PLDT

Certification

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

1) That on behalf of PLDT Inc., I have caused this 2022 Annual Report (SEC Form 17-A) to be prepared;

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this MAR 2 3 2023 day of March, 2023.

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

SUBSCRIBED AND SWORN to before me on this MAR 2 3 2023 day of March 2023 at Makati City, affiant exhibiting to me his Passport No. P6003906B, valid until December 21, 2030 issued by the Philippine Department of Foreign Affairs, NCR East.

Notary Public

Doc. No. 439;
Page No. 89;
Book No. XI;
Series of 2023.

ALEX AARON A. RIOS
Notary Public for the City of Makati
Until December 31, 2023
Appointment No. M-189
Roll of Attorneys No. 51139
IBP Lifetime No. 1031694 – 02/16/16
PTR O.R. NO. 9568346 - 01/05/2023 Makati City
9/F, MGO Bldg. Legazpi St. Legazpi Vill., Makati City, MM

March 24, 2023

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

Attention: Ms. Alexandra D. Tom Wong
OIC-Disclosure Department

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

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

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

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

Gentlemen:

In accordance with Section 17.1 (b) of the Securities Regulation Code ("SRC") and SRC Rule 17.3, we submit herewith copies of SEC Form 17-A with the Management's Discussion and Analysis and accompanying audited consolidated financial statements as at and for the year ended December 31, 2022 and Sustainability Report.

This submission shall also serve as our compliance with the PSE's Revised Disclosure Rules.

Very truly yours,

Marilyn A. Victorio-Aquino
Corporate Secretary
PLDT Inc.

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
17-A	MSRD	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
gdgarcia@pldt.com.ph	**(632) 8816-8056**	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
11,424 as at February 28, 2023	**Every 2nd Tuesday in June**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Gil Samson D. Garcia	**gdgarcia@pldt.com.ph**	**(632) 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.

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)

December 31st
(Fiscal Year Ending)
(month & day)

SEC Form 17-A
(Annual Report)

Form Type

Not Applicable

Amendment Designation (if applicable)

December 31, 2022
Period Ended Date

Not Applicable

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMSSION

SEC FORM 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND
SECTION 141 OF THE CORPORATION CODE
OF THE PHILIPPINES**

1. For the fiscal year ended December 31, 2022

2. SEC Identification Number PW-55   3. BIR Tax Identification No. 000-488-793

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

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

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
Registrant's telephone number, including area code

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Capital Stock, Php5 par value	216,055,775 shares as at December 31, 2022

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

Yes [X]   No [ ]

12. Check whether the registrant

(a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code and paragraph (2)(a) Rule 17 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):

Yes [X]   No [ ]

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

Yes [X]   No [ ]

13. Aggregate market value of the voting stock held by non-affiliates:

Php277,631,670,875.00 (216,055,775 shares @ Php1,285 per share as at February 28, 2023)

TABLE OF CONTENTS

CERTAIN CONVENTIONS AND TERMS USED IN THIS ANNUAL REPORT

Unless the context indicates or otherwise requires, references to "we," "us," "our" or "PLDT Group" in this annual report mean PLDT Inc. (formerly Philippine Long Distance Telephone Company) and its consolidated subsidiaries, and references to "PLDT" mean PLDT Inc., excluding consolidated subsidiaries (see *Note 2 – Summary of Significant Accounting Policies* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for a list of these subsidiaries, including a description of their respective principal business activities).

Unless the context indicates or otherwise requires, "Board of Directors" or the "Board" refer to the board of directors of PLDT.

Any discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

In this annual report, each reference to:

- ARPU means average revenue per user;
- BIR means Bureau of Internal Revenue;
- BSP means Bangko Sentral ng Pilipinas;
- CMTS means cellular mobile telephone system;
- CPCN means Certificate of Public Convenience and Necessity;
- DFON means domestic fiber optic network;
- DICT means Department of Information and Communications Technology;
- Digitel means Digital Telecommunications Phils., Inc.;
- DMPI means Digitel Mobile Philippines, Inc.;
- DSL means digital subscriber line;
- First Pacific means First Pacific Company Limited;
- First Pacific Group means First Pacific and its Philippine affiliates;
- FP Parties means First Pacific and certain Philippine affiliates and wholly-owned non-Philippine subsidiary;
- FTTH means Fiber-to-the-HOME;
- GAAP means Generally Accepted Accounting Principles;
- GSM means global system for mobile communications;
- HSPA means high-speed packet access;
- ICT means Information and Communication Technology
- IGF means international gateway facility;
- IP means internet protocol;
- IT means information technology;
- LEC means local exchange carrier;
- LTE means long-term evolution;
- MVNO means mobile virtual network operations;
- NTC means the National Telecommunications Commission of the Philippines;
- NTT means Nippon Telegraph and Telephone Corporation;
- NTT Communications means NTT Communications Corporation, a wholly-owned subsidiary of NTT;
- NTT DOCOMO means NTT DOCOMO, Inc., a majority-owned and publicly traded subsidiary of NTT;
- NYSE means New York Stock Exchange;
- PAPTELCO means Philippine Association of Private Telephone Companies, Inc.;
- PAS means Philippine Accounting Standards;
- PCEV means PLDT Communications and Energy Ventures, Inc.;
- PFRS means Philippine Financial Reporting Standards;

- PDRs means Philippine Depositary Receipts;
- Philippine SEC means the Philippine Securities and Exchange Commission;
- PLDT Beneficial Trust Fund means the beneficial trust fund created by PLDT to pay the benefits under the PLDT Employees' Benefit Plan;
- PSE means the Philippine Stock Exchange, Inc.;
- R.A. means Republic Act of the Philippines;
- SIM means Subscriber Identification Module;
- Smart means Smart Communications, Inc.;
- U.S. SEC means the United States Securities and Exchange Commission;
- VAS means Value-Added Service;
- VoIP means Voice over Internet Protocol;
- VPN means virtual private network;
- W-CDMA means Wideband-Code Division Multiple Access; and
- WiFi means a wireless network technology that uses radio waves to provide high-speed internet and network connections.

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Description of Business

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, 2022, we served 74.1 million users through the provision of mobile, fixed line and data services. In addition to the business segments discussed above, PLDT has found it beneficial to view its business from a customer-served perspective. Accordingly, we also assign metrics along the following marketing verticals: individual, home, enterprise and international customers.

Our common shares are listed and traded on the PSE and our American Depositary Shares, or ADSs, are listed and traded on the NYSE in the United States.

Our three business units are as follows:

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

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

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

We had a market capitalization of approximately Php284,545 million as at December 31, 2022. We had total revenues of Php205,245 million and net income attributable to equity holders of PLDT of Php10,485 million for the year ended December 31, 2022.

We operate under the jurisdiction of the NTC, which jurisdiction extends, among other things, to approving major services that we offer and rates that we can charge.

Our principal executive offices are located at the Ramon Cojuangco Building, Makati Avenue, Makati City, Philippines and our telephone number is +(632) 8816-8056. Our website address is *www.pldt.com*. The contents of our website are not a part of this annual report.

Business Groups

As at December 31, 2022, our business activities were categorized into three business units: Wireless, Fixed Line and Others.

We monitor the operating results of each business unit separately for purposes of making decisions about resource allocation and performance assessment. *See Note 4 – Operating Segment Information* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements".

Wireless

Our wireless business focuses on driving growth in our data services while managing our legacy business of voice and SMS. We generate data revenues across all segments of our wireless business, whether through the access of mobile internet using smartphones, mobile broadband using pocket WiFi or home WiFi using fixed wireless broadband devices.

We provide (i) mobile services, (ii) fixed wireless broadband services, and (iii) MVNO and other services, through our wireless business, with mobile services contributing 98% of our 2022 wireless service revenues, and fixed wireless broadband and MVNO and other services contributing the remaining 2% of our 2022 wireless service revenues. Mobile data usage has surged in the past several years and now accounts for 77% of our mobile service revenues. Wireless revenues, gross of intersegment transactions, contributed 51% of our consolidated revenues in 2022 as compared to 55% and 58% for the years ended December 31, 2021 and 2020, respectively.

Our mobile services, which accounted for 98% of our wireless service revenues for the year ended December 31, 2022, are provided through Smart and DMPI with 66,304,761 total subscribers as at December 31, 2022 as compared to 71,221,952 total subscribers as at December 31, 2021, and 72,933,839 total subscribers as at December 31, 2020, representing an estimated combined market share of 40%, 44% and 49% as at December 31, 2022, 2021 and 2020, respectively, based on corporate public disclosures.

Our mobile revenue market share had eroded due to the combined impact of aggressive price competition and the consequent loss of subscribers. This was exacerbated by our larger proportion of legacy revenues from SMS and voice relative to competition, which offset growth in our mobile data revenues. We believe that mobile penetration in the Philippines increased to approximately 153% in 2022 from 149% in 2021, although the existence of subscribers owning multiple SIM cards results in this penetration rate being inflated to a certain extent.

As at December 31, 2022, approximately 97% of our mobile subscribers were prepaid service subscribers. The predominance of prepaid service reflects one of the distinguishing characteristics of the Philippine mobile market, allowing us to reduce billing and administrative costs on a per-subscriber basis, as well as to control credit risk.

Our mobile internet revenues, which primarily consist of our mobile data service revenues, increased by Php1,375 million, or 2%, to Php67,695 million in 2022 from Php66,320 million in 2021 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 in higher numbers of LTE and 5G device and data users. Our mobile internet revenues contributed 94% of our mobile data service revenues in 2022 and 2021.

Mobile data traffic on Smart's network grew from 9,218 Terabytes per day in December 2021 to 12,932 Terabytes per day in December 2022, an increase of more than 40% of 2021 level. Mobile data traffic on Smart's network increased from 2,881 petabytes in 2020 to 3,337 petabytes in 2021 and to 4,393 petabytes in 2022, more than 50% compared to 2020. Our mobile broadband revenues, which are derived from the use of pocket internet and other similar mobile broadband devices, increased by Php590 million, or 21%, to Php3,387 million from Php2,797 million in 2021.

In March 2021, PLDT's Prepaid Home WiFi ("**PHW**") subscribers were transferred to Smart to consolidate our fixed wireless services under Smart. Our fixed wireless broadband service revenues reached Php2,026 million in 2022 with 742,110 subscribers.

Smart's wireless networks provide extensive voice and broadband coverage in the Philippines, covering substantially all of major metropolitan areas and most of the other population centers in the Philippines. Our low spectrum band resources (700MHz, 850MHz and 900MHz) are primarily used to provide coverage whilst higher spectrum bands (1800MHz, 2100MHz, 2300MHz, 2600MHz and 3500MHz) provide coverage and additional capacity. Our wireless broadband network supports HSPA+, LTE-Advanced and 5G to provide an improved data experience for our customers.

Fixed Line

We believe 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 (i) data services; (ii) voice services and (iii) miscellaneous services.

We had 3,825,424 fixed line subscribers as at December 31, 2022, an increase of 206,052, or 6%, from 3,619,372 fixed line subscribers as at December 31, 2021, while our fixed line broadband subscribers increased by 281,093, or 9%, to 3,247,979 as at December 31, 2022 from 2,966,886 as at December 31, 2021. Revenues, gross of intersegment transactions, from our fixed line business were 63%, 61% and 54% of our consolidated revenues for the years ended December 31, 2022, 2021 and 2020, respectively. Voice revenues have been declining largely due to a drop in call volumes as a result of the availability of alternative calling options and over-the-top ("**OTT**") services, as well as subscribers' shift to mobile services. An increase in our data service revenues in recent years has mitigated such decline to a certain extent. Recognizing the growth potential of data services, we have put considerable emphasis on the development of new data-capable and IP-based networks.

Our fixed line network reaches all of the major cities and municipalities in the Philippines, with a concentration in the greater Metro Manila area. We believe our network offers the country's most extensive connections to our customers with the FTTH and fiber to the building ("**FTTB**") installations. Fiber optic cables are also being deployed aggressively to our wireless base stations for the high bandwidth requirement that surpasses current microwave radio capacities. The DFON extends to underground inland and submarine cables. It is a fully resilient network spanning the whole archipelago. Our international network is comprised of various regional and transoceanic submarine cable systems in which we have economic interests.

We offer postpaid and prepaid fixed line services. Our prepaid fixed line services are intended to be an affordable alternative telephone service for consumers under difficult economic conditions.

See Item 1. "Description of Business – Infrastructure – Fixed Line Network Infrastructure" for further information on our fixed line infrastructure.

Others

Our other business consisted primarily of investments in digital platforms and other technologies, made through our investment companies, PCEV, PLDT Global Investment Holdings, Inc., ("**PGIH**"), and PLDT Digital Investments Pte. Ltd., ("**PLDT Digital**") and its subsidiaries.

Historical Background

PLDT was incorporated in the Philippines under the old Corporation Law of the Philippines (Act 1459, as amended) on November 28, 1928 as Philippine Long Distance Telephone Company, following the merger of four telephone companies under common U.S. ownership. Pursuant to Section 11 of the Revised Corporation Code, which states that corporations shall have perpetual existence unless the corporation elects to retain the specific corporate term indicated in its Articles of Incorporation, PLDT has a perpetual corporate term.

PLDT's original franchise was granted in 1928 and was last amended in 1991, extending its effectiveness until 2028 and broadening PLDT's franchise to permit PLDT to provide virtually every type of telecommunications service. PLDT's franchise covers the business of providing basic and enhanced telecommunications services in and between the provinces, cities and municipalities in the Philippines and between the Philippines and other countries and territories including mobile, wired or wireless telecommunications systems, fiber optics, multi-channel transmission distribution systems, VAS (including, but not limited to, the transmission of voice, data, facsimile, control signals, audio and video), information services bureau and all other telecommunications systems technologies presently available or that can be made available through technical advances or innovations in the future. Our subsidiaries, including Smart and DMPI, also maintain their own franchises with a different range of services and periods of legal effectiveness for their licenses.

Recent Developments

Class Action Suit Against PLDT

On February 6, 2023, plaintiff Sophia Olsson filed a putative class action suit in the United States District Court for the Central District of California alleging that PLDT, Inc. and nine of its current and former directors and officers (collectively, the "Defendants") made materially false and misleading statements regarding capital expenditures during the period 2019 to 2022. Plaintiff asserts claims under Sections 10(b) and 20(a) of the United States Securities and Exchange Act of 1934 (and related rules) but does not specify purported damages. While a complaint was filed, no Defendant has been served and there has been no other activity in the matter. Due to the early stage of this matter and uncertainties related to class certification and potential amounts to be claimed by the class, PLDT is unable to determine if any liability will arise or estimate the range of any potential liability. The Company plans to vigorously defend against the allegations.

Proposed Acquisition of Sky Cable Corporation ("Sky")

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

Sale and Leaseback of Telecom Towers

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

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

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

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

Loss of Control of PLDT over PLDT Global One Aviation Company, Inc. ("PG1")

On February 28, 2022, PLDT signed a deed of assignment under which investors led by Philex Mining Corporation, Metro Pacific Corporation ("**MPIC**"), and Roxas Holdings, Inc. separately acquired a total of Php44.7 million worth of equity interest of PG1 from PLDT. In addition, PG1 appointed a new director bringing the total number of directors to nine. As a result, PLDT's ownership was diluted from 65.3% to 47.6% and retained four out of nine total board seats which resulted to a loss of control. Consequently, PLDT accounted for its remaining interest in PG1 as an investment in associate.

Investment of PCEV in Maya Bank

On January 20, 2022, PCEV entered into another subscription agreements with Voyager Finserve Corporation ("**VFC**") and Paymaya Finserve Corporation ("**PFC**") to subscribe to 6.2 million Common B shares each at a subscription price of Php0.10 per share, representing 60% voting rights and 1.48% economic interest in the Bank HoldCos.

On July 29, 2022, PCEV entered into another subscription agreements with VFC and PFC to subscribe to 2.7 million Common B shares each at a subscription price of Php0.10 per share, representing 60% voting rights and 1.48% economic interest in the Bank HoldCos.

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

Notice of Material Breach and Demand for Payment on DITO

In February 2021, PLDT and Dito entered into an agreement for the construction of a transmission facility that served as the point of interconnection for their subscribers. Under the agreement, PLDT established and managed the interconnection facility that operated as the primary physical interface for both companies. The planned facility was completed in March 2021.

On October 6, 2022, PLDT served a Notice of Material Breach and Demand for Payment on Dito which refused to pay the outstanding balance of Php430 million for contracted services provided by PLDT in relation to the building and provisioning of transmission facilities used by DITO to deliver telecommunication services to its subscribers.

Acquisition of Additional Interest in Multisys

On July 29, 2022, PGIH acquired additional 227 common shares of Multisys from the existing holder, representing a 4.99% of interest, for a total consideration of Php248 million, of which Php100 million was paid on the same day. In August 2022, PGIH paid Php136 million of the balance of the consideration. The remaining balance of Php12 million is still outstanding as at December 31, 2022. As of and following this acquisition, PGIH owns 2,307 common shares representing 50.72% equity interest in Multisys, which is considered a controlling interest, and in accordance with the Restated Shareholders' Agreement that the parties signed on the same date, PGIH is entitled to nominate three out of the five directors in Multisys who shall manage and control the operation of Mutisys. Consequenty, the results of operations and financial position of Multisys are consolidated with the PLDT Group effective in the fourth quarter of 2022.

Investment in Class C Convertible Preferred Shares of VIH

On April 7, 2022, PLDT Group, through PCEV, participated in the new round of fundraise for VIH amounting to US$62 million. Leading the round was the new investor SIG Venture Capital. Also participating in the round were the other existing shareholders KKR, Tencent and International Finance Corporation (IFC), and IFC Emerging Asia Fund and IFC Financial Institution Growth Fund, as well as new investors including Singapore-based global investor EDBI and investment holding company First Pacific Company Ltd. Thereafter, PCEV's ownership in Voyager was diluted from 38.45% to 36.82%.

VIH raised US$210 million in new funds propelling VIH's valuation to nearly U$1.4 billion. VIH used the fresh funds to support the launch and acceleration of digital banking services powered by Maya Bank and other new services such as crypto, to be seamlessly integrated and offered across Maya's consumer and enterprise platforms.

On August 12, 2022, a new investor signed a subscription agreement with VIH resulting to further dilution of PCEV's equity interest from 36.82% to 36.63%.

Smart Broadband, Inc. ("SBI") Secures 25-year Franchise Extension

On April 8, 2022, the Philippine President approved Republic Act No. 11678, an act renewing for another 25 years the franchise granted to SBI. This allows SBI to continue constructing, installing, establishing, maintaining, leasing and operating wire and/or wireless telecommunication systems throughout the Philippines. SBI's original franchise under Republic Act No. 8337 expired on November 11, 2022, and the renewal for another 25 years will expire on November 11, 2047.

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 had also prescribed, the amount of unclaimed Trust Account that RCBC returned to PLDT was recognized as income in 2022. We reported this transaction as part of non-telco core income in our 2022 first quarter 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), rendering many of the affected areas inaccessible and causing extensive electricity and communication outages. We deployed teams to the Visayas and Mindanao to restore communication services in the affected areas. To date, we have restored most of the network services.

The cumulative impact of the typhoon was determined at Php2.3 billion (Php1.7 billion after tax), before insurance claims, as at June 30, 2022, from the combined effect of rebates and lost revenues due to service unavailability, free load provided to our subscribers, repairs and replacement of damaged facilities, as well as loss of properties. We have also worked with the LGUs of the affected areas and provided donations to the communities. Our employees also participated in the relief efforts through their own donations. We have filed insurance claims and secured a settlement of Php242 million, for which an initial payment of Php150 million was received in June 2022 and the balance of Php96 million was received in November 2022.

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 September 9, 2022, the Amended By-Laws of PLDT was approved by the Philippine SEC.

Loss of Control of PLDT over PLDT Global One Aviation Company, Inc. ("PG1")

On February 28, 2022, PLDT signed a Deed of Assignment, under which investors led by Philex Mining Corporation, Metro Pacific Corporation ("**MPIC**"), and Roxas Holdings, Inc. separately acquired a total of Php44.7 million worth of equity interest of PG1 from PLDT. In addition, PG1 appointed a new director bringing the total number of directors to nine. As a result, PLDT's ownership was diluted from 65.3% to 47.6% and retained four out of nine total board seats which resulted to a loss of control. Consequently, PLDT accounted for its remaining interest in PG1 as an investment in associate.

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. As demand for broadband services surged during the pandemic, PLDT Home ramped up its installation and repair levels and rolled 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 ("IATF") on COVID-19, allowing our installation and repair teams mobility despite the quarantine lockdowns. Smart has capitalized on e-payments and further leveraged 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 LGUs 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 audited consolidated financial statements in Item 7. "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 PCC, see *Note 11 – Investment in Associates and Joint Ventures*, see *Note 27 – Provisions and Contingencies*, to the accompanying audited consolidated financial statements in Item 7. "Financial Statements".

Strategy

The key elements of our business strategy are:

- *Build on Our Strong Positions in the Fixed Line and Wireless Businesses.* We plan to continue investing in our strong integrated fixed and wireless networks in the Philippines as we believe this is key to our ability to continue providing a differentiated experience and value proposition to our customers. We will primarily focus on improving our capacity, latency, coverage and reliability, areas in which we are market leaders, based on third party surveys. We intend to further enhance our leading position through strategic and synergetic investments in the network and IT platforms.

- *Focus on Digital Transformation.* PLDT is undergoing a digital transformation, with the core objective of becoming more customer-centric through the delivery of superior customer experience. It aims to leverage and fully utilize advanced technologies offered through its world class networks, in order to give Filipinos greater ease of use and encourage them to take advantage of such technologies. To advance our digital transformation, we have also invested in and made use of data analytics to better understand our customers and design products and plans that are tailored to their specific preferences. These will be enabled through our ongoing investments on cloud computing, which facilitates a more efficient and highly scalable IT infrastructure for our services.

- *Capitalize on Our Strength as a Fully Integrated Telecommunications Service Provider.* We believe we offer the broadest range of telecommunications services among all operators in the Philippines. We plan to capitalize on this position to maximize revenue opportunities by cross-selling our products and services, and by developing convergent products that feature the combined benefits of voice and data, broadband, wireless and other products and services, such as our content portfolio which includes videos, streaming services, entertainment, music, shopping channels and games.

- *Maintain a Strong Financial Position.* We are focused on growing profitably and continually seek to complement our revenue growth with more effective cost management and enhanced productivity where possible. Our management strives to achieve an optimal capital structure by maintaining healthy capital ratios and strong credit ratings. We have a well spread out debt maturity profile, with 68% of debt maturing after 2026. We also have in place a dividend payout policy of 60% of core telecommunications income to ensure we maintain sufficient reserve funds to invest in the continued growth of our data traffic and in adjacent businesses. We intend to maintain healthy liquidity on our balance sheet, with our cash, short-term investments and debt instruments at amortized cost generally being maintained at a minimum of US$400 million.

