PLDT INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2025 (UNAUDITED) AND DECEMBER 31, 2024 (AUDITED)
AND FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (UNAUDITED)

PLDT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at March 31, 2025 and December 31, 2024
(in million pesos)

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS		
Noncurrent Assets		
Property and equipment (Notes 2, 9 and 21)	**318,342**	318,069
Right-of-use assets (Note 10)	**39,603**	39,111
Investments in associates and joint ventures (Note 11)	**52,854**	52,764
Financial assets at fair value through profit or loss (Note 27)	**1,097**	1,101
Debt instruments at amortized cost – net of current portion (Note 12)	**350**	370
Investment properties (Note 13)	**5,515**	3,000
Goodwill and intangible assets (Note 14)	**64,454**	64,464
Deferred income tax assets – net (Note 7)	**12,386**	14,643
Derivative financial assets – net of current portion (Note 27)	**419**	385
Prepayments and other nonfinancial assets – net of current portion (Notes 2, 18, 24 and 25)	**60,196**	61,929
Contract assets – net of current portion (Note 5)	**422**	485
Other financial assets – net of current portion (Note 27)	**3,122**	3,126
Total Noncurrent Assets	**558,760**	559,447
Current Assets		
Cash and cash equivalents (Note 15 and 27)	**13,759**	10,011
Short-term investments (Note 27)	**100**	136
Trade and other receivables (Note 16)	**31,362**	31,612
Inventories and supplies (Note 17)	**2,747**	3,306
Current portion of contract assets (Note 5)	**1,286**	1,401
Current portion of derivative financial assets (Note 27)	**28**	30
Current portion of debt instruments at amortized cost (Note 12)	**45**	25
Current portion of prepayments and other nonfinancial assets (Notes 18 and 24)	**11,151**	9,975
Current portion of other financial assets (Notes 19 and 27)	**759**	831
	61,237	57,327
Assets classified as held-for-sale (Notes 9 and 10)	**6,671**	6,501
Total Current Assets	**67,908**	63,828
TOTAL ASSETS	**626,668**	623,275
EQUITY AND LIABILITIES		
Equity		
Non-voting serial preferred stock (Note 19)	**360**	360
Voting preferred stock (Note 19)	**150**	150
Common stock (Note 19)	**1,093**	1,093
Treasury stock (Note 19)	**(6,505)**	(6,505)
Capital in excess of par value (Note 19)	**130,312**	130,312
Retained earnings (Note 19)	**32,757**	33,901
Other comprehensive loss (Note 6)	**(42,720)**	(43,892)
Total Equity Attributable to Equity Holders of PLDT	**115,447**	115,419
Noncontrolling interests (Note 19)	**1,349**	1,316
TOTAL EQUITY	**116,796**	116,735

See accompanying Notes to Consolidated Financial Statements.

PLDT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (*continued)*
As at March 31, 2025 and December 31, 2024
(in million pesos)

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Noncurrent Liabilities		
Interest-bearing financial liabilities – net of current portion (Note 20)	**262,901**	258,246
Lease liabilities – net of current portion (Note 10)	**46,231**	46,703
Deferred income tax liabilities – net (Note 7)	**49**	60
Customers' deposits (Note 27)	**2,002**	2,046
Pension and other employee benefits (Note 25)	**3,606**	3,548
Deferred credits and other noncurrent liabilities (Notes 5 and 21)	**7,295**	7,475
Total Noncurrent Liabilities	**322,084**	318,078
Current Liabilities		
Accounts payable (Note 22)	**60,011**	66,722
Accrued expenses and other current liabilities (Notes 23 and 26)	**83,862**	85,488
Current portion of interest-bearing financial liabilities (Note 20)	**20,165**	23,340
Current portion of lease liabilities (Note 10)	**7,584**	7,335
Dividends payable (Note 19)	**12,135**	2,005
Current portion of derivative financial liabilities (Note 27)	**630**	97
Income tax payable	**1,714**	1,860
	186,101	186,847
Liabilities associated with assets classified as held-for-sale (Note 10)	**1,687**	1,615
Total Current Liabilities	**187,788**	188,462
TOTAL LIABILITIES	**509,872**	506,540
TOTAL EQUITY AND LIABILITIES	**626,668**	623,275

See accompanying Notes to Consolidated Financial Statements.

PLDT INC. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS
For the three months ended March 31, 2025 and 2024
(in million pesos, except earnings per common share amounts which are in pesos)

	For the Three Months Ended March 31,	
	2025	2024
	(Unaudited)	
REVENUES FROM CONTRACTS WITH CUSTOMERS		
Service revenues (Note 5)	**53,421**	52,195
Non-service revenues (Note 5)	**1,856**	2,029
	55,277	54,224
EXPENSES		
Selling, general and administrative expenses (Notes 5 and 18)	**18,851**	19,276
Depreciation and amortization (Notes 9, 10 and 18)	**13,001**	11,642
Cost of sales and services (Note 5)	**3,366**	3,253
Asset impairment (Note 5)	**867**	959
Interconnection costs	**4,464**	3,491
	40,549	38,621
	14,728	15,603
OTHER EXPENSES — NET (Note 5)	**2,924**	2,411
INCOME BEFORE INCOME TAX	**11,804**	13,192
PROVISION FOR INCOME TAX (Note 7)	**2,740**	3,299
NET INCOME (Note 4)	**9,064**	9,893
ATTRIBUTABLE TO:		
Equity holders of PLDT (Note 8)	**9,025**	9,824
Noncontrolling interests	**39**	69
	9,064	9,893
Earnings Per Share Attributable to Common Equity Holders of PLDT (Note 8)		
Basic	**41.71**	45.40
Diluted	**41.71**	45.40

See accompanying Notes to Consolidated Financial Statements.

PLDT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three months ended March 31, 2025 and 2024
(in million pesos)

	For the Three Months Ended March 31,	
	2025	2024
	(Unaudited)	
NET INCOME	**9,064**	9,893
OTHER COMPREHENSIVE INCOME (LOSS) – NET OF TAX (Note 6)		
Foreign currency translation differences of subsidiaries	**(14)**	(20)
Net transactions on cash flow hedges:	**(113)**	(77)
Net fair value losses on cash flow (Note 27)	**(151)**	(103)
Income tax related to fair value adjustments charged directly to equity (Note 7)	**38**	26
Net other comprehensive loss to be reclassified to profit or loss in subsequent years	**(127)**	(97)
Revaluation increment on investment properties	**1,434**	—
Revaluation increment in investment properties transferred from property and equipment	**1,912**	—
Income tax related to revaluation increment charged directly to equity	**(478)**	—
Actuarial losses on defined benefit obligations:	**(141)**	—
Remeasurement in actuarial losses on defined benefit obligations	**(190)**	—
Income tax related to remeasurement adjustments (Note 7)	**49**	—
Net other comprehensive income not to be reclassified to profit or loss in subsequent years	**1,293**	—
Total other comprehensive income (loss) – net of tax	**1,166**	(97)
TOTAL COMPREHENSIVE INCOME	**10,230**	9,796
ATTRIBUTABLE TO:		
Equity holders of PLDT	**10,197**	9,762
Noncontrolling interests	**33**	34
	10,230	9,796

See accompanying Notes to Consolidated Financial Statements.

PLDT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three months ended March 31, 2025 and 2024
(in million pesos)

	Preferred Stock	Common Stock	Treasury Stock	Capital in Excess of Par Value	Retained Earnings	Other Comprehensive Income (Loss)	Total Equity Attributable to Equity Holders of PLDT	Noncontrolling Interests	Total Equity
Balances as at January 1, 2025	**510**	**1,093**	**(6,505)**	**130,312**	**33,901**	**(43,892)**	**115,419**	**1,316**	**116,735**
Cash dividends (Note 19)	**—**	**—**	**—**	**—**	**(10,169)**	**—**	**(10,169)**	**—**	**(10,169)**
Total comprehensive income (loss):	**—**	**—**	**—**	**—**	**9,025**	**1,172**	**10,197**	**33**	**10,230**
Net income	**—**	**—**	**—**	**—**	**9,025**	**—**	**9,025**	**39**	**9,064**
Other comprehensive income (loss) (Note 6)	**—**	**—**	**—**	**—**	**—**	**1,172**	**1,172**	**(6)**	**1,166**
Balances as at March 31, 2025 (Unaudited)	**510**	**1,093**	**(6,505)**	**130,312**	**32,757**	**(42,720)**	**115,447**	**1,349**	**116,796**
Balances as at January 1, 2024	510	1,093	(6,505)	130,312	22,020	(42,212)	105,218	5,168	110,386
Cash dividends (Note 19)	—	—	—	—	(9,953)	—	(9,953)	—	(9,953)
Total comprehensive income (loss):	—	—	—	—	9,824	(62)	9,762	34	9,796
Net income (Note 8)	—	—	—	—	9,824	—	9,824	69	9,893
Other comprehensive loss (Note 6)	—	—	—	—	—	(62)	(62)	(35)	(97)
Acquisition and dilution of noncontrolling interests	—	—	—	—	—	—	—	235	235
Perpetual notes settlement (Note 19)	—	—	—	—	—	—	—	(4,200)	(4,200)
Distribution charges on perpetual notes (Note 19)	—	—	—	—	—	—	—	(59)	(59)
Transaction costs from settlement of perpetual notes (Note 19)	—	—	—	—	—	—	—	35	35
Balances as at March 31, 2024 (Unaudited)	510	1,093	(6,505)	130,312	21,891	(42,274)	105,027	1,213	106,240

See accompanying Notes to Consolidated Financial Statements.

PLDT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2025 and 2024
(in million pesos)

	For the Three Months Ended March 31,	
	2025	2024
	(Unaudited)	
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Income before income tax (Note 4)	**11,804**	13,192
Adjustments for:		
Depreciation and amortization (Notes 2, 9, 10 and 18)	**13,001**	11,642
Interest on loans and other related items – net (Note 5)	**3,222**	2,333
Accretion on lease liabilities (Notes 2, 5 and 10)	**986**	919
Asset impairment (Note 5)	**867**	959
Pension benefit costs (Notes 5 and 25)	**369**	366
Losses (Gains) on derivative financial instruments – net (Notes 5 and 27)	**335**	(761)
Accretion on financial liabilities (Notes 5 and 20)	**94**	90
Amortization of intangible assets (Notes 5 and 14)	**71**	56
Incentive plan (Notes 5 and 25)	**—**	298
Impairment of investments (Note 11)	**—**	80
Gain on sale and leaseback of telecom towers (Notes 5 and 9)	**—**	(571)
Gains on disposal of property and equipment	**(48)**	(32)
Equity share in net (income) losses of associates and joint ventures (Notes 5 and 11)	**(83)**	395
Foreign exchange gains – net (Notes 2, 5 and 27)	**(544)**	(175)
Interest income (Note 5)	**(199)**	(269)
Others	**(10)**	(101)
Operating income before changes in assets and liabilities	**29,865**	28,421
Decrease (increase) in:		
Prepayments	**714**	(4,910)
Inventories and supplies	**556**	964
Contract assets	**134**	(21)
Trade and other receivables	**(2,890)**	(2,622)
Other financial and non-financial assets	**(451)**	(638)
Increase (decrease) in:		
Customers' deposits	**(43)**	5
Accounts payable	**(117)**	3,803
Pension and other employee benefits	**(637)**	(384)
Accrued expenses and other current liabilities	**(1,721)**	(67)
Other noncurrent liabilities	**34**	(22)
Net cash flows generated from operations	**25,444**	24,529
Income taxes paid	**(899)**	(762)
Net cash flows from operating activities	**24,545**	23,767

See accompanying Notes to Consolidated Financial Statements.

PLDT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS *(continued)*
For the three months ended March 31, 2025 and 2024
(in million pesos)

	For the Three Months Ended March 31,	
	2025	2024
	(Unaudited)	
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from:		
Disposal of property and equipment (Note 9)	**65**	1,580
Maturity of short-term investments	**36**	39
Redemption of investment in debt securities (Note 12)	**—**	200
Interest received	**198**	272
Payments for:		
Purchase of short-term investments	**—**	(24)
Acquisition of investments in associates and joint ventures (Note 11)	**(8)**	(81)
Interest capitalized to property and equipment (Notes 5 and 9)	**(608)**	(774)
Purchase of property and equipment (Note 9)	**(15,534)**	(17,980)
Decrease in other financial and non-financial assets	**—**	61
Net cash flows used in investing activities	**(15,851)**	(16,707)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from:		
Availments of long-term debt (Notes 20 and 28)	**5,800**	4,200
Availments of short-term debt (Notes 20 and 28)	**1,022**	—
Payments for:		
Distribution charges on perpetual notes (Note 19)	**—**	(59)
Redemption of perpetual notes (Note 19)	**—**	(4,200)
Settlements of derivative financial instruments - net (Notes 27 and 28)	**(12)**	(472)
Debt issuance costs (Notes 20 and 28)	**(14)**	(31)
Cash dividends (Notes 19 and 28)	**(39)**	(7)
Short-term debt (Notes 20 and 28)	**(1,022)**	—
Interest – net of capitalized portion (Notes 5, 20 and 28)	**(2,808)**	(2,140)
Obligations under lease liabilities (Notes 10 and 28)	**(3,829)**	(3,139)
Long-term debt (Notes 20 and 28)	**(4,016)**	(4,720)
Net cash flows used in financing activities	**(4,918)**	(10,568)
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(28)**	1,388
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**3,748**	(2,120)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD (Note 15)	**10,011**	16,177
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note 15)	**13,759**	14,057

See accompanying Notes to Consolidated Financial Statements.

PLDT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

PLDT Inc., which we refer to as PLDT or the Parent Company, was incorporated under the old Corporation Law of the Philippines (Act 1459, as amended) on November 28, 1928, following the merger of four telephone companies under common U.S. ownership. PLDT holds a perpetual corporate term under Section 11 of the Revised Corporation Code of the Philippines (Republic Act No. 11232), which grants existing corporations to have a perpetual existence unless a majority vote of its stockholders elects to retain a specified corporate term.

In 1967, effective control of PLDT was transferred from General Telephone and Electronics Corporation, a major shareholder then since PLDT's incorporation, to a group of Filipino investors. In 1981, as part of the Philippine government's policy to integrate the country's telecommunications industry, PLDT acquired substantially all of the assets and liabilities of the Republic Telephone Company, then the second largest telephone provider in the Philippines.

In 1998, certain subsidiaries of First Pacific Company Limited, or First Pacific, and its Philippine affiliates (collectively the First Pacific Group and its Philippine affiliates), acquired a significant interest in PLDT. On March 24, 2000, NTT Communications Corporation, or NTT Communications, through its wholly-owned subsidiary NTT Communications Capital (UK) Ltd., became PLDT's strategic partner with approximately a 15% economic and voting interest in PLDT's common stock. Concurrent with NTT Communications' investment, PLDT acquired 100% of Smart Communications, Inc., or Smart.

On March 14, 2006, NTT DOCOMO, Inc., or NTT DOCOMO, acquired approximately 7% of PLDT's then outstanding common shares from NTT Communications, which retained ownership of about 7% of PLDT's common shares. Since then, NTT DOCOMO has made additional purchases of PLDT shares, bringing the combined beneficial ownership of NTT DOCOMO and NTT Communications (both part of Nippon Telegraph and Telephone Corporation) to approximately 20.35% of PLDT's outstanding common stock as at March 31, 2025.

On February 28, 2007, Metro Pacific Asset Holdings, Inc., a Philippine affiliate of First Pacific, completed an acquisition of an approximately 46% interest in Philippine Telecommunications Investment Corporation, or PTIC, a shareholder of PLDT. This investment in PTIC represented an attributable interest of approximately 6% of PLDT's outstanding common shares at the time and raised the First Pacific Group's and its Philippine affiliates' beneficial ownership to approximately 28% of PLDT's outstanding common stock as of that date. Since then, the First Pacific Group's beneficial ownership interest in PLDT has decreased by approximately 2%, mainly due to the holders of Exchangeable Notes issued in 2005 by a subsidiary of First Pacific, which were fully exchanged into PLDT shares. The First Pacific Group and its Philippine affiliates held beneficial ownership of approximately 25.57% of PLDT's outstanding common stock as at March 31, 2025.

On October 26, 2011, PLDT completed the acquisition of a controlling interest in Digital Telecommunications Phils., Inc., or Digitel, from JG Summit Holdings, Inc., or JGSHI, and its affiliates, or collectively, the JG Summit Group. As consideration for the assets acquired, PLDT issued approximately 27.7 million common shares. In November 2011, JGSHI sold 5.81 million and 4.56 million PLDT shares to a Philippine affiliate of First Pacific and NTT DOCOMO, respectively, under separate option agreements entered into between JGSHI with the Philippine affiliate of First Pacific and NTT DOCOMO, respectively. As at March 31, 2025, the JG Summit Group beneficially owned approximately 11.27% of PLDT's outstanding common stock.

On October 16, 2012, BTF Holdings, Inc., or BTFHI, a wholly-owned company of the Board of Trustees for the Account of the Beneficial Trust Fund, or PLDT Beneficial Trust Fund, created pursuant to PLDT's Benefit Plan, subscribed to 150 million newly issued shares of Voting Preferred Stock of PLDT, or Voting Preferred Shares, at a subscription price of Php1.00 per share for a total subscription price of Php150 million. This subscription was made pursuant to a subscription agreement between BTFHI and PLDT dated October 15, 2012. Consequently, the issuance of these Voting Preferred Shares reduced the voting power of the NTT Group (comprising of NTT DOCOMO and NTT Communications), the First Pacific Group and its Philippine affiliates, and JG Summit Group to 12.01%, 15.09% and 6.65%, respectively, as at March 31, 2025. See *Note 19 – Equity – Preferred Stock – Voting Preferred Stock*.

The common shares of PLDT are listed and traded on the Philippine Stock Exchange, Inc., or PSE. On October 19, 1994, an American Depositary Receipt, or ADR, facility was established, under which Citibank N.A., as the depositary, issued American Depositary Shares, or ADSs, with each ADS representing one PLDT common share with a par value of Php5.00 per share. Effective February 10, 2003, PLDT appointed JP Morgan Chase Bank as the successor depositary for its ADR facility. The ADSs are listed on the New York Stock Exchange, or NYSE, in the United States and are traded on the NYSE under the symbol "PHI". As of March 31, 2025, there were approximately 16.6 million ADSs outstanding.

PLDT and our Philippine-based fixed line and wireless subsidiaries operate under the jurisdiction of the Philippine National Telecommunications Commission, or NTC. The NTC's jurisdiction includes, among other responsibilities, the approval of major services offered and certain rates charged to customers.

We are the largest and most diversified telecommunications company in the Philippines, providing nationwide data and multimedia services. Our business is organized into distinct units based on our products and services, with three reportable operating segments that form the bases for management's decision to allocate resources and evaluate operating performance. Our principal activities are discussed in *Note 4 – Operating Segment Information*.

Our registered office address is Ramon Cojuangco Building, Makati Avenue, Makati City, Philippines. Information on our structure is provided in *Note 2 – Summary of Material Accounting Policies – Basis of Consolidation*. Information on other related party relationships of the PLDT Group is provided in *Note 24 – Related Party Transactions*.

Our consolidated financial statements as at March 31, 2025 and December 31, 2024, and for the three months ended March 31, 2025 and 2024 were approved and authorized by the Board of Directors on May 15, 2025 as reviewed by the Audit Committee on May 5, 2025.

2. Summary of Material Accounting Policies

Basis of Preparation

Our consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards Accounting Standards, or PFRS Accounting Standards.

Our consolidated financial statements have been prepared under the historical cost basis, except for financial instruments at fair value through profit or loss, or FVPL, investment properties and pension that are measured at fair values.

Our consolidated financial statements are presented in Philippine Peso, PLDT's functional currency, and all values are rounded to the nearest million, except when otherwise indicated.

Our consolidated financial statements provide comparative information in respect of the previous period.

Basis of Consolidation

Our consolidated financial statements include the financial statements of PLDT and the following subsidiaries (collectively, the "PLDT Group") as at March 31, 2025 and December 31, 2024:

			March 31, 2025 (Unaudited)		December 31, 2024 (Audited)	
			Percentage of Ownership			
Name of Subsidiary	**Place of Incorporation**	**Principal Business Activity**	**Direct**	**Indirect**	Direct	Indirect
Wireless						
Smart:	Philippines	Cellular mobile services	**100.0**	**—**	100.0	—
Smart Broadband, Inc., or SBI, and Subsidiary	Philippines	Internet broadband distribution services	**—**	**100.0**	—	100.0
Primeworld Digital Systems, Inc., or PDSI	Philippines	Internet broadband distribution services	**—**	**100.0**	—	100.0
I-Contacts Corporation[(a)]	Philippines	Operations support servicing business	**—**	**100.0**	—	100.0
Far East Capital Limited, or FECL[(a)]	Cayman Islands	Cost effective offshore financing and risk management activities for Smart	**—**	**100.0**	—	100.0
PH Communications Holdings Corporation[(a)]	Philippines	Investment company	**—**	**100.0**	—	100.0
Connectivity Unlimited Resource Enterprise, Inc.[(a)]	Philippines	Cellular mobile services	**—**	**100.0**	—	100.0
Francom Holdings, Inc.[(a)]	Philippines	Investment company	**—**	**100.0**	—	100.0
Chikka Holdings Limited, or Chikka, and Subsidiaries, or Chikka Group[(a)]	British Virgin Islands	Content provider, mobile applications development and services	**—**	**100.0**	—	100.0
Wifun, Inc.[(a)]	Philippines	Software developer and selling of WiFi access equipment	**—**	**100.0**	—	100.0
PLDT Global, Inc.	Philippines	Cross-border digital platforms and other allied services	**100.0**	**—**	100.0	—
ACeS Philippines Cellular Satellite Corporation, or ACeS Philippines[(a)]	Philippines	Satellite information and messaging services	**88.5**	**11.5**	88.5	11.5
Digitel Mobile Philippines, Inc., or DMPI, (a wholly-owned subsidiary of Digitel)	Philippines	Cellular mobile services	**—**	**99.6**	—	99.6
Fixed Line						
PLDT Clark Telecom, Inc., or ClarkTel	Philippines	Telecommunications services	**100.0**	**—**	100.0	—
PLDT Subic Telecom, Inc., or SubicTel[(a)]	Philippines	Telecommunications services	**100.0**	**—**	100.0	—
PLDT Global Corporation, or PLDT Global, and Subsidiaries	British Virgin Islands	Telecommunications services	**100.0**	**—**	100.0	—
PLDT-Philcom, Inc., or Philcom, and Subsidiaries, or Philcom Group[(a)]	Philippines	Telecommunications services	**100.0**	**—**	100.0	—
Talas Data Intelligence, Inc.[(a)]	Philippines	Business infrastructure and solutions; intelligent data processing and implementation services and data analytics insight generation	**100.0**	**—**	100.0	—
Multisys Technologies Corporation, or Multisys[(b)]	Philippines	Software development and IT solutions services	**—**	**45.7**	—	45.7

(a) *Ceased commercial operations.*

(b) *On January 5, 2024, PLDT Global Investments Holdings, Inc., or PGIH, sold 227 common shares of Multisys, thereby decreasing its ownership from 50.72% to 45.73%. On April 2, 2025, PGIH entered into a share purchase agreement with Multisys to buy 228 common shares thereby increasing its ownership from 45.73% to 50.74%.*

\

Name of Subsidiary	Place of Incorporation	Principal Business Activity	March 31, 2025 (Unaudited)		December 31, 2024 (Audited)	
			Percentage of Ownership			
			Direct	**Indirect**	Direct	Indirect
ePLDT, Inc., or ePLDT:	Philippines	Information and communications infrastructure for internet-based services, e-commerce, customer relationship management and IT related services	**100.0**	**—**	100.0	—
IP Converge Data Services, Inc., or IPCDSI, and Subsidiary, or IPCDSI Group	Philippines	Information and communications infrastructure for internet-based services, e-commerce, customer relationship management and IT related services	**—**	**100.0**	—	100.0
Curo Teknika, Inc., or Curo[(a)]	Philippines	Managed IT outsourcing	**—**	**100.0**	—	100.0
ABM Global Solutions, Inc., or AGS, and Subsidiaries, or AGS Group[(a)]	Philippines	Internet-based purchasing, IT consulting and professional services	**—**	**100.0**	—	100.0
ePDS, Inc., or ePDS[(a)]	Philippines	Bills printing and other related value-added services, or VAS	**—**	**100.0**	—	100.0
netGames, Inc.[(a)]	Philippines	Gaming support services	**—**	**57.5**	—	57.5
MVP Rewards Loyalty Solutions, Inc., or MRSI[(a)]	Philippines	Full-services customer rewards and loyalty programs	**—**	**100.0**	—	100.0
VITRO, Inc., or Vitro	Philippines	Information and communications infrastructure for internet-based services, e-commerce, customer relationship management and IT related services	**—**	**100.0**	—	100.0
ePLDT Capital Investment Pte. Ltd. or ePLDT Capital	Singapore	Investment holding and acquisition of companies	**—**	**100.0**	—	—
Digitel	Philippines	Telecommunications services	**99.6**	**—**	99.6	—
Digitel Information Technology Services, Inc.[(a)]	Philippines	Internet services	**—**	**99.6**	—	99.6
PLDT-Maratel, Inc., or Maratel[(a)]	Philippines	Telecommunications services	**98.0**	**—**	98.0	—
Bonifacio Communications Corporation, or BCC	Philippines	Telecommunications, infrastructure and related VAS	**75.0**	**—**	75.0	—
Pilipinas Global Network Limited, or PGNL, and Subsidiaries	British Virgin Islands	International distributor of Filipino channels and content	**64.6**	**—**	64.6	—
Others						
PLDT Global Investments Holdings, Inc., or PGIH	Philippines	Investment company	**100.0**	**—**	100.0	—
PLDT Digital Investments Pte. Ltd., or PLDT Digital, and Subsidiaries	Singapore	Investment company	**100.0**	**—**	100.0	—
PLDT Communications and Energy Ventures, Inc., or PCEV	Philippines	Investment company	**—**	**99.9**	—	99.9

[(a)] *Ceased commercial operations.*

The financial statements of our subsidiaries are prepared for the same reporting period as PLDT. We prepare our consolidated financial statements using uniform accounting policies for like transactions and other events with similar circumstances.

Investment in Multisys

On January 5, 2024, PGIH entered into a Share Purchase Agreement for the sale of 227 common shares of Multisys, representing a 4.99% interest, for a total consideration of Php270 million. The transaction was completed and fully paid on January 12, 2024. Following this sale, PGIH retained ownership of 2,080 common shares representing 45.73% equity interest in Multisys. Pursuant to the Restated Shareholders' and related Amendment Agreement signed on January 30, 2024 and March 1, 2024, respectively, PGIH remains entitled to nominate three out of the five directors in Multisys, who manage and control the operations of Multisys. Consequently, the results of operation and financial position of Multisys continue to be consolidated with the PLDT Group.

On April 2, 2025, PGIH subsequently entered into a Share Purchase Agreement for the purchase of 228 common shares of Multisys, representing a 5% interest, for a total consideration of Php257.5 million. The transaction was completed on April 5, 2025. Following this acquisition, PGIH owns 2,308 common shares representing 50.74% equity interest in Multisys. On April 16, 2025, PGIH partially paid Php150 million out of total consideration.

Investment in Kayana Solutions Inc., or Kayana (formerly Limitless Growth Ventures, Inc.)

In March 2024, PLDT invested in Kayana to serve as a digital entity designed to harness the data assets of the MVP Group of Companies and provide a platform for a Group-wide digitalization initiatives. This collaboration marks the first step in a collective effort aimed at creating new growth opportunities and value within the MVP Group of Companies.

Kayana will leverage a technology platform capable of enabling the MVP Group of Companies to scale operations and achieve seamless integration of services and capabilities. Additionally, payments and rewards systems are expected to play a pivotal role in enhancing the overall user experience.

As of September 27, 2024, PLDT has invested a total of Php840 million in Kayana representing 840 million common shares, or 60% equity interest, including subscription payable of Php288 million.

On September 30, 2024, Kayana entered into share subscription agreements with its shareholders, wherein PLDT subscribed to additional 46.5 million common shares valued at Php46.5 million and the remaining shareholders subscribed to additional shares valued at Php523.5 million. As a result, PLDT's equity ownership in Kayana is reduced to 45%, leading PLDT to account for its remaining interest as an investment in associate.

The following summarizes the subscription agreements entered into by PLDT with Kayana:

Date	Number of Shares Acquired
	(in millions)
March 24, 2024	754.5
September 27, 2024	85.5
September 30, 2024	46.5

See *Note 11 – Investment in Associates and Joint Venture – Investment in Associates.*

Additional Investment in Maya Innovations Holdings Pte. Ltd. (MIH)

On April 5, 2024, PCEV paid a consideration of US$15.3 million or Php857 million for 6.7 million MIH Class C2 convertible preferred shares and received warrants for 2.7 million shares valued at Php152 million, resulting in an increase of PCEV's ownership in MIH from 36.97% to 37.66%.

See *Note 11 – Investment in Associates and Joint Venture – Investment in Associates.*

Investment in Radius Telecom, Inc., or Radius

On April 30, 2024, PLDT Inc. invested Php2 billion for 2,491,516 common shares, or 34.9% equity interest in Radius. This strategic investment aims to enhance PLDT's market share through an integrated alignment of solution capabilities and expanded market coverage.

See *Note 11 – Investment in Associates and Joint Venture – Investment in Associates.*

Reduction of Capital in PLDT Capital Pte Ltd., or PLDT Capital

On May 6, 2024, the Directors of PLDT Capital approved the reduction of its issued and paid-up share capital from Php891 million, comprising 26,773,606 ordinary shares, to Php1 million, comprising 30,058 fully paid ordinary shares. The Accounting and Corporate Regulatory Authority of Singapore approved the capital reduction of PLDT Capital on July 12, 2024.

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of this new standard did not have a material impact on the consolidated financial statements of the PLDT Group.

- Amendments to PAS 21, *Lack of Exchangeability*

Summary of Material Accounting Policies

The following is the summary of material accounting policies we applied in preparing our consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any noncontrolling interest in the acquiree. For each business combination, we elect whether to measure the components of the noncontrolling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in selling, general and administrative expenses.

When we acquire a business, we assess the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. The fair value of previously held equity interest is then included in the amount of total consideration transferred.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument within the scope of PFRS 9 is measured at fair value with the changes in fair value recognized in profit or loss. In accordance with PFRS 9, the contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, we reassess whether we correctly identified all of the assets acquired and all of the liabilities assumed and review the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain on a bargain purchase is recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, we report in our consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which is no longer than one year from the acquisition date, the provisional amounts recognized at acquisition date are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, we also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our cash-generating units, or CGUs, that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill acquired in a business combination has yet to be allocated to identifiable CGUs because the initial accounting is incomplete, such provisional goodwill is not tested for impairment unless indicators of impairment exist and we can reliably allocate the carrying amount of goodwill to a CGU or group of CGUs that are expected to benefit from the synergies of the business combination.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Investments in Associates

Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The cost of the investments includes directly attributable transaction costs. The details of our investments in associates are disclosed in *Note 11 – Investments in Associates and Joint Ventures – Investments in Associates*.

Where there has been a change recognized directly in the equity of the associate, we recognize our share in such change and disclose this, when applicable, in our consolidated statements of comprehensive income and consolidated statements of changes in equity. Unrealized gains and losses resulting from our transactions with and among our associates are eliminated to the extent of our interests in those associates.

Our share in the profits or losses of our associates is included under "Other income (expenses)" in our consolidated income statements. This is the profit or loss attributable to equity holders of the associate and net of the noncontrolling interest in the subsidiaries of the associate.

Joint Arrangements

When necessary, adjustments are made to bring the accounting policies of the joint venture in line with our policies. The details of our investments in joint ventures are disclosed in *Note 11 – Investments in Associates and Joint Ventures – Investments in Joint Ventures*.

Foreign Currency Transactions and Translations

Our consolidated financial statements are presented in Philippine Peso, which is also the Parent Company's functional currency. The Philippine Peso is the currency of the primary economic environment in which we operate. This is also the currency that mainly influences the revenue from and cost of rendering products and services. Each entity in our Group determines its own functional currency and items included in the separate financial statements of each entity are measured using that functional currency.

The functional and presentation currency of the entities under the PLDT Group (except for the subsidiaries discussed below) is the Philippine Peso.

Transactions in foreign currencies are initially recorded by entities under our Group at the respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange prevailing at the end of the reporting period. All differences arising on settlement or translation of monetary items are recognized in our consolidated income statements except for foreign exchange differences that qualify as capitalizable borrowing costs for qualifying assets. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising from transactions of non-monetary items measured at fair value is treated in line with the recognition of this gain or loss on the change in fair value of the items (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit, or loss are also recognized in other comprehensive income or profit or loss, respectively).

The functional currency of PLDT Global and certain of its subsidiaries, and PGNL and certain of its subsidiaries is the U.S. Dollar. As at the reporting date, the assets and liabilities of these subsidiaries are translated into Philippine Peso at the rate of exchange prevailing at the end of the reporting period, and income and expenses of these subsidiaries are translated monthly using the weighted average exchange rate for the month. The exchange differences arising on translation are recognized as a separate component of other comprehensive income as cumulative translation adjustments. Upon disposal of these subsidiaries, the amount of deferred cumulative translation adjustments recognized in other comprehensive income relating to subsidiaries is recognized in our consolidated income statements.

Foreign exchange gains or losses of the Parent Company and our Philippine-based subsidiaries are treated as taxable income or deductible expenses in the period such exchange gains or losses are realized.

Assets Classified as Held-for-Sale

We classify assets as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held-for-sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property and equipment and intangible assets are not depreciated or amortized once classified as held-for-sale.

Assets and liabilities classified as held-for-sale are presented separately as current items in the consolidated statements of financial position.

Additional disclosures are provided in *Note 9 – Property and Equipment – Sale and Leaseback of Telecom Towers* and *Note 10 – Leases*. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Financial Instruments

Financial Instruments – Initial recognition and subsequent measurement

Classification of financial assets

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and our business model for managing the financial assets. We classify our financial assets into the following measurement categories:

- Financial assets measured at amortized cost;
- Financial assets measured at FVPL;
- Financial assets measured at fair value through other comprehensive income, or FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss; and
- Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss.

Contractual cash flows characteristics

In order for us to identify the measurement of our debt financial assets, a solely payments of principal and interest, or SPPI, test needs to be initially performed in order to determine whether the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Once a debt financial asset passed the SPPI test, business model assessment, which identifies our objective of holding the financial assets – hold to collect or hold to collect and sell, will be performed. Otherwise, if the debt financial asset failed the test, such will be measured at FVPL.

In making the assessment, we determine whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the SPPI test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business model

Our business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. Our business model does not depend on management's intentions for an individual instrument.

Our business model refers to how we manage our financial assets in order to generate cash flows. Our business model determines whether cash flows will result from collecting contractual cash flows, collecting contractual cash flows and selling financial assets or neither.

Financial assets at amortized cost

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate, or EIR, method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in 'Other income (expenses) – net in our consolidated income statements and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (i) purchased or originated credit-impaired financial assets and (ii) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in 'Asset impairment' in our consolidated income statements.

Our financial assets at amortized cost include debt instruments at amortized cost, cash and cash equivalents, short-term investments, trade and other receivables, and other financial assets as at March 31, 2025 and December 31, 2024. See *Note 12 – Debt Instruments at Amortized Cost, Note 15 – Cash and Cash Equivalents, Note 16 – Trade and Other Receivables* and *Note 27 – Financial Assets and Liabilities.*

Financial assets at FVPL

Financial assets at FVPL are measured at fair value. Included in this classification are derivative financial assets, equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in our consolidated income statements as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in our consolidated income statements.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, we may choose at initial recognition to designate the financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the PLDT Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVPL, and the gains or losses from disposal of financial investments.

Our financial assets at FVPL include derivative financial assets and equity investments as at March 31, 2025 and December 31, 2024. See *Note 27 – Financial Assets and Liabilities.*

Classification of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are subsequently measured at amortized cost, except for the following:

- Financial liabilities measured at FVPL;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when we retain continuing involvement;

- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate; and
- Contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at FVPL if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- If a host contract contains one or more embedded derivatives; or
- If a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVPL, the movement in fair value attributable to changes in our own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

Our financial liabilities at FVPL include derivative financial liabilities and liability from redemption of preferred stock as at March 31, 2025 and December 31, 2024. See *Note 19 – Equity – Redemption of Preferred Stock, Note 23 – Accrued Expenses and Other Current Liabilities* and *Note 27 – Financial Assets and Liabilities.*

Our other financial liabilities include interest-bearing financial liabilities, lease liabilities, customers' deposits, dividends payable, certain accounts payable, certain accrued expenses and other current liabilities and certain deferred credits and other noncurrent liabilities, (except for statutory payables) as at March 31, 2025 and December 31, 2024. See *Note 10 – Leases, Note 20 – Interest-bearing Financial Liabilities, Note 21 – Deferred Credits and Other Noncurrent Liabilities, Note 22 – Accounts Payable, Note 23 – Accrued Expenses and Other Current Liabilities* and *Note 27 – Financial Assets and Liabilities.*

Reclassifications of financial instruments

We reclassify our financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively and any previously recognized gains, losses or interest shall not be restated.

We do not reclassify our financial assets when:

- A financial asset that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies as such;
- A financial asset becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge; and
- There is a change in measurement on credit exposures measured at FVPL.

We do not reclassify our financial liabilities.

Offsetting of Financial Instruments

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts; and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. We assess that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Impairment of Financial Assets

We recognize expected credit losses, or ECL for debt instruments that are measured at amortized cost and FVOCI.

No ECL is recognized on financial assets at FVPL.

ECLs are measured in a way that reflects the following:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL – not credit-impaired

For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs representing the ECLs that result from all possible default events within the 12-months after the reporting date are recognized.

Stage 2: Lifetime ECL – not credit-impaired

For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL – credit-impaired

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted EIR to the amortized cost of the financial asset.

Loss Allowances

Loss allowances are recognized based on 12-month ECL for debt instruments that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- The financial instrument has a low risk of default;
- The counterparty has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfill its contractual cash flow obligations.

We consider a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade', or when the exposure is less than 30 days past due.

The loss allowances recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stage 2 and 3 due to the financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments derecognized in the period;
- Impact on the measurement of ECL due to changes in probability of defaults, or PDs, loss given defaults, or LGDs, and exposure at defaults, or EADs, in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Unwinding of discount within ECL due to passage of time, as ECL is measured on a present value basis; and
- Financial assets derecognized during the period and write-offs of allowances related to assets that were written off during the period.

Write-off Policy

We write-off a financial asset measured at amortized cost, in whole or in part, when the asset is considered uncollectible, and we have exhausted all practical recovery efforts and concluded that we have no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. We write-off an account when all of the following conditions are met:

- The asset is past due for over 90 days, or is already an item-in-litigation with any of the following:
  a) No properties of the counterparty could be attached
  b) The whereabouts of the client cannot be located
  c) It would be more expensive for the Group to follow-up and collect the amount, hence we have ceased enforcement activity, and
  d) Collections can no longer be made due to insolvency or bankruptcy of the counterparty;
- Expanded credit arrangement is no longer possible;
- Filing of legal case is not possible; and
- The account has been classified as 'Loss'.

Simplified Approach

The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to 'Trade and other receivables' and 'Contract assets'. We have established a provision matrix for billed trade receivables and a vintage analysis for contract assets and unbilled trade receivables that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or where applicable as part of a financial asset or part of a group of similar financial assets) is primarily derecognized when: (1) the right to receive cash flows from the asset has expired; or (2) we have transferred the right to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either: (a) we have transferred substantially all the risks and rewards of the asset; or (b) we have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When we have transferred the right to receive cash flows from an asset or have entered into a "pass-through" arrangement and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognized to the extent of our continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that we could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of our continuing involvement is the amount of the transferred asset that we may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of our continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in consolidated income statements.

The financial liability is also derecognized when equity instruments are issued to extinguish all or part of the financial liability. The equity instruments issued are recognized at fair value if it can be reliably measured, otherwise, it is recognized at the fair value of the financial liability extinguished. Any difference between the fair value of the equity instruments issued and the carrying value of the financial liability extinguished is recognized in consolidated income statements.

Derivative Financial Instruments and Hedge Accounting

Initial recognition and subsequent measurement

We use derivative financial instruments, such as long-term currency swaps, foreign currency options, forward currency contracts and interest rate swaps to hedge our risks associated with foreign currency fluctuations and interest rates. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of long-term currency swaps, foreign currency options, forward currency contracts and interest rate swap contracts is determined using applicable valuation techniques. See *Note 27 – Financial Assets and Liabilities*.

Any gains or losses arising from changes in fair value on derivatives during the period that do not qualify for hedge accounting are taken directly to the "Other income (expense) – Gains (losses) on derivative financial instruments – net" in our consolidated income statements.

