Certification

I, Gil Samson D. Garcia, First Vice President and Head - Financial Controllership of PLDT Inc., with SEC registration number PW-55, with principal office at Ramon Cojuangco Bldg., Makati Avenue, Makati City, on oath state:

1) That on behalf of PLDT Inc., I have caused this Quarterly Report (SEC Form 17-Q) to be prepared;

2) That I read and understood its contents which are true and correct on my own personal knowledge and/or based on true records;

3) That the company PLDT Inc. will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and

4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this MAY 03 2023 day of May, 2023.

GIL SAMSON D. GARCIA
First Vice President and
Head – Financial Controllership

SUBSCRIBED AND SWORN to before me on this MAY 03 2023 day of May 2023 at Makati City, affiant exhibiting to me his Passport No. P6003906B, valid until December 21, 2030 issued by the Philippine Department of Foreign Affairs, NCR East.

Notary Public

SOPHIA M. KHO
Notary Public for the City of Makati
Until December 31, 2023
Appointment No. M-303
Roll of Attorney's No. 62959
IBP O.R. No. 249534 – 01/10/2023
PTR O.R. No. 9568354 01/05/2023 Makati City
6F, MCO Bldg. Legazpi St. Legazpi Vill. Makati City, MM

Doc. No. 498;
Page No. 101;
Book No. II;
Series of 2023.

PLDT

May 4, 2023

The Philippine Stock Exchange, Inc.
6/F Philippine Stock Exchange Tower
28th Street corner 5th Avenue
Bonifacio Global City, Taguig City

Attention: Ms. Alexandra D. Tom Wong
Officer-In-Charge - Disclosure Department

Securities & Exchange Commission
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

Attention: Mr. Vicente Graciano P. Felizmenio, Jr.
Director – Markets and Securities Regulation Dept

Philippine Dealing & Exchange Corporation
29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

Attention: Atty. Marie Rose M. Magallen-Lirio
Head - Issuer Compliance and Disclosure Department

Gentlemen:

In accordance with Section 17.1(b) of the Securities Regulation Code and SRC Rule 17.3, we submit herewith a copy of SEC Form 17-Q with Management's Discussion and Analysis and accompanying unaudited consolidated financial statements for the three (3) months ended March 31, 2023.

This submission shall also serve as our compliance with Section 17.1 of the Securities Regulation Code regarding the filing of reports on significant developments.

Very truly yours,

Marilyn A. Victorio-Aquino
Corporate Secretary
PLDT Inc.

SEC Number PW-55
File Number

PLDT Inc.

(Company's Full Name)

Ramon Cojuangco Building
Makati Avenue, Makati City

(Company's Address)

(632) 82500254

(Telephone Number)

Not Applicable

(Fiscal Year Ending)
(month & day)

SEC Form 17-Q

Form Type

Not Applicable

Amendment Designation (if applicable)

March 31, 2023

Period Ended Date

Not Applicable

(Secondary License Type and File Number)

COVER SHEET

SEC Registration Number
P W - 5 5

Company Name

P	L	D	T		I	N	C	.

Principal Office (No./Street/Barangay/City/Town/Province)

RAMON COJUANGCO BUILDING
MAKATI AVENUE MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	MSRD	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
gdgarcia@pldt.com.ph	**(02) 8816-8056**	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
11,419 as at March 31, 2023	**Every 2nd Tuesday in June**	**December 31**

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Gil Samson D. Garcia	**gdgarcia@pldt.com.ph**	**(02) 8816-8056**	

Contact Person's Address

11/F Ramon Cojuangco Bldg. Makati Ave., Makati City

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE ("SRC") AND
SRC 17 (2) (b) THEREUNDER

1. For the quarterly period ended **March 31, 2023**

2. SEC Identification Number **PW-55**

3. BIR Tax Identification No. **000-488-793-000**

4. **PLDT Inc.**
Exact name of registrant as specified in its charter

5. **Republic of the Philippines**
Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. **Ramon Cojuangco Building, Makati Avenue, Makati City** **0721**
Address of registrant's principal office Postal Code

8. **(632) 8816-8056**
Registrant's telephone number, including area code

9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 of the SRC

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Capital Stock, Php5 par value	**216,055,775 shares as at March 31, 2023**

11. Are any or all of these securities listed on the Philippine Stock Exchange?

Yes [**X**] No [ ]

12. Check whether the registrant

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports):

Yes [**X**] No [ ]

(b) has been subject to such filing requirements for the past 90 days.

Yes [**X**] No [ ]

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PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Our consolidated financial statements as at March 31, 2023 (unaudited) and December 31, 2022 (audited) and for the three months ended March 31, 2023 and 2022 (unaudited) and related notes (pages F-1 to F-158) are filed as part of this report on Form 17-Q.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In the following discussion and analysis of our financial condition and results of operations, unless the context indicates or otherwise requires, references to "we," "us," "our" or "PLDT Group" mean PLDT Inc. and its consolidated subsidiaries, and references to "PLDT" mean PLDT Inc., not including its consolidated subsidiaries (please see Note 2 – Summary of Significant Accounting Policies to the accompanying unaudited consolidated financial statements for the list of these subsidiaries, including a description of their respective principal business activities and PLDT's direct and/or indirect equity interest).

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying unaudited consolidated financial statements and the related notes. Our unaudited consolidated financial statements, and the financial information discussed below, have been prepared in accordance with Philippine Financial Reporting Standards ("PFRS") which is virtually converged with International Financial Reporting Standards as issued by the International Accounting Standards Board. PFRS differs in certain significant respects from generally accepted accounting principles ("GAAP") in the U.S.

The financial information appearing in this report and in the accompanying unaudited consolidated financial statements are stated in Philippine Peso. Unless otherwise indicated, in this report and in the accompanying unaudited consolidated financial statements, the exchange rate used to convert the U.S. Dollar amounts into the Philippine Peso was Php54.32 to US$1.00, the Philippine Peso-U.S. Dollar exchange rate as quoted through the Bankers Association of the Philippines as at March 31, 2023.

Some information in this report may contain forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. We have based these forward-looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We have chosen these assumptions or bases in good faith. These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors. When considering forward-looking statements, you should keep in mind the description of risks and other cautionary statements in this report. You should also keep in mind that any forward-looking statement made by us in this report or elsewhere speaks only as at the date on which we made it. New risks and uncertainties come up from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the statements in this report after the date hereof. In light of these risks and uncertainties, you should keep in mind that actual results may differ materially from any forward-looking statement made in this report or elsewhere.

Financial Highlights and Key Performance Indicators

	Three months ended March 31,		Increase (Decrease)	
	2023	2022[1]	Amount	%
(amounts in million Php, except for EBITDA margin and earnings per common share)				
Consolidated Income Statement				
Revenues	52,362	49,825	2,537	5
Expenses	39,698	41,693	(1,995)	(5)
Other income (expenses) – net	(442)	3,795	(4,237)	(112)
Income before income tax	12,222	11,927	295	2
Net income	9,049	9,154	(105)	(1)
Continuing operations	*9,074*	*9,174*	*(100)*	*(1)*
Discontinued operations	*(25)*	*(20)*	*(5)*	*(25)*
Core income	8,214	7,632	582	8
Continuing operations	*8,239*	*7,652*	*587*	*8*
Discontinued operations	*(25)*	*(20)*	*(5)*	*(25)*
Telco core income	8,640	8,223	417	5
EBITDA	24,378	20,907	3,471	17
Continuing operations	*24,399*	*20,903*	*3,496*	*17*
Discontinued operations	*(21)*	*4*	*(25)*	*(625)*
EBITDA margin[2]	49%	44%		
Reported earnings per common share:				
Basic	41.66	41.95	(0.29)	(1)
Diluted	41.66	41.95	(0.29)	(1)
Reported earnings per common share from continuing operations:				
Basic	41.77	42.04	(0.27)	(1)
Diluted	41.77	42.04	(0.27)	(1)
Core earnings per common share[3]:				
Basic	37.95	35.26	2.69	8
Diluted	37.95	35.26	2.69	8
Core earnings per common share from continuing operations:				
Basic	38.06	35.35	2.71	8
Diluted	38.06	35.35	2.71	8

	March 31,	December 31,	Increase (Decrease)	
	2023	2022	Amount	%
(amounts in million Php, except for net debt to equity ratio)				
Consolidated Statements of Financial Position				
Total assets	616,659	624,162	(7,503)	(1)
Property and equipment	301,712	292,745	8,967	3
Cash and cash equivalents and short-term investments	26,348	25,594	754	3
Total equity attributable to equity holders of PLDT	104,774	108,727	(3,953)	(4)
Long-term debt, including current portion	245,469	249,580	(4,111)	(2)
Net debt[4] to equity ratio	2.09x	2.05x	—	—

	Three months ended March 31,		Change	
	2023	2022	Amount	%
(amounts in million Php, except for operational data)				
Consolidated Statements of Cash Flows				
Net cash provided by operating activities	26,632	18,542	8,090	44
Net cash used in investing activities	(15,527)	(23,288)	7,761	33
Payment for purchase of property and equipment, including capitalized interest	*(21,488)*	*(22,589)*	*1,101*	5
Net cash provided by (used in) financing activities	(9,819)	6,555	(16,374)	(250)
Operational Data				
Number of mobile subscribers	65,034,340	70,279,671	(5,245,331)	(7)
Prepaid	*62,999,637*	*68,224,018*	*(5,224,381)*	*(8)*
Postpaid	*2,034,703*	*2,055,653*	*(20,950)*	*(1)*
Number of broadband subscribers	3,976,531	4,080,000	(103,469)	(3)
Fixed Line broadband	*3,281,289*	*3,134,127*	*147,162*	*5*
Fixed Wireless broadband	*695,242*	*945,873*	*(250,631)*	*(26)*
Number of fixed line subscribers	3,828,445	3,766,956	61,489	2
Total number of subscribers	72,839,316	78,126,627	(5,287,311)	(7)
Number of employees:	16,463	18,655	(2,192)	*(12)*
Fixed Line	11,825	13,350	(1,525)	(11)
LEC	*10,607*	*11,509*	*(902)*	*(8)*
Others	*1,218*	*1,841*	*(623)*	*(34)*
Wireless	4,638	5,305	(667)	(13)

(1) *Certain amounts for the three months ended March 31, 2022 were adjusted to reflect the loss of control of PLDT Global One Aviation Company, Inc. ("PG1") effective February 28, 2022, and the discontinued operations of certain ePLDT subsidiaries. See Note 2 – Summary of Significant Accounting Policies – Discontinued Operations and Note 11 – Investments in Associates and Joint Ventures – Investment in Associates – Investment in PG1 to the accompanying unaudited consolidated financial statements for further discussion.*
(2) *EBITDA margin for the period is measured as EBITDA divided by service revenues.*
(3) *Core earnings per common share ("EPS") for the period is measured as core income divided by the weighted average number of outstanding common shares for the period.*
(4) *Net debt is derived by deducting cash and cash equivalents, short-term investments and debt instruments at amortized cost from total debt (long-term debt, including current portion).*

Exchange Rates – per US$	Month end rates	Weighted average rates during the year
March 31, 2023	54.32	54.82
December 31, 2022	55.82	54.52
March 31, 2022	51.91	51.67
December 31, 2021	50.97	49.28

Performance Indicators

We use a number of non-GAAP performance indicators to monitor financial performance. These are summarized below and discussed later in this report.