Subsidiaries

As part of our competitive and overall development strategy, we have made strategic acquisitions and investments to further enhance our ability to provide not only basic telephony but also a wide range of value-added and enhanced services, as well as advanced and bundled services.

Wireless

Smart

Smart was incorporated in the Philippines in 1991 and was granted a legislative franchise under R.A. No. 7294, which took effect on April 15, 1992 to establish, install, maintain, lease and operate integrated telecommunications, computer, electronic services, and stations throughout the Philippines for public domestic and international telecommunications, and for other purposes. On April 21, 2017, R.A. 10926, which effectively extends Smart's franchise until 2042, took effect on May 19, 2017.

In March 2000, PLDT acquired Smart in an all-stock transaction to further strengthen the PLDT Group's market leadership in the telecommunications sector. Combined with PLDT's existing fixed line business, the investment resulted to revenue-generating enhancements as well as cost efficiencies for the PLDT Group.

The following are the major subsidiaries of Smart:

Smart Broadband, Inc. or SBI

SBI was incorporated and registered with the Philippine SEC on July 11, 1996 and was granted a 25-year legislative franchise under R.A. No. 8337 to construct, install, establish, maintain, lease and operate wire and/or wireless telecommunications systems throughout the Philippines.

PLDT Communications and Energy Ventures, Inc., or PCEV (formerly Pilipino Telephone Corporation)

PCEV was incorporated on July 18, 1968. Until 1991, PCEV's sole business was providing fixed line telecommunications services in eight cities and municipalities in the Philippines. In April 2000, PCEV launched a digital prepaid mobile service, under the TNT brand, using the GSM platform of Smart. PCEV transferred its fixed line business to PLDT in June 2008 and its GSM business to Smart in August 2009. Subsequently, PCEV acquired Meralco shares, which it transferred to Beacon in 2010 and 2011. In May 2016 and June 2017, PCEV entered into Share Purchase Agreements with MPIC to sell its equity interest in Beacon. After the final divestment of Beacon shares to MPIC, PCEV ceased to have any direct interest in Beacon and any indirect interest in Meralco and Global Power. In April 2018, PCEV acquired 100% of Voyager Innovations Holdings, Pte. Ltd. (VIH) but subsequently lost control in November 2018. PCEV owns 36.63% of VIH as at December 31, 2022.

DMPI

On September 18, 2001, Digitel established its wholly-owned subsidiary, DMPI, to provide wireless telecommunications services in the country. It offered GSM technology, provisioning voice services (local, national, international calling), messaging services (short text or multi-messaging), outbound and inbound international roaming, and VAS. DMPI has operated its wireless services under the *Sun* mobile brand since March 29, 2003.

Fixed Line

PLDT Clark Telecom, Inc., or ClarkTel

ClarkTel was incorporated on January 28, 1997. It was previously a joint venture between PLDT, owning 60%, and Clark Development Corporation, or CDC, holding the remaining 40%. In August 1999, CDC ceded its 40% ownership interest in ClarkTel to PLDT, thus, making ClarkTel a wholly-owned subsidiary of PLDT. ClarkTel provides basic and enhanced telecommunications services within the Clark Special Economic Zone, or CSEZ, in Clark Field, Pampanga, and between the CSEZ and other cities and municipalities in the country as well as other countries and territories worldwide.

Bonifacio Communications Corporation, or BCC

In 2002 and 2003, PLDT entered into a separate Deed of Assignment of Subscription with Smart and Fort Bonifacio Development Corporation, or FBDC, respectively, where Smart and FBDC assigned, transferred and conveyed in favor of PLDT their total subscription to 750,000 common shares and 750,000 preferred shares of BCC and all their interest and rights therein for a total consideration of Php93 million. The assignment included a subscription payable of Php68 million. The shares represent 75% of the subscribed capital stock of BCC.

BCC was incorporated primarily to own, construct, establish, maintain, lease and otherwise operate, to the extent allowed by law, communication infrastructure and to provide related services, including but not limited to, VAS, within the Fort Bonifacio Global City and Villamor Air Base.

PLDT-Maratel, Inc., or Maratel

In June 2001, PLDT acquired 2,439,060 common shares of Maratel representing 92.3% of Maratel's issued and outstanding common stock, for a total consideration of Php451.3 million. In 2003, PLDT acquired an additional 134,237 common shares of Maratel for a consideration of Php1.3 million, thereby increasing PLDT's ownership interest in Maratel to 97.5%. Additional shares acquisition in 2006, 2007 and 2013 further increased PLDT's ownership in Maratel to 98.02%. Maratel, incorporated on August 10, 1951, is a franchised operator of telecommunications services in the province of Lanao del Norte and the cities of Iligan and Marawi. The acquisition of a controlling interest in Maratel has improved PLDT's existing coverage in Mindanao and strengthened its competitive position in the southern part of the country. Effective April 27, 2020, Maratel ceased to operate as a telecommunications service provider, following the expiration of its legislative franchise, R.A. 7970.

Digitel

Digitel was established on August 31, 1987 and is engaged to provide wireline services in the country.

On March 29, 2011, the Board of Directors of PLDT and JG Summit Holdings, Inc., or JGSHI, approved the acquisition by PLDT of JGSHI's and certain other seller-parties' ownership interest in Digitel. Digitel operates a fixed line business in certain parts of the country and is the 100% owner of DMPI, which is engaged in the mobile telecommunications business. On February 17, 2019, Digitel's legislative franchise, R.A. 7678, expired and was not renewed.

PLDT Global Corporation, or PLDT Global

PLDT Global, a wholly-owned subsidiary, was incorporated on December 15, 2000 in the British Virgin Islands to position PLDT as a full service global telecommunications player through a strategy of establishing presence in key countries with substantial Overseas Filipino Professionals or Workers. The following are the subsidiaries of PLDT Global:

- *PLDT (HK) Limited* is a Unified Carrier License and Service-Based Operator License holder that offers wholesale termination, enterprise solutions and retail business. PLDT (HK) Limited has eight (8) wholly-owned subsidiaries, *PLDT 1528 Limited, PLDT Japan GK, PLDT Global (HK)Limited, PLDT Macau Limited, PLDT (UK) Investment Company Limited, London-Manila Express Limited, London Manila Express Cargo Limited and PLDT Global Middle East FZ LLC. PLDT 1528 Limited* conducts various mobile telecommunications and other related services in Hong Kong*. PLDT Japan GK* offers mobile data services and other telecommunication-related businesses in Japan. *PLDT Global (HK)Limited* is targeted in offering telecommunications and Ecommerce related products & services in Hong Kong, while *PLDT Macau Limited* was set up for expansion of its Branded Partnership business in Macau. *PLDT (UK) Investment Company Limited* is a holding company which acquired *London-Manila Express Limited* (a licensed remittance business company in UK) *and London Manila Express Cargo Limited* in 2017*.* Lastly, *PLDT Global Middle East FZ LLC* was set up offering management services and marketing of telecommunication and related products in the United Arab Emirates;

- *PLDT (SG) Pte Ltd.* is a holding company and provides enterprise solutions and general wholesale trade of telecommunication products & services in Singapore. Its wholly-owned subsidiary, *PLDT (SG) Retail Service Pte Ltd.,* conducts telecommunication and other related services in Singapore;

- *PLDT (US) LTD* is a licensed international common carrier that provides a range of Private Line solutions and related services to its enterprise customers. Its wholly-owned subsidiary, *PLDT (US) Mobility, LLC* previously conducted marketing and distribution of international telecom and related products in the USA and was dissolved in March 2020;

- *PLDT Online, Inc.* is incorporated in the British Virgin Islands which conducts wholesale and retail of telecommunication products and services through an online portal;

- *PLDT (UK) Limited* is a company incorporated under the laws of the United Kingdom which conducts telecommunication and other related activities;

- *PLDT Malaysia was* in process of dissolving the partnership with Celcom Axiata Berhad (which owns 49% shareholding of the company) since 2019. This members' voluntary liquidation was completed in November 2020;

- *PLDT Global Malaysia Sdn. Bhd.* was set up with the objective to provide retail services on card distribution, VOIP service, online shopping and the like; to engage in enterprise business on international leased lines, data centers and cloud solutions, as well as bills payment services (e-wallet). This company effectively replaced PLDT Malaysia Sdn. Bhd. when it was incorporated in 2018; and

- *PLDT Global Investments Corporation* was incorporated in the British Virgin Islands and specializes as an investment holding company.

ePLDT Inc., or ePLDT

ePLDT is the ICT subsidiary of PLDT solely focused on developing outcome based multi-cloud and data center solutions with cybersecurity tools to help enterprises achieve their digital transformation goals.

Its cloud portfolio includes managed, hybrid and end-to-end cloud solutions that offer virtual compute and storage resources—all backed by service-level agreements (SLAs). It has forged strong strategic partnerships with the world's leading cloud brands such as Microsoft, AWS, Google, Salesforce and Palo Alto which enables ePLDT to offer multi-cloud offerings to small and large companies designed to sustain their growth.

ePLDT's *VITRO* is the Philippines' premiere data center service provider operating the largest network of data centers in the country. *VITRO* boasts 10 state-of-the-art facilities located in key locations nationwide, with another one soon to rise in Sta. Rosa, Laguna. The *VITRO* network of data centers offers 8,930 racks and an ultimate facility capacity of 48MW which has been pivotal in serving mission-critical operations of industry-leading operations. With the initial activation of VITRO Sta. Rosa scheduled in early 2024, ePLDT will soon grow its total facility capacity to 62MW equivalent to 29% increase, further strengthening its leadership in the local data center market.

ePLDT also currently holds equity interests in the following entities:

- a 100% interest in IP Converge Data Services, Inc., or IPCDSI, which owns and operates three internet data centers in the country and provides enterprises with managed data services and cloud-based business solutions across a wide range of industries including IT solutions providers, gaming companies, e-learning and healthcare. IPC is also the country's first DDoS Mitigation service provider ensuring web security across e-commerce enterprises, as well as the first infrastructure-as-a-service provider with a locally hosted cloud infrastructure; and

- a 100% equity interest in ABM Global Solutions, Inc., or AGS, an e-procurement joint venture established together with six of the Philippines' leading conglomerates. AGS is also engaged in license sale, licenses maintenance, consulting service, application support, BPO agent revenue, eProcurement services, eSourcing services and training.

On August 24, 2011, ePLDT acquired an additional 17% of the equity interest of ePDS from Quantium Solutions International Pte. Ltd., resulting in the increase of ePLDT's equity interest in ePDS from 50% to 67%.

In April 2012, the Board of Directors of mySecureSign, Inc., or MSSI, and ePLDT approved the plan of merger between MSSI and ePLDT, with ePLDT as the surviving company, in order to realize economies in operation and achieve greater efficiency in the management of their business.

On October 12, 2012, ePLDT, IP Ventures, Inc. and IPVG Employees, Inc., entered into a Sale and Purchase Agreement, or SPA, whereby ePLDT acquired 100% of the issued and outstanding capital stock of IPCDSI and advances to IPCDSI for a total adjusted purchase price of Php693 million.

On October 30, 2013, Curo Teknika was incorporated to take-on the Outsourced IT Services as a result of the spin-off of iPlus.

On April 8, 2014, ePLDT sold its 100% stake in iPlus through management buyout for a total consideration of Php42 million.

On March 5, 2018 and August 7, 2018, ePLDT made additional cash infusion to ePDS amounting to Php134 million and Php66 million, respectively, thereby increasing ePLDT's equity interest in ePDS to 95%.

On November 7, 2019, ePLDT acquired the 5% minority interest in ePDS for a consideration of Php20 million, thereby, making ePDS a fully-owned subsidiary of ePLDT.

On February 2, 2022, VITRO was incorporated

Others

Our other business consisted primarily of investments in digital platforms and other technologies, made through our investment companies, PCEV, PGIH and PLDT Digital and its subsidiaries.

See *Note 2 – Summary of Significant Accounting Policies, Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions, Note 11 – Investments in Associates and Joint Ventures, Note 12 – Financial Assets at FVPL, Note 25 – Related Party Transactions* and *Note 28 – Financial Assets and Liabilities* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion of our subsidiaries.

Products and Services, Rates and Revenues

Wireless

We provide mobile, fixed wireless broadband, and MVNO and other services, through our Wireless business segment.

The following table summarizes key measures of our wireless business as at and for the years ended December 31, 2022, 2021 and 2020:

	December 31,		
	2022	2021	2020
Systemwide mobile subscriber base	66,304,761	71,221,952	72,933,839
Prepaid	64,287,019	69,205,731	70,779,021
Postpaid	2,017,742	2,016,221	2,154,818
Fixed Wireless Broadband subscriber base[(1)]	742,110	955,633	52,415
Growth rate of mobile subscribers			
Prepaid	(7%)	(2%)	–
Postpaid	–	(6%)	(10%)
Growth rate of Fixed Wireless Broadband subscribers	(22%)	1,723%	760%
Wireless service revenues (in millions)	Php95,852	Php99,639	Php98,170
Mobile	93,724	96,538	97,566
Fixed Wireless Broadband[(1)]	2,028	2,889	40
MVNO and others	100	212	564
Percentage to wireless service revenues			
Mobile	98%	97%	99%
Fixed Wireless Broadband	2%	3%	–
MVNO and others	–	–	1%
Percentage of wireless service revenues to total service revenues	49%	54%	57%

[(1)] *Includes PHW beginning 2021.*

Mobile Services

We offer prepaid and postpaid mobile communications services all over the country under the brand names Smart, TNT and Sun, each of which focuses on the needs of specific market segments. With a continuous and in-depth consumer understanding program, each of our brands commits to providing relevant products that will cater to the communications, entertainment and services requirements of their respective target market segments.

- *Prepaid*

Smart continued its brand campaigns to boost data usage, anchored on third party awards for Best Network, Fastest Network and widest LTE coverage in 2022. In line with this, Smart introduced *Free TikTok for All promos*, *Giga Power* and *Power All* data-packed promos for its Smart mobile prepaid services during the year. Smart's mass-based brand TNT, on the other hand, launched it's low-cash outlay *Affordaloads* and *Double Giga* offers to tackle the increasing impact of inflation amongst the Filipino masses.

- *Postpaid*

Smart Postpaid offers Signature plans with data priority powered by Smart LTE. Smart Signature subscribers receive real-time billing and usage alerts on Giga Life app and has access to exclusive rewards and events and the latest smartphones.

Smart Signature Data Plans are set of Signature Plans specifically tailored for pure data usage fit for online productivity needs. The plans come with bigger data allocation and are bundled with Smart's broadband devices.

In April 2021 Smart launched its enhanced postpaid *Signature Plans+*, a postpaid line that features unlimited 5G access for 12 months.

Fixed Wireless Broadband Services

Prepaid Home WiFi

PHW is a wireless internet service introduced to address the growing demand for affordable home broadband in the Philippines. It is a plug-and-play device powered by Smart's network that can simultaneously connect multiple WiFi-capable devices. Smart recently launched its first prepaid 5G Home Router, the Smart Bro Home WiFi 5G that can connect up to 10 WiFi-enabled devices with a fiber-like speed of Smart 5G.

Our wireless business held steady in 2022 despite limited mobility brought about by pandemic restrictions and increased competition. Wireless revenues are driven and influenced by the following key metrics: (i) growing data users and usages; (ii) mobile network quality and continuous roll-outs and (iii) strategic brand building campaigns and product innovations.

(i) Growing data users and usages

Our active data users reached 41.5 million as of December 31, 2022, while mobile data traffic as of December 31, 2022 increased to 4,393 petabytes, higher by 32% from 2021. Data traffic on Smart's 5G network grew significantly in the fourth quarter of 2022, increasing by over 300% as compared to the fourth quarter of 2021. This growth was driven by aggressive 5G network roll-outs and 5G product offerings.

(ii) Mobile network quality and continuous roll-outs

Smart has around 7,200 5G sites and 38,800 4G/LTE sites to sustain the growing data usages of our subscribers nationwide. Smart won Ookla's Best Mobile Network award in the first half of 2022 and was named the Philippine's Fastest Mobile Network and Best Mobile Coverage on Ookla in 2022.

(iii) Strategic brand building campaigns and product innovations

a. Aggressive 5G handset and usage offers for Postpaid

To further stimulate and maximize the customer experience on 5G network, Smart offers various plans bundled with 5G capable handsets. Furthermore, unlimited 5G offers for prepaid brands were also introduced in 2021, which enable subscribers' non-stop data access with no data capping or speed-throttling at selected Smart 5G-covered areas.

b. GigaLife app

Brand building and customer engagement hit new strides with GigaLife, Smart's mobile app which enables Smart subscribers to manage their accounts and enjoy exclusive offers and special promotions such as GigaDays. Other features and integrations also enhance further the customers' digital lifestyle. GigaPay enables digital payments by allowing users to link their PayMaya wallet for in-app transactions such as buying load, subscribing to promos, and paying bills.

The GigaLife App has acquired over 10 million users in less than two years from its launch. According to App Annie, a leading global provider of mobile data and analytics, the GigaLife App was the most downloaded network management app in 2021.

c. Live Epic Experiences

In the fourth quarter of 2022, Smart rebranded its Gigaplay App to Smart Live to focus on its live content and anchor its offerings to deliver epic live experiences. The Smart Live App provides live streams of NBA TV, the PBA, the UAAP and provided a pay-per-view experience for the Eraserheads reunion concert. Aside from the Eraserheads concert, Smart also sponsored the live events of popular K-Pop band Seventeen, Ben & Ben, as well as various festivals in the Philippines.

d. mWell Partnership

In December 2022, Smart, through its Postpaid brands, launched its partnership with mWell to provide a mobile healthcare app offering virtual consultations with medical professionals, e-prescriptions and access to health-related content. Smart plans to expand its mWell offers to its prepaid brands in 2023.

Rates for wireless services

Smart prepaid data, call and text cards are sold in denominations of Php100, Php300 and Php500, while TNT prepaid cards are sold in denominations of Php50, Php100 and Php300. Our eLoad's over-the-air reloads, which ranges from Php5 to Php1,000 are available through the Giga Life app, Smart and PLDT online stores, e-wallet providers such as Maya, e-commerce platforms such as Lazada and Shoppee and via Smart eLoad retailers nationwide. The stored value of a prepaid card and eLoads remain valid for 365 days regardless of the denomination, pursuant to the MC No. 05-12-2017 issued by the NTC and the DICT.

The Giga suite of products, such as Giga Video, Giga Games and Giga Stories, offer a selection of specially customized packages that are easily accessible and identifiable, designed with the help of extensive data analysis. Giga offers are priced from Php50 to Php999.

Smart also provides open-access data offers with its Giga Power and Power All services. These data packages provide access to any app or website and are priced from Php80 to Php999.

Our current policy is to recognize a prepaid subscriber as active only when the subscriber activates and uses the SIM card. We consider a prepaid mobile subscriber inactive if the subscriber does not reload within 90 days after the full usage or expiry of the last reload, revised from the previous 120 days.

Smart postpaid "Signature" plans were further enhanced to provide higher data allocations with Unli 5G promo for 6 months, unlimited texts and calls to all networks including landline in the form of small, medium, large and extra-large plans, ranging from Php599 to Php2,499. These fixed monthly plans alleviate concerns of unwanted charges.

"Smart Infinity" is our premium mobile postpaid brand with plans ranging from Php3,500 to Php8,000. With "Smart Infinity", customers can enjoy local non-stop surf and uninterrupted local mobile services with the "Smart Infinity Limitless Plan" or experience full flexibility both locally and internationally with the "Infinity Traveler" plans. These plans come with a premium mobile device bundled with exclusive lifestyle perks and privileges accessible through a dedicated concierge.

Smart Enterprise Postpaid is a mobile plan comprised of data, voice, and short message services, with a built-in data bill-cap feature that automatically protects the subscriber from unwanted excess charges up to Php2,500. Postpaid plans may be availed with or without a device bundle at a fixed monthly subscription, defined by a standard contract period.

For international roaming, we offer various data roaming packages such as GigaRoam with up to 100GB for 10 days on popular travel destinations like Japan, South Korea, Thailand, Saudi Arabia, USA and many more. Data roaming plans ranges from Php150 to Php9,999, and are open to both prepaid and postpaid subscribers.

In compliance with NTC Memorandum Circular No. 03-06-2019, or the Rules and Regulations Implementing Republic Act No. 11202, otherwise known as the "Mobile Number Portability Act", starting on January 2, 2020, the interconnection rate for mobile was reduced from Php0.50 per minute to Php0.00 per minute for domestic calls and from Php0.05 per message to Php0.00 per message for SMS.

Our Prepaid Home WiFi bundles start at Php795 with free 10GB open access data valid for seven days, while the introductory price of the latest Smart Bro Home WiFi 5G is at Php15,995 with 20GB open access data valid for seven days and connectivity of up to 10 devices.

Fixed Line

We provide data, voice services, including LEC, international and domestic services, and miscellaneous services under our fixed line business.

The following table summarizes key measures of our fixed line services as at and for the years ended December 31, 2022, 2021 and 2020:

	December 31,		
	2022	2021	2020
Systemwide fixed line subscriber base	3,825,424	3,619,372	3,042,815
Postpaid	3,803,234	3,596,019	3,017,565
Prepaid	22,190	23,353	25,250
Growth rate of fixed line subscribers	6%	19%	10%
Postpaid	6%	19%	10%
Prepaid	(5%)	(8%)	(2%)
Number of fixed line employees	10,658	11,522	11,427
Number of local exchange line subscribers per employee	359	314	266
Systemwide broadband subscriber base	3,250,193	2,996,211	3,037,703
Fixed Line broadband	3,247,979	2,966,886	2,273,602
Fixed Wireless broadband[(1)]	2,214	29,325	764,101
Growth rate of broadband subscribers	8%	(1%)	41%
Fixed Line broadband	9%	30%	18%
Fixed Wireless broadband	(92%)	(96%)	241%
Fixed line service revenues (in millions)	Php128.116	Php116,529	Php97,410
Data	90,881	78,721	67,183
Voice	36,727	37,232	29,541
Miscellaneous	508	576	686
Percentage to fixed line service revenues			
Data	71%	67%	69%
Voice	29%	32%	30%
Miscellaneous	–	1%	1%
Percentage of fixed line revenues to total service revenues	65%	63%	56%

[(1)] *PHW subscribers were transferred to Smart in 2021.*

Data Services

Our data services revenues include charges for broadband, leased lines, Ethernet-based and IP-based services. These services are used for broadband internet and domestic and international private data networking communications.

Recognizing the growth potential of data services, and in light of their importance to our business strategy, we have placed considerable emphasis on these service segments. Our data services segments registered the highest percentage growth in revenues among our fixed line services from 2020 to 2022.