Hedges which meet the criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging instrument is recognized in our consolidated income statements as financing cost. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in our consolidated income statements.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in our consolidated income statements.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in our consolidated income statements.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income, while any ineffective portion is recognized immediately in our consolidated income statements. See *Note 27 – Financial Assets and Liabilities* for more details.

Amounts taken to other comprehensive income are transferred to our consolidated income statements when the hedged transaction affects our consolidated income statements, such as when the hedged financial income or financial expense is recognized or when a forecast transaction occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in other comprehensive income are transferred to our consolidated income statements. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment occurs.

We use an interest rate swap agreement to hedge our interest rate exposure and a long-term principal only-currency swap, and long-term foreign currency options agreement to hedge our foreign exchange exposure on certain outstanding loan balances. See *Note 27 – Financial Assets and Liabilities*.

Property and Equipment

Property and equipment, except for land, is stated at cost less accumulated depreciation and amortization and any accumulated impairment losses. Land is stated at cost less any impairment in value. The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Such cost includes the cost of replacing component parts of the property and equipment when the cost is incurred, if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognized as expense as incurred. The present value of the expected cost for the decommissioning of the asset after use is included in the cost of the asset if the recognition criteria for a provision are met.

Depreciation and amortization commence once the property and equipment are available for their intended use and are calculated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives used in depreciating our property and equipment are disclosed in *Note 9 – Property and Equipment*.

The residual values, the estimated useful lives, and methods of depreciation and amortization are reviewed at least at each financial year-end and adjusted prospectively, if appropriate.

An item of property and equipment and any significant part initially recognized are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in our consolidated income statements when the asset is derecognized.

Property under construction is stated at cost less any impairment in value. This includes cost of construction, plant and equipment, capitalizable borrowing costs and other direct costs associated with construction. Property under construction is not depreciated until such time that the relevant assets are completed and available for its intended use.

Property under construction is transferred to the related property and equipment when the construction or installation and related activities necessary to prepare the property and equipment for their intended use have been completed, and the property and equipment are ready for operational use.

Asset Retirement Obligations

We are legally required under various lease agreements to dismantle the installation in leased sites and restore such sites to their original condition at the end of the contract lease term. We recognize the liability measured at the present value of the estimated costs of these obligations and capitalize such costs as part of the balance of the related item of property and equipment and right-of-use asset. The amount of asset retirement obligations is accreted, and such accretion is recognized as interest expense. See *Note 10 – Leases* and *Note 21 – Deferred Credits and Other Noncurrent Liabilities*.

Intangible Assets

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired from business combinations is initially recognized at fair value on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful lives of intangible assets are assessed at the individual asset level as either finite or indefinite.

Intangible assets with finite lives are amortized over the economic useful life using the straight-line method and assessed for impairment whenever there is an indication that the intangible assets may be impaired. At the minimum, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in our consolidated income statements.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually either individually or at the CGU level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The estimated useful lives used in amortizing our intangible assets are disclosed in *Note 14 – Goodwill and Intangible Assets*.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in our consolidated income statements when the asset is derecognized.

Internally generated intangibles are not capitalized, and the related expenditures are charged against operations in the period in which the expenditures are incurred.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property, we consider the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use.

For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

If owner-occupied property becomes an investment property, we account for such property in accordance with PAS 16, Property and Equipment. The difference between the carrying amount of the property in accordance with PAS 16 and its fair value is treated the same way as revaluation in accordance with PAS 16. Any resulting decrease in the carrying amount of the property is recognized in profit or loss. However, to the extent that an amount is included in revaluation surplus for that property, the decrease in recognized in other comprehensive income and reduces the revaluation surplus within equity. Any resulting increase in the carrying amount is recognized in profit or loss to the extent that the increase reverses a previous impairment loss for that property. The amount recognized in profit or loss does not exceed the amount needed to restore the carrying amount to the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized. Any remaining part of the increase in carrying amount is recognized in other comprehensive income and increases the revaluation surplus within equity. On subsequent disposal of the investment property, the revaluation surplus included in equity may be transferred to retained earnings. The transfer from revaluation surplus to retained earnings is not made through profit or loss.

Inventories and Supplies

Inventories and supplies, which include cellular and landline phone units, materials, spare parts, terminal units and accessories, are valued at the lower of cost and net realizable value.

Costs incurred in bringing inventories and supplies to its present location and condition are accounted for using the weighted average cost method. Net realizable value is determined by either estimating the selling price in the ordinary course of business, less the estimated cost to sell or determining the prevailing replacement costs.

Impairment of Non-Financial Assets

We assess at each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when the annual impairment testing for an asset is required, we make an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use, or VIU. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent from those of other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognized in our consolidated income statements.

For assets, excluding goodwill and intangible assets with indefinite useful life, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, we make an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in our consolidated income statements. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining economic useful life.

The following assets have specific characteristics for impairment testing:

Property and equipment, right-of-use, or ROU, assets, and intangible assets with finite useful lives

For property and equipment and ROU assets, we assess for impairment on the basis of impairment indicators such as evidence of internal obsolescence or physical damage. For intangible assets with finite useful lives, we assess for impairment whenever there is an indication that the intangible assets may be impaired. See *Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions – Impairment of non-financial assets, Note 9 – Property and Equipment, Note 10 – Leases* and *Note 14 – Goodwill and Intangible Assets* for further disclosures relating to impairment of non-financial assets.

Investments in associates and joint ventures

We determine at the end of each reporting period whether there is any objective evidence that our investments in associates and joint ventures are impaired. If this is the case, the amount of impairment is calculated as the difference between the recoverable amount of the investments in associates and joint ventures, and its carrying amount. The amount of impairment loss is recognized in our consolidated income statements. See *Note 11 – Investments in Associates and Joint Ventures* for further disclosures relating to impairment of non-financial assets.

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU, or group of CGUs, to which the goodwill relates. When the recoverable amount of the CGU, or group of CGUs, is less than the carrying amount of the CGU, or group of CGUs, to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

See *Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions – Impairment of non-financial assets* and *Note 14 – Goodwill and Intangible Assets* for further disclosures relating to impairment of non-financial assets.

Intangible asset with indefinite useful life

Intangible asset with indefinite useful life is not amortized but is tested for impairment annually either individually or at the CGU level, as appropriate. We calculate the amount of impairment as being the difference between the recoverable amount of the intangible asset or the CGU, and its carrying amount and recognize the amount of impairment in our consolidated income statements. Impairment losses relating to intangible assets can be reversed in future periods.

See *Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions – Impairment of non-financial assets* and *Note 14 – Goodwill and Intangible Assets* for further disclosures relating to impairment of non-financial assets.

Fair Value Measurement

We measure financial instruments such as derivatives, financial assets at FVPL, assets classified as held-for-sale and non-financial assets such as investment properties and pension plan assets, at fair value at each reporting date. The fair values of investment properties are disclosed in *Note 13 – Investment Properties*. The fair values of the pension plan assets are disclosed in *Note 25 – Pension and Other Employee Benefits.* The fair values of financial instruments measured at amortized cost are disclosed in *Note 27 – Financial Assets and Liabilities*.

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (i) in the principal market for the asset or liability; or (ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to us.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in our consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: (i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities; (ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and (iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in our consolidated financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

We determine the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted FVPL financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. At each reporting date, we analyze the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per our accounting policies. For this analysis, we verify the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

We, in conjunction with our external valuers, also compare the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. This includes a discussion of the major assumptions used in the valuations. For the purpose of fair value disclosures, we have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Revenues from contracts with customers

The disclosures of significant accounting judgments, estimates and assumptions relating to revenues from contracts with customers are provided in *Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions – Identifying performance obligations*.

Our revenues are principally derived from providing the following telecommunications services: cellular voice, SMS and data services in the wireless business; and local exchange, international and national long distance, data and other network, and information and communications services in the fixed line business.

Services may be rendered separately or bundled with goods or other services. The specific recognition criteria are as follows:

i. Single Performance Obligation (POB) Contracts

Postpaid service arrangements include fixed monthly charges (including excess of consumable fixed monthly service fees) generated from cellular voice, short messaging services, or SMS, and data services through the postpaid plans of Smart Signature and Infinity brands, from local exchange services primarily through landline and related services, and from fixed line and other network services primarily through broadband and leased line services, which we recognize on a straight-line basis over the customer's subscription period. Services provided to postpaid subscribers are billed throughout the month according to the billing cycles of subscribers. Services availed by subscribers in addition to these fixed fee arrangements are charged separately at their stand-alone selling prices and recognized as the additional service is provided or as availed by the subscribers.

Our prepaid service revenues arise from the usage of airtime load from channels and prepaid cards provided from Prepaid Home WiFi, Landline Plus products, Smart, TNT and SmartBro. Proceeds from over-the-air reloading channels and prepaid cards are initially recognized as contract liability and realized upon actual usage of the airtime value for voice, SMS, mobile data and other VAS, prepaid unlimited and bucket-priced SMS and call subscriptions, net of bonus credits from load packages purchased, such as free additional call minutes, SMS, data allocation or airtime load, or upon expiration, whichever comes earlier.

We also consider recognizing revenue from the expected expiry of airtime load in proportion to the pattern of rights exercised by the customer if we expect to be entitled to that expired amount. If we do not expect to be entitled to an expired amount based on historical experience with the customers, then we recognize the expected expired amount as revenue when the likelihood of the prepaid customer exercising its remaining rights becomes remote.

Interconnection fees and charges arising from the actual usage of airtime value or subscriptions are recorded as incurred.

Revenue from international and national long-distance calls carried via our network is generally based on rates which vary with distance. Revenue from both wireless and fixed line long distance calls are recognized as the service is provided. In general, non-refundable upfront fees, such as activation fees, that do not relate to the transfer of a promised good or service, are deferred and recognized as revenue throughout the estimated average customer relationship period, and the related incremental costs incurred are similarly deferred and recognized as expense over the same period, if such costs generate or enhance resources of the entity and are expected to be recovered.

Activation fees for both voice and data services are also considered as a single performance obligation together with monthly service fees, recognized over the estimated average customer relationship period.

ii. Bundled Contracts

In revenue arrangements, which involve bundled sales of mobile devices and accessories (non-service component) and telecommunication services (service component), the total transaction price is allocated based on the relative stand-alone selling prices of each distinct performance obligation. Stand-alone selling price is the price at which we sell the good or service separately to a customer. However, if goods or services are not currently offered separately, we use the adjusted market or cost-plus margin method to determine the stand-alone selling price to be used in the transaction price allocation. We adjust the transaction price for the effects of the time value of money if the timing of the payment and delivery of goods or services do not coincide, effects of which are considered as containing a significant financing component.

Activation services and installation services for voice and data services that are not a distinct performance obligation are considered together with monthly voice and data services as a single performance obligation, recognized over the estimated average customer relationship period since the subscriber cannot benefit from the installation services on its own or together with other resources that are readily available to the subscriber. The related incremental costs are recognized in the same manner in our consolidated income statements, if such costs are expected to be recovered. On the other hand, custom-built installation services provided to data services subscribers are considered a distinct separate performance obligation and is recognized when services are rendered.

Revenues from the sale of non-service component are recognized at the point in time when the goods are delivered while revenues from telecommunication services component are recognized over on a straight-line basis over the contract period when the services are provided to subscribers.

Significant Financing Component

The non-service component included in contracts with customers have significant financing component considering the period between the time of the transfer of control over the mobile device and the customer's payment of the price of the mobile device, which is more than one year.

The transaction price for such contracts is determined by discounting the amount of promised consideration using the appropriate discount rate. We concluded that there is a significant financing component for those contracts where the customer elects to pay in arrears considering the length of time between the transfer of mobile device to the customer and the customer's payment, as well as the prevailing interest rates in the market adjusted with customer credit spread.

Customer Loyalty Program

Through our customer loyalty program called Giga Points, points are earned through subscription of promo, purchase of load, and payment of bill for postpaid subscribers. Points are also earned through other activities such as daily login in the Giga App. These points can be used to redeem items such as giga promos, bill rebates, content subscription, discounts, exclusive tickets, and more.

Our contract with customers for revenue-related activity includes a promise to provide future telco services or rights to third-party services in the form of earning points. We consider these revenue-related earnings as performance obligation and the transaction price is allocated to each performance obligation. For earnings on non-revenue activity, we recognize a financial liability upon redemption of the points from third party partners.

We also offer PLDT Home Rewards. This customer loyalty program is available exclusively to active PLDT Home customers except for Home Biz and Corporate accounts which are not currently eligible for enrollment. Under this program, PLDT Home customers are granted points to incentivize customer-related activities. Points earned thru enrollment, payment on time, upgrade, availment of VAS add-on etc.

iii. International and Domestic Long Distance Contracts

Interconnection revenues for call termination, call transit and network usages are recognized in the period in which the traffic occurs. Revenues related to local, long distance, network-to-network, roaming and international call connection services are recognized when the call is placed, or connection is provided, and the equivalent amounts charged to us by other carriers are recorded under interconnection costs in our consolidated income statements. Inbound revenue and outbound charges are based on agreed transit and termination rates with other foreign and local carriers.

Variable consideration

We assessed that a variable consideration exists in certain interconnection agreements where there is a monthly aggregation period and the rates applied for the total monthly traffic will depend on the total traffic for the month. We also consider whether contracts with carriers contain volume commitment or tiering arrangement whereby the rate being charged will change upon meeting certain volume of traffic. We estimate the amount of variable consideration to which we are entitled and included in the transaction price some or all of the amount of variable consideration estimated arising from these agreements, unless the impact is not material.

iv. Others

Revenues from VAS include streaming and downloading of games, music, video contents, loan services, messaging services, applications and other digital services which are only arranged for by us on behalf of third-party content providers. The amount of revenue recognized is net of content provider's share in revenue. Revenue is recognized at a point in time upon service availment. We act as an agent for certain VAS arrangements.

Revenue from server hosting, co-location services and customer support services are recognized over the period that the services are performed.

Subscriber Contract Costs

Costs to obtain a contract with customers, such as commission, and costs to fulfill the contract, such as installation and Customer Premises Equipment (CPE) costs, are capitalized if we expect to recover those costs. These subscriber contract costs are stated at cost net of accumulated amortization and impairment losses. Subscriber contract costs are amortized on a systematic basis consistent with the pattern of transfer of goods and services to which the assets relates.

The amortization of costs to obtain and costs to fulfill are presented as part of selling, general and administrative expenses, and depreciation and amortization, respectively, in the consolidated income statements.

Impairment losses are recognized to the extent that the carrying amount of the subscriber contract costs exceed the net of (i) remaining amount of consideration that we expect to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognized as expenses.

Retirement Benefits

PLDT and certain of its subsidiaries are covered under Republic Act No. 7641 otherwise known as "The Philippine Retirement Law".

Defined benefit pension plans

PLDT has separate and distinct retirement plans for itself and some of its Philippine-based operating subsidiaries, administered by the respective Funds' Trustees, covering permanent employees. Retirement costs are separately determined using the projected unit credit method. This method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Retirement costs consist of the following:

- Service cost;
- Net interest on the net defined benefit asset or obligation; and
- Remeasurements of net defined benefit asset or obligation.

Service cost (which includes current service costs, past service costs and gains or losses on curtailments and non-routine settlements) is recognized as part of "Selling, general and administrative expenses – Compensation and employee benefits" account in our consolidated income statements. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit asset or obligation is the change during the period in the net defined benefit asset or obligation that arises from the passage of time which is determined by applying the discount rate based on the government bonds to the net defined benefit asset or obligation. Net defined benefit asset is recognized as part of "Prepayments, and other nonfinancial assets - net of current portion" and net defined benefit obligation is recognized as part of "Pension and other employee benefits" in our consolidated statements of financial position.

Remeasurements, comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) are recognized immediately in other comprehensive income in the period in which they occur. Remeasurements are not classified to profit or loss in subsequent periods.

The net defined benefit asset or obligation comprises the present value of the defined benefit obligation (using a discount rate based on government bonds, as explained in *Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions – Estimating pension benefit costs and other employee benefits*), net of the fair value of plan assets out of which the obligations are to be settled directly. Plan assets are assets held by a long-term employee benefit fund or qualifying insurance policies and are not available to our creditors nor can they be paid directly to us. Fair value is based on market price information and in the case of quoted securities, the published bid price and in the case of unquoted securities, the discounted cash flow using the income approach. The value of any defined benefit asset recognized is restricted to the asset ceiling which is the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. See *Note 25 – Pension and Other Employee Benefits – Defined Benefit Pension Plans* for more details.

Defined contribution plans

Smart maintains a defined contribution plan that covers all regular full-time employees under which it pays fixed contributions based on the employees' monthly salaries and provides for qualified employees to receive a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of Republic Act No. 7641.

Accordingly, Smart accounts for its obligation under the higher of the defined benefit obligation related to the minimum guarantee and the obligation arising from the defined contribution plan.

For the defined benefit minimum guarantee plan, the liability is determined based on the present value of the excess of the projected defined benefit obligation over the projected defined contribution obligation at the end of the reporting period. The defined benefit obligation is calculated annually by a qualified independent actuary using the projected unit credit method. Smart and certain of its subsidiaries determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense (income) and other expenses (income) related to the defined benefit plan are recognized in our consolidated income statements.

The defined contribution liability, on the other hand, is measured at the fair value of the defined contribution assets upon which the defined contribution benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in our other comprehensive income.

When the benefits of the plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in our profit or loss. Gains or losses on the settlement of the defined benefit plan are recognized when the settlement occurs. See *Note 25 – Pension and Other Employee Benefits – Defined Contribution Plans* for more details.

Employee benefit costs include current service cost, net interest on the net defined benefit obligation, and remeasurements of the net defined benefit obligation. Past service costs and actuarial gains and losses are recognized immediately in our consolidated income statements.

The long-term employee benefit liability comprises the present value of the defined benefit obligation (using a discount rate based on government bonds) at the end of the reporting period and is determined using the projected unit credit method. See *Note 25 – Pension and Other Employee Benefits – Other Long-term Employee Benefits* for more details.

Leases

We assess at contract inception whether the contract is, or contains, a lease that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

As a Lessee. We apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. We recognize lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

- ROU assets

We recognize ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless it is reasonably certain that we obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life, or EUL, and the lease term. ROU assets are subject to impairment. Refer to the accounting policies in impairment of non-financial assets section.

- Lease liabilities

At the commencement date of the lease, we recognize lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option if reasonably certain to be exercised and payments of penalties for terminating a lease, if the lease term reflects exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, we use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

As a Lessor. Leases in which we do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in our consolidated income statements due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the bases as rental income.

Sale and Leaseback. If we transfer an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor, we account for the transfer contract and the lease by applying the requirements of PFRS 16. We first apply the requirements for determining when a performance obligation is satisfied in PFRS 15 to determine whether the transfer of an asset is accounted for as a sale of that asset.

For transfer of an asset that satisfies the requirements of PFRS 15 to be accounted for as a sale of the asset, we measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by us. Accordingly, we recognize only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

If the transfer of an asset does not satisfy the requirements of PFRS 15 to be accounted for as a sale of the asset, we continue to recognize the transferred asset and recognize a financial liability equal to the transfer proceeds. We account for the financial liability applying PFRS 9.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting period where we operate and generate taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in our consolidated income statements. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the end of the reporting period.

Contingencies

Contingent liabilities are not recognized in our consolidated financial statements. Unless the possibility of an outflow of resources embodying economic benefits is probable and measurable, they are disclosed in the notes to our consolidated financial statements. On the other hand, contingent assets are not recognized in our consolidated financial statements but are disclosed in the notes to our consolidated financial statements when an inflow of economic benefits is probable.

Segment Information

PLDT and its subsidiaries are organized into three business segments. Such business segments are the bases upon which we report our primary segment information. Financial information on business segments is presented in *Note 4 – Operating Segment Information*.

Events After the End of the Reporting Period

Post reporting period events up to the date of approval of the Board of Directors that provide additional information about our financial position at the end of the reporting period (adjusting events) are reflected in our consolidated financial statements. Post reporting period events that are classified as non-adjusting events are disclosed in the notes to our consolidated financial statements when material.

Equity

Preferred and common stocks are measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value are recognized as capital in excess of par value in our consolidated statements of changes in equity and consolidated statements of financial position.

Treasury stocks are our own equity instruments which are reacquired and recognized at cost and presented as reduction in equity. No gain or loss is recognized in our consolidated income statements on the purchase, sale, reissuance or cancellation of our own equity instruments. Any difference between the carrying amount and the consideration upon reissuance or cancellation of shares is recognized as capital in excess of par value in our consolidated statements of changes in equity and consolidated statements of financial position.

Change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction and any impact is presented as part of capital in excess of par value in our consolidated statements of changes in equity.

Retained earnings represent our net accumulated earnings less cumulative dividends declared.

Other comprehensive income comprises of income and expense, including reclassification adjustments, that are not recognized in our consolidated income statements as required or permitted by PFRS Accounting Standards.

Standards Issued But Not Yet Effective

Pronouncements issued but not yet effective are listed below. The PLDT Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a material impact on the PLDT Group's consolidated financial statements.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

- Annual Improvements to PFRS Accounting Standards—Volume 11
    - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
    - Amendments to PFRS 7, *Gain or Loss on Derecognition*
    - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
    - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
    - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 17, Insurance Contracts
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements,* and PAS 28*, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3. Management's Use of Accounting Judgments, Estimates and Assumptions

The preparation of our consolidated financial statements in conformity with PFRS Accounting Standards requires us to make judgments, estimates and assumptions that affect the reported amounts of our revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of each reporting period. The uncertainties inherent in these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future years.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments, key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are consistent with those applied in the most recent annual financial statements. Selected critical judgments and estimates applied in the preparation of the consolidated financial statements are discussed below:

Judgments

In the process of applying our accounting policies, management has made judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in our consolidated financial statements.

Revenue Recognition

Identifying performance obligations

We identify performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and our promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

Revenues earned from multiple-deliverable arrangements offered by our fixed line and wireless businesses are split into separately identifiable performance obligations based on their relative stand-alone selling price in order to reflect the substance of the transaction. The transaction price represents the best evidence of stand-alone selling price for the services we offer since this is the observable price we charge if our services are sold separately. We account for customer contracts in accordance with PFRS 15 and have concluded that the service (telecommunication service) and non-service components (handset or equipment) may be accounted for as separate performance obligations. The handset or equipment is delivered first, followed by the telecommunication service (which is provided over the contract/lock-in period of generally three years for fixed line and two years for wireless). Revenue attributable to the separate performance obligations are based on the allocation of the transaction price relative to the stand-alone selling price.

Installation fees for voice and data services that are not custom-built for the subscribers are considered as a single performance obligation together with monthly service fees, recognized over the estimated average customer relationship period since the subscriber cannot benefit from the installation services on its own or together with other resources that are readily available to the subscriber. On the other hand, installation fees of data services that are custom-built for the subscribers are considered as a separate performance obligation and is recognized upon completion of the installation services. Activation fees for both voice and data services are also considered as a single performance obligation together with monthly service fees, recognized over the estimated average customer relationship period.

Principal versus agent consideration

We enter into contracts with our customers involving multiple deliverable arrangements. We determined that we control the goods before they are transferred to customers, and we have the ability to direct the use of the inventory. The following factors indicate that we control the goods before they are being transferred to customers:

a) We are primarily responsible for fulfilling the promise to provide the specified equipment;

b) We bear inventory risk on our inventory before it has been transferred to the customer; and

c) We have discretion in establishing the prices for the other party's goods or services and, therefore, the benefit that we can receive from those goods or services is not limited. It is incumbent upon us to establish the price of our services to be offered to our subscribers.

Based on the foregoing, we are considered the principal in our contracts with other service providers except for certain VAS arrangements. We have the primary obligation to provide the services to the subscriber.

Timing of revenue recognition

We recognize revenues from contracts with customers over time or at a point in time depending on our evaluation of when the customer obtains control of the promised goods or services and based on the extent of progress towards completion of the performance obligation. For the telecommunication service which is provided over the contract period of two or more years, revenue is recognized monthly as we provide the service because control is transferred over time. For the device, which is sold at the inception of the contract, revenue is recognized at the time of delivery because control is transferred at a point in time.

Identifying methods for measuring progress of revenue recognized over time

We determine the appropriate method of measuring progress which is either through the use of input or output methods. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation while output method recognizes revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date.

Revenue from telecommunication services is recognized through the use of input method wherein recognition is over time based on the customer subscription period since the customer simultaneously receives and consumes the benefits as the seller renders the services.

Significant financing component

We concluded that the handset component included in contracts with customers has a significant financing component considering the period between the time of the transfer of control over the handset and the customer's payment of the price of the handset, which is more than one year.

In determining the interest to be applied to the amount of consideration, we concluded that the interest rate is the market interest rate adjusted with credit spread to reflect the customer credit risk that is commensurate with the rate that would be reflected in a separate financing transaction between us and our customer at contract inception.

Estimation of stand-alone selling price

We assessed that the service and non-service components represent separate performance obligations, thus, the amount of revenues should be recognized based on the allocation of the transaction price to the different performance obligations based on their stand-alone selling prices. The stand-alone selling price is the price at which we sell the good or service separately to a customer. However, if goods or services are not currently offered separately, we use the adjusted market or cost-plus margin method to determine the stand-alone selling price to be used in the revenue allocation.

Financial Instruments

Evaluation of business models in managing financial instruments

We determine our business model at the level that best reflects how we manage groups of financial assets to achieve our business objective. Our business model is not assessed on an instrument-by-instrument basis, but a higher level of aggregated portfolios and is based on observable factors such as:

a. How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

b. The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and

c. The expected frequency, value and timing of sales are also important aspects of our assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from our original expectations, we do not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

We have determined that for cash and cash equivalents, short-term investments, investment in debt securities and other long-term investments, and trade and other receivables, the business model is to collect the contractual cash flows until maturity.

PFRS 9, however, emphasizes that if more than an infrequent number of sales are made out of a portfolio and those sales are more than insignificant in value, of financial assets carried at amortized cost, we should assess whether and how such sales are consistent with the objective of collecting contractual cash flows.

Definition of default and credit-impaired financial assets

We define a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative criteria*

For trade receivables and all other financial assets subject to impairment, default occurs when the receivable becomes 90 days past due, except for trade receivables from corporate subscribers, which are determined to be in default when the receivables become 120 days past due.

- *Qualitative criteria*

The counterparty meets unlikeliness to pay criteria, which indicates the counterparty is in significant financial difficulty. These are instances where:

a. The counterparty is experiencing financial difficulty or is insolvent;
b. The counterparty is in breach of financial covenant(s);
c. An active market for that financial assets has disappeared because of financial difficulties;
d. Concessions have been granted by us, for economic or contractual reasons relating to the counterparty's financial difficulty;
e. It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization; and
f. Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments, except FVPL, held by us and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to the ECL models throughout our expected loss calculation.

Significant increase in credit risk

At each reporting date, we assess whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. We consider reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

Using our judgment and, where possible, relevant historical experience, we may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that we consider are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, we consider that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the counterparty.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within our investment grade criteria, or which are less than 30 days past due, are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the PLDT Group.

Determination of functional currency

The functional currencies of the entities under the PLDT Group are the currency of the primary economic environment in which each entity operates. It is the currency that mainly influences the revenue from and cost of rendering products and services.

The presentation currency of the PLDT Group is the Philippine Peso. Based on the economic substance of the underlying circumstances relevant to the PLDT Group, the functional currency of all entities under the PLDT Group is the Philippine Peso, except for PLDT Global and certain of its subsidiaries, and PGNL and certain of its subsidiaries which use the U.S. Dollar.

Determining the lease term of contracts with renewal and termination options – Company as a Lessee

Upon adoption of PFRS 16, we applied a single recognition and measurement approach for all leases, except for short-term leases and leases of 'low-value' assets. See Section *Leases* for the accounting policy.

We determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

We, as the lessee, have the option, under some of our lease agreements to lease the assets for additional terms. We apply judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, we consider all relevant factors that create an economic incentive for us to exercise the renewal. After the commencement date, we reassess the lease term if there is a significant event or change in circumstances that is within our control and affects our ability to exercise or not to exercise the option to renew or to terminate (e.g., a change in business strategy).

We included the renewal period as part of the lease term for leases such as poles and leased circuits due to the significance of these assets to our operations. These leases have a non-cancellable period (i.e., one to 30 years) and there will be a significant negative effect on our provision of services if a replacement is not readily available. Furthermore, the periods covered by termination options are included as part of these lease term only when they are reasonably certain not to be exercised.

See *Note 10 – Leases* for information on potential future payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Total depreciation of ROU assets in our consolidated income statements amounted to Php2,097 million and Php1,637 million for the three months ended March 31, 2025 and 2024, respectively. Total lease liabilities amounted to Php53,815 million and Php54,038 million as at March 31, 2025 and December 31, 2024, respectively. See *Note 10 – Leases* and *Note 27 – Financial Assets and Liabilities.*

Sale and Leaseback of Telecom Towers

The accounting for sale and leaseback transaction depends on whether the transfer of the asset qualifies as a sale. We applied judgment to determine whether the transfer of asset is accounted for as a sale based on the requirements for determining when a performance obligation is satisfied in PFRS 15. We also applied estimates and judgment in determining many aspects, among others, the passive telecom assets and land lease as unit of accounts, the fair value of the towers sold, the measurement of the ROU assets retained by us and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Assets classified as held-for-sale

The criteria for held-for-sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn.

Smart and DMPI entered into sale and purchase agreements with certain tower companies in connection with the sale of 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 based on the number of towers transferred and is expected to be completed within the year. With this agreement, we believe that certain conditions were met that qualified the related assets to be reclassified as held-for-sale.

See related discussion in *Note 9 – Property and Equipment* and *Note 10 – Leases*.

Accounting for investments in MediaQuest Holdings, Inc., or MediaQuest, through Philippine Depositary Receipts, or PDRs

ePLDT made various investments in PDRs issued by MediaQuest in relation to its direct interest in Satventures, Inc., or Satventures, and indirect interest in Cignal TV, Inc., or Cignal TV.

Based on our judgment, at the PLDT Group level, ePLDT's investments in PDRs gives ePLDT a significant influence over Satventures and Cignal TV as evidenced by provision of essential technical information and material transactions among PLDT, Smart, Satventures and Cignal TV, and thus are accounted for as investments in associates using the equity method.

See related discussion in *Note 11 – Investments in Associates and Joint Ventures – Investments in Associates – Investment of ePLDT in MediaQuest PDRs*.

Accounting for investment of PCEV in Maya Bank, Inc., or Maya Bank

The shareholders' agreement of Voyager Finserve Corporation, or VFC, and Paymaya Finserve Corporation, or PFC, (collectively known as the Bank HoldCos) requires affirmative vote of at least one director nominated by both PCEV and MIH to direct the relevant activities of the Bank HoldCos. The Bank HoldCos were incorporated for the sole purpose of holding shares or equity investments in Maya Bank. Because of the contractual arrangement between the parties, the investments in the Bank HoldCos are accounted for as joint venture.

Assessment of loss of control over Kayana

PLDT assesses the consequences of changes in the ownership interest in a subsidiary that may result in a loss of control as well as the consequence of losing control of a subsidiary during the reporting period. Whether or not PLDT retains control over the subsidiary depends on an evaluation of a number of factors that indicate if there are changes to one or more of the three elements of control. When PLDT has less than majority of the voting rights or similar rights to an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including, among others, representation on its board of directors, voting rights, and other rights of other investors, including their participation in significant decisions made in the ordinary course of business.

The September 30, 2024 subscription agreement resulted in PLDT's owning 45% interest and MPIC and Meralco ownership at 27.5% each. Consequently, PLDT lost its control over Kayana and accounted for its remaining interest as an investment in associate.

Accounting for investments in Vega Telecom Inc., or VTI, Bow Arken Holdings Company, or Bow Arken, and Brightshare Holdings, Inc., or Brightshare

PLDT acquired a 50% equity interest in each of VTI, Bow Arken and Brightshare on May 30, 2016. See related discussion on *Note 11 – Investments in Associates and Joint Ventures – Investments in Joint Ventures – Investments of PLDT in VTI, Bow Arken and Brightshare*. Based on the Memorandum of Agreement, PLDT and Globe Telecom, Inc., or Globe, each has the right to appoint half the members of the Board of Directors of each of VTI, Bow Arken and Brightshare, as well as the (i) co-Chairman of the Board; (ii) co-Chief Executive Officer and President; and (iii) co-Controller where any matter requiring their approval shall be deemed passed or approved if the consents of both co-officers holding the same position are obtained. All decisions of each Board of Directors may only be approved if at least one director nominated by each of PLDT and Globe votes in favor of it.

Based on these rights, PLDT and Globe have joint control over VTI, Bow Arken and Brightshare, which is defined in PFRS 11*, Joint Arrangements,* as a contractually agreed sharing of control of an arrangement and exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Consequently, PLDT and Globe classified the joint arrangement as a joint venture in accordance with PFRS 11 given that PLDT and Globe each has the right to 50% of the net assets of VTI, Bow Arken and Brightshare and their respective subsidiaries.

Accordingly, PLDT accounted for the investment in VTI, Bow Arken and Brightshare using the equity method of accounting in accordance with PAS 28. Under the equity method of accounting, the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. See *Note 11 – Investments in Associates and Joint Ventures – Investment in Joint Ventures – Investments of PLDT in VTI, Bow Arken and Brightshare*.

Material partly-owned subsidiaries

Our consolidated financial statements include additional information about subsidiaries that have non-controlling interest, or NCI, that are material to us, see *Note 6 – Components of Other Comprehensive Loss*. We determined material partly-owned subsidiaries as those with balance of NCI greater than 5% of the total equity as at March 31, 2025 and December 31, 2024.

Material associates and joint ventures

Our consolidated financial statements include additional information about associates and joint ventures that are material to us. See *Note 11 – Investments in Associates and Joint Ventures*. We determined material associates and joint ventures are those investees where our carrying amount of investments is greater than 5% of the total investments in associates and joint ventures as at March 31, 2025 and December 31, 2024.

Determining Taxable Profit, Tax Bases, Unused Tax Losses, Unused Tax Credits and Tax Rates

We assess whether we have any uncertain tax position and applies significant judgment in identifying uncertainties over our income tax treatments. We determined based on our assessment that it is probable that our income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in our consolidated financial statements within the next financial year are discussed below. We based our estimates and assumptions on parameters available when our consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond our control. Such changes are reflected in the assumptions when they occur.

Subscriber contract costs

Subscriber contract costs are costs to obtain (i.e., commissions) and costs to fulfill (i.e., installation and CPE costs) in relation to the services we provide to our subscribers. We assessed that these subscriber contract costs are incremental in obtaining and fulfilling our performance obligations. Accordingly, we capitalized subscriber contract costs and amortized as expense over the average customer relationship period.

We apply judgment to estimate the amortization period of subscriber contract costs. As at March 31, 2025 and December 31, 2024, the estimated useful lives of the subscriber contract costs to fulfill would range from six to seven years. Further details on subscriber contract costs are disclosed in *Note 18 – Prepayments and Other Non-Financial Assets*.

Leases – Estimating the incremental borrowing rate, or IBR

In calculating the present value of lease payments, we use the IBR at the lease commencement date if the interest rate implicit in the lease is not readily determinable. IBR is the rate of interest that a lessee would have to pay to borrow over a similar term, similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment.

We use benchmark rates from partner banks based on the tenor of our loan borrowings plus a spread adjustment based on our credit worthiness.

Our lease liabilities amounted to Php53,815 million and Php54,038 million as at March 31, 2025 and December 31, 2024, respectively. See *Note 10 – Leases.*

Impairment of non-financial assets

PAS 36 requires that an impairment review be performed when certain impairment indicators are present. In the case of goodwill and intangible assets with indefinite useful life, at a minimum, such assets are subject to an impairment test annually and whenever there is an indication that such assets may be impaired. This requires an estimation of the VIU of the CGUs to which these assets are allocated. The VIU calculation requires us to make an estimate of the expected future cash flows from the CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows. See *Note 14 – Goodwill and Intangible Assets – Impairment Testing of Goodwill* for the key assumptions used to determine the VIU of the relevant CGUs.

Determining the recoverable amount of property and equipment, ROU assets, investments in associates and joint ventures, goodwill and intangible assets, prepayments and other noncurrent assets, requires us to make estimates and assumptions in the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. Future events could cause us to conclude that property and equipment, ROU assets, investments in associates and joint ventures, intangible assets and other noncurrent assets associated with an acquired business are impaired. Any resulting impairment loss could have a material adverse impact on our financial position and financial performance.

The preparation of estimated future cash flows involves significant estimations and assumptions of future market conditions. While we believe that our assumptions are appropriate and reasonable, significant changes in our assumptions may materially affect our assessment of recoverable values and may lead to future impairment charges.

See *Note 4 – Operating Segment Information, Note 5 – Income and Expenses – Asset Impairment,* and *Note 9 – Property and Equipment*.

The carrying values of our property and equipment, ROU assets, investments in associates and joint ventures, investment properties, goodwill and intangible assets, and prepayments and other non-financial assets are separately disclosed in *Note 9 – Property and Equipment, Note 10 – Leases, Note 11 – Investments in Associates and Joint Ventures, Note 13 – Investment Properties, Note 14 – Goodwill and Intangible Assets* and *Note 18 – Prepayments and Other Non-Financial Assets,* respectively.

Estimating useful lives of property and equipment

We estimate the useful lives of each item of our property and equipment based on the periods over which our assets are expected to be available for use. Our estimation of the useful lives of our property and equipment is also based on our collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of each asset are reviewed at least every year-end and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of our assets. It is possible, however, that future results of operations could be materially affected by changes in our estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of our property and equipment would increase our recorded depreciation and decrease the carrying amount of our property and equipment.

In 2024, the PLDT Group further launched initiatives to continuously modernized its property and equipment to enhance operational efficiencies. On this basis, the Group reassessed the EUL of certain assets, including among others, certain legacy network systems replaced by Transport Network Transformation (TNT) and Core Transformation, Operations Support Systems and Optical Line and Terminal Access equipment. As a result of changes in accounting estimates, the PLDT Group recognized additional depreciation expense of Php5,686 million in the income statement for the year ended December 31, 2024.

The total depreciation and amortization of property and equipment amounted to Php8,930 million and Php8,220 million for the three months ended March 31, 2025 and 2024, respectively. Total carrying values of property and equipment, net of accumulated depreciation and amortization, amounted to Php318,342 million and Php318,069 million as at March 31, 2025 and December 31, 2024, respectively. See *Note 4 – Operating Segment Information* and *Note 9 – Property and Equipment*.

Estimating useful lives of intangible assets with finite lives

Intangible assets with finite lives are amortized over their expected useful lives using the straight-line method of amortization. At a minimum, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in our consolidated income statements.

The total amortization of intangible assets with finite lives amounted to Php71 million and Php56 million for the three months ended March 31, 2025 and 2024, respectively. Total carrying values of intangible assets with finite lives amounted to Php1,293 million and Php1,303 million as at March 31, 2025 and December 31, 2024, respectively. See *Note 5 – Income and Expenses – Selling, General and Administrative Expenses* and *Note 14 – Goodwill and Intangible Assets*.

Investment Properties

We carry our investment properties at fair value, with changes in fair value being recognized in the consolidated income statements. Investment properties have been determined based on appraisal performed by an independent firm of appraisers, an industry specialist in valuing these types of investment properties.

The valuation for land is based on a market approach valuation technique while the valuation for building and land improvements is based on a cost approach valuation technique using current material and labor costs for improvements based on external and independent reviewers. See *Note 13 – Investment Properties.*

Recognition of deferred income tax assets

We review the carrying amounts of deferred income tax assets at the end of each reporting period and reduce these to the extent that these are no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized. Our assessment on the recognition of deferred income tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting years. This forecast is based on our past results and future expectations on revenues and expenses as well as future tax planning strategies. Based on this, management expects that we will generate sufficient taxable income to allow all or part of our deferred income tax assets to be utilized.

Based on the above assessment, our consolidated unrecognized deferred income tax assets amounted to Php1,078 million and Php803 million as at March 31, 2025 and December 31, 2024, respectively. Total consolidated provision for deferred income tax amounted to Php1,833 million and Php1,906 million for the three months ended March 31, 2025 and 2024, respectively. Total consolidated recognized net deferred income tax assets amounted to Php12,386 million and Php14,643 million as at March 31, 2025 and December 31, 2024, respectively. See *Note 4 – Operating Segment Information* and *Note 7 – Income Taxes*.

Estimating allowance for ECLs

a. Measurement of ECLs

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- *Financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls over the expected life of the financial asset discounted by the EIR. The cash shortfall is the difference between the cash flows due to us in accordance with the contract and the cash flows that we expect to receive; and
- *Financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the EIR.