EBITDA

EBITDA for the period is measured as net income excluding depreciation and amortization, amortization of intangible assets, asset impairment on noncurrent assets, financing costs – net, interest income, equity share in net earnings (losses) of associates and joint ventures, foreign exchange gains (losses) – net, gains (losses) on derivative financial instruments – net, provision for (benefit from) income tax and other income (expenses) – net. EBITDA is monitored by management for each business unit separately for purposes of making decisions about resource allocation and performance assessment. EBITDA is presented because our management believes that it is widely used by investors in their analysis of our performance and can assist them in their comparison of our performance with those of other companies in the technology, media and telecommunications sector. We also present EBITDA because it is used by some investors as a way to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. Companies in the technology, media and telecommunications sector have historically reported EBITDA as a supplement to financial measures in accordance with PFRS. EBITDA should not be considered as alternative to net income as an indicator of our performance, nor should EBITDA be considered as an alternative to cash flows from operating activities, as a measure of liquidity or as an alternative to any other measure determined in accordance with PFRS. Unlike net income, EBITDA does not include depreciation and amortization, or financing costs and, therefore, does not reflect current or future capital expenditures or the cost of capital. We compensate for these limitations by using EBITDA as only one of several comparative tools, together with PFRS-based measurements, to assist in the evaluation of operating performance. Such PFRS-based measurements include income before income tax, net income, and operating, investing and financing cash flows. We have significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, taxes and other non-recurring charges, which are not reflected in EBITDA. Our calculation of EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

Core Income and Telco Core Income

Core income for the period is measured as net income attributable to equity holders of PLDT (net income less net income attributable to noncontrolling interests), excluding foreign exchange gains (losses) – net, gains (losses) on derivative financial instruments – net (excluding hedge costs), asset impairment on noncurrent assets, other non-recurring gains (losses), net of tax effect of aforementioned adjustments, as applicable, and similar adjustments to equity share in net earnings (losses) of associates and joint ventures. Core income results are monitored by management for each business unit separately for purposes of making decisions about resource allocation and performance assessment.

Meanwhile, telco core income for the period is measured as net income attributable to equity holders of PLDT (net income less net income attributable to noncontrolling interests), excluding foreign exchange gains (losses) – net, gains (losses) on derivative financial instruments – net (excluding hedge costs), asset impairment on noncurrent assets, other non-recurring gains (losses), net of tax effect of aforementioned adjustments, as applicable, and similar adjustments to equity share in net earnings (losses) of associates and joint ventures, adjusted for the effect of the share in Voyager Innovations Holdings, Pte. Ltd. ("VIH") losses, asset sales, and accelerated depreciation. Telco core income is used by the management as a basis for determining the level of dividend payouts to shareholders and one of the bases for granting incentives to employees.

Core income and telco core income should not be considered as alternatives to income before income tax or net income determined in accordance with PFRS as an indicator of our performance. Unlike net income, core income and telco core income do not include certain items, among others, foreign exchange gains and losses, gains and losses on derivative financial instruments, impairments on non-current assets and non-recurring gains and losses. We compensate for these limitations by using core income and telco core income as few out of several comparative tools, together with PFRS-based measurements, to assist us in the evaluation of our operating performance. Such PFRS-based measurements include income before income tax and net income. Our calculation of core income may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

Overview

We are one of the leading telecommunications and digital services providers in the Philippines, in terms of both subscribers and revenues, serving the fixed line, wireless and broadband markets. Through our three principal business segments, Wireless, Fixed Line and Others, we offer a diverse range of telecommunications and digital services across our extensive fiber optic backbone and wireless and fixed line networks.

As at March 31, 2023, we serve 72.8 million customers through the provision of mobile, fixed line and data services. In addition to the business units discussed below, we have found it beneficial to view our business from a customer-served perspective. Accordingly, we also assign metrics along the following marketing verticals: Home, Individual, Enterprise and International.

Our three business units are as follows:

- *Wireless* — Our wireless business focuses on driving the growth of our data services while managing our legacy business of voice and short messaging services ("SMS"). We generate data revenues across all segments of our wireless business, whether through the access of mobile internet via smartphones, mobile broadband using pocket WiFi or home WiFi using fixed wireless broadband devices. We provide the following mobile telecommunications services through our wireless business: (i) mobile services, (ii) fixed wireless broadband services, and (iii) MVNO and other services.

- *Fixed Line* — We are the leading provider of fixed line telecommunications services throughout the Philippines, servicing retail, corporate and SME clients. Our fixed line business group offers data, voice and miscellaneous services. We also provide other fixed line services such as data center, cloud, cyber security services and managed information technology through PLDT's subsidiary, ePLDT.

- *Others* — Our other business consists primarily of our interests in digital platforms and other technologies, including our interest in VIH.

Management's Financial Review

In addition to consolidated net income, we use EBITDA, core income and telco core income to assess our operating performance. Set forth below is a reconciliation of our consolidated net income to our consolidated EBITDA, and a reconciliation of our consolidated net income to our consolidated core income and consolidated telco core income in for the three months ended March 31, 2023 and 2022.

The following table shows the reconciliation of our consolidated net income to our consolidated EBITDA for the three months ended March 31, 2023 and 2022:

	2023	2022[1]
	(amounts in million Php)	
Net income from continuing operations	9,074	9,174
Net income from discontinued operations	(25)	(20)
Consolidated net income	9,049	9,154
Add (deduct) adjustments to continuing operations:		
Depreciation and amortization	11,679	12,543
Provision for income tax	3,148	2,753
Financing costs – net	3,075	2,695
Equity share in net losses of associates and joint ventures	705	758
Losses (gains) on derivative financial instruments – net	640	(472)
Amortization of intangible assets	56	50
Other non-recurring expenses	—	178
Interest income	(278)	(134)
Foreign exchange losses (gains) – net	(1,267)	1,059
Other income – net	(2,433)	(7,996)
Net loss on debt modification	—	295
Income from Prescription of Preferred Shares Redemption Liability	—	(7,839)
Gain on sale and leaseback of telecom towers - gross of expenses	(2,220)	—
Others	(213)	(157)
Total adjustments	15,325	11,434
EBITDA from continuing operations	24,399	20,903
EBITDA from discontinued operations	(21)	4
Consolidated EBITDA	24,378	20,907

[1] *Certain amounts for the three months ended March 31, 2022 were adjusted to reflect the loss of control of PG1 effective February 28, 2022, and the discontinued operations of certain ePLDT subsidiaries. See Note 2 – Summary of Significant Accounting Policies – Discontinued Operations and Note 11 – Investments in Associates and Joint Ventures – Investment in Associates – Investment in PG1 to the accompanying unaudited consolidated financial statements for further discussion*

The following table shows the reconciliation of our consolidated net income to our consolidated core income and telco core income for the three months ended March 31, 2023 and 2022:

	2023	2022[1]
	(amounts in million Php)	
Net income from continuing operations	9,074	9,174
Net income from discontinued operations	(25)	(20)
Consolidated net income	9,049	9,154
Add (deduct) adjustments to continuing operations:		
Manpower rightsizing program	1,459	4,553
Losses (gains) on derivative financial instruments – net, excluding hedge costs	580	(536)
Core income adjustment on equity share in net loss (income) of associates and joint ventures	94	(22)
Impairment of investments	70	50
Net loss on debt modification, net of amortization of debt discount	44	341
Accelerated depreciation	—	277
Other non-recurring items	—	178
Income from prescription of preferred shares redemption liability	—	(7,839)
Net income attributable to noncontrolling interests	(34)	(75)
Foreign exchange losses (gains) – net	(1,269)	1,060
Gain on sale and leaseback of telecom towers - net of expenses	(2,057)	—
Net tax effect of aforementioned adjustments	278	491
Total adjustments	(835)	(1,522)
Core income from continuing operations	8,239	7,652
Core loss from discontinued operations	(25)	(20)
Consolidated core income	8,214	7,632
Core income from continuing operations	8,239	7,652
Add (deduct) adjustments:		
Share in VIH losses	631	672
Gain on asset sales, net of tax	(230)	(101)
Total adjustments	401	571
Telco core income	8,640	8,223

(1) *Certain amounts for the three months ended March 31, 2022 were adjusted to reflect the loss of control of PG1 effective February 28, 2022, and the discontinued operations of certain ePLDT subsidiaries. See Note 2 ─ Summary of Significant Accounting Policies ─ Discontinued Operations and Note 11 ─ Investments in Associates and Joint Ventures ─ Investment in Associates ─ Investment in PG1 to the accompanying unaudited consolidated financial statements for further discussion.*

Results of Operations

The following table shows the contribution by each of our business segments to our consolidated revenues, expenses, other income (expense), income (loss) before income tax, provision for (benefit from) income tax, net income (loss)/segment profit (loss), EBITDA, EBITDA margin, core income and telco core income for the three months ended March 31, 2023 and 2022. In each of the three months ended March 31, 2023 and 2022, majority of our revenues are derived from our operations within the Philippines. Our revenues derived from outside the Philippines consist primarily of revenues from incoming international calls to the Philippines.

	Wireless	Fixed Line	Others	Inter-segment Transactions	Consolidated
	(amounts in million Php, except for EBITDA margin)				
For the three months ended March 31, 2023					
Revenues	25,879	30,047	—	(3,564)	52,362
Expenses	20,236	23,016	5	(3,559)	39,698
Other income (expenses) – net	522	(130)	(747)	(87)	(442)
Income (loss) before income tax	6,165	6,901	(752)	(92)	12,222
Provision for (benefit from) income tax	1,521	1,648	—	(21)	3,148
Net income (loss)/Segment profit (loss)	4,644	5,253	(752)	(71)	9,049
Continuing operations	*4,644*	*5,253*	*(752)*	*(71)*	*9,074*
Discontinued operations	—	—	—	—	*(25)*
EBITDA	13,236	13,621	(5)	(2,453)	24,378
Continuing operations	*13,236*	*13,621*	*(5)*	*(2,453)*	*24,399*
Discontinued operations	—	—	—	—	*(21)*
EBITDA margin[1]	57%	45%	—	—	49%
Core income (loss)	3,101	5,863	(623)	(102)	8,214
Continuing operations	*3,101*	*5,863*	*(623)*	*(102)*	*8,239*
Discontinued operations	—	—	—	—	*(25)*
Telco core income (loss)	3,101	5,633	8	(102)	8,640
For the three months ended March 31, 2022[2]					
Revenues	25,747	34,214	—	(10,136)	49,825
Expenses	22,422	29,265	5	(9,999)	41,693
Other income (expenses) – net	(2,156)	7,685	(736)	(998)	3,795
Income (loss) before income tax	1,169	12,634	(741)	(1,135)	11,927
Provision for (benefit from) income tax	171	2,558	(80)	104	2,753
Net income (loss)/Segment profit (loss)	998	10,076	(661)	(1,239)	9,154
Continuing operations	*998*	*10,076*	*(661)*	*(1,239)*	*9,174*
Discontinued operations	—	—	—	—	*(20)*
EBITDA	13,292	11,213	(5)	(3,597)	20,907
Continuing operations	*13,292*	*11,213*	*(5)*	*(3,597)*	*20,903*
Discontinued operations	—	—	—	—	*4*
EBITDA margin[1]	56%	33%	—	—	44%
Core income (loss)	1,871	7,776	(696)	(1,299)	7,632
Continuing operations	*1,871*	*7,776*	*(696)*	*(1,299)*	*7,652*
Discontinued operations	—	—	—	—	*(20)*
Telco core income (loss)	1,871	7,675	(24)	(1,299)	8,223
Increase (Decrease)					
Revenues	132	(4,167)	—	6,572	2,537
Expenses	(2,186)	(6,249)	—	6,440	(1,995)
Other income (expenses) – net	2,678	(7,815)	—	911	(4,237)
Income (loss) before income tax	4,996	(5,733)	—	1,043	295
Provision for (benefit from) income tax	1,350	(910)	—	(125)	395
Net income (loss)/Segment profit (loss)	3,646	(4,823)	—	1,168	(105)
Continuing operations	*3,646*	*(4,823)*	—	*1,168*	*(100)*
Discontinued operations	—	—	—	—	*(5)*
EBITDA	(56)	2,408	—	1,144	3,471
Continuing operations	*(56)*	*2,408*	—	*1,144*	*3,496*
Discontinued operations	—	—	—	—	*(25)*
Core income (loss)	—	—	—	—	—
Continuing operations	*1,230*	*(1,913)*	—	*1,197*	*582*
Discontinued operations	*1,230*	*(1,913)*	—	*1,197*	*587*
Telco core income (loss)	—	—	—	—	(5)