Home Broadband Services

We believe that PLDT Home is the country's leading and fastest home broadband service provider, serving 3.1 million subscribers nationwide as at December 31, 2022 from 2.8 million subscribers as at December 31, 2021.

We believe that PLDT Home is the Philippines' fastest fixed network with broadband data services including fixed wired (*PLDT Home Fiber and PLDT Home Fiber Plus*). PLDT'sFTTH fixed line network has the most extensive transmission and distribution network infrastructure of over 866,000 kilometers of fiber footprint that provide broadband availability to 17.2 million homes passed, as at December 31, 2022. The number of homes passed refers to the approximate potential number of residences that could avail of broadband connectivity services provided through PLDT facilities.

PLDT's superior FTTH network enables customersto enjoy up to 10 Gbpsof symmetrical internet speeds or equal upload and download speeds. Ookla®, the company behind Speedtest® and the global leader in fixed broadband and mobile network testing applications and data analysis, consistently recognized PLDT as the Philippines' fastest broadband for the 5th consecutive year.

With the consistent wins at the Ookla® Speedtest Awards, PLDT Home also clocked the top speeds in 15 major areas in the Philippines and bested all other major telco providers in Quezon City, Pasig City, Davao City, Cagayan de Oro, Bulacan, Bacolod, Cainta, Baguio City, Pasay City, Iloilo City, Lucena, Malabon City, Valenzuela City, Marikina City and Batangas.

To showcase the power of the country's fastest broadband, PLDT Home introduced its FAST (Fiber Accelerated Speed Tech) Hub, a visual representation of PLDT Home's 10 Gbps fiber network. A month-long exhibit exclusively shown to the media, the FAST Hub demonstrated what it is like to have a hyper-fast internet connection at home.

PLDT Home boosted its efforts to give customers thebest digital experience at home by increasing the speeds of all its Fiber plans up to two times faster than previous speeds. PLDT Home also introduced the Easy Speedboost promo where customers get to enjoy up to 600 Mbps speed upgrade with a minimal add-on fee of Php50 or Php100 monthly. In December 2022, PLDT Home also gave away smart home packages such as entertainment projectors, smart speakers, smart appliances, and home security devices.
PLDT Home also pioneered the MyOwnWiFi, a first-of-its-kind add-on service that allows existing Fiber customers to have a secondary internet connection with the same speeds as their Fiber base plan, at half the price. MyOwnWiFi allows solo heavy bandwidth users at home to enjoy priority connectionwithoutworrying about hogging the connection for the rest of the family members. This service also comes with WiFi Mesh as part of the offer.

With PLDT's aggressive network expansion and migration initiatives, the company continues to deliver reliable and superior connectivity solutions for the customers' ever-evolving online needs. As at December 2022, PLDT migrated over 150,000 subscribers from legacy copper lines to fiber-to-the-home technology.

As part of its migration program, PLDT completed its initiatives to transform its legacy fixed wireless service, Home Ultera,into a faster fixed wired and wireless service. The decommissioning of about 185 telecom towers that provide Time-Division Duplex Long-Term Evolution or TD-LTE coverage to Home Ultera was completed by end-July 2022, covering 3,000 subscribers who were provided with higher speed fixed fiber or postpaid wireless services at no additional cost.

Beyond just delivering the fastest internet speeds, PLDT Home continuously improves its overall customer experience. PLDT Home boosted installation capabilities in 33 areas in the country including Metro Manila, Cebu, Baguio, Davao, San Fernando, Pampanga, and General Santos. Dubbed as "Bilis Kabit" program, PLDT Home rolled out its initiatives to fast-track installation of internet services for subscribers within 24 hours upon application. Call-to-apply services were also deployed to provide customers the convenience of talking to a PLDT representative in their preferred PLDT sales and service centers.

PLDT SmartHome

PLDT Home is strongly committed to fulfilling its customers' digital home lifestyle needs by giving them access to a complete Smart Home ecosystem. This ecosystem consists of relevant digital solutions and devices built on the following pillars that let them do things better at home: connectivity, entertainment, and security.

One such solution PLDT Home offers under its connectivity portfolio is the WiFi Mesh System. This powerful system blankets the entire home with Fiber-fast speeds, eliminating the problem of WiFi dead spots many households encounter.

Leading its roster of mesh systems are top-of-the-line WiFi 6 solutions, Asus ZenWiFi XT8 and TP Link Deco X20. These high-performance systems can cover more than 300 square meters with ultra-fast speed internet and can deliver more than two times the speed of ordinary routers. Apart from this, WiFi 6 Mesh Systems can also power more than 100 users and devices simultaneously and significantly improve network efficiency, providing a seamless online experience even for the most bandwidth-heavy activities.

To provide an enhanced gaming experience, PLDT Homeoffers the Asus ROG Rapture GT AX11000. Running on WiFi 6 technology as well, the Asus Rapture eliminates lag, latency, unstable ping and screen freezes, enabling users to level up gameplay performance offers.

Strengthening its suite of connectivity services, PLDT Home also offers WiFi 5 Mesh systems, including the TP Link Deco M4 and M5. Apart from ensuring strong WiFi connectivity anywhere within the home, these systems power every connected device with equal internet speeds, regardless of the distance to the main modem. The Deco M4 and M5 also come with Parental Controls, enabling parents to block harmful sites and limit online time, helping keep their kids safer online.

For entertainment, PLDT Home has been providing customers with a diverse range of bundled content through its partnerships with global content providers including award-winning streaming service, Netflix; PCCW's leading pan-regional OTT video streaming service, Viu; HBO's video-on-demand service, HBO Go; Philippines' pay TV service provider, Cignal TV; as well as NBA's premium live game subscription series, NBA League Pass.

Promising Filipino homes a bigger, bolder, and more powerful entertainment viewing experience, PLDT Home has also partnered exclusively with premium streaming service Lionsgate Play. Existing and new PLDT Home Fiber plans customers can access Lionsgate Play's massive library of award-winning and blockbuster movies for free until June 1, 2023.

PLDT Home customers can conveniently subscribe to any of these entertainment services and have the fees charged directly and conveniently to their PLDT bill.

Home Biz

PLDT Home, through its Home Biz program, helped the development of the country's digital economy by equipping Filipino home-based entrepreneurs to thrive in the new normal powered by technology, resources, and master classes.

In its commitment to help build a stronger nation by powering home-based entrepreners, PLDT Home beefed up its Home Biz Fiber Plans with speeds of up to100 Mbps for as low as Php 1,599 per month, which comes with free e-commerce partner solutions, free backup internet, and unlimited landline and all net mobile calls. E-commerce partners include UnionBank Global Linker which allows entrepreneurs to open their online storefronts; Grab Madiskarteng Boss Club and So Shop which provides door-to-door logistics in addition to discounts and promotions; and Maya for secure digital payment solutions.

On the celebration of the United Nations MSME Day, PLDT Home Biz launched a special promo where customers can avail of the Asenso Fiber Plan 1499 with 50% discount on the first three months of their subscription.

These end-to-end services provide all-out support for start-ups and pandemic-hit home businesses, helping them rebuild amidst the ongoing pandemic, further establishing PLDT Home Biz' stance as the true and dependable partner of home-based entrepreneurs.

Home Rewards

PLDT Home Rewards continue to give back to valued and loyal customers with exciting perks and prizes. In May 2022, PLDT Home Rewards improved its program mechanics for better member engagement. Member earning was enhanced by lowering the threshhold for earning Crystals from Php 250 to Php 50 of every bills payment. At the same time, redemption value was brought down from 330 to 220 Crystals to increase the redemption rate. Most redeemable items in the Rewards marketplace were discounts and deals from partner merchants including The SM Store, Lazada and GrabFood.

Powered by the fastest and strongest connections, customers get to enjoy better digital experiences at home with more exciting promos and treats through the PLDT Home Rewards loyalty program.

Rates for home broadband services

Monthly charges for our home fixed broadband services vary depending on the amount of bandwidth, speed, market demand and the competitive landscape.

Corporate Data and ICT

PLDT Enterprise is the preferred digital services partner of the B2B market. As the corporate business unit of the PLDT Group, PLDT Enterprise's vision is to make a positive impact on every single business by simplifying the complex for various industries. With its wide range of fixed line, wireless, and ICT services, which run on the Philippines' most extensive fiber optic backbone, cellular network, and data center footprint, PLDT Enterprise delivers solutions that create real value for customer.

Our Fixed Line corporate data solutions cater to the internet, networking and managed services requirements across various enterprise customers small, medium and large. These include (i) domestic data solutions, comprising managed SD-WAN, the latest wide area networking solution; metro Ethernet, a reliable and high bandwidth wide area network solution; IP-virtual private network, an end-to-end managed IP-based data network solution; Shops.Work, a managed connectivity solution designed for retailers, franchisers and SMEs; Shops.Work Unplugged, a wireless VPN service that powers mobile point-of-sale terminals and off-site bank ATMs, as well as other retail outlets located in remote areas; and Beyond Fiber, our new all-in-one digital solution positioned as the ideal business internet service for enterprise customers; and (ii) international data solutions, comprising iGate, our dedicated internet access solution; international ethernet private line services, a resilient international private networking connectivity solution; and international IP VPN, a fully-managed IP solution for data, voice, video and multimedia applications supported over a single IP-based platform.

Meanwhile, our ICT services include data center services, cyber security services, cloud services, managed IT services and various other IT solutions.

In July 2016, ePLDT opened VITRO Makati 2, ePLDT's first data center to be certified by the Telecommunications Industry Association as a rated 3 facility, and a facility that has been recognized by the global solutions company, NTT Communications, as a Nexcenter-certified data center. VITRO Makati 2 is the Philippines' biggest data center with 3,600 racks capacity and 20MW of total power capacity, located in one of Philippines' premiere business districts. In February 2017, ePLDT opened the first data center in Mindanao to address the growing enterprise demand in that region. Over the course of five years, ePLDT has expanded its data center footprint across the country, building data centers in Clark, Davao and a new building in Cebu. In the first quarter of 2022, ePLDT broke ground for its 11th and biggest data enter yet in Sta. Rosa, Laguna. With its 50MW ultimate power capacity, VITRO Sta. Rosa will cater to the rapidly increasing hyperscaler colocation demand in the country. Once fully activated, the new hyperscale facility will generate an additional 4,500 racks and increase VITRO's rack footprint to 13,400 further cementing ePLDT's leadership in the local data center market.

ePLDT's Cyber Security strategy involves four critical elements to provide customers with a holistic, multi-layer protection. It covers the frameworks, intelligence, technology and expertise needed to protect IT infrastructure from evolving threats, malicious software attacks, possible data loss and reputational risks. These components allow us to not only detect and prevent threats with the help of technology and best practices, but even predict and respond to cyber attacks. Through our Security Operations Center, we are able to gather cyber intelligence on potential attacks through in-house threat hunting and global threat feeds of our trusted partners. In 2020, ePLDT was recognized as the first and only Philippine organizational member of global leader in incident response Forum of Incident Response and Security Teams.

We have consistently built partnerships with global cloud brands and invested in expertise for professional services. For instance, the ePLDT Group has partnered with Microsoft, Google, AWS, Enghouse, HPE, Palo Alto, Salesforce, and SAP, among others, through which ePLDT offers professional services beyond infrastructure and license-selling. We offer a full-suite of cloud solutions to clients such as infrastructure-as-a-service ("**IaaS**"), software-as-a-service ("**SaaS**"), unified communications-as-a-service ("**UCaaS**"), contact-center-as-a-service ("**CCaaS**") and disaster recovery-as-a-service ("**DRaas**").

Rates for Corporate Data and ICT Services

Charges for our corporate data service vary by customer.

Voice Services

Our voice services are delivered through our (i) local exchange service; (ii) international service; and (iii) domestic service.

Local Exchange Service

Our local exchange service, which consists of our basic voice telephony business, is provided primarily through PLDT. We also provide local exchange services through our subsidiaries.

Rates for local exchange service

Basic monthly charges for our local exchange service vary according to the type of customer (business or residential) and location, with charges for urban customers generally being higher than those for rural/provincial customers.

International Service

We have been pursuing a number of initiatives to sustain our international service business, including: (i) rationalizing our inbound voice termination rates; (ii) managing unauthorized voice traffic terminating to our network; (iii) partnering with Orange S.A. for inbound international long distance ("**ILD**") traffic management; and (iv) growing international data sales by leveraging PLDT's sub-sea cable ownership and PLDT Global's, reach.

In addition, PLDT Global is enhancing the presence of PLDT in other international markets by providing high quality communications infrastructure and innovative platforms to its global network of carriers, corporate customers and distribution partners, enabling it to achieve its desired connectivity, reach and business relevance. With offices in key markets abroad, PLDT Global also delivers a full range of digital consumer and enterprise solutions that serve the evolving needs of Filipinos overseas and global enterprises.

The table below sets forth the net settlement amounts for international calls handled by PLDT, by country, for the years ended December 31, 2022, 2021 and 2020:

	Net Settlement		
	2022	2021	2020
		(in millions)	
France	US$20	US$37	US$41
Saudi Arabia	2	3	6
Canada	1	2	3
Belgium	1	1	1
Hong Kong	0.4	0.4	1
United Kingdom	0.3	0.4	1
United States of America	0.3	1	1
Ireland	0.3	0.2	0.1
Qatar	0.2	0.1	0.1
Others	(0.5)	(1.1)	0.8
Total	US$25	US$44	US$55

Rates for international service

Rates for outbound international calls are based on the type of service provided, whether operator-assisted or direct-dialed. Our rates are quoted in U.S. dollars and are billed in Philippine pesos. The Philippine peso amounts are determined at the time of billing. We charge a flat rate of US$0.40 per minute to retail customers for direct-dialed calls, applicable to most destinations at any time on any day of the week.

Domestic Service

Our domestic services are provided primarily through PLDT. This service consists of voice services for calls made by our fixed line customers outside of their local service areas within the Philippines and access charges paid to us by other telecommunications carriers for wireless and fixed line calls carried through our backbone network and/or terminating to our fixed line customers.

Mobile substitution, OTT voice call alternatives and the widespread availability and growing popularity of alternative, more economical to free non-voice means of communications, such as e-mails, SMS, video conferencing applications and social networking sites, have negatively affected our domestic call volumes.

Rates for domestic service

Rates for domestic calls traditionally were based on the type of service provided, such as whether the call is operator-assisted or direct-dialed. However, PLDT simplified these rates in recent years for calls originating from and terminating to the PLDT fixed line network and for calls terminating to fixed line networks of other local exchange carriers. PLDT also simplified its rates for calls terminating to mobile subscribers.

In addition, PLDT bundles the free PLDT-to-PLDT calls in some promotions and product/service launchings in order to stimulate fixed line usage.

Miscellaneous

Miscellaneous services include the provision of facilities management, rental fees and other services.

We sell and distribute our products and services through the following channels:

Distributors and Dealers

We sell our fixed line and mobile services primarily through our regional and key account partners who generally have their own direct sales forces and retail networks. As at December 31, 2022, we had 50 field sales distribution partners and 133 key account partners for fixed line services, 18 exclusive regional and 107 exclusive provincial distributors for wireless, and 92 key account partners for wireless, 18 of whom are exclusive to us. A number of our trade partners are likewise major distributors of smartphones and devices that are retailed in their owned telecommunications outlets. Account managers from our sales force manage the distribution network and regularly update these business partners on upcoming marketing strategies, promotional campaigns and new products. Our distribution network encompasses approximately over one million retailers. These retailers must be affiliated with one of Smart's authorized regional and provincial distributors. With the prepaid reloading distribution network extended to corner store and individual retailer levels and minimum reloading denominations as low as Php5, Smart's prepaid service has become even more affordable and accessible to subscribers.

Retail Stores

Retail stores are the company-owned PLDT Sales and Service Centers with 95 branches and Smart Stores with 128 branches as at December 31, 2022 that showcase our Company's products and services to customers nationwide. Our frontlines enable unique digital experiences through daily customer interaction. We offer enticing products and services based on the customer needs. We also cater to customers' after-sales requests and inquiries. Our stores also accept payment for bills, postpaid and prepaid sales.

Satellite branches, with a total of 23 stores nationwide as at December 31, 2022, are partner-owned Smart branded stores operating as auxiliary touchpoints for converged wired and wireless sales, aftersales and bills payment.

Enterprise Business

Our Enterprise Business Group is responsible for the sales and marketing of Smart products, corporate data and ICT products, solutions and services to corporate clients. This includes Smart and Sun postpaid GSM and broadband services that may be bundled with mobile phones, tablets and other relevant devices. Our enterprise solutions portfolio includes Machine to Machine, IoT and platform solutions, such as Bizload and Messaging Suite, an application-to-person ("A2P") messaging platform. Wireless Enterprise also partners with various software, platform and application vendors that cater to a wide array of industry-specific requirements.

Telesales

As part of our telesales, we reach out to our subscribers to offer the latest services, solutions and promotions. Our telesales agents, in partnership with different contact center providers, enable new connect application and existing subscribers to avail value-added solutions, upgrade and migrate their fixed line and wireless accounts, as well as recontract their expiring accounts over the phone. All orders are delivered directly to customer's address for devices and handsets.

Online sales

Customers can conveniently access our services through our PLDT Home website and Smart Online Store, an end-to-end portal, where they can conduct various online transactions, including selecting fiber broadband or mobile subscription plans, avail of a wide array of the latest 5G and 4G mobile handsets, renewing or upgrading an existing plan, purchasing prepaid SIM and devices, or subscribing for e-load and various add-on promotions. All orders are delivered directly to the customers' addresses.

Smart's Gigalife app is a mobile application which allows users to link and manage multiple prepaid and postpaid accounts. With the Gigalife app, users can buy load, pay bills, subscribe to promotions, and earn Gigapoints. By offering various marketing promotions and events within the app, the Gigalife app has gained a lot of traction. Other online channels include My Smart website, Smart Chatbot, and Paywall which allow our mobile subscribers to avail of add-on promotions.

For e-Commerce, the PLDT and Smart flagship stores are now available in Lazada and Shopee. Our presence on these e-commerce platforms will further enhance the accessibility of our products to customers.

Postpaid Field Sales ("PFS")

PFS was established to address postpaid markets belonging to corporate individual and capable communities. The channel intends to strategically regain the wireless postpaid stronghold by identifying and approaching customer segments that do not frequent the store outlets, those upgrading from prepaid, and most importantly, those who would be using postpaid for the first time. With 58 active partners, PFS is expected to continue growing and fortifying our nationwide operations.

Others

Our other business in 2022 consisted primarily of investments in digital platforms and other technologies, made through our investment companies, PCEV, PGIH, PGIC, and PLDT Digital and its subsidiaries.

Voyager Innovations, Maya Philippines, and Maya Bank

Voyager Innovations Holdings Pte. Ltd. ("**VIH**") is the parent holding company of Maya Philippines, Inc. (formerly PayMaya Philippines, Inc.) and Maya Bank. Maya Philippines is registered with the Bangko Sentral ng Pilipinas ("**BSP**") as an electronic money issuer, remittance and transfer company, operator of payment system, and virtual asset services provider. Maya Bank is one of only six digital banks in the Philippines licensed by the BSP. Together, Maya Philippines and Maya Bank power the platforms under the Maya brand, providing the next generation of integrated financial products to both consumers and enterprises in the Philippines.

In April 2022, VIH raised US$210 million in new funds propelling VIH's valuation to nearly US$1.4 billion. Leading the round was SIG Venture Capital, alongside other new investors EDBI and First Pacific Company Ltd. Also participating in the round were existing shareholders PLDT, KKR, Tencent, International Finance Corporation (IFC), and IFC Emerging Asia Fund and IFC Financial Institutions Growth Fund.

In March 2022, Maya Bank received regulatory approval to commence operations and launch its services, six months after being granted a digital bank license by the BSP in September 2021.

In April 2022, the brand PayMaya transformed into Maya, becoming the only all-in-one digital finance platform in the Philippines that enables its users to spend, save, invest, and borrow in one app. The Maya App combines the power of a top-rated e-wallet with best-in-class savings, instant credit, and seamless cryptocurrency services.

In June 2022, Maya fully launched its consumer savings, and in six months, it had 1.5 million bank customers and Php14.7 billion in deposit balance as of December 31, 2022.

In July 2022, PayMaya Business, the leading enterprise payment processor in the Philippines, transformed into Maya Business offering integrated merchant solutions and embedded banking. It serves the Philippines' largest e-commerce platforms and everyday merchants, including food, retail, transportation, and government. It enables micro, small, and medium enterprises ("**MSMEs**") with payment acceptance and credit.

Maya continues to double down on its digital banking advantage to accelerate financial service adoption by encouraging more Filipinos to embrace new financial services such as credit, savings, and investments.

Infrastructure

Wireless Network Infrastructure

Mobile

Our mobile network supports 5G, 4G, 3G and 2G technologies. We continue to expand our LTE capacity, increase our 5G coverage, and roll out more physical sites to widen our coverage in order to sustain the growing demand for our services. As at December 31, 2022, Smart had a total number of 38,758 4G/LTE base stations and 17,064 3G base stations throughout the Philippines. We believe our mobile broadband covers over 97% of the population and is present in over 97% of the country's cities and municipalities, as at December 31, 2022.

Fixed wireless services are also offered to residential and corporate clients through our high capacity mobile network. This complements our fibered fixed network as our fixed wireless services are able to reach areas that are not currently serviced through wired connections. To support the delivery of this huge amount of traffic, the backhaul of our cell sites are being migrated to fiber. To date, more than two-thirds of our cell sites are connected through fiber.

Moreover, in tangent with its ongoing LTE-Advanced roll-out, Smart is deploying 5G-capable equipment. Smart started rolling out 5G and upgrading the core and transport elements of its network, including upgrading the backhaul to support 5G speed. Smart has completed 5G pilots and has pioneered 5G cities in Makati and Pampanga in 2018, and a 5G lifestyle hub with the Araneta Group, a 5G Campus with Ateneo de Manila University, and the first 5G Stadium at New Clark City during the 30th Southeast Asian Games in 2019. Smart ramped up its 5G leadership in 2020 when they fired up its commercial 5G SA sites in Makati City where they powered up one of the first 5G SA networks in the world. In 2021, Smart made its first successful voice over new radio ("**VoNR**") call and rolled out thousands of 5G sites to become the 5G Leader in the Philippines. Smart continues to lead 5G innovations in 2022, being the first in the Philippines to test end-to-end network slicing and low earth orbit ("**LEO**") broadband connectivity.

To support our 5G capabilities, our data core network is being transformed into a virtualized network to instill it with new capabilities, such as automation, network slicing and improved resiliency, while supporting massive data traffic growth. As at December 31, 2022, we had a total of 7,236 5G base stations.