We leverage existing risk management indicators (e.g., internal credit risk classification and restructuring triggers), credit risk rating changes and reasonable and supportable information which allow us to identify whether the credit risk of financial assets has significantly increased.

b. Inputs, assumptions and estimation techniques

- *General approach for cash in bank, short-term investments, debt securities, financial assets at FVOCI and advances and other noncurrent assets*

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition. We consider the probability of our counterparty to default on its obligation and the expected loss at default after considering the effects of collateral, any potential value when realized and time value of money. Based on our assessment, there is no significant increase in credit risk and the ECL for these financial assets under a general approach is measured on a 12-month basis.

The assumptions underlying the ECL calculation are monitored and reviewed on a quarterly basis.

- *Simplified approach for trade and other receivables and contract assets*

The simplified approach does not require the tracking of changes in credit risk, but instead requires the recognition of lifetime ECL. For trade receivables and contract assets, we use the simplified approach for calculating ECL. We have considered similarities in underlying credit risk characteristics and behavior in determining the groupings of various customer segments.

We used historically observed default rates and adjusted these historical credit loss experiences with forward-looking information. At every reporting date, the historical default rates are updated and changes in the forward-looking estimates are analyzed.

There have been no significant changes in the estimation techniques used for calculating ECL on trade and other receivables and contract assets.

- *Incorporation of forward-looking information*

We incorporated forward-looking information into both our assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and our measurement of ECL.

To do this, management considered a range of relevant forward-looking macroeconomic assumptions and probability weights for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs.

The macroeconomic factors are aligned with information used by us for other purposes such as strategic planning and budgeting.

The probability weights used in the calculation of ECLs cover a range of possible outcomes based on the current and projected economic conditions.

We have identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past three to eight years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

Due to lack of reasonable and supportable information, we have not identified any uncertain event that was assessed to be relevant to the risk of default occurring, thus we are not able to estimate the impact on ECL.

Total provision for expected credit losses for trade and other receivables amounted to Php821 million and Php814 million for the three months ended March 31, 2025 and 2024, respectively. Trade and other receivables, net of allowance for expected credit losses, amounted to Php31,362 million and Php31,612 million as at March 31, 2025 and December 31, 2024, respectively. See *Note 5 – Income and Expenses* and *Note 16 – Trade and Other Receivables*.

Total impairment losses on contract assets amounted to Php36 million and Php45 million for the three months ended March 31, 2025 and 2024, respectively. Contract assets, net of allowance for expected credit losses, amounted to Php1,708 million and Php1,886 million as at March 31, 2025 and December 31, 2024, respectively. See *Note 5 – Income and Expenses – Contract Balances.*

- *Grouping of instruments for losses measured on collective basis*

A broad range of forward-looking information was considered as economic inputs such as the gross domestic product, or GDP, inflation rate, unemployment rates, export rates, The Group of Twenty, or G20 GDP and G20 inflation rates. For expected credit loss provisions modelled on a collective basis, grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the PLDT Group to be statistically acceptable. Where sufficient information is not available internally, then we have considered benchmarking internal/external supplementary data to use for modelling purposes. The characteristics and any supplementary data used to determine groupings are outlined below.

Trade receivables – Groupings for collective measurement

a. Retail subscribers;
b. Corporate subscribers;
c. Foreign administrations and domestic carriers; and
d. Dealers, agents and others

The following credit exposures are assessed individually:

- All stage 3 assets, regardless of the class of financial assets; and
- The cash and cash equivalents, investment in debt securities and financial assets at FVOCI, and other financial assets.

Estimating pension benefit costs and other employee benefits

The cost of defined benefit and present value of the pension obligation are determined using the projected unit credit method. An actuarial valuation includes making various assumptions which consist, among other things, discount rates, rates of compensation increases and mortality rates. Further, our accrued benefit cost is affected by the fair value of the plan assets. Key assumptions used to estimate fair value of the unlisted equity investments included in the plan assets consist of revenue growth rate, direct costs, capital expenditures, discount rates and terminal growth rates. See *Note 25 – Pension and Other Employee Benefits*. Due to complexity of valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in assumptions. While we believe that our assumptions are reasonable and appropriate, significant differences in our actual experience or significant changes in our assumptions may materially affect our cost for pension and other retirement obligations. All assumptions are reviewed every year-end.

The net consolidated pension benefit costs amounted to Php369 million and Php366 million for the three months ended March 31, 2025 and 2024, respectively. The prepaid benefit costs amounted to Php810 million and Php975 million as at March 31, 2025 and December 31, 2024, respectively. The accrued benefit costs amounted to Php3,606 million and Php3,548 million as at March 31, 2025 and December 31, 2024, respectively. See *Note 5 – Income and Expenses – Compensation and Employee Benefits, Note 18 – Prepayments* and *Note 25 – Pension and Other Employee Benefits*.

Long-term Incentive Plan, LTIP

The ECC of the PLDT Board of Directors approved the LTIP covering the years 2022 to 2026, on December 23, 2021. It covers two cycles, and is intended to provide incentive compensation in the form of cash to key officers, executives and other eligible participants who are consistent performers, compliant with codes of conduct and contributors to our strategic and financial goals, with defined metrics based on the achievement of telco core income, customer experience and sustainability. The target metrics for Sustainability are expected to capture the Company's performance in various ESG materiality areas, including but not limited to, climate action such as initiatives to reduce energy consumption and greenhouse gas (GHG) emissions, employee and customer welfare, diversity and inclusion, cybersecurity and data privacy, and business ethics. Cycle 1 covered the performance period from 2022 to 2024 and was settled in 2025 based on the achievement of performance targets. Cycle 2 covers the performance period from 2025 to 2026 and is subject to the ECC's further evaluation and approval of the final terms.

This long-term employee benefit liability was recognized and measured using the projected unit credit method and was amortized on a straight-line basis over the vesting period.

The expense accrued for the LTIP amounted to nil and Php298 million for the three months ended March 31, 2025 and 2024, respectively.

The accrued incentive payable amounted to Php2,906 million and Php3,406 million as at March 31, 2025 and December 31, 2024, respectively. See *Note 5 – Income and Expenses – Compensation and Employee Benefits* and *Note 25 – Pension and Other Employee Benefits – Other Long-term Employee Benefits*.

Provision for asset retirement obligations

Provision for asset retirement obligations is recognized in the period in which this is incurred if a reasonable estimate can be made. This requires an estimation of the cost to restore or dismantle on a per square meter basis, depending on the location, and is based on the best estimate of the expenditure required to settle the obligation at the future restoration or dismantlement date, discounted using a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risk specific to the liability. Total provision for asset retirement obligations amounted to Php1,807 million and Php1,752 million as at March 31, 2025 and December 31, 2024, respectively. See *Note 21 – Deferred Credits and Other Noncurrent Liabilities*.

Provision for legal contingencies and tax assessments

We are currently involved in various legal proceedings and tax assessments. Our estimates of the probable costs for the resolution of these claims have been developed in consultation with our counsel handling the defense in these matters and are based upon our analysis of potential results. Based on management's assessment, appropriate provisions were made. We currently do not believe these proceedings could materially reduce our revenues and profitability. It is possible, however, that future financial position and performance could be materially affected by changes in our estimates or the effectiveness of our strategies relating to these proceedings and assessments. See *Note 26 – Provisions and Contingencies*.

Determination of fair values of financial assets and financial liabilities

When the fair value of financial assets and financial liabilities recorded in our consolidated statements of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Other than those whose carrying amounts are reasonable approximations of fair values, total fair values of noncurrent financial assets and noncurrent financial liabilities as at March 31, 2025 amounted to Php3,142 million and Php255,870 million, respectively, while the total fair values of noncurrent financial assets and noncurrent financial liabilities as at December 31, 2024 amounted to Php3,066 million and Php247,962 million, respectively. See *Note 27 – Financial Assets and Liabilities*.

4. Operating Segment Information

Operating segments are components of the PLDT Group that engage in business activities from which they may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of PLDT Group). The operating results of these operating segments are regularly reviewed by the Executive Committee to make decisions about how resources are to be allocated to each of the segments and to assess their performances, and for which discrete financial information is available.

For management purposes, we are organized into business units based on our products and services. We have three reportable operating segments as follows:

- Wireless – mobile telecommunications services provided by Smart and DMPI, our mobile service providers; SBI and PDSI, our wireless broadband service providers; and certain subsidiaries of PLDT Global;
- Fixed Line – fixed line telecommunications services primarily provided by PLDT. We also provide fixed line services through PLDT's subsidiaries, namely, ClarkTel, BCC and PLDT Global and certain subsidiaries; data center, cloud, cybersecurity services, managed information technology services, data and artificial intelligence through ePLDT and its subsidiaries; distribution of Filipino channels and content through PGNL and its subsidiaries; and software development and IT solutions provided by Multisys; and
- Others – PCEV, PGIH, PLDT Digital and its subsidiaries, our investment companies.

See *Note 2 – Summary of Material Accounting Policies* for further discussion.

Segment revenues, segment expenses and segment results include transfers between business segments. These transfers are eliminated in full upon consolidation.

The amounts of segment assets and liabilities and segment profit or loss are based on measurement principles that are similar to those used in measuring the assets and liabilities and profit or loss in our consolidated financial statements, which is in accordance with PFRS Accounting Standards. The segment revenues, net income, and other segment information of our reportable operating segments for the three months ended March 31, 2025 and 2024, and as at March 31, 2025 and December 31, 2024 are as follows:

	Wireless	Fixed Line	Others	Inter-segment Transactions	Consolidated
			(in million pesos)		
March 31, 2025 (Unaudited)					
Revenues					
External customers	**25,940**	**29,337**	**—**	**—**	**55,277**
Service revenues	**24,214**	**29,207**	**—**	**—**	**53,421**
Non-service revenues	**1,726**	**130**	**—**	**—**	**1,856**
Inter-segment transactions	**177**	**4,130**	**—**	**(4,307)**	**—**
Service revenues	**177**	**4,129**	**—**	**(4,306)**	**—**
Non-service revenues	**—**	**1**	**—**	**(1)**	**—**
Total revenues	**26,117**	**33,467**	**—**	**(4,307)**	**55,277**
Results					
Depreciation and amortization	**8,898**	**6,334**	**—**	**(2,231)**	**13,001**
Asset impairment	**188**	**679**	**—**	**—**	**867**
Interest income	**158**	**43**	**3**	**(5)**	**199**
Equity share in net losses of associates and joint ventures	**—**	**(29)**	**112**	**—**	**83**
Financing costs – net	**2,431**	**2,250**	**—**	**(345)**	**4,336**
Provision for (benefit from) income tax	**707**	**2,087**	**(13)**	**(41)**	**2,740**
Net income / Segment profit	**2,249**	**7,934**	**113**	**(1,232)**	**9,064**
Assets and liabilities					
Operating assets	**344,275**	**293,651**	**25,658**	**(102,156)**	**561,428**
Investments in associates and joint ventures	**114**	**44,730**	**8,010**	**—**	**52,854**
Deferred income tax assets – net	**6,244**	**6,026**	**83**	**33**	**12,386**
Total assets	**350,633**	**344,407**	**33,751**	**(102,123)**	**626,668**
Operating liabilities	**297,733**	**290,583**	**1,206**	**(79,699)**	**509,823**
Deferred income tax liabilities	**17**	**30**	**2**	**—**	**49**
Total liabilities	**297,750**	**290,613**	**1,208**	**(79,699)**	**509,872**
Other segment information					
Capital expenditures, including capitalized interest (Note 9)[1][2]	**4,662**	**6,163**	**—**	**—**	**10,825**

[1] *Net of additions subject to sale and leaseback from tower companies.*
[2] *Includes capitalization of subscriber contract cost to fulfill.*

	Wireless	Fixed Line	Others	Inter-segment Transactions	Consolidated
			(in million pesos)		
March 31, 2024 (Unaudited)					
Revenues					
External customers	26,501	27,723	—	—	54,224
Service revenues	24,568	27,627	—	—	52,195
Non-service revenues	1,933	96	—	—	2,029
Inter-segment transactions	167	4,122	—	(4,289)	—
Service revenues	167	4,120	—	(4,287)	—
Non-service revenues	—	2	—	(2)	—
Total revenues	26,668	31,845	—	(4,289)	54,224
Results					
Depreciation and amortization	7,783	6,183	—	(2,324)	11,642
Asset impairment	216	743	—	—	959
Interest income	205	67	7	(10)	269
Equity share in net losses of associates and joint ventures	—	—	(395)	—	(395)
Financing costs – net	2,289	1,562	—	(474)	3,377
Provision for income tax	925	2,132	—	242	3,299
Net income (loss) / Segment profit (loss)	2,957	10,447	(443)	(3,068)	9,893
December 31, 2024 (Audited)					
Assets and liabilities					
Operating assets	326,672	291,635	19,879	(82,318)	555,868
Investments in associates and joint ventures	108	44,758	7,898	—	52,764
Deferred income tax assets – net	6,537	8,014	62	30	14,643
Total assets	333,317	344,407	27,839	(82,288)	623,275
Operating liabilities	280,160	287,993	1,182	(62,855)	506,480
Deferred income tax liabilities	15	43	—	2	60
Total liabilities	280,175	288,036	1,182	(62,853)	506,540
March 31, 2024 (Unaudited)					
Other segment information					
Capital expenditures, including capitalized interest (Note 9)[(1)(2)]	40,767	37,294	185	—	78,246

[(1)] *Net of additions subject to sale and leaseback from tower companies.*
[(2)] *Includes capitalization of subscriber contract cost to fulfill*

The following table presents our revenues from external customers by category of products and services for the three months ended March 31, 2025 and 2024:

	March 31,	
	2025	2024
	(Unaudited)	
	(in million pesos)	
Wireless services		
Service revenues:		
Mobile	**23,768**	24,189
Home broadband	**446**	379
	24,214	24,568
Non-service revenues:		
Sale of mobile handsets and broadband data modems	**1,726**	1,933
Total wireless revenues	**25,940**	26,501
Fixed line services		
Service revenues:		
Data	**21,158**	20,560
Voice and miscellaneous	**8,049**	7,067
	29,207	27,627
Non-service revenues:		
Sale of phone units, devices and others	**130**	96
Total fixed line revenues	**29,337**	27,723
Total revenues	**55,277**	54,224

Disclosure of the geographical distribution of our revenues from external customers and the geographical location of our total assets are not provided since majority of our consolidated revenues are derived from our operations within the Philippines.

There is no revenue transaction with a single external customer that accounted for 10% or more of our consolidated revenues from external customers for the three months ended March 31, 2025 and 2024.

5. Income and Expenses

Revenues from Contracts with Customers

Disaggregation of Revenue

We derived our revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under PFRS 8, *Operating Segments*. See *Note 4 – Operating Segment Information*.

Set out is the disaggregation of PLDT Group's revenues from contracts with customers for the three months ended March 31, 2025 and 2024:

Revenue Streams	Wireless	Fixed Line	Others	Inter-segment Transactions	Consolidated
			(in million pesos)		
March 31, 2025 (Unaudited)					
Type of good or service					
Service revenue	**24,391**	**33,336**	**—**	**(4,306)**	**53,421**
Non-service revenue	**1,726**	**131**	**—**	**(1)**	**1,856**
Total revenues from contracts with customers	**26,117**	**33,467**	**—**	**(4,307)**	**55,277**
Timing of revenue recognition					
Transferred over time	**24,391**	**33,336**	**—**	**(4,306)**	**53,421**
Transferred at a point time	**1,726**	**131**	**—**	**(1)**	**1,856**
Total revenues from contracts with customers	**26,117**	**33,467**	**—**	**(4,307)**	**55,277**
March 31, 2024 (Unaudited)					
Type of good or service					
Service revenue	24,735	31,747	—	(4,287)	52,195
Non-service revenue	1,933	98	—	(2)	2,029
Total revenues from contracts with customers	26,668	31,845	—	(4,289)	54,224
Timing of revenue recognition					
Transferred over time	24,735	31,747	—	(4,287)	52,195
Transferred at a point time	1,933	98	—	(2)	2,029
Total revenues from contracts with customers	26,668	31,845	—	(4,289)	54,224

Remaining performance obligations are associated with our wireless and fixed line subscription contracts. As at March 31, 2025, excluding the performance obligations for contracts with original expected duration of less than one year, the aggregate amount of the transaction price allocated to remaining performance obligations was Php46,164 million, of which we expect to recognize approximately 39% in 2025 and 61% in 2026 and onwards. As at December 31, 2024, excluding the performance obligations for contracts with original expected duration of less than one year, the aggregate amount of the transaction price allocated to remaining performance obligations was Php45,868 million, of which we expected to recognize approximately 51% in 2025 and 49% in 2026 and onwards.

Contract Balances

Contract balances as at March 31, 2025 and December 31, 2024 consists of the following:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Trade and other receivables (Note 16)	**49,413**	48,808
Contract assets	**1,762**	1,953
Contract liabilities and unearned revenues (Notes 21 and 23)	**15,311**	16,067

Set out below is the movement in the allowance for expected credit losses of contracts assets as at March 31, 2025 and December 31, 2024.

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Balances at beginning of the period	**67**	42
Reversals and reclassification	**(13)**	25
Balances at end of the period	**54**	67

Changes in the contract liabilities and unearned revenues accounts for the three months ended March 31, 2025 and for the year ended December 31, 2024 follow:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Balances at beginning of the period	**16,067**	18,895
Deferred during the period	**28,174**	123,975
Recognized as revenue during the period	**(28,930)**	(126,803)
Balances at end of the period	**15,311**	16,067

The contract liabilities and unearned revenues accounts as at March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Unearned revenues from prepaid contracts	**5,836**	6,543
Leased facilities	**4,737**	4,630
Short-term advances for installation services	**2,556**	2,773
Advance monthly service fees	**2,160**	2,098
Long-term advances from equipment	**22**	23
Total contract liabilities and unearned revenues	**15,311**	16,067
Contract liabilities:		
Noncurrent (Note 21)	**239**	256
Current (Note 23)	**11**	17
Unearned revenues:		
Noncurrent (Note 21)	**5,145**	5,369
Current (Note 23)	**9,916**	10,425

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three months ended March 31, 2025 and 2024 consist of the following:

	March 31,	
	2025	2024
	(Unaudited)	
	(in million pesos)	
Repairs and maintenance	**8,006**	7,481
Compensation and employee benefits	**5,571**	6,078
Professional and other contracted services	**1,685**	1,876
Taxes and licenses	**1,345**	1,330
Selling and promotions	**1,148**	1,310
Insurance and security services	**350**	344
Rent	**313**	372
Communication, training and travel	**246**	295
Amortization of intangible assets (Note 14)	**71**	56
Other expenses	**116**	134
Total selling, general and administrative expenses	**18,851**	19,276

Compensation and Employee Benefits

Compensation and employee benefits for the three months ended March 31, 2025 and 2024 consist of the following:

	March 31,	
	2025	2024
	(Unaudited)	
	(in million pesos)	
Salaries and other employee benefits	**5,137**	5,414
Pension benefit costs (Note 25)	**369**	366
Manpower Rightsizing Program (MRP)	**65**	—
Incentive plan (Note 25)	—	298
Total compensation and employee benefits	**5,571**	6,078

Over the past several years, we have been implementing the MRP in line with our continuing efforts to realize manpower and cost efficiencies as a result of technological and organizational changes, process improvements, and shifting market conditions that reshape the future of our businesses. The MRP is being implemented in compliance with the Labor Code of the Philippines and all other relevant labor laws and regulations in the Philippines.

Cost of Sales and Services

Cost of sales and services for the three months ended March 31, 2025 and 2024 consist of the following:

	March 31,	
	2025	2024
	(Unaudited)	
	(in million pesos)	
Cost of mobile handsets, phone units, broadband data modems and devices	**2,262**	2,329
Cost of services	**1,104**	924
Total cost of sales and services	**3,366**	3,253

Asset Impairment

Asset impairment for the three months ended March 31, 2025 and 2024 consist of the following:

	March 31,	
	2025	2024
	(Unaudited)	
	(in million pesos)	
Trade and other receivables (Note 16)	**821**	814
Contract assets	**36**	45
Inventories and supplies (Note 17)	**10**	100
Total asset impairment	**867**	959

Other Income (Expenses) – Net

Other income (expenses) – net for the three months ended March 31, 2025 and 2024 consist of the following:

	March 31,	
	2025	2024
	(Unaudited)	
	(in million pesos)	
Foreign exchange gains – net	**544**	175
Interest income	**199**	269
Equity share in net gains (losses) of associates and joint ventures (Note 11)	**83**	(395)
Gain on disposal of property and equipment	**48**	32
Gain on sale and leaseback of telecom towers – gross of expenses (Note 9)	—	571
Gains (losses) on derivative financial instruments – net (Note 27)	**(335)**	761
Financing costs – net	**(4,336)**	(3,377)
Others – net	**873**	(447)
Total other expenses – net	**(2,924)**	(2,411)

Interest Income

Interest income for the three months ended March 31, 2025 and 2024 consist of the following:

	March 31,	
	2025	2024
	(Unaudited)	
	(in million pesos)	
Interest income arising from revenue contracts with customers	**139**	139
Interest income on cash and cash equivalents (Note 15)	**44**	109
Interest income on financial instruments at amortized cost	**11**	13
Interest income on financial instruments at FVPL	—	3
Interest income – others	**5**	5
Total interest income	**199**	269

Financing Costs – Net

Financing costs – net for the three months ended March 31, 2025 and 2024 consist of the following:

	March 31,	
	2025	2024
	(Unaudited)	
	(in million pesos)	
Interest on loans and other related items	**3,830**	3,107
Accretion on lease liabilities (Note 10)	**986**	919
Accretion on financial liabilities	**94**	90
Financing charges	**34**	35
Capitalized interest (Note 9)	**(608)**	(774)
Total financing costs – net	**4,336**	3,377

6. Components of Other Comprehensive Loss

Changes in other comprehensive loss under equity of our consolidated statements of financial position for the three months ended March 31, 2025 and 2024 are as follows:

	Foreign currency translation differences of subsidiaries	Net transactions on cash flow hedges – net of tax	Revaluation increment on investment properties – net of tax	Actuarial losses on defined benefit plans – net of tax	Share in the other comprehensive loss of associates and joint ventures accounted for using the equity method	Total other comprehensive income (loss) attributable to equity holders of PLDT	Share of noncontrolling interests	Total other comprehensive income (loss) – net of tax
	(in million pesos)							
Balances as at January 1, 2025	**274**	**(6,155)**	**1,740**	**(39,722)**	**(29)**	**(43,892)**	**(50)**	**(43,942)**
Other comprehensive income (loss)	**(8)**	**(113)**	**1,434**	**(141)**	**—**	**1,172**	**(6)**	**1,166**
Balances as at March 31, 2025 (Unaudited)	**266**	**(6,268)**	**3,174**	**(39,863)**	**(29)**	**(42,720)**	**(56)**	**(42,776)**
Balances as at January 1, 2024	133	(4,608)	544	(38,260)	(21)	(42,212)	10	(42,202)
Other comprehensive income (loss)	15	(77)	—	—	—	(62)	(35)	(97)
Balances as at March 31, 2024 (Unaudited)	148	(4,685)	544	(38,260)	(21)	(42,274)	(25)	(42,299)

Revaluation increment on investment properties pertains to the difference between the carrying value and fair value of property and equipment transferred to investment property at the time of change in classification.

7. Income Taxes

Corporate Income Tax

The major components of consolidated net deferred income tax assets (liabilities) recognized in our consolidated statements of financial position as at March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
	(in million pesos)	
Net deferred income tax assets	**12,386**	14,643
Net deferred income tax liabilities	**(49)**	(60)
Net balances at the end of the period	**12,337**	14,583

The components of our consolidated net deferred income tax assets (liabilities) as at March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
	(in million pesos)	
Net deferred income tax assets:		
Accumulated provision for expected credit losses	**3,803**	3,618
Unearned revenues	**3,356**	3,914
Lease liability over ROU assets under PFRS 16[(1)]	**3,024**	3,240
Pension and other employee benefits	**2,444**	2,607
Fixed asset impairment/depreciation due to shortened life of property and equipment	**2,164**	2,480
Unamortized past service pension costs	**1,578**	1,908
Unrealized foreign exchange losses	**1,259**	1,404
Accumulated write-down of inventories to net realizable values	**371**	371
NOLCO	**105**	266
Derivative financial instruments	**42**	(203)
Excess MCIT over RCIT	**24**	13
Taxes and duties capitalized	**(163)**	(167)
Customer list and trademark	**(383)**	(361)
Capitalized charges and others	**(5,238)**	(4,447)
Total deferred income tax assets – net	**12,386**	14,643
Net deferred income tax liabilities:		
Investment property	**388**	389
Unrealized foreign exchange gains	**5**	22
Others	**(344)**	(351)
Total deferred income tax liabilities	**49**	60

[(1)] *As at March 31, 2025 and December 31, 2024, the deferred tax asset on lease liability amounted to Php13,203 million and Php13,234 million, respectively while the deferred tax liability on right of use asset amounted to Php10,179 million and Php9,994 million, respectively.*

Changes in our consolidated net deferred income tax assets (liabilities) for the three months ended March 31, 2025 and for the year ended December 31, 2024 are as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
	(in million pesos)	
Net balances at beginning of the period	**14,583**	18,007
Movement charged directly to other comprehensive income (loss)	**(391)**	597
Provision for deferred income tax	**(1,833)**	(3,938)
Others	**(22)**	(83)
Net balances at end of the period	**12,337**	14,583

The analysis of our consolidated net deferred income tax assets as at March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Deferred income tax assets:		
Deferred income tax assets to be recovered after 12 months	**6,682**	11,449
Deferred income tax assets to be recovered within 12 months	**5,704**	3,194
Net deferred income tax assets	**12,386**	14,643

The analysis of our consolidated net deferred income tax liabilities as at March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Deferred income tax liabilities:		
Deferred income tax liabilities to be settled after 12 months	**53**	106
Deferred income tax liabilities to be settled within 12 months	**(4)**	(46)
Net deferred income tax liabilities	**49**	60

Provision for income tax for the three months ended March 31, 2025 and 2024 consist of:

	March 31,	
	2025	2024
	(Unaudited)	
	(in million pesos)	
Current	**907**	1,393
Deferred (Note 3)	**1,833**	1,906
	2,740	3,299

The impact of the application of MCIT amounting to Php8 million and nil for the three months ended March 31, 2025 and 2024, respectively, were considered in the provisions for current and deferred income taxes.

The reconciliation between the provision for income tax at the applicable statutory tax rate and the actual provision for corporate income tax for the three months ended March 31, 2025 and 2024 are as follows:

	March 31,	
	2025	2024
	(Unaudited)	(Audited)
		(in million pesos)
Provision for income tax at the applicable statutory tax rate	**2,951**	3,298
Tax effects of:		
Nondeductible expenses	**108**	25
Income not subject to income tax	**(18)**	(24)
Equity share in net (income) losses of associates and joint ventures	**(21)**	99
Income subject to final tax	**(39)**	(61)
Net movement in unrecognized deferred income tax assets and other adjustments	**(43)**	12
Difference between Optional Standard Deduction (OSD) and itemized deductions	**(78)**	(39)
Special deductible items and income subject to lower tax rate	**(120)**	(11)
Actual provision for income tax	**2,740**	3,299

The breakdown of our consolidated deductible temporary differences, carryforward benefits of unused tax credits from excess of MCIT over RCIT, and NOLCO (excluding those not recognized due to the adoption of the OSD method) for which no deferred income tax assets were recognized and the equivalent amount of unrecognized deferred income tax assets as at March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Accumulated provision for expected credit losses	**1,928**	1,266
NOLCO	**1,338**	1,208
Provisions	**585**	25
Customer list and trademark	**428**	428
Derivative financial instruments	**40**	35
Unearned revenues	**16**	9
Accumulated write-down of inventories to net realizable values	**14**	15
Lease liability over ROU assets under PFRS 16	**4**	3
Fixed asset impairment	**3**	169
Excess MCIT over RCIT	**2**	2
Pension and other employee benefits	**(4)**	(5)
Unrealized foreign exchange (gains) losses	**(49)**	50
	4,305	3,205
Unrecognized deferred income tax assets	**1,078**	803

In 2024, DMPI, IP Converge and VITRO availed the OSD method in computing their taxable income. This assessment is based on projected taxable profits at a level where it is favorable to use OSD method. These companies are also expected to avail of the OSD method in the foreseeable future. Thus, certain deferred income tax assets of DMPI, IP Converge and VITRO amounting to Php94 million and Php237 million as at March 31, 2025 and December 31, 2024, respectively, were not recognized.

Our consolidated deferred income tax assets have been recorded to the extent that such consolidated deferred income tax assets are expected to be utilized against sufficient future taxable profit. Deferred income tax assets shown in the preceding table were not recognized as we believe that future taxable profit will not be sufficient to realize these deductible temporary differences and carryforward benefits of unused tax credits from excess of MCIT over RCIT, and NOLCO in the future.

The breakdown of our consolidated excess MCIT and NOLCO as at March 31, 2025 are as follows:

Date Incurred	**Expiry Date**	**MCIT**	**NOLCO**
		(in million pesos)	
December 31, 2021[(1)]	December 31, 2026	—	**53**
December 31, 2022	December 31, 2025	—	**471**
December 30, 2023	December 31, 2026	**1**	**1,038**
December 31, 2024	December 31, 2027	**15**	**69**
March 31, 2025	December 31, 2028	**12**	**175**
		28	**1,806**
Consolidated tax benefits		**28**	**451**
Consolidated unrecognized deferred income tax assets		**(2)**	**(346)**
Consolidated recognized deferred income tax assets		**26**	**105**

[(1)] *Under R.A. 11494.*

The excess MCIT totaling Php28 million as at March 31, 2025 can be deducted against future RCIT liability. The excess MCIT that was deducted against RCIT amounted to Php8 million and nil for the three months ended March 31, 2025 and 2024, respectively.

NOLCO totaling Php1,806 million as at March 31, 2025 can be claimed as deduction against future taxable income. The NOLCO claimed as deduction against taxable income amounted to Php688 million and nil for the three months ended March 31, 2025 and 2024, respectively.

Republic Act No. 11494 Bayanihan to Recover as One Act, or Bayanihan II

Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act, or Bayanihan II, was signed by President Rodrigo Duterte on September 11, 2020. It contains the government's second wave of relief measures to address the health and economic crises that stemmed from the COVID-19 outbreak.

As part of mitigating the costs and losses stemming from the disruption of economic activities, Bayanihan II extended the carry-over of the NOLCO incurred in 2021 as deductions from gross income for the next five consecutive taxable years immediately following the year of the loss. Hence, NOLCO incurred in 2021 amounting to Php53 million, which ordinarily can be carried over until December 31, 2024, has been extended until December 31, 2026.

Registration with Clark Special Economic Zone

ClarkTel's franchise expired on July 1, 2024. Prior to the expiration, ClarkTel's Board of Directors applied for a national franchise. The franchise application has been filed and for evaluation of Congress as of report date. Considering the timeline for the national franchise grant, the Company also applied for VAS license with the NTC to ensure continued services to subscribers. The license was approved on November 20, 2024 with a validity period of up to November 19, 2029.

ClarkTel is registered with Clark Special Economic Zone, or Economic Zones, under Republic Act No. 7227 otherwise known as the Bases Conversion and Development Act of 1992. As a registrant, ClarkTel is entitled to all the rights, privileges and benefits established thereunder including tax and duty-free importation of capital equipment and a special income tax rate of 5% of gross income, as defined in Republic Act No. 7227. These incentives are in effect until May 11, 2027 by virtue of a License to Operate issued by Clark Development Corporation.

Our consolidated income derived from non-registered activities within the Economic Zones is subject to the RCIT rate at the end of the reporting period.

BEPS 2.0 Pillar Two Impact Assessment

The Organization for Economic Cooperation and Development (OECD) has published Global Anti-Base Erosion Model Rules (GLoBE Rules or Pillar Two Model Rules) which include a minimum tax rate by jurisdiction. The Pillar Two Model Rules apply to multinationals enterprises (MNEs) with annual consolidated revenues in excess of Euro 750 million in at least two (2) of the four (4) calendar years immediately preceding the tested fiscal year. PLDT Group is in scope for Pillar Two Model Rules and for the year ended December 31, 2024 has adopted the amendments to PAS 12, Income Taxes, which provides a mandatory exception from recognizing or disclosing deferred taxes related to Pillar Two income taxes. PLDT Group expects the Domestic Minimum Top-up Tax and the Income Inclusion Rule will become effective in Singapore and in Malaysia in 2025 and these rules might impact PLDT Group. However, the Pillar Two legislations were enacted close to the reporting date. Therefore, PLDT Group is still in the process of assessing the potential exposure to Pillar Two income taxes as of December 31, 2024. The potential exposure of PLDT Group, if any, to Pillar Two income taxes is currently not known or reasonably estimable. In addition, PLDT Group also notes that in 2024, Canada and the United Kingdom had introduced Income Inclusion Rule and Qualified Domestic Minimum Top-up Tax applicable for the three months ended March 31, 2025. However, the impact of this legislation is expected to be insignificant in value. PLDT Group continues to monitor developments in the enactment of Pillar Two legislations to evaluate the potential future impact on PLDT Group's consolidated financial statements.

8. Earnings Per Common Share

The following table presents information necessary to calculate the EPS for the three months ended March 31, 2025 and 2024:

	March 31,			
	2025		2024	
	(Unaudited)			
	Basic	**Diluted**	Basic	Diluted
	(in million pesos)			
Consolidated net income attributable to common shares	**9,025**	**9,025**	9,824	9,824
Dividends on preferred shares (Note 19)	**(14)**	**(14)**	(14)	(14)
Consolidated net income attributable to common equity holders of PLDT	**9,011**	**9,011**	9,810	9,810
	(in thousands, except per share amounts which are in pesos)			
Outstanding common shares at beginning of period	**216,056**	**216,056**	216,056	216,056
Weighted average number of common shares	**216,056**	**216,056**	216,056	216,056
EPS attributable to common equity holders of PLDT	**41.71**	**41.71**	45.40	45.40

Basic EPS amounts are calculated by dividing our consolidated net income for the period attributable to common equity holders of PLDT (consolidated net income adjusted for dividends on all series of preferred shares, except for dividends on preferred stock subject to mandatory redemption) by the weighted average number of common shares issued and outstanding during the period.

Diluted EPS amounts are calculated in the same manner assuming that, at the beginning of the period or at the time of issuance during the period, all outstanding options are exercised, convertible preferred shares are converted to common shares, and appropriate adjustments to our consolidated net income are effected for the related income and expenses on preferred shares. Outstanding stock options will have a dilutive effect only when the average market price of the underlying common share during the period exceeds the exercise price of the stock option.

Convertible preferred shares are deemed dilutive when required dividends declared on each series of convertible preferred shares divided by the number of equivalent common shares, assuming such convertible preferred shares are converted to common shares, decreases the basic EPS. As such, the diluted EPS is calculated by dividing our consolidated net income attributable to common shareholders (consolidated net income, adding back any dividends and/or other charges recognized for the period related to the dilutive convertible preferred shares classified as liability, less dividends on non-dilutive preferred shares except for dividends on preferred stock subject to mandatory redemption) by the weighted average number of common shares excluding the weighted average number of common shares held as treasury shares, and including the common shares equivalent arising from the conversion of the dilutive convertible preferred shares.

Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options has an anti-dilutive effect, basic and diluted EPS are stated at the same amount.

9. Property and Equipment

Changes in property and equipment account for the three months ended March 31, 2025 and for the year ended December 31, 2024 are as follows:

	Cable and wire facilities	Central equipment	Network facilities	Building and lease improvement	Vehicles, furniture and other network equipment	Land and land improvements	IT systems and platforms	Security platforms	Property under construction	Total
					(in million pesos)					
March 31, 2025 (Unaudited)										
Net book value at beginning of the period	**101,265**	**257**	**116,506**	**7,304**	**1,971**	**4,474**	**17,210**	**864**	**68,218**	**318,069**
Additions (Note 4)	**88**	**—**	**186**	**—**	**103**	**—**	**29**	**—**	**9,421**	**9,827**
Disposals/retirements	**—**	**—**	**(4)**	**(211)**	**(16)**	**(393)**	**—**	**—**	**—**	**(624)**
Reclassification	**(771)**	**—**	**2,521**	**106**	**7**	**19**	**1,246**	**146**	**(3,273)**	**1**
Translation differences charged directly to cumulative translation adjustments	**(1)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(1)**
Adjustments	**—**	**—**	**—**	**—**	**(5)**	**—**	**—**	**—**	**5**	**—**
Depreciation and amortization (Note 3)	**(2,520)**	**(26)**	**(4,830)**	**(186)**	**(181)**	**(17)**	**(1,101)**	**(69)**	**—**	**(8,930)**
Net book value at end of the period	**98,061**	**231**	**114,379**	**7,013**	**1,879**	**4,083**	**17,384**	**941**	**74,371**	**318,342**
As at March 31, 2025 (Unaudited)										
Cost	**315,740**	**512**	**364,991**	**27,917**	**36,430**	**4,566**	**60,138**	**2,076**	**74,371**	**886,741**
Accumulated depreciation, impairment and amortization	**(217,679)**	**(281)**	**(250,612)**	**(20,904)**	**(34,551)**	**(483)**	**(42,754)**	**(1,135)**	**—**	**(568,399)**
Net book value	**98,061**	**231**	**114,379**	**7,013**	**1,879**	**4,083**	**17,384**	**941**	**74,371**	**318,342**
December 31, 2024 (Audited)										
Net book value at beginning of the period	81,227	384	101,941	7,979	3,654	4,122	18,794	1,162	67,840	287,103
Additions (Note 4)	86	—	70	31	397	—	598	—	69,730	70,912
Disposals/retirements	—	—	(19)	(1)	(234)	—	(1)	(129)	—	(384)
Reclassification	31,435	—	33,692	542	(809)	456	5,561	202	(69,167)	1,912
Translation differences charged directly to cumulative translation adjustments	1	—	—	—	1	—	—	—	—	2
Adjustments	—	(25)	—	—	25	—	—	—	(185)	(185)
Impairment losses recognized during the period	—	—	—	—	—	—	—	(67)	—	(67)
Depreciation and amortization (Note 3)	(11,484)	(102)	(19,178)	(1,247)	(1,063)	(104)	(7,742)	(304)	—	(41,224)
Net book value at end of the period	101,265	257	116,506	7,304	1,971	4,474	17,210	864	68,218	318,069
As at December 31, 2024 (Audited)										
Cost	316,803	532	362,387	27,884	36,467	4,960	56,418	1,930	68,218	875,599
Accumulated depreciation, impairment and amortization	(215,538)	(275)	(245,881)	(20,580)	(34,496)	(486)	(39,208)	(1,066)	—	(557,530)
Net book value	101,265	257	116,506	7,304	1,971	4,474	17,210	864	68,218	318,069

Interest capitalized to property and equipment that qualified as borrowing costs amounted to Php608 million and Php774 million for the three months ended March 31, 2025 and 2024, respectively. See *Note 5 – Income and Expenses – Financing Costs – Net*. The average interest capitalization rate used was approximately 5% each for the three months ended March 31, 2025 and 2024.

Our net foreign exchange differences, which qualified as borrowing costs, amounted to Php37 million and Php456 million for the three months ended March 31, 2025 and 2024, respectively.

As at March 31, 2025, the estimated useful lives of our property and equipment are as follows:

Cable and wire facilities[1]	5 – 25 years
Central equipment	3 – 15 years
Network facilities	3 – 20 years
Buildings	25 – 50 years
Vehicles, furniture and other network equipment	3 – 15 years
Land improvements	10 years
IT systems and platforms[2]	5 years
Security platforms[2]	5 years
Leasehold improvements	3 – 10 years or the term of the lease, whichever is shorter

[1] *As at December 31, 2024, the estimated useful life ranges from 5-15 years.*
[2] *As at December 31, 2024, the estimated useful life ranges from 3-5 years.*

See *Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions – Estimating useful lives of property and equipment*.

Sale and Leaseback of Telecom Towers

On various dates in 2022 and 2023, Smart and DMPI signed Sale and Purchase Agreements with Edotco Towers, Inc., Edgepoint Towers, Inc., Unity Digital Infrastructure and Frontier Tower Associates Philippines, Inc., or collectively the TowerCos, in connection with the sale of 7,569 telecom towers and related passive telecommunication infrastructure for Php98,309 million.

Concurrent with the execution of the Sale and Purchase Agreements, Smart also entered into Master Service Agreements, or MSAs, with the TowerCos wherein Smart agreed to lease back the towers sold in the transaction for a period of 10 years. In addition to space, the TowerCos are responsible for providing operations and maintenance services, as well as power to the sites. The sale and leaseback with the TowerCos is complemented by a commitment to place service orders for a total of 2,270 Build-To-Suit, or BTS, sites within the next two to four years. Thus, total committed BTS sites with the TowerCos is 2,270 sites. The closing of the agreements is on a staggered basis depending on the satisfaction of closing conditions based on the number of towers transferred.

