 vs 3Q2023
Residential							
Revenues (In PHP millions)	7,476	7,595	7,812	8,167	8,469	8,806	15.9%
FTTH	7,186	7,335	7,600	7,993	8,345	8,693	18.5%
HFC	291	259	212	173	124	113	-56.3%
Customers	1,969,663	2,048,286	2,128,052	2,252,845	2,351,803	2,459,851	20.1%
FTTH	1,795,858	1,882,987	1,976,500	2,107,156	2,213,451	2,325,916	23.5%
HFC	173,805	165,299	151,552	145,689	138,352	133,935	-19.0%
Homes Passed	16,567,221	16,736,629	16,850,877	16,897,965	16,947,181	17,005,261	1.6%
FTTH	15,711,920	15,881,328	15,995,576	16,042,664	16,091,880	16,149,960	1.7%
HFC	855,301	855,301	855,301	855,301	855,301	855,301	0.0%
Ports	8,711,261	8,795,965	8,853,089	8,876,633	8,901,241	8,930,281	1.5%
FTTH	7,855,960	7,940,664	7,997,788	8,021,332	8,045,940	8,074,980	1.7%
HFC	855,301	855,301	855,301	855,301	855,301	855,301	0.0%
Household Coverage (%)	62.30%	62.93%	63.36%	63.54%	63.72%	63.94%	1.6%
ARPU	1,208	1,196	1,195	1,189	1,170	1,160	-3.0%
FTTH	1,277	1,262	1,225	1,247	1,228	1,213	-3.9%
HFC	543	506	482	388	291	276	-45.4%
Customer Churn (%)	2.04	2.43	2.18	1.82	2.20	2.07	-14.8%
FTTH	2.12	2.50	2.11	1.86	2.23	2.13	-14.8%
HFC	1.19	1.68	3.03	1.33	1.75	1.09	-35.2%
Port Utilization (%)	23.1	23.8	24.5	25.9	27.0	28.2	18.8%
FTTH	23.4	24.2	25.3	26.9	28.2	29.6	22.0%
HFC	20.3	19.3	17.7	17.0	16.2	15.7	-19.0%
Enterprise							
Revenues (In PHP millions)	1,244	1,292	1,299	1,373	1,511	1,613	24.9%
Customers	42,797	45,736	48,150	50,923	55,906	63,055	37.9%
ARPU	9,773	9,613	8,824	9,094	9,290	8,885	-7.6%
Customer Churn (%)	1.27	1.22	1.14	1.60	0.90	0.73	-39.8%

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, including residential subscribers, SME subscribers, and subscribers under our network sharing agreements, 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: Summary Balance Sheet

	Sep 30, 2024	As of the period		Change %
		Dec 31, 2023	Change	
In P millions				
Current assets				
Cash and cash equivalents	16,882	13,694	3,188	23%
Trade and other receivables, net	4,030	3,456	574	17%
Due from related parties, net, current portion	133	209	(76)	-36%
Network materials and supplies, net	1,732	2,024	(292)	-14%
Deferred contract costs, current portion	1,406	984	421	43%
Other current assets	2,110	1,788	323	18%
Noncurrent assets				
Property, plant and equipment, net	68,877	67,530	1,347	2%
Right of use assets, net	2,110	2,853	(744)	-26%
Intangible assets, net	2,307	2,145	162	8%
Advances to suppliers of fixed assets	136	154	(17)	-11%
Due from related parties, net of current portion	3,072	3,605	(533)	-15%
Other noncurrent assets	2,634	2,703	(69)	-3%
Total assets	105,430	101,145	4,285	4%
Current liabilities				
Trade and other current liabilities	17,886	16,199	1,687	10%
Due to related parties	21	42	(21)	-49%
Borrowings, current portion	5,529	5,258	271	5%
Lease liabilities, current portion	369	460	(91)	-20%
Other current liabilities	2,661	1,958	703	36%
Non-current liabilities				
Borrowings, net of current portion	25,370	29,985	(4,615)	-15%
Retirement benefit obligation, net	-	12	(12)	-100%
Other non-current liabilities	1,488	1,984	(496)	-25%
Total liabilities	53,325	55,899	(2,574)	-5%
Total equity	52,105	45,246	6,859	15%
Total liabilities and equity	105,430	101,145	4,285	4%

Exhibit 6: Summary Cash Flow

	For the nine months ended September 30			
	2024	2023	YoY change	YoY change %
In PHP millions				
Cash flow from operating activities				
Profit before income tax	10,853	8,401	2,452	29%
Adjustments for operating income	8,770	9,486	(716)	-8%
Adjustments for assets and liabilities	(1,746)	(4,879)	(3,133)	-64%
Cash from operations	17,877	13,008	4,869	37%
Interest received and income taxes paid	(1,702)	(1,629)	(73)	4%
Net cash from operating activities	16,175	11,379	4,796	42%
Cash flow from investing activities				
Acquisition of property, plant, and equipment	(6,998)	(4,968)	2,029	41%
Others	(535)	(232)	304	131%
Net cash used in investing activities	(7,533)	(5,200)	2,333	45%
Cash flow from financing activities				
Proceeds from borrowings	-	500	(500)	-100%
Payments of borrowings	(4,378)	(2,422)	(1,956)	81%
Others	(1,162)	(1,883)	(721)	-38%
Net cash used in financing activities	(5,540)	(3,805)	1,735	46%
Net increase in cash and cash equivalents	3,102	2,375	728	31%
Cash and cash equivalents, beginning	13,694	10,214	3,480	34%
Effects of exchange rate changes in cash and cash equivalents	86	591	(505)	-85%
Cash and cash equivalents, ending	16,882	13,180	3,592	27%

Exhibit 7: Liquidity and Capital Resources

	September 30, 2024	December 31, 2023	Change (%)
Balance Sheet Data (in P millions)			
Total Assets	105,430	101,145	4%
Total Debt	30,899	35,244	-12%
Total Stockholders' Equity	52,105	45,246	15%
Financial Ratios			
Total Debt to EBITDA (gross)	1.3x	1.6x	
Total Debt to EBITDA (net)	0.6x	1.0x	
Debt Service Coverage	3.4x	3.6x	
Interest Coverage (gross)	12.6x	10.4x	
Debt to Equity (gross)	0.6x	0.8x	
Debt to Equity (net)	0.3x	0.5x	
Return on Invested Capital	18.0%	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

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