(1) *EBITDA margin for the year is measured as EBITDA divided by service revenues.*

(2) *Certain amounts for the three months ended March 31, 2022 were adjusted to reflect the loss of control of PG1 effective February 28, 2022, and the discontinued operations of certain ePLDT subsidiaries. See Note 11 ─ Investments in Associates and Joint Ventures ─ Investment in Associates ─ Investment in PG1 and Note 2 ─ Summary of Significant Accounting Policies ─ Discontinued Operations to the accompanying unaudited consolidated financial statements for further discussion.*

On a Consolidated Basis

Revenues

We reported consolidated revenues of Php52,362 million for the three months ended March 31, 2023, an increase of Php2,537 million, or 5%, as compared with Php49,825 million in the same period in 2022, primarily due to higher revenues, net of intersegment transactions, from data and voice services from our Fixed Line business segment, partially offset by lower revenues, net of intersegment transactions, from mobile and fixed wireless broadband services in our Wireless business segment.

Our consolidated service revenues of Php49,726 million for the three months ended March 31, 2023, increased by Php2,075 million, or 4%, from Php47,651 million in the same period in 2022. Our consolidated non-service revenues of Php2,636 million for the three months ended March 31, 2023, increased by Php462 million, or 21%, from Php2,174 million in the same period in 2022.

Consolidated service revenues, net of interconnection costs, amounted to Php47,107 million for the three months ended March 31, 2023, an increase of Php1,052 million, or 2%, from Php46,055 million in the same period in 2022.

The following table shows the breakdown of our consolidated revenues by service for the three months ended March 31, 2023 and 2022:

	Wireless	Fixed Line	Inter-segment Transactions	Consolidated
		(amounts in million Php)		
For the three months ended March 31, 2023				
Service Revenues				
Wireless	*23,352*		*(167)*	*23,185*
Mobile	22,934		(157)	22,777
Fixed Wireless broadband	408		—	408
MVNO and others	10		(10)	—
Fixed Line		*29,938*	*(3,397)*	*26,541*
Voice		6,866	(393)	6,473
Data		22,981	(2,939)	20,042
Home broadband		12,574	(6)	12,568
Corporate data and ICT		10,407	(2,933)	7,474
Miscellaneous		91	(65)	26
Total Service Revenues	23,352	29,938	(3,564)	49,726
Non-Service Revenues				
Sale of computers, phone units, mobile handsets and broadband data modems	2,527	108	—	2,635
Point-product sales	—	1	—	1
Total Non-Service Revenues	2,527	109	—	2,636
Total Revenues	25,879	30,047	(3,564)	52,362
For the three months ended March 31, 2022[(1)]				
Service Revenues				
Wireless	*23,686*		*(218)*	*23,468*
Mobile	23,081		(186)	22,895
Fixed Wireless broadband	573		—	573
MVNO and others	32		(32)	—
Fixed Line[(1)]		*34,101*	*(9,918)*	*24,183*
Voice		11,207	(5,358)	5,849
Data		22,783	(4,489)	18,294
Home broadband		11,457	(8)	11,449
Corporate data and ICT		11,326	(4,481)	6,845
Miscellaneous		111	(71)	40
Total Service Revenues	23,686	34,101	(10,136)	47,651
Non-Service Revenues				
Sale of computers, phone units, mobile handsets and broadband data modems	2,061	88	—	2,149
Point-product sales	—	25	—	25
Total Non-Service Revenues	2,061	113	—	2,174
Total Revenues	25,747	34,214	(10,136)	49,825

(1) *Certain amounts for the three months ended March 31, 2022 were adjusted to reflect the loss of control of PG1 effective February 28, 2022, and the discontinued operations of certain ePLDT subsidiaries. See Note 11 – Investments in Associates and Joint Ventures – Investment in Associates – Investment in PG1 and Note 2 – Summary of Significant Accounting Policies – Discontinued Operations to the accompanying unaudited consolidated financial statements for further discussion.*

The following table shows the breakdown of our consolidated revenues by business segment for the three months ended March 31, 2023 and 2022:

	2023	%	2022	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	25,879	50	25,747	52	132	1
Fixed Line	30,047	57	34,214	68	(4,167)	(12)
Inter-segment transactions	(3,564)	(7)	(10,136)	(20)	6,572	65
Consolidated	52,362	100	49,825	100	2,537	5

Our consolidated revenues are further segmented by market, based on the type of customers served. "Home" refers to household subscribers, "Individual" covers mobile wireless individual customers, "Enterprise" encompasses business-based customers, corporate or micro, small and medium enterprises, and "International" refers to international carrier customers.

The following table shows our consolidated revenues by market segment for each of our business segments for the three months ended March 31, 2023 and 2022:

	2023	%	2022[1]	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	23,185	44	23,468	47	(283)	(1)
Individual	*19,818*	*38*	*19,909*	*40*	*(91)*	—
Home	*408*	—	*573*	*1*	*(165)*	*(29)*
Enterprise	*2,548*	*5*	*2,605*	*5*	*(57)*	*(2)*
International	*411*	*1*	*381*	*1*	*30*	*8*
Fixed Line	26,541	51	24,183	49	2,358	10
Home	*14,601*	*28*	*13,650*	*27*	*951*	*7*
Enterprise	*9,376*	*18*	*8,740*	*18*	*636*	*7*
International	*2,551*	*5*	*1,770*	*4*	*781*	*44*
Others	*13*	—	*23*	—	*(10)*	*(43)*
Total Service Revenues	**49,726**	**95**	**47,651**	**96**	**2,075**	**4**
Wireless	2,527	5	2,061	4	466	23
Individual	*2,107*	*4*	*1,685*	*3*	*422*	*25*
Home	*28*	—	*66*	—	*(38)*	*(58)*
Enterprise	*387*	*1*	*299*	*1*	*88*	*29*
International	*5*	—	*11*	—	*(6)*	*(55)*
Fixed Line	109	—	113	—	(4)	(4)
Home	*48*	—	*44*	—	*4*	*9*
Enterprise	*61*	—	*69*	—	*(8)*	*(12)*
Total Non-Service Revenues	**2,636**	**5**	**2,174**	**4**	**462**	**21**
Total Revenues	**52,362**	**100**	**49,825**	**100**	**2,537**	**5**

[1] *Certain amounts for the three months ended March 31, 2022 were adjusted to reflect the loss of control of PG1 effective February 28, 2022, and the discontinued operations of certain ePLDT subsidiaries. See Note 11 – Investments in Associates and Joint Ventures – Investment in Associates – Investment in PG1 and Note 2 – Summary of Significant Accounting Policies – Discontinued Operations to the accompanying unaudited consolidated financial statements for further discussion.*

Expenses

Consolidated expenses decreased by Php1,995 million, or 5%, to Php39,698 million for the three months ended March 31, 2023 from Php41,693 million in the same period in 2022, primarily due to lower expenses related to selling, general and administrative expenses, depreciation and amortization, and asset impairment, partially offset by higher interconnection costs, cost of sales and services, and provisions.

The following table shows the breakdown of our consolidated expenses by business segment for the three months ended March 31, 2023 and 2022:

	2023	%	2022	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	20,236	51	22,422	54	(2,186)	(10)
Fixed Line	23,016	58	29,265	70	(6,249)	(21)
Others	5	—	5	—	—	—
Inter-segment transactions	(3,559)	(9)	(9,999)	(24)	6,440	64
Consolidated	39,698	100	41,693	100	(1,995)	(5)

Other Income (Expenses) – Net

Consolidated other expenses – net amounted to Php442 million for the three months ended March 31, 2023, a change of Php4,237 million as against consolidated other income – net of Php3,795 million in the same period in 2022, primarily due to the combined effects of the following: (i) lower other income – net from our Fixed Line business segment, owing mainly to the income from prescription of preferred shares redemption liability in 2022, partly offset by higher other income from our Wireless business segment mainly on account of the gain on sale and leaseback of telecom towers in 2023; (ii) net losses on derivative financial instruments from our Fixed Line and Wireless business segments in the first three months of 2023; (iii) net foreign exchange gains from our Fixed Line and Wireless business segments in the first three months of 2023; and (iv) lower equity share in net losses from our Other business segment.

The following table shows the breakdown of our consolidated other income (expenses) – net by business segment for the three months ended March 31, 2023 and 2022:

	2023	2022	Change Amount	Change %
		(amounts in million Php)		
Wireless	522	(2,156)	2,678	124
Fixed Line	(130)	7,685	(7,815)	(102)
Others	(747)	(736)	(11)	(1)
Inter-segment transactions	(87)	(998)	911	91
Consolidated	(442)	3,795	(4,237)	(112)

Net Income (Loss)

Consolidated net income decreased by Php105 million, or 1%, to Php9,049 million for the three months ended March 31, 2023 from Php9,154 million in the same period in 2022, primarily due to lower net income from our Fixed Line business segment, and higher net loss from our Other business segment, partially offset by higher net income from our Wireless business segment. Our consolidated basic and diluted EPS decreased to Php41.66 for the three months ended March 31, 2023 from Php41.95 in the same period in 2022. Our weighted average number of outstanding common shares was approximately 216.06 million for each of the three months ended March 31, 2023 and 2022.

The following table shows the breakdown of our consolidated net income (loss) by business segment for the three months ended March 31, 2023 and 2022:

	2023	%	2022	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	4,644	51	998	11	3,646	365
Fixed Line	5,253	58	10,076	110	(4,823)	(48)
Others	(752)	(8)	(661)	(7)	(91)	(14)
Inter-segment transactions	(71)	(1)	(1,239)	(14)	1,168	94
Continuing operations	9,074	100	9,174	100	(100)	1
Discontinued operations	(25)	—	(20)	—	(5)	(25)
Consolidated	9,049	100	9,154	100	(105)	(1)

EBITDA

Our consolidated EBITDA amounted to Php24,378 million for the three months ended March 31, 2023, an increase of Php3,471 million, or 17%, as compared with Php20,907 million in the same period in 2022, primarily due to higher EBITDA from our Fixed Line business segment, partially offset by lower EBITDA from our Wireless business segment.