The following summarizes the completed sale of Smart and DMPI telecom towers as at March 31, 2025:

Closing Date	Number of Tower Assets Sold	Cash Consideration	Gain on Sale and Leaseback	Net Book Value of Tower Assets (excluding taxes)
		(in million pesos)	(in million pesos)	
2022	4,665	60,492	25,234	22,874
2023	1,705	22,465	7,467	13,377
2024	356	4,362	1,471	1,739
	6,726	87,319	34,172 [1]	37,990

[1] *Gross of related transaction costs.*

The remaining telecom towers with net book value of Php4,547 million as at March 31, 2025 and December 31, 2024, subject to sale and purchase agreement within one year, were reclassified from "Property and equipment" to "Assets classified as held-for-sale" under current assets in our consolidated statement of financial position.

10. Leases

Group as a Lessee

We have lease contracts for various items of sites, buildings, leased circuits and poles used in our operations. We considered in the lease term the non-cancellable period of the lease together with the periods covered by an option to extend and option to terminate the lease.

Our consolidated estimated useful lives of ROU assets as at March 31, 2025 are as follows:

Sites	1 – 30 years
International leased circuits	1 – 19 years
Poles	1 – 12 years
Domestic leased circuits	2 – 10 years
Office buildings	1 – 25 years
Co-located sites[1]	4 – 11 years

[1] *As at December 31, 2024, the estimated useful life ranges from 2-11 years.*

Our consolidated roll forward analysis of ROU assets as at March 31, 2025 and December 31, 2024 are as follows:

	Sites	International Leased Circuits	Poles	Domestic Leased Circuits	Office Buildings	Co-located Sites	Total
				(in million pesos)			
March 31, 2025 (Unaudited)							
Costs:							
Balances at beginning of the period	**44,047**	**5,055**	**5,336**	**2,637**	**1,301**	**61**	**58,437**
Additions (Note 28)	**2,361**	**276**	**107**	**15**	**75**	**—**	**2,834**
Asset retirement obligation	**34**	**—**	**—**	**—**	**8**	**—**	**42**
Modifications	**(80)**	**1**	**10**	**—**	**4**	**—**	**(65)**
Terminations	**(692)**	**(249)**	**(60)**	**(77)**	**(70)**	**—**	**(1,148)**
Balances at end of the period	**45,670**	**5,083**	**5,393**	**2,575**	**1,318**	**61**	**60,100**
Accumulated depreciation and amortization:							
Balances at beginning of the period	**(11,608)**	**(3,110)**	**(1,739)**	**(1,810)**	**(1,010)**	**(49)**	**(19,326)**
Modifications	**—**	**247**	**59**	**12**	**—**	**—**	**318**
Terminations	**511**	**—**	**1**	**36**	**60**	**—**	**608**
Depreciation (Note 3)	**(1,439)**	**(190)**	**(233)**	**(65)**	**(167)**	**(3)**	**(2,097)**
Balances at end of the period	**(12,536)**	**(3,053)**	**(1,912)**	**(1,827)**	**(1,117)**	**(52)**	**(20,497)**
Net book value at the end of the period	**33,134**	**2,030**	**3,481**	**748**	**201**	**9**	**39,603**
December 31, 2024 (Audited)							
Costs:							
Balances at beginning of the period	38,461	4,305	3,364	2,001	1,144	53	49,328
Additions (Note 28)	8,683	1,546	4,273	763	334	8	15,607
Asset retirement obligation	571	—	—	—	5	—	576
Modifications	(1,180)	266	173	135	27	—	(579)
Terminations	(2,350)	(1,062)	(2,474)	(262)	(209)	—	(6,357)
Reclassification to ROU assets classified as held-for-sale	(138)	—	—	—	—	—	(138)
Balances at end of the period	44,047	5,055	5,336	2,637	1,301	61	58,437
Accumulated depreciation and amortization:							
Balances at beginning of the period	(7,599)	(3,298)	(3,156)	(1,632)	(887)	(39)	(16,611)
Modifications	108	(12)	(3)	(75)	(20)	—	(2)
Terminations	361	1,028	2,474	262	192	—	4,317
Depreciation (Note 3)	(4,763)	(828)	(1,054)	(365)	(295)	(10)	(7,315)
Reclassification to ROU assets classified as held-for-sale	285	—	—	—	—	—	285
Balances at end of the period	(11,608)	(3,110)	(1,739)	(1,810)	(1,010)	(49)	(19,326)
Net book value at the end of the period	32,439	1,945	3,597	827	291	12	39,111

The following amounts are recognized in our consolidated income statements for the three months ended March 31, 2025 and 2024:

	March 31, 2025	March 31, 2024
	(Unaudited)	
	(in million pesos)	
Depreciation expense of ROU assets	**2,097**	1,637
Interest expense on lease liabilities	**986**	919
Variable lease payments (included in general and administrative expenses)	**121**	196
Expenses relating to short-term leases (included in general and administrative expenses)	**192**	176
Total amount recognized in consolidated income statements	**3,396**	2,928

Our consolidated roll forward analysis of lease liabilities as at March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Balances at beginning of the period	**54,038**	47,546
Additions (Note 28)	**2,834**	15,607
Accretion on lease liabilities (Note 5)	**986**	3,935
Reclassification to lease liabilities classified as held-for-sale	**—**	(87)
Foreign exchange gains (losses) – net	**(22)**	100
Lease modifications	**(67)**	(121)
Termination	**(125)**	(863)
Settlement of obligations	**(3,829)**	(12,079)
Balances at end of the period (Notes 3 and 28)	**53,815**	54,038
Less current portion of lease liabilities (Note 27)	**7,584**	7,335
Noncurrent portion of lease liabilities (Note 27)	**46,231**	46,703

We had total cash outflows for leases of Php3,829 million and Php3,139 million for the three months ended March 31, 2025 and 2024, respectively. We had non-cash additions to ROU assets of Php2,834 million and Php15,607 million and lease liabilities of Php2,834 million and Php15,607 million as at March 31, 2025 and December 31, 2024, respectively. The future cash outflows relating to leases that have not yet commenced are disclosed in *Note 28 – Notes to the Statements of Cash Flows*.

We have entered into several lease contracts that include automatic extension and termination options. These options are negotiated by us to provide flexibility in managing the leased-asset portfolio and align with our business needs. However, in some of these lease contracts, we did not impute the renewal period in our assessment of the lease terms of these contracts since said renewal period is not yet reasonably estimable at the time of transition or commencement date of the lease. See *Note 3 – Managements Use of Accounting Judgments, Estimates and Assumptions – Determining the lease term of contracts with renewal and termination options – Company as a Lessee.*

As disclosed in *Note 9 – Property and Equipment,* on the sale and leaseback of telecom towers, Smart and DMPI signed Sale and Purchase Agreements with the TowerCos in connection with the sale of 7,569 telecom towers and related passive telecom infrastructure, with the concurrent execution of MSAs with the TowerCos where Smart has agreed to lease back the towers sold in the transaction for a period of 10 years.

In 2022 and 2023, the MSAs covering the leaseback arrangements of 4,665, and 1,705 telecom towers, respectively, became effective. There were no leaseback arrangement made in 2024 and for the three months ended March 31, 2025. As a result, we recognized cumulative lease liability of Php40,262 million and cumulative ROU assets of Php24,861 million as at March 31, 2025. The difference between lease liability and ROU assets represents the rights retained by the PLDT Group over the telecom assets leased back from the tower companies.

Including the related accounts on Unity and Frontier, the ROU assets relating to leasehold land with net book value of Php2,124 million and Php1,954 million, and the related lease liabilities amounting to Php1,687 million and Php1,615 million were respectively reclassified as "Assets classified as held-for-sale" under current assets and "Liabilities associated with assets classified as held-for-sale" under current liabilities in our consolidated statement of financial position as at March 31, 2025 and December 31, 2024, respectively.

Common Tower Pilot, or CTP, Program

The CTP Program, established by Smart in January 2020, in partnership with several TowerCos duly accredited by the Department of Information and Communications Technology, aims to accelerate new site roll-outs and reduce upfront the capital expenditures spending.

Under the MSAs, TowerCos will handle site acquisition and permitting, site development works, construction and permanent electrification of the towers. Effective 30 days after the sites are Ready For Telecommunication Installation, or RFTI, Smart will be liable to settle a monthly fixed fee covering rental and maintenance costs for a contract term of 15 years. The monthly fee will be subject to agreed escalation rates with TowerCos. As anchor tenant, Smart will also be entitled to colocation discounts when additional tenants come on board.

Upon launching of the program, the original CTP commitment covered 200 sites. This was ultimately increased to 464 BTS sites. As at March 31, 2025, Smart has issued service orders, or SOs, corresponding to 457 BTS sites.

As at March 31, 2025 and December 31, 2024, 442 BTS sites out of 451 BTS and 422 BTS sites out of 430 BTS sites, respectively, are ready for service. These BTS sites are all classified as RFTI.

Group as a Lessor

We have entered into operating leases on our investment property portfolio consisting of certain office buildings and business offices. See *Note 13 – Investment Properties*. These leases have a term of five years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual guarantee on the properties. Rental income recognized amounted to Php16 million and Php15 million for the three months ended March 31, 2025 and 2024, respectively.

Future minimum rentals receivable under non-cancellable operating leases expected within one year amounted to Php62 million each, and after one year but not more than five years, amounted to Php47 million and Php62 million both as at March 31, 2025 and December 31, 2024, respectively.

11. Investments in Associates and Joint Ventures

As at March 31, 2025 and December 31, 2024, this account consists of:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Carrying value of investments in associates:		
MediaQuest PDRs	**9,186**	9,186
MIH	**6,875**	6,731
Individually immaterial associates	**3,026**	3,064
	19,087	18,981
Carrying value of investments in joint ventures:		
VTI, Bow Arken and Brightshare	**33,653**	33,675
Individually immaterial joint ventures	**114**	108
	33,767	33,783
Total carrying value of investments in associates and joint ventures	**52,854**	52,764

Changes in the cost of investments for the three months ended March 31, 2025 and for the year ended December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Balances at beginning of the period	**68,010**	64,658
Additions during the period	**8**	3,485
Translation and other adjustments	**—**	(133)
Balances at end of the period	**68,018**	68,010

Changes in the accumulated impairment losses for the three months ended March 31, 2025 and for the year ended December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Balances at beginning of the period	**2,763**	2,875
Adjustments	**—**	(112)
Balances at end of the period	**2,763**	2,763

Changes in the accumulated equity share in net earnings (losses) of associates and joint ventures for the three months ended March 31, 2025 and for the year ended December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Balances at beginning of the period	**(12,483)**	(11,475)
Equity share in net earnings (losses) of associates and joint ventures:	**83**	(990)
MIH	***143***	*(935)*
MediaQuest PDRs	***—***	*(74)*
VTI, Bow Arken and Brightshare	***(22)***	*26*
Individually immaterial associates and joint ventures	***(38)***	*(7)*
Translation and other adjustments	**(1)**	(18)
Balances at end of the period	**(12,401)**	(12,483)

Investments in Associates

Investment of ePLDT in MediaQuest PDRs

ePLDT made various investments in PDRs issued by Mediaquest in relation to its direct interest in Satventures and indirect interest in Cignal TV through Satventures. These investments in PDRs provided ePLDT with a 64% economic interest in Cignal TV.

Cignal TV is a wholly-owned subsidiary of Satventures, which is a wholly-owned subsidiary of MediaQuest, an entity incorporated in the Philippines. It operates a direct-to-home, or DTH, Pay-TV business under the brand name "Cignal TV", which is the largest DTH Pay-TV operator in the Philippines.

The PLDT Group's financial investment in PDRs of MediaQuest is part of the PLDT Group's overall strategy of broadening its distribution platforms and increasing the PLDT Group's ability to deliver multimedia content to its customers across the PLDT Group's broadband and mobile networks.

ePLDT's aggregate value of investment in MediaQuest PDRs amounted to Php9,186 million each as at March 31, 2025 and December 31, 2024, respectively. See *Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions – Accounting for investment in MediaQuest through PDRs*.

The table below presents the summarized financial information of Satventures and subsidiaries as at March 31, 2025 and December 31, 2024, and for the three months ended March 31, 2025 and 2024:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Statements of Financial Position:		
Noncurrent assets	**22,773**	22,710
Current assets	**8,209**	8,578
Noncurrent liabilities	**1,542**	2,146
Current liabilities	**14,087**	13,787
Equity	**15,353**	15,355
Carrying amount of interest in Satventures	**9,186**	9,186
Additional Information:		
Cash and cash equivalents	**494**	588
Current financial liabilities[1]	**2,819**	2,736
Noncurrent financial liabilities[1]	**1,145**	1,210

(1) Excluding trade, other payables and provisions.

	March 31,	
	2025	2024
	(Unaudited)	
	(in million pesos)	
Income Statements:		
Revenues	**1,897**	1,878
Depreciation and amortization	**366**	339
Interest income	**13**	12
Interest expense	**93**	87
Provision for (benefit from) income tax	**(20)**	5
Net loss / Total comprehensive loss	**30**	—
Equity share in net losses of Satventures	**—**	—

Investment of PCEV in MIH

The following summarizes the subscription agreements entered into by PCEV with MIH:

Date	Agreement	Number of Shares	Total Consideration	PCEV's Equity Interest
		(in millions)		
March 14, 2018	Acquisition of Ordinary Shares	53.4	465	100.00%
March 14, 2018	Subscription of Ordinary Shares	95.9	3,806	100.00%
December 31, 2020	Conversion of notes to Class A2 preference shares	7.9	544	43.97%
March 12, 2021	Exercise of warrants to subscribe Class A2 preference shares	6.7	447	41.87%
June 11, 2021	Subscription to Class B convertible preferred shares	15.6	1,218	38.45%
April 7, 2022	Subscription to Class C convertible preferred shares	27.2	3,252	36.82%
December 13, 2023	Subscription to Class C2 convertible preferred shares	12.3	1,563	36.97%
April 5, 2024	Subscription to Class C2 convertible preferred shares	6.7	857	37.66%

PCEV's percentage equity interest in MIH stood at 37.66% as at March 31, 2025 and December 31, 2024.

Additional Investment in MIH

On April 5, 2024, PCEV paid a consideration of US$15.3 million or Php857 million for 6.7 million MIH Class C2 convertible preferred shares and received warrants for 2.7 million shares valued at Php152 million, resulting in an increase of PCEV's ownership in MIH from 36.97% to 37.66%.

The summarized financial information of MIH as at March 31, 2025 and December 31, 2024, and for the three months ended March 31, 2025 and 2024 is shown below:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Statements of Financial Position:		
Noncurrent assets	**7,665**	7,241
Current assets	**18,545**	29,815
Noncurrent liabilities	**792**	798
Current liabilities	**18,167**	29,461
Equity	**7,251**	6,797
Carrying amount of interest in MIH	**6,875**	6,731
Additional Information:		
Cash and cash equivalents	**5,429**	8,565
Current financial liabilities[(1)]	**18,096**	29,274

[(1)] *Excluding statutory payables and accrued taxes.*

	March 31,	
	2025	2024
	(Unaudited)	
	(in million pesos)	
Income Statements:		
Revenues	**4,467**	2,906
Depreciation and amortization	**123**	98
Interest income	**48**	48
Provision for income tax	**33**	12
Net gain (loss)/Total comprehensive gain (loss)	**381**	(1,016)
Equity share in net income (loss) of MIH [(1)]	**143**	(375)

[(1)] *2025 and 2024 amounts include impact of 2024 and 2023 audit adjusting entries, respectively.*

The carrying value of PCEV's investment in MIH as at March 31, 2025 and December 31, 2024 are as follows.

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
MIH Equity[(1)]	**5,093**	4,711
PCEV's noncontrolling interests	**37.66%**	37.66%
Share in net assets of MIH	**1,918**	1,774
Goodwill arising from acquisition	**4,957**	4,957
Carrying amount of interest in MIH	**6,875**	6,731

[(1)] *MIH Equity is net of Php2,158 million and Php2,086million Stock Option in 2025 and 2024, respectively.*

Investments in Joint Ventures

Investments of PLDT in VTI, Bow Arken and Brightshare

The Company's acquisition of 50% equity interest, including outstanding advances and assumed liabilities, in the telecommunications business of San Miguel Corporation, or SMC, was approved by the PLDT Board on May 30, 2016. Globe acquired the remaining 50% interest. PLDT and Globe executed separate purchase agreements : (i) with SMC to acquire the entire outstanding capital, including outstanding advances and assumed liabilities, in VTI (and the other subsidiaries of VTI), which holds SMC's telecommunications assets through its subsidiaries, or the VTI Transaction; and (ii) with the owners of two other entities, Bow Arken (the parent company of New Century Telecoms, Inc.) and Brightshare (the parent company of eTelco, Inc.), which separately hold additional spectrum frequencies through their respective subsidiaries, or the Bow Arken Transaction and Brightshare Transaction, respectively. We refer to the VTI Transaction, Bow Arken Transaction and Brightshare Transaction collectively as the SMC Transactions.

The consideration in the amount of Php52.8 billion representing the purchase price for the equity interest and assigned advances of previous owners to VTI, Bow Arken and Brightshare was paid in three tranches: 50% upon signing of the Share Purchase Agreements on May 30, 2016, 25% on December 1, 2016 and the final 25% on May 30, 2017. The Share Purchase Agreements also provide that PLDT and Globe, through VTI, Bow Arken and Brightshare, would assume liabilities amounting to Php17.2 billion from May 30, 2016. In addition, the Share Purchase Agreements contain a price adjustment mechanism based on the variance in these assumed liabilities to be agreed among PLDT, Globe and previous owners on the results of the confirmatory due diligence procedures jointly performed by PLDT and Globe. PLDT and Globe paid the previous owners the net amount of Php2.6 billion on May 29, 2017 in relation to the aforementioned price adjustment based on the result of the confirmatory due diligence. See *Note 27 – Financial Assets and Liabilities – Commercial Commitments*.

As part of SMC Transactions, PLDT and Globe acquired certain outstanding advances made by the former owners of VTI, Bow Arken and Brightshare to VTI, Bow Arken and Brightshare or their respective subsidiaries. The largest amounts of the advances outstanding to PLDT since the date of assignment to PLDT amounted to Php11,359 million: (i) Php11,038 million from VTI and its subsidiaries; (ii) Php238 million from Bow Arken and its subsidiaries; and (iii) Php83 million from Brightshare and its subsidiaries.

PLDT and Globe each subscribed to 2.8 million new preferred shares on February 28, 2017. The shares were to be issued out of the unissued portion of the existing authorized capital stock of VTI, at a subscription price of Php4 thousand per subscribed share (inclusive of a premium over par of Php3 thousand per subscribed share) or a total subscription price for each of Php11,040 million (inclusive of a premium over par of Php8,280 million). PLDT and Globe's assigned advances from SMC which were subsequently reclassified to deposit for future subscription of each amounting to Php11,040 million were applied as full subscription payment for the subscribed shares. PLDT and Globe each subscribed to 800 thousand new preferred shares of the authorized capital stock of VTI, at a subscription price of Php4 thousand per subscribed share (inclusive of a premium over par of Php3 thousand per subscribed share), or a total subscription price for each Php3,200 million (inclusive of a premium over par of Php2,400 million). PLDT and Globe each paid Php148 million in cash for the subscribed shares upon execution of the relevant agreement. The remaining balance of the subscription price of PLDT and Globe has been fully paid as at December 29, 2017.

PLDT and Globe each subscribed to 600 thousand new preferred shares of the authorized capital stock of VTI on December 15, 2017, at a subscription price of Php5 thousand per subscribed share (inclusive of a premium over par of Php4 thousand per subscribed share), for a total subscription price of Php3,000 million (inclusive of a premium over par of Php2,400 million). PLDT and Globe each paid Php10 million in cash for the subscribed shares upon execution of the agreement. The remaining balance of the subscription price was paid via conversion of advances amounting to Php2,990 million as at December 31, 2017.

The amount of the advances outstanding of PLDT, to cover for the assumed liabilities and working capital requirements of the acquired companies, amounted to Php69 million as at March 31, 2025 and December 31, 2024.

The table below presents the summarized financial information of VTI, Bow Arken and Brightshare as at March 31, 2025 and December 31, 2024, and for the three months ended March 31, 2025 and 2024:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Statements of Financial Position:		
Noncurrent assets	**77,961**	77,849
Current assets	**5,342**	5,231
Noncurrent liabilities	**9,530**	9,475
Current liabilities	**2,501**	2,395
Equity	**71,272**	71,209
Carrying amount of assets in VTI, Bow Arken and Brightshare	**33,653**	33,675
Additional Information:		
Cash and cash equivalents	**2,881**	3,010
Current financial liabilities [1]	**72**	81

[1] *Excluding trade, other payables and provisions.*

	March 31,	
	2025	2024
	(Unaudited)	
	(in million pesos)	
Income Statements:		
Revenues	**1,024**	1,068
Depreciation and amortization	**488**	485
Interest income	**33**	28
Provision for income tax	**4**	11
Net income (loss) / Total comprehensive income (loss)	**(44)**	(38)
Equity share in net income of VTI, Bow Arken and Brightshare	**(22)**	(19)

The carrying value of PLDT's investment in VTI, Bow Arken and Brightshare as at March 31, 2025 and December 31, 2024:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
VTI, Bow Arken and Brightshare equity	**71,272**	71,209
PLDT's share	**50%**	50%
Share in net assets of VTI, Bow Arken and Brightshare	**35,636**	35,605
Share in adjustment based on liability and ETPI net cash balance	**442**	442
Reimbursements	**(249)**	(248)
Share in SMC's advances in VTI, Bow Arken and Brightshare	**(840)**	(840)
Non-controlling interests	**(1,034)**	(1,127)
Others	**(302)**	(157)
Carrying amount of interest in VTI, Bow Arken and Brightshare	**33,653**	33,675

Notice of Transaction filed with the PCC

Prior to closing the transaction on May 30, 2016, each of PLDT, Globe and SMC submitted notices of the VTI, Bow Arken and Brightshare Transaction (respectively, the VTI Notice, the Bow Arken Notice and the Brightshare Notice and collectively, the Notices) to the PCC pursuant to the Philippine Competition Act, or PCA, and Circular No. 16-001 and Circular No. 16-002 issued by the PCC, or the Circulars. As stated in the Circulars, upon receipt by the PCC of the requisite notices, each of the said transactions shall be deemed approved in accordance with the Circulars.

Subsequently, PLDT and the other parties to the said transactions received separate letters dated June 6 and 7, 2016 from the PCC which essentially stated, that: (a) with respect to VTI Transaction, the VTI Notice is deficient and defective in form and substance, therefore, the VTI Transaction is not "deemed approved" by the PCC, and that the missing key terms of the transaction are critical since the PCC considers certain agreements as prohibited and illegal; and (b) with respect to the Bow Arken and Brightshare Transactions, the compulsory notification under the Circulars does not apply and that even assuming that the Circulars apply, the Bow Arken Notice and the Brightshare Notice are deficient and defective in form and substance.

In response to the PCC's letter, PLDT submitted its response on June 10, 2016, articulating its position that the VTI Notice is adequate, complete and sufficient and compliant with the requirement under the Circulars and does not contain false material information; as such, the VTI Transaction enjoys the benefit of Section 23 of the PCA. Therefore, the VTI Transaction is deemed approved and cannot be subject to retroactive review by the PCC. Moreover, the parties have taken all necessary steps, including the relinquishment/return of certain frequencies and co-use of the remaining frequencies by Smart and Belltel and Globe and Belltel as discussed above, to ensure that the VTI Transaction will not substantially prevent, restrict or lessen competition to violate the PCA. Nevertheless, in the spirit of cooperation and for transparency, the parties voluntarily submitted to the PCC, among others, copies of the Sale and Purchase Agreements for the PCC's information and reference.

The PCC required the parties to further submit additional documents relevant to the co-use arrangement and the frequencies subject thereto, as well as other definitive agreements relating to the VTI Transaction in a letter dated June 17, 2016. It also disregarded the deemed approved status of the VTI Transaction in violation of the Circulars which the PCC itself issued, and insisted that it will conduct a full review, if not investigation of the said transaction under the different operative provisions of the PCA.

In the Matter of the Petition against the PCC

PLDT filed before the Court of Appeals, or CA, a Petition for Certiorari and Prohibition (With Urgent Application for the Issuance of a Temporary Restraining Order, or TRO, and/or Writ of Preliminary Injunction), or the Petition, against the PCC on July 12, 2016. The Petition sought to enjoin the PCC from proceeding with the review of the acquisition by PLDT and Globe of equity interest, including outstanding advances and assumed liabilities, in the telecommunications business of SMC, or the SMC Transactions, and performing any act which challenges or assails the "deemed approved" status of the SMC Transactions. On July 19, 2016, the 12th Division of the CA, issued a Resolution directing the PCC through the Office of the Solicitor General, or the OSG, to file its Comment within a non-extendible period of 10 days from notice and show cause why the Petition should not be granted. On August 11, 2016, the PCC through the OSG, filed its Comment to the Petition (With Opposition to Petitioner's Application for a Writ of Preliminary Injunction).

PLDT filed its Reply to Respondent PCC's Comment on August 19, 2016. On August 26, 2016, the CA issued a Writ of Preliminary Injunction enjoining and directing the respondent PCC, their officials and agents, or persons acting for and in their behalf, to cease and desist from conducting further proceedings for the pre-acquisition review and/or investigation of the SMC Transactions based on its Letters dated June 7, 2016 and June 17, 2016 during the pendency of the case and until further orders are issued by the CA. On September 14, 2016, the PCC filed a Motion for Reconsideration of the CA's Resolution. During this time, Globe moved to have its Petition consolidated with the PLDT Petition. In a Resolution promulgated on October 19, 2016, the CA, or the First CA Resolution: (i) accepted the consolidation of Globe's petition versus the PCC (CA G.R. SP No. 146538) into PLDT's petition versus the PCC (CA G.R. SP No. 146528) with the right of replacement; (ii) admitted the Comment dated October 4, 2016 filed by the PCC; (iii) referred to the PCC for Comment (within 10 days from receipt of notice) PLDT's Urgent Motion for the Issuance of a Gag Order dated September 30, 2016 and to cite the PCC for indirect contempt; and (iv) ordered all parties to submit simultaneous memoranda within a non-extendible period of 15 days from notice. On November 11, 2016, PLDT filed its Memorandum in compliance with the CA's Resolution.

The CA issued a Resolution, or the Second CA Resolution, denying PCC's Motion for Reconsideration dated September 14, 2016, for lack of merit on February 17, 2017. The CA denied PLDT's Motion to Cite the PCC for indirect Contempt for being premature. In the same Resolution, as well as in a separate Gag Order attached to the Resolution, the CA granted PLDT's Urgent Motion for the Issuance of a Gag Order and directed PCC to remove immediately from its website its preliminary statement of concern and submit its compliance within five days from receipt thereof. All the parties were ordered 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 Second CA Resolution, on the Motion for Leave to Intervene and to Admit the Petition-in-Intervention dated February 7, 2017 filed by Citizenwatch, a non-stock and non-profit association.

The PCC filed before the Supreme Court a Petition to Annul the Writ of Preliminary Injunction issued by the CA's 12th Division on August 26, 2016 restraining PCC's review of the SMC Transactions on April 18, 2017. In compliance with the Supreme Court's Resolution issued on April 25, 2017, PLDT on July 3, 2017 filed its Comment dated July 1, 2017 to the PCC's Petition. The Supreme Court issued a Resolution dated July 18, 2017 noting PLDT's Comment and requiring the PCC to file its Consolidated Reply. The PCC filed a Motion for Extension of Time and prayed that it be granted until October 23, 2017 to file its Consolidated Reply. The PCC filed its Consolidated Reply to the: (1) Comment filed by PLDT; and (2) Motion to Dismiss filed by Globe on November 7, 2017. The same was noted by the Supreme Court in a Resolution dated November 28, 2017.

During the intervening period, the CA rendered its Decision on October 18, 2017, granting the Petitions filed by PLDT and Globe. In its Decision, the CA: (i) permanently enjoined the PCC from conducting further proceedings for the pre-acquisition review and/or investigation of the SMC Transactions based on its Letters dated June 7, 2016 and June 17, 2016; (ii) annulled and set aside the Letters dated June 7, 2016 and June 17, 2016; (iii) precluded the PCC from conducting a full review and/or investigation of the SMC Transactions; (iv) compelled the PCC to recognize the SMC Transactions as deemed approved by operation of law; and (v) denied the PCC's Motion for Partial Reconsideration dated March 6, 2017, and directed the PCC to permanently comply with the CA's Resolution dated February 17, 2017 requiring PCC to remove its preliminary statement of concern from its website. The CA clarified that the deemed approved status of the SMC Transactions does not, however, remove the power of PCC to conduct post-acquisition review to ensure that no anti-competitive conduct is committed by the parties.

PCC filed a Motion for Additional Time to file a Petition for Review on Certiorari before the Supreme Court on November 7, 2017. The Supreme Court granted PCC's motion in its Resolution dated November 28, 2017.

PLDT, through counsel, received the PCC's Petition for Review on Certiorari filed before the Supreme Court assailing the CA's Decision dated October 18, 2017, on December 13, 2017. In this Petition, the PCC raised procedural and substantive issues for resolution. Particularly, the PCC assailed the issuance of the writs of certiorari, prohibition, and mandamus considering that the determination of the sufficiency of the Notice pursuant to the Transitory Rules involves the exercise of administrative and discretionary prerogatives of the PCC. On the substantive aspect, the PCC argued that the CA committed grave abuse of discretion in ruling that the SMC Transactions should be accorded the deemed approved status under the Transitory Rules. The PCC maintained that the Notice of the SMC Transactions was defective because it failed to provide the key terms thereof.

In the Supreme Court Resolution dated November 28, 2017, which was received by PLDT on December 27, 2017, the Supreme Court decided to consolidate the PCC's Petition to Annul the Writ of Preliminary Injunction issued by the CA's 12th Division with that of its Petition for Review on Certiorari assailing the decision of the CA on the merits.

PLDT received Globe's Motion for Leave to File and Admit the Attached Rejoinder on February 13, 2018, which was denied by the Supreme Court in a Resolution dated March 13, 2018. On February 27, 2018, PLDT received notice of the Supreme Court's Resolution dated January 30, 2018 directing PLDT and Globe to file their respective Comments to the Petition for Review on Certiorari without giving due course to the same.

PLDT filed its Comment on the Petition for Review on Certiorari on April 5, 2018. On April 11, 2018, PLDT received Globe's Comment/Opposition [Re: Petition for Review on Certiorari dated December 11, 2017] dated March 4, 2018. On April 24, 2018, PLDT received the PCC's Motion to Expunge [Respondent PLDT's Comment on the Petition for Review on Certiorari] dated April 18, 2018. On May 9, 2018, PLDT filed a Motion for Leave to File and Admit the Attached Comment on the Petition for Review on Certiorari dated May 9, 2018.

The Supreme Court's Resolution dated April 24, 2018 which granted PLDT's motion for an extension, was received by PLDT on June 5, 2018. It noted PLDT's Comment on the Petition for Review on Certiorari filed in compliance with the Supreme Court's Resolution dated January 30, 2018 and required the PCC to file a Consolidated Reply to the comments within ten days from notice. The PCC's Urgent Omnibus Motion for: (1) Partial Reconsideration of the Resolution dated April 24, 2018; and (2) Additional Time dated June 11, 2018 was received by PLDT, through counsel, on June 20, 2018.

PCC filed its Consolidated Reply Ad Cautelam dated July 16, 2018, which was received on July 19, 2018. On July 26, 2018, PLDT received a Resolution dated June 19, 2018 where the Supreme Court resolved to grant PLDT's Motion for Leave to File and Admit the Attached Comment, and PCC's Motion for Extension to file a Comment/Opposition on/to PLDT's Motion for Leave to File and Admit the Attached Comment.

PLDT received a Resolution dated July 3, 2018 where the Supreme Court resolved to deny the PCC's motion to reconsider the Resolution dated April 24, 2018 and grant its motion for extension of time to file its reply to PLDT's and Globe's Comments on August 14, 2018, with a warning that no further extension will be given. On August 16, 2018, PLDT received a Resolution dated June 5, 2018 where the Supreme Court noted without action the Motion to Expunge by PCC in view of the Resolution dated April 24, 2018 granting the motion for extension of time to file a comment on the petition in G.R. No. 234969.

PLDT received a Resolution dated August 7, 2018 where the Supreme Court noted the PCC's Consolidated Reply Ad Cautelam on October 4, 2018.

PLDT received a Resolution dated March 3, 2020 requiring petitioners in G.R. No. 242352 (*Atty. Joseph Lemuel Baligod Baquiran and Ferdinand C. Tecson v. NTC, et al.,*) to file a Consolidated Reply to the comments on the petition within 10 days from notice on July 2, 2020.

PLDT received a Resolution dated June 30, 2020 where the Supreme Court resolved to Await the Consolidated Reply of the petitioners in G.R. No. 242352 as required in the resolution dated March 3, 2020, on September 2, 2020.

PLDT received a Resolution of the Supreme Court dated October 6, 2020 which granted the motions filed by the petitioners in G.R. No. 242352 to extend the filing of the Consolidated Reply until September 29, 2020, on November 16, 2020.

On February 8, 2021, PLDT received a Resolution where the Supreme Court noted the Consolidated Reply dated September 29, 2020 filed by the Petitioners in G.R. 242352.

The consolidated petitions remain pending as of the date of this report.

Individually immaterial associates and joint ventures

As at March 31, 2025 and December 31, 2024, following are the carrying values of individually immaterial associates and joint ventures:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Individually immaterial associates:		
Radius	**2,095**	2,123
Kayana	**843**	853
Appcard, Inc.	**88**	88
PG1	**—**	—
AF Payments, Inc.	**—**	—
	3,026	3,064
Individually immaterial joint ventures:		
DFTI	**74**	66
Telecommunications Connectivity, Inc.	**40**	42
PFC/VFC	**—**	—
	114	108
Total individually immaterial associates and joint ventures	**3,140**	3,172

The summarized financial information of individually immaterial associates and joint ventures as at March 31, 2025 and December 31, 2024, and for the three months ended March 31, 2025 and 2024 is shown below:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Statements of Financial Position:		
Noncurrent assets	**13,157**	12,994
Current assets	**2,705**	2,511
Noncurrent liabilities	**3,063**	3,625
Current liabilities	**4,818**	4,829
Equity	**7,981**	7,051
Carrying amount of interest in individually immaterial associates and joint ventures	**3,140**	3,172
Additional Information:		
Cash and cash equivalents	**1,469**	1,065
Current financial liabilities	**1,753**	2,824
Noncurrent financial liabilities	**2,465**	3,020

	March 31,	
	2025	2024
	(Unaudited)	
	(in million pesos)	
Income Statements:		
Revenues	**943**	27
Depreciation and amortization	**279**	58
Interest income	**11**	—
Interest expense	**(14)**	—
Provision for income tax	**15**	—
Net loss / Total comprehensive loss	**(136)**	(168)
Equity share in net income of individually immaterial associates and joint ventures	**(38)**	—

12. Debt Instruments at Amortized Cost

As at March 31, 2025 and December 31, 2024, this account consists of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
	(in million pesos)	
Retail Treasury Bonds	**340**	340
Fixed Rate Treasury Notes, or FXTN	**55**	55
	395	395
Less: Current portion of debt instrument at amortized cost (Note 27)	**45**	25
Noncurrent portion of debt instrument at amortized cost (Note 27)	**350**	370

Retail Treasury Bonds

On March 9, 2021, Smart purchased at par a three-year Retail Treasury Bond Tranche 25 with face value of Php100 million which matured on March 9, 2024. The bond had a gross coupon rate of 2.375% payable on a quarterly basis. Interest income, net of withholding tax, recognized on this investment amounted to nil and Php475 thousand for the three months ended March 31, 2025 and 2024, respectively.

On December 2, 2021, PLDT and Smart purchased at par a 5.5-year Retail Treasury Bond Tranche 26 with face value of Php300 million maturing on June 2, 2027. The bond has a gross coupon rate of 4.6250% payable on a quarterly basis. Interest income, net of withholding tax, recognized on this investment amounted to Php2.8 million each for the three months ended March 31, 2025 and 2024. The carrying value of this investment amounted to Php300 million each as at March 31, 2025 and December 31, 2024.

On March 4, 2022, PLDT and Smart purchased at par a five-year Retail Treasury Bond Tranche 27 with face value of Php40 million maturing on March 4, 2027. The bond has a gross coupon rate of 4.8750% payable on a quarterly basis. Interest income, net of withholding tax, recognized on this investment amounted to Php390 thousand and Php585 thousand for the three months ended March 31, 2025 and 2024. The carrying value of this investment amounted to Php40 million each as at March 31, 2025 and December 31, 2024.

FXTN

On June 3, 2022, Smart purchased at a discount a three-year FXTN 03-27 with face value of Php25 million maturing on April 7, 2025. The bond has a gross coupon rate of 4.25% payable on a semi-annual basis. Interest income, net of withholding tax, recognized on this investment amounted to Php213 thousand and Php215 thousand each for the three months ended March 31, 2025 and 2024, respectively. The carrying value of this investment amounted to Php25 million each as at March 31, 2025 and December 31, 2024.

On June 16, 2022, Smart purchased at a premium a seven-year FXTN 07-67 with face value of Php10 million maturing on May 19, 2029. The bond has a gross coupon rate of 6.5% payable on a semi-annual basis. Interest income, net of withholding tax, recognized on this investment amounted to Php130 million and Php131 thousand for the three months ended March 31, 2025 and 2024, respectively. The carrying value of this investment amounted to Php10 million each as at March 31, 2025 and December 31, 2024.

On July 7, 2022, PLDT and Smart purchased at a premium a four-year FXTN 07-62 with face value of Php20 million maturing on February 14, 2026. The bond has a gross coupon rate of 6.25% payable on a semi-annual basis. Interest income, net of withholding tax, recognized on this investment amounted to Php239 thousand and Php242 thousand for the three months ended March 31, 2025 and 2024. The carrying value of this investment amounted to Php20 million each as at March 31, 2025 and December 31, 2024, respectively.

13. Investment Properties

Changes in investment properties account for the three months ended March 31, 2025 and for the year ended December 31, 2024 are as follows:

	Land	Land Improvements	Building	Total
		(in million pesos)		
March 31, 2025 (Unaudited)				
Balances at beginning of the period	**2,882**	**12**	**106**	**3,000**
Transfers from property and equipment - net	**2,223**	**81**	**211**	**2,515**
Balances at end of the period	**5,105**	**93**	**317**	**5,515**
December 31, 2024 (Audited)				
Balances at beginning of the period	1,184	12	119	1,315
Net gains from fair value adjustments charged to profit or loss	17	—	6	23
Disposals during the period	(14)	—	—	(14)
Transfers from property and equipment - net	1,695	—	(19)	1,676
Balances at end of the period	2,882	12	106	3,000

Investment properties, which consist of land, land improvements and building, are stated at fair values, which have been determined based on appraisal performed by an independent firm of appraisers, an industry specialist in valuing these types of investment properties.

The valuation for land was based on a market approach valuation technique using price per square meter. The valuation for building and land improvements was based on a cost approach valuation technique using current material and labor costs for improvements based on external and independent reviewers.

We have determined that the highest and best use of some of the idle or vacant land properties at the measurement date would be to convert the properties for residential or commercial development. The properties are not being used for strategic reasons.

We have no restrictions on the realizability of our investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Repairs and maintenance expenses related to investment properties that do not generate rental income amounted to Php27 million and Php24 million for the three months ended March 31, 2025 and 2024.

Rental income relating to investment properties that are being leased and included as part of revenues amounted to Php16 million and Php15 million for the three months ended March 31, 2025 and 2024, respectively. See *Note 10 – Leases*.

The above investment properties were categorized under Level 2 and Level 3 of the fair value hierarchy. There were no transfers in and out of Level 2 and Level 3 of the fair value hierarchy.

Significant increases or decreases in price per square meter for land, current material and labor costs of improvements would result in a significantly higher or lower fair value measurement.