Furthermore, we continue to evolve our voice core network through our ongoing transformation activities. Additional capabilities, such as "Voice over WiFi", allow users to make and receive voice calls in WiFi environments, and Voice over LTE, provided high quality voice calls and faster call setup times.

Fixed Line Network Infrastructure

Domestic

PLDT's fixed line infrastructure is comprised of the latest technologies, delivering voice, broadband and ICT services to home and corporate customers. We deliver voice and high-speed broadband to each home through our all-fiber network, FTTH, an IP-based platform. At present, FTTH is capable of delivering 2.5 Gbps and up to 10 Gbps, and we have deployed FTTH in all cities and in the majority of municipalities in the Philippines. We have already started retiring the legacy copper network, replacing it with FTTH to provide high speed broadband and improve customer experience. This network provides broadband availability to approximately 17.2 million homes passed, as at December 31, 2022.

PLDT provides enterprise and ICT services through its carrier Ethernet network ("**CEN**"). Carrier ethernet service is a global standard for secure, scalable, resilient, cost effective, and high bandwidth point-to-point or multi-point connectivity using the simple and ubiquitous Ethernet technology delivered through PLDT's MEF-certified CEN. PLDT's CEN is based on Metro Ethernet Forum ("**MEF**") 3.0, the latest standardized, carrier-class service and network. This highly reliable and resilient system provides high capacity and high-speed VPN services for all corporate customers. It supports enterprise requirements such as data storage, headquarter to branch connectivity, headquarter to disaster recovery site connectivity, cloud services and backhaul for mobile/LTE services. PLDT also uses the "Software Defined Wide Area Network" to deliver such enterprise services across different service providers and over the internet in a secured manner.

We likewise have an IP backbone network ("**IPBB**"), composed of high-capacity, high-performance core and edge routers, with capacities of up to 100Gbps per port in key exchanges that provide IP connectivity to the different network elements built for PLDT, Smart and other subsidiaries and affiliates. It serves as a common and highly resilient IP transport platform for all of our IP-based services. In 2020, the IPBB underwent a transformation project called the "Transport Network Transformation Project" ("**TNT Project**"), which significantly increased the network's capacity and upgraded its routing technology to the latest technology, including segment routing and software defined network ("**SDN**") technology.

All our networks are connected nationwide through PLDT's nationwide fiber backbone, the "Domestic Fiber Optic Network" ("**DFON**"). DFON is comprised of transport nodes connected by terrestrial and submarine cable links configured in 11 loops and two appendages extending to Palawan and Iligan. The DFON loops provide self-healing and alternative segment route protection for added resiliency against single and multiple fiber breaks along the different segments. The DFON utilizes dense wavelength division multiplexing technology, which has a 200/300 Gbps capacity per channel, giving it greater flexibility for capacity and expansion. The DFON has a capacity of 19.2 Tbps per fiber pair. The DFON network also connects three of PLDT's international cable landing stations. Following the implementation of the TNT Project, the DFON network gained added resiliency and network reliability as we implemented an automatic fail capability into the DFON network to automatically transfer traffic to other redundancy links in the event the DFON experiences downtime. The DFON is complemented by a terrestrial microwave backbone network to deliver services to remote areas unreachable by the fixed terrestrial transport network.

Both the DFON and IPBB serve as the common high bandwidth fiber optic cable-based backbone for the PLDT Group. DFON is part of the 866,188 total fiber kilometers of the PLDT Group, as at December 31, 2022. These networks are supported by SDN technology, which simplifies and automates network provisioning and operations.

International

PLDT's international network was designed and built to support IP-based international services, including voice, messaging, international enterprise solutions, and the biggest use of international network resources today, the Internet services of the PLDT Group. The international network also supports in part requirements of the international retail business run by PLDT Global in various locations in Asia, Europe and the United States.

For voice services, PLDT operates two IP voice gateways. As at December 31, 2022, PLDT's facilities allow the exchange of traffic with 62 foreign carriers from 29 countries and can reach almost a thousand foreign destinations (including fixed and wireless network destination "breakouts", or specific areas within a country) worldwide.

As at December 31, 2022, the Company has five international internet gateways to fortify PLDT Group's infrastructure for internet and IP-based services, as well as connections of our fixed and wireless networks to content and internet services available from, and businesses connected to, the global internet. All these gateways employ high capacity, high performance routers, and together with ancillary facilities (such as security against network/service attacks), they provide premium and differentiated internet and/or IP services to all types of customers ranging from ordinary broadband to high bandwidth internet requirements of corporate customers, knowledge processing solution providers, internet service providers ("**ISPs**") and even other service providers. As at December 31, 2022, PLDT also operates six offshore/ forward gateway routers in Hong Kong, Singapore, United States and Japan to support optimized and direct access to content providers and businesses connected to the internet in Asia as well as the continental U.S which we expect to result in faster internet speed. Latest offshore gateway routers were established in Japan in 2020 and Singapore in 2021 with 100 Gbps high capacity interface bandwidth.

To localize international internet content, PLDT employs local transparent caching network, and additionally, a network of content provider/distributor-supplied local caching servers at key locations. With these facilities, high demand contents from popular content and content delivery network providers are available locally and are delivered to PLDT customers.

PLDT operates the Philippines' most extensive international submarine cable network. As at December 31, 2022, PLDT maintains and operates three international cable landing stations in La Union and Batangas for international cables coming from the West Philippine Sea, and in Daet in the east for international cables coming from the Pacific Ocean. These international cable stations are connected to our three international transmission maintenance centers, including direct cable station to cable station interconnection, through an advance terrestrial fiber mesh network (north, south and east Luzon systems).

Connecting the country to the rest of the world via PLDT's international cable stations are submarine cable systems in which PLDT had invested in and/or acquired capacities. The table below shows the submarine cable systems in which PLDT has interests, which terminate in the Philippines or connect with other submarine cable systems from the Philippines or other countries or territories:

Cable System	Countries Being Linked
JUPITER	Japan, U.S. and the Philippines
Asia-Pacific Cable Network 2, or APCN2	Philippines, Hong Kong, Japan, South Korea, Malaysia, Singapore, China and Taiwan
Southeast Asia-Middle East-Western Europe No. 3 Cable, or SEA-ME-WE-3	Japan, South Korea, China, Taiwan, Hong Kong, Macau, Philippines, Vietnam, Brunei, Malaysia, Singapore, Indonesia, Australia, Thailand, Myanmar, Sri Lanka, India, Pakistan, United Arab Emirates, Oman, Djibouti, Saudi Arabia, Egypt, Cyprus, Turkey, Greece, Italy, Morocco, Portugal, France, UK, Belgium and Germany
Fiber-optic Loop Around the Globe, or FLAG, Cable	Japan, South Korea, China, Hong Kong, Malaysia, Thailand, India, United Arab Emirates, Saudi Arabia, Egypt, Italy, Spain and UK
Southern Cross Cable Network, or SCCN	U.S. Mainland, Hawaii, Fiji, Australia and New Zealand
East Asia Crossing, or EAC Cable, City-to-City Cable System or C2C	Japan, Hong Kong, China, South Korea, Taiwan, Singapore and the Philippines
Pacific Crossing-1, or PC1, Japan-U.S. Cable Network (JUCN), TGN-Pacific, Unity, FASTER	Japan and the U.S.
Asia-America Gateway, or AAG, Cable Network	Malaysia, Singapore, Thailand, Vietnam, Brunei, Hong Kong, Philippines, Guam, Hawaii and the U.S. Mainland
Asia Submarine-cable Express, or ASE	Philippines, Japan, Singapore, Malaysia and Hong Kong
TGN-Intra Asia	Hong Kong and Japan
Asia Africa Europe-1, or AAE-1 Cable	Hong Kong, Vietnam, Cambodia, Thailand, Malaysia, Singapore, Myanmar, India, Pakistan, Oman, UAE, Qatar, Yemen, Djibouti, Saudi Arabia, Egypt, Greece, Italy and France
TEA2 (Terrestrial)	Hong Kong and Sweden

The Asia Direct Cable ("**ADC**") cable installation is in progress. PLDT will own fiber pairs in ADC, which is expected to be ready for service by the first quarter of 2024.

On August 11, 2021, PLDT signed the APRICOT Construction & Maintenance Agreement with four other parties that have formed a consortium. PLDT is investing US$80 million in the APRICOT cable system with acquisition on fiber pair basis. This 12,000-kilometer long cable system will have a design capacity of more than 190Tbps connecting the Philippines to Japan, Singapore, Indonesia, Taiwan and Guam. New cable landing stations in Luzon and Mindanao will be built as part of this submarine cable system to enhance network resiliency. With the cable to be routed via the eastern coast of the Philippines, it will also increase the submarine cable route diversity in the Asia-Pacific region.

The APRICOT cable continues to manufacture its dry and submersible plants. New cable landing stations in Luzon and Mindanao will be built as part of this submarine cable system to enhance network resiliency. The cable will be routed via the eastern coast of the Philippines and will also increase the submarine cable route diversity in the Asia-Pacific region.

PLDT's international automatic optical transport switching system and carrier ethernet network continues to provide effective redundancy and continuity of service to Hong Kong, Japan, Singapore and the U.S. Mainland for premium enterprise clients. Additional dedicated submarine cable circuits were provisioned, and capacity of nodes upgraded, to support growing business requirements.

Cyber Security

The PLDT Group continues to make investments in cyber security measures. Aside from focusing its efforts and resources in protecting our most critical infrastructure and information assets, the PLDT Group's cyber security investments were also directed to acquire technology, boost capability, and expand partnerships to increase the security of the Philippine cyberspace, combat online child abuse and sexual exploitation, and other worthwhile endeavors. The following are our accomplishments from our continued efforts to optimize our cyber security operation capability framework:

- We continuously deploy an endpoint advance security agent to all corporate workstations to detect and prevent attacks. This capability detects thousands of high-risk endpoint activities and enables the operations team to quickly respond to and clean-up endpoints by blocking, remotely deleting and/or putting into quarantine malicious file detections. Additional efforts related to server and workstation security include, centralized authentication, simplified account management while trying to achieve an endpoint "Zero Trust" approach to complement our NAC implementation. These clean-up efforts are executed as part of our response and remediation process;

- Our fully operational 24x7 Cyber Security Incident and Response Team ("**CSIRT**") enables the detection of and response to security incidents within less than one minute, on average. Our membership in the Forum of Incident Response and Security Teams ("**FIRST"**), a globally recognized leader in cyber security incident response, provides us with access to best practices and tools, and trusted communication with other member incident response teams;

- We continue to prevent attacks on our corporate websites through the use of our web application firewall that has protected our corporate websites from more than 53 million malicious attacks in 2022;

- We adopted an automated periodic user access management review as a cyber security protection practice for PLDT Group critical applications, databases and operating systems. This capability supports compliance for both internal and external SOX financial audit activities;

- More than 17 billion attempts to access phishing, smshing, scamming and malware-distribution sites have been blocked, as of December 31, 2022, using our secure DNS solution which benefits both our corporate employees as well as our customers;

- To continuously enhance our predictive capability, we regularly conduct threat hunting activities to update our threat intelligence database with the latest threats. We have included more than 123.9 million indicators of compromise in our threat intelligent database, which is used for real-time threat correlation;

- We continue to improve our anti-distributed denial of service ("**Anti-DDoS**") strategy to cover all layers of defenses (e.g. external, edge, internal, and people/process) in response to a significant increase in the number and frequency of DDoS attacks. The largest mitigated DDoS attack in 2022 comprised a throughput of more than 307K mbps;

- We continued our efforts to expand our security visibility by enrolling active IP-based assets to our Security Operations Center that detected and prevented approximately 17 billion incidents in 2022;

- We have established corporate governance processes around the procurement and deployment of Internet of Things ("**IoT**") and hardening of customer-premises equipment through vulnerability assessment and penetration testing;

- For application and data security, we have an automated data visibility across the organization and across platforms and operationalized monitoring of sensitive data assets, alert threats and remediation, which are in compliance with local and global data protection laws and regulations;

- In terms of database security, we have full visibility of activities in all critical and sensitive databases to define the details of each transaction while being able to identify and/or block malicious activities/queries;

- For cloud and web security, we continue to boost our efforts to achieve full visibility of cloud assets and activities, secure shadow IT, obtain the ability to discover malicious activities through UEBA, and secure critical and sensitive data in the cloud;

- To further improve our investigation and response capabilities, we have a real time dashboard and improved reporting and visualization, consolidated and standardized event logs from managed systems and devices across the network, sufficient data retention enabling backtracking and pattern visualization, while enhancing event processing capabilities for security incident investigations;

- To ensure continuous validation of our security controls, a cyber attack and breach simulation tool has been deployed to enable us to identify successful attack techniques and exploits and better prevent such attacks.

- In terms of security infrastructure and application monitoring system, we utilize real-time visibility and alerting of security solutions' performance and utilization, automated pro-active monitoring to prevent unplanned disruptions, and ensuring higher availability/uptime of all CSOG security solutions;

- A cyber war crisis simulation is held quarterly with participation from all stakeholders, such as out IT team, network team, legal team and privacy office. This simulation exercise allows us to measure the whole organization's performance, existing policies and protocols and effectiveness of coordination within the company as well as with third parties, including their respective accountabilities;

- To further strengthen our thought leadership, CSOG offered the Cyber Warrior Course through an internship program, in partnership with the Asia Pacific College. Through the Cyber Warrior Course, qualified students are given specialized cyber security training that allows them to receive practical knowledge and skills related to cyber security while also giving them an overview of the end-to-end operations of CSOG while integrating the CSOG mindset and values; and

- In line with the Company's Child Safeguarding Policy to ensure the online protection of children and in compliance with regulatory requirements, our Child Protection Platform ("**CPP**") has blocked more than 586,000 URLs that involve online sexual abuse and exploitation of children ("**OSAEC**") and child sexual abuse and exploitation materials ("**CSAEM**"), and 3.1 million attempts to access illegal OSAEC and CSAEM. Embedded into our 24/7 cyber security operations, this solution allows the continued detection and prevention of access to OSAEC and CSAEM within our network, both on the domain and content level. This solution also utilizes strategic alliances with intelligence units and dedicated organizations, such as the integration of the Internet Watch Foundation Automation Tool and the application of information from the Canadian Centre for Child Protection for the blocking of OSAEC and CSAEM.

We recognize that the bottom-up engagement of our employees is one of our key success factors for an effective cyber security program execution. We continue to vigorously conduct weekly cyber security awareness campaigns for our employees and mandatory annual e-learning course to all employees. While we continue to see persistent phishing campaigns targeting our employees (the majority of which are attempts to gain Microsoft Office 365 credential), we perform periodic phishing simulations to assess the awareness of our employees on social engineering schemes. Employees who fall victim to the phishing test were given cyber security awareness training. These periodic exercises resulted in heightened awareness among employees of phishing and scamming tactics which resulted in a decline in phishing bait rate in 2022.

Interconnection Agreements

Since the issuance of Executive Order, or E.O., No. 59 in 1993, which requires the non-discriminatory interconnection of Philippine carriers' networks, we have entered into bilateral interconnection arrangements with other Philippine fixed line and mobile carriers. See Item 1. "Description of Business – Licenses and Regulations – Regulatory Tariffs" for further discussion.

As at December 31, 2022, PLDT has direct interconnection agreements with 59 foreign carriers from 32 countries. The average international termination rate for calls to PLDT fixed line was approximately US$0.1150 per minute in 2022. PLDT also carries international calls terminating to Smart and Sun networks where they have no direct interconnections.

In compliance with NTC Memorandum Circular No. 03-06-2019, or the Rules and Regulations Implementing Republic Act No. 11202, otherwise known as the "Mobile Number Portability Act", effective January 2, 2020, the interconnection rate for mobile was reduced from Php0.50 per minute to Php0.00 per minute for domestic calls and from Php0.05 per message to Php0.00 per message for SMS.

Licenses and Regulations

Licenses

The table below provides the expiry dates of franchises for each company indicated:

Company	Expiry Dates of Franchises
PLDT	November 28, 2028
Clarktel	June 30, 2024
Smart	May 19, 2042
SBI	November 11, 2047
DMPI	April 1, 2028
CURE[(1)]	May 26, 2026

[(1)] *In the case of CURE, PLDT has agreed to divest the CURE spectrum as a part of the NTC decision with respect to PLDT's acquisition of a controlling interest in Digitel.*

A franchise holder is required to obtain operating authority from the NTC to provide specific telecommunications services authorized under its franchise. These approvals may take the form of a CPCN, or, while an application for a CPCN is pending, a provisional authority to operate. Provisional authorities are typically granted for a period of 18 months. The Philippine Revised Administrative Code of 1987 provides that if the grantee of a license or permit, such as a CPCN or provisional authority, has made timely and sufficient application for the extension thereof, the existing CPCN or provisional authority will not expire until the application is finally decided upon by the administrative agency concerned.

The following table sets forth the frequency bands of our LTE, broadband wireless access, code-division multiple access, GSM, 3G, HSPA and 5G networks held and used by our wireless service subsidiaries:

Assignees	Service/Technology	Bands (in MHz)	Bandwidth Assignment
Smart	3G-WCDMA	850	10MHz x 2
	GSM 900	900	7.5MHz x 2
	GSM 1800	1800	20MHz x 2
	3G-WCDMA	2100	15MHz x 2
DMPI	CDMA 2000	1900	2 channels of 1.25 MHz of bandwidth
	3G-WCDMA	2100	10MHz x 2
	TD-LTE	2500	15MHz
	TD-LTE	3400	30MHz
	GSM 1800	1800	17.5MHz x 2
SBI	TD-LTE	2500	20MHz
	TD-LTE	3400	30MHz
PDSI	TD-LTE	2300	30MHz

On May 27, 2016, the NTC approved the frequency co-use arrangement between Smart and Globe of various frequencies under LTE 700, GSM/3G 900, GSM/LTE 1800, BWA/LTE 2300, and LTE 2500 assigned to Bell Telecommunications Philippines, Inc.

As a condition of our acquisition of a controlling interest in Digitel, we have agreed with the NTC to divest the congressional franchise, spectrum and related permits held by CURE following the migration of CURE's *Red Mobile* subscriber base to Smart.

Material Effects of Regulation on our Business

Pursuant to E.O. No. 109, operators of IGFs and mobile telephone operators are required to install a minimum number of local exchange lines. Of these new lines, operators are required to install at least one rural exchange line for every ten urban exchange lines installed. Smart and PCEV were required to install 700,000 and 400,000 rural lines, respectively, and each received a certificate of compliance from the NTC in 1999.

PLDT, ClarkTel, Smart, DMPI and SBI are required to pay various permit, license, regulatory and supervision fees to the NTC. PLDT was previously engaged in disputes with the NTC over certain assessed fees.

The Philippine Congress has passed laws and the Philippine Government and certain Government agencies have issued a number of directives that regulate the manner in which we conduct our business, including:

- R.A. No. 11930, or the Anti-OSAEC and Anti-CSAEM Act, which repealed R.A. No. 9775 or the Anti-Child Pornography Act. RA No. 11930 now provides for the obligations and responsibilities of other Internet Intermediaries apart from Internet Service Providers. internet intermediaries are required to develop, establish and install mechanisms or measures designed to prevent, detect, respond or report violations of this Act within their websites, platforms, applications, servers or facilities, compatible with the products and services they offer that may be in accordance with the global best practices and guidelines to counter violations of this Act which may include the installation of available technology, program, or software to ensure that access to or streaming of violations of this Act will be removed, blocked or filtered. In addition, ISPs are obligated to develop and adopt a set of systems and procedures for preventing, blocking, detecting, and reporting of OSAEC and CSAEM committed within their platforms, which are compatible with the services and products they offer, including the maintenance and management of an updated list of URLs containing CSAEM by partnering with organizations that maintain the most comprehensive list of URLs with CSAEM, and those with hashes of the same.

- On July 23, 2009, the NTC issued Memorandum Circular No. 5-07-2009 which amended the mode of billing from per minute to per pulse such that the maximum units of billing shall be 6 seconds per pulse. The NTC ruled that Smart violated the Memo Circular by not implementing pulse billing as its default billing scheme. On appeal, the CA partially ruled in favor of SMART but ruled that the NTC has the power to regulate rates under all circumstances. This has been questioned by Smart on the basis that the NTC's residual power to regulate rates may be exercised only when ruinous competition results, when monopoly, cartel, or combination in restraint of free competition exists, or when rates are distorted or unable to function freely and the public is adversely affected. The case is currently pending in the Supreme Court, following a partial appeal by SMART.

- On July 15, 2011, the NTC issued Memorandum Order No. 07-07-2011 requiring broadband service providers to specify the minimum broadband/internet connection speed and service reliability and service rates in their offers to customers in their advertisements, flyers, brochures, service agreements and service level agreements. The memorandum order prescribed a formula for computing service reliability and set the minimum service reliability at 80%. On August 13, 2015, the NTC issued Memorandum Circular No. 07-08-2015, which set out the rules for measuring fixed broadband and internet access service, including guidelines for testing broadband and internet speed. The memorandum circular also sets the minimum broadband speed at 256 kbps and provides additional guidelines on information required to be disclosed to customers of broadband providers or ISPs. On December 13, 2016, the NTC issued Memorandum Order No. 10-12-2016, which set out the rules for measuring mobile broadband and internet access service, including guidelines for testing mobile broadband and internet speed.

- On October 27, 2017, the NTC issued Memorandum Order No. 10-10-2017, which relates to the migration of all existing seven-digit telephone numbers to eight-digit telephone numbers for local telephone service within the "02" local exchange area. Under the memorandum order, PTEs were required to conduct a media campaign three months prior to the start of migration and, for a period of three months after the migration, to advise their customers through recorded announcements on the use of the new exchange codes and PTE identifiers. On October 6, 2019, the migration was fully implemented.

- On December 20, 2017, NTC, DICT and Department of Trade and Industry, ("**DTI**"), issued the Joint Memorandum Circular No. 05-12-2017, extending the validity of all prepaid load to one year from the date of the latest top-up. Prepaid loads purchased for promotions and bucket of services with a specific period of use duly approved by the DTI and/or NTC are excluded from the mandatory one-year validity period.

- On May 25, 2018, President Rodrigo Duterte issued Executive Order No. 56, which institutionalized the Emergency 911 Hotline as the nationwide emergency answering point and replaced Patrol 117. The executive order provides, among others, that all calls made to the Emergency 911 Hotline shall be free of any charges. PLDT and Smart have complied with the executive order and, accordingly, PLDT and Smart subscribers can now call the Emergency 911 Hotline for free.

- On August 15, 2018, the National Electrification Administration ("**NEA**"), through Memorandum No. 2018-055, set the standard pole rental rate of electric cooperatives at Php420 per cable position per pole per annum. The memorandum also prescribes a standard joint pole agreement, whereby any change or addition thereto are required to be fair to both parties and should eventually benefit the member-consumer-owners of the relevant electric cooperative.