The following table shows the breakdown of our consolidated EBITDA by business segment for the three months ended March 31, 2023 and 2022:

					Change	
	2023	**%**	**2022**	**%**	**Amount**	**%**
			(amounts in million Php)			
Wireless	13,236	54	13,292	63	(56)	—
Fixed Line	13,621	56	11,213	54	2,408	21
Others	(5)	—	(5)	—	—	—
Inter-segment transactions	(2,453)	(10)	(3,597)	(17)	1,144	32
Continuing operations	24,399	100	20,903	100	3,496	17
Discontinued operations	(21)	—	4	—	(25)	(625)
Consolidated	24,378	100	20,907	100	3,471	17

Our consolidated EBITDA, excluding MRP and expenses related to the sale of our telecom assets, amounted to Php26,022 million for the three months ended March 31, 2023, an increase of Php564 million, or 2%, as compared with Php25,458 million in the same period in 2022.

Core Income

Our consolidated core income amounted to Php8,214 million for the three months ended March 31, 2023, an increase of Php582 million, or 8%, as compared with Php7,632 million in the same period in 2022, mainly on account of higher EBITDA excluding MRP, lower depreciation and amortization and lower equity share in net losses of associates and joint ventures, partially offset by higher financing costs. Our consolidated basic and diluted core EPS increased to Php37.95 for the three months ended March 31, 2023 from Php35.26 in the same period in 2022.

The following table shows the breakdown of our consolidated core income by business segment for the three months ended March 31, 2023 and 2022:

					Change	
	2023	**%**	**2022**	**%**	**Amount**	**%**
			(amounts in million Php)			
Wireless	3,101	38	1,871	24	1,230	66
Fixed Line	5,863	71	7,776	102	(1,913)	(25)
Others	(623)	(8)	(696)	(9)	73	10
Inter-segment transactions	(102)	(1)	(1,299)	(17)	1,197	92
Continuing operations	8,239	100	7,652	100	587	(8)
Discontinued operations	(25)	—	(20)	—	(5)	(25)
Consolidated	8,214	100	7,632	100	582	(8)

Telco Core Income

Our consolidated telco core income amounted to Php8,640 million for the three months ended March 31, 2023, an increase of Php417 million, or 5%, as compared with Php8,223 million in the same period in 2022, mainly due to higher EBITDA excluding MRP, and lower depreciation and amortization, partially offset by higher provision for income tax and financing costs.

The following table shows the breakdown of our consolidated telco core income by business segment for the three months ended March 31, 2023 and 2022:

	2023	%	2022	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	3,101	36	1,871	23	1,230	66
Fixed Line	5,633	65	7,675	93	(2,042)	(27)
Others	8	—	(24)	—	32	133
Inter-segment transactions	(102)	(1)	(1,299)	(16)	1,197	92
Consolidated	8,640	100	8,223	100	417	5

On a Business Segment Basis

Wireless

Revenues

We generated revenues of Php25,879 million from our Wireless business segment in 2022, an increase of Php132 million, or 1%, from Php25,747 million in the same period in 2022.

The following table summarizes our total revenues by service from our Wireless business segment for the three months ended March 31, 2023 and 2022:

	2023	%	2022	%	Increase (Decrease) Amount	Increase (Decrease) %
			(amounts in million Php)			
Service Revenues:						
Mobile	22,934	89	23,081	90	(147)	(1)
Fixed Wireless broadband	408	1	573	2	(165)	(29)
MVNO and others[1]	10	—	32	—	(22)	(69)
Total Wireless Service Revenues	23,352	90	23,686	92	(334)	(1)
Non-Service Revenues:						
Sale of mobile handsets and broadband data modems	2,527	10	2,061	8	466	23
Total Wireless Revenues	25,879	100	25,747	100	132	1

[1] *Includes service revenues generated by MVNOs of PLDT Global subsidiaries and facility service fees.*

Service Revenues

Our wireless service revenues decreased by Php334 million, or 1%, to Php23,352 million for the three months ended March 31, 2023 as compared with Php23,686 million in the same period in 2022, primarily due to lower revenues from mobile, fixed wireless broadband, and MVNO and other services. As a percentage of our total wireless revenues, service revenues accounted for 90% and 92% for the three months ended March 31, 2023 and 2022, respectively.

Wireless service revenues, net of interconnection costs, amounted to Php23,167 million for the three months ended March 31, 2023, a decrease of Php338 million, or 1%, from Php23,505 million in the same period in 2022.

Mobile Services

Our mobile service revenues amounted to Php22,934 million for the three months ended March 31, 2023, a decrease of Php147 million, or 1%, from Php23,081 million in the same period in 2022. Mobile service revenues accounted for 98% and 97% of our wireless service revenues for the three months ended March 31, 2023 and 2022, respectively.

The following table shows the breakdown of our mobile service revenues for the three months ended March 31, 2023 and 2022:

	2023	%	2022	%	Increase (Decrease) Amount	%
			(amounts in million Php)			
Mobile Services:						
Data	18,196	79	17,556	76	640	4
Voice	3,046	13	3,792	17	(746)	(20)
SMS	1,252	6	1,474	6	(222)	(15)
Inbound roaming and others[1]	440	2	259	1	181	70
Total	22,934	100	23,081	100	(147)	(1)

[1] *Refers to other non-subscriber-related revenues consisting primarily of inbound international roaming fees and facility service fees.*

Data Services

Mobile revenues from our data services, which include mobile internet, mobile broadband and other data services, increased by Php640 million, or 4%, to Php18,196 million for the three months ended March 31, 2023 from Php17,556 million in the same period in 2022 due to higher mobile internet revenues driven mainly by the launch of new mobile data offers which cater to the needs of prepaid subscribers looking for data flexibility as consumers shift from working and studying from home to a more hybrid work and school environment, partially offset by lower mobile broadband and VAS-related data revenues.

Data services accounted for 79% and 76% of our mobile service revenues for the three months ended March 31, 2023 and 2022, respectively.

The following table shows the breakdown of our mobile data service revenues for the three months ended March 31, 2023 and 2022:

	2023	%	2022	%	Increase (Decrease) Amount	%
			(amounts in million Php)			
Data Services:						
Mobile internet[1]	17,173	94	16,407	93	766	5
Mobile broadband	801	5	889	5	(88)	(10)
Other data	222	1	260	2	(38)	(15)
Total	18,196	100	17,556	100	640	4

[1] *Includes revenues from web-based services, net of discounts and content provider costs.*

Mobile Internet

Mobile internet service revenues increased by Php766 million, or 5%, to Php17,173 million for the three months ended March 31, 2023 from Php16,407 million in the same period in 2022, primarily due to the increase in mobility and consumer adoption of our mobile data offerings such as Power All, Double Giga, Giga Power, Magic Data, TNT's Affordaloads, and Smart Postpaid's Unli 5G plans.

Smart continues to drive GigaLife App, which now supports more payment solutions for top-up. Smart also has Smart Live App, which provides its subscribers exclusive video access to live sports streaming such as the UAAP, PBA, PVL and NBA TV Philippines channel, as well as pay-per-view (“PPV”) concerts. In February 2023, Smart kicked off its FIBA World Cup campaign by streaming the FIBA games on the Smart Live App. Smart also launched "Live More Today" brand campaign, which helped deliver Smart's stronger brand promise and connect with its subscribers.

Mobile internet services accounted for 75% and 71% of our mobile service revenues for the three months ended March 31, 2023 and 2022, respectively.

Mobile Broadband

Mobile broadband revenues amounted to Php801 million for the three months ended March 31, 2023, a decrease of Php88 million, or 10%, from Php889 million in the same period in 2022, primarily due to lower mobile broadband subscriber base.

Mobile broadband services accounted for 3% and 4% of our mobile service revenues for the three months ended March 31, 2023 and 2022, respectively.

Other Data

Revenues from our other data services, which include value-added services ("VAS") and domestic leased lines, decreased by Php38 million, or 15%, to Php222 million for the three months ended March 31, 2023 from Php260 million in the same period in 2022. The decrease was primarily due to lower revenues from VAS via direct carrier billing, driven by the game publishers' shift to digital payment solutions.

Voice Services

Mobile revenues from our voice services, which include all voice traffic, decreased by Php746 million, or 20%, to Php3,046 million for the three months ended March 31, 2023 from Php3,792 million in the same period in 2022, due to subscribers' shift to alternative calling options, digital teleconferencing solutions, and other OTT services. In view of these new digital solutions and to improve its voice service, Smart has been provisioning its mobile users for Voice over LTE ("VoLTE") and Voice over Wifi ("VoWiFi") services which routes the voice calls through digital channels and offer better voice quality. Mobile voice services accounted for 13% and 17% of our mobile service revenues for the three months ended March 31, 2023 and 2022, respectively.

Domestic voice service revenues decreased by Php615 million, or 18%, to Php2,811 million for the three months ended March 31, 2023 from Php3,426 million in the same period in 2022, mainly due to lower traffic from domestic outbound voice services.

International voice service revenues decreased by Php131 million, or 36%, to Php235 million for the three months ended March 31, 2023 from Php366 million in the same period in 2022 resulting from the declining trend of international inbound voice traffic due to subscribers' shift to application-based form of communications and other OTT services.

SMS Services

Mobile revenues from our SMS services, which include all SMS-related services, decreased by Php222 million, or 15%, to Php1,252 million for the three months ended March 31, 2023 from Php1,474 million in the same period in 2022, mainly due to the decline in SMS volumes arising from the increased adoption of alternative messaging solutions such as OTT services, social media, and messenger application, partially offset by the increase in Application-to-Person ("A2P") service revenues. Mobile SMS services accounted for 6% of our mobile service revenues in each of the three months ended March 31, 2023 and 2022.

Inbound Roaming and Others

Mobile revenues from inbound roaming and other services increased by Php181 million, or 70%, to Php440 million for the three months ended March 31, 2023 from Php259 million in the same period in 2022 mainly due to higher revenues from inbound roaming services driven by the increase in international travel and higher revenues from other subscriber-related income.

The following table shows the breakdown of our mobile service revenues by service type for the three months ended March 31, 2023 and 2022:

	2023	2022	Increase (Decrease) Amount	%
	(amounts in million Php)			
Mobile service revenues	22,934	23,081	(147)	(1)
By service type				
Prepaid	18,218	18,296	(78)	—
Postpaid	4,276	4,526	(250)	(6)
Inbound roaming and others	440	259	181	70

Prepaid Mobile Revenues

Revenues generated from our prepaid mobile services amounted to Php18,218 million for the three months ended March 31, 2023, a decrease of Php78 million as compared with Php18,296 million in the same period in 2022. The decrease in revenues from our prepaid mobile services was attributed to lower SMS, voice and VAS revenues, partially offset by the growth in data revenues. Excluding VAS revenues, prepaid mobile revenues would have increased by 5% for the three months ended March 31, 2023 as compared with the same period in 2022. Prepaid mobile service revenues accounted for 79% of mobile service revenues for each of the three months ended March 31, 2023 and 2022.

Postpaid Mobile Revenues

Revenues generated from our postpaid mobile services amounted to Php4,276 million for the three months ended March 31, 2023, a decrease of Php250 million, or 6%, as compared with Php4,526 million in the same period in 2022. The decrease in revenues from our postpaid mobile services was attributed to lower voice, SMS and mobile broadband services primarily due to a decline in the postpaid subscriber base. Postpaid mobile service revenues accounted for 19% and 20% of mobile service revenues for the three months ended March 31, 2023 and 2022, respectively.