14. Goodwill and Intangible Assets

Changes in goodwill and intangible assets account for the three months ended March 31, 2025 and for the year ended December 31, 2024 are as follows:

	Intangible Assets with Indefinite Life	Intangible Assets with Finite Life: Trademark	Franchise	Licenses	Customer List	Spectrum	Others	Total Intangible Assets with Finite Life	Total Intangible Assets	Goodwill	Total Goodwill and Intangible Assets
	(in million pesos)										
March 31, 2025 (Unaudited)											
Costs:											
Balances at beginning of the period	220	4,565	3,017	135	4,703	1,205	1,689	15,314	15,534	63,595	79,129
Additions during the period	—	—	—	—	—	—	63	63	63	—	63
Balances at end of the period	220	4,565	3,017	135	4,703	1,205	1,752	15,377	15,597	63,595	79,192
Accumulated amortization and impairment:											
Balances at beginning of the period	—	4,565	2,451	135	4,703	1,205	952	14,011	14,011	654	14,665
Amortization during the period	—	—	46	—	—	—	25	71	71	—	71
Translation and other adjustments	—	—	—	—	—	—	2	2	2	—	2
Balances at end of the period	—	4,565	2,497	135	4,703	1,205	979	14,084	14,084	654	14,738
Net balances at end of the period	220	—	520	—	—	—	773	1,293	1,513	62,941	64,454
Estimated useful lives (in years)	—	—	16	—	—	—	5-10	—	—	—	—
Remaining useful lives (in years)	—	—	3	—	—	—	3-10	—	—	—	—
December 31, 2024 (Audited)											
Costs:											
Balances at beginning of the period	220	4,561	3,017	135	4,703	1,205	1,321	14,942	15,162	63,595	78,757
Additions during the period	—	—	—	—	—	—	366	366	366	—	366
Translation and other adjustments	—	4	—	—	—	—	2	6	6	—	6
Balances at end of the period	220	4,565	3,017	135	4,703	1,205	1,689	15,314	15,534	63,595	79,129
Accumulated amortization and impairment:											
Balances at beginning of the period	—	4,561	2,265	135	4,703	1,205	899	13,768	13,768	654	14,422
Amortization during the period	—	—	186	—	—	—	54	240	240	—	240
Translation and other adjustments	—	4	—	—	—	—	(1)	3	3	—	3
Balances at end of the period	—	4,565	2,451	135	4,703	1,205	952	14,011	14,011	654	14,665
Net balances at end of the period	220	—	566	—	—	—	737	1,303	1,523	62,941	64,464
Estimated useful lives (in years)	—	—	16	—	—	—	5-10	—	—	—	—
Remaining useful lives (in years)	—	—	3	—	—	—	3-10	—	—	—	—

The consolidated goodwill and intangible assets of our reportable segments as at March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025			December 31, 2024		
	(Unaudited)			(Audited)		
	Wireless	**Fixed Line**	**Total**	Wireless	Fixed Line	Total
			(in million pesos)			
Franchise	**520**	**—**	**520**	566	—	566
Customer list with indefinite life	**—**	**220**	**220**	—	220	220
Others	**—**	**773**	**773**	—	737	737
Total intangible assets	**520**	**993**	**1,513**	566	957	1,523
Goodwill	**56,571**	**6,370**	**62,941**	56,571	6,370	62,941
Total goodwill and intangible assets	**57,091**	**7,363**	**64,454**	57,137	7,327	64,464

The consolidated future amortization of intangible assets as at March 31, 2025 are as follows:

Year	**(in million pesos)**
2025[(1)]	**195**
2026	**267**
2027	**261**
2028	**82**
2029	**76**
2030 and onwards	**412**
	1,293

(1) *From April 1, 2025 to December 31, 2025*

Impairment Testing of Goodwill

The organizational structure of PLDT and its subsidiaries is designed to monitor financial operations based on fixed line and wireless segmentation. Management provides guidelines and decisions on resource allocation, such as continuing or disposing of asset and operations by evaluating the performance of each segment through review and analysis of available financial information on the fixed line and wireless segments. As at March 31, 2025, the PLDT Group's goodwill comprised of goodwill resulting from PGIH's acquisition of Multisys in 2022, ePLDT's acquisition of IPCDSI in 2012, PLDT's acquisition of Digitel in 2011, ePLDT's acquisition of ePDS in 2011, Smart's acquisition of PDSI and Chikka in 2009, SBI's acquisition of Airborne Access Corporation in 2008, and Smart's acquisition of SBI in 2004.

Although revenue streams may be segregated among the companies within the PLDT Group, cash inflows are not considered coming from independent group of assets on a per Company basis due largely to the significant portion of shared and commonly used network/platform that generates related revenue. On the other hand, PLDT has the largest fixed line network in the Philippines. PLDT's transport facilities are installed nationwide to cover both domestic and international IP backbone to route and transmit IP traffic generated by the customers. In the same manner, PLDT has the most Internet Gateway facilities which are composed of high-capacity IP routers and switches that serve as the main gateway of the Philippines to the Internet connecting to the World Wide Web. With PLDT's network coverage, other fixed line subsidiaries share the same facilities to leverage from a Group perspective.

Because of the significant common use of network facilities among fixed line and wireless companies within the Group, management deems that the Wireless and Fixed Line units are the lowest CGUs to which goodwill is to be allocated and tested for impairment given that the Fixed Line and Wireless operations generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of the Wireless and Fixed Line CGUs have been determined using the value-in-use approach calculated using cash flow projections based on the financial budgets approved by the Board of Directors. The post-tax discount rates applied to cash flow projections are 9% for the Wireless and Fixed Line CGUs. Cash flows beyond the projection period of three years are determined using a 2.4% growth rate for the Wireless and Fixed Line CGUs, which is the same as the long-term average growth rate for the telecommunications industry. Other key assumptions used in the cash flow projections include revenue growth rate and capital expenditures.

Based on the assessment of the VIU of the Wireless and Fixed Line CGUs, the recoverable amount of the Wireless and Fixed Line CGUs exceeded their carrying amounts. Hence, no impairment was recognized in relation to goodwill as at March 31, 2025 and December 31, 2024.

15. Cash and Cash Equivalents

As at March 31, 2025 and December 31, 2024, this account consists of:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Cash on hand and in banks (Note 27)	**9,161**	8,547
Temporary cash investments (Note 27)	**4,598**	1,464
Total	**13,759**	10,011

Cash in banks earn interest at prevailing bank deposit rates. Temporary cash investments are made for varying periods of up to three months depending on our immediate cash requirements and earn interest at the prevailing temporary cash investment rates. Due to the short-term nature of such transactions, the carrying value approximates the fair value of our temporary cash investments. See *Note 27 – Financial Assets and Liabilities*.

Interest income earned from cash in banks and temporary cash investments amounted to Php44 million and Php109 million for the three months ended March 31, 2025 and 2024, respectively. See *Note 5 – Income and Expenses*.

16. Trade and Other Receivables

As at March 31, 2025 and December 31, 2024, this account consists of receivables from:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Corporate subscribers (Note 27)	**21,200**	20,936
Retail subscribers (Note 27)	**16,715**	17,516
Foreign administrations (Note 27)	**1,429**	1,254
Domestic carriers (Note 27)	**256**	256
Dealers, agents and others (Note 27)	**9,813**	8,846
	49,413	48,808
Less: Allowance for expected credit losses	**18,051**	17,196
	31,362	31,612

Trade and other receivables are noninterest-bearing and generally have settlement terms of 30 to 180 days.

Receivables from foreign administrations and domestic carriers represent receivables based on interconnection agreements with other telecommunications carriers. The aforementioned amounts of receivable are shown net of related payables to the same telecommunications carriers where a legal right of offset exists and settlement is facilitated on a net basis.

Receivables from dealers, agents and others consist mainly of receivables from credit card companies, dealers and distributors having collection arrangements with the PLDT Group, dividend receivables and advances to affiliates.

For terms and conditions relating to related party receivables, see *Note 24 – Related Party Transactions*.

See *Note 27 – Financial Assets and Liabilities* on credit risk of trade receivables to understand how we manage and measure credit quality of trade receivables that are neither past due nor impaired.

The following table explains the changes in the allowance for expected credit losses as at March 31, 2025 and December 31, 2024:

	Retail Subscribers		Corporate Subscribers		Foreign Administrations		Domestic Carriers		Dealers, Agents and Others		Total		
	Stage 2	Stage 3	Stage 2	Stage 3	Stage 2	Stage 3	Stage 2	Stage 3	Stage 2	Stage 3	Stage 2	Stage 3	
	Lifetime ECL		Lifetime ECL		Lifetime ECL		Lifetime ECL		Lifetime ECL		Lifetime ECL		Total
	(in million pesos)												
March 31, 2025 (Unaudited)													
Balances at beginning of the period	**576**	**9,290**	**2,400**	**3,513**	**14**	**63**	**—**	**—**	**606**	**734**	**3,596**	**13,600**	**17,196**
Provisions	**(191)**	**869**	**101**	**40**	**2**	**—**	**—**	**—**	**—**	**—**	**(88)**	**909**	**821**
Translation adjustments	**—**	**—**	**(5)**	**(3)**	**—**	**—**	**—**	**—**	**—**	**—**	**(5)**	**(3)**	**(8)**
Write-offs	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Reclassifications and reversals	**(15)**	**32**	**1**	**41**	**11**	**(11)**	**—**	**—**	**(10)**	**(7)**	**(13)**	**55**	**42**
Balances at end of the period	**370**	**10,191**	**2,497**	**3,591**	**27**	**52**	**—**	**—**	**596**	**727**	**3,490**	**14,561**	**18,051**
December 31, 2024 (Audited)													
Balances at beginning of the period	1,448	8,250	2,126	3,820	8	116	—	1	608	838	4,190	13,025	17,215
Provisions	(484)	3,537	322	472	6	—	—	—	13	9	(143)	4,018	3,875
Translation adjustments	—	—	21	2	—	—	—	—	—	—	21	2	23
Write-offs	—	(2,975)	—	(916)	—	(1)	—	—	—	—	—	(3,892)	(3,892)
Reclassifications and reversals	(388)	436	(69)	135	—	(52)	—	(1)	(15)	(113)	(472)	405	(67)
Others	—	42	—	—	—	—	—	—	—	—	—	42	42
Balances at end of the period	576	9,290	2,400	3,513	14	63	—	—	606	734	3,596	13,600	17,196

The significant changes in the balances of trade and other receivables and contract assets are disclosed in *Note 5 – Income and Expenses*, while the information about the credit exposures are disclosed in *Note 27 – Financial Assets and Liabilities*.

17. Inventories and Supplies

As at March 31, 2025 and December 31, 2024, this account consists of:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Cost		
Commercial	**1,978**	2,486
Network	**1,796**	1,945
Others	**484**	384
	4,258	4,815
Allowance for inventory obsolescence and write-down		
Commercial	**227**	228
Network	**1,184**	1,180
Others	**100**	101
	1,511	1,509
Net realizable value		
Commercial	**1,751**	2,258
Network	**612**	765
Others	**384**	283
Net balances at the end of the period	**2,747**	3,306

The cost of inventories and supplies recognized as expense for the three months ended March 31, 2025 and 2024 are as follows:

	March 31,	
	2025	2024
	(Unaudited)	
	(in million pesos)	
Cost of sales	**2,236**	2,323
Repairs and maintenance	**84**	313
Provision for inventory obsolescence	**10**	100
	2,330	2,736

Changes in the allowance for inventory obsolescence and write-down for the three months ended March 31, 2025 and for the year ended December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Balances at beginning of the period	**1,509**	1,612
Provisions (Note 5)	**10**	196
Disposals and other adjustments	**—**	(85)
Reversals	**(2)**	(38)
Cost of sales	**(6)**	(176)
Balances at end of the period	**1,511**	1,509

18. Prepayments and Other Non-Financial Assets

As at March 31, 2025 and December 31, 2024, this account consists of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
	(in million pesos)	
Advances to suppliers and contractors	**28,839**	29,486
Subscriber contract costs	**27,890**	28,817
Prepaid taxes	**6,468**	6,968
Prepaid fees and licenses	**2,229**	2,084
Prepaid repairs and maintenance	**1,473**	862
Prepaid benefit costs (Note 25)	**810**	975
Prepaid rent	**358**	371
Prepaid insurance	**157**	144
Other prepayments	**1,572**	1,168
Other non-financial assets	**1,551**	1,029
	71,347	71,904
Less current portion of prepayments and other nonfinancial assets	**11,151**	9,975
Noncurrent portion of prepayments and other nonfinancial assets	**60,196**	61,929

Advances to suppliers and contractors are non-interest bearing and are to be applied to contractors' subsequent progress billings for projects.

Subscriber contract costs consist of the cost to obtain and cost to fulfill a contract with subscribers. Cost to obtain amounted to Php4,497 million and Php4,448 million as at March 31, 2025 and December 31, 2024, respectively. Amortization of cost to obtain, which is presented under selling and promotions, amounted to Php341 million and Php283 million for the three months ended March 31, 2025 and 2024, respectively. Costs to fulfill amounted to Php23,393 million and Php24,369 million as at March 31, 2025 and December 31, 2024, respectively. Amortization of cost to fulfill, which is presented under depreciation and amortization in the Income Statement, amounted to Php1,974 million and Php1,785 million for the three months ended March 31, 2025 and 2024, respectively.

Prepaid taxes include creditable withholding taxes and input VAT.

Prepaid fees and licenses include advance payments for NTC license fees and unexpired portion of fees paid to the NTC.

19. Equity

PLDT's number of shares of subscribed and outstanding capital stock as at March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
	(in millions)	
Authorized		
Non-Voting Serial Preferred Stock	**388**	388
Voting Preferred Stock	**150**	150
Common Stock	**234**	234
Subscribed		
Non-Voting Serial Preferred Stock[(1)]	**300**	300
Voting Preferred Stock	**150**	150
Common Stock	**219**	219
Outstanding		
Non-Voting Serial Preferred Stock[(1)]	**300**	300
Voting Preferred Stock	**150**	150
Common Stock	**216**	216
Treasury Stock		
Common Stock	**3**	3

[(1)] *300 million shares of Series IV Cumulative Non-Convertible Redeemable Preferred Stock subscribed for Php3 billion, of which Php360 million has been paid.*

There were no changes in PLDT's capital account for the three months ended March 31, 2025 and for the year ended December 31, 2024.

Preferred Stock

Non-Voting Serial Preferred Stock

On November 5, 2013, the Board of Directors designated 50,000 shares of Non-Voting Serial Preferred Stock as Series JJ 10% Cumulative Convertible Preferred Stock to be issued from January 1, 2013 to December 31, 2015, pursuant to the PLDT Subscriber Investment Plan, or SIP. On June 8, 2015, PLDT issued 870 shares of Series JJ 10% Cumulative Convertible Preferred Stock.

On January 26, 2016, the Board of Directors designated 20,000 shares of Non-Voting Serial Preferred Stock as Series KK 10% Cumulative Convertible Preferred Stock to be issued from January 1, 2016 to December 31, 2020, pursuant to the SIP.

The Series JJ and KK 10% Cumulative Convertible Preferred Stock, or SIP shares, earn cumulative dividends at an annual rate of 10%. After the lapse of one year from the last day of the year of issuance of a particular Series of 10% Cumulative Convertible Preferred Stock, any holder of such series may convert all or any of the shares of 10% Cumulative Convertible Preferred Stock held by him into fully paid and non-assessable shares of Common Stock of PLDT, at a conversion price equivalent to 10% below the average of the high and low daily sales price of a share of Common Stock of PLDT on the PSE, or if there have been no such sales on the PSE on any day, the average of the bid and the ask prices of a share of Common Stock of PLDT at the end of such day on such Exchange, in each case averaged over a period of 30 consecutive trading days prior to the conversion date, but in no case shall the conversion price be less than the par value per share of Common Stock. The number of shares of Common Stock issuable at any time upon conversion of 10% Cumulative Convertible Preferred Stock is determined by dividing Php10.00 by the then applicable conversion price.

In case the shares of Common Stock outstanding are at any time subdivided into a greater or consolidated into a lesser number of shares, then the minimum conversion price per share of Common Stock will be proportionately decreased or increased, as the case may be, and in the case of a stock dividend, such price will be proportionately decreased, provided, however, that in every case the minimum conversion price shall not be less than the par value per share of Common Stock. In the event the relevant effective date for any such subdivision or consolidation of shares of stock dividend occurs during the period of 30 trading days preceding the presentation of any shares of 10% Cumulative Convertible Preferred Stock for conversion, a similar adjustment will be made in the sales prices applicable to the trading days prior to such effective date utilized in calculating the conversion price of the shares presented for conversion.

In case of any other reclassification or change of outstanding shares of Common Stock, or in case of any consolidation or merger of PLDT with or into another corporation, the Board of Directors shall make such provisions, if any, for adjustment of the minimum conversion price and the sale price utilized in calculating the conversion price as the Board of Directors, in its sole discretion, shall deem appropriate.

At PLDT's option, the Series JJ and KK 10% Cumulative Convertible Preferred Stock are redeemable at par value plus accrued dividends five years after the year of issuance.

The Series IV Cumulative Non-Convertible Redeemable Preferred Stock earns cumulative dividends at an annual rate of 13.5% based on the paid-up subscription price. It is redeemable at the option of PLDT at any time one year after subscription and at the actual amount paid for such stock, plus accrued dividends.

The Non-Voting Serial Preferred Stocks are non-voting, except as specifically provided by law, and are preferred as to liquidation.

All preferred stocks limit the ability of PLDT to pay cash dividends unless all dividends on such preferred stock for all past dividend payment periods have been paid and or declared and set apart and provision has been made for the currently payable dividends.

Voting Preferred Stock

On June 5, 2012, the Philippine SEC approved the amendments to the Seventh Article of PLDT's Articles of Incorporation consisting of the sub-classification of its authorized Preferred Capital Stock into: 150 million shares of Voting Preferred Stock with a par value of Php1.00 each, and 807.5 million shares of Non-Voting Serial Preferred Stock with a par value of Php10.00 each, and other conforming amendments, or the Amendments. The shares of Voting Preferred Stock may be issued, owned, or transferred only to or by: (a) a citizen of the Philippines or a domestic partnership or association wholly-owned by citizens of the Philippines; (b) a corporation organized under the laws of the Philippines of which at least 60% of the capital stock entitled to vote is owned and held by citizens of the Philippines and at least 60% of the board of directors of such corporation are citizens of the Philippines; and (c) a trustee of funds for pension or other employee retirement or separation benefits, where the trustee qualifies under paragraphs (a) and (b) above and at least 60% of the funds accrue to the benefit of citizens of the Philippines, or Qualified Owners. The holders of Voting Preferred Stock will have voting rights at any meeting of the stockholders of PLDT for the election of directors and for all other purposes, with one vote in respect of each share of Voting Preferred Stock. The Amendments were approved by the Board of Directors and stockholders of PLDT on July 5, 2011 and March 22, 2012, respectively.

On October 12, 2012, the Board of Directors, pursuant to the authority granted to it in the Seventh Article of PLDT's Articles of Incorporation, determined the following specific rights, terms and features of the Voting Preferred Stock: (a) entitled to receive cash dividends at the rate of 6.5% per annum, payable before any dividends are paid to the holders of Common Stock; (b) in the event of dissolution or liquidation or winding up of PLDT, holders will be entitled to be paid in full, or pro-rata insofar as the assets of PLDT will permit, the par value of such shares of Voting Preferred Stock and any accrued or unpaid dividends thereon before any distribution shall be made to the holders of shares of Common Stock; (c) redeemable at the option of PLDT; (d) not convertible to Common Stock or to any shares of stock of PLDT of any class; (e) voting rights at any meeting of the stockholders of PLDT for the election of directors and all other matters to be voted upon by the stockholders in any such meetings, with one vote in respect of each Voting Preferred Share; and (f) holders will have no pre-emptive right to subscribe for or purchase any shares of stock of any class, securities or warrants issued, sold or disposed by PLDT.

On October 16, 2012, BTFHI subscribed to 150 million newly issued shares of Voting Preferred Stock of PLDT, at a subscription price of Php1.00 per share for a total subscription price of Php150 million pursuant to a subscription agreement between BTFHI and PLDT dated October 15, 2012. As a result of the issuance of Voting Preferred Shares, the voting power of the NTT Group (NTT DOCOMO and NTT Communications), First Pacific Group and its Philippine affiliates, and JG Summit Group was reduced to 12.01%, 15.09% and 6.65%, respectively, as at March 31, 2025. See *Note 1 – Corporate Information*.

Redemption of Preferred Stock

On September 23, 2011, the Board of Directors approved the redemption, or the Redemption, of all outstanding shares of PLDT's Series A to FF 10% Cumulative Convertible Preferred Stock, or the Series A to FF Shares, from holders of record as of October 10, 2011, and all such shares were redeemed and retired effective on January 19, 2012. In accordance with the terms and conditions of the Series A to FF Shares, the holders of Series A to FF Shares as at January 19, 2012 are entitled to payment of the redemption price in an amount equal to the par value of such shares, plus accrued and unpaid dividends thereon up to January 19, 2012, or the Redemption Price of Series A to FF Shares.

PLDT set aside Php4,029 million (the amount required to fund the redemption price for the Series A to FF Shares) in addition to Php4,143 million for unclaimed dividends on Series A to FF Shares, or a total amount of Php8,172 million, to fund the redemption of the Series A to FF Shares, or the Redemption Trust Fund, in a trust account, or the Trust Account, in the name of RCBC, as Trustee. Pursuant to the terms of the Trust Account, the Trustee will continue to hold the Redemption Trust Fund or any balance thereof, in trust, for the benefit of holders of Series A to FF Shares, for a period of ten years from January 19, 2012 until January 19, 2022. After the said date, any and all remaining balance in the Trust Account shall be returned to PLDT and revert to its general funds. Any interest on the Redemption Trust Fund shall accrue for the benefit of, and be paid from time to time, to PLDT.

On May 8, 2012, the Board of Directors approved the redemption of all outstanding shares of PLDT's Series GG 10% Cumulative Convertible Preferred Stock, or the Series GG Shares, from the holders of record as of May 22, 2012, and all such shares were redeemed and retired effective August 30, 2012. In accordance with the terms and conditions of the Series GG Shares, the holders of the Series GG Shares as at May 22, 2012 are entitled to the payment of the redemption price in an amount equal to the par value of such shares, plus accrued and unpaid dividends thereon up to August 30, 2012, or the Redemption Price of Series GG Shares.

PLDT set aside Php236 thousand (the amount required to fund the redemption price for the Series GG Shares) in addition to Php74 thousand for unclaimed dividends on Series GG Shares, or a total amount of Php310 thousand, to fund the redemption price of the Series GG Shares, or the Redemption Trust Fund for Series GG Shares, which forms an integral part of the Redemption Trust Fund previously set aside in the Trust Account with RCBC, as Trustee. Pursuant to the terms of the Trust Account, the Trustee will continue to hold the Redemption Trust Fund for Series GG Shares or any balance thereof, in trust, for the benefit of holders of Series GG Shares, for a period of ten years from August 30, 2012, or until August 30, 2022. After the said date, any and all remaining balance in the Redemption Trust Fund for Series GG Shares shall be returned to PLDT and revert to its general funds. Any interest on the Redemption Trust Fund for Series GG Shares shall accrue for the benefit of, and be paid from time to time, to PLDT.

On January 29, 2013, the Board of Directors approved the redemption of all outstanding shares of PLDT's Series HH 10% Cumulative Convertible Preferred Stock which were issued in 2007, or the Series HH Shares issued in 2007, from the holders of record as of February 14, 2013 and all such shares were redeemed and retired effective May 16, 2013. In accordance with the terms and conditions of the Series HH Shares issued in 2007, the holders of the Series HH Shares issued in 2007 as at February 14, 2013 are entitled to the payment of the redemption price in an amount equal to the par value of such shares, plus accrued and unpaid dividends thereon up to May 16, 2013, or the Redemption Price of Series HH Shares issued in 2007.

PLDT set aside Php24 thousand (the amount required to fund the redemption price for the Series HH Shares issued in 2007) in addition to Php6 thousand for unclaimed dividends on Series HH Shares issued in 2007, or a total amount of Php30 thousand, to fund the redemption price of the Series HH Shares issued in 2007, or the Redemption Trust Fund for Series HH Shares issued in 2007, which forms an integral part of the Redemption Trust Funds previously set aside in the Trust Account with RCBC, as Trustee. Pursuant to the terms of the Trust Account, the Trustee will continue to hold the Redemption Trust Fund for Series HH Shares issued in 2007 or any balance thereof, in trust, for the benefit of holders of Series HH Shares issued in 2007, for a period of ten years from May 16, 2013, or until May 16, 2023. After the said date, any and all remaining balance in the Redemption Trust Fund for Series HH Shares issued in 2007 shall be returned to PLDT and revert to its general funds. Any interest on the Redemption Trust Fund for Series HH Shares issued in 2007 shall accrue for the benefit of, and be paid from time to time, to PLDT.

On January 28, 2014, the Board of Directors approved the redemption of all outstanding shares of PLDT's Series HH 10% Cumulative Convertible Preferred Stock which were issued in 2008, or the Series HH Shares issued in 2008, from the holders of record as of February 14, 2014 and all such shares were redeemed and retired effective May 16, 2014. In accordance with the terms and conditions of the Series HH Shares issued in 2008, the holders of the Series HH Shares issued in 2008 as at February 14, 2014 are entitled to the payment of the redemption price in an amount equal to the par value of such shares, plus accrued and unpaid dividends thereon up to May 16, 2014, or the Redemption Price of Series HH Shares issued in 2008.

PLDT set aside Php2 thousand (the amount required to fund the redemption price of Series HH Shares issued in 2008) in addition to Php1 thousand for unclaimed dividends on Series HH Shares issued in 2008, or a total amount of Php3 thousand, to fund the redemption of the Series HH Shares issued in 2008, or the Redemption Trust Fund for Series HH Shares issued in 2008, which forms an integral part of the Redemption Trust Funds previously set aside in the Trust Account with RCBC, as Trustee. Pursuant to the terms of the Trust Account, the Trustee will continue to hold the Redemption Trust Fund for Series HH Shares issued in 2008 or any balance thereof, in trust, for the benefit of holders of Series HH Shares issued in 2008, for a period of ten years from May 16, 2014, or until May 16, 2024. After the said date, any and all remaining balance in the Redemption Trust Fund for Series HH Shares issued in 2008 shall be returned to PLDT and revert to its general funds. Any interests on the Redemption Trust Fund for Series HH Shares issued in 2008 shall accrue for the benefit of, and be paid from time to time, to PLDT.

On January 26, 2016, the Board of Directors approved the redemption of all outstanding shares of PLDT's Series II 10% Cumulative Convertible Preferred Stock, or the Series II Shares, from the holder of record as of February 10, 2016, and all such shares were redeemed and retired effective May 11, 2016. In accordance with the terms and conditions of the Series II Shares, the holder of the Series II Shares as at February 10, 2016 is entitled to the payment of the redemption price in an amount equal to the par value of such shares, plus accrued and unpaid dividends thereon up to May 11, 2016, or the Redemption Price of Series II Shares.

PLDT set aside Php4 thousand to fund the redemption price of Series II Shares, or the Redemption Trust Fund for Series II Shares, which forms an integral part of the Redemption Trust Funds previously set aside in the Trust Account with RCBC, as Trustee. Pursuant to the terms of the Trust Account, the Trustee will continue to hold the Redemption Trust Fund for Series II Shares or any balance thereof, in trust, for the benefit of holder of Series II Shares, for a period of ten years from May 11, 2016, or until May 11, 2026. After the said date, any and all remaining balance in the Redemption Trust Fund for Series II Shares shall be returned to PLDT and revert to its general funds. Any interests on the Redemption Trust Fund for Series II Shares shall accrue for the benefit of, and be paid from time to time, to PLDT.

As at January 19, 2012, August 30, 2012, May 16, 2013, May 16, 2014 and May 11, 2016, notwithstanding that any stock certificate representing the Series A to FF Shares, Series GG Shares, Series HH Shares issued in 2007, Series HH Shares issued in 2008 and Series II Shares, respectively, were not surrendered for cancellation, the Series A to II Shares were no longer deemed outstanding and the right of the holders of such shares to receive dividends thereon ceased to accrue and all rights with respect to such shares ceased and terminated, except only the right to receive the Redemption Price of such shares, but without interest thereon.

On January 28, 2020, the Board of Directors authorized and approved the retirement of shares of PLDT's Series JJ 10% Cumulative Convertible Preferred Stock, or SIP Shares, effective May 12, 2020. The record date for the determination of the holders of outstanding SIP Shares available for redemption was February 11, 2020.

On January 20, 2022, RCBC returned to PLDT the remaining unclaimed balance of the Trust Account for the Series A to FF, amounting to Php7,839 million. Due to the prescription of PLDT's obligations to pay the trust amounts for Series A to FF, income from prescription of preferred shares redemption liability of Php7,839 million was recognized in 2022.

PLDT has withdrawn nil and Php13 thousand from the Trust Account, representing total payments on redemption three months ended March 31, 2025 and 2024, respectively. The were no outstanding balance of the Trust Account as at March 31, 2025 and December 31, 2024. See related disclosures below under Non-controlling interests - Perpetual Notes and *Note 27 – Financial Assets and Liabilities*.

Common Stock/Treasury Stock

The Board of Directors approved a share buyback program of up to five million shares of PLDT's common stock, representing approximately 3% of PLDT's then total outstanding shares of common stock in 2008. Under the share buyback program, PLDT reacquired shares on an opportunistic basis, directly from the open market through the trading facilities of the PSE and NYSE.

As at November 2010, we had acquired a total of approximately 2.72 million shares of PLDT's common stock at a weighted average price of Php2,388 per share for a total consideration of Php6,505 million in accordance with the share buyback program. There were no further buyback transactions subsequent to November 2010.

Dividends Declared

Our dividends declared for the three months ended March 31, 2025 and 2024 are detailed as follows:

March 31, 2025 (Unaudited)

	Date			Amount	
Class	**Approved**	**Record**	**Payable**	**Per Share**	**Total**
				(in million pesos, except per share amounts)	
Cumulative Non-Convertible Redeemable Preferred Stock					
Series IV [1]	**January 28, 2025**	**February 11, 2025**	**March 15, 2025**	**—**	**12**
Voting Preferred Stock	**March 20, 2025**	**April 3, 2025**	**April 15, 2025**	**—**	**2**
					14
Common Stock					
Regular Dividend	**February 27, 2025**	**March 13, 2025**	**April 3, 2025**	**47.00**	**10,155**
					10,155
Charged to retained earnings					**10,169**

[1] *Dividends were declared based on total amount paid up.*

March 31, 2024 (Unaudited)

	Date			Amount	
Class	**Approved**	**Record**	**Payable**	**Per Share**	**Total**
				(in million pesos, except per share amounts)	
Cumulative Non-Convertible Redeemable Preferred Stock					
Series IV [1]	January 30, 2024	February 14, 2024	March 15, 2024	—	12
					12
Voting Preferred Stock	March 21, 2024	April 5, 2024	April 15, 2024	—	2
					2
Common Stock					
Regular Dividend	March 7, 2024	March 21, 2024	April 5, 2024	46.00	9,938
					9,938
Charged to retained earnings					9,952

[1] *Dividends were declared based on total amount paid up.*

Our dividends declared after March 31, 2025 are detailed as follows:

	Date			Amount	
Class	**Approved**	**Record**	**Payable**	**Per Share**	**Total**
				(in million pesos, except per share amounts)	
Cumulative Non-Convertible Redeemable Preferred Stock					
Series IV [1]	**May 15, 2025**	**May 22, 2025**	**June 15, 2025**	**—**	**12**
Charged to retained earnings					**12**

[1] *Dividends were declared based on total amount paid up.*

Noncontrolling Interests – Perpetual Notes

Smart issued Php2,610 million and Php1,590 million perpetual notes on March 3, 2017 and March 6, 2017, respectively, under two Notes Facility Agreements dated March 1, 2017 and March 2, 2017, respectively. Proceeds from the issuance of these notes were used to finance capital expenditures. The notes have no fixed redemption dates. The transaction costs amounting to Php35 million were accounted for as a deduction from the perpetual notes. The notes are subordinated to and rank junior to all senior loans of Smart. In accordance with PAS 32, Financial Instruments: Presentation, the notes are classified as part of Smart's equity and recorded as noncontrolling interests in PLDT's consolidated financial statements.

On March 3, 2024 and March 6, 2024, Smart paid distributions amounting to Php37 million and Php22 million, respectively. On the same dates, Smart fully redeemed its Perpetual Notes amounting to Php2,610 million and Php1,590 million, respectively.

20. Interest-bearing Financial Liabilities

As at March 31, 2025 and December 31, 2024, this account consists of the following:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
	(in million pesos)	
Long-term portion of interest-bearing financial liabilities:		
Long-term debt (Notes 27 and 28)	**262,901**	258,246
Current portion of interest-bearing financial liabilities:		
Long-term debt maturing within one year (Notes 27 and 28)	**20,165**	23,340
	283,066	281,586

Unamortized debt discount, representing debt premium, debt issuance costs and any difference between the fair value of consideration given or received at initial recognition, included in our financial liabilities amounted to Php1,906 million and Php1,989 million as at March 31, 2025 and December 31, 2024, respectively.

The following table describes all changes to unamortized debt discount for the three months ended March 31, 2025 and for the year ended December 31, 2024:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
	(in million pesos)	
Unamortized debt discount at beginning of the period	**1,989**	2,129
Additions	**14**	219
Revaluations	**(3)**	9
Accretion included as part of financing costs – net	**(94)**	(368)
Unamortized debt discount at end of the period	**1,906**	1,989

The scheduled maturities of our consolidated outstanding long-term debt at nominal values as at March 31, 2025 are as follows:

	U.S. Dollar Debt		**Php Debt**	**Total**
Year	**U.S. Dollar**	**Php**	**Php**	**Php**
		(in millions)		
2025[(1)]	**11**	**601**	**19,086**	**19,687**
2026	**14**	**802**	**15,133**	**15,935**
2027	**14**	**802**	**26,753**	**27,555**
2028	**28**	**1,604**	**19,723**	**21,327**
2029	**—**	**—**	**26,358**	**26,358**
2030 and onwards	**614**	**35,170**	**138,940**	**174,110**
Total long-term debt (Note 27)	**681**	**38,979**	**245,993**	**284,972**

(1) From April 1, 2025 to December 31, 2025.

Long-term Debt

As at March 31, 2025 and December 31, 2024, long-term debt consists of:

		March 31, 2025		December 31, 2024	
		(Unaudited)		(Audited)	
Description	**Interest Rates**	**U.S. Dollar**	**Php**	U.S. Dollar	Php
			(in millions)		
U.S. Dollar Debts:					
Fixed Rate Notes	2.5000% to 3.4500% in 2025 and 2024	**591**	**33,848**	591	34,177
Term Loans:					
Others	SOFR + 1.31161 % in 2025 and SOFR + 1.31161 % to 1.47826% in 2024	**80**	**4,592**	84	4,838
		671	**38,440**	675	39,015
Philippine Peso Debts:					
Fixed Rate Retail Bonds	5.2813% in 2024		**—**		—
Term Loans:					
Unsecured Term Loans	4.0000% to 5.3500%; PHP BVAL + 0.5000% to 1.1250% (floor rate 4.5000% to 4.6250%) in 2025 and 4.000% to 5.3500%; PHP BVAL + 0.5000% to 1.0000% (floor rate 4.5000% to 4.6250%) in 2024		**244,626**		242,571
			244,626		242,571
Total long-term debt (Notes 27 and 28)			**283,066**		281,586
Less portion maturing within one year (Note 27)			**20,165**		23,340
Noncurrent portion of long-term debt (Note 27)			**262,901**		258,246

Loan Amount	Issuance Date	Trustee	Terms	Repurchase Amount Php	Dates	Paid in full on	Outstanding Amounts March 31, 2025 (Unaudited) U.S. Dollar	Php	December 31, 2024 (Audited) U.S. Dollar	Php
				(in millions)			(in millions)			
Fixed Rate Notes[1]										
US$600M	June 23, 2020	The Bank of New York Mellon, London Branch	Non-amortizing, payable in full upon maturity on January 23, 2031 and June 23, 2050	—	—	—	**591** [2]	**33,848** [2]	591 [2]	34,177 [2]
							591	**33,848**	591	34,177

[1] *The purpose of this loan is to refinance the existing loan obligations, prepay outstanding loans and partially finance capital expenditures.*
[2] *Amounts are net of unamortized debt discount/premium and/or debt issuance cost.*

Loan Amount	Date of Loan Agreement	Lender(s)	Terms	Dates Drawn	Drawn Amount U.S. Dollar	Cancelled Undrawn Amount U.S. Dollar	Paid in full on	Outstanding Amounts March 31, 2025 (Unaudited) U.S. Dollar	Php	December 31, 2024 (Audited) U.S. Dollar	Php
					(in millions)			(in millions)			
U.S. Dollar Debts											
Other Term Loans[1]											
US$25M	2017	NTT TC Leasing	Non-amortizing, payable upon maturity on March 27, 2024	2017	25	—	March 27, 2024	—	—	—	—
US$140M	March 4, 2020	PNB	Quarterly amortization rates equivalent to: (a) 2.5% of the total amount drawn payable on the first interest payment date up to the 28th interest payment date; (b) 5% of the total amount drawn payable on the 29th interest payment date up to the 32nd interest payment date; and (3) 2.5% of the total amount drawn payable on the 37th interest payment date up to maturity on December 13, 2030	December 14, 2020	140	—	—	**80** [2]	**4,592** [2]	84 [2]	4,838 [2]
								80	**4,592**	84	4,838

[1] *The purpose of this loan is to finance the capital expenditures and/or to refinance existing loan obligations which were utilized for network expansion and improvement programs.*
[2] *Amounts are net of unamortized debt discount/premium and/or debt issuance cost.*

Loan Amount	Agreement	Paying Agent	Terms	Date of Issuance/ Drawdown	Payments Amount Php	Date	Outstanding Amounts March 31, 2025 (Unaudited) Php	December 31, 2024 (Audited) Php
					(in millions)		(in millions)	
Fixed Rate Retail Bonds[1]								
PLDT								
Php15,000M	January 22, 2014	Philippine Depositary Trust Corp.	Php12.4B – non-amortizing, payable in full upon maturity on February 6, 2021; Php2.6B – non-amortizing payable in full on February 6, 2024	February 6, 2014	12,400 2,600	February 8, 2021 February 6, 2024	—	—

[1] *The purpose of this loan is to finance the capital expenditures and/or to refinance existing loan obligations which were utilized for network expansion and improvement programs.*
[2] *Amounts are net of unamortized debt discount/premium and/or debt issuance cost.*

Loan Amount	Date of Loan Agreement	Lender(s)	Terms	Dates Drawn	Drawn Amount Php (in millions)	Outstanding Amounts March 31, 2025 (Unaudited) Php (in millions)	Outstanding Amounts December 31, 2024 (Audited) Php (in millions)
Term Loans							
Unsecured Term Loans[(1)]							
Php9,500M	Various dates in 2014 and 2019	Union Bank of the Philippines	With annual amortization up to 10 years	Various dates in 2014 and 2019	9,500	**7,801** [(2)]	7,811 [(2)]
Php71,300M	Various dates in 2015 to 2023	Bank of the Philippine Islands	With annual amortization up to 6, 7, 10 and 11 years	Various dates in 2015 to 2025	71,300	**54,946** [(2)]	54,738 [(2)]
Php53,500M	Various date in 2015 to 2024	Metropolitan Bank and Trust Company[(3)]	With annual amortization up to 7, 10 and 11 years	Various date in 2015 to 2024	42,700	**40,708** [(2)]	38,618 [(2)]
Php18,500M	Various dates in 2019 and 2023	China Banking Corporation	With annual amortization up to 10 years	Various dates in 2019 and 2023	18,500	**15,784** [(2)]	15,770 [(2)]
Php14,000M	Various dates in 2016 and 2017	Security Bank	With semi-annual amortization up to 10 years	Various dates in 2017	14,000	**10,487** [(2)]	10,566 [(2)]
Php36,970M	Various dates in 2016 to 2025	Banco de Oro	With annual amortization up to 7 and 10 years	Various dates in 2016, 2020, 2021, 2024 and 2025	31,970	**30,980** [(2)]	29,564 [(2)]
Php8,500M	Various dates in 2016, 2017 and 2019	Philippine National Bank	With annual amortization up to 7, 8 and 10 years	Various dates in 2017, 2018 and 2019	8,500	**6,483** [(2)]	7,920 [(2)]
Php41,500M	Various dates in 2016 to 2023	Landbank of the Philippines	With annual amortization up to 10 years	Various dates in 2016 to 2023	41,500	**39,402** [(2)]	39,475 [(2)]
Php14,000M	Various dates in 2019 to 2021	Development Bank of the Philippines	With annual amortization up to 8, 9 and 10 years	Various dates in 2019 to 2022	14,000	**13,469** [(2)]	13,513 [(2)]
Php2,000M	April 11, 2019	Bank of China (Hong Kong) Limited, Manila Branch	With annual amortization up to 7 years	September 6, 2019	2,000	**1,896** [(2)]	1,896 [(2)]
Php15,000M	Various dates in 2020, 2021 and 2023	Rizal Commercial Banking Corporation	With annual amortization up to 8, 10 and 11 years	Various dates in 2020, 2021 and 2023	15,000	**14,411** [(2)]	14,443 [(2)]
Php2,500M	March 30, 2020	MUFG Bank, Ltd.	With semi-annual amortization up to 6 years	April 2, 2020	2,500	**973** [(2)]	972 [(2)]
Php3,800M	Various dates in 2023 and 2024	Bank of Commerce	With annual amortization up to 9 and 10 years	Various dates in 2023 and 2024	3,800	**3,770** [(2)]	3,769 [(2)]
Php3,000M	Various dates in 2024	Hongkong and Shanghai Banking Corporation[(3)]	With annual amortization up to 5 years	Various dates in 2024	3,000	**2,986** [(2)]	2,986 [(2)]
Php530M	September 30, 2024	Philippine Veterans Bank	With annual amortization up to 7 years	October 30, 2024	530	**530** [(2)]	530 [(2)]
						244,626	242,571

(1) *The purpose of this loan is to finance the capital expenditures and/or to refinance existing loan obligations which were utilized for network expansion and improvement programs.*
(2) *Amounts are net of unamortized debt discount/premium and/or debt issuance cost.*
(3) *Includes Green Loan and Social Loan.*

Green Loan and Social Loan Facilities

On March 6 and May 6, 2024, PLDT secured Php1 billion and Php4 billion Green Loan Facilities from HSBC Philippines and Metropolitan Bank & Trust Company, respectively, to partially fund the Company's ongoing nationwide modernization and expansion of its fiber network. The upgrade of the network to fiber and the resultant energy-efficient operations support the PLDT Group decarbonization roadmap, which aims to reduce its Scope 1 and Scope 2 greenhouse gas emissions by 40% by 2030, from a 2019 baseline.

