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-C

Form Type

Not Applicable

Amendment Designation (if applicable)

December 31, 2021

Period Ended Date

Not Applicable

(Secondary License Type and File Number)

March 3, 2022

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

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

Gentlemen:

In accordance with Section 17.1(b) of the Securities Regulation code and SRC Rule 17.1.1.1.2, we submit herewith a copy of SEC Form 17-C with Management's Discussion and Analysis and accompanying unaudited consolidated financial statements as at and for the year ended December 31, 2021.

Very truly yours,

Marilyn A. Victorio-Aquino
Corporate Secretary

March 3, 2022

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

Attention: Ms. Janet A. Encarnacion
Head, 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-C with Management's Discussion and Analysis and accompanying unaudited consolidated financial statements as at and for the year ended December 31, 2021.

Very truly yours,

Marilyn A. Victorio-Aquino
Corporate Secretary

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)

R A M O N   C O J U A N G C O   B U I L D I N G

M A K A T I   A V E N U E   M A K A T I   C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 - C	M S R D	

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
11,510 as at December 31, 2021	**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

SECURITIES AND EXCHANGE COMMISSION
CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.1

1. **March 3, 2022**
   Date of Report (Date of earliest event reported)

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

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

4. **PLDT INC.**
   Exact name of issuer as specified in its charter

5. **PHILIPPINES**
   Province, country or other jurisdiction of Incorporation

6. **____________ (SEC Use Only)**
   Industry Classification Code

7. **Ramon Cojuangco Building, Makati Avenue, Makati City** **1200**
   Address of principal office Postal Code

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

9. Not Applicable
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code and Sections 4 and 8 of the Revised Securities Act

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock	216,055,775 (1)
Amount of Debt Outstanding	Php252,557 million as at December 31, 2021

(1) Represents the total outstanding common shares (net of 2,724,111 Treasury shares).

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Our consolidated financial statements as at and for the years ended December 31, 2021 and 2020 and related notes (pages F-1 to F-187) are filed as part of this report on Form 17-C.

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, or 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, or GAAP, in the U.S.

The financial information appearing in this report and in the accompanying unaudited consolidated financial statements is stated in Philippine pesos. Unless otherwise indicated, translation of Philippine peso amounts into U.S. dollars in this report and in the accompanying unaudited consolidated financial statements were made based on the exchange rate of Php50.97 to US$1.00, the exchange rate as at December 31, 2021 quoted through the Bankers Association of the Philippines.

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

	Years ended December 31,		Increase (Decrease)	
	2021	2020	Amount	%
(amounts in million Php, except for EBITDA margin and earnings per common share)				
Consolidated Income Statement				
Revenues	193,257	181,004	12,253	7
Expenses	152,496	144,822	7,674	5
Other expenses – net	6,607	3,161	3,446	109
Income before income tax	34,154	33,021	1,133	3
Net income	26,676	24,580	2,096	9
Core income	29,937	27,129	2,808	10
Telco core income	30,233	28,087	2,146	8
EBITDA	95,900	86,158	9,742	11
EBITDA margin[(1)]	52%	50%	—	—
Reported earnings per common share:				
Basic	121.76	112.12	9.64	9
Diluted	121.76	112.12	9.64	9
Core earnings per common share[(2)]:				
Basic	138.29	125.29	13.00	10
Diluted	138.29	125.29	13.00	10

	December 31,		Increase (Decrease)	
	2021	2020	Amount	%
(amounts in million Php, except for net debt to equity ratio)				
Consolidated Statements of Financial Position				
Total assets	626,328	575,846	50,482	9
Property and equipment	302,736	260,868	41,868	16
Cash and cash equivalents and short-term investments	26,148	41,226	(15,078)	(37)
Total equity attributable to equity holders of PLDT	123,216	115,408	7,808	7
Long-term debt, including current portion	252,557	222,765	29,792	13
Net debt[(3)] to equity ratio	1.83x	1.56x	—	—

	Years ended December 31,		Change	
	2021	2020	Amount	%
(amounts in million Php, except for operational data)				
Consolidated Statements of Cash Flows				
Net cash provided by operating activities	91,813	85,076	6,737	8
Net cash used in investing activities	(103,483)	(68,669)	(34,814)	(51)
Payment for purchase of property and equipment, including capitalized interest	*(103,977)*	*(78,100)*	*(25,877)*	(33)
Net cash provided by (used in) financing activities	(4,904)	463	(5,367)	(1,159)
Operational Data				
Number of mobile subscribers	71,221,952	72,933,839	(1,711,887)	(2)
Prepaid	*69,205,731*	*70,779,021*	*(1,573,290)*	*(2)*
Postpaid	*2,016,221*	*2,154,818*	*(138,597)*	*(6)*
Number of broadband subscribers	3,951,844	3,090,118	861,726	*28*
Fixed Line broadband	*2,966,886*	*2,273,602*	*693,284*	*30*
Fixed Wireless broadband	*984,958*	*816,516*	*168,442*	*21*
Number of fixed line subscribers	3,619,372	3,042,815	576,557	*19*
Total number of subscribers	78,793,168	79,066,772	(273,604)	—
Number of employees:	18,822	18,848	(26)	—
Fixed Line	13,389	13,065	324	2
LEC	*11,522*	*11,427*	*95*	*1*
Others	*1,867*	*1,638*	*229*	*14*
Wireless	5,433	5,783	(350)	(6)

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

(2) *Core earnings per common share, or EPS, for the year is measured as core income divided by the weighted average number of outstanding common shares for the year.*

(3) *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
December 31, 2021	50.97	49.28
December 31, 2020	48.02	49.63
December 31, 2019	50.80	51.79

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 year 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 (expense) – 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 the performance of PLDT and can assist them in their comparison of PLDT's 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 year 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, 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 year 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, 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., or 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 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 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 December 31, 2021, we serve 78.8 million customers through the provision of mobile, fixed line and data services. In addition to the business units discussed below, PLDT has found it beneficial to view its 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, or SMS. We generate data revenues across all segments of our wireless business, whether through the access of mobile internet via smartphones or broadband using mobile or fixed wireless broadband routers and other similar 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 ICT solutions.
- *Others* — Our other business consists primarily of our interests in digital platforms and other technologies, including our interests in VIH and Multisys.

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 2021 and 2020.

The following table shows the reconciliation of our consolidated net income to our consolidated EBITDA for the years ended December 31, 2021 and 2020:

	2021	2020
	(amounts in million Php)	
Consolidated net income	26,676	24,580
Add (deduct) adjustments:		
Depreciation and amortization	52,169	47,480
Financing costs – net	10,414	10,086
Provision for income tax	7,478	8,441
Foreign exchange losses (gains) – net	3,890	(1,488)
Amortization of intangible assets	2,822	2,496
Equity share in net losses of associates and joint ventures	1,101	2,328
Impairment of property and equipment	148	—
Interest income	(656)	(1,210)
Losses (gains) on derivative financial instruments – net	(1,400)	378
Other income – net	(6,742)	(6,933)
Reversal of provisions	(2,594)	(2,679)
Gain on debt modification	(1,372)	—
Losses on sale of property and equipment	(884)	(3,369)
Gain on dilution of shares	(826)	(394)
Others	(1,066)	(491)
Total adjustments	69,224	61,578
Consolidated EBITDA	95,900	86,158

The following table shows the reconciliation of our consolidated net income to our consolidated core income and telco core income for the years ended December 31, 2021 and 2020:

	2021	2020
	(amounts in million Php)	
Consolidated net income	26,676	24,580
Add (deduct) adjustments:		
Foreign exchange losses (gains) – net	3,890	(1,488)
Sun Trademark amortization	2,628	1,877
Accelerated depreciation	1,110	—
Manpower rightsizing program	269	2,625
Losses from changes in fair value of financial assets at FVPL	174	—
Impairment/derecognition of investments	60	659
Core income adjustment on equity share in net income of associates and joint ventures	(7)	(6)
Net income attributable to noncontrolling interests	(309)	(296)
Corporate Recovery and Tax Incentives for Enterprises, or CREATE, Act impact for prior year deferred taxes	(355)	—
Gain on debt modification, net of amortization of debt discount	(1,339)	—
Losses (gains) on derivative financial instruments – net, excluding hedge costs	(1,651)	284
Net tax effect of aforementioned adjustments	(1,209)	(1,106)
Total adjustments	3,261	2,549
Consolidated core income	29,937	27,129
Add (deduct) adjustments:		
Share in VIH losses	1,981	1,954
Accelerated depreciation, net of tax	—	1,496
Loss on sale of Rocket Internet shares	—	364
Gain from condonation of debt	—	(240)
Gain on sale and leaseback of Smart Headquarters, net of tax	—	(2,293)
VIH gain on dilution, net of tax	(702)	(323)
Gain on asset sales, net of tax	(983)	—
Total adjustments	296	958
Telco core income	30,233	28,087

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 years ended December 31, 2021 and 2020. In each of the years ended December 31, 2021 and 2020, 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 year ended December 31, 2021					
Revenues	106,619	117,063	–	(30,425)	193,257
Expenses	89,172	93,370	7	(30,053)	152,496
Other income (expenses) – net	(4,647)	6,556	121	(8,637)	(6,607)
Income (loss) before income tax	12,800	30,249	114	(9,009)	34,154
Provision for (benefit from) income tax	3,366	4,103	(270)	279	7,478
Net income (loss)/Segment profit (loss)	9,434	26,146	384	(9,288)	26,676
EBITDA	60,876	45,832	(7)	(10,801)	95,900
EBITDA margin[(1)]	61%	39%	–	–	52%
Core income (loss)	13,645	26,298	(666)	(9,340)	29,937
Telco core income (loss)	13,645	25,736	192	(9,340)	30,233
For the year ended December 31, 2020[(2)]					
Revenues	104,211	98,739	–	(21,946)	181,004
Expenses	81,569	84,717	12	(21,476)	144,822
Other income (expenses) – net	(2,940)	4,221	(923)	(3,519)	(3,161)
Income (loss) before income tax	19,702	18,243	(935)	(3,989)	33,021
Provision for (benefit from) income tax	4,536	3,734	(617)	788	8,441
Net income (loss)/Segment profit (loss)	15,166	14,509	(318)	(4,777)	24,580
EBITDA	60,272	33,405	(12)	(7,507)	86,158
EBITDA margin[(1)]	61%	34%	–	–	50%
Core income (loss)	16,440	15,463	193	(4,967)	27,129
Telco core income (loss)	17,217	13,649	2,188	(4,967)	28,087
Increase (Decrease)					
Revenues	2,408	18,324	–	(8,479)	12,253
Expenses	7,603	8,653	(5)	(8,577)	7,674
Other income (expenses) – net	(1,707)	2,335	1,044	(5,118)	(3,446)
Income (loss) before income tax	(6,902)	12,006	1,049	(5,020)	1,133
Provision for (benefit from) income tax	(1,170)	369	347	(509)	(963)
Net income (loss)/Segment profit (loss)	(5,732)	11,637	702	(4,511)	2,096
EBITDA	604	12,427	5	(3,294)	9,742
Core income (loss)	(2,795)	10,835	(859)	(4,373)	2,808
Telco core income (loss)	(3,572)	12,087	(1,996)	(4,373)	2,146