In April 2022, we implemented the rebranding of Individual Sun Postpaid into Smart Postpaid. Sun subscribers retained their existing Sun numbers, SIM and plan inclusions while enjoying the services and perks of a Smart subscriber such as Smart 5G, access to GigaLife App, Smart notifications and billing, and other Smart add-ons and features. The subscribers may also avail of the Signature plan which provides the subscribers with a better experience, access to the fastest mobile network, better plan packages and latest devices.

Subscriber Base, ARPU and Churn Rates

In October 2022, R.A. No. 11934, or the SIM Registration Act took effect which mandates that all SIMs be registered. The law aims to address the proliferation of text scams in the country, as well as other crimes committed through text messages. Under the law, the telcos are required to collect the full name, date of birth, complete address, gender, valid government IDs and the attestation of the end users. Smart officially launched its registration portal on December 27, 2022. The original deadline for mandatory SIM registration was April 26, 2023, which was subsequently extended until July 25, 2023.

The following table shows our mobile subscriber base as at March 31, 2023 and 2022:

	2023[(1)]	2022	Increase (Decrease) Amount	%
Mobile subscriber base				
Smart[(2)]	26,031,585	27,813,829	(1,782,244)	(6)
Prepaid	*24,044,239*	*26,229,708*	*(2,185,469)*	*(8)*
Postpaid	*1,987,346*	*1,584,121*	*403,225*	*25*
TNT	38,955,398	41,994,310	(3,038,912)	(7)
Sun Postpaid[(3)]	47,357	471,532	(424,175)	(90)
Total mobile subscribers	65,034,340	70,279,671	(5,245,331)	*(7)*

[(1)] *In view of the SIM Registration Act, beginning 1Q 2023, our policy is to recognize a prepaid mobile subscriber only when the subscriber activates and uses the SIM card and is considered inactive if the subscriber does not reload within 120 days after expiration of the last reload.*
[(2)] *Includes mobile broadband subscribers.*
[(3)] *Beginning April 2022, Individual Sun Postpaid was rebranded as Smart Postpaid.*

The average monthly churn rates for Smart Prepaid subscribers was 4.6% in each of the three months ended March 31, 2023 and 2022, while the average monthly churn rates for TNT subscribers were 4.8% and 4.5% for the three months ended March 31, 2023 and 2022, respectively.

The average monthly churn rates for Smart Postpaid subscribers were 1.4% and 1.2% for the three months ended March 31, 2023 and 2022, respectively. The average monthly churn rates for Sun Postpaid subscribers were 3.7% and 2.1% for the three months ended March 31, 2023 and 2022, respectively.

The following table summarizes our average monthly ARPUs for the three months ended March 31, 2023 and 2022:

	Gross[1]		Increase (Decrease)		Net[2]		Increase (Decrease)	
	2023	2022	Amount	%	2023	2022	Amount	%
	(amounts in Php)							
Prepaid								
Smart	*124*	*116*	*8*	*7*	*107*	*99*	*8*	*8*
TNT	*96*	*94*	*2*	*2*	*86*	*82*	*4*	*5*
Postpaid								
Smart	*720*	*824*	*(104)*	*(13)*	*678*	*786*	*(108)*	*(14)*
Sun	*547*	*447*	*100*	*22*	*547*	*440*	*107*	*24*

[1] *Gross monthly ARPU is calculated by dividing gross mobile service revenues for the period, including interconnection income, but excluding inbound roaming revenues, gross of discounts, and content provider costs, by the average number of subscribers in the period.*
[2] *Net monthly ARPU is calculated by dividing gross mobile service revenues for the period, including interconnection income, but excluding inbound roaming revenues, net of discounts, and content provider costs, by the average number of subscribers in the period.*

Fixed Wireless Broadband

Revenues from our Fixed Wireless Broadband services amounted to Php408 million for the three months ended March 31, 2023, a decrease of Php165 million, or 29%, from Php573 million in the same period in 2022 primarily due to shift in customer demand from wireless broadband to home fiber.

In December 2021, Smart launched the first prepaid 5G Home Router. Smart Bro Home WiFi 5G is a plug-and-play device that can connect up to 10 Wifi-enabled devices with a fiber-like speed of Smart 5G.

In February 2022, Smart launched *UnliFam 999* which provides unlimited data for family sharing and home WiFi users valid for 30 days.

MVNO and Others

Revenues from our MVNO and other services amounted to Php10 million for the three months ended March 31, 2023, a decrease of Php22 million, or 69%, from Php32 million in the same period in 2022.

Non-Service Revenues

Our wireless non-service revenues consist of sale of mobile handsets, broadband data routers, tablets and accessories. Our wireless non-service revenues increased by Php466 million, or 23%, to Php2,527 million for the three months ended March 31, 2023 from Php2,061 million in the same period in 2022, primarily due to a higher number of units issued for mobile handsets.

Expenses

Expenses associated with our Wireless business segment amounted to Php20,236 million for the three months ended March 31, 2023, a decrease of Php2,186 million, or 10%, from Php22,422 million in the same period in 2022. The decrease was attributable to lower expenses related to depreciation and amortization, selling, general and administrative, provisions, and asset impairment, partially offset by higher cost of sales and services, and interconnection costs. As a percentage of our total wireless revenues, expenses associated with our Wireless business segment accounted for 78% and 87% for the three months ended March 31, 2023 and 2022, respectively.

The following table summarizes the breakdown of our total wireless-related expenses for the three months ended March 31, 2023 and 2022 and the percentage of each expense item in relation to the total:

	2023	%	2022	%	Increase (Decrease) Amount	%
			(amounts in million Php)			
Selling, general and administrative expenses	8,879	44	9,162	41	(283)	(3)
Depreciation and amortization	7,546	37	9,822	44	(2,276)	(23)
Cost of sales and services	3,358	17	2,708	12	650	24
Provisions	200	1	416	2	(216)	(52)
Interconnection costs	185	1	181	1	4	2
Asset impairment	68	—	133	—	(65)	(49)
Total	20,236	100	22,422	100	(2,186)	(10)

Selling, general and administrative expenses decreased by Php283 million, or 3%, to Php8,879 million, primarily due to lower expenses related to compensation and employee benefits, professional and other contracted services, insurance and security services, taxes and licenses, rent, and communication, training and travel as a result of our continuous optimization efforts, partly offset by higher expenses related to repairs and maintenance, and selling and promotions.

Depreciation and amortization charges decreased by Php2,276 million, or 23%, to Php7,546 million, mainly on account of lower depreciation due to shortened life of 3G technology-related equipment in 2022 resulting from the migration to faster speed LTE and 5G technologies, partly offset by higher amortization of capitalized leases arising from the sale and leaseback of telecom towers.

Cost of sales and services increased by Php650 million, or 24%, to Php3,358 million, primarily due to a higher number of units issued for mobile handsets, and higher cost of content and services.

Provisions decreased by Php216 million, or 52%, to Php200 million, primarily due to lower provision for inventory obsolescence, partly offset by higher provision for expected credit losses.

Interconnection costs increased by Php4 million, or 2%, to Php185 million, primarily due to higher interconnection charges on international roaming services.

Asset impairment decreased by Php65 million, or 49%, to Php68 million primarily due to impairment charges in 2022 related to certain network equipment damaged by Typhoon Odette.

Other Income (Expenses) – Net

The following table summarizes the breakdown of our total wireless-related other income (expenses) – net for the three months ended March 31, 2023 and 2022:

	2023	2022	Change Amount	%
		(amounts in million Php)		
Other Income (Expenses) – Net:				
Foreign exchange gains (losses) – net	440	(456)	896	196
Interest income	182	77	105	136
Gains (losses) on derivative financial instruments – net	(381)	171	(552)	(323)
Financing costs – net	(2,096)	(2,135)	39	2
Other income – net	2,377	187	2,190	1,171
Total	522	(2,156)	2,678	124

Our Wireless business segment's other income – net amounted to Php522 million for the three months ended March 31, 2023, a change of Php2,678 million from other expenses – net of Php2,156 million in the same period in 2022, primarily due to the combined effects of the following: (i) higher other income – net by Php2,190 million mainly due to the Php2,220 million gain on sale and leaseback of 382 telecom towers; (ii) net foreign exchange gains of Php440 million in 2023 as against net foreign exchange losses of Php456 million in 2022 mainly on account of revaluation of net foreign currency-denominated liabilities due to the appreciation of the Philippine peso relative to the U.S. dollar in 2023 as against the depreciation of the Philippine peso to the U.S. dollar in 2022; (iii) higher interest income by Php105 million; and (iv) net losses on derivative financial instruments of Php381 million in

2023 as against net gains on derivative financial instruments of Php171 million in 2022 mainly due to the appreciation of the Philippine peso relative to the U.S. dollar in 2023 as against the depreciation of the Philippine peso to the U.S. dollar in 2022.

Provision for Income Tax

Provision for income tax amounted to Php1,521 million for the three months ended March 31, 2023, an increase of Php1,350 million from Php171 million in the same period in 2022, which is aligned with the increase in net income before tax.

Net Income

As a result of the foregoing, our Wireless business segment's net income increased by Php3,646 million to Php4,644 million for the three months ended March 31, 2023 from Php998 million in the same period in 2022.

EBITDA

Our Wireless business segment's EBITDA decreased by Php56 million to Php13,236 million for the three months ended March 31, 2023 from Php13,292 million in the same period in 2022. EBITDA margin increased to 57% in the three months ended March 31, 2023 from 56% in the same period in 2022.

Core Income

Our Wireless business segment's core income increased by Php1,230 million, or 66%, to Php3,101 million for the three months ended March 31, 2023 from Php1,871 million in the same period in 2022, mainly on account of lower depreciation and amortization, and higher other income, partially offset by lower EBITDA excluding MRP, and higher provision for income tax.

Fixed Line

Revenues

Revenues generated from our Fixed Line business segment amounted to Php30,047 million for the three months ended March 31, 2023, a decrease of Php4,167 million, or 12%, from Php34,214 million in the same period in 2022.

The following table summarizes our total revenues by service from our Fixed Line business segment for the three months ended March 31, 2023 and 2022:

					Increase (Decrease)	
	2023	**%**	**2022**	**%**	**Amount**	**%**
			(amounts in million Php)			
Service Revenues:						
Data	22,981	77	22,783	67	198	1
Voice	6,866	23	11,207	33	(4,341)	(39)
Miscellaneous	91	—	111	—	(20)	(18)
	29,938	100	34,101	100	(4,163)	(12)
Non-Service Revenues:						
Sale of computers, phone units and point-product sales	109	—	113	—	(4)	(4)
Total Fixed Line Revenues	30,047	100	34,214	100	(4,167)	(12)

Service Revenues

Our fixed line service revenues decreased by Php4,163 million, or 12%, to Php29,938 million for the three months ended March 31, 2023 from Php34,101 million in the same period in 2022, primarily due to lower revenues from our voice and miscellaneous services, partially offset by higher revenues from our data services.

Fixed Line service revenues, net of interconnection costs, amounted to Php27,108 million for the three months ended March 31, 2023, a decrease of Php214 million, or 1%, from Php27,322 million in the same period in 2022.