- On December 14, 2018, the DICT issued Memorandum Order No. 04, series of 2018, which directed (a) PTEs and/or wireless service providers who offer customers mobile phones and devices, free of charge or at a subsidized cost, in exchange for an agreed fixed lock-in period to provide their customers convenient sites, facilities and processes to unlock the mobile phones and devices of customers who wish to change between compatible wireless service providers, provided that such customers must have completed the applicable lock-in periods and have no outstanding obligations under their subscription agreement and (b) the NTC having issued rules and regulations to implement the provisions of the order. Pursuant to such authority, on May 31, 2019, the NTC issued Memorandum Circular No 01-05-2019, which set out the rules and regulations for the unlocking of mobile phones and devices of users after the applicable lock-in period and provided that (i) in the case of a postpaid customer, such customer must have complied with the terms and conditions of the subscription agreement and (ii) in the case of a prepaid customer, such customer must have complied with usage requirements or the agreed terms and conditions.

- On February 8, 2019, RA No. 11202 or the MNP Act was enacted into law. The Implementing Rules and Regulations ("**IRR**") of the MNP Act or NTC MC No. 03-06-2019 was issued on June 11, 2019. Through the MNP Act and its IRR, qualified customers can retain their mobile numbers when they move from one mobile service provider ("**MSP**") to another, or change the type of subscription from postpaid to prepaid or vice versa. MNP is completely free of charge.

  The MNP IRR mandates the creation of a Mobile Number Portability Service Provider ("**MNPSP**") that will provide mobile number porting services for the MSPs. The MSPs shall equally share in the capital expenditures for the software, hardware and other facilities required by the MNPSP. Operating and maintenance costs of the MNPSP shall be agreed upon by the MSPs and the MNPSP. In compliance with the IRR, Smart, Globe and Dito established in 2019 a joint venture company, TCI, to provide number porting services and facilitate the expeditious porting of mobile numbers.

  Since the commercial launch of MNP on September 30, 2021, subscribers can now avail of MNP services.

- On July 17, 2019, the Civil Service Commission, ("**CSC**"), Anti-Red Tap Authority ("**ARTA**"), and DTI issued Joint Memorandum Circular No. 2019-001, series of 2019, or the implementing rules and regulations of Republic Act No. 11032, otherwise known as the "Ease of Doing Business and Efficient Government Service Delivery Act of 2018". Pursuant to the law, the memorandum circular directed all agencies which provide Government service to undertake regulatory impact assessment, compliance cost analysis, conduct time and motion studies, undergo evaluation and improvement of all their Government services, and reengineer the same, if deemed necessary, to reduce bureaucratic red tape and processing time, and to promote efficiency and simplicity of process. In particular, Section 15 of the Ease of Doing Business provides that the processing and approval or licenses, clearances, permits, certifications or authorizations for the installation and operation of telecommunication, broadcast towers, facilities, equipment and service shall be a total of seven (7) working days for those issued by the Local Government Agencies. Further, Section 10 of the same Act provides that if the granting authority fails to approve or disapprove an application for a license, clearance, permit, certification or authorization within the prescribed processing time, said application shall be deemed approved provided that all documents are complete, and all fees or charges have been paid.

- On May 24, 2019, the DICT issued the rules on the accelerated roll-out of common towers to ensure more access to cost-efficient information and communications technology infrastructure and enable the building or converting of at least 2,500 common towers in (a) identified DICT-owned properties; (b) other Government agencies' properties; and (c) hard-to-access areas identified by telecommunication operators. The rules provide, among others, that: (i) MNOs which voluntarily offer to share its existing towers shall be permitted to build passive infrastructure in Government properties under such terms as may be permitted by law and, for such purpose, each existing tower to be voluntarily shared by an MNO shall entitle such MNO to select an available Government property where it would place a common tower built by them or by its selected independent tower company, or ITC, which must not be a related party of an MNO; (ii) an ITC shall be required to lease its telecommunications towers, including its associate maintenance services, to all access seekers for a specified lease term to be mutually agreed between the ITC and the telecommunications operator; and (iii) telecommunications towers built after the issuance of the rules shall be subject to the following terms: (1) no new telecommunication tower shall be built or constructed within a proximity radius of 150 meters from an existing/planned telecommunication common tower in an urban area, except in high-density areas like Makati, Ortigas and Bonifacio Global City, or 1,000 meters of an existing/planner telecommunication common tower in a rural area, (2) when presently existing towers built by MNOs and those built by the ITC can no longer accommodate additional equipment and there is demand for additional capacity, (3) new technologies, such as 5G, require telecommunications structures to be within a proximity radius of less than 150 meters or 1,000 meters of each other, and (4) the proximity rule shall not be applied to special telecommunication structures such as street lamps, electric poles, small cell sites, cell sites on wheels and camouflaged towers.

On May 29, 2020, the DICT issued Department Circular No. 008, which provides for the policy guidelines on the co-location and sharing of passive telecommunication tower infrastructure ("**PTTIs**") for macro cell sites. The establishment of the policy is intended to, among others, ensure universal access to quality, affordable, reliable and secure ICT services; promote the development and widespread use of emerging ICT; foster and accelerate the convergence of ICT facilities; establish a domestic internet exchange system to facilitate strategic access for the Government and the general public; allow the shared use of passive ICT infrastructure as a component of the Philippine Government's Free Public Internet Access Program, or FPIAP, in order to provide free internet access in public places throughout the country; and establish, operate and maintain ICT infrastructures in unserved and underserved areas. The department circular expressly declares that no ITC or MNO shall, directly or indirectly, engage in any predatory or anti-competitive act, practice or transaction in relation to the construction, management, operation or maintenance of PTTIs. Further, the department circular provides, among others, that: (a) except for MNOs with legislative franchises and CPCNs, no entity shall own, construct, manage or operate PTTIs in the Philippines unless otherwise granted an ITC Certificate of Registration; (b) all PTTIs built, improved, renovated, retrofitted, upgraded or updated after the effectivity of the department circular shall provide ample access slots for all MNOs and the DICT to co-locate, mount or install their respective antennas, transmitters, receivers, radio frequency modules, radio-communication systems, and other similar active ICT equipment, units and implements, for the rendition of their respective telecommunications and ICT services; (c) all private sector agreements for co-locating in shared PTTIs shall comply with the requirements under the department circular and all private sector MNOs shall be offered the same or reasonably equivalent terms, conditions, fees and charges for co-locating or sharing in the same PTTI; (d) charges and fees imposed by the PTTI owners or operators shall be periodically monitored by DICT; (e) all installations made after the effectivity of the department circular, of private sector antennas, transmitted, receivers, radio frequency modules, radio-communications systems and other ICT equipment, units and implements for macro cell sites, as well as all improvements, renovations, upgrades or updates thereof, shall be co-located in shared PTTIs, except as may be allowed by the DICT upon clear showing of meritorious grounds which are not contrary to departmental policies; (f) all telecommunications electronic equipment shall be covered by the appropriate type-approval or other permit documents as may be required by the NTC, and duly registered with the DICT, prior to being mounted or installed on PTTIs; (g) in order to meet the existing and future demands for connectivity and quality of service in the Philippines, co-location of PTTIs in the same or nearby sites, locations or areas may be permitted by the DICT if in line with the directives of the department circular; (h) the establishment and maintenance by the DITC of a registry of all PTTIs owned, constructed, managed or operated by MNOs and ITCs; and (i) all PTTI owners or operators shall utilize and confirm to a uniform financial reporting system in accordance with PFRS, the PAS, and other applicable accounting laws, and rules and regulations. Shared PTTIs have also been declared as critical components for establishing connectivity, resilience and reliability in the implementation of the FPIAP across the Philippines and, accordingly, in utilizing shared PTTIs, the DICT may (i) partner with NTC-registered private sector service providers for the delivery of internet connectivity for a reasonable fee, which connectivity, as a value-added service, may be acquired and utilized by the latter directly from satellites and other emerging technologies, (ii) undertake the creation, establishment, installation, maintenance and operation of infrastructure, equipment, systems, platforms, applications and such other FPIAP requirements necessary to effectively provide free internet access in public places throughout the country. Further, whenever deemed necessary and desirable in the public interest, the DICT may participate in the use of shared PTTIs for the effective implementation of its mandate. Accordingly, each shared PTTI shall, in addition to the slots for the MNOs, have an access slot with ample capacity and availability upon which the DICT may install its antennas, transmitters, receivers, radio frequency modules, radio-communications systems and other similar active ICT equipment, units and implements for the ICT backbone and other communications network of the Government.

- On July 23, 2020, the DICT, in coordination with the ARTA, Department of the Interior and Local Government ("**DILG**"), Department of Public Works and Highways ("**DPWH**"), Department of Human Settlements and Urban Development ("**DHSUD**"), Department of Transportation ("**DOTr**"), Civil Aviation Authority of the Philippines ("**CAAP**"), Department of Health ("**DOH**"), and the Food and Drug Administration ("**FDA**") electronically signed Joint Memorandum Circular ("**JMC**") No. 01 or the "Streamlined Guidelines for the Issuance of Permits, Licenses, and Certificates for the Construction of Shared Passive Telecommunications Tower Infrastructure." The circular provides the streamlined processes for the issuance of permits, licenses and clearances particularly with respect to shared PTTIs. Pursuant to Section 6.5 of the JMC guidelines, (a) Sangguniang Panlungsod/Bayan Resolution; (b)

Sangguniang Barangay Resolution/ Barangay Council Resolution; (c) Environmental Compliance Certificate or Certificate of Non-Coverage, if the proposed site of construction is outside an environmentally critical area; (d) Radiation Safety Evaluation Report from the FDA; and (e) Certified True Copy of NTC Provisional Authority or CPCN or Certificate of Registration to Provide Telecommunication Services; are no longer required as pre-requisites for the construction of PTTIs.

The periods for the processing, approval and issuance of permits are required to be done within seven days to reflect the mandate under Section 15 of R.A. No. 11032 or the "the Ease of Doing Business and Efficient Government Service Delivery Act of 2018" and Section 6.5 of the JMC. Permits and clearances not approved within the prescribed periods shall be deemed automatically approved, as required by Section 10 of R.A. 11032.

- On September 11, 2020, President Rodrigo Duterte signed into law R.A. No. 11494 or the "*Bayanihan to Recover as One Act*," otherwise known as "*Bayanihan 2*," which provides measures to accelerate the deployment of critical ICT infrastructure, including:

  (1) Temporary suspension of requirements to secure permits for the construction of telecommunications infrastructure for three years. Permits for the construction, installation, repair, operation and maintenance of telecommunications and internet infrastructure have been limited to (a) building permits and (b) height clearance permits.

  (2) Streamlining of regulatory processes and procedures for the development and improvement of digital, internet and satellite technology infrastructure where all pending and new applications shall be approved/ disapproved within a non-extendible period of seven working days.

- On December 23, 2020, President Rodrigo Duterte signed into law R.A. No. 11517 or "An Act Authorizing the President to Expedite the Processing and Issuance of National and Local Permits, Licenses and Certifications in Times of National Emergency." Under said law, the President, in times of national emergency shall have the authority to:

  (a) accelerate and streamline regulatory processes and procedures for new and pending applications and renewals of permits, licenses, clearances, certifications or authorizations, including fixing or shortening the periods provided for under existing laws, regulations, issuances, and ordinances;

  (b) suspend or waive the requirements in securing such permits, licenses, clearances, certifications or authorizations; and

  (c) in consultation with or upon the recommendation of the affected government agencies, may prescribe to be permanent the streamlined regulatory processes and procedures, and the suspension or waiver of the requirements in securing permits, licenses, clearances, and certifications and authorizations.

- On July 1, 2021, the ARTA, together with various key agencies, signed the revised and expanded JMC No. 01, series of 2021, entitled, "Revising and Expanding Joint Memorandum Circular No. 01, S. 2020 or the Streamlined Guidelines for the Issuance of Permits, Licenses, and Certificates for the Construction of Shared PTTIs." This expanded JMC harmonized the provisions of the original JMC No. 1 issued in 2020 and RA No. 11494 or the Bayanihan to Recover as One Act.

  The JMC provided an exclusive list of documentary requirements for building permit. It weeded out the documentary requirements for building permit that are not applicable to PTTIs and removed the Fire Safety Evaluation Clearance requirement for the construction of towers only. PTTIs that will be constructed outside the CAAP Critical Areas and below 50 meters in height above the elevation of the ground will no longer be required to secure a Height Clearance Permit from CAAP.

  If the proposed PTTI is to be constructed in a residential area without a duly registered Homeowner's Association ("**HOA**"), the applicant will no longer be required to secure Homeowner's Association Consent but shall only be required to submit a certification that there is no existing duly registered HOA in the proposed project site and undertake that they will conduct social preparation or endeavor to educate the affected homeowners.

  The involved government agencies will also set up various coordination mechanisms, including a planning database, public-private consultation and coordination, and a complaints mechanism for seamless and efficient delivery of services.

- On October 25, 2021, the ARTA, in coordination with the DICT, DILG, DPHW, DHSUD, CAAP, NTC, Energy Regulatory Commission ("**ERC**"), NEA and the Philippine Competition Commission ("**PCC**") issued JMC No. 01 or the "Summary of the Streamlined Guidelines for the Issuance of Permits and Clearances for the Erection of Poles, Construction of Underground Fiber Ducts and Installation of Aerial and Underground Cables and Facilities to Accelerate the Roll out of Telecommunications and Internet Infrastructure.

Some salient points of the JMC are as follows:

a) The JMC prescribes for a single excavation clearance for the erection of poles or construction of underground fiber ducts across all poles or ducts in a series. This means that only a single excavation clearance shall be required from an applicant for a series of projects, regardless of location, within a local government unit. Thus, the circular provides streamlined processes for the issuance of permits, licenses and clearances particularly with respect to for the erection of poles, construction of underground fiber ducts and installation of aerial and underground cables and facilities.

b) Fees will be streamlined as the JMC mandates that the amount of local fees and charges of a local government unit in connection with the erection of poles and construction of underground fiber ducts shall be reasonably commensurate to the cost of regulation or provision of the service.

- On March 23, 2021, the DPWH issued Department Order No. 29 series of 2021 or the DPWH Policy on Telecommunications and Internet Infrastructures Pursuant to Republic Act (RA) No. 11494 or the "Bayanihan to Recover as One Act". Through this issuance, ICT Service Providers and their respective contractors are temporarily allowed to conduct excavation and/or digging or related construction works within government right-of-way.

  While the above issuances and the Bayanihan 2 Law are positive developments for PLDT and Smart's business, some LGUs, including the barangays, still require outdated, redundant, and unnecessary licenses, clearances, permits, and continue to impose tower fees and other regulatory fees without legal basis. Some LGUs are requiring the telcos to seek the approvals of the municipal or city councils prior to securing a building permit. Likewise, some of the Homeowners' Associations are still refusing to give consent, notwithstanding the JMC No. 01 and the Department Order No. 2020-009 issued by the DHSUD revising the Locational Guidelines that dispenses with the neighbors' or HOAs consent in securing locational clearance. Outdated, redundant, and unnecessary permits issued by LGUs and the HOAs refusal to give consent, continue to negatively impact on PLDT and Smart's rollout of telecommunications infrastructure.

- On April 12, 2022, RA No. 11659 or "An Act Amending Commonwealth Act No. 146 otherwise known as the Public Service Act," took effect limiting public utilities to the distribution and transmission of electricity, petroleum and petroleum products pipeline transmission systems, water pipeline distribution and wastewater pipeline systems, seaports and public utility vehicles. This law excludes telecommunications from the definition of public utility thereby allowing full foreign ownership in companies engaged in telecommunications. Under the 1987 Constitution, no franchise, certificate, or any other form of authorization for the operation of a public utility shall be granted except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines, at least 60% of whose capital is owned by such citizens. Nonetheless, under the law, telecommunications is classified as a critical infrastructure, where foreign state-owned enterprises are prohibited from owning capital, and foreign nationals are not allowed to own more than 50% of capital unless the country of such foreign national accords reciprocity to Philippine nationals.

- On October 28, 2022, RA No. 11934 or the SIM Registration Act took effect. Under this law, all end-users are required to register their SIMs with PTEs as a pre-requisite to the activation thereof. All existing SIM subscribers shall register the same with their respective PTEs within 180 days from the effectivity date of the Act. The DICT may extend the registration for a period not exceeding 120 days. Failure to register the existing SIM within the periods prescribed herein shall result in the automatic deactivation of the SIM. After the Implementing Rules and Regulations (IRR) came into effect on December 12, 2022, Smart officially launched its registration portal on December 27, 2022. Subscribers can now register their SIMs in accordance with applicable laws.

- On December 12, 2022, the House of Representatives approved HB No. 6 or the Open Access in Data Transmission Bill. The same was transmitted to the Senate on December 14, 2022. The bill seeks to remove the requirement of a franchise, CPCN or PA in majority of the segments of the data transmission network. This bill likewise seeks to allow non-enfranchised entities to use spectrum and put a 15% spectrum cap on assignable spectrum in a given band.

- On January 25, 2023, DILG issued Memorandum Circular No. 2023-017 reiterating previous DILG issuance/policy enjoining local officials to exercise their powers to reclaim and clear public roads which are being used for private purposes. As a consequence, many PLDT poles, including cables and cabinets, were required to be removed or relocated and are currently being removed or relocated.

In order to diversify the ownership base of public utilities, Republic Act No. 7925, otherwise known as the "Public Telecommunications Policy of the Philippines", requires a telecommunications entity with regulated types of services to make a *bona fide* public offering through the stock exchange of its shares representing at least 30% of its aggregate common shares within five years from: (a) the date the law became effective; or (b) the entity's commencement of commercial operations, whichever date is later.

PLDT and PCEV have complied with this requirement. On May 19, 2017, Republic Act No. 10926 took effect which extended the legislative franchise of Smart. The law contains a provision that exempts a grantee that is wholly-owned by a publicly listed company with at least 30% of its authorized capital stock publicly listed from the public offering requirement, thereby also exempting Smart.

Meanwhile, DMPI takes the position that the public offering requirement under Republic Act No. 7925 and Republic Act No. 9180 is merely directory and the policy underlying the requirement of telecommunications entities to conduct a public offering should be deemed to have been achieved when in 2011, PLDT, a publicly listed company, acquired its parent company, DTPI, which in turn holds a 100% equity interest in DMPI. This can further be asserted with the inclusion of the aforementioned provision in Republic Act No. 10926 or the extension of the Smart franchise, applying the equality of treatment provision in Republic Act No. 7925. However, there can be no assurance that the Philippine Congress will agree with such position. If DMPI is found to be in violation of the public offering requirement under Republic Act No. 7925 and Republic Act No. 9180, DMPI's franchise could be revoked and a *quo warranto* case may be filed against it by the Office of the Solicitor General of the Philippines.

See Item 6. "Management's Discussion and Analysis of Financial Condition and Results of Operations – Risk and Uncertainties – Risks Relating to Us – Our business is significantly affected by governmental laws and regulations, including regulations in respect of our franchises, rates and taxes, and laws relating to anti-competitive practices and monopoly" for further discussion.

Regulatory Tariffs

Interconnect access charges are paid by one carrier to another for calls originating from a carrier's network and terminating to another carrier's network. Commencing in January 2009, the access charge for domestic calls from one fixed line to a fixed line in another network was Php3.00 per minute while the access charge for calls from fixed line to CMTS was updated to Php4.00 per minute.

On the other hand, interconnect transit charges are paid to PLDT for connecting calls from one carrier to another or other carriers, most of which have no direct interconnection agreement between and/or with each other. As an inter-exchange carrier, PLDT provides transit service among CMTS and local exchange carrier operators, including PAPTELCO and non-PAPTELCO members. From January 2009 to August 2018, PLDT's transit fee was Php0.50 per minute for short haul (intra-island), Php1.25 per minute for long-haul (inter-island) and Php1.14 per minute for CMTS calls. However, pursuant to NTC Memorandum Circular No. 05-07-2018, effective on September 1, 2018, PLDT's interconnection charges for all calls is uniformly set at Php0.50 per minute.

PLDT has continually and actively negotiated with other legitimate Philippine fixed and CMTS carriers for interconnection based on the guidelines issued by the NTC or any authorized government agency. These carriers include the major fixed and mobile players in the industry with nationwide operations, PAPTELCO and other non-PAPTELCO players, both of which usually operate in selected towns in the countryside.

On October 24, 2011, the NTC issued Memorandum Circular No. 02-10-2011, entitled Interconnection Charge for SMS, mandating that interconnection charges for SMS between two separate networks shall not be higher than Php0.15 per SMS, among others. The NTC required the implementation of the new interconnection charge for SMS not later than 20 days from the effective date of the memorandum circular. The implementation of this memorandum circular has resulted in the NTC filing an administrative case against the CMTS providers, including Smart and DMPI, asserting that the CMTS operators failed to reduce retail rates and as such, should refund subscribers for the difference. The CA ruled in favor of Smart and other CMTS providers. The case is pending before the Supreme Court based on appeals filed by the NTC and Bayan Muna, a political party in the Philippines.

On November 24, 2016, the NTC issued Memorandum Circular No. 09-11-2016, entitled Interconnection Charge for Voice Services, mandating that interconnection charge for voice calls between two separate networks shall not be higher than Php2.50 per minute, among others. The NTC directed relevant parties to amend their existing interconnection agreements to comply with this memorandum circular within 10 days from the effective date of the memorandum circular and directed the implementation of the reduced interconnection charges for voice calls not later than January 1, 2017, to give sufficient time for the necessary adjustment in the operators' respective billing systems.

On July 19, 2018, the NTC issued Memorandum Circular No. 05-07-2018, entitled Interconnection Charge for Short Messaging Services ("**SMS**") and Voice Service, mandating that interconnection access charge for voice service and SMS be fixed at Php0.50 per minute and P0.05 per SMS, respectively, among others. The NTC required the implementation of the new interconnection charge not later than 20 days from the effective date of the memorandum circular. Consequently, the NTC issued a Memorandum dated August 6, 2018 directing all PTEs to amend their interconnection agreements by August 14, 2018 and impose the new interconnection charges not later than August 24, 2018. The PTEs have agreed to implement the new interconnection access charge for SMS services and voice services effective September 1, 2018, to align with the PTEs' existing billing and settlement systems' cut-off date cycle. However, by virtue of RA No. 11202 or the MNP Act, interconnection fees or charges are no longer imposed by MSPs for domestic calls and SMS made by subscribers. This provision does not cover interconnection fees charged by fixed-line operators. Thus, as of January 2, 2020, no interconnect fees are charged for mobile domestic calls and SMS.

Competition

Including us, there are four major local exchange carriers, six major international gateway facility providers and three major mobile operators in the Philippines. Some new entrants into the Philippine telecommunications market have entered into strategic alliances with foreign telecommunications companies, which provide them with access to technological and funding support, as well as service innovations and marketing strategies.