(1) *EBITDA margin for the year is measured as EBITDA divided by service revenues.*
(2) *Certain amounts for the year ended December 31, 2020 were reclassified to conform with the current year presentation.*

On a Consolidated Basis

Revenues

We reported consolidated revenues of Php193,257 million in 2021, an increase of Php12,253 million, or 7%, as compared with Php181,004 million in 2020, primarily due to higher revenues from broadband and data services in our Wireless and Fixed Line business segments, and higher revenues from voice services in our Fixed Line business segment, partially offset by lower revenues from voice and SMS services in our Wireless business segment.

Our consolidated service revenues of Php185,751 million in 2021, increased by Php12,117 million, or 7%, from Php173,634 million in 2020. Our consolidated non-service revenues of Php7,506 million in 2021, increased by Php136 million, or 2%, from Php7,370 million in 2020.

Consolidated service revenues, net of interconnection costs, amounted to Php182,053 million in 2021, an increase of Php10,565 million, or 6%, from Php171,488 million in 2020.

In 2019, R.A. 11202, otherwise known as the Mobile Number Portability, or MNP, Act, was enacted, which provides that a customer can retain his mobile number when he moves from one mobile service provider to another or, changes the type of subscription from postpaid to prepaid or vice versa. The Act also provides that no interconnection fee or charge shall be imposed by any mobile service provider for domestic calls and SMS made by a subscriber. Thus, effective January 2, 2020, we removed the mobile interconnection fees for domestic calls and SMS, which were formerly priced at Php0.50 per minute for voice calls and Php0.05 per message for SMS.

Availment of MNP core services was made available to Smart, Globe and Dito subscribers starting September 30, 2021. The Smart MNP program allows internal porting wherein a subscriber moves from postpaid to a prepaid subscription, or vice versa, within the Smart network, while it also allows external porting wherein a Globe or Dito subscriber switches to Smart or vice versa.

MNP is free of charge to the subscriber but there are basic requirements for the subscriber to comply in order for the application to proceed. External porting requires a unique subscriber code, or USC, to be issued by the subscriber's existing network provider. The USC serves as a clearance that the account is free from unpaid fees and balances. There is no limit to the number of times that a subscriber may apply for the MNP. However, a subscriber may only be allowed to apply again after 60 days from the last successful porting activation.

On January 29, 2021, PLDT and Smart entered into a Sale/Purchase Agreement for the transfer of PLDT's Prepaid Home WiFi, or PHW, subscribers to Smart to consolidate fixed wireless services under Smart. The transfer of PHW subscribers took effect on March 1, 2021 after complying with the NTC's required 30-day notice to subscribers.

The following table shows the breakdown of our consolidated revenues by services for the years ended December 31, 2021 and 2020:

	Wireless	Fixed Line	Inter-segment Transactions	Consolidated
		(amounts in million Php)		
For the year ended December 31, 2021				
Service Revenues				
Wireless	*99,639*		*(1,127)*	*98,512*
Mobile	96,538		(919)	95,619
Fixed Wireless broadband	2,889		—	2,889
MVNO and others	212		(208)	4
Fixed Line		*116,529*	*(29,290)*	*87,239*
Voice		37,232	(17,010)	20,222
Data		78,576	(11,952)	66,624
Home broadband		39,723	(47)	39,676
Corporate data and ICT		38,853	(11,905)	26,948
Miscellaneous		721	(328)	393
Total Service Revenues	99,639	116,529	(30,417)	185,751
Non-Service Revenues				
Sale of computers, phone units, mobile handsets and broadband data modems	6,980	454	—	7,434
Point-product sales	—	80	(8)	72
Total Non-Service Revenues	6,980	534	(8)	7,506
Total Revenues	106,619	117,063	(30,425)	193,257
For the year ended December 31, 2020				
Service Revenues				
Wireless	*98,170*		*(2,422)*	*95,748*
Mobile	97,566		(1,977)	95,589
Fixed Wireless broadband	40		—	40
MVNO and others	564		(445)	119
Fixed Line		*97,410*	*(19,524)*	*77,886*
Voice		29,541	(10,057)	19,484
Data		67,183	(9,119)	58,064
Home broadband		33,045	(81)	32,964
Corporate data and ICT		34,138	(9,038)	25,100
Miscellaneous		686	(348)	338
Total Service Revenues	98,170	97,410	(21,946)	173,634
Non-Service Revenues				
Sale of computers, phone units, mobile handsets and broadband data modems	6,041	1,140	—	7,181
Point-product sales	—	189	—	189
Total Non-Service Revenues	6,041	1,329	—	7,370
Total Revenues	104,211	98,739	(21,946)	181,004

The following table shows the breakdown of our consolidated revenues by business segment for the years ended December 31, 2021 and 2020:

					Change	
	2021	%	2020	%	Amount	%
			(amounts in million Php)			
Wireless	106,619	55	104,211	58	2,408	2
Fixed Line	117,063	61	98,739	54	18,324	19
Inter-segment transactions	(30,425)	(16)	(21,946)	(12)	(8,479)	(39)
Consolidated	193,257	100	181,004	100	12,253	7

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 years ended December 31, 2021 and 2020:

	2021	%	2020[(1)]	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	99,639	51	98,170	54	1,469	1
Individual	*85,860*	*44*	*84,784*	*47*	*1,076*	*1*
Home	*394*	*—*	*442*	*—*	*(48)*	*(11)*
Enterprise	*9,205*	*5*	*8,142*	*4*	*1,063*	*13*
International	*4,180*	*2*	*4,802*	*3*	*(622)*	*(13)*
Fixed Line	116,529	61	97,410	54	19,119	20
Individual	*612*	*—*	*2,949*	*2*	*(2,337)*	*(79)*
Home	*47,864*	*25*	*38,601*	*21*	*9,263*	*24*
Enterprise	*45,851*	*24*	*42,341*	*23*	*3,510*	*8*
International	*22,111*	*12*	*13,414*	*8*	*8,697*	*65*
Others	*91*	*—*	*105*	*—*	*(14)*	*(13)*
Inter-segment Transactions	(30,417)	(16)	(21,946)	(12)	(8,471)	(39)
Total Service Revenues	**185,751**	**96**	**173,634**	**96**	**12,117**	**7**
Wireless	6,980	4	6,041	4	939	16
Individual	*5,675*	*3*	*4,453*	*3*	*1,222*	*27*
Enterprise	*1,289*	*1*	*1,579*	*1*	*(290)*	*(18)*
International	*16*	*—*	*9*	*—*	*7*	*78*
Fixed Line	534	—	1,329	—	(795)	(60)
Individual	*66*	*—*	*572*	*—*	*(506)*	*(88)*
Home	*237*	*—*	*190*	*—*	*47*	*25*
Enterprise	*231*	*—*	*567*	*—*	*(336)*	*(59)*
Inter-segment Transactions	(8)	—	—	—	(8)	(100)
Total Non-Service Revenues	**7,506**	**4**	**7,370**	**4**	**136**	**2**
Total Revenues	**193,257**	**100**	**181,004**	**100**	**12,253**	**7**

(1) *Certain amounts for the year ended December 31, 2020 were reclassifed to conform with the current year presentation.*

Expenses

Consolidated expenses increased by Php7,674 million, or 5%, to Php152,496 million in 2021 from Php144,822 million in 2020, primarily due to higher interconnection costs, and depreciation and amortization in our Fixed Line and Wireless business segments, as well as higher cost of sales and services in our Wireless business segment, partially offset by lower provisions in our Fixed Line and Wireless business segments.

The following table shows the breakdown of our consolidated expenses by business segment for the years ended December 31, 2021 and 2020:

	2021	%	2020	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	89,172	59	81,569	56	7,603	9
Fixed Line	93,370	61	84,717	59	8,653	10
Others	7	—	12	—	(5)	(42)
Inter-segment transactions	(30,053)	(20)	(21,476)	(15)	(8,577)	(40)
Consolidated	152,496	100	144,822	100	7,674	5

Other Income (Expenses) – Net

Consolidated other expenses – net amounted to Php6,607 million in 2021, an increase of Php3,446 million, or 109%, from Php3,161 million in 2020, primarily due to the combined effects of the following: (i) foreign exchange losses in 2021 as against foreign exchange gains in 2020 from our Fixed Line and Wireless business segments; (ii) lower equity share in net losses from our Other business segment; and (iii) gains on derivative financial instruments in 2021 as against losses on derivative financial instruments from our Fixed Line and Wireless business segments.

The following table shows the breakdown of our consolidated other income (expenses) – net by business segment for the years ended December 31, 2021 and 2020:

	2021	2020	Change Amount	Change %
	(amounts in million Php)			
Wireless	(4,647)	(2,940)	(1,707)	(58)
Fixed Line	6,556	4,221	2,335	55
Others	121	(923)	1,044	113
Inter-segment transactions	(8,637)	(3,519)	(5,118)	(145)
Consolidated	(6,607)	(3,161)	(3,446)	(109)

Net Income (Loss)

Consolidated net income increased by Php2,096 million, or 9%, to Php26,676 million in 2021 from Php24,580 million in 2020, primarily due to higher net income from our Fixed Line and Other business segments, partially offset by lower net income from our Wireless business segment. Our consolidated basic and diluted EPS increased to Php121.76 in 2021 from Php112.12 in 2020. Our weighted average number of outstanding common shares was approximately 216.06 million in each of 2021 and 2020.