On October 21, 2024, PLDT secured a Php2 billion Social Loan Facility from HSBC Philippines to partially fund the Company's network fiber expansion to reach the country's fourth to sixth class municipalities. This initiative aligns with the government's focus on enhancing connectivity in Geographically Isolated and Disadvantaged Areas (GIDAs).

Short-term Debt

On January 3, 2025, PLDT and Smart availed unsecured short-term debt amounting to Php787 million and Php235 million, respectively, with an interest rate of 6.43%. On March 21, 2025, PLDT and Smart paid the outstanding short-term debt amounting to Php787 million and Php235 million, respectively. As at March 31, 2025 and December 31, 2024, PLDT and Smart has no outstanding short-term debt.

Below are the interest-bearing financial liabilities drawn after March 31, 2025:

Loan Amount	Date of Loan Agreement	Lender(s)	Terms	Dates Drawn	Drawn Amount Php
					(in millions)
Long-term Loans					
Unsecured Term Loans[(1)]					
PLDT					
Php11,000M	December 13, 2024	BPI	With annual amortization up to 10 years	April 2, 2025	3,500
Php4,470M	September 30, 2024	BDO	With annual amortization up to 10 years	April 2, 2025	1,500
Smart					
Php13,000M	December 19, 2024	MBTC	With annual amortization up to 10 years	April 2, 2025 and April 29, 2025	6,000
Vitro					
Php5,000M	March 6, 2025	BDO	With annual amortization up to 10 years	April 22, 2025 and May 9, 2025	1,500

(1) *The purpose of this loan is to finance the capital expenditures and/or to refinance existing loan obligations which were utilized for network expansion and improvement programs.*

Compliance with Debt Covenants

PLDT's debt instruments contain restrictive covenants, including covenants that require us to comply with specified financial ratios tests, such as total debt to EBITDA and interest cover ratio, at relevant measurement dates, principally at the end of each quarterly period.

PLDT's debt instruments also contain a number of other negative covenants that, subject to certain exceptions and qualifications, restrict PLDT's ability to take certain actions without lenders' approval, including: (a) making or permitting any material change in the character of its business; (b) selling, leasing, transferring or disposing of all or substantially all of its assets or any significant portion thereof other than in the ordinary course of business; (c) creating any lien or security interest; (d) permitting set-off against amounts owed to PLDT; (e) merging or consolidating with any other company; and (f) making or permitting any preference or priority in respect of any other relevant indebtedness of PLDT.

PLDT's debt instruments also contain customary and other default provisions that permit the lender to accelerate amounts due or terminate their commitments to extend additional funds under the debt instruments.

Smart's debt instruments contain certain restrictive covenants that require Smart to comply with specified financial ratios and other financial tests at semi-annual measurement dates. Smart's loan agreements include compliance with financial tests such as Smart's consolidated debt to consolidated EBITDA and interest coverage ratio. The agreements also contain customary and other default provisions that permit the lender to accelerate amounts due under the loans or terminate their commitments to extend additional funds under the loans.

ePLDT's debt instruments contain certain restrictive covenants that require ePLDT to comply with specified financial ratios and other financial tests at quarterly measurement dates. ePLDT's loan agreement includes compliance with financial tests such as total debt to equity and interest coverage ratio. The agreement also contains customary and other default provisions that permit the lender to accelerate amounts due under the loans or terminate their commitments to extend additional funds under the loans. ePLDT's debt instruments also contain a number of other negative covenants that, subject to certain exceptions and qualifications, restrict ePLDT's ability to take certain actions without lenders' approval.

The principal factors that could negatively affect our ability to comply with these financial ratio covenants and other financial tests are poor operating performance of PLDT and its subsidiaries, depreciation of the Philippine Peso relative to the U.S. Dollar, impairment or similar charges in respect of investments or other long-lived assets that may be recognized by PLDT and its subsidiaries, and increases in our interest expense. Interest expense may increase as a result of various factors including issuance of new debt, the refinancing of lower cost indebtedness by higher cost indebtedness, depreciation of the Philippine Peso relative to the U.S. Dollar, the lowering of PLDT's credit ratings or the credit ratings of the Philippines, increase in reference interest rates, and general market conditions. Of our total consolidated debts (net of consolidated debt discount), approximately 14% were denominated in U.S. Dollars both as at March 31, 2025 and December 31, 2024. Considering our consolidated outstanding derivatives, the unhedged portion of the PLDT's net debt amounts was approximately 5% (or 5%, net of our consolidated U.S. Dollar cash balances allocated for debt) as at March 31, 2025 and 6% (or 5%, net of our consolidated U.S. Dollar cash balances allocated for debt) as at December 31, 2024. Therefore, the financial ratio and other tests are expected to be negatively affected by any weakening of the Philippine Peso relative to the U.S. Dollar. See *Note 27 – Financial Assets and Liabilities – Foreign Currency Exchange Risk*.

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

As at March 31, 2025 and December 31, 2024, we were in compliance with all of our debt covenants. See *Note 27 – Financial Assets and Liabilities – Derivative Financial Instruments.*

21. Deferred Credits and Other Noncurrent Liabilities

As at March 31, 2025 and December 31, 2024, this account consists of:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Contract liabilities and unearned revenues - non-current	**5,384**	5,625
Provision for asset retirement obligations	**1,807**	1,752
Accrual of capital expenditures under long-term financing[1]	**35**	44
Others	**69**	54
	7,295	7,475

[1] *Represents expenditure related to the expansion and upgrade of our network facilities which are not due to be settled within one year. Such accruals are settled through refinancing from long-term loans obtained from the banks. See Note 20 – Interest-bearing Financial Liabilities.*

The following table summarizes the changes to provision for asset retirement obligations for the three months ended March 31, 2025 and for the year ended December 31, 2024:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Provision for asset retirement obligations at beginning of the period	**1,752**	1,164
Capitalized to ROU assets during the period	**43**	73
Accretion expenses	**24**	54
Revaluation due to change in IBR	**—**	515
Settlement of obligations and others	**(1)**	(3)
Change in assumptions	**(11)**	(51)
Provision for asset retirement obligations at end of the period	**1,807**	1,752

22. Accounts Payable

As at March 31, 2025 and December 31, 2024, this account consists of:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Suppliers and contractors (Note 27)	**52,591**	58,524
Taxes (Note 26)	**5,497**	5,473
Carriers and others	**1,571**	2,579
Related parties	**352**	146
	60,011	66,722

Certain suppliers entered into Trade Financing Arrangements (TFAs) to sell their receivables. The Purchaser will have exclusive ownership of the purchased receivables and all of its rights, title and interest. There were no changes in the payment terms.

Carrying amount of liabilities

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Presented within trade and other payables	**19,966**	24,556
– of which suppliers have received payment	**10,240**	14,106

Range of payment due dates

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Liabilities that are part of the arrangement	**210-300 days after invoice due date**	210-300 days after invoice due date
Comparable trade payables that are not part of an arrangement	**30-300 days after invoice due date**	30-300 days after invoice due date

Non-cash changes

There were no material business combinations or foreign exchange differences in either period. There were no non-cash transfers from trade payables to finance payables as at March 31, 2025 and December 31, 2024.

For terms and conditions pertaining to the payables to related parties, see *Note 24 – Related Party Transactions*.

For detailed discussion on the PLDT Group's liquidity risk management processes, see *Note 27 – Financial Assets and Liabilities – Liquidity Risk*.

23. Accrued Expenses and Other Current Liabilities

As at March 31, 2025 and December 31, 2024, this account consists of:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Accrued utilities and related expenses (Notes 24 and 27)	**56,751**	57,276
Contract liabilities and unearned revenues - current portion	**9,927**	10,442
Accrued employee benefits and other provisions (Note 27)	**8,407**	9,246
Accrued taxes and related expenses (Note 26)	**4,079**	3,907
Accrued interests and other related costs (Note 28)	**2,844**	2,426
Others	**1,854**	2,191
	83,862	85,488

Accrued utilities and related expenses pertain to costs incurred for electricity and water consumption, repairs and maintenance, selling and promotions, professional and other contracted services, rent, insurance and security services and other operational related expenses pending receipt of billings and statements of account from suppliers. These liabilities are noninterest-bearing and are normally settled within a year.

Contract liabilities and unearned revenues represent advance payments for leased lines, installation fees, monthly service fees and unused and/or unexpired portions of prepaid loads.

Accrued employee benefits and other provisions pertain to accrued salaries, wages and bonuses, and other employee benefits that are normally settled within a year.

Accrued taxes and related expenses pertain to licenses, permits and other related business taxes, which are normally settled within a year.

Accrued interests and other related costs include interest expense on loans, which are normally settled within a year.

Other accrued expenses and other current liabilities are noninterest-bearing and are normally settled within a year. This pertains to other costs incurred for operations-related expenses pending receipt of invoice and statement of accounts from suppliers. This also includes accrued redemption liabilities related to Trust Account. For detailed discussion on redemption liabilities, see *Note 19 Equity – Redemption of Preferred Stock.*

24. Related Party Transactions

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. Transactions with related parties are on an arm's length basis, similar to transactions with third parties.

Settlement of outstanding balances of related party transactions at year-end are expected to be settled with cash.

The following table provides the summary of outstanding balances as at March 31, 2025 and December 31, 2024, and transactions for the three months ended March 31, 2025 and 2024 that have been entered into with related parties:

Company Name	Particulars	Terms	Conditions	Statement of Financial Position Classification	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	Income Statement Classification	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
					(in million pesos)			(in million pesos)	
Manila Electric Company, or Meralco	Electricity services to PLDT and certain subsidiaries' offices within Meralco's franchise area	Immediately upon receipt of invoice	Unsecured	Accounts payable and accrued expenses and other current liabilities	**585**	552	Repairs and maintenance	**763**	714
	Pole attachment contracts, wherein Meralco leases its pole spaces to accommodate PLDT and Smart's cable network facilities	Upon depreciation or expiration of lease	Unsecured	ROU assets	**2,441**	2,600	Depreciation and amortization	**815**	603
		2025 – due after March 31, 2026; 2024 – due after December 31, 2025	Unsecured	Lease liabilities - net of current portion	**1,469**	2,191			
		2025 – due after March 31, 2026; 2024 – due after December 31, 2025	Unsecured	Current portion of lease liabilities	**609**	565			
Meralco Industrial Engineering Services Corporation, or MIESCOR	Customer line installation, repair, rehabilitation and maintenance activities	30 days upon receipt of invoice	Unsecured	Accrued expenses and other current liabilities	**5**	5			
Transactions with major stockholders, directors and officers:									
NTT TC Leasing	PLDT signed a US$25 million term loan facility agreement on January 31, 2017	Non-amortizing, payable upon maturity on March 27, 2024	Unsecured	Interest-bearing financial liabilities	**—**	—	Financing costs – net	**—**	26

Company Name	Particulars	Terms	Conditions	Statement of Financial Position Classification	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	Income Statement Classification	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
					(in million pesos)			(in million pesos)	
Transactions with major stockholders, directors and officers:									
NTT World Engineering Marine Corporation	On February 1, 2008, PLDT entered into a service agreement, wherein NTT World Engineering Marine Corporation provides offshore submarine cable repair and other allied services for the maintenance of PLDT's domestic fiber optic network submerged plant.	1st month of each quarter; noninterest-bearing	Unsecured	Accounts payable and accrued expenses and other current liabilities	**256**	256	Repairs and maintenance	**33**	35
NTT Communications	On March 24, 2000, PLDT entered into an advisory service agreement (as amended on March 31, 2003, March 31, 2005 and June 16, 2006), under which NTT Communications provides PLDT with technical, marketing and other consulting services for various business areas of PLDT starting April 1, 2000.	30 days upon receipt of invoice; noninterest-bearing	Unsecured	Accrued expenses and other current liabilities	**95**	115	Professional and other contracted services	**31**	28
NTT Worldwide Telecommunications Corporation	On March 24, 2000, PLDT entered into an agreement under which PLDT markets, and manages data and other services under NTT Communications' "Arcstar" brand to its corporate customers in the Philippines. PLDT also entered into a Trade Name and Trademark Agreement with NTT Communications under which PLDT has been given the right to use the trade name "Arcstar" and its related trademark, logo and symbols, solely for the purpose of PLDT's marketing, promotional and sales activities for the Arcstar services within the Philippines.	30 days upon receipt of invoice; noninterest-bearing	Unsecured	Accounts payable	**—**	—	Selling and promotions	**—**	1
NTT DOCOMO	On June 5, 2006, in accordance with the Cooperation Agreement dated January 31, 2006, an Advisory Services Agreement was entered into by NTT DOCOMO and PLDT. Pursuant to the Advisory Services Agreement, NTT DOCOMO will provide the services of certain key personnel in connection with certain aspects of the business of PLDT and Smart. Also, this agreement governs the terms and conditions of the appointments of such key personnel and the corresponding fees related thereto.	30 days upon receipt of invoice; noninterest-bearing	Unsecured	Accrued expenses and other current liabilities	**100**	121	Professional and other contracted services	**23**	21

Company Name	Particulars	Terms	Conditions	Statement of Financial Position Classification	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	Income Statement Classification	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
					(in million pesos)			(in million pesos)	
Transactions with major stockholders, directors and officers:									
JGSHI and Subsidiaries	PLDT and certain of its subsidiaries have existing agreements with Universal Robina Corporation and Robinsons Land Corporation for office and business office rental.	1st month of each quarter; 30 days upon receipt of invoice; noninterest-bearing	Unsecured	Accounts payable and accrued expenses and other current liabilities	**24**	59	Rent	**51**	31
		Upon depreciation or expiration of lease	Unsecured	ROU assets	**—**	4	Depreciation and amortization	**—**	—
	PLDT group's other transactions with JGSHI and subsidiaries	30 days upon receipt of invoice; noninterest-bearing	Unsecured	Accrued expenses and other current liabilities	**15**	44	Repairs and maintenance	**5**	4
							Communication and travel	**—**	1
Malayan Insurance Co., Inc., or Malayan	PLDT and certain of its subsidiaries have insurance policies with Malayan covering directors, officers, liability to employees and material damage for buildings, building improvements, equipment and motor vehicles. The premiums are directly paid to Malayan.	Immediately upon receipt of invoice	Unsecured	Accounts payable and accrued expenses and other current liabilities	**9**	8	Insurance and security services	**37**	41
Gotuaco del Rosario and Associates, or Gotuaco	Gotuaco acts as the broker for certain insurance companies to cover certain insurable properties of the PLDT Group. Insurance premiums are remitted to Gotuaco and the broker's fees are settled between Gotuaco and the insurance companies.	Immediately upon receipt of invoice	Unsecured	Accounts payable and accrued expenses and other current liabilities	**1**	2	Insurance and security services	**30**	41
First Pacific Investment Management Limited, or FPIML	On March 1, 2018, Smart entered into an Advisory Services Agreement with FPIML effective for a period of one-year subject to a 12-month automatic renewal unless either party notifies the other party of its intent not to renew the agreement. FPIML provides advisory and related services in connection with the operation of Smart's business of providing mobile communications services, high-speed internet connectivity, and access to digital services and content. The agreement provides that Smart shall pay a monthly service fee of US$250 thousand and any additional fee shall be mutually agreed upon by both parties on a monthly basis. On March 26, 2020, Smart and FPIML mutually agreed to reduce the monthly service fee to US$100 thousand in consideration of the services provided under this agreement, effective April 1, 2020. Starting April 2021, the fee has been increased to $220 thousand per month. Smart prepaid the fees for the period April to October 2021 (US$1.54 million).		Unsecured	Accounts payable and accrued expenses and other current liabilities (Notes 23 and 24)	**13**	—	Professional and other contracted services	**13**	74

Company Name	Particulars	Terms	Conditions	Statement of Financial Position Classification	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	Income Statement Classification	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
					(in million pesos)			(in million pesos)	
Other related parties:									
Various	PLDT and certain of its subsidiaries provide telephone, data communication and other services to various related parties.	30 days upon receipt of invoice	Unsecured	Trade and other receivables (Note 16)	**6,025**	7,948	Revenues	**619**	646
	PLDT and certain of its subsidiaries avail of lease and other services from various related parties.	2025 – due after March 31, 2026; 2024 – due after December 31, 2025	Unsecured	Lease liabilities - net of current portion (Note 10)	**168**	181	Expenses	**1,810**	5,013
		2025 – due after March 31, 2026; 2024 – due after December 31, 2025	Unsecured	Current portion of lease liabilities (Note 10)	**105**	97			
		Upon depreciation or expiration of lease	Unsecured	ROU assets (Note 10)	**336**	308			
		30 days upon receipt of billing; noninterest-bearing	Unsecured	Accounts payable (Note 22)	**877**	1,485			
		Immediately upon receipt of billing	Unsecured	Accrued expenses and other current liabilities (Note 23)	**210**	516			

Compensation of Key Officers of the PLDT Group

The compensation of key officers of the PLDT Group by benefit type for the three months ended March 31, 2025 and 2024 are as follows:

	March 31,	
	2025	2024
	(Unaudited)	
	(in million pesos)	
Short-term employee benefits	**93**	192
Post-employment benefits	**4**	5
Total compensation paid to key officers of the PLDT Group	**97**	197

The amounts disclosed in the table above are the amounts recognized as expenses during the period related to key management personnel.

Effective January 2014, each of the directors, including the members of the advisory board of PLDT, is entitled to a director's fee in the amount of Php250 thousand for each board meeting attended. Each of the members or advisors of the audit, governance, nomination and sustainability, executive compensation, technology strategy, and risk and data privacy and information security committees is entitled to a fee in the amount of Php125 thousand for each committee meeting attended.

Total fees paid for board meetings and board committee meetings amounted to Php17 million and Php29 million for the three months ended March 31, 2025 and 2024, respectively.

Except for the fees mentioned above, the directors are not compensated, directly or indirectly, for their services as such directors.

There are no agreements between PLDT Group and any of its key management personnel providing benefits upon termination of employment, except for such benefits to which they may be entitled under PLDT Group's retirement and incentive plans.

25. Pension and Other Employee Benefits

Pension

Defined Benefit Pension Plans

PLDT has defined benefit pension plans, operating under the legal name "The Board of Trustees for the account of the Beneficial Trust Fund created pursuant to the Benefit Plan of PLDT Co." and covering all of our permanent and regular employees, in which case, benefits are computed based on R.A. 7641 (Retirement Pay Law) or the minimum mandated benefit by the law. For the purpose of complying with Revised PAS 19, *Employee Benefits,* pension benefit expense has been actuarially computed based on defined benefit plan.

PLDT and certain of its subsidiaries' actuarial valuation is performed every year-end. There is no significant change in the fair value of plan assets for the three months ended March 31, 2025. Based on the latest actuarial valuation, the actual present value of accrued (prepaid) benefit costs as at March 31, 2025 and December 31, 2024, and net periodic benefit costs and average assumptions used in developing the valuation for the three months ended March 31, 2025 and 2024 are as follows:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Changes in the present value of defined benefit obligations:		
Present value of defined benefit obligations at beginning of the period	**17,376**	17,964
Service costs	**276**	1,042
Interest costs on benefit obligation	**16**	1,043
Actuarial losses on obligations – experience	**—**	437
Actuarial gains on obligations – economic assumptions	**—**	(496)
Actual benefits paid/settlements	**(156)**	(2,744)
Curtailment and others	**15**	130
Present value of defined benefit obligations at end of the period	**17,527**	17,376
Changes in fair value of plan assets:		
Fair value of plan assets at beginning of the period	**13,985**	14,522
Actual contributions	**179**	3,201
Interest income on plan assets	**215**	1,019
Actual benefits paid/settlements	**(291)**	(2,820)
Return on plan assets (excluding amount included in net interest)	**—**	(1,937)
Fair value of plan assets at end of the period	**14,088**	13,985
Unfunded status – net	**(3,439)**	(3,391)
Accrued benefit costs	**3,606**	3,548
Prepaid benefit costs	**167**	157

	March 31,	
	2025	2024
	(Unaudited)	
Components of net periodic benefit costs:		
Service costs	**276**	275
Interest costs - net	**16**	17
Curtailment/settlement losses and other adjustments	**15**	—
Net periodic benefit costs	**307**	292

Actual net gain on plan assets amounted to Php215 million and Php218 million for the three months ended March 31, 2025 and 2024, respectively.

Based on the latest actuarial valuation, our expected contribution to the defined benefit plan in 2025 will amount to Php4,448 million.

The following table sets forth the expected future settlements by the Plan of maturing defined benefit obligation as at March 31, 2025:

	(in million pesos)
2025[(1)]	**229**
2026	**350**
2027	**372**
2028	**903**
2029	**834**
2030 to 2034	**11,947**

(1) *From April 1, 2025 to December 31, 2025.*

The average duration of the defined benefit obligation at the end of the reporting period is 12.68 years.

The weighted average assumptions used to determine pension benefits for the three months ended March 31, 2025 and 2024 are as follows:

	March 31,	
	2025	2024
	(Unaudited)	
	(in percentage)	
Rate of increase in compensation	**5.7**	5.7
Discount rate	**6.2**	6.0

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at March 31, 2025 and December 31, 2024, assuming if all other assumptions were held constant:

	Increase (Decrease)	
	(in percentage)	(in million pesos)
Discount rate	**1**	**15,251**
	(1)	**(19,348)**
Future salary increases	**1**	**19,334**
	(1)	**(15,229)**

PLDT's Retirement Plan

The Board of Trustees, which manages the beneficial trust fund, is composed of: (i) a member of the Board of Directors of PLDT, who is not a beneficiary of the Plan; (ii) a member of the Board of Directors or a senior officer of PLDT, who is a beneficiary of the Plan; (iii) a senior member of the executive staff of PLDT; and (iv) two persons who are not executives nor employees of PLDT.

Benefits are payable in the event of termination of employment due to: (i) compulsory, optional, or deferred retirement; (ii) death while in active service; (iii) physical disability; (iv) voluntary resignation; or (v) involuntary separation from service. For a plan member with less than 15 years of credited services, retirement benefit is equal to 100% of final compensation for every year of service. For those with at least 15 years of service, retirement benefit is equal to 125% of final compensation for every year of service, with such percentage to be increased by an additional 5% for each completed year of service in excess of 15 years, but not to exceed a maximum of 200%. In the case of voluntary resignation after attainment of age 40 and completion of at least 15 years of credited service, benefit is equal to a percentage of his vested retirement benefit, in accordance with percentages prescribed in the retirement plan.

The Board of Trustees of the beneficial trust fund uses an investment approach with the objective of maximizing the long-term expected return of plan assets.

The majority of the Plan's investment portfolio consists of listed and unlisted equity securities while the remaining portion consists of passive investments like temporary cash investments and fixed income investments.

The plan assets are primarily exposed to financial risks such as liquidity risk and price risk.

Liquidity risk pertains to the plan's ability to meet its obligation to the employees upon retirement. To effectively manage liquidity risk, the Board of Trustees invests at least the equivalent amount of actuarially computed expected compulsory retirement benefit payments for the year to liquid/semi-liquid assets such as government securities, savings and time deposits with commercial banks.

Price risk pertains mainly to fluctuations in market prices of equity securities listed in the PSE. In order to effectively manage price risk, the Board of Trustees continuously assesses these risks by closely monitoring the market value of the securities and implementing prudent investment strategies.

The following table sets forth the fair values, which are equal to the carrying values, of PLDT's plan assets recognized as at March 31, 2025 and December 31, 2024:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Noncurrent Financial Assets		
Investments in:		
Unquoted equity investments	**10,776**	10,774
Shares of stock	**2,085**	1,983
Corporate bonds	**303**	303
Mutual funds	**241**	252
Government securities	**4**	4
Total noncurrent financial assets	**13,409**	13,316
Current Financial Assets		
Cash and cash equivalents	**408**	409
Receivables	**104**	103
Total current financial assets	**512**	512
Total PLDT's Plan Assets	**13,921**	13,828
Subsidiaries Plan Assets	**167**	157
Total Plan Assets of Defined Benefit Pension Plans	**14,088**	13,985

Investment in shares of stocks is valued using the latest bid price at the reporting date. Investments in corporate bonds, mutual funds and government securities are valued using the quoted market prices at reporting date.

Unquoted Equity Investments

As at March 31, 2025 and December 31, 2024, this account consists of:

	March 31, 2025	December 31, 2024	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	(Percentage of Ownership)		(in million pesos)	
MediaQuest	**100**	100	**7,304**	7,304
Tahanan Mutual Building and Loan Association, Inc., or TMBLA, (net of subscriptions payable of Php32 million)	**100**	100	**722**	722
BTFHI	**100**	100	**2,750**	2,748
			10,776	10,774

Investments in MediaQuest

MediaQuest was registered with the Philippine SEC on June 29, 1999 primarily to purchase, subscribe for or otherwise acquire and own, hold, use, manage, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property or every kind and description, and to pay thereof in whole or in part, in cash or by exchanging, stocks, bonds and other evidences of indebtedness or securities of this any other corporation. Its investments include common shares of stocks of various communication, broadcasting and media entities.

Investments in MediaQuest are carried at fair value. The VIU calculations were derived from cash flow projections over a period of five years based on the 2024 financial budgets approved by MediaQuest's Board of Directors and calculated terminal value. Other key assumptions used in the cash flow projections include revenue growth rate, direct costs and capital expenditures. The post-tax discount rates applied to cash flow projections range from 11.3% to 12.2%. Cash flows beyond the five-year period are determined using 0.0% to 4.8% growth rates.

The Board of Trustees of the PLDT Beneficial Trust Fund approved the issuance by MediaQuest of PDRs with underlying shares of stocks of Cignal TV held by MediaQuest through Satventures (Cignal TV PDRs) amounting to Php6 billion on May 8, 2012. On the same date, MediaQuest Board of Directors approved the investment in Cignal TV PDRs by ePLDT, which gave ePLDT a 40% economic interest in Cignal TV. In various dates in 2012, MediaQuest received a deposit for future PDRs subscription of Php6 billion from ePLDT.

The Board of Trustees of the PLDT Beneficial Trust Fund and the MediaQuest Board of Directors approved an issuance of additional MediaQuest PDRs amounting to Php3.6 billion on January 25, 2013. The underlying shares of these additional PDRs are the shares of Satventures held by MediaQuest (Satventures PDRs), the holder of which will have a 40% economic interest in Satventures. Satventures is a wholly-owned subsidiary of MediaQuest and the investment vehicle for Cignal TV. From March to August 2013, MediaQuest received from ePLDT an amount aggregating to Php3.6 billion representing deposits for future PDRs subscription. The Satventures PDRs and Cignal TV PDRs were subsequently issued on

September 27, 2013, providing ePLDT an effective 64% economic interest in Cignal TV. Also, on the same date, the Board of Trustees of the PLDT Beneficial Trust Fund and the MediaQuest Board of Directors approved the issuance of additional MediaQuest PDRs amounting to Php1.95 billion. The underlying shares of these additional PDRs are the shares of stocks of Hastings held by MediaQuest (Hastings PDRs). Hastings is a wholly-owned subsidiary of MediaQuest, which holds all the print-related investments of MediaQuest, including equity interests in the three leading newspapers: The Philippine Star, Philippine Daily Inquirer, and Business World. From June 2013 to October 2013, MediaQuest received from ePLDT an amount aggregating to Php1.95 billion representing deposits for future PDRs subscription.

ePLDT's Board of Directors approved on February 19, 2014 an additional Php500 million investment in Hastings PDRs of which Php300 million was received by MediaQuest on March 11, 2014. As at December 31, 2014, total deposit for PDRs subscription amounted to Php2,250 million.

ePLDT's Board of Directors approved an additional Php800 million investment in Hastings PDRs and settlement of the Php200 million balance of the Php500 million Hastings PDR investment in 2014 on May 21, 2015. Subsequently, on May 30, 2015, the Board of Trustees of the PLDT Beneficial Trust Fund and the Board of Directors of MediaQuest approved the issuance of Php3,250 million Hastings PDRs. This provided ePLDT with 70% economic interest in Hastings. In February 2018, ePLDT entered into a Deed of Assignment with the Board of Trustees of the PLDT Beneficial Trust Fund transferring the Hastings PDRs for Php1,664 million.

The Board of Trustees of the PLDT Beneficial Trust Fund approved additional investment in MediaQuest amounting to Php3,100 million and Php1,400 million to fund MediaQuest's investment requirements in 2019 and 2020, respectively, which were fully drawn by MediaQuest during the same years. The full amounts were fully drawn by MediaQuest during 2019 and 2020.

In 2021 and 2022, the Board of Trustees of the PLDT Beneficial Trust Fund approved an additional investment in MediaQuest to fund its cash requirements amounting to Php2,000 million and Php1,000 million, respectively. Both investments were already fully drawn by MediaQuest in 2022.

Investment in TMBLA

TMBLA was incorporated for the primary purpose of accumulating the savings of its stockholders and lending funds to them for housing programs. The beneficial trust fund's total investment into TMBLA amounted to Php119 million consisting of initial direct subscription in shares of stocks of TMBLA in the amount of Php20 million (net of unpaid subscription amounting to Php32 million) and subsequently via a Deed of Pledge amounting to Php99 million. The cumulative change in the fair market values of this investment each amounted to Php603 million as at March 31, 2025 and December 31, 2024.

Investment in BTFHI

BTFHI was incorporated for the primary purpose of acquiring voting preferred shares in PLDT and while the owner, holder of possessor thereof, to exercise all the rights, powers, and privileges of ownership or any other interest therein.

BTFHI subscribed to a total of 150 million shares of Voting Preferred Stock of PLDT at a subscription price of Php1.00 per share for a total subscription price of Php150 million on October 26, 2012.

On April 30, 2024, the Board of Trustees of PLDT Beneficial Trust Fund subscribed and paid an additional subscription into BTFHI amounting to Php2,480 million.

Total cash dividend income each amounted to Php2 million for the three months ended March 31, 2025 and 2024. Dividend receivables each amounted to Php2 million as at March 31, 2025 and December 31, 2024.

Shares of Stocks

As at March 31, 2025 and December 31, 2024, this account consists of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
	(in million pesos)	
Common shares		
PSE	**1,209**	1,093
PLDT	**34**	34
Others	**482**	496
Preferred shares	**360**	360
	2,085	1,983

Dividends earned on PLDT common shares each amounted to Php1 million for the three months ended March 31, 2025 and 2024.

Preferred shares represent 300 million unlisted preferred shares of PLDT at Php10 par value, net of subscription payable of Php2,640 million as at March 31, 2025 and December 31, 2024. These shares, which bear a dividend of 13.5% per annum based on the paid-up subscription price, are cumulative, non-convertible and redeemable at par value at the option of PLDT. Dividends earned on this investment amounted to Php37 million each for the three months ended March 31, 2025 and 2024.

Corporate Bonds

Investment in corporate bonds includes debt securities of First Pacific and International Container Terminal Services, Inc. amounting to Php135 million and Php70 million, respectively. Other various long-term peso and dollar denominated bonds with maturities ranging from July 2025 to July 2034 and fixed interest rates from 3.36% to 7.53% per annum, amounting to Php98 million.

Mutual Funds

Investment in mutual funds includes UITF, bond and equity funds, which aims to out-perform benchmarks in various indices as part of its investment strategy.

Government Securities

Investments in government securities include Retail Treasury Bonds and FXTN bearing interest rates ranging from 3.9% to 4.8% per annum. These securities are fully guaranteed by the government of the Republic of the Philippines.

The allocation of the fair value of the assets for the PLDT pension plan as at March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
	(in percentage)	
Investments in listed and unlisted equity securities	**92**	92
Temporary cash investments	**3**	3
Debt and fixed income securities	**2**	2
Mutual funds	**2**	2
Receivables and other assets	**1**	1
	100	100

Defined Contribution Plans

Smart's and certain of its subsidiaries' contributions to the plan are made based on the employees' years of tenure and range from 5% to 10% of the employee's monthly salary. Additionally, an employee has an option to make a personal contribution to the fund, at an amount not exceeding 10% of his monthly salary. The employer then provides an additional contribution to the fund ranging from 10% to 50% of the employee's contribution based on the employee's years of tenure. Although the plan has a defined contribution format, Smart and certain of its subsidiaries regularly monitor their compliance with Republic Act No. 7641. As at March 31, 2025 and December 31, 2024, Smart and certain of its subsidiaries were in compliance with the requirements of Republic Act No. 7641.

Smart's and certain of its subsidiaries' actuarial valuation is performed every year-end. There is no significant change in the fair value of plan assets for the three months ended March 31, 2025. Based on the latest actuarial valuation, the actual present value of prepaid benefit costs as at March 31, 2025 and December 31, 2024, and net periodic benefit costs and average assumptions used in developing the valuation as at and for the three months ended March 31, 2025 and 2024 and for year ended December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Changes in the present value of defined contribution obligations:		
Present value of defined contribution obligations at beginning of the period	**3,235**	2,800
Service costs	**62**	294
Interest costs on contribution obligation	**—**	174
Actuarial gains on obligations – economic assumptions	**—**	(1)
Actuarial losses on obligations – experience	**—**	254
Actual benefits paid/settlements	**—**	(89)
Curtailment and others	**22**	(197)
Present value of defined contribution obligations at end of the period	**3,319**	3,235
Changes in fair value of plan assets:		
Fair value of plan assets at beginning of the period	**4,053**	3,618
Actual contributions	**58**	243
Interest income on plan assets	**—**	223
Return on plan assets (excluding amount included in net interest)	**—**	56
Actual contribution paid/settlements	**(149)**	(87)
Fair value of plan assets at end of the period	**3,962**	4,053
Funded status – net	**643**	818
Prepaid contribution costs (Note 18)	**643**	818

	March 31,	
	2025	2024
	(Unaudited)	
Components of net periodic contribution costs:		
Service costs	**62**	74
Interest costs - net	**—**	—
Net periodic contribution costs	**62**	74

Actual net income on plan assets amounted to nil for the three months ended March 31, 2025 and 2024.

Based on the latest actuarial valuation, Smart and certain of its subsidiaries expect to contribute the amount of approximately Php317 million to the plan.

The following table sets forth the expected future settlements by the Plan of maturing defined contribution obligation as at March 31, 2025:

	(in million pesos)
2025 [(1)]	**119**
2026	**187**
2027	**201**
2028	**275**
2029	**284**
2030 to 2034	**2,531**

(1) *From April 1, 2025 to December 31, 2025.*

The average duration of the defined contribution obligation at the end of the reporting period is 10 years.

The weighted average assumptions used to determine pension benefits for the three months ended March 31, 2025 and 2024 are as follows:

	March 31,	
	2025	2024
	(Unaudited)	
	(in percentage)	
Rate of increase in compensation	**5.0**	5.0
Discount rate	**6.3**	7.3

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined contribution obligation as at March 31, 2025 and December 31, 2024, assuming if all other assumptions were held constant:

	Increase (Decrease)	
	(in percentage)	(in million pesos)
Discount rate	**1**	**33**
	(1)	**(33)**
Future salary increases	**(1)**	**(33)**
	1	**33**

Smart's Retirement Plan

The fund is being managed and invested by BPI Asset Management and Trust Corporation, as Trustee, pursuant to an amended trust agreement dated February 21, 2012.

The plan's investment portfolio seeks to achieve regular income, long-term capital growth and consistent performance over its own portfolio benchmark. In order to attain this objective, the Trustee's mandate is to invest in a diversified portfolio of bonds and equities, both domestic and international. The portfolio mix is kept at 70% and 30% for fixed income securities and equity securities, respectively.

The following table sets forth the fair values, which are equal to the carrying values, of Smart's plan assets recognized as at March 31, 2025 and December 31, 2024:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Noncurrent Financial Assets		
Investments in:		
Domestic fixed income	**2,567**	2,655
International equities	**957**	854
Philippine foreign currency bonds	**839**	753
Domestic equities	**709**	738
International fixed income	**296**	295
Total noncurrent financial assets	**5,368**	5,295
Current Financial Assets		
Cash and cash equivalents	**168**	284
Total current financial assets	**168**	284
Total plan assets	**5,536**	5,579
Less: Employee's share, forfeitures and mandatory reserve account	**1,574**	1,526
Total Plan Assets of Defined Contribution Plans	**3,962**	4,053

Domestic Fixed Income

Investments in domestic fixed income include Philippine Peso denominated bonds, such as government securities and corporate debt securities, with fixed interest rates from 3.36% to 12.13% per annum.

International Equities

Investments in international equities include exchange traded funds in iSHARES Core MSCI World UCITS ETF USD and Invesco QQQ ETF USD.

Philippine Foreign Currency Bonds

Investments in Philippine foreign currency bonds include U.S. Dollar denominated fixed income instruments issued by the Philippine government and local corporations with fixed interest rates from 2.38% to 9.50% per annum.

Domestic Equities

Investments in domestic equities include direct equity investments in common shares listed in the PSE. These investments earn on stock price appreciation and dividend payments. This includes investment in PLDT shares with fair value of Php37 million and Php38 million as at March 31, 2025 and December 31, 2024, respectively.

International Fixed Income

Investments in international fixed income include iSHARES U.S. Treasury Bond ETF, PIMCO GIS Global Bond Fund, PIMCO GIS Global Investors Series – US Short term Fund, and US Sovereigns FVTPL – US T-bills.

Cash and Cash Equivalents

This pertains to the fund's excess liquidity in Philippine Peso and U.S. Dollars including investments in time deposits, money market funds and other deposit products of banks with duration or tenor less than a year.

The asset allocation of the Plan is set and reviewed from time to time by the Plan Trustees taking into account the membership profile, the liquidity requirements of the Plan and risk appetite of the Plan sponsor. This considers the expected benefit cash flows to be matched with asset durations.

The plan assets are primarily exposed to financial risks such as liquidity risk and price risk.

Liquidity risk pertains to the Plan's ability to meet its obligation to the employees upon retirement. To effectively manage liquidity risk, the Plan Trustees invest a portion of the fund in readily tradeable and liquid investments which can be sold at any given time to fund liquidity requirements.

Price risk pertains mainly to fluctuations in market prices of equity securities listed in the PSE. In order to effectively manage price risk, the Plan Trustees continuously assess these risks by closely monitoring the market value of the securities and implementing prudent investment strategies.

The allocation of the fair value of Smart and certain of its subsidiaries' pension plan assets as at March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in percentage)	
Investments in debt and fixed income securities and others	**70**	71
Investments in listed and unlisted equity securities	**30**	29
	100	100

Other Long-term Employee Benefits

LTIP

The ECC approved on December 23, 2021 the LTIP covering the years 2022 to 2026, covering two cycles, based on the achievement of telco core income targets, with additional performance metrics on Customer Experience and Sustainability to impact the LTIP payout. Cycle 1 covered the performance period from 2022 to 2024 and was settled in 2025 based on the achievement of performance targets. Cycle 2 covers the performance period from 2025 and 2026 and is subject to the ECC's further evaluation and approval of the final terms.

This long-term employee benefit liability was recognized and measured using the projected unit credit method and was amortized on a straight-line basis over the vesting period.

The expense accrued for the LTIP amounted to nil and Php298 million for the three months ended March 31, 2025 and 2024, respectively.

The accrued incentive payable amounted to Php2,906 million and Php3,406 million as at March 31, 2025 and December 31, 2024, respectively. See *Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions – Estimating Pension Benefit Costs and Other Employee Benefits* and *Note 5 – Income and Expenses – Compensation and Employee Benefits*.

26. Provisions and Contingencies

PLDT's Local Business and Franchise Tax Assessments

As at March 31, 2025, PLDT has no contested LGU assessments for franchise taxes based on gross receipts received or collected for services within its respective territorial jurisdiction.