Data Services

Our data services, which include Home broadband, corporate data, and ICT portfolio with data center, cloud, cyber security, and managed IT offerings, posted revenues of Php22,981 million for the three months ended March 31, 2023, an increase of Php198 million, or 1%, from Php22,783 million in the same period in 2022, primarily due to higher revenues from home broadband services, partially offset by lower corporate data and leased lines, and ICT services . The percentage contribution of this service segment to our fixed line service revenues accounted for 77% and 67% for the three months ended March 31, 2023 and 2022, respectively.

The following table shows information of our data service revenues for the three months ended March 31, 2023 and 2022:

			Increase	
	2023	2022	Amount	%
		(amounts in million Php)		
Data service revenues	22,981	22,783	198	1
Home broadband	12,574	11,457	1,117	10
Corporate data and ICT	10,407	11,326	(919)	(8)

Home Broadband

Home broadband data revenues amounted to Php12,574 million for the three months ended March 31, 2023, an increase of Php1,117 million, or 10%, from Php11,457 million in the same period in 2022. This growth is driven by increasing demand for broadband services, including fixed wired (PLDT Home Fibr), which the company is providing through the nationwide roll-out of its fiber-to-the-home ("FTTH") network and its existing copper network, which is progressively being upgraded to fiber. Home broadband revenues accounted for 55% and 50% of fixed line data service revenues for the three months ended March 31, 2023 and 2022, respectively. PLDT's FTTH nationwide network roll-out has reached over 17.2 million homes passed as of March 31, 2023, while the number of ports has grown to about 6.1 million.

Corporate Data and ICT

Corporate data services amounted to Php8,790 million for the three months ended March 31, 2023, a decrease of Php856 million, or 9%, as compared with Php9,646 million in the same period in 2022, mainly due to lower leased line revenues owing from the reduction in rate with our Wireless business. Excluding intersegment transactions, corporate data services would have increased by Php383 million, or 7%, to Php6, 219 million for the three months ended March 31, 2023 from Php5,836 million in the same period in 2022. Corporate data revenues accounted for 38% and 42% of our total data service revenues for the three months ended March 31, 2023 and 2022, respectively.

ICT revenues decreased by Php63 million, or 4%, to Php1,617 million for the three months ended March 31, 2023 from Php1,680 million in the same period in 2022, mainly due to lower revenues from data center, cloud and cyber security services from our Wireless business. Excluding intersegment transactions, ICT services would have increased by Php195 million, or 20%, to Php1,192 million for the three months ended March 31, 2023 from Php997 million in the same period in 2022. The percentage contribution of this service segment to our total data service revenues accounted for 7% and 8% for the three months ended March 31, 2023 and 2022, respectively.

Voice Services

Revenues from our voice services decreased by Php4,341 million, or 39%, to Php6,866 million for the three months ended March 31, 2023 from Php11,207 million in the same period in 2022, primarily due to lower revenues from our international, domestic and local exchange services. The percentage contribution of voice service revenues to our fixed line service revenues accounted for 23% and 33% for the three months ended March 31, 2023 and 2022, respectively.

Miscellaneous Services

Miscellaneous service revenues are derived mostly from rentals and management fees. These service revenues decreased by Php20 million, or 18%, to Php91 million for the three months ended March 31, 2023 from Php111 million in the same period in 2022.

Non-service Revenues

Non-service revenues decreased by Php4 million to Php109 million for the three months ended March 31, 2023 from Php113 million in the same period in 2022, primarily due to lower sale of broadband routers and WiFi mesh, as well as lower point-product sales, partially offset by higher sale of managed ICT equipment.

Expenses

Expenses related to our Fixed Line business segment totaled Php23,016 million for the three months ended March 31, 2023, a decrease of Php6,249 million, or 21%, as compared with Php29,265 million in the same period in 2022. The decrease was primarily due to lower interconnection costs, selling, general and administrative, and asset impairment, partially offset by higher depreciation and amortization, provisions, and cost of sales and services. As a percentage of our total fixed line revenues, expenses associated with our Fixed Line business segment accounted for 77% and 86% for the three months ended March 31, 2023 and 2022, respectively.

The following table shows the breakdown of our total fixed line-related expenses for the three months ended March 31, 2023 and 2022 and the percentage of each expense item in relation to the total:

					Increase (Decrease)	
	2023	%	2022	%	Amount	%
			(amounts in million Php)			
Selling, general and administrative expenses	12,073	52	15,090	52	(3,017)	(20)
Depreciation and amortization	6,581	29	6,181	21	400	6
Interconnection costs	2,830	12	6,779	23	(3,949)	(58)
Provisions	831	4	441	2	390	88
Cost of sales and services	698	3	688	2	10	1
Asset impairment	3	—	86	—	(83)	(97)
Total	23,016	100	29,265	100	(6,249)	(21)

Selling, general and administrative expenses decreased by Php3,017 million, or 20%, to Php12,073 million primarily due to lower expenses related to compensation and employee benefits on account of lower MRP, professional and other contracted services, selling ang promotions, insurance and security services, and other miscellaneous expenses, partly offset by higher expenses related to taxes and licenses, rent, and communication, training and travel.

Depreciation and amortization charges increased by Php400 million, or 6%, to Php6,581 million, mainly on account of higher depreciable asset base arising from our network investments.

Interconnection costs decreased by Php3,949 million, or 58%, to Php2,830 million, primarily due to lower international interconnection costs of PLDT Global.

Provisions increased by Php390 million, or 88%, to Php831 million, primarily due to higher provision for expected credit losses.

Cost of sales and services increased by Php10 million, or 1%, to Php698 million, primarily due to higher cost of WiFi mesh and routers, partly offset by lower cost of services.

Asset impairment decreased by Php83 million, or 97%, to Php3 million primarily due to impairment charges in 2022 on certain network equipment damaged by Typhoon Odette in 2022.

Other Income (Expenses) – Net

The following table summarizes the breakdown of our total fixed line-related other income (expenses) – net for the three months ended March 31, 2023 and 2022:

	2023	2022	Change Amount	%
		(amounts in million Php)		
Other Income (Expenses) – Net:				
Foreign exchange gains (losses) – net	853	(626)	1,479	236
Interest income	103	52	51	98
Gains (Losses) on derivative financial instruments – net	(259)	301	(560)	(186)
Financing costs – net	(1,563)	(1,537)	(26)	(2)
Other income – net	736	9,495	(8,759)	(92)
Total	(130)	7,685	(7,815)	(102)

Our Fixed Line business segment's other expenses – net amounted to Php130 million for the three months ended March 31, 2023, a change of Php7,815 million, or 102%, from other income – net Php7,685 million in the same period in 2022, primarily due to the combined effects of the following: (i) lower other income – net by Php8,759 million mainly due to income from prescription of preferred shares redemption liability of Php7,839 million in 2022; (ii) net losses on derivative financial instruments of Php259 million in 2023 as against net gains on derivative financial instruments of Php301 million in 2022 mainly due to the appreciation of the Philippine peso relative to the U.S. dollar in 2023 as against the depreciation of the Philippine peso to the U.S. dollar in 2022; (iii) higher net financing costs by Php26 million; (iv) higher interest income by Php51 million; and (v) net foreign exchange gains of Php853 million in 2023 as against net foreign exchange losses of Php626 million in 2022 on account of the revaluation of net foreign currency-denominated liabilities due to the appreciation of the Philippine peso relative to the U.S. dollar in 2023 as against the depreciation of the Philippine peso to the U.S. dollar in 2022.

Provision for (Benefit from) Income Tax

Provision for income tax amounted to Php1,648 million for the three months ended March 31, 2023, a decrease of Php910 million, or 36%, from Php2,558 million in the same period in 2022, which is aligned with the decrease in net income before tax.

Net Income

As a result of the foregoing, our Fixed Line business segment registered a net income of Php5,253 million for the three months ended March 31, 2023, a decrease of Php4,823 million, or 48%, as compared with Php10,076 million in the same period in 2022.

EBITDA

Our Fixed Line business segment's EBITDA increased by Php2,408 million, or 21%, to Php13,621 million for the three months ended March 31, 2023 from Php11,213 million in the same period in 2022. EBITDA margin increased to 45% for the three months ended March 31, 2023 from 33% in the same period in 2022.

Core Income

Our Fixed Line business segment's core income decreased by Php1,913 million, or 25%, to Php5,863 million for the three months ended March 31, 2023 from Php7,776 million in the same period in 2022, primarily due to lower other miscellaneous income and higher depreciation and amortization.

<u>Others</u>

Revenues

Revenues generated from our Other business segment amounted to nil for the three months ended March 31, 2023 and 2022.

Expenses

Expenses related to our Other business segment amounted to Php5 million in each of the three months ended March 31, 2023 and 2022.

Other Income (Expenses) – Net

The following table summarizes the breakdown of other income (expenses) – net for Other business segment for the three months ended March 31, 2023 and 2022:

			Change	
	2023	**2022**	**Amount**	**%**
		(amounts in million Php)		
Other Income (Expenses) – Net:				
Equity share in net losses of associates and joint ventures	(705)	(758)	53	7
Foreign exchange gains (losses) – net	(46)	16	(62)	(388)
Interest income	3	5	(2)	(40)
Other income – net	1	1	—	—
Total	(747)	(736)	(11)	(1)

Our Other business segment's other expenses – net amounted to Php747 million for the three months ended March 31, 2023, an increase of Php11 million, or 1%, from Php736 million in the same period in 2022, primarily due to the combined effects of the following: (i) lower equity share in net losses of associates and joint ventures by Php53 million; (ii) lower interest income by Php2 million; and (iii) net foreign exchange losses of Php46 million in 2023 as against net foreign exchange gains of Php16 million in 2022.

Net Loss

As a result of the foregoing, our Other business segment registered a net loss of Php752 million for the three months ended March 31, 2023, higher by Php91 million, or 14%, from Php661 million in the same period in 2022.

Core Loss

Our Other business segment's core loss amounted to Php623 million for the three months ended March 31, 2023, a decrease of Php73 million, or 10%, from Php696 million in the same period in 2022.

Liquidity and Capital Resources

The following table shows our consolidated cash flows for the three months ended March 31, 2023 and 2022, as well as our consolidated capitalization and other consolidated selected financial data as at March 31, 2023 and December 31, 2022:

	Three months ended March 31,	
	2023	**2022**
	(amounts in million Php)	
Cash Flows		
Net cash flows provided by operating activities	26,632	18,542
Net cash flows used in investing activities	(15,527)	(23,288)
Payment for purchase of property and equipment, including capitalized interest	*(21,488)*	*(22,589)*
Net cash flows provided by (used in) financing activities	(9,819)	6,555
Net increase (decrease) in cash and cash equivalents	875	1,918

	March 31, 2023	December 31, 2022
	(amounts in million Php)	
Capitalization		
Long-term portion of interest-bearing financial liabilities – net of current portion:		
Long-term debt	214,619	217,288
Current portion of interest-bearing financial liabilities:		
Long-term debt maturing within one year	30,850	32,292
Total interest-bearing financial liabilities	245,469	249,580
Total equity attributable to equity holders of PLDT	104,774	108,727
	350,243	358,307
Other Selected Financial Data		
Total assets	616,659	624,162
Property and equipment	301,712	292,745
Cash and cash equivalents	26,086	25,211
Short-term investments	262	383

Our consolidated cash and cash equivalents and short-term investments totaled Php26,348 million as at March 31, 2023. Principal sources of consolidated cash and cash equivalents in 2023 were cash flows from operating activities amounting to Php26,632 million, proceeds from availment of long-term debt of Php3,000 million, proceeds from disposal of property of equipment of Php5,753 million, mainly proceeds from the sale and leaseback of telecom towers, interest received of Php285 million and proceeds from maturity of short-term investments of Php461 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php21,488 million; (2) long-term debt principal and interest payments of Php2,048 million and Php2,203 million, respectively; (3) payment of short-term debt of Php4,000 million; (4) settlement of obligations under lease liabilities of Php3,215 million; and (5) settlement of derivative financial instruments of Php1,247 million.