The following table shows the breakdown of our consolidated net income (loss) by business segment for the years ended December 31, 2021 and 2020:

	2021	%	2020	%	Change Amount	Change %
	(amounts in million Php)					
Wireless	9,434	35	15,166	62	(5,732)	(38)
Fixed Line	26,146	98	14,509	59	11,637	80
Others	384	2	(318)	(1)	702	221
Inter-segment transactions	(9,288)	(35)	(4,777)	(20)	(4,511)	(94)
Consolidated	26,676	100	24,580	100	2,096	9

EBITDA

Our consolidated EBITDA amounted to Php95,900 million in 2021, an increase of Php9,742 million, or 11%, as compared with Php86,158 million in 2020, primarily due to higher EBITDA from our Fixed Line and Wireless business segments.

The following table shows the breakdown of our consolidated EBITDA by business segment for the years ended December 31, 2021 and 2020:

	2021	%	2020	%	Change Amount	Change %
	(amounts in million Php)					
Wireless	60,876	63	60,272	70	604	1
Fixed Line	45,832	48	33,405	39	12,427	37
Others	(7)	—	(12)	—	5	42
Inter-segment transactions	(10,801)	(11)	(7,507)	(9)	(3,294)	(44)
Consolidated	95,900	100	86,158	100	9,742	11

Our consolidated EBITDA excluding manpower rightsizing program, or MRP, amounted to Php96,169 million in 2021, an increase of Php7,386 million, or 8%, as compared with Php88,783 million in 2020. Adjusted for the impact of Typhoon Odette, our consolidated EBITDA excluding MRP would have been Php97,060 million, an increase of Php8,277 million, or 9% from last year.

Core Income

Our consolidated core income amounted to Php29,937 million in 2021, an increase of Php2,808 million, or 10%, as compared with Php27,129 million in 2020, mainly on account of higher EBITDA, lower provision for income tax, and lower equity share in net losses of associates and joint ventures, partly offset by higher depreciation and amortization and financing costs, and lower other miscellaneous income. Our consolidated basic and diluted core EPS increased to Php138.29 in 2021 from Php125.29 in 2020.

The following table shows the breakdown of our consolidated core income by business segment for the years ended December 31, 2021 and 2020:

					Change	
	2021	%	2020	%	Amount	%
			(amounts in million Php)			
Wireless	13,645	46	16,440	60	(2,795)	(17)
Fixed Line	26,298	88	15,463	57	10,835	70
Others	(666)	(2)	193	1	(859)	(445)
Inter-segment transactions	(9,340)	(32)	(4,967)	(18)	(4,373)	(88)
Consolidated	29,937	100	27,129	100	2,808	10

Telco Core Income

Our consolidated telco core income amounted to Php30,233 million in 2021, an increase of Php2,146 million, or 8%, as compared with Php28,087 million in 2020, mainly due to higher EBITDA and lower provision for income tax, partially offset by higher depreciation and amortization, and financing costs. Adjusted for the impact of Typhoon Odette, our consolidated telco core income would have been Php31,029 million, an increase of Php2,942 million, or 10% from last year.

The following table shows the breakdown of our consolidated telco core income by business segment for the years ended December 31, 2021 and 2020:

					Change	
	2021	%	2020	%	Amount	%
			(amounts in million Php)			
Wireless	13,645	45	17,217	61	(3,572)	(21)
Fixed Line	25,736	85	13,649	49	12,087	89
Others	192	1	2,188	8	(1,996)	(91)
Inter-segment transactions	(9,340)	(31)	(4,967)	(18)	(4,373)	(88)
Consolidated	30,233	100	28,087	100	2,146	8

On a Business Segment Basis

<u>Wireless</u>

Revenues

We generated revenues of Php106,619 million from our Wireless business segment in 2021, an increase of Php2,408 million, or 2%, from Php104,211 million in 2020.

The following table summarizes our total revenues by service from our Wireless business segment for the years ended December 31, 2021 and 2020:

					Increase (Decrease)	
	2021	%	2020	%	Amount	%
			(amounts in million Php)			
Service Revenues:						
Mobile	96,538	90	97,566	93	(1,028)	(1)
Fixed Wireless broadband[(1)]	2,889	3	40	—	2,849	7,123
MVNO and others[(2)]	212	—	564	1	(352)	(62)
Total Wireless Service Revenues	99,639	93	98,170	94	1,469	1
Non-Service Revenues:						
Sale of mobile handsets and broadband data modems	6,980	7	6,041	6	939	16
Total Wireless Revenues	106,619	100	104,211	100	2,408	2

(1) *Includes service revenues from PHW beginning February 2021.*
(2) *Includes service revenues generated by MVNOs of PLDT Global subsidiaries and facility service fees.*

Service Revenues

Our wireless service revenues increased by Php1,469 million, or 1%, to Php99,639 million in 2021 as compared with Php98,170 million in 2020, primarily due to higher fixed wireless broadband revenues, partly offset by lower revenues from mobile, and MVNO and other services. As a percentage of our total wireless revenues, service revenues accounted for 93% and 94% in 2021 and 2020, respectively.

Wireless service revenues, net of interconnection costs, amounted to Php98,956 million in 2021, an increase of Php1,253 million, or 1%, from Php97,703 million in 2020.

Mobile Services

Our mobile service revenues amounted to Php96,538 million in 2021, a decrease of Php1,028 million, or 1%, from Php97,566 million in 2020. Mobile service revenues accounted for 97% and 99% of our wireless service revenues in 2021 and 2020, respectively.

The following table shows the breakdown of our mobile service revenues for the years ended December 31, 2021 and 2020:

					Increase (Decrease)	
	2021	**%**	**2020**	**%**	**Amount**	**%**
			(amounts in million Php)			
Mobile Services:						
Data	70,644	73	66,731	69	3,913	6
Voice	17,774	18	21,542	22	(3,768)	(17)
SMS	6,603	7	6,937	7	(334)	(5)
Inbound roaming and others[(1)]	1,517	2	2,356	2	(839)	(36)
Total	96,538	100	97,566	100	(1,028)	(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 Php3,913 million, or 6%, to Php70,644 million in 2021 from Php66,731 million in 2020 due to sustained growth in mobile internet usage that was mainly driven by the continued increase in demand for data connectivity. This was further boosted by enhanced data products, and continuous network improvement, LTE migration and 5G roll-out.

Smart also launched brand campaigns to promote 5G network usage with the aggressive roll-out of over 7,000 5G sites during the year. In 2021, Smart introduced Giga 5G promos, 5G-ready prepaid SIMs, and *Signature Plans+*, a postpaid line up that features unlimited 5G access.

Data services accounted for 73% and 69% of our mobile service revenues in 2021 and 2020, respectively.

The following table shows the breakdown of our mobile data service revenues for the years ended December 31, 2021 and 2020:

					Increase (Decrease)	
	2021	**%**	**2020**	**%**	**Amount**	**%**
			(amounts in million Php)			
Data Services:						
Mobile internet[(1)]	66,320	94	62,327	93	3,993	6
Mobile broadband	2,797	4	3,171	5	(374)	(12)
Other data	1,527	2	1,233	2	294	24
Total	70,644	100	66,731	100	3,913	6

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

Mobile Internet

Mobile internet service revenues increased by Php3,993 million, or 6%, to Php66,320 million in 2021 from Php62,327 million in 2020, primarily due to the increase in video streaming, gaming and social media data usage by our subscribers driven by the enhanced product offerings, marketing promotions and content partnerships. Migration initiatives also resulted to higher number of LTE and 5G device and data users. Smart is embarking on migrating more data subscribers to its new 5G network with even faster speeds and lower latency to open new usage possibilities.

Moreover, Smart continues to drive GigaLife App, now with over 10 million subscribers, through exclusive offerings such as Unli 5G, via Gigapoints. Smart also launched the GigaPlay App, which provides its subscribers exclusive video access to Kpop content, international music festivals and live sports streaming such as PBA, PVL and NBA TV Philippines channel. In December 2021, Smart launched its first pay-per-view ("PPV") digital movie on the GigaPlay App.

Mobile internet services accounted for 69% and 64% of our mobile service revenues in 2021 and 2020, respectively.

Mobile Broadband

Mobile broadband revenues amounted to Php2,797 million in 2021, a decrease of Php374 million, or 12%, from Php3,171 million in 2020, primarily due to subscribers' shift to fiber and fixed wireless solutions due to the prolonged pandemic and subsequent extension of community quarantine restrictions.

In August 2021, Smart launched the Smart Bro Rocket SIM aimed at the heavy wireless broadband users. Smart Bro Rocket SIM provides unlimited data valid for 30 days at an introductory price of Php499. Mobile broadband services accounted for 3% of our mobile service revenues in each of 2021 and 2020.

Other Data

Revenues from our other data services, which include value-added services, or VAS, and domestic leased lines, increased by Php294 million, or 24%, to Php1,527 million in 2021 from Php1,233 million in 2020. The increase was primarily due to higher revenues from VAS via direct carrier billing, driven by various online activities and transactions, including mobile gaming in-app purchases and tollways reloading fees.

Voice Services

Mobile revenues from our voice services, which include all voice traffic, decreased by Php3,768 million, or 17%, to Php17,774 million in 2021 from Php21,542 million in 2020, 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, or VoLTE, and Voice over Wifi, or VoWiFi, services which routes the voice calls through digital channels. VoLTE and VoWifi offer better voice quality. Mobile voice services accounted for 18% and 22% of our mobile service revenues in 2021 and 2020, respectively.

Domestic voice service revenues decreased by Php3,239 million, or 17%, to Php15,683 million in 2021 from Php18,922 million in 2020, mainly due to lower traffic from domestic outbound and inbound voice services.