Mobile Services

Currently, there are three major mobile operators, namely us, Globe and Dito. As at December 31, 2022, mobile market penetration in the Philippines was approximately 153%, based on the number of SIM cards issued.

Competition in the mobile telecommunications industry has intensified with greater availability of unlimited offers from the telecommunications operators resulting in increased volumes of data usage, calls and texts but declining yields. Globe continues to compete aggressively to gain revenue market share, with particular focus on the regional and local levels. Competition has also increased in the postpaid space with more aggressive promotions involving greater handset subsidies. The principal bases of competition are price, including handset prices in the case of postpaid plans, quality of service, network reliability, geographic coverage and attractiveness of packaged services, including video content.

In recent years, the prevalence of OTT services, such as social media, instant messaging and internet telephone, also known as VoIP services, has greatly affected our legacy revenue from voice and SMS services. We are also facing growing competition from providers offering services using alternative wireless technologies and IP-based networks, including efforts by the Philippine Government to roll-out its free WiFi services to various municipalities in the country.

In November 2018, the Philippine government, through the DICT, declared the NMP Consortium as the third telecom player. The NMP Consortium indicated that they had reached an agreement with Dito (previously called Mislatel) for the use of Dito’s telecommunications franchise. On July 8, 2019, Dito was granted its permit to operate after President Rodrigo Duterte awarded them their CPCN. In October 2019, Dito entered into agreements with Sky Cable and LCS Group. Under the agreement with LCS Group, Dito will lease the telecommunications towers that the LCS Group is building across different regions in the Philippines.

Data Services

The market for data services is the fastest growing segment in the Philippine telecommunications industry. This development has been spurred by the significant growth in consumer and retail broadband internet access, enterprise resource planning applications, customer relationship management, knowledge processing solutions, online gaming and other e-services that drive the need for broadband and internet-protocol based solutions both in the Philippines and abroad. Our major competitors in this area are Globe, Converge ICT Solutions, Inc. and Sky Cable. The principal bases of competition in the data services market are coverage, price, content, value for money, bundles or free gifts, customer service and quality of service. PLDT intends to compete in this segment, consistent with its overall strategy to maintain network leadership, broaden its distribution platform and increase its ability to deliver multimedia content.

Voice Services

Local Exchange

Although the growth of the fixed line voice market has been impacted by higher demand for mobile services, we have sustained our leading position in the fixed line market on account of PLDT's extensive network in key cities nationwide. In most areas, we face one or two competitors. Our principal competitor in the local exchange market, Globe, provides local exchange service through both fixed and fixed wireless landline services.

Fixed wireless landline services resemble a mobile phone service but provide the same tariff structure as a fixed line service such as the charging of monthly service fees. Our major competitor, Globe, offers services in limited areas of Metropolitan Manila such as Makati, Las Piñas, the Visayas region and selected areas of Southern Luzon, such as Cavite and Batangas.

International

While we believe we have maintained a leadership position in this highly competitive service segment of the industry, our market share in recent years has declined as a result of: (i) competition from other IGF operators; (ii) the popularity of alternative and cheaper modes of communication such as e-mail, instant messaging, social-networking (such as Facebook, Twitter and Instagram), including “free services” over the internet (such as Skype, Viber, Line, Facebook Messenger, GoogleTalk, Zoom and WhatsApp, and similar services); and (iii) the establishment of VPNs for several corporate entities, which have further heightened competition.

With respect to outbound calls from the Philippines, we compete for market share through our local exchange and mobile businesses, which are the origination points of outbound international calls. We also have introduced a number of marketing initiatives to stimulate growth of outbound call volumes, including tariff reductions and volume discounts for large corporate subscribers.

As in recent years, the number of inbound international voice calls into the Philippines has been negatively impacted by the popularity of OTT services due to improved internet access and increased smartphone adoption. However, with PLDT's strategic partnership with Orange (formerly France Telecom), the decline of inbound international long distance (ILD) traffic has slowed down. Joint efforts on traffic sales management and anti-fraud programs have resulted in sustained business value for the ILD business.

Domestic

Our domestic service business has been negatively affected by the growing number of mobile subscribers in the Philippines, and the widespread availability and growing popularity of alternative economical to free non-voice methods of communication, particularly OTT services, e-mail and social media, coupled with the mandate of the Government regulatory body. In addition, various ISPs have launched voice services via the internet to their subscribers nationwide.

While domestic call volumes have been declining, we have remained the leading provider of domestic service in the Philippines due to our significant subscriber base and ownership of the Philippines' most extensive transmission network.

Principal Competitor

The table below sets out our principal competitor's market share and other relevant information for 2022:

				Market Share	
				Service Revenues	
	Asset Base	Service Revenues	Core Income	Fixed Line[(1)]	Mobile
		(in millions)			
Globe[(2)]	555,677	157,979	19,168	18%	52%

(1) Includes Fixed Line broadband.
(2) Based on Globe's 2022 audited consolidated financial statements filed with the Philippine SEC on February 28, 2023.

Competitive Strengths

We believe our business is characterized by the following competitive strengths:

- *Exposure to Large and Attractive Markets*. Our mobile data services and home broadband services provide exposure to significant growth potential. As data adoption continues to grow with greater smartphone ownership, with around 62% of our mobile subscribers being active data users, as at December 31, 2022, we believe that demand for mobile data will continue to grow significantly. Meanwhile, home broadband market is still underpenetrated at approximately 24%. This is significantly lower than the average in other Asian countries with similar income levels, indicating significant growth potential. As the world emerges from the global pandemic, we continue to supply the substantial demand for connectivity and home broadband services to aid consumers and institutions restore, evolve and adapt, or transform their ways of life.

- *Superior Integrated Networks.* With our extensive telecommunications networks in the Philippines, we are able to offer a wide array of communications services. As part of our capital expenditure program, we continuously invest in upgrading our fixed network to an all IP-based next-generation network, expanding the reach and resiliency of our transmission and FTTH network and increasing our international bandwidth capacity. To further prepare our network for the future and provide our customers with faster, more reliable services and a superior experience, we have continued to invest in our wireless transport network and have conducted 5G use case pilot tests in various sectors, including local governments, academic institutions, manufacturing entities and lifestyle hubs.

- *Recognized Brands.* We have maintained our position as a market leader in the consumer and enterprise fixed line and broadband markets in the Philippines in terms of both subscribers and revenues. Our success in the fixed line and broadband markets is linked to our strong and diverse portfolio of brands, including PLDT Home, Smart and TNT, which are widely recognized brand names in the Philippines.

- *Diversified Revenue Sources.* We have a diverse portfolio of business lines across our wireless and fixed line business segments, serving a wide spectrum of customer segments, including individuals, households and enterprises. Revenue sources of our wireless business include mobile (mobile data, voice, SMS, and inbound roaming and other mobile services), home broadband, MVNO and other services. The revenues from data services, particularly mobile data services, have increased steadily over the past several years. Our fixed line business derives service revenues from data/broadband, voice (local exchange, international and domestic services) and miscellaneous services. The revenue contributions from our home broadband, corporate data, leased lines and information and communication technology services account for the bulk of the fixed line revenues, as at December 31, 2022.

- *Innovative Products and Services.* We launched consumer products that answer the needs for Connectivity, Entertainment, and E-Games such as the Giga Life App, our customer management app, Smart Live Stream, our video player app which houses the PBA, FIBA, NBA TV, UAAP and PVL, and Giga Arena, the online, e-sports tournament platform. Giga Videos, Giga Games, Giga Stories and Giga Work offers under the "Giga Life" brand platform were also introduced to enable customers to select offers and a mobile plan that suits their passions and priorities. To allow subscribers easy access to healthcare products and services, Smart has partnered with mWell for convenient access to online doctor consultations and other services via the mWell app, the Philippines' first fully integrated health app. Smart also partnered with Metro Pacific Tollways Corporation to introduce a simpler and easier way of reloading the Easytrip RFID using the country's first toll top-up via mobile load service.

  PLDT has continued to innovate in the enterprise business and corporate data services segment, providing business continuity and connectivity solutions through its data center, cloud, and cybersecurity services. Recognizing the potential of the hyperscaler market, the PLDT Group, through its fully-owned subsidiary ePLDT, is set to activate its 11th and biggest data center in early 2024 — VITRO Sta.Rosa. This soon-to-rise hyperscale facility will have a power capacity big enough to exceed that of its 10 existing data centers combined. We also create and launch platforms, services and solutions for emerging markets in the area of digital financial services through our associated companies VIH, Maya Philippines, Inc. and Maya Bank, which was awarded the sixth and last digital banking license in 2021.

- *Strong and Experienced Management Team and Key Strategic Relationships.* Our senior management combines decades of deep expertise in the telecommunications industry with diverse backgrounds in different industries, including banking, utilities, infrastructure and venture capital. We continue to refresh our talent pool with new hires from the OTT space, among others. In addition, we have important strategic relationships with First Pacific, NTT DOCOMO and NTT Communications. We believe the technological support, international experience and management expertise made available to us through these strategic relationships will enable us to enhance our market leadership and provide/cross-sell a wider range of products and services.

Intellectual Property Rights

We do not own any material intellectual property rights apart from our brand names and logos. We are not dependent on patents, licenses or other intellectual property which are material to our business or results of operations, other than licenses to use the software that accompany most of our equipment purchases and licenses for certain contents used in VAS of our wireless business. See *Note 15 – Goodwill and Intangible Assets* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements".

Major Suppliers

Substantially all the telecommunications equipment thus far obtained in connection with our development programs have been purchased outside the Philippines, and we expect that a large portion of the equipment requirements of our future development programs will also be purchased from foreign sources.

The major suppliers for Smart for its 5G Deployments and LTE Expansion Program are Huawei Technologies, Co. Ltd., and Ericsson Telecommunications, Inc. Core network is also being expanded and replaced with Next Generation Cloud-based Core Network obtained from Nokia, Huawei Technologies, Co. Ltd., and Ericsson Telecommunications, Inc. For mobile devices, Smart's principal suppliers are Apple South Asia and Samsung Electronics Co., Ltd.

For PLDT's continued expansion of optical transmission backbone and core equipment, Huawei Technologies, Co., Ltd. and CISCO Systems, Inc. are the principal suppliers of the hardware equipment and software component.

For FTTH, principal suppliers for equipment and passive components are Huawei Technologies, Co. Ltd. and Fiberhome International Technology Co., Ltd. The engagement with these partners are on a full turnkey basis.

For Information Technology, PLDT engaged the services of Amdocs, SalesForce, SAP and other global technology leaders to transform IT platforms, modernize IT infrastructure, including Cloud, and introduce digital technologies for consumer and employee engagements.

Governmental Regulations

We are subject to governmental regulations with respect to our operations, services, rates and ownership. We believe that we are in compliance with all applicable governmental regulations and that our relations with government regulators are satisfactory. For further discussion on governmental laws and regulations affecting our business, see Item 6. "Management's Discussion and Analysis of Financial Condition and Results of Operations – Risks and Uncertainties – Risks Relating to Us – Our business is significantly affected by governmental laws and regulations, including regulations in respect of rates and taxes and laws relating to anti-competitive practices and monopoly."

Compliance with Environmental Laws

Sustainability is one of the key drivers of PLDT's business strategy. This underscores our commitment towards the responsible conduct of business and management of our environmental and social operational impacts.

As part of this thrust, we integrate environmental protection and sustainable development into our business decision-making and operations. Among our policies and institutionalized practices is our Occupational Safety, Health, and Environmental Policy which upholds the highest standards in occupational safety, health, and environmental performance, as well as ensures the protection of workers in communities where we operate. This Policy aligns with our compliance with the legal requirements of various regulatory bodies, including but not limited to, RA 11058 or An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations thereof (OSH Law) and its Implementing Rules and Regulations (IRR) or Department Order 198-18, Department of Labor and Employment (DOLE), Department of Environment and Natural Resources (DENR), and the Department of Energy (DOE).

We also continue to develop, implement, and enhance our Environmental Management Systems. We have designated Pollution Control Officers that review performance, ensure company compliance with the relevant Philippine environmental laws, and report on operational progress on a quarterly basis to the DENR. As part of our supplier accreditation and onboarding processes, we have also enacted Sustainability Guidelines that mandate suppliers to comply with and adhere to applicable national and local environmental regulations.

Resource management

Our Network Operations' Energy Environment Safety and Health ("**EESH**") and Property and Facilities Management ("**PFM**") groups monitor the consumption of electricity, fuel, and water across company facilities and operations. These dedicated units continue to identify and implement energy efficiency and conservation programs that include the actual replacement of old air conditioning units and chillers, strategic planning for installation of building automation systems and solar panels on rooftops, among others. For our network facilities, we have formed energy management teams to lead energy efficiency initiatives such as the installation of direct current generator sets. We have also put in place a company-wide cascade of fuel requests and electricity validation tools which are aimed at improving resource consumption efficiency. To conserve water, we have also set up rainwater catchment systems in selected areas of our operations and will continue to expand in other facilities across the country.

Along with the identification of significant environmental impacts, we also set periodic review of environmental objectives and targets. As energy savings translate to parallel cost-saving opportunities, we deem it important to continuously understand and pursue energy efficiency initiatives. We also regularly monitor the consequent reduction of Greenhouse Gas Emissions ("**GHG**") from the implementation of our energy efficiency initiatives.

Environmental impact management

Apart from regularly monitoring the status and performance of all our facilities, equipment, and generator sets, our PFM and EEHS teams continuously implement improvements in environmental management processes and mechanisms to mitigate any negative impact to the environment. These include the creation of management plans that cover environmental management strategies for facilities in ecologically protected areas. We also work with various contractors and service providers to regularly assess and manage the environmental impacts of our new facilities. For our hazardous waste, we maintain partnerships with DENR-accredited suppliers to ensure proper treatment of used lead-acid batteries. Recycling proceeds of our electronic waste also help fund our shared value programs on education, livelihood, and environmental stewardship.

Leveraging on our digital technology and robust network, we also continue to work with relevant stakeholders and subject matter experts to develop and pursue eco-efficiency initiatives, enable efforts towards addressing climate change, protect biodiversity, and unlock nature-based climate solutions.

Employees and Labor Relations

As at December 31, 2022, we had 17,155 employees, with 12,431 and 4,724 employees in our fixed line and wireless businesses, respectively. PLDT had 10,481 employees as at December 31, 2022, of which 42% were rank and file employees, 50% were management/supervisory staff and 8% were executives.

PLDT has three employee unions, representing in the aggregate 8,436, or 49% of the employees of the PLDT Group. PLDT considers its relationship with our rank-and-file employees' union, our supervisors' union and our sales supervisors' union to be good.

We and our business units had the following employees as at December 31 of each of the following years:

	December 31,		
	2022	2021	2020
PLDT Group	17,155	18,822	18,848
Wireless	4,724	5,433	5,783
Fixed Line	12,431	13,389	13,065
LEC	10,658	11,522	11,427
Others	1,773	1,867	1,638
PLDT Only	10,481	11,336	11,266

Department of Labor and Employment, or DOLE, Compliance Order, or Order, to PLDT

In a series of orders, including a compliance order issued by the DOLE in 2018, PLDT was ordered to regularize 7,344 workers from 38 of PLDT's third party service contractors. PLDT questioned these regularization orders before the CA. The CA partially ruled in favor of PLDT by holding that the following services can be validly outsourced: (i) janitorial, messengerial, clerical; (ii) IT support and application development; (iii) back office support and BPOs; and (iv) sales, and other professional services. This ruling considerably reduced by at least half, the number of workers of service contractors required to be regularized. PLDT filed a petition for review with the Supreme Court because the CA ordered the regularization of individuals performing installation, repair, and maintenance functions on the basis that they are usually necessary and desirable to the usual course of PLDT's business. The consolidated petition by PLDT, DOLE, and MKP before the Supreme Court remains pending.

Pension and Retirement Benefits

Defined benefit pension plans

PLDT has defined benefit pension plans, operating under the legal name "The Board of Trustees for the account of the Beneficial Trust Fund created pursuant to the Benefit Plan of PLDT Co." and covering all of our permanent and regular employees. Certain subsidiaries of PLDT have not yet drawn up a specific retirement plan for its permanent or regular employees. For the purpose of complying with Revised PAS 19, *Employee Benefits*, pension benefit expense has been actuarially computed based on defined benefit plan.

Defined contribution plans

Smart's and certain of its subsidiaries' contributions to the plan are made based on the employees' years of tenure and range from 5% to 10% of the employee's monthly salary. Additionally, an employee has an option to make a personal contribution to the fund, at an amount not exceeding 10% of his monthly salary. The employer then provides an additional contribution to the fund ranging from 10% to 50% of the employee's contribution based on the employee's years of tenure. Although the plan has a defined contribution format, Smart and certain of its subsidiaries regularly monitor their compliance with R.A. 7641. As at December 31, 2022 and 2021, Smart and certain of its subsidiaries were in compliance with the requirements of R.A. 7641.

See *Note 2 – Summary of Significant Accounting Policies – Retirement Benefits* and *Note 26 – Pension and Other Employee Benefits* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for a discussion of our defined benefit pension plans and defined contribution plans.

Item 2. Description of Property

As at December 31, 2022, PLDT owns three office buildings located in Makati City and owns and operates 289 fixed line exchanges nationwide, of which 48 are located in Metro Manila. The remaining 241 exchanges are located in cities and small municipalities outside the Metro Manila.

As at December 31, our principal properties, excluding property under construction, consisted of the following, based on net book values:

- 44% consisted of central office equipment and network facilities, including IGFs, pure national toll exchanges and combined local and toll exchanges;
- 30% consisted of cable, wire and mobile facilities, including our DFON, subscriber cable facilities, inter-office trunking and toll cable facilities and mobile facilities;
- 15% consisted of information origination and termination equipment, including radio equipment installed for customers use, and cables and wires installed within customers' premises;
- 5% consisted of land and improvements and buildings and improvements, which we acquired to house our telecommunications equipment, personnel, inventory and/or fleet; and
- 6% consisted of other work equipment.

For more information on these properties, see *Note 9 – Property and Equipment* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements".

These properties are located in areas where our subscribers are being served. In our opinion, these properties are in good condition, except for ordinary wear and tear, and are adequately insured.

The majority of our connecting lines are above or under public streets and properties owned by others. For example, for many years, the PLDT Group has been using the power pole network of Meralco in Metropolitan Manila for PLDT's fixed line aerial cables in this area pursuant to short-term lease agreements with Meralco with typically five-year and more recently one-year terms.

The PLDT Group has various lease contracts for periods ranging from one to thirty years covering certain offices, warehouses, cell sites, telecommunications equipment locations and various office equipment. For more information on the obligations relating to these properties and long-term obligations, see *Note 10 – Leases, Note 21 – Interest-bearing Financial Liabilities* and *Note 28 – Financial Assets and Liabilities* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements".

We expect that in 2023, cash from operating activities should enable us to increase the level of our capital expenditures for the continued expansion and upgrading of our network infrastructure. We expect to make additional investments in our core facilities to leverage existing technologies and increase capacity. Our current estimate for consolidated capital expenditures in 2023 is approximately Php79 billion. See Item 6. "Management's Discussion and Analysis of Financial Condition and Results of Operations – Plans" for further discussion on our capital expenditures.

Item 3. Legal Proceedings

Except as disclosed in the following paragraphs, neither PLDT nor any of its subsidiaries is a party to, and none of their respective properties is subject to, any pending legal proceedings that PLDT considers to be potentially material to its and its subsidiaries' business.

Class Action Suit Against PLDT

On February 6, 2023, plaintiff Sophia Olsson filed a putative class action suit in the United States District Court for the Central District of California alleging that PLDT, Inc. and nine of its current and former directors and officers (collectively, the "Defendants") made materially false and misleading statements regarding capital expenditures during the period 2019 to 2022. Plaintiff asserts claims under Sections 10(b) and 20(a) of the United States Securities and Exchange Act of 1934 (and related rules), but does not specify purported damages. While a complaint was filed, no Defendant has been served and there has been no other activity in the matter. Due to the early stage of this matter and uncertainties related to class certification and potential amounts to be claimed by the class, PLDT is unable to determine if any liability will arise or estimate the range of any potential liability. The Company plans to vigorously defend against the allegations.

DOLE Compliance Order Issued Against PLDT

In a series of orders, including a compliance order issued by the DOLE in 2018, PLDT was ordered to regularize 7,344 workers from 38 of PLDT's third party service contractors. PLDT questioned these regularization orders before the CA. The CA partially ruled in favor of PLDT by holding that the following services can be validly outsourced: (i) janitorial, messengerial, clerical; (ii) IT support and application development; (iii) back office support and BPOs; and (iv) sales, and other professional services. This ruling considerably reduced by at least half, the number of workers of service contractors required to be regularized. PLDT filed a petition for review with the Supreme Court because the CA ordered the regularization of individuals performing installation, repair, and maintenance functions on the basis that they are usually necessary and desirable to the usual course of PLDT's business. The consolidated filed by PLDT, DOLE, and MKP before the Supreme Court remains pending.

See *Note 27 – Provisions and Contingencies – DOLE Compliance Order to PLDT,* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

Petition against the PCC

In July 2016, PLDT filed before the CA a petition for certiorari and prohibition (with urgent application for a temporary restraining order and/or writ of preliminary injunction) against the PCC. The Petition seeks to enjoin the PCC from proceeding with the review of the acquisition by PLDT and Globe of equity interest, including outstanding advances and assumed liabilities, in the telecommunications business of SMC, and performing any act which challenges or assails the "deemed approved" status of the said transactions. In August 2016, the CA issued a writ of preliminary injunction enjoining the PCC to cease and desist from conducting further proceedings for the pre-acquisition review and/or investigation of the SMC Transactions. In April 2017, the PCC filed before the Supreme Court a petition to annul the writ of preliminary injunction issued by the CA. The petition remains pending with the Supreme Court.

See *Note 11 – Investments in Associaties and Joint Ventures – In the Matter of the Petition against the PCC* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

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

In October 2018, a petition for mandamus was filed against the NTC, the PCC, Liberty Telecoms Holdings, Inc. (also known as Tori Spectrum Telecom, Inc.), Bell Telecommunication, Inc., Globe, PLDT and Smart. This involves the 700 MHz frequency, among others, that was originally assigned to Liberty and which eventually became subject of a co-use agreement between Globe, PLDT and Smart. The petition remains pending with the Supreme Court.