Smart's Local Business and Franchise Tax Assessments

Province of Cagayan
The Province of Cagayan, or the Province, issued a tax assessment against Smart in 2016 for alleged local franchise tax covering years 2011 to 2015. Smart appealed the assessment to the Regional Trial Court, or RTC, on the ground that Smart cannot be held liable for local franchise tax mainly because it has no sales office within the Province pursuant to Section 137 of the Local Government Code (Republic Act No. 7160). The RTC rendered its Decision on November 29, 2021 dismissing the appeal of Smart for lack of jurisdiction without prejudice. Subsequently, a motion for reconsideration was filed by the Province. On April 25, 2023, the RTC ruled in favor of the Province and denied Smart's subsequent Motion for Reconsideration. On May 24, 2023, Smart filed its Petition for Review before the Court of Tax Appeals. On June 27, 2023, the Second Division of the CTA, in a resolution, ordered the Province to file their Comment to the Petition for Review filed by Smart. The same was complied with. On December 14, 2023, Smart filed its Memorandum requesting for favorable decision by stating all legal and factual bases. On March 12, 2025, Smart received a Decision from the CTA Second Division. The CTA Division ruled in favor of Smart. As of this writing, the company is waiting for finality of judgement or the filing of motion for reconsideration from the Province of Cagayan.

City of Makati
The City of Makati sent letters to Smart and SBI for alleged franchise tax liability, which Smart and SBI refuted through respective protest letters and judicial actions on the ground that Makati City is imposing tax on revenues outside its jurisdiction. After several court proceedings, on March 2, 2023, the City of Makati, Smart and SBI, mutually agreed to execute respective Compromise Agreements to abbreviate the long and protracted court cases. On March 17, 2023, the court approved the Compromise Agreement. Pursuant thereto, on March 28, 2023 and June 30, 2023, external counsels informed Smart and SBI, respectively, that the Courts approved Compromise Agreements, which eventually ended the cases. On April 27, 2023, the City of Makati issued the Business Permits of Smart and SBI. For 2024 and 2025, all Business Permits were issued by the City of Makati to Smart and SBI.

Digitel's Local Government Unit, or LGU, Assessments

Digitel is discussing with various LGUs as to the settlement of its local taxes.

DMPI vs. City of Trece Martires

DMPI petitioned in 2010 to declare void the City of Trece Martires' ordinance of imposing tower fee of Php150 thousand for each cell site every year. Application for the issuance of a preliminary injunction by DMPI is pending resolution as of the date of this report.

ACeS Philippines' Withholding Tax Assessments

ACeS Philippines had a case filed with the Supreme Court (*ACeS Philippines Satellite Corporation vs. Commissioner of Internal Revenue* Supreme Court G.R. No. 226680) for alleged 2006 deficiency withholding tax. On July 23, 2014, the CTA Second Division affirmed the assessment of the Commissioner of Internal Revenue for deficiency basic withholding tax, surcharge plus deficiency interest, and delinquency interest amounting to Php87 million. On November 18, 2014, ACeS Philippines filed a Petition for Review with the CTA En Banc. On August 16, 2016, the CTA En Banc also affirmed the assessment with finality. On October 19, 2016, ACeS Philippines filed a petition before the Supreme Court assailing the decision of the CTA. On February 23, 2017 and March 15, 2017, respectively, the Company paid a compromise settlement amounting to Php27 million and filed a formal request for compromise of tax liabilities before the Bureau of Internal Revenue, or BIR, while the case is pending before the Supreme Court.

ACeS Philippines entered into an amicable settlement with the BIR on February 19, 2021 pursuant to the provisions of the Civil Code of the Philippines and paid an additional compromise settlement amounting to Php20 million. The Commissioner of Internal Revenue signed the judicial compromise agreement on April 18, 2021. The corresponding Certificate of Availment (Compromise Settlement) was issued by the BIR. The parties filed with the Supreme Court on July 21, 2022 a Joint Motion for Judgment based on Judicial Compromise Agreement. On January 31, 2023, ACeS Philippines received the Decision of the Supreme Court dated August 30, 2022 affirming the decision of the CTA En Banc. On February 15, 2023, ACeS Philippines filed its Motion for Reconsideration praying to consider the Joint Motion for Judgment based on Judicial

Compromise Agreement filed on July 21, 2022. In a Notice dated February 21, 2023, the Supreme Court required the BIR to comment on the Motion for Reconsideration (on the Decision dated August 30, 2022). The BIR filed its Comment dated March 13, 2023 submitting that the Judicial Compromise Agreement executed by and between the parties be considered and judgment be rendered based thereon.

In a Notice received on June 29, 2023, the Supreme Court issued a Resolution dated April 25, 2023 resolving to deny ACeS Philippines' Motion for Reconsideration with finality. The corresponding Entry of Judgment was received on September 20, 2023. While the Supreme Court Decision and Resolution did not mention the Judicial Compromise Agreement, the BIR – National Evaluation Board previously approved ACeS Philippines' application and payment for compromise settlement and issued the Certificate of Availment.

Arbitration with Eastern Telecommunications Philippines, Inc., or ETPI

Since 1990 up to the present, PLDT and ETPI have been engaged in legal proceedings involving a number of issues in connection with their business relationship. Among PLDT's claims against ETPI are ETPI's alleged uncompensated bypass of PLDT's systems from July 1, 1998 to November 28, 2003; unpaid access charges from July 1, 1999 to November 28, 2003; and non-payment of applicable rates for Off-Net and On-Net traffic from January 1, 1999 to November 28, 2003 arising from ETPI's unilateral reduction of its rates for the Philippines-Hong Kong traffic stream through Hong Kong REACH-ETPI circuits. ETPI's claims against PLDT, on the other hand, involve an alleged Philippines-Hong Kong traffic shortfall for the period July 1, 1998 to November 28, 2003; unpaid share of revenues generated from PLDT's activation of additional growth circuits in the Philippines-Singapore traffic stream for the period July 1, 1999 to November 28, 2003; under reporting of ETPI share of revenues under the terms of a Compromise Agreement for the period January 1, 1999 to November 28, 2003 (which ETPI is seeking to retroact to February 6, 1990); lost revenues arising from PLDT's blocking of incoming traffic from Hong Kong from November 1, 2001 up to November 2003; and lost revenues arising from PLDT's circuit migration from January 1, 2001 up to December 31, 2001.

While the parties have entered into Compromise Agreements in the past (one in February 1990 and another in March 1999), said agreements have not put to rest the issues between them. To avoid protracted litigation and to preserve their business relationship, PLDT and ETPI agreed to submit their differences and issues to voluntary arbitration. On April 16, 2008, PLDT and ETPI signed an Arbitration Settlement Agreement and submitted their respective Statement of Claims and Answers. Subsequent to such submissions, PLDT and ETPI agreed to suspend the arbitration proceedings. ETPI's total claim against PLDT is about Php2.9 billion while PLDT's total claim against ETPI is about Php2.8 billion.

In an agreement, PLDT and Globe have agreed that they shall cause ETPI, within a reasonable time after May 30, 2016, to dismiss Civil Case No. 17694 entitled *Eastern Telecommunications Philippines, Inc. vs. Philippine Long Distance Telephone Company*, and all related or incidental proceedings (including the voluntary arbitration between ETPI and PLDT), and PLDT, in turn, simultaneously, shall withdraw its counterclaims against ETPI in the same entitled case, all with prejudice. As of date of this report, there are no changes on the status of the case.

Department of Labor and Employment, or DOLE, Compliance Order, or Order, to PLDT

In a series of orders including a Compliance Order issued by the DOLE Regional Office on July 3, 2017, which was partly affirmed by DOLE Secretary Silvestre Bello, III, or DOLE Secretary, in his resolutions dated January 10, 2018 and April 24, 2018, the DOLE had previously ordered PLDT to regularize 7,344 workers from 38 of PLDT's third party service contractors. PLDT questioned these "regularization orders" before the CA, which led to the July 31, 2018 Decision of the CA.

In sum, the CA: (i) granted PLDT's prayer for an injunction against the regularization orders; (ii) set aside the regularization orders insofar as they declared that there was labor-only contracting of the following functions: (a) janitorial services, messengerial and clerical services; (b) information technology, or IT, firms and services; (c) IT support services, both hardware and software, and applications development; (d) back office support and office operations; (e) business process outsourcing or call centers; (f) sales; and (g) medical, dental engineering and other professional services; and (iii) remanded to the DOLE for further proceedings, the matters of: (a) determining which contractors, and which individuals deployed by these contractors, are performing installation, repair and maintenance, or IRM, of PLDT lines which individuals will be covered by the regularization orders because they are performing the core functions of PLDT; and (b) properly computing monetary awards for benefits such as unpaid overtime or 13th month pay, which in the regularization orders amounted to Php51.8 million.

The CA agreed with PLDT's contention that the DOLE Secretary's regularization order was "tainted with grave abuse of discretion" because it did not meet the "substantial evidence" standards set out by the Supreme Court in landmark jurisprudence. The Court also said that the DOLE's appreciation of evidence leaned in favor of the contractor workers, and that the DOLE Secretary had "lost sight" of distinctions involving the labor law concepts of "control over means and methods," and "control over results."

PLDT filed a motion on August 20, 2018 seeking a partial reconsideration of that part of the CA decision, which ordered a remand to the Office of the Regional Director of the DOLE-National Capital Region of the matter of the regularization of individuals performing installation, repair and maintenance, or IRM, services. In its motion, PLDT argued that the fact-finding process contemplated by the Court's remand order is actually not part of the visitorial power of the DOLE (i.e., the evidence that will need to be assessed cannot be gleaned in the 'normal course' of a labor inspection) and is therefore, outside the jurisdiction of the DOLE Secretary.

PLDT also questioned that part of the CA ruling which seems to conclude that all IRM jobs are "regular or core functions of PLDT." It argued that the law recognizes that some work of this nature can be project-based or seasonal in nature. Instead of the DOLE, PLDT suggested that the National Labor Relations Commission – a tribunal with better fact-finding powers – take over from the DOLE to determine whether the jobs are in fact IRM, and if so, whether they are "regular" or can be considered project-based or seasonal.

Both adverse parties, the PLDT rank-and-file labor union *Manggagawa sa Komunikasyon ng Pilipinas,* or MKP, and the DOLE filed Motions for Reconsideration.

The CA issued a Resolution on February 14, 2019 denying all Motions for Reconsideration and upheld its July 31, 2018 Decision. After filing a Motion for Extension of Time on March 7, 2019, PLDT filed on April 5, 2019 a Petition for Review with the Supreme Court, questioning only one aspect of the CA decision i.e. its order remanding to the DOLE the determination of which jobs fall within the scope of "installation, repair and maintenance," without however a qualification as to the "project" or "seasonal" nature of those engagements. The Supreme Court has consolidated PLDT's Petition with the separate Petitions for Review filed by the DOLE and MKP. PLDT submitted on February 17, 2020 its Comment on the Petitions for Review filed by the DOLE Secretary and MKP. PLDT also received the Comment filed by MKP and the DOLE Secretary dated January 13, 2020 and September 3, 2020, respectively. PLDT filed on September 10, 2020 a Motion for Leave and for Time to File a Consolidated Reply (re: MKP's Comment dated January 13, 2020 and DOLE Secretary's Comment dated September 3, 2020). PLDT filed on December 23, 2020 its Reply to the Comment submitted by MKP and the DOLE Secretary. PLDT received DOLE's Reply dated March 2, 2021 on March 11, 2021.

On March 20, 2024, we received the Supreme Court's Decision dated February 14, 2024, dismissing PLDT's, DOLE's and MKP's petitions and affirming the Court of Appeal's July 31, 2018 Resolution.

The Supreme Court affirmed the Court of Appeals' modification of the DOLE Secretary's Resolution and set aside the orders to regularize the workers of PLDT's service contractors, except those performing "installation, repair, and maintenance" services, who may be declared regular employees of PLDT subject to various terms of the remand of the SAVE proceedings to the DOLE NCR Regional Office.

For clarity, the Supreme Court remanded the case to the Office of the Regional Director of the DOLE – NCR and ordered the said office to: (a) review and properly determine the effects of the regularization of the workers performing "installation, repair and maintenance" services; (b) review, compute, and properly determine, the monetary award on the labor standards violation, to which PLDT, and the concerned contractors are solidarily liable; and (c) conduct further appropriate proceedings, consistent with the February 14, 2024 Decision.

On April 4, 2024, we filed PLDT's Motion for Partial Reconsideration of even date and on April 16, 2024, PLDT received a copy of MKP's Motion for Partial Reconsideration. To date, the Motions for Partial Reconsideration are pending resolution before the Supreme Court.

Attys. Baquiran and Tecson vs. NTC, et al.

This is a Petition for Mandamus filed on October 23, 2018 by Attys. Joseph Lemuel Baligod Baquiran and Ferdinand C. Tecson against the Respondents NTC, the PCC, Liberty, BellTel, Globe, PLDT and Smart. Briefly, the case involves the 700 MHz frequency, among others, or Subject Frequencies, that was originally assigned to Liberty and which eventually became subject of the Co-Use Agreement between Globe, on the one hand, and PLDT and Smart, on the other, or the Co-Use Agreement.

The Petition prayed that: (a) a Temporary Restraining Order, or TRO, /Writ of Preliminary Injunction, or WPI, be issued to enjoin and restrain Globe, PLDT and Smart from utilizing and monopolizing the Subject Frequencies and the NTC from bidding out or awarding the frequencies returned by PLDT, Smart and Globe; (b) the NTC's conditional assignment of the Subject Frequencies be declared unconstitutional, illegal and void; (c) alternatively, Liberty and its successors-in-interest be divested of the Subject Frequencies and the same be reverted to the State; (d) Liberty be declared to have transgressed Section 11 (1), Article XVI of the Constitution; (e) Liberty and its parent company be declared to have contravened paragraph 2 of Section 10, Article XII of the 1987 Constitution; (f) Liberty's assignment of the Subject Frequencies to BellTel be declared illegal and void; (g) the Co-Use Agreement be declared invalid; (h) the NTC be found to have unlawfully neglected the performance of its positive duties; (i) the PCC be found to have unlawfully neglected the performance of its positive duties;

(j) a Writ of Mandamus be issued commanding the NTC to revoke the Co-Use Agreement, recall the Subject Frequencies in favor of the State, and make the same available to the best qualified telecommunication players; (k) a Writ of Mandamus be issued commanding the PCC to conduct a full review of PLDT's and Globe's acquisition of all issued and outstanding shares of Vega Telecom; (l) an Investigation of NTC be ordered for possible violation of Section 3 (e) of Republic Act No. 3019 and other applicable laws; and (m) the said TRO/WPI be made permanent.

Essentially, petitioners contend that the NTC's assignments of the Subject Frequencies of Liberty were void for failing to comply with Section 4 (c) of Republic Act No. 7925 which essentially states that "the radio frequency spectrum is a scarce public resource xxx." Even assuming the assignments were valid, Liberty should be deemed divested of the same by operation of law (with the Subject Frequencies reverted to the State), considering that it underutilized or never utilized the Subject Frequencies in violation of the terms and conditions of the assignments. Assuming further that the NTC's assignments of the Subject Frequencies were valid, and that Liberty was not divested of the same by operation of law, still, Liberty did not validly assign the Subject Frequencies to BellTel because of the absence of Congressional approval. Petitioners conclude that since the assignments of the Subject Frequencies from the NTC to Liberty, and from Liberty to BellTel, were all illegal and void, it follows that the Subject Frequencies could not serve as the object of the Co-Use Agreement between PLDT, Smart and Globe.

PLDT filed on November 23, 2018 an Entry of Appearance on behalf of PLDT and Smart. PLDT and Smart filed their Comment on January 17, 2019. Essentially, the Comment raised the following arguments: *first*, that the requisites for judicial review and for a mandamus petition are lacking; *second*, that there was no need for Liberty to obtain prior Congressional approval before it assigned the Subject Frequencies to BellTel; and *third*, that the Co-Use Agreement is valid and approved by the NTC and did not violate the Constitution or any laws.

PLDT received a copy of BellTel's Comment/Opposition dated January 10, 2019 on January 15, 2019. PLDT received a copy of Globe Telecom, Inc.'s, or Globe's Comment/Opposition dated January 21, 2019 on February 12, 2019. In a Resolution dated March 19, 2019, the Supreme Court noted the aforesaid filings. As at the date of the report, however, PLDT has not received any pleadings from the OSG on behalf of the public respondents.

The Supreme Court issued on June 18, 2019 a Resolution consolidating this case with G.R. No. 230798 (Philippine Competition Commission vs. CA [Twelfth Division] and PLDT; Globe, intervenor) and G.R. No. 234969 (Philippine Competition Commission vs. PLDT and Globe). The consolidated cases were assigned to the Supreme Court Division in charge of G.R. No. 230798, the case with the lowest docket number.

On September 17, 2024, PLDT received a Notice of Resolution dated August 6, 2024 issued by the Supreme Court requiring the parties to move in the premises within ten (10) days from notice. PLDT, Liberty Broadcasting and Globe filed their respective compliances.

DITO, PCC and NTC Complaints

DITO filed a petition with the NTC on September 22, 2021 seeking the latter's intervention in directing Smart to grant DITO's request for additional capacity for interconnection. In response, Smart filed an answer on October 4, 2021 stating that the petition should be denied for DITO's failure to prevent, detect, or block International Simple Resale, or ISR,/Bypass Traffic emanating from its network and DITO's failure to set up an effective fraud management system; and requesting for compensation for losses incurred due to these ISR/ bypass activities, in violation of its Interconnection Agreement with Smart, the provisions of R.A. No. 7925, and NTC MC No. 14-07-2000. The NTC facilitated mediation conferences on November 5, 2021, November 18, 2021, February 4, 2022, and February 16, 2022. On March 6, 2024, Smart filed a Manifestation informing the NTC that Smart already provided additional capacity for interconnection to DITO, and that Smart and DITO executed a memorandum of agreement on bypass activities. On May 9, 2024, Smart filed a Motion to Dismiss in light of the aforementioned supervening events.

Following news reports on August 8, 2022 that DITO had filed a complaint with the PCC against Globe and Smart involving the same issue pending with the NTC on ISR, Smart received a *subpoena duces tecum* dated December 7, 2022 ("December Subpoena") from the PCC Competition Enforcement Office in relation to an ongoing full administrative investigation involving the telecommunications industry. The subpoena notified Smart that it was the subject of ongoing investigation pursuant to Section 2.9 of the 2017 PCC Rules of Procedure, involving allegations of violations by Smart of Section 14(b)(1), 15(b), 15(c) and 15(i) of the Philippine Competition Act. Smart was directed to submit its corporate documents, documents and information pertaining to its operations as a PTE and its relationship with other PTEs, and documents and information on ISR. to the PCC on January 23, 2023, followed by the submission of a supplemental submission on January 27, 2023. On May 26, 2023, Smart received a *subpoena ad testificandum* from the PCC directing duly authorized representative(s) knowledgeable on: (i) Smart's operations, including but not limited to interconnection with other public telecommunications entities, products and services offered, and corporate structure; and (ii) submitted documents in relation to the December Subpoena, to appear before the PCC Enforcement Office on June 8, 2023. Accordingly, Smart representatives appeared before the PCC on the said date for the clarificatory hearing. On July 4, 2023, Smart received a PCC Resolution setting another hearing and requiring Smart's representatives to appear and address pending matters on competitor information, market distinction between postpaid and prepaid services, network coverage, interconnection agreements, clarificatory questions on documents already submitted, and other related matters. Accordingly, representatives attended the clarificatory hearings before the PCC on July 20 and November 20, 2023. On January 19, 2024, DITO informed Smart that it had signed the Memorandum of Agreement (Cooperation Against Bypass Activity) and provided a fully-signed copy on said date. On March 2, 2024, Smart filed a Manifestation informing the PCC-Competition Enforcement Office (PCC-CEO) that an agreement had been reached with DITO on bypass activities and that DITO acknowledged its ISR liabilities for 2021 to August 2023. Smart filed another Manifestation on March 8, 2024, informing the PCC-CEO that it granted DITO additional capacity for interconnection following the execution of the agreement on bypass activities. Smart has not received any subsequent order or resolution from the PCC. On March 18, 2025, Smart received another Subpoena Duces Tecum from the PCC-CEO, directing it to submit documents and information on or before April 11, 2025 pertaining to its operations as a PTE and its relationship with other PTEs for the period of March 2021 to December 2024. On April 11, 2025, Smart requested for an additional thirty (30) days to comply with the Subpoena. Thereafter, on May 13, 2025, Smart filed its Compliance to the PCC-CEO's Subpoena.

Other disclosures required by PAS 37*, Provisions, Contingent Liabilities and Contingent Assets*, were not provided as it may prejudice our position in on-going claims, litigations and assessments. See *Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions – Provision for legal contingencies and tax assessments*.

27. Financial Assets and Liabilities

We have various financial assets such as trade and non-trade receivables, cash and short-term deposits. Our principal financial liabilities, other than derivatives, comprise of bank loans, lease liabilities, trade and non-trade payables. The main purpose of these financial liabilities is to finance our operations. We also enter into derivative transactions, primarily principal only-currency swap agreements, interest rate swaps and forward foreign exchange contracts and options to manage the currency and interest rate risks arising from our operations and sources of financing. Our accounting policies in relation to derivatives are set out in *Note 2 – Summary of Material Accounting Policies – Financial Instruments*.

The following table sets forth our consolidated financial assets and financial liabilities as at March 31, 2025 and December 31, 2024:

	Financial instruments at amortized cost	Financial instruments at FVPL	Total financial instruments
	(in million pesos)		
Assets as at March 31, 2025 (Unaudited)			
Noncurrent:			
Financial assets at fair value through profit or loss	—	1,097	1,097
Debt instruments at amortized cost – net of current portion	350	—	350
Derivative financial assets – net of current portion	—	419	419
Other financial assets – net of current portion	3,122 [1]	—	3,122
Current:			
Cash and cash equivalents	13,759	—	13,759
Short-term investments	100	—	100
Trade and other receivables	31,362	—	31,362
Current portion of derivative financial assets	—	28	28
Current portion of debt instruments at amortized cost	45	—	45
Current portion of other financial assets	759 [1]	—	759
Total assets	49,497	1,544	51,041
Liabilities as at March 31, 2025 (Unaudited)			
Noncurrent:			
Interest-bearing financial liabilities – net of current portion	262,901	—	262,901
Lease liabilities – net of current portion	46,231	—	46,231
Customers' deposits	2,002	—	2,002
Deferred credits and other noncurrent liabilities	96	—	96
Current:			
Accounts payable	54,464	—	54,464
Accrued expenses and other current liabilities	69,500	2	69,502
Current portion of interest-bearing financial liabilities	20,165	—	20,165
Current portion of lease liabilities	7,584	—	7,584
Dividends payable	12,135	—	12,135
Current portion of derivative financial liabilities	—	630	630
Liabilities associated with assets classified as held-for-sale	1,687	—	1,687
Total liabilities	476,765	632	477,397
Net assets (liabilities)	(427,268)	912	(426,356)

[1] *Includes refundable deposits and notes receivable.*

	Financial instruments at amortized cost		Financial instruments at FVPL	Total financial instruments
			(in million pesos)	
Assets as at December 31, 2024 (Audited)				
Noncurrent:				
Financial assets at fair value through profit or loss	—		1,101	1,101
Debt instruments at amortized cost – net of current portion	370		—	370
Derivative financial assets – net of current portion	—		385	385
Other financial assets – net of current portion	3,126	[(1)]	—	3,126
Current:				
Cash and cash equivalents	10,011		—	10,011
Short-term investments	136		—	136
Trade and other receivables	31,612		—	31,612
Current portion of derivative financial assets	—		30	30
Current portion of debt instruments at amortized cost	25		—	25
Current portion of other financial assets	831	[(1)]	—	831
Total assets	46,111		1,516	47,627
Liabilities as at December 31, 2024 (Audited)				
Noncurrent:				
Interest-bearing financial liabilities – net of current portion	258,246		—	258,246
Lease liabilities – net of current portion	46,703		—	46,703
Customers' deposits	2,046		—	2,046
Deferred credits and other noncurrent liabilities	90		—	90
Current:				
Accounts payable	61,204		—	61,204
Accrued expenses and other current liabilities	70,795		2	70,797
Current portion of interest-bearing financial liabilities	23,340		—	23,340
Current portion of lease liabilities	7,335		—	7,335
Dividends payable	2,005		—	2,005
Current portion of derivative financial liabilities	—		97	97
Liabilities associated with assets classified as held-for-sale	1,615		—	1,615
Total liabilities	473,379		99	473,478
Net assets (liabilities)	(427,268)		1,417	(425,851)

[(1)] *Includes refundable deposits and notes receivable.*

The following table sets forth our consolidated offsetting of financial assets and liabilities recognized as at March 31, 2025 and December 31, 2024:

	Gross amounts of recognized financial assets and liabilities	Gross amounts of recognized financial assets and liabilities set-off in the consolidated statements of financial position	Net amount presented in the consolidated statements of financial position
		(in million pesos)	
March 31, 2025 (Unaudited)			
Current Financial Assets			
Trade and other receivables			
Foreign administrations	**2,772**	**1,422**	**1,350**
Domestic carriers	**360**	**104**	**256**
Total	**3,132**	**1,526**	**1,606**
Current Financial Liabilities			
Accounts payable			
Suppliers and contractors	**52,679**	**88**	**52,591**
Carriers and others	**5,431**	**3,909**	**1,522**
Total	**58,110**	**3,997**	**54,113**
December 31, 2024 (Audited)			
Current Financial Assets			
Trade and other receivables			
Foreign administrations	2,536	1,359	1,177
Domestic carriers	356	100	256
Total	2,892	1,459	1,433
Current Financial Liabilities			
Accounts payable			
Suppliers and contractors	58,613	89	58,524
Carriers and others	8,359	5,825	2,534
Total	66,972	5,914	61,058

There are no financial instruments subject to an enforceable master netting arrangement as at March 31, 2025 and December 31, 2024.

The following table sets forth our consolidated carrying values and estimated fair values of our financial assets and liabilities recognized as at March 31, 2025 and December 31, 2024 other than those whose carrying amounts are reasonable approximations of fair values:

	Carrying Value		Fair Value	
	March 31, 2025	December 31, 2024	**March 31, 2025**	December 31, 2024
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
	(in million pesos)			
Noncurrent Financial Assets				
Debt instruments at amortized cost	**350**	370	**355**	363
Other financial assets – net of current portion	**3,122**	3,126	**2,787**	2,703
Total	**3,472**	3,496	**3,142**	3,066
Noncurrent Financial Liabilities				
Interest-bearing financial liabilities:				
Long-term debt – net of current portion	**262,901**	258,246	**254,507**	246,572
Customers' deposits	**2,002**	2,046	**1,285**	1,311
Deferred credits and other noncurrent liabilities	**96**	90	**78**	79
Total	**264,999**	260,382	**255,870**	247,962

Below is the list of our consolidated financial assets and liabilities carried at fair value that are classified using a fair value hierarchy as required for our complete sets of consolidated financial statements as at March 31, 2025 and December 31, 2024. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with those financial statements.

	March 31, 2025 (Unaudited)				December 31, 2024 (Audited)			
	Level 1[(1)]	**Level 2[(2)]**	**Level 3[(3)]**	**Total**	Level 1[(1)]	Level 2[(2)]	Level 3[(3)]	Total
	(in million pesos)							
Noncurrent Financial Assets								
Financial assets at FVPL	—	**1,094**	**3**	**1,097**	—	1,098	3	1,101
Derivative financial assets – net of current portion	—	**419**	—	**419**	—	385	—	385
Current Financial Assets								
Current portion of derivative financial assets	—	**28**	—	**28**	—	30	—	30
Total	—	**1,541**	**3**	**1,544**	—	1,513	3	1,516
Current Financial Liabilities								
Accrued expenses and other current liabilities	—	**2**	—	**2**	—	2	—	2
Current portion of derivative financial liabilities	—	**630**	—	**630**	—	97	—	97
Total	—	**632**	—	**632**	—	99	—	99

(1) *Fair values determined using observable market inputs that reflect quoted prices in active markets for identical assets or liabilities.*
(2) *Fair values determined using inputs other than quoted market prices that are either directly or indirectly observable for the assets or liabilities.*
(3) *Fair values determined using discounted values of future cash flows for the assets or liabilities.*

As at March 31, 2025 and December 31, 2024, there were no transfers into and out of Level 3 and between Level 1 and Level 2 fair value measurements.

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

Long-term financial assets and liabilities:

Fair value is based on the following:

Type	Fair Value Assumptions	Fair Value Hierarchy
Noncurrent portion of advances and other noncurrent assets	Estimated fair value is based on the discounted values of future cash flows using the applicable zero-coupon rates plus counterparties' credit spread.	Level 3
Fixed rate loans: U.S. Dollar notes	Quoted market price.	Level 1
Investment in debt securities	Fair values were determined using quoted prices. For non-quoted securities, fair values were determined using discounted cash flow based on market observable rates.	Level 1 Level 2
Other loans in all other currencies	Estimated fair value is based on the discounted value of future cash flows using the applicable Commercial Interest Reference Rate and BVAL rates for similar types of loans plus PLDT's credit spread.	Level 3
Variable rate loans	The carrying value approximates fair value because of recent and regular repricing based on market conditions.	Level 2

Derivative Financial Instruments

Forward foreign exchange contracts, foreign currency swaps, foreign currency options and interest rate swaps: The fair values were computed as the present value of estimated future cash flows using market U.S. Dollar and Philippine Peso interest rates as at valuation date.

The valuation techniques considered various inputs including the credit quality of counterparties.

Due to the short-term nature of the transactions, the fair value of cash and cash equivalents, short-term investments, trade and other receivables, accounts payable, accrued expenses and other current liabilities and dividends payable approximate their carrying values as at the end of the reporting period.

Our derivative financial instruments are accounted for as either cash flow hedges or transactions not designated as hedges. Cash flow hedges refer to those transactions that hedge our exposure to variability in cash flows attributable to a particular risk associated with a recognized financial asset or liability and exposures arising from forecast transactions. Changes in the fair value of these instruments representing effective hedges are recognized directly in other comprehensive income until the hedged item is recognized in our consolidated income statements. For transactions that are not designated as hedges, any gains or losses arising from the changes in fair value are recognized directly to income for the period.

As at March 31, 2025 and December 31, 2024, we have taken into account the counterparties' credit risks (for derivative assets) and our own non-performance risk (for derivative liabilities) and have included a credit or debit valuation adjustment, as appropriate, by assessing the maximum credit exposure and taking into account market-based inputs which considers the risk of default occurring and corresponding losses once the default event occurs. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

The table below sets out the information about our consolidated derivative financial instruments as at March 31, 2025 and December 31, 2024:

	Original Notional Amount	Trade Date	Underlying Transaction in U.S. Dollar	Termination Date	Weighted Average Hedge Cost	Weighted Average Foreign Exchange Rate	March 31, 2025 (Unaudited) Notional Amount	March 31, 2025 (Unaudited) Net Mark-to-market Gains (Losses) in Php	December 31, 2024 (Audited) Notional Amount	December 31, 2024 (Audited) Net Mark-to-market Gains (Losses) in Php
	(in millions)		(in millions)						(in millions)	
Transactions not designated as hedges:										
PLDT										
Forward foreign exchange contracts	US$1,191	Various dates in 2023 and 2024	U.S. Dollar Liabilities	Various dates in 2024	—	Php56.93	**US$—**	**—**	US$—	—
	US$303	Various dates in October to December 2024	U.S. Dollar Liabilities	Various dates in January to July 2025	—	Php58.45	**190**	**(282)**	303	(10)
	US$14	Various dates in October to December 2024	U.S. Dollar Revenues	Various dates in July to December 2025	—	Php58.65	**(14)**	**16**	14	(2)
	US$93	Various dates in January to March 2025	U.S. Dollar Liabilities	Various dates in July to August 2025	—	Php58.51	**118**	**(127)**		
	US$90	Various dates in April and May 2025	U.S. Dollar Liabilities	Various dates in September to November 2025	—	Php56.77	**—**	**—**	—	—
Foreign exchange options[(a)]	US$18	Various dates in March to September 2024	U.S. Dollar Liabilities	Various dates in September 2024 to February 2025	—	Php56.26	**—**	**—**	2	(1)
					—	Php56.68	**—**	**—**	—	—
					—	Php57.68	**—**	**—**	—	—
	US$8	Various dates in December 2024	U.S. Dollar Liabilities	Various dates in April 2025	—	Php57.46	**8**	**2**	8	(2)
					—	Php57.98	**—**	**—**	—	—
					—	Php59.48	**—**	**—**	—	—
	US$6	Various dates in January to March 2025	U.S. Dollar Liabilities	Various dates in April to June 2025	—	Php57.61	**6**	**1**	—	—
					—	Php57.72	**—**	**—**	—	—
					—	Php59.59	**—**	**—**	—	—
	US$8	Various dates in April and May 2025	U.S. Dollar Liabilities	Various dates in September to December 2025	—	Php55.94	**—**	**—**	—	—
					—	Php55.95	**—**	**—**	—	—
					—	Php58.23	**—**	**—**	—	—
								(390)		(15)
Smart										
Forward foreign exchange contracts	US$1,063	Various dates in June 2023 to December 2024	U.S. Dollar Liabilities	Various dates in 2024	—	Php56.66	**US$—**	**—**	US$—	—
	US$204	Various dates in October to December 2024	U.S. Dollar Liabilities	Various dates in January to June 2025	—	Php58.18	**74**	**(103)**	204	31
	US$5	Various dates in October to November 2024	U.S. Dollar Revenues	Various dates in July to October 2025	—	Php58.48	**(5)**	**4**	5	(1)
	US$123	Various dates in January to March 2025	U.S. Dollar Liabilities	Various dates in May to September 2025	—	Php58.26	**123**	**(103)**	—	—
	US$64	Various dates in April 2025	U.S. Dollar Liabilities	Various dates in September to October 2025	—	Php57.23	**—**	**—**	—	—
Foreign exchange options[(b)]	US$49	Various dates in 2023 and 2024	U.S. Dollar Liabilities	Various dates in 2024 and 2025	—	Php55.66 Php56.07 Php57.08	**—**	**—**	4	(3)
	US$4	Various dates in December 2024	U.S. Dollar Liabilities	Various dates in March to April 2025	—	Php57.64 Php57.97 Php59.26	**2**	**1**	4	(1)
	US$37	Various dates in January to March 2025	U.S. Dollar Liabilities	Various dates in April to September 2025	—	Php58.01 Php58.19 Php59.96	**37**	**23**	—	—
	US$2	Various dates in April and May 2025	U.S. Dollar Liabilities	Various dates in September and November 2025	—	Php55.96 Php55.96 Php58.17	**—**	**—**	—	—
								(178)		26
								(568)		11
Transactions designated as hedges:										
PLDT										
Long-term foreign currency options[(c)]	US$290	Various dates in July 2020 and February to March 2021	300M Notes 2031	January 23, 2031	1.20%	Php49.61 Php55.28	**US$334**	**235**	US$334	164
								235		164
Smart										
Long-term foreign currency options[(d)]	US$109	February to April 2021	US$140 PNB Loan	December 13, 2030	1.63%	Php48.00 Php53.34	**US$63**	**150**	US$66	143
								150		143
								385		307
								(183)		318

(a) If the Philippine Peso to U.S. dollar spot exchange rate on fixing date settles between Php56.68 to Php57.68, PLDT will purchase the U.S. Dollar for Php56.68. However, if on maturity, the exchange rate settles above Php57.68, PLDT will purchase the U.S. Dollar for Php56.68 plus the excess above Php57.68, and if the exchange rate is lower than Php56.68, PLDT will purchase the U.S. Dollar at the prevailing Philippine peso to U.S. Dollar spot exchange rate, subject to a floor of Php56.26.

If the Philippine Peso to U.S. dollar spot exchange rate on fixing date settles between Php57.98 to Php59.48, PLDT will purchase the U.S. Dollar for Php57.98. However, if on maturity, the exchange rate settles above Php59.48, PLDT will purchase the U.S. Dollar for Php57.98 plus the excess above Php59.48, and if the exchange rate is lower than Php57.98, PLDT will purchase the U.S. Dollar at the prevailing Philippine peso to U.S. Dollar spot exchange rate, subject to a floor of Php57.46.

If the Philippine Peso to U.S. dollar spot exchange rate on fixing date settles between Php57.72 to Php59.59, PLDT will purchase the U.S. Dollar for Php57.72. However, if on maturity, the exchange rate settles above Php59.59, PLDT will purchase the U.S. Dollar for Php57.72 plus the excess above Php59.59, and if the exchange rate is lower than Php57.72, PLDT will purchase the U.S. Dollar at the prevailing Philippine peso to U.S. Dollar spot exchange rate, subject to a floor of Php57.61.

(b) If the Philippine Peso to U.S. Dollar spot exchange rate on fixing date settles between Php56.07 to Php57.08, Smart will purchase the U.S. Dollar for Php56.07. However, if on maturity, the exchange rate settles above Php57.08, Smart will purchase the U.S. Dollar for Php56.07 plus the excess above Php57.08, and if the exchange rate is lower than Php56.07, Smart will purchase the U.S. Dollar at the prevailing Philippine peso to U.S. Dollar spot exchange rate, subject to a floor of Php55.66.

If the Philippine Peso to U.S. Dollar spot exchange rate on fixing date settles between Php57.97 to Php59.26, Smart will purchase the U.S. Dollar for Php57.97. However, if on maturity, the exchange rate settles above Php59.26, Smart will purchase the U.S. Dollar for Php57.97 plus the excess above Php59.26, and if the exchange rate is lower than Php57.97, Smart will purchase the U.S. Dollar at the prevailing Philippine Peso to U.S. Dollar spot exchange rate, subject to a floor of Php57.64.

If the Philippine Peso to U.S. Dollar spot exchange rate on fixing date settles between Php58.19 to Php59.96, Smart will purchase the U.S. Dollar for Php58.19. However, if on maturity, the exchange rate settles above Php59.96, Smart will purchase the U.S. Dollar for Php58.19 plus the excess above Php59.96, and if the exchange rate is lower than Php58.19, Smart will purchase the U.S. Dollar at the prevailing Philippine Peso to U.S. Dollar spot exchange rate, subject to a floor of Php58.01.

(c) PLDT's long-term foreign currency option agreements outstanding as at March 31, 2025 and December 31, 2024 were designated as cash flow hedges, wherein the effective portion of the movements in fair value is recognized in our consolidated statements of other comprehensive income, while any ineffective portion is recognized immediately in our consolidated income statements. Settlement of the foreign currency option agreements will depend on the spot exchange rate on the fixing date. If the Philippine peso to U.S. dollar spot exchange rate on fixing date is between Php49.61 and Php55.28, PLDT will purchase the U.S. dollar at Php49.61. However, if on fixing date, the exchange rate is beyond Php55.28, PLDT will purchase the U.S. dollar at the prevailing Philippine peso to U.S. dollar spot exchange rate minus a subsidy of Php5.67, and if the exchange rate is lower than Php49.61, PLDT will purchase the U.S. dollar at the prevailing Philippine peso to U.S. dollar spot exchange rate. The mark-to-market gains amounting to Php267 million and Php239 million were recognized in our consolidated statement of other comprehensive income as at March 31, 2025 and December 31, 2024, respectively. Hedge cost accrual on the long-term foreign currency option agreements amounting to Php32 million and Php75 million were recognized as at March 31, 2025 and December 31, 2024, respectively. The intrinsic value of the long-term foreign currency options recognized as other comprehensive income is transferred to profit or loss when the hedged loan is revalued for changes in the foreign exchange rate. The hedge cost portion of the movements in the fair value amounting to Php13 million and Php8 million were recognized in our consolidated income statements for the three months ended March 31, 2025 and 2024, respectively.

(d) Smart's long-term foreign currency option agreements outstanding as at March 31, 2025 and December 31, 2024 were designated as cash flow hedges, wherein the effective portion of the movements in fair value is recognized in our consolidated statements of other comprehensive income, while any ineffective portion is recognized immediately in our consolidated income statements. Settlement of the foreign currency option agreements will depend on the spot exchange rate on the fixing date. If the Philippine Peso to U.S. Dollar spot exchange rate on fixing date is between Php48.00 and Php53.34, Smart will purchase the U.S. Dollar at Php48.00. However, if on fixing date the exchange rate is beyond Php53.34, Smart will purchase the U.S. Dollar for Php48.00 plus the excess above Php53.34, and if the exchange rate is lower than Php48.00, Smart will purchase the U.S. Dollar at the prevailing Philippine Peso to U.S. Dollar spot exchange rate. The mark-to-market gains amounting to Php152 million and Php145 million were recognized in our consolidated statement of other comprehensive income as at March 31, 2025 and December 31, 2024, respectively. Hedge cost accrual on the long-term foreign currency option agreements amounting to Php2 million each was recognized as at March 31, 2025 and December 31, 2024.The intrinsic value of the long-term foreign currency options recognized as other comprehensive income are transferred to profit or loss when the hedged loan is revalued for changes in the foreign exchange rate. The hedge cost portion of the movements in the fair value amounting to Php9 million and Php12 million were recognized in our consolidated income statements for the three months ended March 31, 2025 and 2024, respectively.