International voice service revenues decreased by Php529 million, or 20%, to Php2,091 million in 2021 from Php2,620 million in 2020 resulting from lower traffic driven by the prolonged impact of the pandemic in international travel, partially offset by revenues from international voice agreement with international carriers.

SMS Services

Mobile revenues from our SMS services, which include all SMS-related services, decreased by Php334 million, or 5%, to Php6,603 million in 2021 from Php6,937 million in 2020, 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 Application-to-Person ("A2P") service revenues. Mobile SMS services accounted for 7% of our mobile service revenues in each of 2021 and 2020.

Inbound Roaming and Others

Mobile revenues from inbound roaming and other services decreased by Php839 million, or 36%, to Php1,517 million in 2021 from Php2,356 million in 2020, mainly due to lower facility service fees related to fixed wireless business and lower revenues from inbound roaming services, partly offset by higher other subscriber-related income.

The following table shows the breakdown of our mobile service revenues by service type for the years ended December 31, 2021 and 2020:

			Increase (Decrease)	
	2021	2020	Amount	%
	(amounts in million Php)			
Mobile service revenues	96,538	97,566	(1,028)	(1)
By service type				
Prepaid	76,635	75,790	845	1
Postpaid	18,386	19,420	(1,034)	(5)
Inbound roaming and others	1,517	2,356	(839)	(36)

Prepaid Mobile Revenues

Revenues generated from our mobile prepaid services amounted to Php76,635 million in 2021, an increase of Php845 million, or 1%, as compared with Php75,790 million in 2020. Mobile prepaid service revenues accounted for 79% and 78% of mobile service revenues in 2021 and 2020, respectively. The increase in revenues from our mobile prepaid services was attributed to higher average daily top-ups driven by the sustained growth in mobile internet usage, partially offset by lower subscriber base. Decline in prepaid subscribers was due to lower activations as subscribers were less mobile and more apt to use home wifi due to the protracted pandemic.

In October 2020, we implemented the rebranding of Sun Prepaid to Smart Prepaid. Subscribers retained their existing Sun numbers while having access to expanded retail and customer care channels, data-centric Giga offers alongside existing select Sun top-up offers. With this development, Sun subscribers can already avail of the GigaLife bundles using Smart's LTE network.

Postpaid Mobile Revenues

Revenues generated from our mobile postpaid services amounted to Php18,386 million in 2021, a decrease of Php1,034 million, or 5%, as compared with Php19,420 million in 2020, primarily due to a decline in the postpaid subscriber base. Mobile postpaid service revenues accounted for 19% and 20% of mobile service revenues in 2021 and 2020, respectively.

Subscriber Base, ARPU and Churn Rates

The following table shows our mobile subscriber base as at December 31, 2021 and 2020:

			Increase (Decrease)	
	2021	2020	Amount	%
Mobile subscriber base				
Smart[(1)]	28,153,047	30,533,816	(2,380,769)	(8)
Prepaid	*26,665,974*	*29,090,167*	*(2,424,193)*	*(8)*
Postpaid	*1,487,073*	*1,443,649*	*43,424*	*3*
TNT	42,539,757	41,688,854	850,903	2
Sun Postpaid[(1)]	529,148	711,169	(182,021)	(26)
Total mobile subscribers	71,221,952	72,933,839	(1,711,887)	*(2)*

[(1)] *Includes mobile broadband subscribers.*

Our current policy is to recognize a prepaid subscriber as active only when the subscriber activates and uses the SIM card. A prepaid mobile subscriber is considered inactive if the subscriber does not reload within 90 days after the full usage or expiry of the last reload.

The average monthly churn rates for Smart Prepaid subscribers was 4.8% in each of 2021 and 2020, while the average monthly churn rates for TNT subscribers was 4.2% in each of 2021 and 2020.

The average monthly churn rates for Smart Postpaid subscribers were 1.6% and 2.3% in 2021 and 2020, respectively. The average monthly churn rates for Sun Postpaid subscribers were 2.5% and 3.1% in 2021 and 2020, respectively.

The following table summarizes our average monthly ARPUs for the years ended December 31, 2021 and 2020:

	Gross[(1)]		Increase (Decrease)		Net[(2)]		Increase (Decrease)	
	2021	2020	Amount	%	2021	2020	Amount	%
				(amounts in Php)				
Prepaid								
Smart	*123*	*133*	*(10)*	*(8)*	*104*	*113*	*(9)*	*(8)*
TNT	*98*	*91*	*7*	*8*	*84*	*79*	*5*	*6*
Postpaid								
Smart	*853*	*844*	*9*	*1*	*816*	*813*	*3*	*—*
Sun	*440*	*386*	*54*	*14*	*429*	*375*	*54*	*14*

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

Fixed Wireless Broadband

Revenues from our Fixed Wireless Broadband services amounted to Php2,889 million in 2021, an increase of Php2,849 million from Php40 million in 2020, primarily due to the transfer of PHW subscribers to Smart beginning February 2021. In March 2021, the GigaLife App was opened to PHW, which allowed the linking of accounts between mobile and home devices and enabled a convergent solution to simplify account management and cross-selling of products.

In December 2021, Smart lauched 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.

MVNO and Others

Revenues from our MVNO and other services amounted to Php212 million in 2021, a decrease of Php352 million, or 62%, from Php564 million in 2020, primarily due to lower facility service fees.

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 Php939 million, or 16%, to Php6,980 million in 2021 from Php6,041 million in 2020, primarily due to a higher revenue per unit of mobile handsets issued and PHW broadband routers issued in 2021.

Expenses

Expenses associated with our Wireless business segment amounted to Php89,172 million in 2021, an increase of Php7,603 million, or 9%, from Php81,569 million in 2020. The increase was attributable to higher depreciation and amortization, cost of sales and services, selling, general and administrative expenses, asset impairment and interconnection costs, partially offset by lower provisions. As a percentage of our total wireless revenues, expenses associated with our Wireless business segment accounted for 84% and 78% in 2021 and 2020, respectively.

The following table summarizes the breakdown of our total wireless-related expenses for the years ended December 31, 2021 and 2020 and the percentage of each expense item in relation to the total:

	2021	%	2020	%	Increase (Decrease) Amount	%
			(amounts in million Php)			
Depreciation and amortization	40,459	45	35,134	43	5,325	15
Selling, general and administrative expenses	36,748	41	35,731	44	1,017	3
Cost of sales and services	10,041	11	8,041	10	2,000	25
Provisions	854	1	2,026	2	(1,172)	(58)
Interconnection costs	683	1	467	1	216	46
Asset impairment	387	1	170	—	217	128
Total	89,172	100	81,569	100	7,603	9

Depreciation and amortization charges increased by Php5,325 million, or 15%, to Php40,459 million, mainly on account of higher depreciable asset base resulting from significant capitalization, combined with higher depreciation of right-of-use asset.

Selling, general and administrative expenses increased by Php1,017 million, or 3%, to Php36,748 million, primarily due to higher expenses related to repairs and maintenance, professional and other contracted services, amortization of intangibles, and rent, partly offset by lower expenses related to taxes and licenses, selling and promotions, and compensation and employee benefits.

Cost of sales and services increased by Php2,000 million, or 25%, to Php10,041 million, primarily due to a higher number of units issued and higher average cost per unit for mobile handsets, as well as the cost of PHW broadband routers issued in 2021.

Provisions decreased by Php1,172 million, or 58%, to Php854 million, primarily due to lower provision for expected credit losses mainly on account of last year's provisions related to extended credit arrangement driven by the impact of the pandemic.

Interconnection costs increased by Php216 million, or 46%, to Php683 million, primarily due to higher interconnection costs on A2P, messaging transactions and international data services.

Asset impairment, increased by Php217 million, or 128%, to Php387 million primarily due to impairment charges on 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 years ended December 31, 2021 and 2020:

	2021	2020	Change Amount	%
		(amounts in million Php)		
Other Income (Expenses) – Net:				
Financing costs – net	(7,551)	(6,886)	(665)	(10)
Foreign exchange gains (losses) – net	(1,541)	431	(1,972)	(458)
Interest income	355	537	(182)	(34)
Gains (losses) on derivative financial instruments – net	550	(126)	676	537
Other income – net	3,540	3,104	436	14
Total	(4,647)	(2,940)	(1,707)	(58)

Our Wireless business segment's other expenses – net amounted to Php4,647 million in 2021, an increase of Php1,707 million, or 58%, from Php2,940 million in 2020, primarily due to the combined effects of the following: (i) foreign exchange losses of Php1,541 million in 2021 as against foreign exchange gains of Php431 million in 2020, mainly on account of revaluation of net foreign currency-denominated liabilities due to the depreciation of the Philippine peso relative to the U.S. dollar in 2021 as against the appreciation of the Philippine peso relative to the U.S. dollar in 2020; (ii) higher net financing costs by Php665 million mainly due to higher accretion on lease liabilities; (iii) lower interest income by Php182 million; (iv) higher other income – net by Php436 million; and (v) net gains on derivative financial instruments of Php550 million in 2021 as against net losses on derivative financial instruments of Php126 million in 2020 due to the depreciation of the Philippine peso relative to the U.S. dollar in 2021 as against the appreciation of the Philippine peso relative to the U.S. dollar in 2020.

Provision for Income Tax

Provision for income tax amounted to Php3,366 million in 2021, a decrease of Php1,170 million, or 26%, from Php4,536 million in 2020, mainly due to lower taxable income and lower corporate income tax rate under the CREATE Act, partly offset by the net unfavorable impact of CREATE adjustments for prior year deferred tax assets booked in the first quarter of 2021.

Net Income

As a result of the foregoing, our Wireless business segment's net income decreased by Php5,732 million, or 38%, to Php9,434 million in 2021 from Php15,166 million in 2020.

EBITDA

Our Wireless business segment's EBITDA increased by Php604 million, or 1%, to Php60,876 million in 2021 from Php60,272 million in 2020. EBITDA margin remained at 61% in 2021 and 2020.

Core Income

Our Wireless business segment's core income decreased by Php2,795 million, or 17%, to Php13,645 million in 2021 from Php16,440 million in 2020, mainly on account of higher depreciation and amortization and financing costs, partially offset by higher EBITDA and lower provision for income tax.