Our consolidated cash and cash equivalents and short-term investments totaled Php28,979 million as at March 31, 2022. Principal sources of consolidated cash and cash equivalents in 2022 were cash flows from operating activities amounting to Php18,542 million, proceeds from the release of preferred redemption fund of Php7,839 million, proceeds from availment of long-term and short-term debts of Php5,000 million and Php4,000 million, respectively, and proceeds from disposal of property of equipment of Php194 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php22,589 million; (2) long-term debt principal and interest payments of Php5,797 million and Php2,070 million, respectively; (3) settlement of obligations under lease liabilities of Php2,261 million; and (4) payment for purchase of short-term investments of Php898 million.

Operating Activities

Our consolidated net cash flows provided by operating activities increased by Php8,090 million, or 44%, to Php26,632 million for the three months ended March 31, 2023 from Php18,542 million in the same period in 2022 primarily due to lower prepayments, higher operating income, and lower pension and other employee benefits, partially offset by higher level of settlement of accounts payable, and accrued expenses and other current liabilities, and lower level of collection of accounts receivables.

Cash flows provided by operating activities of our Wireless business segment increased by Php21,720 million to Php35,558 million for the three months ended March 31, 2023 from Php13,838 million in the same period in 2022, primarily due to lower level of settlement of accounts payable, and accrued expenses and other current liabilities, lower prepayments, and lower pension and other employee benefits, partially offset by lower level of collection of accounts receivables and lower operating income. Cash flows provided by operating activities of our Fixed Line business segment increased by Php11,502 million to Php22,902 million for the three months ended March 31, 2023 from Php11,400 million in the same period in 2022, primarily due to higher operating income, lower level of settlement of accounts payable, lower prepayments, and lower pension and other employee benefits, partially offset by higher level of settlement of accrued expenses and other current liabilities, and lower level of collection of accounts receivables. Cash flows used in operating activities of our Other business segment amounted to Php303 million for the three months ended March 31, 2023 as against cash flows provided by operating activities of Php440 million in the same period in 2022, primarily due to higher level of settlement of accounts payable.

Investing Activities

Consolidated net cash flows used in investing activities amounted to Php15,527 million for the three months ended March 31, 2023, a decrease of Php7,761 million, or 33%, from Php23,288 million in the same period in 2022, primarily due to the combined effects of the following: (1) higher proceeds from disposal of property and equipment by Php5,559 million, mainly proceeds from the sale and leaseback of telecom towers; (2) lower payment for purchase of property and equipment, including capitalized interest, by Php1,101 million; and (3) higher net proceeds from maturity of short-term investments by Php1,019 million.

Our consolidated payment for purchase of property and equipment, including capitalized interest, in 2023 totaled Php21,488 million, a decrease of Php1,101 million, or 5%, as compared with Php22,589 million in the same period in 2022. Smart's payment for purchase of property and equipment, including capitalized interest, decreased by Php1,956 million, or 21%, to Php11,362 million for the three months ended March 31, 2023 from Php9,406 million in the same period in 2022. Smart's capex spending was primarily focused on LTE (4G) coverage and capacity expansion, and rollout of new sites and 5G base stations in key business areas and dense communities nationwide. PLDT's payment for purchase of property and equipment, including capitalized interest, decreased by Php3,606 million, or 29%, to Php9,007 million for the three months ended March 31, 2023 from Php12,613 million in the same period in 2022. PLDT's capex spending was used to finance fixed line install, rollout, expansion and modernization of fiber optic transport network and backbone resiliency, and expansion of our international submarine cable network. The balance represents other subsidiaries' capital spending.

As part of our growth strategy, we may from time to time, continue to make acquisitions and investments in companies or businesses.

Financing Activities

On a consolidated basis, cash flows used in financing activities amounted to Php9,819 million for the three months ended March 31, 2023 as against cash flows provided by financing activities of Php6,555 million in the same period in 2022, primarily due to the combined effects of the following: (1) payment of short-term debt of Php4,000 million in 2023 as against proceeds from availment of short-term debt of Php4,000 million in 2022; (2) proceeds from the release of preferred shares redemption fund of Php7,839 million in 2022; (3) lower net proceeds from availment of long-term debt by Php2,000 million; (4) higher settlement of derivative financial instruments by Php954 million; (5) lower payment of long-term debt by Php3,749 million.

Debt Financing

Proceeds from availment of long-term debt for the three months ended March 31, 2023 amounted to Php3,000 million mainly from ePLDT's drawings related to financing of capital expenditure requirements. Payments of principal amounted to Php6,048 million while payments of interest on our total debt amounted to Php2,196 million for the three months ended March 31, 2023.

Our consolidated long-term and short-term debts decreased by Php4,111 million, or 2%, to Php245,469 million as at March 31, 2023 from Php249,580 million as at December 31, 2022 primarily due to debt amortizations and the revaluation of foreign currency-denominated debt, partially offset by drawings from our long-term facilities. As at March 31, 2023, PLDT's long-term and short-term debt level decreased by Php6,557 million, or 4%, to Php150,259 million from Php156,816 million as at December 31, 2022, Smart's long-term and short-term debt level decreased by Php532 million, or 1%, to Php92,232 million from Php92,764 million as at December 31, 2022, and ePLDT's long-term debt level at Php2,978 million.

See *Note 21 – Interest-bearing Financial Liabilities – Long-term Debt* to the accompanying unaudited consolidated financial statements for a more detailed discussion of our long-term and short-term debt.

Debt Covenants

Our consolidated debt instruments contain restrictive covenants, including covenants that require us to comply with specified financial ratios and other financial tests, calculated in conformity with PFRS, at relevant measurement dates, principally at the end of each quarterly period. We have complied with all of our maintenance financial ratios as required under our loan covenants and other debt instruments.

As at March 31, 2023 and 2022, we are in compliance with all of our debt covenants.

See *Note 21 – Interest-bearing Financial Liabilities – Compliance with Debt Covenants* to the accompanying unaudited consolidated financial statements for a more detailed discussion of our debt covenants.

Financing Requirements

We believe that our available cash, including cash flows from operations, will provide sufficient liquidity to fund our projected operating, investment, capital expenditures and debt service requirements for the next 12 months; however, we may finance a portion of these from external sources if we consider it prudent to do so.

The following table shows the dividends declared to shareholders for the three months ended March 31, 2023 and 2022:

	Date			Amount	
Class	**Approved[1]**	**Record**	**Payable**	**Per Share**	**Total**
				(in million Php, except per share amount)	
For the three months ended March 31, 2023					
Common					
Regular Dividend	March 23, 2023	April 11, 2023	April 24, 2023	45	9,722
Special Dividend	March 23, 2023	April 11, 2023	April 24, 2023	14	3,025
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[1]	January 31, 2023	February 27, 2023	March 15, 2023	—	12
Voting Preferred Stock	March 2, 2023	March 17, 2023	April 15, 2023	—	3
Charged to Retained Earnings					12,762
For the three months ended March 31, 2022					
Common					
Regular Dividend	March 3, 2022	March 17, 2022	April 6, 2022	40	9,075
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[1]	January 25, 2022	February 21, 2022	March 15, 2022	—	12
Voting Preferred Stock	March 3, 2022	March 23, 2022	April 15, 2022	—	2
Charged to Retained Earnings					9,089

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

Our dividends declared after March 31, 2023 are as follows:

	Date			Amount	
Class	**Approved**	**Record**	**Payable**	**Per Share**	**Total**
				(in million Php, except per share amount)	
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[1]	May 4, 2023	May 19, 2023	June 15, 2023	—	12
Charged to Retained Earnings					12

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

See *Note 20 – Equity* to the accompanying unaudited consolidated financial statements for further details.

Changes in Financial Conditions

Our total assets amounted to Php616,659 million as at March 31, 2023, a decrease of Php7,503 million, or 1%, from Php624,162 million as at December 31, 2022 primarily due to lower prepayments, right-of-use assets, and trade and other receivables, partially offset by higher property and equipment.

Our total liabilities amounted to Php506,682 million as at March 31, 2023, a decrease of Php3,519 million, or 1%, from Php510,201 million as at December 31, 2022 primarily due to lower accounts payable, interest-bearing financial liabilities, and lease liabilities, partially offset by higher dividends payable, and accrued expenses and other current liabilities.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements that have or are reasonably likely to have any current or future effect on our financial position, results of operations, cash flows, changes in stockholders' equity, liquidity, capital expenditures or capital resources that are material to investors.

Equity Financing

On August 2, 2016, the PLDT Board of Directors approved the amendment of our dividend policy, reducing our dividend payout rate to 60% of our core earnings per share as regular dividends. This was in view of 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. Starting in 2019, we based 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. However, in the event that no investment opportunities arise, we may consider the option of returning additional cash to our shareholders in the form of special dividends of up to the balance of our core earnings or to undertake share buybacks. We were able to pay out approximately 100% of our core earnings for seven consecutive years from 2007 to 2013, approximately 90% of our core earnings for 2014, 75% of our core earnings for 2015, 60% of our core earnings for 2016, 2017 and 2018, 60% of our telco core income for 2019, 2020, 2021 and 2022. The accumulated equity in the net earnings of our subsidiaries, which form part of our retained earnings, are not available for distribution unless realized in the form of dividends from such subsidiaries. Dividends are generally paid in Philippine pesos. In the case of shareholders residing outside the Philippines, PLDT's transfer agent in Manila, Philippines, as the dividend-disbursing agent, converts the Philippine peso dividends into U.S. dollars at the prevailing exchange rate and remits the dollar dividends abroad, net of any applicable withholding tax.

Our subsidiaries pay dividends subject to the requirements of applicable laws and regulations and availability of unrestricted retained earnings, without any restriction imposed by the terms of contractual agreements. Notwithstanding the foregoing, the subsidiaries of PLDT may, at any time, declare and pay such dividends depending upon the results of operations and future projects and plans, the respective subsidiary's earnings, cash flow, financial condition, capital investment requirements and other factors.

Consolidated cash dividend payments amounted to Php25 million for the three months ended March 31, 2023 as compared with Php15 million paid to shareholders in the same period in 2022.

Contractual Obligations and Commercial Commitments

Contractual Obligations

Various Trade and Other Obligations

PLDT Group has various obligations to suppliers for the acquisition of phone and 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 Php178,901 million and Php178,219 million as at March 31, 2023 and December 31, 2022, respectively. See *Note 23 – Accounts Payable* and *Note 24 – Accrued Expenses and Other Current Liabilities* to the accompanying unaudited consolidated financial statements.