See *Note 27 – Provisions and Contingencies – Attys. Baquiran and Tecson vs. NTC, et al.* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

Arbitration with Eastern Telecommunications Philippines, Inc., or ETPI

Since 1990 up to the present, PLDT and ETPI have been engaged in legal proceedings involving a number of issues in connection with their business relationship. To avoid protracted litigation and to preserve their business relationship, PLDT and ETPI agreed to submit their differences and issues to voluntary arbitration. In April 2008, PLDT and ETPI signed an Arbitration Settlement Agreement. Subsequent to such submissions, PLDT and ETPI agreed to suspend the arbitration proceedings.

See *Note 27 – Provisions and Contingencies – Arbitration with Eastern Telecommunications Philippines, Inc.* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

Local Business and Franchise Taxes

As at December 31, 2022, PLDT has no contested LGU assessments for franchise taxes based on gross receipts received or collected for services within their respective territorial jurisdiction.

Smart and DMPI currently face various local business and franchise tax assessments by different LGUs, while Digitel is discussing with various LGUs as to the settlement of its franchise tax and real property tax liabilities.

On February 19, 2021, ACeS Philippines entered into an amicable settlement with the Bureau of Internal Revenue for compromise of tax liabilities.

See *Note 27 – Provisions and Contingencies* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this annual report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Market Information

Common Capital Stock and ADSs

The shares of common stock of PLDT are listed and traded on the PSE under the symbol of "TEL". On October 19, 1994, an ADR facility was established, pursuant to which Citibank, N.A., as the depositary, issued ADRs evidencing ADSs with each ADS representing one PLDT common share with a par value of Php5.00 per share. Effective February 10, 2003, PLDT appointed JP Morgan Chase Bank as successor depositary of PLDT's ADR facility. The ADSs are listed on the NYSE and are traded on the NYSE under the symbol of "PHI".

The public ownership level of PLDT common shares listed on the PSE as at February 28, 2023 is 42.01%.

As at February 28, 2023, 9,923 stockholders were Philippine persons and held approximately 63.9% of PLDT's common capital stock. In addition, as at February 28, 2023, there were a total of approximately 15.8 million ADSs outstanding, substantially all of which PLDT believes were held in the United States by 223 holders.

For the period from February 1 to February 28, 2023, a total of 2.80 million shares of PLDT's common capital stock were traded on the PSE. During the same period, the volume of trading was 1.36 million ADSs on the NYSE.

High and low sales prices for PLDT's common shares on the PSE and ADSs on the NYSE for each of the full quarterly period during 2022 and 2021 and for the first three months of 2023 were as follows:

	Philippine Stock Exchange		New York Stock Exchange	
	High	Low	High	Low
2023				
First Quarter	1,547.00	1,240.00	27.36	22.63
January	1,547.00	1,321.00	27.36	23.13
February	1,472.00	1,240.00	26.97	23.28
Through March 22	1,385.00	1,272.00	25.17	22.63
2022				
First Quarter	1,950.00	1,585.00	38.69	32.18
Second Quarter	1,984.00	1,670.00	39.00	30.18
Third Quarter	1,838.00	1,481.00	32.27	24.66
Fourth Quarter	1,752.00	1,130.00	30.64	20.20
2021				
First Quarter	1,463.00	1,195.00	35.49	24.81
Second Quarter	1,333.00	1,216.00	28.14	25.40
Third Quarter	1,729.00	1,223.00	33.59	23.71
Fourth Quarter	1,944.00	1,602.00	37.71	31.21

Holders

As at February 28, 2023, there were 11,423 holders of record of PLDT's common shares. Listed below were the top 20 common shareholders, including their nationalities, the number of shares held, the amount of their holdings, and the approximate percentages of their respective shareholdings to PLDT's total outstanding common stocks:

	Name of Holder of Record	Nationality	Number of Shares Held	Amount of Holding	Approximate % to Total Outstanding Common Stock
1.	PCD Nominee Corporation	Various – Foreign	28,961,336	Php144,806,680	
		Various – Filipino	52,057,950	260,289,750	37.50
2.	Philippine Telecommunications Investment Corporation	Filipino	26,034,263	130,171,315	12.05
3.	JG Summit Holdings, Inc.	Filipino	24,255,732	121,278,660	11.23
4.	NTT DOCOMO, INC.	Japanese	22,796,902	113,984,510	10.55
5.	Metro Pacific Resources, Inc.	Filipino	21,556,676	107,783,380	9.98
6.	J. P. Morgan Hong Kong Nominees Limited	Chinese	14,514,602	72,573,010	6.72
7.	NTT Communications Corporation	Japanese	12,633,487	63,167,435	5.85
8.	Social Security System, or SSS	Filipino	9,613,281	48,066,405	4.45
9.	James L. Go	Filipino	885,724	4,428,620	0.41
10.	Pan-Malayan Management & Inv Corp.	Filipino	781,124	3,905,620	0.36
11.	Malayan Insurance Co., Inc.	Filipino	288,000	1,440,000	0.13
12.	Manuel V. Pangilinan	Filipino	271,611	1,358,055	0.13
13.	Employees Compensation Fund	Filipino	134,700	673,500	0.06
14.	Alfonso T. Yuchengco	Filipino	118,458	592,290	0.05
15.	Albert F. &/or Margaret Gretchen V. del Rosario	Filipino	106,780	533,900	0.05
16.	JG Digital Equity Ventures, Inc.	Filipino	86,723	433,615	0.04
17.	Enrique T. Yuchengco, Inc.	Filipino	59,868	299,340	0.03
18.	Social Security System Assigned to Mandatory Provident Fund	Filipino	50,100	250,500	0.02
19.	JDC Investment Realty Enterprises, Inc.	Filipino	47,708	238,540	0.02
20.	Hare & Company	American	34,511	172,555	0.02
			215,289,536	Php1,706,447,680	

Dividends

The following table shows the dividends declared to common shareholders from the earnings for the years ended December 31, 2020, 2021 and 2022:

	Date			Amount	
Earnings	Approved	Record	Payable	Per share	Total Declared (in millions)
2020	August 6, 2020	August 20, 2020	September 4, 2020	38	Php8,210
2020	March 4, 2021	March 18, 2021	April 6, 2021	40	8,642
				78	16,852
2021	August 5, 2021	August 19, 2021	September 3, 2021	42	9,075
2021	March 3, 2022	March 17, 2022	April 4, 2022	42	9.075
				84	18,150
2022	August 4, 2022	August 18, 2022	September 5, 2022	47	10,155
2022	August 4, 2022	August 18, 2022	September 5, 2022	28	6,049
2022	March 23, 2023	April 11, 2023	April 21, 2023	45	9,722
2022	March 23, 2023	April 11, 2023	April 21, 2023	14	3,025
				Php134	Php28,951

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes as at December 31, 2022 and 2021 and for each of the three years ended December 31, 2022, 2021 and 2020 included elsewhere in this Annual Report. This discussion contains forward-looking statements that reflect our current views with respect to future events and our future financial performance. These statements involve risks and uncertainties, and our actual results may differ materially from those anticipated in these forward-looking statements.

Selected Financial Data and Key Performance Indicators

	Years ended December 31,		
	2022	2021	2020
Income Statement Data:			
Revenues	Php205,245	Php193,257	Php181,004
Service revenues	196,227	185,751	173,634
Non-service revenues	9,018	7,506	7,370
Expenses	210,746	152,496	144,822
Other income (expenses) - net	19,010	(6,607)	(3,161)
Income before income tax	13,509	34,154	33,021
Net income	10,735	26,676	24,580
Core income	30,567	29,937	27,129
Telco core income	33,116	30,233	28,087
EBITDA	93,945	95,900	86,158
EBITDA margin(1)	48%	52%	50%
Reported earnings per common share:			
Basic	48.26	121.76	112.12
Diluted	48.26	121.76	112.12
Core earnings per common share:			
Basic	141.20	138.29	125.29
Diluted	141.20	138.29	125.29
Other Data:			
Net cash provided by operating activities	76,200	91,970	85,076
Net cash used in investing activities	(33,006)	(103,640)	(68,669)
Payment for purchase of property and equipment	*(95,551)*	*(103,977)*	*(78,100)*
Net cash provided by (used in) financing activities	(42,304)	(4,904)	463
Operational Data			
Number of mobile subscribers	66,304,761	71,221,952	72,933,839
Prepaid	*64,287,019*	*69,205,731*	*70,779,021*
Postpaid	*2,017,742*	*2,016,221*	*2,154,818*
Number of fixed line subscribers	3,825,424	3,619,372	3,042,815
Number of broadband subscribers	3,992,303	3,951,844	3,090,118
Fixed Line broadband	*3,247,979*	2,966,886	2,273,602
Fixed Wireless broadband	*744,324*	984,958	816,516
Number of employees:	17,155	18,822	18,848
Fixed Line	12,431	13,389	13,065
LEC	*10,658*	*11,522*	*11,427*
Others	*1,773*	*1,867*	*1,638*
Wireless	4,724	5,433	5,783

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

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 large and diverse range of telecommunications and digital services across our extensive fiber optic backbone and wireless and fixed line networks. See *Note 4 – Operating Segment Information* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further information on each of these segments.

Key performance indicators and drivers that our management uses to monitor and direct the operation of our businesses include, among others, the general economic conditions in the Philippines; market trends, such as customer demands, behavior and satisfaction parameters; technological developments; network performance (in terms of speed, coverage and capacity); market share; and profitability.

In addition, our results of operations and financial position are increasingly affected by fluctuations of the Philippine peso against the U.S. dollar.

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. A reconciliation of our consolidated net income to our consolidated EBITDA for the years ended December 31, 2022, 2021 and 2020 is presented in *Note 4 – Operating Segment Information* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements".

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, impairment on non-current assets and non-recurring gains and losses. We compensate for these limitations by using core income and telco core income as a 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. A reconciliation of our consolidated net income to our consolidated core income for the years ended December 31, 2022, 2021 and 2020 is presented in *Note 4 – Operating Segment Information* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements".

Management's Financial Review

We use our EBITDA and our 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 for the years ended December 31, 2022, 2021 and 2020.

The following table shows the reconciliation of our consolidated net income to our consolidated EBITDA for the years ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
		(in millions)	
Consolidated net income	Php10,735	Php26,676	Php24,580
Add (deduct) adjustments:			
Depreciation and amortization	98,714	52,169	47,480
Financing costs – net	11,766	10,414	10,086
Foreign exchange losses (gains) – net	4,685	3,890	(1,488)
Equity share in net losses of associates and joint ventures	3,304	1,101	2,328
Provision for income tax	2,774	7,478	8,441
Other non-recurring expenses – net	504	148	—
Amortization of intangible assets	228	2,822	2,496
Interest income	(653)	(656)	(1,210)
Losses (gains) on derivative financial instruments – net	(2,322)	(1,400)	378
Other income – net	(35,790)	(6,742)	(6,933)
Net loss (gain) on debt modification	295	(1,372)	—
VIH gain on dilution of shares	(660)	(826)	(394)
Income from prescription of preferred shares redemption liability	(7,839)	—	—
Gain on sale and leaseback of telecom towers – gross of expenses	(25,234)	—	—
Others	(2,352)	(4,544)	(6,539)
Total adjustments	83,210	69,224	61,578
EBITDA	Php93,945	Php95,900	Php86,158

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, 2022, 2021 and 2020:

	2022	2021	2020
		(in millions)	
Consolidated net income	Php10,735	Php26,676	Php24,580
Add (deduct) adjustments:			
Accelerated depreciation	51,204	1,110	—
Manpower rightsizing program	5,028	269	2,625
Foreign exchange losses (gains) – net	4,685	3,890	(1,488)
Other non-recurring expenses	810	—	—
Net loss (gain) on debt modification – net of amortization of debt discount	470	(1,339)	—
Impairment of investments	50	60	659
Sun Trademark amortization	—	2,628	1,877
Losses from changes in fair value of financial assets at FVPL	—	174	—
CREATE Act impact for prior year deferred taxes	—	(355)	—
Core income adjustment on equity share in net income of associates and joint ventures	(195)	(7)	(6)
Net income attributable to noncontrolling interests	(250)	(309)	(296)
Losses (gains) on derivative financial instruments – net, excluding hedge costs	(2,572)	(1,651)	284
Income from prescription of preferred shares redemption liability	(7,839)	—	—
Gain on sale and leaseback of telecom towers – net of expenses	(24,563)	—	—
Net tax effect of aforementioned adjustments	(6,996)	(1,209)	(1,106)
Total adjustments	19,832	3,261	2,549
Consolidated core income	30,567	29,937	27,129
Add (deduct) adjustments:			
Share in VIH losses	3,239	1,981	1,954
Accelerated depreciation – net of tax	—	—	1,496
Loss (gain) 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)
Gain on asset sales, net of tax	(30)	(983)	—
VIH gain on dilution, net of tax	(660)	(702)	(323)
Total adjustments	2,549	296	958
Consolidated telco core income	Php33,116	Php30,233	Php28,087

The following table shows the reconciliation of our consolidated basic and diluted earnings per share, or EPS, attributable to common equity holders of PLDT to our consolidated basic and diluted core EPS for the years ended December 31, 2022, 2021 and 2020:

	2022		2021		2020	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Consolidated EPS attributable to common equity holders of PLDT	Php48.26	Php48.26	Php121.76	Php121.76	Php112.12	Php112.12
Add (deduct) adjustments:						
Accelerated depreciation	177.75	177.75	3.85	3.85	—	—
Manpower rightsizing program	17.46	17.46	1.02	1.02	8.51	8.51
Foreign exchange losses (gains) – net	16.26	16.26	13.50	13.50	(5.36)	(5.36)
Asset impairment – property and equipmemt	3.60	3.60	—	—	—	—
Gain on debt modification	1.63	1.63	(4.65)	(4.65)	—	—
Impairment/derecognition of investments	0.23	0.23	0.28	0.28	3.05	3.05
Sun Trademark amortization	—	—	9.12	9.12	6.08	6.08
Losses from changes in fair value of financial assets at FVPL	—	—	0.81	0.81	—	—
CREATE Act impact for prior year deferred taxes	—	—	(1.64)	(1.64)	—	—
Core income adjustment on equity share in net gains of associates and joint ventures	(0.90)	(0.90)	(0.03)	(0.03)	(0.03)	(0.03)
Losses (gains) on derivative financial instruments – net, excluding hedge costs	(8.93)	(8.93)	(5.73)	(5.73)	0.92	0.92
Income from prescription of preferred shares redemption liability	(27.21)	(27.21)	—	—	—	—
Gain on sale of leaseback of telecom towers	(86.95)	(86.95)	—	—	—	—
Total adjustments	92.94	92.94	16.53	16.53	13.17	13.17
Consolidated core EPS	Php141.20	Php141.20	Php138.29	Php138.29	Php125.29	Php125.29

Results of Operations

The table below shows the contribution by each of our business segments to our consolidated revenues, expenses, other income (expenses), income (loss) before income tax, provision for (benefit from) income tax, net income (loss), segment profit (loss), EBITDA, EBITDA margin and core income for the years ended December 31, 2022, 2021 and 2020. In each of the years ended December 31, 2022, 2021 and 2020, the majority of our revenues was 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
			(in millions)		
For the year ended December 31, 2022					
Revenues	Php104,274	Php128,712	Php—	(Php27,741)	Php205,245
Expenses	104,058	134,467	13	(27,792)	210,746
Other income (expenses) - net	18,681	20,915	(2,790)	(17,796)	19,010
Income before income tax	18,897	15,160	(2,803)	(17,745)	13,509
Provision for (benefit from) income tax	3,793	(1,025)	(134)	140	2,774
Net income (loss)/Segment profit (loss)	15,104	16,185	(2,669)	(17,885)	10,735
EBITDA	53,260	50,382	(12)	(9,685)	93,945
EBITDA margin[(1)]	56%	39%	—	—	48%
Core income (loss)	13,034	38,448	(2,959)	(17,956)	30,567
Telco core income	13,034	37,970	68	(17,956)	33,116
For the year ended December 31, 2021					
Revenues	Php106,619	Php117,063	Php—	(Php30,425)	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	13,645	26,298	(666)	(9,340)	29,937
Telco core income	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	17,217	13,649	2,188	(4,967)	28,087

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

(2) Certain amounts for the year ended December 31, 2020 were reclassified to conform with the current year presentation.

Year ended December 31, 2022 and 2021

On a Consolidated Basis

Revenues

We reported consolidated revenues of Php205,245 million in 2022, an increase of Php11,988 million, or 6%, as compared with Php193,257 million in 2021, primarily due to higher revenues from data services from our Fixed Line business segment, partially offset by lower revenues from mobile and fixed wireless broadband services in our Wireless business segment.

Our consolidated service revenues of Php196,227 million in 2022, increased by Php10,476 million, or 6%, from Php185,751 million in 2021. Our consolidated non-service revenues of Php9,018 million in 2022, increased by Php1,512 million, or 20%, from Php7,506 million in 2021.

Consolidated service revenues, net of interconnection costs, amounted to Php190,123 million in 2022, an increase of Php8,070 million, or 4%, from Php182,053 million in 2021.

The following table shows the breakdown of our consolidated revenues by service for the years ended December 31, 2022 and 2021:

	Wireless	Fixed Line	Inter-segment Transactions	Consolidated
	(amounts in million Php)			
For the year ended December 31, 2022				
Service Revenues				
Wireless	*95,852*		*(792)*	*95,060*
Mobile	93,724		(695)	93,029
Fixed Wireless broadband	2,028		-	2,028
MVNO and others	100		(97)	3
Fixed Line		*128,116*	*(26,949)*	*101,167*
Voice		36,727	(14,478)	22,249
Data		90,881	(12,189)	78,692
Home broadband		48,975	(31)	48,944
Corporate data and ICT		41,906	(12,158)	29,748
Miscellaneous		508	(282)	226
Total Service Revenues	95,852	128,116	(27,741)	196,227
Non-Service Revenues				
Sale of computers, phone units, mobile handsets and broadband data modems	8,422	495	—	8,917
Point-product sales	—	101	—	101
Total Non-Service Revenues	8,422	596	—	9,018
Total Revenues	104,274	128,712	(27,741)	205,245
For the year ended December 31, 2021(1)				
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		78,721	(11,961)	66,760
Home broadband		40,181	(56)	40,125
Corporate data and ICT		38,540	(11,905)	26,635
Miscellaneous		576	(319)	257
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

(1) *Certain amounts for the year ended December 31, 2021 were reclassified to conform with the current year presentation.*

The following table shows the breakdown of our consolidated revenues by business segment for the years ended December 31, 2022 and 2021:

					Change	
	2022	%	2021	%	Amount	%
			(amounts in million Php)			
Wireless	104,274	51	106,619	55	(2,345)	(2)
Fixed Line	128,712	63	117,063	61	11,649	10
Inter-segment transactions	(27,741)	(14)	(30,425)	(16)	2,684	9
Consolidated	205,245	100	193,257	100	11,988	6

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, 2022 and 2021:

	2022	%	2021[1]	%	Change Amount	Change %
	(amounts in million Php)					
Wireless	95,060	47	98,512	51	(3,452)	(4)
Individual	*81,912*	*40*	*85,547*	*44*	*(3,635)*	*(4)*
Enterprise	*10,819*	*6*	*10,152*	*5*	*667*	*7*
International	*2,329*	*1*	*2,813*	*2*	*(484)*	*(17)*
Fixed Line	101,167	49	87,239	45	13,928	16
Individual	*119*	—	*612*	—	*(493)*	*(81)*
Home	*57,415*	*28*	*47,800*	*25*	*9,615*	*20*
Enterprise	*37,214*	*18*	*34,217*	*18*	*2,997*	*9*
International	*6,337*	*3*	*4,519*	*2*	*1,818*	*40*
Others	*82*	—	*91*	—	*(9)*	*(10)*
Total Service Revenues	**196,227**	**96**	**185,751**	**96**	**10,476**	**6**
Wireless	8,422	4	6,980	4	1,442	21
Individual	*7,155*	*3*	*5,675*	*3*	*1,480*	*26*
Enterprise	*1,242*	*1*	*1,289*	*1*	*(47)*	*(4)*
International	*25*	—	*16*	—	*9*	*56*
Fixed Line	596	—	526	—	70	13
Individual	*11*	—	*66*	—	*(55)*	*(83)*
Home	*182*	—	*238*	—	*(56)*	*(24)*
Enterprise	*403*	—	*222*	—	*181*	*82*
Total Non-Service Revenues	**9,018**	**4**	**7,506**	**4**	**1,512**	**20**
Total Revenues	**205,245**	**100**	**193,257**	**100**	**11,988**	**6**

(1) *Certain amounts for the year ended December 31, 2021 were reclassified to conform with the current year presentation.*

Expenses

Consolidated expenses increased by Php58,250 million, or 38%, to Php210,746 million in 2022 from Php152,496 million in 2021, primarily due to higher depreciation and amortization, selling, general and administrative expenses, cost of sales and services, and 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, 2022 and 2021:

	2022	%	2021	%	Change Amount	Change %
	(amounts in million Php)					
Wireless	104,058	49	89,172	59	14,886	17
Fixed Line	134,467	64	93,370	61	41,097	44
Others	13	—	7	—	6	86
Inter-segment transactions	(27,792)	(13)	(30,053)	(20)	2,261	8
Consolidated	210,746	100	152,496	100	58,250	38

Other Income (Expenses) – Net

Consolidated other income – net amounted to Php19,010 million in 2022, a change of Php25,617 million as against consolidated other expenses – net of Php6,607 million in 2021, primarily due to the combined effects of the following: (i) higher other income – net from our Wireless and Fixed Line business segments, owing mostly to the gain on sale and leaseback of telecom towers and the income from prescription of preferred shares redemption liability, respectively; (ii) higher gains on derivative financial instruments from our Fixed Line business segment; (iii) higher equity share in net losses from our Fixed Line and Other business segments; (iv) higher financing costs from our Wireless and Fixed Line business segments; and (v) higher foreign exchange losses 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, 2022 and 2021:

	2022	2021	Change Amount	Change %
		(amounts in million Php)		
Wireless	18,681	(4,647)	23,328	502
Fixed Line	20,915	6,556	14,359	219
Others	(2,790)	121	(2,911)	(2,406)
Inter-segment transactions	(17,796)	(8,637)	(9,159)	(106)
Consolidated	19,010	(6,607)	25,617	388

Net Income (Loss)

Consolidated net income decreased by Php15,941 million, or 60%, to Php10,735 million in 2022 from Php26,676 million in 2021, primarily due to lower net income from our Fixed Line business segment, and net loss from our Other business segment, partially offset by higher net income from our Wireless business segment. Our consolidated basic and diluted EPS decreased to Php48.26 in 2022 from Php121.76 in 2021. Our weighted average number of outstanding common shares was approximately 216.06 million for each of the years ended December 31, 2022 and 2021.