Fixed Line

Revenues

Revenues generated from our Fixed Line business segment amounted to Php117,063 million in 2021, an increase of Php18,324 million, or 19%, from Php98,739 million in 2020.

The following table summarizes our total revenues by service from our Fixed Line business segment for the years ended December 31, 2021 and 2020:

					Increase (Decrease)	
	2021	**%**	**2020**	**%**	**Amount**	**%**
			(amounts in million Php)			
Service Revenues:						
Data	78,576	67	67,183	68	11,393	17
Voice	37,232	32	29,541	30	7,691	26
Miscellaneous	721	1	686	1	35	5
	116,529	100	97,410	99	19,119	20
Non-Service Revenues:						
Sale of computers, phone units and point-product sales	534	—	1,329	1	(795)	(60)
Total Fixed Line Revenues	117,063	100	98,739	100	18,324	19

Service Revenues

Our fixed line service revenues increased by Php19,119 million, or 20%, to Php116,529 million in 2021 from Php97,410 million in 2020, primarily due to higher revenues from our data and voice services. As a percentage of our total fixed line revenues, service revenues accounted for 100% and 99% in 2021 and 2020, respectively.

Fixed Line service revenues, net of interconnection costs, amounted to Php96,522 million in 2021, an increase of Php10,827 million, or 13%, from Php85,695 million in 2020.

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 Php78,576 million in 2021, an increase of Php11,393 million, or 17%, from Php67,183 million in 2020, primarily due to higher revenues from home broadband, corporate data and leased lines, and ICT services. The percentage contribution of this service segment to our fixed line service revenues accounted for 67% and 69% in 2021 and 2020, respectively.

The following table shows information of our data service revenues for the years ended December 31, 2021 and 2020:

			Increase	
	2021	**2020**	**Amount**	**%**
		(amounts in million Php)		
Data service revenues	78,576	67,183	11,393	17
Home broadband	39,723	33,045	6,678	20
Corporate data and ICT	38,853	34,138	4,715	14

Home Broadband

Home broadband data revenues amounted to Php39,723 million in 2021, an increase of Php6,678 million, or 20%, from Php33,045 million in 2020. 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, or FTTH, network and its existing copper network, which is progressively being upgraded to fiber. Home broadband revenues accounted for 51% and 49% of fixed line data service revenues in 2021 and 2020, respectively. PLDT's FTTH nationwide network roll-out has reached over 13.9 million homes passed as of December 31, 2021, while the number of ports has grown to 5.8 million.

Corporate Data and ICT

Corporate data services amounted to Php32,333 million in 2021, an increase of Php4,223 million, or 15%, as compared with Php28,110 million in 2020, mainly due to the sustained demand for broadband internet and data networking services. Corporate data revenues accounted for 41% and 42% of fixed line data services in 2021 and 2020, respectively.

ICT revenues increased by Php492 million, or 8%, to Php6,520 million in 2021 from Php6,028 million in 2020, mainly due to higher revenues from data center, cloud and managed IT services, partially offset by lower revenues from cyber security services. The percentage contribution of this service segment to our total data service revenues accounted for 8% and 9% in 2021 and 2020, respectively.

Voice Services

Revenues from our voice services increased by Php7,691 million, or 26%, to Php37,232 million in 2021 from Php29,541 million in 2020, primarily due to higher revenues from international services of PLDT Global, partly offset by lower revenues from local exchange and domestic services. The decline in local exchange and domestic services was partly due to the continued popularity of services such as Skype, Viber, Line, Facebook Messenger, Google Talk and WhatsApp, offering free OTT calling services, and other similar services, as well as subscribers' shift to mobile services. The percentage contribution of voice service revenues to our fixed line service revenues accounted for 32% and 30% in 2021 and 2020, respectively.

Miscellaneous Services

Miscellaneous service revenues are derived mostly from rentals and management fees. These service revenues increased by Php35 million, or 5%, to Php721 million in 2021 from Php686 million in 2020. The percentage contribution of miscellaneous service revenues to our total fixed line service revenues accounted for 1% in each of 2021 and 2020.

Non-service Revenues

Non-service revenues decreased by Php795 million, or 60%, to Php534 million in 2021 from Php1,329 million in 2020, primarily due to lower sale of PHW broadband routers, managed ICT equipment, and computer bundles, partially offset by sale of Home WiFi mesh in 2021.

Expenses

Expenses related to our Fixed Line business segment totaled Php93,370 million in 2021, an increase of Php8,653 million, or 10%, as compared with Php84,717 million in 2020. The increase was primarily due to higher interconnection costs, depreciation and amortization, and selling, general and administrative expenses, partly offset by lower provisions, cost of sales and services, and asset impairment. As a percentage of our total fixed line revenues, expenses associated with our Fixed Line business segment accounted for 80% and 86% in 2021 and 2020, respectively.

The following table shows the breakdown of our total fixed line-related expenses for the years ended December 31, 2021 and 2020 and the percentage of each expense item in relation to the total:

					Increase (Decrease)	
	2021	**%**	**2020**	**%**	**Amount**	**%**
			(amounts in million Php)			
Selling, general and administrative expenses	44,051	47	43,860	52	191	—
Depreciation and amortization	22,139	24	19,383	23	2,756	14
Interconnection costs	20,007	21	11,715	14	8,292	71
Provisions	3,729	4	5,394	6	(1,665)	(31)
Cost of sales and services	3,430	4	4,269	5	(839)	(20)
Asset impairment	14	—	96	—	(82)	(85)
Total	93,370	100	84,717	100	8,653	10

Selling, general and administrative expenses increased by Php191 million to Php44,051 million primarily due to higher expenses related to repairs and maintenance, selling and promotions, and rent, partly offset by lower compensation and employee benefits on account of lower MRP, and professional and other contracted services.

Depreciation and amortization charges increased by Php2,756 million, or 14%, to Php22,139 million mainly on account of higher depreciable asset base, combined with higher depreciation of right-of-use asset.

Interconnection costs increased by Php8,292 million, or 71%, to Php20,007 million, primarily due to higher international interconnection costs of PLDT Global.

Provisions decreased by Php1,665 million, or 31%, to Php3,729 million, primarily due to lower provision for expected credit losses mainly due to the improvement in collection rate.

Cost of sales and services decreased by Php839 million, or 20%, to Php3,430 million, primarily due to lower cost of PHW broadband routers, managed ICT equipment, and computer bundles, partially offset by the cost of Home WiFi mesh in 2021.

Asset impairment, consisting mainly of impairment of contract assets, decreased by Php82 million, or 85%, to Php14 million.

Other Income (Expenses) – Net

The following table summarizes the breakdown of our total fixed line-related other income (expenses) – net for the years ended December 31, 2021 and 2020:

	2021	2020	Change Amount	%
	(amounts in million Php)			
Other Income (Expenses) – Net:				
Gains (losses) on derivative financial instruments – net	850	(270)	1,120	415
Interest income	275	636	(361)	(57)
Equity share in net earnings of associates	103	50	53	106
Foreign exchange gains (losses) – net	(2,433)	1,153	(3,586)	(311)
Financing costs – net	(6,029)	(6,059)	30	—
Other income – net	13,790	8,711	5,079	58
Total	6,556	4,221	2,335	55

Our Fixed Line business segment's other income amounted to Php6,556 million in 2021, an increase of Php2,335 million, or 55%, from Php4,221 million in 2020, primarily due to the combined effects of the following: (i) higher other income – net by Php5,079 million mainly due to PLDT's higher dividend income from Smart and gain on sale of PHW subscribers in 2021, as against the gain on sale and leaseback of Smart Headquarters in 2020; (ii) net gains on derivative financial instruments of Php850 million in 2021 as against net losses on derivative financial instruments of Php270 million in 2020 due to the depreciation of the Philippine peso relative to the U.S. dollar in 2021 as against the appreciation of the Philippine peso relative to the U.S. dollar in 2020; (iii) lower net financing costs by Php30 million; (iv) higher equity share in net earnings of associates and joint ventures by Php53 million; (v) lower interest income by Php361 million; and (vi) net foreign exchange losses of Php2,433 million in 2021 as against net foreign exchange gains of Php1,153 million in 2020 mainly on account of revaluation of net foreign currency-denominated liabilities due to the depreciation of the Philippine peso relative to the U.S. dollar in 2021 as against the appreciation of the Philippine peso relative to the U.S. dollar in 2020.

Provision for Income Tax

Provision for income tax amounted to Php4,103 million in 2021, an increase of Php369 million, or 10%, from Php3,734 million in 2020, mainly due to higher taxable income, partly offset by the impact of lower corporate income tax under the CREATE Act, as well as the net favorable impact of 2020 income tax retroactive adjustment, per Revenue Regulations (RR) No. 5-2021, recognized in the first quarter of 2021.

Net Income

As a result of the foregoing, our Fixed Line business segment registered a net income of Php26,146 million in 2021, an increase of Php11,637 million, or 80%, as compared with Php14,509 million in 2020.

EBITDA

Our Fixed Line business segment's EBITDA increased by Php12,427 million, or 37%, to Php45,832 million in 2021 from Php33,405 million in 2020. EBITDA margin increased to 39% in 2021 from 34% in 2020.

Core Income

Our Fixed Line business segment's core income increased by Php10,835 million, or 70%, to Php26,298 million in 2021 from Php15,463 million in 2020, primarily due to higher EBITDA and other miscellaneous income, partially offset by higher depreciation and amortization, and provision for income tax.

Others

Revenues

Revenues generated from our Other business segment amounted to nil in each of 2021 and 2020.

Expenses

Expenses related to our Other business segment decreased by Php5 million, or 42%, to Php7 million in 2021 from Php12 million in 2020.