Our derivative financial instruments as at March 31, 2025 and December 31, 2024 are presented in the statements of financial position as follows:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Asset:		
Noncurrent assets	**419**	385
Current assets	**28**	30
Liabilities:		
Current liabilities (Note 28)	**(630)**	(97)
Net assets (liabilities)	**(183)**	318

Movements of our consolidated mark-to-market gains (losses) for the three months ended March 31, 2025 and for the year ended December 31, 2024 are summarized as follows:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Net mark-to-market gains (losses) at beginning of the period	**318**	(937)
Gains (Losses) on derivative financial instruments	**(279)**	4,252
Settlements, accretion and others	**(71)**	(934)
Net fair value losses on cash flow hedges charged to other comprehensive income	**(151)**	(2,063)
Net mark-to-market gains (losses) at end of the period	**(183)**	318

Our consolidated analysis of gains (losses) on derivative financial instruments for the three months ended March 31, 2025 and 2024 are as follows:

	March 31,	
	2025	2024
	(Unaudited)	
	(in million pesos)	
Gains (losses) on derivative financial instruments	**(279)**	819
Hedge costs	**(56)**	(58)
Net gains (losses) on derivative financial instruments (Note 5)	**(335)**	761

Financial Risk Management Objectives and Policies

The main risks arising from our financial instruments are liquidity risk, foreign currency exchange risk, interest rate risk and credit risk. The importance of managing those risks has significantly increased in light of the considerable change and volatility in both the Philippine and international financial markets. Our Board of Directors reviews and approves policies for managing each of these risks, which are summarized below. We also monitor the market price risk arising from all financial instruments.

Liquidity Risk

Our exposure to liquidity risk refers to the risk that our financial requirements, working capital requirements and planned capital expenditures will not be met.

We manage our liquidity profile to be able to finance our operations and capital expenditures, service our maturing debts and meet our other financial obligations. To cover our financing requirements, we use internally generated funds and proceeds from debt and equity issues and sales of certain assets.

As part of our liquidity risk management program, we regularly evaluate our projected and actual cash flows, including our loan maturity profiles, and continuously assess conditions in the financial markets for opportunities to pursue fund-raising initiatives. These activities may include bank loans, export credit agency-guaranteed facilities, debt capital and equity market issues.

Any excess funds are primarily invested in short-term and principal-protected bank products that provide flexibility of withdrawing the funds anytime. We also allocate a portion of our cash in longer tenor investments such as fixed income securities issued or guaranteed by the Republic of the Philippines, and Philippine banks and corporates and managed funds. We regularly evaluate available financial products and monitor market conditions for opportunities to enhance yields at acceptable risk levels. Our investments are also subject to certain restrictions contained in our debt covenants. Our funding arrangements are designed to keep an appropriate balance between equity and debt and to provide financing flexibility while enhancing our businesses.

Our cash position remains sufficient to support our planned capital expenditure requirements and service our debt and financing obligations; however, we may be required to finance a portion of our future capital expenditures from external financing sources. We have cash and cash equivalents, and short-term investments amounting to Php13,759 million and Php100 million, respectively, as at March 31, 2025, which we can use to meet our short-term liquidity needs. See *Note 15 – Cash and Cash Equivalents.*

As part of our liquidity management, we assess dividend declarations in light of operating cash flows, funding needs, and financial priorities.

The following table summarizes the maturity profile of our financial assets based on our consolidated undiscounted claims outstanding as at March 31, 2025 and December 31, 2024:

	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
			(in million pesos)		
March 31, 2025 (Unaudited)					
Financial instruments at amortized cost:	***58,663***	***54,915***	***3,560***	***10***	***178***
Debt instruments at amortized cost	**395**	**45**	**340**	**10**	**—**
Other financial assets	**4,157**	**759**	**3,220**	**—**	**178**
Temporary cash investments	**4,598**	**4,598**	**—**	**—**	**—**
Short-term investments	**100**	**100**	**—**	**—**	**—**
Retail subscribers	**16,715**	**16,715**	**—**	**—**	**—**
Corporate subscribers	**21,200**	**21,200**	**—**	**—**	**—**
Foreign administrations	**1,429**	**1,429**	**—**	**—**	**—**
Domestic carriers	**256**	**256**	**—**	**—**	**—**
Dealers, agents and others	**9,813**	**9,813**	**—**	**—**	**—**
Financial instruments at FVPL:	***1,097***	**—**	**—**	**—**	***1,097***
Financial assets at fair value through profit or loss	**1,097**	**—**	**—**	**—**	**1,097**
Total	**59,760**	**54,915**	**3,560**	**10**	**1,275**
December 31, 2024 (Audited)					
Financial instruments at amortized cost:	*55,039*	*51,264*	*3,608*	*10*	*157*
Debt instruments at amortized cost	395	25	360	10	—
Other financial assets	4,236	831	3,248	—	157
Temporary cash investments	1,464	1,464	—	—	—
Short-term investments	136	136	—	—	—
Retail subscribers	17,516	17,516	—	—	—
Corporate subscribers	20,936	20,936	—	—	—
Foreign administrations	1,254	1,254	—	—	—
Domestic carriers	256	256	—	—	—
Dealers, agents and others	8,846	8,846	—	—	—
Financial instruments at FVPL:	*1,101*	—	—	—	*1,101*
Financial assets at fair value through profit or loss	1,101	—	—	—	1,101
Total	56,140	51,264	3,608	10	1,258

The following table summarizes the maturity profile of our financial liabilities based on our consolidated contractual undiscounted obligations outstanding as at March 31, 2025 and December 31, 2024:

	Payments Due by Period				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
	(in million pesos)				
March 31, 2025 (Unaudited)					
Debt [(1)]	***383,244***	***16,789***	***93,921***	***73,603***	***198,931***
Principal	**284,972**	**16,380**	**53,190**	**52,035**	**163,367**
Interest	**98,272**	**409**	**40,731**	**21,568**	**35,564**
Lease obligations	***77,244***	***16,614***	***20,103***	***15,709***	***24,818***
Various trade and other obligations:	***135,361***	***133,258***	***276***	***21***	***1,806***
Suppliers and contractors	**52,626**	**52,591**	**35**	**—**	**—**
Utilities and related expenses	**56,402**	**56,397**	**5**	**—**	**—**
Carriers and others	**1,522**	**1,522**	**—**	**—**	**—**
Employee benefits	**8,407**	**8,407**	**—**	**—**	**—**
Customer deposits	**2,002**	**—**	**175**	**21**	**1,806**
Dividends	**12,135**	**12,135**	**—**	**—**	**—**
Others	**2,267**	**2,206**	**61**	**—**	**—**
Total contractual obligations	**595,849**	**166,661**	**114,300**	**89,333**	**225,555**
December 31, 2024 (Audited)					
Debt [(1)]	*385,962*	*20,335*	*89,028*	*69,915*	*206,684*
Principal	283,575	19,610	47,479	47,561	168,925
Interest	102,387	725	41,549	22,354	37,759
Lease obligations	*77,244*	*16,560*	*19,410*	*16,178*	*25,096*
Various trade and other obligations:	*133,811*	*131,580*	*362*	*24*	*1,845*
Suppliers and contractors	58,568	58,524	44	—	—
Utilities and related expenses	57,029	56,934	95	—	—
Carriers and others	2,534	2,534	—	—	—
Employee benefits	9,246	9,246	—	—	—
Customers' deposits	2,046	—	177	24	1,845
Dividends	2,005	2,005	—	—	—
Others	2,383	2,337	46	—	—
Total contractual obligations	597,017	168,475	108,800	86,117	233,625

[(1)] *Consists of long-term debt including current portion, gross of unamortized debt discount/premium and debt issuance costs.*

Debt

See *Note 20 – Interest-bearing Financial Liabilities – Long-term Debt* for a detailed discussion of our debt.

Our consolidated future minimum lease commitments payable with non-cancellable leases as at as at March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Within one year	**16,614**	16,560
After one year but not more than five years	**35,812**	35,588
More than five years	**24,818**	25,096
Total	**77,244**	77,244

Various Trade and Other Obligations

PLDT Group has various obligations to suppliers for the acquisition of network equipment, contractors for services rendered on various projects, foreign administrations and domestic carriers for the access charges, shareholders for unpaid dividends distributions, employees for benefits and other related obligations, and various business and operational related agreements. Total obligations under these various agreements amounted to approximately Php135,361 million and Php133,811 million as at March 31, 2025 and December 31, 2024, respectively. See *Note 22 – Accounts Payable* and *Note 23 – Accrued Expenses and Other Current Liabilities*.

Commercial Commitments

Major Network Vendors

Since the last quarter of 2022, we have engaged in discussions with the major network vendors regarding the status of the PLDT Group's capital expenditure commitments and related outstanding balances. These discussions resulted in a number of Settlement and Mutual Release Agreements, or SMRAs, signed between us and the vendors, taking into consideration our program priorities and current business requirements. The significant commitment in respect of major network vendors amounted to about Php33,000 million, net of advances, as a result of the signing of the SMRAs in March 2023. As at March 31, 2025, such commitment was reduced to Php4,100 million, net of advances and deliveries.

Moreover, new purchase orders relating to the same major network vendors issued in 2023, 2024 and 2025 amounted to Php18,900 million, net of advances and deliveries.

Other Capital Expenditure Vendors

Commitments related to non-major capital expenditure vendors amounted to Php19,500 million, net of advances and deliveries, as of March 31, 2025.

We have no outstanding commercial commitments, in the form of letters of credit, as at March 31, 2025 and December 31, 2024.

Collateral

There are no pledges as collaterals with respect to our financial liabilities as at as at March 31, 2025 and December 31, 2024.

Foreign Currency Exchange Risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The revaluation of our foreign currency-denominated financial assets and liabilities as a result of the appreciation or depreciation of the Philippine Peso is recognized as foreign exchange gains or losses as at the end of the reporting period. The extent of foreign exchange gains or losses is largely dependent on the amount of foreign currency denominated financial assets and liabilities. While a certain percentage of our revenues are either linked to or denominated in U.S. Dollars, a substantial portion of our capital expenditures, a portion of our indebtedness and related interest expense and a portion of our operating expenses are denominated in foreign currencies, mostly in U.S. Dollars. As such, a strengthening or weakening of the Philippine Peso against the U.S. Dollar will decrease or increase in Philippine Peso terms both the principal amount of our foreign currency-denominated debts and the related interest expense, our foreign currency-denominated capital expenditures and operating expenses as well as our U.S. Dollar-linked and U.S. Dollar-denominated revenues. In addition, many of our financial ratios and other financial tests are affected by the movements in the Philippine Peso to U.S. Dollar exchange rate.

To manage our foreign exchange risks and to stabilize our cash flows in order to improve investment and cash flow planning, we enter into forward foreign exchange contracts, currency swap contracts, currency option contracts and other hedging products aimed at reducing and/or managing the adverse impact of changes in foreign exchange rates on our operating results and cash flows. Further details of the risk management strategy are recognized in our hedge designation documentation. We use forward foreign exchange purchase contracts, currency swap contracts and currency option contracts to manage the foreign currency risks associated with our foreign currency-denominated financial liabilities. We accounted for these instruments as either cash flow hedges, wherein changes in the fair value are recognized in our consolidated other comprehensive income until the hedged transaction affects our consolidated income statements or transactions not designated as hedges, wherein changes in the fair value are recognized directly as income or expense for the year.

The impact of the hedging instruments on our consolidated statements of financial position as at March 31, 2025 and December 31, 2024 are as follows:

	Notional Amount (U.S. Dollar)	Carrying Amount (Php)	Line item in our Consolidated Statements of Financial Position
		(in million pesos)	
March 31, 2025 (Unaudited)			
Long-term foreign currency options	**397**	**419**	Derivative financial assets – net of current portion
	397	**419**	
December 31, 2024 (Audited)			
Long-term foreign currency options	356	384	Derivative financial assets – net of current portion
	356	384	

The impact of the hedged items on our consolidated statements of financial position as at March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025 (Unaudited)		December 31, 2024 (Audited)	
	Cash flow hedge reserve	**Cost of hedging reserve**	Cash flow hedge reserve	Cost of hedging reserve
		(in million pesos)		
PLDT:				
US$300M Notes 2031	**(6,282)**	**32**	(6,169)	75
	(6,282)	**32**	(6,169)	75
Smart:				
US$140M PNB	**(2,076)**	**2**	(2,038)	2
	(2,076)	**2**	(2,038)	2

The effect of the cash flow hedge on our consolidated statements of financial position as at March 31, 2025 and December 31, 2024 are as follows:

	Total hedging loss recognized in OCI	Line item in our Consolidated Statements of Financial Position
	(in million pesos)	
March 31, 2025 (Unaudited)		
Long-term foreign currency options	**(8,358)**	Other comprehensive loss
	(8,358)	
December 31, 2024 (Audited)		
Long-term foreign currency options	(8,207)	Other comprehensive loss
	(8,207)	

The following table shows our consolidated foreign currency-denominated monetary financial assets and liabilities and their Philippine Peso equivalents as at March 31, 2025 and December 31, 2024:

	March 31, 2025		December 31, 2024	
	(Unaudited)		(Audited)	
	U.S. Dollar	**Php(1)**	U.S. Dollar	Php(2)
		(in millions)		
Noncurrent Financial Assets				
Derivative financial assets – net of current portion	**7**	**419**	7	385
Total noncurrent financial assets	**7**	**419**	7	385
Current Financial Assets				
Cash and cash equivalents	**61**	**3,497**	52	2,980
Trade and other receivables – net	**108**	**6,210**	97	5,596
Derivative assets	**1**	**28**	1	30
Current portion of other financial assets	**—**	**9**	—	—
Total current financial assets	**170**	**9,744**	150	8,606
Total Financial Assets	**177**	**10,163**	157	8,991
Noncurrent Financial Liabilities				
Interest-bearing financial liabilities – net of current portion	**663**	**38,000**	667	38,575
Other noncurrent liabilities	**1**	**28**	1	29
Total noncurrent financial liabilities	**664**	**38,028**	668	38,604
Current Financial Liabilities				
Accounts payable	**671**	**38,461**	685	39,621
Accrued expenses and other current liabilities	**189**	**10,818**	232	13,448
Current portion of interest-bearing financial liabilities	**14**	**789**	14	797
Current portion of derivative financial liabilities	**11**	**630**	2	97
Total current financial liabilities	**885**	**50,698**	933	53,963
Total Financial Liabilities	**1,549**	**88,726**	1,601	92,567

(1) *The exchange rate used to convert the U.S. Dollar amounts into Philippine Peso was Php57.28 to US$1.00, the Philippine Peso-U.S. Dollar exchange rate as quoted through the Bankers Association of the Philippines, or BAP, as at March 31, 2025.*

(2) *The exchange rate used to convert the U.S. Dollar amounts into Philippine Peso was Php57.85 to US$1.00, the Philippine Peso-U.S. Dollar exchange rate as quoted through the BAP as at December 31, 2024.*

As at May 14, 2025, the Philippine Peso-U.S. Dollar exchange rate was Php55.80 to US$1.00. Using this exchange rate, our consolidated net foreign currency-denominated financial liabilities would have decreased in Philippine Peso terms by Php2,036 million as at March 31, 2025.

Approximately 14% of our total consolidated debts (net of consolidated debt discount) was denominated in U.S. Dollars as at March 31, 2025 and December 31, 2024, respectively. Our consolidated foreign currency-denominated debt decreased to Php38,440 million as at March 31, 2025 from Php39,015 million as at December 31, 2024. See *Note 20 – Interest-bearing Financial Liabilities*. The aggregate notional amount of our consolidated outstanding derivatives allocated for debt were US$407 million and US$381 million as at March 31, 2025 and December 31, 2024, respectively. Consequently, the unhedged portion of our consolidated debt amounts were approximately 5% (or 5%, net of consolidated U.S. Dollar cash balances allocated for debt) as at March 31, 2025 and 6% (or 5%, net of consolidated U.S. Dollar cash balances allocated for debt) as at December 31, 2024.

Approximately 16% and 14% of our consolidated revenues were denominated in U.S. Dollars and/or were linked to U.S. Dollars for the three months ended March 31, 2025 and 2024, respectively. Approximately 18% and 15% of our consolidated expenses were denominated in U.S. Dollars and/or linked to the U.S. Dollar for the three months ended March 31, 2025 and 2024, respectively, respectively. In this respect, the higher weighted average exchange rate of the Philippine Peso against the U.S. Dollar increased our revenues and expenses, and consequently, affects our cash flow from operations in Philippine Peso terms. In view of the anticipated continued decline in dollar-denominated/dollar-linked revenues, which provide a natural hedge against our foreign currency exposure, we are progressively refinancing our dollar-denominated debts in Philippine Pesos.

The Philippine Peso appreciated by 1% against the U.S. Dollar to Php57.28 to US$1.00 as at March 31, 2025 from Php57.85 to US$1.00 as at December 31, 2024. As a result of our consolidated foreign exchange movements, as well as the amount of our consolidated outstanding net foreign currency financial assets and liabilities, we recognized net consolidated foreign exchange gains of Php544 million and Php175 million for the three months ended March 31, 2025 and 2024, respectively.

Management conducted a survey among our banks to determine the outlook of the Philippine Peso-U.S. Dollar exchange rate until June 30, 2025. Our outlook is that the Philippine Peso-U.S. Dollar exchange rate may weaken/strengthen by 2% as compared to the exchange rate of Php57.28 to US$1.00 as at March 31, 2025. If the Philippine Peso-U.S. Dollar exchange rate had weakened/strengthened by 2% as at March 31, 2025, with all other variables held constant, consolidated profit after tax for the three months ended March 31, 2025 and stockholders' equity as at March 31, 2025 would have been approximately Php1,534 million and Php128 million, respectively, lower/higher, mainly as a result of consolidated foreign exchange gains and losses on conversion of U.S. Dollar-denominated net assets/liabilities and mark-to-market valuation of derivative financial instruments.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with floating interest rates.

Our policy is to manage interest costs through a mix of fixed and variable rate debts. We evaluate the fixed to floating ratio of our loans in line with movements of relevant interest rates in the financial markets. Based on our assessment, new financing will be priced either on a fixed or floating rate basis. We enter into interest rate swap agreements in order to manage our exposure to interest rate fluctuations. Further details of the risk management strategy are recognized in our hedge designation documentation. We make use of hedging instruments and structures solely for reducing or managing financial risk associated with our debt obligations and not for trading purposes.

There are no outstanding interest rate hedges as at March 31, 2025 and December 31, 2024.

The following tables set out the carrying amounts, by maturity, of our financial instruments that are expected to have exposure to interest rate risk as at March 31, 2025 and December 31, 2024. Financial instruments that are not subject to interest rate risk were not included in the table.

As at March 31, 2025 (Unaudited)

	In U.S. Dollars									Fair Value	
	Below 1 year	1-2 years	2-3 years	3-5 years	Over 5 years	Total	In Php	Discount/ Debt Issuance Cost In Php	Carrying Value In Php	In U.S. Dollar	In Php
									(in millions)		
Assets:											
Debt Instruments at Amortized Cost											
Philippine Peso	**1**	**1**	**5**	—	—	**7**	**395**	—	**395**	**7**	**400**
Interest rate	**4.2500% - 6.2500%**	**4.6250-6.2500%**	**4.6250%**	**6.500%**	—	—	—	—	—	—	—
Cash in Bank											
U.S. Dollar	**20**	—	—	—	—	**20**	**1,152**	—	**1,152**	**20**	**1,152**
Interest rate	**0.0500%**	—	—	—	—	—	—	—	—	—	—
Philippine Peso	**110**	—	—	—	—	**110**	**6,298**	—	**6,298**	**110**	**6,298**
Interest rate	**0.0500% - 5.1000%**	—	—	—	—	—	—	—	—	—	—
Temporary Cash Investments											
U.S. Dollar	**28**	—	—	—	—	**28**	**1,591**	—	**1,591**	**28**	**1,591**
Interest rate	**4.0500%**	—	—	—	—	—	—	—	—	—	—
Philippine Peso	**52**	—	—	—	—	**52**	**3,007**	—	**3,007**	**52**	**3,007**
Interest rate	**0.2500% - 6.0000%**	—	—	—	—	—	—	—	—	—	—
Short-term Investments											
Philippine Peso	**2**	—	—	—	—	**2**	**100**	—	**100**	**2**	**100**
Interest rate	**2.0000% - 6.0000%**	—	—	—	—	—	—	—	—	—	—
	213	**1**	**5**	—	—	**219**	**12,543**	—	**12,543**	**219**	**12,548**
Liabilities:											
Long-term Debt											
Fixed Rate											
U.S. Dollar Notes	—	—	—	—	**600**	**600**	**34,368**	**520**	**33,848**	**468**	**26,815**
Interest rate	—	—	—	—	**2.5000% - 3.4500%**	—	—	—	—	—	—
Philippine Peso	**286**	**393**	**276**	**348**	**79**	**1,382**	**79,195**	**538**	**78,657**	**1,335**	**76,448**
Interest rate	**4.6500%**	**4.0000% to 5.3500%**	**4.0000% to 5.2000%**	**4.0000% to 5.1560%**	**4.0000%**	—	—	—	—	—	—
Variable Rate											
U.S. Dollar Loans	—	**28**	**18**	**24**	**11**	**81**	**4,611**	**19**	**4,592**	**81**	**4,611**
Interest rate	—	**SOFR+ 1.31161%**	**SOFR+ 1.31161%**	**SOFR+ 1.31161%**	**SOFR+ 1.31161%**	—	—	—	—	—	—
Philippine Peso	—	**154**	**60**	**536**	**2,162**	**2,912**	**166,798**	**829**	**165,969**	**2,912**	**166,798**
Interest rate		**0.5000% to 1.0000% over PHP BVAL (floor rate 4.5000%)**	**0.5000% to 1.0000% over PHP BVAL (floor rate 4.5000%)**	**0.5000% to 0.9000% over PHP BVAL (floor rate 4.5000%)**	**0.5000% to 0.7500% over PHP BVAL (floor rate 4.5000%)**	—	—	—	—	—	—
	286	**575**	**354**	**908**	**2,852**	**4,975**	**284,972**	**1,906**	**283,066**	**4,796**	**274,672**

As at December 31, 2024 (Audited)

	In U.S. Dollars									Fair Value	
	Below 1 year	**1-2 years**	**2-3 years**	**3-5 years**	**Over 5 years**	**Total**	**In Php**	**Discount/ Debt Issuance Cost In Php**	**Carrying Value In Php**	**In U.S. Dollar**	**In Php**
									(in millions)		
Assets:											
Debt Instruments at Amortized Cost											
Philippine Peso	1	—	6	—	—	7	395	—	395	7	388
Interest rate	4.250%	6.250%	4.625% - 4.875%	6.500%	—	—	—	—	—	—	—
Cash in Bank											
U.S. Dollar	14	—	—	—	—	14	785	—	785	14	785
Interest rate	0.0500% - 0.5000%	—	—	—	—	—	—	—	—	—	—
Philippine Peso	91	—	—	—	—	91	5,296	—	5,296	91	5,296
Interest rate	0.0500% - 5.1000%	—	—	—	—	—	—	—	—	—	—
Temporary Cash Investments											
U.S. Dollar	7	—	—	—	—	7	395	—	395	7	395
Interest rate	4.5000% - 5.2500%	—	—	—	—	—	—	—	—	—	—
Philippine Peso	18	—	—	—	—	18	1,069	—	1,069	18	1,069
Interest rate	0.2500% - 6.0000%	—	—	—	—	—	—	—	—	—	—
Short-term Investments											
Philippine Peso	2	—	—	—	—	2	136	—	136	2	136
Interest rate	6.0000% - 6.1000%	—	—	—	—	—	—	—	—	—	—
	133	—	6	—	—	139	8,076	—	8,076	139	8,069
Liabilities:											
Long-term Debt											
Fixed Rate											
U.S. Dollar Notes	—	—	—	—	600	600	34,708	531	34,177	463	26,811
Interest rate	—	—	—	—	2.5000% - 3.4500%	—	—	—	—	—	—
Philippine Peso	315	231	339	316	205	1,406	81,315	581	80,734	1,306	75,550
Interest rate	4.0000% to 4.6500%	4.0000% to 5.3500%	4.0000% to 5.2000%	4.0000% to 5.2000%	4.0000% to 5.0880%	—	—	—	—	—	—
Variable Rate											
U.S. Dollar Loans	—	28	14	28	14	84	4,860	22	4,838	84	4,859
Interest rate	—	SOFR+ 1.31161%	SOFR+ 1.31161%	SOFR+ 1.31161%	SOFR+ 1.31161%	—	—	—	—	—	—
Philippine Peso	24	87	122	478	2,101	2,812	162,692	855	161,837	2,812	162,692
Interest rate	BVAL + 1.0000%	0.5000% to 1.0000% over PHP BVAL (floor rate 4.5000% to 4.6250%)	0.5000% to 1.0000% over PHP BVAL (floor rate 4.5000% to 4.6250%)	0.5000% to 0.9000% over PHP BVAL (floor rate 4.5000% to 4.6250%)	0.5000% to 0.7500% over PHP BVAL (floor rate 4.5000%)	—	—	—	—	—	—
	339	346	475	822	2,920	4,902	283,575	1,989	281,586	4,665	269,912

Fixed rate financial instruments are subject to fair value interest rate risk while floating rate financial instruments are subject to cash flow interest rate risk.

Repricing of our regular floating rate financial instruments is done on intervals of three months while repricing of our structured floating rate instruments is done every one year or up to five years. Interest on fixed rate financial instruments is fixed until maturity of the particular instrument.

Approximately 60% and 59% of our consolidated debts (net of consolidated debt discount) were variable rate debts as at March 31, 2025 and December 31, 2024, respectively. Our consolidated variable rate debt amounted to Php170,561 million and Php166,675 million as at March 31, 2025 and December 31, 2024, respectively.

Management conducted a survey among our banks to determine the outlook of the U.S. Dollar and Philippine Peso interest rates until May 15, 2025. Our outlook is that the U.S. Dollar and Philippine Peso interest rates may move 30 basis points, or bps, and 50 bps higher/lower, respectively, as compared to levels as at March 31, 2025. If the U.S. Dollar interest rates had been 30 bps higher/lower as compared to market levels as at March 31, 2025, with all other variables held constant, consolidated profit after tax for the three months ended March 31, 2025 and stockholders' equity as at March 31, 2025 would have been approximately Php13 million and Php32 million, respectively, lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings and loss/gain on derivative transactions. If the Philippine Peso interest rates had been 50 bps higher/lower as compared to market levels as at March 31, 2025, with all other variables held constant, consolidated profit after tax for the three months ended March 31, 2025 and stockholders' equity as at March 31, 2025 would have been approximately Php17 million and Php30 million, respectively, lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings and loss/gain on derivative transactions.

Credit Risk

Credit risk is the risk that we will incur a loss arising from our customers, clients or counterparties that fail to discharge their contracted obligations. We manage and control credit risk by setting limits on the amount of risk we are willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to reduce our exposure to bad debts.

We established a credit quality review process to provide regular identification of changes in the creditworthiness of counterparties. Our credit quality review process allows us to assess the potential loss as a result of the risks to which we are exposed and allow us to take corrective actions.

Maximum exposure to credit risk of financial assets not subject to impairment

The gross carrying amount of financial assets not subject to impairment also represents our maximum exposure to credit risk as at March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Financial assets at fair value through profit or loss	**1,097**	1,101
Derivative financial assets – net of current portion	**419**	385
Current portion of derivative financial assets	**28**	30
Total	**1,544**	1,516

Maximum exposure to credit risk of financial assets subject to impairment

The table below shows the maximum exposure to credit risk for the components of our consolidated statements of financial position, including derivative financial instruments as at March 31, 2025 and December 31, 2024. The maximum exposure is shown gross before both the effect of mitigation through use of master netting and collateral arrangements. The extent to which collateral and other credit enhancements mitigate the maximum exposure to credit risk is described in the footnotes to the table.

For financial assets recognized on our consolidated statements of financial position as at March 31, 2025 and December 31, 2024, the gross exposure to credit risk equal their carrying amount.

For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that we would have to pay if the guarantees are called upon. For loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

	March 31, 2025 (Unaudited)			
	Stage 1 12-Month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	(in million pesos)			
High grade	**17,713**	**9,566**	**—**	**27,279**
Standard grade	**422**	**7,774**	**—**	**8,196**
Substandard grade	**—**	**14,022**	**—**	**14,022**
Default	**276**	**3,490**	**14,561**	**18,327**
Gross carrying amount	**18,411**	**34,852**	**14,561**	**67,824**
Less allowance	**276**	**3,490**	**14,561**	**18,327**
Carrying amount	**18,135**	**31,362**	**—**	**49,497**

	December 31, 2024 (Audited)			
	Stage 1 12-Month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(in million pesos)			
High grade	14,059	11,670	—	25,729
Standard grade	440	5,486	—	5,926
Substandard grade	—	14,456	—	14,456
Default	279	3,596	13,600	17,475
Gross carrying amount	14,778	35,208	13,600	63,586
Less allowance	279	3,596	13,600	17,475
Carrying amount	14,499	31,612	—	46,111

Maximum exposure to credit risk after collateral held or other credit enhancements

Collateral held as security for financial assets depends on the nature of the instrument. Debt investment securities are generally unsecured. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are regularly updated according to internal lending policies and regulatory guidelines. Generally, collateral is not held over loans and advances to us except for reverse repurchase agreements. Collateral usually is not held against investment securities, and no such collateral was held as at March 31, 2025 and December 31, 2024.

Our policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by us during the year.

We have not identified significant risk concentrations arising from the nature, type or location of collateral and other credit enhancements held against our credit exposures.

An analysis of the maximum exposure to credit risk for the components of our consolidated statements of financial position, including derivative financial instruments as at March 31, 2025 and December 31, 2024:

	March 31, 2025 (Unaudited)		
	Gross Maximum Exposure	**Collateral and Other Credit Enhancements[1]**	**Net Maximum Exposure**
	(in million pesos)		
Financial instruments at amortized cost:	***49,497***	***480***	***49,017***
Debt instruments at amortized cost	**395**	**—**	**395**
Other financial assets	**3,881**	**—**	**3,881**
Cash and cash equivalents	**13,759**	**97**	**13,662**
Short-term investments	**100**	**—**	**100**
Corporate subscribers	**15,112**	**346**	**14,766**
Retail subscribers	**6,154**	**37**	**6,117**
Foreign administrations	**1,350**	**—**	**1,350**
Domestic carriers	**256**	**—**	**256**
Dealers, agents and others	**8,490**	**—**	**8,490**
Financial instruments at FVPL:	***1,544***	**—**	***1,544***
Financial assets at FVPL	**1,097**	**—**	**1,097**
Forward foreign exchange contracts	**28**	**—**	**28**
Long-term foreign currency options	**419**	**—**	**419**
Total	**51,041**	**480**	**50,561**

[1] *Includes bank insurance, security deposits and customer deposits. We have no collateral held as at March 31, 2025.*

	December 31, 2024 (Audited)		
	Gross Maximum Exposure	Collateral and Other Credit Enhancements[1]	Net Maximum Exposure
		(in million pesos)	
Financial instruments at amortized cost:	*46,111*	*427*	*45,684*
Debt instruments at amortized cost	395	—	395
Other financial assets	3,957	—	3,957
Cash and cash equivalents	10,011	44	9,967
Short-term investments	136	—	136
Corporate subscribers	15,023	346	14,677
Retail subscribers	7,650	37	7,613
Foreign administrations	1,177	—	1,177
Domestic carriers	256	—	256
Dealers, agents and others	7,506	—	7,506
Financial instruments at FVPL:	*1,516*	—	*1,516*
Financial assets at FVPL	1,101	—	1,101
Long-term foreign currency options	30	—	30
Cash equivalents and short-term investments	385	—	385
Total	47,627	427	47,200

[1] *Includes bank insurance, security deposits and customer deposits. We have no collateral held as at December 31, 2024.*

The table below provides information regarding the credit quality by class of our financial assets according to our credit ratings of counterparties as at March 31, 2025 and December 31, 2024:

		Neither past due nor credit impaired			
	Total	**Class A[1]**	**Class B[2]**	**Past due but not credit impaired**	**Impaired**
			(in million pesos)		
March 31, 2025 (Unaudited)					
Financial instruments at amortized cost:	***67,824***	***27,279***	***8,196***	***14,022***	***18,327***
Debt instruments at amortized cost	**395**	**395**	—	—	—
Other financial assets	**4,157**	**3,880**	**1**	—	**276**
Cash and cash equivalents	**13,759**	**13,338**	**421**	—	—
Short-term investments	**100**	**100**	—	—	—
Retail subscribers	**16,715**	**4,318**	**52**	**1,784**	**10,561**
Corporate subscribers	**21,200**	**4,010**	**2,783**	**8,319**	**6,088**
Foreign administrations	**1,429**	**111**	**429**	**810**	**79**
Domestic carriers	**256**	**—**	**135**	**121**	**—**
Dealers, agents and others	**9,813**	**1,127**	**4,375**	**2,988**	**1,323**
Financial instruments at FVPL:	***1,544***	***354***	***714***	***476***	**—**
Financial assets at FVPL	**1,097**	**(93)**	**714**	**476**	**—**
Forward foreign exchange contracts	**28**	**28**	—	**—**	**—**
Long-term foreign currency options	**419**	**419**	—	**—**	**—**
Total	**69,368**	**27,633**	**8,910**	**14,498**	**18,327**
December 31, 2024 (Audited)					
Financial instruments at amortized cost:	*63,586*	*25,729*	*5,926*	*14,456*	*17,475*
Debt instruments at amortized cost	395	395	—	—	—
Other financial assets	4,236	3,956	1	—	279
Cash and cash equivalents	10,011	9,572	439	—	—
Short-term investments	136	136	—	—	—
Retail subscribers	17,516	5,381	171	2,098	9,866
Corporate subscribers	20,936	5,124	886	9,013	5,913
Foreign administrations	1,254	139	381	657	77
Domestic carriers	256	—	135	121	—
Dealers, agents and others	8,846	1,026	3,913	2,567	1,340
Financial instruments at FVPL:	*1,516*	*328*	*712*	*476*	—
Financial assets at FVPL	1,101	(87)	712	476	—
Long-term foreign currency options	30	30	—	—	—
Cash equivalents and short-term investments	385	385	—	—	—
Total	65,102	26,057	6,638	14,932	17,475

[1] *This includes low risk and good paying customer accounts with no history of account treatment for a defined period and no overdue accounts as at report date; and deposits or placements to counterparties with good credit rating or bank standing financial review.*

[2] *This includes medium risk and average paying customer accounts with no overdue accounts as at report date, and new customer accounts for which sufficient credit history has not been established; and deposits or placements to counterparties not classified as Class A.*

The aging analysis of past due but not impaired class of financial assets as at March 31, 2025 and December 31, 2024 are as follows:

			Past due but not credit impaired			
	Total	**Neither past due nor credit impaired**	**1-60 days**	**61-90 days**	**Over 91 days**	**Impaired**
			(in million pesos)			
March 31, 2025 (Unaudited)						
Financial instruments at amortized cost:	***67,824***	***35,475***	***3,229***	***1,676***	***9,117***	***18,327***
Debt instruments at amortized cost	**395**	**395**	—	—	—	—
Other financial assets	**4,157**	**3,881**	—	—	—	**276**
Cash and cash equivalents	**13,759**	**13,759**	—	—	—	—
Short-term investments	**100**	**100**	—	—	—	—
Retail subscribers	**16,715**	**4,370**	**1,488**	**214**	**82**	**10,561**
Corporate subscribers	**21,200**	**6,793**	**1,308**	**704**	**6,307**	**6,088**
Foreign administrations	**1,429**	**540**	**202**	**108**	**500**	**79**
Domestic carriers	**256**	**135**	**69**	**32**	**20**	**—**
Dealers, agents and others	**9,813**	**5,502**	**162**	**618**	**2,208**	**1,323**
Financial instruments at FVPL:	***1,544***	***1,068***	***476***	**—**	**—**	**—**
Financial assets at FVPL	**1,097**	**621**	**476**	**—**	**—**	**—**
Forward foreign exchange contracts	**28**	**28**	**—**	**—**	**—**	**—**
Long-term foreign currency options	**419**	**419**	**—**	**—**	**—**	**—**
Total	**69,368**	**36,543**	**3,705**	**1,676**	**9,117**	**18,327**
December 31, 2024 (Audited)						
Financial instruments at amortized cost:	*63,586*	*31,655*	*5,927*	*586*	*7,943*	*17,475*
Debt instruments at amortized cost	395	395	—	—	—	—
Other financial assets	4,236	3,957	—	—	—	279
Cash and cash equivalents	10,011	10,011	—	—	—	—
Short-term investments	136	136	—	—	—	—
Retail subscribers	17,516	5,552	1,710	248	140	9,866
Corporate subscribers	20,936	6,010	3,182	548	5,283	5,913
Foreign administrations	1,254	520	232	158	267	77
Domestic carriers	256	135	73	17	31	—
Dealers, agents and others	8,846	4,939	730	(385)	2,222	1,340
Financial instruments at FVPL:	*1,516*	*1,040*	*476*	—	—	—
Financial assets at FVPL	1,101	625	476	—	—	—
Forward foreign exchange contracts	30	30	—	—	—	—
Long-term foreign currency options	385	385	—	—	—	—
Total	65,102	32,695	6,403	586	7,943	17,475

Capital Management Risk

We aim to achieve an optimal capital structure in pursuit of our business objectives which include maintaining healthy capital ratios and strong credit ratings and maximizing shareholder value.

Our approach to capital management focuses on balancing the allocation of cash and the incurrence of debt as we seek new investment opportunities for new businesses and growth areas. On August 5, 2014, the PLDT Board of Directors approved an amendment to our dividend policy, increasing the dividend payout rate to 75% from 70% of our core EPS as regular dividends. However, in view of our elevated capital expenditures to build-out a robust, superior network to support the continued growth of data traffic, plans to invest in new adjacent businesses that will complement the current business and provide future sources of profits and dividends, and management of our cash and gearing levels, the PLDT Board of Directors approved on August 2, 2016, the amendment of our dividend policy, reducing the regular dividend payout to 60% of core EPS. Starting 2019, we base our dividend payout on telco core income. In declaring dividends, we take into consideration the interest of our shareholders, as well as our working capital, capital expenditures and debt servicing requirements. The retention of earnings may be necessary to meet the funding requirements of our business expansion and development programs.

As part of the dividend policy, in the event no investment opportunities arise, we may consider the option of returning additional cash to our shareholders in the form of special dividends or share buybacks. Philippine corporate regulations prescribe, however, that we can only pay out dividends or make capital distribution up to the amount of our unrestricted retained earnings.

Some of our debt instruments contain covenants that impose maximum leverage ratios. In addition, our credit ratings from the international credit ratings agencies are based on our ability to remain within certain leverage ratios.

No changes were made in our objectives, policies or processes for managing capital during the three months ended March 31, 2025 and 2024.

28. Notes to the Statements of Cash Flows

The following table shows the changes in liabilities arising from financing activities as at March 31, 2025 and December 31, 2024:

	January 1, 2025	**Cash flows**	**Foreign exchange movement**	**Others**	**March 31, 2025**
	(Audited)				**(Unaudited)**
			(in million pesos)		
Interest-bearing financial liabilities	**281,586**	**1,770**	**(384)**	**94**	**283,066**
Lease liabilities	**54,038**	**(3,829)**	**—**	**3,606**	**53,815**
Derivative financial liabilities	**97**	**(12)**	**—**	**545**	**630**
Accrued interests and other related costs	**2,426**	**(2,808)**	**—**	**3,226**	**2,844**
Dividends	**2,005**	**(39)**	**—**	**10,169**	**12,135**
	340,152	**(4,918)**	**(384)**	**17,640**	**352,490**

	January 1, 2024	Cash flows	Foreign exchange movement	Others	December 31, 2024
	(Audited)				(Audited)
			(in million pesos)		
Interest-bearing financial liabilities	254,798	24,722	1,698	368	281,586
Lease liabilities	47,546	(12,079)	—	18,571	54,038
Derivative financial liabilities	1,033	704	—	(1,640)	97
Accrued interests and other related costs	2,157	(10,740)	—	11,009	2,426
Dividends	1,912	(20,750)	—	20,843	2,005
	307,446	(18,143)	1,698	49,151	340,152

Others include the effect of accretion of long-term borrowings, effect of recognition and accretion of lease liabilities, unrealized mark-to-market losses of derivative financial instruments, effect of accrued but not yet paid interest on interest-bearing loans and borrowings and accrual of dividends that were not yet paid at the end of the period.

Non-cash Investing Activities

The following table shows our significant non-cash investing activities and corresponding transaction amounts as at March 31, 2025 and December 31, 2024:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Acquisition of property and equipment on account	**5,467**	19,219
Additions to ROU assets	**2,834**	15,607
Capitalization to property and equipment of:		
Inventories	**745**	4,128
Foreign exchange differences – net	**37**	686
	9,083	39,640

Non-cash Financing Activities

The following table shows our significant non-cash financing activities and corresponding transaction amounts as at March 31, 2025 and December 31, 2024:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
	(in million pesos)	
Additions to lease liabilities	**2,834**	15,607