Commercial Commitments

During the last quarter of 2022 up to the first quarter of 2023, discussions were conducted with our major vendors representing more than 80% of our capital expenditure requirements, regarding the status of capital expenditure commitments and related outstanding balances covering 2022 and prior years. These discussions resulted in certain purchase orders being validly cancelled or revised pursuant to a number of Settlement and Mutual Release Agreements, or SMRAs, signed between us and the vendors on or prior to March 23, 2023, taking into consideration our program priorities and current business requirements. The financial impact of the signing of the SMRAs will be reflected in our consolidated financial statements as they occur. As a result of the signing of the SMRAs, our remaining significant commitment in respect of major capital expenditure vendors amounted to about Php33,000 million, net of advances paid to these vendors, as at March 31, 2023.

For other capital expenditure vendors, we will engage in similar discussions with such vendors to achieve similar results. Any adjustments as a result of these discussions shall be taken up in our consolidated financial statements as they occur.

We have no outstanding commercial commitments, in the form of letters of credit, as at March 31, 2023 and December 31, 2022.

Quantitative and Qualitative Disclosures about Market Risks

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. We also monitor the market price risk arising from all financial instruments.

For further discussions of these risks, see *Note 28 – Financial Assets and Liabilities* to the accompanying unaudited consolidated financial statements.

The following table sets forth the estimated consolidated fair values of our financial assets and liabilities recognized as at March 31, 2023 and December 31, 2022 other than those whose carrying amounts are reasonable approximations of fair values:

	Fair Values	
	March 31, 2023	**December 31, 2022**
	(amounts in million Php)	
Noncurrent Financial Assets		
Debt instruments at amortized cost	380	573
Other financial assets – net of current portion	4,670	3,278
Total noncurrent financial assets	5,050	3,851
Noncurrent Financial Liabilities		
Interest-bearing financial liabilities	201,287	201,703
Customers' deposits	1,511	1,449
Deferred credits and other noncurrent liabilities	277	307
Total noncurrent financial liabilities	203,075	203,459

The following table sets forth the amount of gains (losses) recognized for the financial assets and liabilities for the years ended December 31, 2022 and the three months ended March 31, 2023:

	March 31, 2023	**December 31, 2022**
	(amounts in million Php)	
Profit and Loss		
Interest income	278	134
Gains on derivative financial instruments – net	(640)	472
Accretion on financial liabilities	(89)	(91)
Interest on loans and other related items	(2,700)	(2,640)
Other Comprehensive Income		
Net fair value losses on cash flow hedges – net of tax	(197)	(763)

Impact of Inflation and Changing Prices

Inflation can be a significant factor in the Philippine economy, and we are continually seeking ways to minimize its impact. The average inflation rate in the Philippines for the three months ended March 31, 2023 and 2022 were 8.3% and 3.4%, respectively. Based on the latest Philippine inflation estimates by Economic Team/Development

Budget Coordination Committee, we expect inflation to be within 5% to 7% in 2023 largely due to easing trend, expected Federal Reserve Board rate cuts, and BSP Policy Rates to eventually ease alongside inflation.

PART II – OTHER INFORMATION

Class Action Suit Against PLDT

On February 6, 2023, plaintiff Sophia Olsson ("Olsson") filed a putative class action suit in the United States District Court for the Central District of California (the "Court") alleging that PLDT ("the Company") and nine of its current and former directors and officers (collectively, the "Defendants") made materially false and misleading statements regarding capital expenditures during the period 2019 to 2022 ("US Class Action"). Plaintiff asserts claims under Sections 10(b) and 20(a) of the United States Securities and Exchange Act of 1934 (and related rules) but does not specify purported damages.

On April 7, 2023, two individuals (the "Movants"), each represented by a different law firm, submitted separate motions to the Court to serve as lead plaintiff in the US Class Action, namely: (i) Olsson, who claims to have owned two PLDT shares and allegedly suffered $22.69 in losses, and (ii) Kevin Douglas ("Douglas"), who claims to have owned thirty-five PLDT shares and allegedly lost $240.23. On April 17, 2023, Milbank LLP ("Milbank"), entered its appearance on behalf of the Company in the US Class Action, and filed a (i) Notice of Interested Persons or Entities and Corporate Disclosure Statement and (ii) Memorandum of Points and Authorities ("Memorandum") for consideration by the Court. The Company argued that the *de minimis* purported losses alleged by the Movants in this case (US$22.69 for Olsson and US$240.23 for Douglas) fall far short of the basic requirement that a lead plaintiff make a prima facie showing that he or she is an adequate representative who will prosecute the action vigorously on behalf of the putative class. The Company asserted that Olsson's and Douglas' nominal losses show that they "lack sufficient financial interest in the outcome of the US Class Action to incentivize them to monitor counsel's performance and control the litigation on behalf of the putative class."

Due to the early stage of this matter and uncertainties related to the potential amounts to be claimed by the class, PLDT is unable to determine if any liability will arise or estimate the range of any potential liability. The Company will continue to vigorously defend itself against the allegations.

Proposed Acquisition of Sky Cable Corporation ("Sky")

On March 16, 2023, PLDT entered into a Sale and Purchase Agreement with Sky Vision Corporation, ABS-CBN Corporation and Lopez, Inc. for the proposed acquisition by PLDT of 100% of Sky's total issued and outstanding capital stock for a total purchase price of Php6,750 million. The closing of the transaction shall be subject to compliance with certain conditions precedent which include, among others, the termination or cessation of operations by Sky of its pay TV and cable businesses, obtaining all applicable government approvals and clearances, obtaining all required consents and corporate actions, and payment of the purchase price. On March 30, 2023, PLDT filed its notice with the Philippine Competition Commission regarding the purchase of Sky's broadband business.

Sale and Leaseback of Telecom Towers

In 2022 and in the first quarter of 2023, Smart and Digitel Mobile Philippines, Inc. signed sale and purchase agreements ("SPAs") with tower companies (the "TowerCos") in connection with the sale of telecom towers and related passive telecommunications infrastructure. Concurrent with the execution of the SPAs, Smart has also entered into Master Service Agreements ("MSA") with the TowerCos where Smart has agreed to leaseback the towers sold in the transaction for a period of 10 years. In addition to space, the TowerCos will also be responsible for providing operations and maintenance services as well as power to the sites. The sale and leaseback will be complemented by a new tower build commitment over the next few years. The closing of the agreements will be on a staggered basis depending on satisfaction of closing conditions, according to the number of towers transferred.

The proceeds of the sale will be used to prepay debt, fund major cash requirements for operations and capital expenditures resulting in debt avoidance, and pay special dividends.

Through this landmark deal, we pioneered tower sharing in the Philippines and in support of the Philippine Department of Information and Communications Technology's goal of improving tower density. In addition, this arrangement will further solidify Smart's superior network quality, enhance customer experience and give rise to significant operating and cost efficiencies.

For updates relating to the above discussion, please see *Note 9 – Property and Equipment* to the accompanying unaudited consolidated financial statements in Item 7. "Financial Statements".

Investment of PCEV in Maya Bank

On February 17, 2023, PCEV entered into another subscription agreements with VFC and PFC to subscribe to 8.0 million Common B shares each at a subscription price of Php0.10 per share, representing 60% voting rights and 1.48% economic interest in the Bank HoldCos.

For updates on matters relating to the (1) Department of Labor and Employment ("DOLE") Compliance Order to PLDT, and other pending cases, see *Note 27 – Provisions and Contingencies*; and (2) Petition against the Philippine Competition Commission, see *Note 11 – Investment in Associates and Joint Ventures*, to the accompanying unaudited consolidated financial statements.

Related Party Transactions

For a detailed discussion of the related party transactions, see *Note 25 – Related Party Transactions* to the accompanying unaudited consolidated financial statements.

ANNEX I – AGING OF ACCOUNTS RECEIVABLE

The following table shows the aging of our consolidated receivables as at March 31, 2023:

Type of Accounts Receivable	Total	Current	31-60 Days	61-90 Days	Over 91 Days
	(amounts in million Php)				
Retail subscribers	16,840	10,183	842	208	5,607
Corporate subscribers	15,111	5,612	2,124	416	6,959
Foreign administrations	1,007	465	32	14	496
Domestic carriers	296	141	77	29	49
Dealers, agents and others	5,976	2,132	305	54	3,485
Total	39,230	18,533	3,380	721	16,596
Less: Allowance for expected credit losses	14,629				
Total Receivables - net	24,601				

ANNEX II – FINANCIAL SOUNDNESS INDICATORS

The following table shows our financial soundness indicators as at March 31, 2023 and December 31, 2022:

	2023	**2022**
Current Ratio[(1)]	0.33:1.0	0.33:1.0
Acid Test Ratio[(2)]	0.20:1.0	0.21:1.0
Solvency Ratio[(3)]	0.47:1.0	0.46:1.0
Net Debt to Equity Ratio[(4)]	2.09:1.0	2.05:1.0
Net Debt to EBITDA Ratio[(5)]	2.24:1.0	2.38:1.0
Total Debt to EBITDA Ratio[(6)]	2.52:1.0	2.66:1.0
Asset to Equity Ratio[(7)]	5.89:1.0	5.74:1.0
Interest Coverage Ratio[(8)]	1.89:1.0	1.92:1.0
Profit Margin[(9)]	5%	5%
Return on Assets[(10)]	2%	2%
Return on Equity[(11)]	10%	9%
EBITDA Margin[(12)]	49%	48%

(1) *Current ratio is measured as current assets divided by current liabilities (including current portion – LTD, unearned revenues and mandatory tender option liability.)*

(2) *Acid test ratio is measured as total of cash and cash equivalents, short-term investments and trade and other receivables divided by total current liabilities.*

(3) *Solvency ratio is measured as adding back non-cash expenses to the net income after tax divided by total debt (long-term debt, including current portion.)*

(4) *Net Debt to equity ratio is measured as total debt (long-term debt, including current portion) less cash and cash equivalents, short-term investments and debt instruments at amortized cost divided by total equity attributable to equity holders of PLDT.*

(5) *Net Debt to EBITDA ratio is measured as total debt (long-term debt, including current portion) less cash and cash equivalents, short-term investments and debt instruments at amortized cost divided by EBITDA for the last 12-month period.*

(6) *Total Debt to EBITDA ratio is measured as total debt (long-term debt, including current portion) divided by EBITDA for the last 12-month period.*

(7) *Asset to equity ratio is measured as total assets divided by total equity attributable to equity holders of PLDT.*

(8) *Interest coverage ratio is measured by EBIT, or earnings before interest and taxes for the year, divided by total financing cost for the last 12-month period.*

(9) *Profit margin is derived by dividing net income for the year with total revenues for the last 12-month period.*

(10) *Return on assets is measured as net income for the last 12-month period divided by average total assets.*

(11) *Return on Equity is measured as net income for the last 12-month period divided by average total equity attributable to equity holders of PLDT.*

(12) *EBITDA margin for the year is measured as EBITDA divided by service revenues for the last 12-month period.*

EBITDA for the year is measured as net income for the year excluding depreciation and amortization, amortization of intangible assets, asset impairment on noncurrent assets, financing cost, interest income, equity share in net earnings (losses) of associates and joint ventures, foreign exchange gains (losses) – net, gains (losses) on derivative financial instruments – net, provision for (benefit from) income tax and other income (expenses) – net for the year.

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report for the first quarter of 2023 to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: **PLDT Inc.**

Signature and Title: ______________________________

ALFREDO S. PANLILIO
President and Chief Executive Officer

Signature and Title: ______________________________

DANNY Y. YU
Senior Vice President
(Principal Financial Officer)

Signature and Title: ______________________________

GIL SAMSON D. GARCIA
First Vice President
(Principal Accounting Officer)

May 4, 2023