Other Income (Expenses) – Net

The following table summarizes the breakdown of other income (expenses) – net for Other business segment for the years ended December 31, 2021 and 2020:

			Change	
	2021	**2020**	**Amount**	**%**
		(amounts in million Php)		
Other Income (Expenses) – Net:				
Foreign exchange gains (losses) – net	49	(48)	97	202
Interest income	26	92	(66)	(72)
Gains on derivative financial instruments – net	—	18	(18)	(100)
Financing costs – net	—	(55)	55	100
Equity share in net losses of associates and joint ventures	(1,204)	(2,378)	1,174	49
Other income – net	1,250	1,448	(198)	(14)
Total	121	(923)	1,044	113

Our Other business segment's other income amounted to Php121 million in 2021, a change of Php1,044 million from other expenses of Php923 million in 2020, primarily due to the combined effects of the following: (i) lower equity share in net losses of associates and joint ventures by Php1,174 million mainly due to higher equity share in net earnings in Vega Telecom Inc. on account of the favorable impact of CREATE adjustment on the unamortized deferred tax liability component of the investment; (ii) net foreign exchange gains of Php49 million in 2021 as against net foreign exchange losses of Php48 million in 2020; (iii) lower interest income by Php66 million; and (iv) lower other income – net by Php198 million.

Net Income (Loss)

As a result of the foregoing, our Other business segment registered a net income of Php384 million in 2021, a change of Php702 million as against net loss of Php318 million in 2020.

Core Income (Loss)

Our Other business segment's core loss amounted to Php666 million in 2021, a change of Php859 million as against core income of Php193 million in 2020.

Liquidity and Capital Resources

The following table shows our consolidated cash flows for the years ended December 31, 2021 and 2020, as well as our consolidated capitalization and other consolidated selected financial data as at December 31, 2021 and 2020:

	Years months ended December 31,	
	2021	2020
	(amounts in million Php)	
Cash Flows		
Net cash flows provided by operating activities	91,813	85,076
Net cash flows used in investing activities	(103,483)	(68,669)
Payment for purchase of property and equipment, including capitalized interest	*(103,977)*	*(78,100)*
Net cash flows provided by (used in) financing activities	(4,904)	463
Net increase (decrease) in cash and cash equivalents	(16,330)	15,868

	December 31,	
	2021	2020
	(amounts in million Php)	
Capitalization		
Long-term portion of interest-bearing financial liabilities – net of current portion:		
Long-term debt	241,075	205,195
Current portion of interest-bearing financial liabilities:		
Long-term debt maturing within one year	11,482	17,570
Total interest-bearing financial liabilities	252,557	222,765
Total equity attributable to equity holders of PLDT	123,216	115,408
	375,773	338,173
Other Selected Financial Data		
Total assets	626,328	575,846
Property and equipment	302,736	260,868
Cash and cash equivalents	23,907	40,237
Short-term investments	2,241	989

Our consolidated cash and cash equivalents and short-term investments totaled Php26,148 million as at December 31, 2021. Principal sources of consolidated cash and cash equivalents in 2021 were cash flows from operating activities amounting to Php91,813 million, proceeds from availment of long-term debt of Php51,500 million, proceeds from maturity of short-term investments of Php2,491 million, proceeds from disposal of property and equipment of Php1,217 million, interest received of Php714 million and proceeds from disposal of Phunware shares of Php482 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php103,977 million; (2) long-term debt principal and interest payments of Php22,565 million and Php8,922 million, respectively; (3) cash dividend payments of Php17,712 million; (4) settlement of obligations under lease liabilities of Php6,547 million; (5) payment for purchase of short-term investments of Php3,663 million; and (6) payment for acquisition of investments in associates and joint ventures of Php1,934 million, mainly PCEV's additional investment in VIH's preferred shares.

Our consolidated cash and cash equivalents and short-term investments totaled Php41,226 million as at December 31, 2020. Principal sources of consolidated cash and cash equivalents in 2020 were cash flows from operating activities amounting to Php85,076 million, proceeds from availment of long-term and short-term debts of Php61,271 million and Php10,000 million, respectively, proceeds from disposal of property and equipment of Php5,830 million, proceeds from maturity of short-term investments of Php4,375 million, proceeds from collection of Metro Pacific Investments Corporation, or MPIC, receivables of Php2,826 million, proceeds from disposal of Rocket Internet shares of Php2,017 million and interest received of Php1,106 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php78,100 million; (2) long-term debt principal and interest payments of Php28,365 million and Php8,348 million, respectively; (3) cash dividend payments of Php16,721 million; (4) payment of short-term debt of Php10,000 million; (5) settlement of obligations under lease liabilities of Php5,781 million; (6) payment for purchase of short-term investments of Php5,147 million; and (7) payment for purchase of investment in debt securities of Php1,194 million.

Operating Activities

Our consolidated net cash flows provided by operating activities increased by Php6,737 million, or 8%, to Php91,813 million in 2021 from Php85,076 million in 2020, primarily due to lower level of settlement of accounts payable, and higher operating income, partially offset by higher prepayments, higher level of settlement of accrued expenses and other current liabilities, and other noncurrent liabilities, higher pension and other employee benefits, and lower level of collection of receivables.

Cash flows provided by operating activities of our Wireless business segment increased by Php12,780 million, or 26%, to Php62,853 million in 2021 from Php50,073 million in 2020, primarily due to lower level of settlement of accounts payable, and higher operating income, partially offset by higher prepayments and higher level of settlement of accrued expenses and other current liabilities. Cash flows provided by operating activities of our Fixed Line business segment increased by Php6,070 million, or 17%, to Php41,641 million in 2021 from Php35,571 million in 2020, primarily due to higher operating income, lower level of settlement of accounts payable and higher level of collection of receivables, partially offset by higher pension and other employee benefits, higher prepayments and higher level of settlement of accrued expenses and other current liabilities. Cash flows used in operating activities of our Other business segment amounted to Php451 million in 2021 as against cash flows provided by operating activities of Php10,174 million in 2020, primarily due to operating loss in 2021 as against operating income in 2020, and higher level of settlement of accounts payable, partially offset by higher level of collection of receivables.

Investing Activities

Consolidated net cash flows used in investing activities amounted to Php103,483 million in 2021, an increase of Php34,814 million, or 51%, from Php68,669 million in 2020, primarily due to the combined effects of the following: (1) higher payment for purchase of property and equipment, including capitalized interest, by Php25,877 million; (2) lower proceeds from disposal of property and equipment by Php4,613 million; (3) lower level of collection of MPIC receivables by Php2,656 million; (4) proceeds from disposal of Phunware shares in 2021 of Php482 million as compared with proceeds from disposal of Rocket Internet shares of Php2,017 million in 2020; (5) higher payment for acquisition of investments in associates and joint ventures by Php1,355 million; and (6) net proceeds from redemption of investment in debt securities of Php589 million in 2021 as against net payment for purchase of investment in debt securities of Php1,044 million in 2020.

Our consolidated payment for purchase of property and equipment, including capitalized interest, in 2021 totaled Php103,977 million, an increase of Php25,877 million, or 33%, as compared with Php78,100 million in 2020. Smart's payment for purchase of property and equipment, including capitalized interest, increased by Php10,421 million, or 27%, to Php49,216 million in 2021 from Php38,795 million in 2020. 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, increased by Php14,548 million, or 38%, to Php52,839 million in 2021 from Php38,291 million in 2020. 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 Php4,904 million in 2021, as against cash flows provided by financing activities of Php463 million in 2020, primarily due to the combined effects of the following: (1) lower proceeds from availment of long term debt by Php9,771 million; (2) higher cash dividends paid by Php991 million; (3) higher settlement of obligations under lease liabilities by Php766 million; (4) higher interest paid by Php574 million; and (5) lower payments of long-term debt by Php5,800 million.

Debt Financing

Proceeds from availment of long-term debt in 2021 amounted to Php51,500 million, mainly from PLDT's and Smart's drawings related to refinancing of maturing loan obligations and financing of capital expenditure requirements. Payments of principal, including prepayments of Php4,783 million, amounted to Php22,565 million while payments of interest on our total debt amounted to Php8,891 million in 2021.

Our consolidated long-term debt increased by Php29,792 million, or 13%, to Php252,557 million as at December 31, 2021 from Php222,765 million as at December 31, 2020, primarily due to drawings from our long-term facilities, partially offset by debt amortizations and prepayments. As at December 31, 2021, PLDT's long-term debt level increased by Php13,006 million, or 9%, to Php157,007 million from Php144,001 million as at December 31, 2020, while Smart's long-term debt level increased by Php16,786 million, or 21%, to Php95,550 million from Php78,764 as at December 31, 2020.

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 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 December 31, 2021 and 2020, 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 years ended December 31, 2021 and 2020:

Class	Date			Amount	
	Approved[1]	Record	Payable	Per Share	Total
				(in million Php, except per share amount)	
2021					
Common					
Regular Dividend	March 4, 2021	March 18, 2021	April 6, 2021	40	8,642
	August 5, 2021	August 19, 2021	September 3, 2021	42	9,075
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[1]	January 26, 2021	February 22, 2021	March 15, 2021	–	12
	May 6, 2021	May 21, 2021	June 15, 2021	–	13
	August 5, 2021	August 20, 2021	September 15, 2021	–	12
	November 4, 2021	November 19, 2021	December 15, 2021	–	12
Voting Preferred Stock	March 4, 2021	March 24, 2021	April 15, 2021	–	3
	June 8, 2021	June 24, 2021	July 15, 2021	–	2
	August 26, 2021	September 13, 2021	October 15, 2021	–	2
	December 7, 2021	December 23, 2021	January 15, 2022	–	3
Charged to Retained Earnings					17,776
2020					
Common					
Regular Dividend	March 5, 2020	March 19, 2020	April 3, 2020	39	8,426
	August 6, 2020	August 20, 2020	September 4, 2020	38	8,210
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[1]	January 28, 2020	February 24, 2020	March 15, 2020	–	12
	May 7, 2020	May 21, 2020	June 15, 2020	–	13
	August 6, 2020	August 20, 2020	September 15, 2020	–	12
	November 5, 2020	November 19, 2020	December 15, 2020	–	12
Voting Preferred Stock	March 5, 2020	March 25, 2020	April 15, 2020	–	3
	June 9, 2020	June 24, 2020	July 15, 2020	–	2
	September 29, 2020	October 13, 2020	October 15, 2020	–	2
	December 3, 2020	December 18, 2020	January 15, 2021	–	3
Charged to Retained Earnings					16,695

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

Our dividends declared after December 31, 2021 are as follows:

Class	Date			Amount	
	Approved	Record	Payable	Per Share	Total
				(in million Php, except per share amount)	
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
Common					
Regular Dividend	March 3, 2022	March 17, 2022	April 4, 2022	42	9,075
Charged to Retained Earnings					9,089

[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 Php626,328 million as at December 31, 2021, an increase of Php50,482 million, or 9%, from Php575,846 million as at December 31, 2020, primarily due to higher property and equipment, and prepayments, partly offset by lower cash and cash equivalents.

Our total liabilities amounted to Php498,863 million as at December 31, 2021, an increase of Php42,682 million, or 9%, from Php456,181 million as at December 31, 2020, primarily due to higher interest-bearing financial liabilities and accounts payable.

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 the elevated capital expenditures to support the build-out of a resilient and reliable data network, lower EBITDA primarily due to higher subsidies to grow the data business and defend market share, and the resources required to support the acquisition of San Miguel Corporation's telecommunications business. 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 to 2018, and 60% of our telco core income for 2019 to 2021. 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 Php17,712 million in 2021 as compared with Php16,721 million paid to shareholders in 2020.

Contractual Obligations and Commercial Commitments

Contractual Obligations

For a detailed discussion of our consolidated contractual undiscounted obligations as at December 31, 2021 and 2020, see *Note 28 – Financial Assets and Liabilities* to the accompanying unaudited consolidated financial statements.

Commercial Commitments

We have no outstanding commercial commitments, in the form of letters of credit, as at December 31, 2021 and 2020.

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 December 31, 2021 and 2020 other than those whose carrying amounts are reasonable approximations of fair values:

	Fair Values December 31,	
	2021	2020
	(amounts in million Php)	
Noncurrent Financial Assets		
Debt instruments at amortized cost	403	1,163
Other financial assets – net of current portion	2,664	2,561
Total noncurrent financial assets	3,067	3,724
Noncurrent Financial Liabilities		
Interest-bearing financial liabilities	242,545	213,908
Customers' deposits	1,619	1,821
Deferred credits and other noncurrent liabilities	404	1,562
Total noncurrent financial liabilities	244,568	217,291

The following table sets forth the amount of gains (losses) recognized for the financial assets and liabilities for the year ended December 31, 2021 and the nine months ended September 30, 2021:

	December 31, 2021	September 30, 2021
	(amounts in million Php)	
Profit and Loss		
Interest income	656	535
Gains on derivative financial instruments – net	1,400	1,119
Accretion on financial liabilities	(239)	(109)
Interest on loans and other related items	(10,482)	(7,791)
Other Comprehensive Income		
Net fair value losses on cash flow hedges – net of tax	(763)	(559)

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 in 2021 and 2020 were 4.5% and 2.6%, respectively. We expect inflation to be within the 2% to 4% target range of the BSP with the government's recent update of the base year for the consumer price index to 2018 from 2012.

PART II – OTHER INFORMATION

Prescription of Redemption for Series A to FF Preferred Shares

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

PLDT set aside Php4,029 million (the amount required to fund the redemption price for the Series A to FF Shares) in addition to Php4,143 million for unclaimed dividends on Series A to FF Shares, or a total amount of Php8,172 million, to fund the redemption of the Series A to FF Shares, or the Redemption Trust Fund, in a trust account, or the Trust Account, in the name of RCBC, as Trustee. The Trustee would continue to hold the Redemption Trust Fund or any balance thereof, in trust, for the benefit of holders of Series A to FF Shares, for a period of ten years from January 19, 2012 until January 19, 2022. After the said date, any and all remaining balance in the Trust Account should be returned to PLDT and revert to its general funds, and PLDT's corresponding obligations to pay the trust amounts would prescribe.

On January 20, 2022, the Trustee returned to PLDT the remaining unclaimed balance of the Trust Account for the Series A to FF, amounting to Php7,839 million. As PLDT's obligations to pay the trust amounts has also prescribed, the amount of unclaimed Trust Account that RCBC returned to PLDT is recognized as income in 2022. We will report this transaction as part of non-telco core income in our 2022 financial results.

Impact of Super Typhoon Odette

On December 16, 2021, parts of the Visayas and Mindanao were hit by Super Typhoon Rai (known as "Odette" in the Philippines) which strengthened to Category 5. Odette left behind massive destruction in the affected areas rendering many of them inaccessible and causing extensive electricity and communication outages. PLDT deployed teams to the Visayas and Mindanao to restore communication services in the affected areas. To date, we have substantially restored most of the network services almost to completion.

We have estimated the impact of the typhoon to be in the vicinity of Php1 billion as at end of 2021, from the combined effect of rebates and lost revenues due to service unavailability, free load provided to our subscribers, repairs/replacement of damaged facilities, as well as loss of properties. We have also worked with the Local Government Units of the affected areas and provided donations to the communities. Our employees also participated in the relief efforts through their own donations.

Sale of Phunware Shares

On October 25, 2021, PLDT Capital sold all of its PHUN common shares for an aggregate amount of US$9.5 million, or Php482 million, resulting to a gain amounting to Php421 million and full divestment of the investment in Phunware.

Corporate Recovery and Tax Incentives for Enterprises Act

On March 26, 2021, CREATE was enacted into law as Republic Act, or R.A., 11534. It took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation, or on April 11, 2021.

CREATE provides for the following reduction in corporate income tax rates, among others:

- Lower corporate income tax from 30% to 25%, retroactive to July 1, 2020, for both domestic and foreign corporations;
- Lower corporate income tax of 20% for small and medium domestic corporations (with net taxable income of Php5 million and below, and with total assets of not more than Php100 million excluding land); and
- Lower MCIT from 2% to 1% effective July 1, 2020 until June 30, 2023.

Under CREATE, we are entitled to avail ourselves of a lower corporate income tax.

Amendments to the By-Laws of PLDT

On March 25, 2021, the Board of Directors approved the amendments to the By-Laws of PLDT to conform with the provisions of R.A. 11232, known as the Revised Corporation Code of the Philippines.

On July 9, 2021, the application for the amendment of the By-Laws of PLDT was submitted to the Philippine SEC for review and approval. The application is still pending to date.

Sale of PLDT Prepaid Home WiFi, or PHW, Subscribers to Smart

On January 29, 2021, PLDT and Smart entered into a Sale/Purchase Agreement for the transfer of PLDT's PHW subscribers to Smart to consolidate fixed wireless services under Smart in order to optimize shared resources for wireless broadband, undertake seamless upgrades, cross-sell products for a simplified customer experience, and better manage network costs and wireless network capacity.

The transfer of PHW subscribers took effect on March 1, 2021 after complying with the NTC's required 30-day notice to subscribers. The final purchase price for the transfer, as reviewed by an independent firm, together with the Prepaid Home WiFi inventories and unearned revenues, amounted to Php1,336 million, plus value-added tax. Smart used its internally generated cashflow to fund the purchase. This transaction is eliminated in our consolidated financial statements.

Commitment of New Investments in Voyager Innovations Holdings, Pte. Ltd., VIH

On April 16, 2020, PLDT, through PCEV, KKR, Tencent, IFC and IFC Emerging Asia Fund, or the Subscribers, entered into a new subscription agreement with VIH to commit up to US$120 million of new funding. The Notes Subscription Agreement covers the issuance of VIH's Convertible Loan Notes, or the VIH Notes, with an aggregate principal amount of US$65 million and issuance of Warrants with an aggregate subscription amount of US$55 million.

On May 14, 2020, VIH issued the Convertible Loan Note Instruments and Warrant Certificates to the Subscribers. PCEV paid US$10.8 million for the VIH Note and received a Warrant Certificate amounting to US$9.2 million. The investments in VIH Note and warrant are both measured at FVPL. PCEV recognized Php90 million and Php18 million gain on revaluation of the VIH Note and warrant, respectively, for the year ended December 31, 2020.

On December 31, 2020, the VIH Note held by PCEV was converted in full into 7.9 million Class A2 Convertible Preference Shares of VIH at US$1.3685 per share. Thereafter, PCEV's ownership was diluted from 48.74% to 43.97%. The reduction in equity interest, referred to as a deemed disposal, resulted in the recognition of Php394 million dilution gain, which is equivalent to the difference between the fair value of the equity interest given up and its carrying value.

On March 12, 2021, PCEV, KKR and Tencent exercised their right to subscribe for additional Class A2 Convertible Preference Shares of VIH in accordance with the warrant instrument issued by VIH. PCEV paid a total exercise price of US$9.2 million on March 29, 2021. As a result, PCEV's ownership was diluted from 43.97% to 41.87% and a gain on deemed disposal amounting to Php324 million was recognized.

On June 11, 2021, PCEV, KKR, Tencent, and IFC Financial Institutions Growth Fund, a fund managed by IFC Asset Management Company, entered into a new subscription agreement with VIH to subscribe for US$120.75 million Class B Convertible Preference Shares of VIH. PCEV paid a total consideration of US$25 million on June 25, 2021. As a result, PCEV's ownership was diluted from 41.87% to 38.45% and an additional gain on deemed disposal amounting to Php503 million was recognized.

VIH will use the funds to support PayMaya's rapid growth as it pursues its plan to accelerate digital and financial inclusion in the Philippines which will enable the wider Filipino population to participate in the digital economy. VIH is now leveraging this unique ecosystem to expand into digital banking for the next phase of its mission to improve financial inclusion in the Philippines.

On September 20, 2021, PayMaya obtained the approval of the Monetary Board of the BSP, to establish a digital bank to be known as Maya Bank. Maya Bank will provide a mobile-first digital banking services on the back of PayMaya's e-wallet and technology platforms. Its primary focus will be the largely unbanked and underserved population of consumers and micro, small, and medium-sized enterprises, as well as the other underbanked segments.

Service Agreement between PLDT and Dito Telecommunity, or Dito

In February 2021, PLDT and Dito entered into an agreement for the construction of a transmission facility that will serve as the point of interconnection for their subscribers. Under the agreement, PLDT will establish and manage the interconnection facility that will operate as the primary physical interface for both companies.

The planned facility was completed in March 2021.

Smart, Globe and Dito Joint Venture on Mobile Number Portability

In 2019, Smart, Globe and Dito established a joint venture company, Telecommunications Connectivity, Inc., or TCI, to provide number porting services in compliance with the MNP requirement of the MNP Act. Smart subscribed to Php10 million representing 33.3% equity interest in TCI, which is equivalent to 10 million shares at a subscription price of Php1.00 per share.

In 2020, Smart subscribed to additional Php30 million representing its 33.33% equity interest, equivalent to 30 million shares at a subscription price of Php1.00 per share. The subscription price was settled in July 2021, upon TCI's capital call.

MNP core services were made available by TCI starting September 30, 2021. This allows subscribers to change their subscription plans or service providers while allowing the subscribers to retain their current mobile numbers.

Measures We Have Taken in Light of the COVID-19 Pandemic

In light of the ongoing COVID-19 pandemic, we continue to assess PLDT's risks, and implement measures to protect our employees, customers and trade partners.

People

Limited access to our corporate premises which was instituted in 2020 remain in effect. We have allowed a hybrid of work from home and work on site arrangements. To ensure minimal disruption to our operations, we have taken steps to ensure that employees working from home are properly equipped with the appropriate digital equipment, including internet connection. For the employees that continue to work on-site, we have taken steps to try and minimize their risk of exposure to the COVID-19 disease.

Among others, the following measures remain to be in place to protect our employees:

- We have rolled-out the vaccination program for our employees and their dependents and household members who were enrolled in the program.
- A coronavirus online form is required to be completed by employees daily which would allow the company to monitor if an employee is experiencing symptoms or has been exposed to a COVID-19 patient or someone suspected to be infected.
- We have issued instructions and guidelines to our trade partners on how to best deal with the COVID-19 pandemic.
- Our premises have been retrofitted to ensure social distancing for those who report to the office. In addition, we have equipped facilities with HEPA filtering devices to improve air quality.

- PLDT Medical Services provides maintenance medicines and multivitamins through our in-house clinics nationwide, and in partnership with several pharmacies. Internal channels for 24/7 COVID-19-related assistance are also available for our workforce.

- Our employees can reach out to advisers on questions related to internal guidelines, safety protocols, rapid testing and the like through the COVID-19 Employee Hotline from Mondays to Fridays from 8AM to 5PM, and on weekends starting May 1, 2021.

Moreover, our arrangement with the First Pacific Leadership Academy whose campus located in Antipolo, Rizal has been converted into an isolation and quarantine facility, to accommodate our employees who are asymptomatic and those with mild COVID-19 symptoms remains in place.

Network and IT

Since the beginning of the COVID-19 outbreak in the Philippines, we have been closely monitoring our network traffic for usage spikes and possible congestion. As at the date of this report, we have sufficient capacity to serve the increased needs of all our subscribers. We have added international and domestic internet capacity, upgraded our local content delivery network, and refarmed our 2G frequencies to LTE. We have taken steps to enhance physical security for premises in which our critical network and IT systems are kept. We have also reinforced our cyber security to protect the network from intrusion and malicious attacks. We have also moved essential spare parts and supplies from our remote warehouses to Metro Manila to help us undertake maintenance and repairs more efficiently.

Customer Service

We continue to provide zero-rated access to certain Government agencies and emergency hotlines, boosted minimum speeds for our eligible PLDT Home subscribers, increased data allocations for prepaid customers, equipped our corporate customers with telecommuting solutions, and for our Overseas Filipino Workers, or OFWs, extended the duration of free calls through our Free Bee app. Members of our service teams have also been trained in the proper health protocols for before, during, and after site visits, including maintaining proper social distances with customers at all times.

Precautionary measures at our stores such as provision for foot bath, regular sanitization and disinfection, temperature check, wearing of face masks and face shields, installation of commercial-grade air filters, and other observance of social distancing remain to be in effect. We also made available to our customers the virtual booking appointment. We also ensure that all our frontliners are fully vaccinated and undergo periodic COVID-19 testing.

Impact of COVID-19 Outbreak on our Operations

While work-from-home arrangements for businesses and their employees boosted demand for corporate fixed broadband and fixed wireless data services, corporate revenue growth in this period was constrained by the slump in commercial activities resulting from the imposition of various community quarantines. During the imposition of community quarantines, network traffic grew significantly, with traffic shifting from the commercial business districts to residential areas. To further ensure that we could handle the increased volume of data traffic, Smart reallocated its assigned 1,800 MHz frequencies from 2G to 4G/LTE.

The various community quarantines highlighted a distinct advantage of PLDT’s fully integrated fixed and wireless network architecture which allowed the seamless and efficient delivery of quality services to fixed and wireless customers. In general, we were not significantly impacted by COVID-19 and have benefited from an increase in demand for our broadband and mobile data services. We cannot predict whether this increase in business activity will continue during and after the pandemic, especially with the emergence of new variants of the COVID-19. Furthermore, the government shifted its system in imposing restrictions from the community quarantine classifications to the alert level system.

Amidst this uncertainty, new opportunities for future growth have arisen. Life under the community quarantine has pushed the rapid adoption of online and digital services as people forced to stay at home have turned to web-based collaboration tools, distance learning, online shopping and payment and e-health services, among others. We believe our superior network and digital infrastructure has driven more data usage to both our mobile and fixed networks. PLDT Home is ramping up its installation and repair levels and rolling out fixed wireless in areas with no fixed line or fiber connections. Telecommunications is one of the businesses given exemption by the Inter-Agency Task Force, or IATF, on COVID-19, allowing our installation and repair teams mobility despite the quarantine lockdowns. Smart is gearing to capitalize on e-payments and further leverage its online distribution channels and our Enterprise vertical is driving opportunities in e-health, e-learning, telemedicine and other collaboration solutions while seeing renewed demand for data center services. PLDT Enterprise has partnered with the national and local government units in the vaccination program by providing connectivity in vaccination centers.

Attys. Baquiran and Tecson vs. NTC, et al.

This is a Petition for Mandamus filed on October 23, 2018 by Attys. Joseph Lemuel Baligod Baquiran and Ferdinand C. Tecson against the Respondents NTC, the PCC, Liberty, BellTel, Globe, PLDT and Smart. Briefly, the case involves the 700 MHz frequency, among others, or Subject Frequencies, that was originally assigned to Liberty and which eventually became subject of the Co-Use Agreement between Globe, on the one hand, and PLDT and Smart, on the other.

For updates relating to the above discussion, please see *Note 27 – Provisions and Contingencies* to the accompanying unaudited consolidated financial statements.

For updates on matters relating to the (1) Department of Labor and Employment, or DOLE, Compliance Order to PLDT, 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 December 31, 2021:

Type of Accounts Receivable	Total	Current	31-60 Days	61-90 Days	Over 91 Days
			(amounts in million Php)		
Retail subscribers	15,676	8,544	723	263	6,146
Corporate subscribers	13,079	2,505	3,647	692	6,235
Foreign administrations	1,341	649	129	59	504
Domestic carriers	241	145	36	15	45
Dealers, agents and others	5,288	2,933	269	65	2,021
Total	35,625	14,776	4,804	1,094	14,951
Less: Allowance for expected credit losses	13,835				
Total Receivables - net	21,790				

ANNEX II – FINANCIAL SOUNDNESS INDICATORS

The following table shows our financial soundness indicators as at December 31, 2021 and 2020:

	2021	**2020**
Current Ratio(1)	0.33:1.0	0.41:1.0
Acid Test Ratio(2)	0.21:1.0	0.30:1.0
Solvency Ratio(3)	0.34:1.0	0.37:1.0
Net Debt to Equity Ratio(4)	1.83:1.0	1.56:1.0
Net Debt to EBITDA Ratio(5)	2.35:1.0	2.09:1.0
Total Debt to EBITDA Ratio(6)	2.63:1.0	2.59:1.0
Asset to Equity Ratio(7)	5.08:1.0	4.99:1.0
Interest Coverage Ratio(8)	4.16:1.0	4.14:1.0
Profit Margin(9)	14%	14%
Return on Assets(10)	4%	4%
Return on Equity(11)	22%	22%
EBITDA Margin(12)	52%	50%

(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 and short-term investments 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 period, divided by total financing cost for the last 12-month period.*

(9) *Profit margin is derived by dividing net income for the period 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 period is measured as EBITDA divided by service revenues for the last 12-month period.*

EBITDA for the period is measured as net income for the period excluding depreciation and amortization, amortization of intangible assets, asset impairment on noncurrent assets, financing cost, interest income, equity share in net earnings (losses) of associated 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 period.

ANNEX II – FINANCIAL SOUNDNESS INDICATORS

The following table shows our financial soundness indicators as at December 31, 2021 and 2020:

	2021	**2020**
Current Ratio(1)	0.33:1.0	0.41:1.0
Acid Test Ratio(2)	0.21:1.0	0.30:1.0
Solvency Ratio(3)	0.34:1.0	0.37:1.0
Net Debt to Equity Ratio(4)	1.83:1.0	1.56:1.0
Net Debt to EBITDA Ratio(5)	2.35:1.0	2.09:1.0
Total Debt to EBITDA Ratio(6)	2.63:1.0	2.59:1.0
Asset to Equity Ratio(7)	5.08:1.0	4.99:1.0
Interest Coverage Ratio(8)	4.16:1.0	4.14:1.0
Profit Margin(9)	14%	14%
Return on Assets(10)	4%	4%
Return on Equity(11)	22%	22%
EBITDA Margin(12)	52%	50%

(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 and short-term investments 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 period, divided by total financing cost for the last 12-month period.*

(9) *Profit margin is derived by dividing net income for the period 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 period is measured as EBITDA divided by service revenues for the last 12-month period.*

EBITDA for the period is measured as net income for the period excluding depreciation and amortization, amortization of intangible assets, asset impairment on noncurrent assets, financing cost, interest income, equity share in net earnings (losses) of associated 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 period.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report for the fourth quarter of 2021 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: ______________________________

ANABELLE LIM-CHUA
Senior Vice President
(Principal Financial Officer)

Signature and Title: ______________________________

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

Date: March 3, 2022