The following table shows the breakdown of our consolidated net income (loss) by business segment for the years ended December 31, 2022 and 2021:

	2022	%	2021	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	15,104	141	9,434	35	5,670	60
Fixed Line	16,185	151	26,146	98	(9,961)	(38)
Others	(2,669)	(25)	384	2	(3,053)	(795)
Inter-segment transactions	(17,885)	(167)	(9,288)	(35)	(8,597)	(93)
Consolidated	10,735	100	26,676	100	(15,941)	(60)

EBITDA

Our consolidated EBITDA amounted to Php93,945 million in 2022, a decrease of Php1,955 million, or 2%, as compared with Php95,900 million in 2021, primarily due to lower EBITDA from our Wireless business segment, partially offset by higher EBITDA from our Fixed Line business segment.

The following table shows the breakdown of our consolidated EBITDA by business segment for the years ended December 31, 2022 and 2021:

	2022	%	2021	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	53,260	56	60,876	63	(7,616)	(13)
Fixed Line	50,382	54	45,832	48	4,550	10
Others	(12)	—	(7)	—	(5)	(71)
Inter-segment transactions	(9,685)	(10)	(10,801)	(11)	1,116	10
Consolidated	93,945	100	95,900	100	(1,955)	(2)

Our consolidated EBITDA, excluding MRP and expenses related to the sale of our telecom assets, amounted to Php100,478 million in 2022, an increase of Php4,309 million, or 4%, as compared with Php96,169 million in 2021. Adjusted for the impact of Typhoon Odette, our consolidated EBITDA excluding MRP and expenses related to the sale of our telecom assets would have been Php101,563 million, an increase of Php5,394 million, or 6% from the same period in 2021.

Core Income

Our consolidated core income amounted to Php30,567 million in 2022, an increase of Php630 million, or 2%, as compared with Php29,937 million in 2021, mainly on account of higher EBITDA excluding MRP, and lower depreciation and amortization, excluding depreciation of assets with reduced estimated useful life, partially offset by higher equity share in net losses of associates and joint ventures, and higher financing costs. Our consolidated basic and diluted core EPS increased to Php141.20 in 2022 from Php138.29 in 2021.

The following table shows the breakdown of our consolidated core income by business segment for the years ended December 31, 2022 and 2021:

	2022	%	2021	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	13,034	43	13,645	46	(611)	(4)
Fixed Line	38,448	126	26,298	88	12,150	46
Others	(2,959)	(10)	(666)	(2)	(2,293)	(344)
Inter-segment transactions	(17,956)	(59)	(9,340)	(32)	(8,616)	(92)
Consolidated	30,567	100	29,937	100	630	2

Telco Core Income

Our consolidated telco core income amounted to Php33,116 million in 2022, an increase of Php2,883 million, or 10%, as compared with Php30,233 million in 2021, mainly due to higher EBITDA excluding MRP, and lower depreciation and amortization, excluding depreciation of assets with reduced estimated useful life, partially offset by higher financing costs and higher equity share in net losses of associates and joint ventures. Adjusted for the impact of Typhoon Odette, our consolidated telco core income would have been Php34,063 million, an increase of Php3,830 million, or 13% from the same period in 2021.

The following table shows the breakdown of our consolidated telco core income by business segment for the years ended December 31, 2022 and 2021:

	2022	%	2021	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	13,034	39	13,645	45	(611)	(4)
Fixed Line	37,970	115	25,736	85	12,234	48
Others	68	—	192	1	(124)	(65)
Inter-segment transactions	(17,956)	(54)	(9,340)	(31)	(8,616)	(92)
Consolidated	33,116	100	30,233	100	2,883	10

On a Business Segment Basis

<u>Wireless</u>

Revenues

We generated revenues of Php104,274 million from our Wireless business segment in 2022, a decrease of Php2,345 million, or 2%, from Php106,619 million in 2021.

The following table summarizes our total revenues by service from our Wireless business segment for the years ended December 31, 2022 and 2021:

	2022	%	2021	%	Increase (Decrease) Amount	%
			(amounts in million Php)			
Service Revenues:						
Mobile	93,724	90	96,538	90	(2,814)	(3)
Fixed Wireless broadband	2,028	2	2,889	3	(861)	(30)
MVNO and others[1]	100	—	212	—	(112)	(53)
Total Wireless Service Revenues	95,852	92	99,639	93	(3,787)	(4)
Non-Service Revenues:						
Sale of mobile handsets and broadband data modems	8,422	8	6,980	7	1,442	21
Total Wireless Revenues	104,274	100	106,619	100	(2,345)	(2)

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

Service Revenues

Our wireless service revenues decreased by Php3,787 million, or 4%, to Php95,852 million in 2022 as compared with Php99,639 million in 2021, primarily due to lower revenues from mobile, fixed wireless broadband, and MVNO and other services. As a percentage of our total wireless revenues, service revenues accounted for 92% and 93% in 2022 and 2021, respectively.

Wireless service revenues, net of interconnection costs, amounted to Php94,985 million in 2022, a decrease of Php3,971 million, or 4%, from Php98,956 million in 2021.

Mobile Services

Our mobile service revenues amounted to Php93,724 million in 2022, a decrease of Php2,814 million, or 3%, from Php96,538 million in 2021. Mobile service revenues accounted for 98% and 97% of our wireless service revenues in 2022 and 2021, respectively.

The following table shows the breakdown of our mobile service revenues for the years ended December 31, 2022 and 2021:

	2022	%	2021	%	Increase (Decrease) Amount	%
			(amounts in million Php)			
Mobile Services:						
Data	72,169	77	70,644	73	1,525	2
Voice	14,268	15	17,774	18	(3,506)	(20)
SMS	5,900	6	6,603	7	(703)	(11)
Inbound roaming and others[1]	1,387	2	1,517	2	(130)	(9)
Total	93,724	100	96,538	100	(2,814)	(3)

[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 Php1,525 million, or 2%, to Php72,169 million in 2022 from Php70,644 million in 2021 due to higher mobile internet revenues driven mainly by the launch of new mobile data offers which cater to the needs of prepaid subscribers looking for data flexibility as consumers shift from working and studying from home to a more hybrid work and school environment, as well as higher mobile broadband revenues, partially offset by lower VAS-related data revenues.

Data services accounted for 77% and 73% of our mobile service revenues for the years ended December 31, 2022 and 2021, respectively.

The following table shows the breakdown of our mobile data service revenues for the years ended December 31, 2022 and 2021:

	2022	%	2021	%	Increase (Decrease) Amount	%
			(amounts in million Php)			
Data Services:						
Mobile internet[(1)]	67,695	94	66,320	94	1,375	2
Mobile broadband	3,387	5	2,797	4	590	21
Other data	1,087	1	1,527	2	(440)	(29)
Total	72,169	100	70,644	100	1,525	2

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

Mobile Internet

Mobile internet service revenues increased by Php1,375 million, or 2%, to Php67,695 million in 2022 from Php66,320 million in 2021, primarily due to the increase in mobility and new product offerings, such as Free Tiktok for All, Power All, Affordaloads, and the continued promotion of Smart Postpaid's Unli 5G plans.

Smart continues to drive GigaLife App, which now supports more payment solutions for top-up. Smart also has Smart Live App, which provides its subscribers exclusive video access to live sports streaming such as the UAAP, PBA, PVL and NBA TV Philippines channel, as well as pay-per-view ("PPV") concerts. In addition, Smart recently launched the *Giga Arena*, an online arcade and e-Sport tournament platform exclusively available to Smart subscribers to cater to subscribers' gaming demands.

Mobile internet services accounted for 72% and 69% of our mobile service revenues in 2022 and 2021, respectively.

Mobile Broadband

Mobile broadband revenues amounted to Php3,387 million in 2022, an increase of Php590 million, or 21%, from Php2,797 million in 2021, primarily due to higher mobile broadband subscriber base.

In 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. Smart increased the price of its Smart Bro UnliData from Php499 to Php599, which generated higher revenues from our mobile broadband service. Mobile broadband services accounted for 4% and 3% of our mobile service revenues in 2022 and 2021, respectively.

Other Data

Revenues from our other data services, which include value-added services ("VAS") and domestic leased lines, decreased by Php440 million, or 29%, to Php1,087 million in 2022 from Php1,527 million in 2021. The decrease was primarily due to lower revenues from VAS via direct carrier billing, driven by the game publishers' shift to digital payment solutions.

Voice Services

Mobile revenues from our voice services, which include all voice traffic, decreased by Php3,506 million, or 20%, to Php14,268 million in 2022 from Php17,774 million in 2021, due to subscribers' shift to alternative calling options, digital teleconferencing solutions, and other OTT services. In view of these new digital solutions and to improve its voice service, Smart has been provisioning its mobile users for Voice over LTE ("VoLTE") and Voice over Wifi ("VoWiFi") services which routes the voice calls through digital channels. VoLTE and VoWifi offer better voice quality. Mobile voice services accounted for 15% and 18% of our mobile service revenues in 2022 and 2021, respectively.

Domestic voice service revenues decreased by Php2,776 million, or 18%, to Php12,907 million in 2022 from Php15,683 million in 2021, mainly due to lower traffic from domestic outbound voice services.

International voice service revenues decreased by Php730 million, or 35%, to Php1,361 million in 2022 from Php2,091 million in 2021 resulting from the declining trend of international inbound voice traffic due to subscribers' shift to application-based form of communications and other OTT services.

SMS Services

Mobile revenues from our SMS services, which include all SMS-related services, decreased by Php703 million, or 11%, to Php5,900 million in 2022 from Php6,603 million in 2021, mainly due to the decline in SMS volumes arising from the increased adoption of alternative messaging solutions such as OTT services, social media, and messenger application, partially offset by the increase in A2P service revenues. Mobile SMS services accounted for 6% and 7% of our mobile service revenues in 2022 and 2021, respectively.

Inbound Roaming and Others

Mobile revenues from inbound roaming and other services decreased by Php130 million, or 9%, to Php1,387 million in 2022 from Php1,517 million in 2021 mainly due to lower facility service fees related to fixed wireless business and lower revenues from other subscriber-related income, partially offset by higher revenues from inbound roaming services.

The following table shows the breakdown of our mobile service revenues by service type for the years ended December 31, 2022 and 2021:

	2022	2021	Increase (Decrease) Amount	%
		(amounts in million Php)		
Mobile service revenues	93,724	96,538	(2,814)	(3)
By service type				
Prepaid	74,459	76,635	(2,176)	(3)
Postpaid	17,878	18,386	(508)	(3)
Inbound roaming and others	1,387	1,517	(130)	(9)

Prepaid Mobile Revenues

Revenues generated from our mobile prepaid services amounted to Php74,459 million in 2022, a decrease of Php2,176 million, or 3%, as compared with Php76,635 million in 2021. Mobile prepaid service revenues accounted for 79% of mobile service revenues for each of the years ended December 31, 2022 and 2021. The decrease in revenues from our mobile prepaid services was attributed to higher multiple-SIM ownership, lower top-up frequency due to the economizing behavior of subscribers on account of higher inflation, and the increased penetration of home WiFi solutions.

Postpaid Mobile Revenues

Revenues generated from our mobile postpaid services amounted to Php17,878 million in 2022, a decrease of Php508 million, or 3%, as compared with Php18,386 million in 2021 primarily due to a decline in the Individual postpaid subscriber base. Mobile postpaid service revenues accounted for 19% of mobile service revenues for each of the years ended December 31, 2022 and 2021.

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

Subscriber Base, ARPU and Churn Rates

The following table shows our mobile subscriber base as at December 31, 2022 and 2021:

	2022	2021	Increase (Decrease) Amount	%
Mobile subscriber base				
Smart[(1)]	26,359,250	28,153,047	(1,793,797)	(6)
Prepaid	*24,394,379*	*26,665,974*	*(2,271,595)*	*(9)*
Postpaid	*1,964,871*	*1,487,073*	*477,798*	*32*
TNT	39,892,640	42,539,757	(2,647,117)	(6)
Sun Postpaid[(2)]	52,871	529,148	(476,277)	(90)
Total mobile subscribers	66,304,761	71,221,952	(4,917,191)	*(7)*

[(1)] *Includes mobile broadband subscribers.*
[(2)] *Beginning April 2022, Individual Sun Postpaid was rebranded as Smart Postpaid.*

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 were 4.6% and 4.8% in 2022 and 2021, respectively, while the average monthly churn rates for TNT subscribers were 4.6% and 4.2% in 2022 and 2021, respectively.

The average monthly churn rate for Smart Postpaid subscribers was 1.6% for each of the years ended December 31, 2022 and 2021. The average monthly churn rates for Sun Postpaid subscribers were 3.7% and 2.5% in 2022 and 2021, respectively.

The following table summarizes our average monthly ARPUs for the years ended December 31, 2022 and 2021:

	Gross(1)		Increase (Decrease)		Net(2)		Increase (Decrease)	
	2022	2021	Amount	%	2022	2021	Amount	%
	(amounts in Php)							
Prepaid								
Smart	*123*	*123*	—	—	*105*	*104*	*1*	*1*
TNT	*97*	*98*	*(1)*	*(1)*	*85*	*84*	*1*	*1*
Postpaid								
Smart	*766*	*853*	*(87)*	*(10)*	*728*	*816*	*(88)*	*(11)*
Sun	*570*	*440*	*130*	*30*	*570*	*429*	*141*	*33*

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

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

Fixed Wireless Broadband

Revenues from our Fixed Wireless Broadband services amounted to Php2,028 million in 2022, a decrease of Php861 million, or 30%, from Php2,889 million in 2021 primarily due to the shift in customer demand from wireless broadband to home fiber.

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

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

MVNO and Others

Revenues from our MVNO and other services amounted to Php100 million for the years ended December 31, 2022, a decrease of Php112 million, or 53%, from Php212 million in 2021.

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 Php1,442 million, or 21%, to Php8,422 million in 2022 from Php6,980 million in 2021, primarily due to a higher number of units issued for mobile handsets.

Expenses

Expenses associated with our Wireless business segment amounted to Php104,058 million in 2022, an increase of Php14,886 million, or 17%, from Php89,172 million in 2021. The increase was attributable to higher expenses related to depreciation and amortization, cost of sales and services, selling, general and administrative, and interconnection costs, partially offset by lower asset impairment. As a percentage of our total wireless revenues, expenses associated with our Wireless business segment accounted for 100% and 84% in 2022 and 2021, respectively.

The following table summarizes the breakdown of our total wireless-related expenses for the years ended December 31, 2022 and 2021 and the percentage of each expense item in relation to the total:

					Increase (Decrease)	
	2022	%	2021	%	Amount	%
			(amounts in million Php)			
Depreciation and amortization	52,660	50	40,459	45	12,201	30
Selling, general and administrative expenses	37,872	37	36,748	41	1,124	3
Cost of sales and services	11,486	11	10,041	11	1,445	14
Interconnection costs	867	1	683	1	184	27
Provisions	861	1	854	1	7	1
Asset impairment	312	—	387	1	(75)	(19)
Total	104,402	100	89,172	100	15,230	17

Depreciation and amortization charges increased by Php12,201 million, or 30%, to Php52,660 million, mainly on account of higher depreciation due to shortened life of 3G technology-related equipment resulting from the migration to faster speed LTE and 5G technologies, combined with higher depreciation of right-of-use asset on account of higher depreciable right-of-use asset, brought about by the telecom tower sale and leaseback agreements we entered in June 2022.

Selling, general and administrative expenses increased by Php1,124 million, or 3%, to Php37,872 million, primarily due to higher expenses related to repairs and maintenance, rent, professional and contracted services, compensation and employee benefits, and other expenses, partly offset by lower expenses related to amortization of intangibles, mainly on account of the amortization of the Sun trademark in 2021, as well as lower expenses related to selling and promotions and insurance and security services.

Cost of sales and services increased by Php1,445 million, or 14%, to Php11,486 million, primarily due to higher cost of content and services, and SIM printing cost.

Interconnection costs increased by Php184 million, or 27%, to Php867 million, primarily due to higher interconnection costs on A2P transactions and international voice services.

Provisions increased by Php7 million, or 1%, to Php861 million, primarily due to higher provision for inventory obsolescence, partly offset by lower provision for ECLs.

Asset impairment, decreased by Php75 million, or 19%, to Php312 million primarily due to lower impairment charges on certain network equipment damaged by Typhoon Odette and lower contract asset impairment.

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, 2022 and 2021:

			Change	
	2022	**2021**	**Amount**	**%**
	(amounts in million Php)			
Other Income (Expenses) – Net:				
Gains on derivative financial instruments – net	530	550	(20)	(4)
Interest income	451	355	96	27
Foreign exchange losses – net	(1,567)	(1,541)	(26)	(2)
Financing costs – net	(8,349)	(7,551)	(798)	(11)
Other income – net	27,616	3,540	24,076	680
Total	18,681	(4,647)	23,328	502

Our Wireless business segment's other income – net amounted to Php18,681 million in 2022, a change of Php23,328 million from other expenses – net of Php4,647 million in 2021, primarily due to the combined effects of the following: (i) higher other income – net by Php24,076 million mainly due to the Php25,234 million gain on sale and leaseback of 4,665 telecom towers, representing the first five closings of tower sale and leaseback agreements, and the Php671 million gain on derecognition of asset retirement obligation related to the telecom towers sale; (ii) higher interest income by Php96 million; (iii) lower net gains on derivative financial instruments by Php20 million; (iv) higher net foreign exchange losses by Php26 million; and (v) higher net financing costs by Php798 million mainly due to higher weighted average principal amounts and accretion on lease liabilities.

Provision for Income Tax

Provision for income tax amounted to Php3,793 million in 2022, an increase of Php427 million, or 13%, from Php3,366 million in 2021, mainly due to higher taxable income, partially 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 increased by Php5,670 million, or 60%, to Php15,104 million in 2022 from Php9,434 million in 2021.

EBITDA

Our Wireless business segment's EBITDA decreased by Php7,616 million, or 13%, to Php53,260 million in 2022 from Php60,876 million in 2021. EBITDA margin decreased to 56% in 2022 from 61% in 2021.

Core Income

Our Wireless business segment's core income decreased by Php611 million, or 4%, to Php13,034 million in 2022 from Php13,645 million in 2021, mainly on account of lower EBITDA excluding MRP and higher financing costs, partially offset by lower depreciation and amortization, excluding depreciation of assets with reduced estimated useful life.

Fixed Line

Revenues

Revenues generated from our Fixed Line business segment amounted to Php128,712 million in 2022, an increase of Php11,649 million, or 10%, from Php117,063 million in 2021.

The following table summarizes our total revenues by service from our Fixed Line business segment for the years ended December 31, 2022 and 2021:

					Increase (Decrease)	
	2022	%	2021	%	Amount	%
			(amounts in million Php)			
Service Revenues:						
Data	90,881	71	78,721	67	12,160	15
Voice	36,727	29	37,232	32	(505)	(1)
Miscellaneous	508	—	576	1	(68)	(12)
	128,116	100	116,529	100	11,587	10
Non-Service Revenues:						
Sale of computers, phone units and point-product sales	596	—	534	—	62	12
Total Fixed Line Revenues	128,712	100	117,063	100	11,649	10

Service Revenues

Our fixed line service revenues increased by Php11,587 million, or 10%, to Php128,116 million in 2022 from Php116,529 million in 2021, primarily due to higher revenues from our data services.

Fixed Line service revenues, net of interconnection costs, amounted to Php108,373 million in 2022, an increase of Php11,851 million, or 12%, from Php96,522 million in 2021.

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 Php90,881 million in 2022, an increase of Php12,160 million, or 15%, from Php78,721 million in 2021, 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 71% and 68% in 2022 and 2021, respectively.

The following table shows information of our data service revenues for the years ended December 31, 2022 and 2021:

			Increase	
	2022	2021	Amount	%
		(amounts in million Php)		
Data service revenues	90,881	78,721	12,160	15
Home broadband	48,975	40,181	8,794	22
Corporate data and ICT	41,906	38,540	3,366	9

Home Broadband

Home broadband data revenues amounted to Php48,975 million in 2022, an increase of Php8,794 million, or 22%, from Php40,181 million in 2021. This growth is driven by increasing demand for broadband services, including fixed wired (PLDT Home Fibr), which the company is providing through the nationwide roll-out of its fiber-to-the-home ("FTTH") network and its existing copper network, which is progressively being upgraded to fiber. Home broadband revenues accounted for 54% and 51% of fixed line data service revenues in 2022 and 2021, respectively. PLDT's FTTH nationwide network roll-out has reached over 17.2 million homes passed as of December 31, 2022, while the number of ports, has grown to about 5.9 million.

Corporate Data and ICT

Corporate data services amounted to Php33,782 million in 2022, an increase of Php1,762 million, or 6%, as compared with Php32,020 million in 2021, mainly due to the sustained demand for broadband internet and data networking services. Corporate data revenues accounted for 37% and 41% of our total data service revenues in 2022 and 2021, respectively.

ICT revenues increased by Php1,604 million, or 25%, to Php8,124 million in 2022 from Php6,520 million in 2021, mainly due to higher revenues from data center and cloud services, partially offset by lower revenues from cyber security and managed IT services. The percentage contribution of this service segment to our total data service revenues accounted for 9% and 8% in 2022 and 2021, respectively.

Voice Services

Revenues from our voice services decreased by Php505 million, or 1%, to Php36,727 million in 2022 from Php37,232 million in 2021, primarily due to lower revenues from our international services. The percentage contribution of voice service revenues to our fixed line service revenues accounted for 29% and 32% in 2022 and 2021, respectively.

Miscellaneous Services

Miscellaneous service revenues are derived mostly from rentals and management fees. These service revenues decreased by Php68 million, or 12%, to Php508 million in 2022 from Php576 million in 2021.

Non-service Revenues

Non-service revenues increased by Php62 million, or 12%, to Php596 million in 2022 from Php534 million in 2021, primarily due to higher sale of managed ICT equipment and point-product sales, partially offset by lower sale of PHW broadband routers and WiFi mesh.

Expenses

Expenses related to our Fixed Line business segment totaled Php134,467 million in 2022, an increase of Php41,097 million, or 44%, as compared with Php93,370 million in 2021. The increase was primarily due to higher depreciation and amortization, selling, general and administrative expenses, provisions, cost of sales and services, and asset impairment, partially offset by lower interconnection costs. As a percentage of our total fixed line revenues, expenses associated with our Fixed Line business segment accounted for 104% and 80% in 2022 and 2021, respectively.

The following table shows the breakdown of our total fixed line-related expenses for the years ended December 31, 2022 and 2021 and the percentage of each expense item in relation to the total:

					Increase (Decrease)	
	2022	**%**	**2021**	**%**	**Amount**	**%**
			(amounts in million Php)			
Depreciation and amortization	55,790	41	22,139	24	33,651	152
Selling, general and administrative expenses	50,057	37	44,051	47	6,006	14
Interconnection costs	19,743	15	20,007	21	(264)	(1)
Provisions	4,709	4	3,729	4	980	26
Cost of sales and services	3,944	3	3,430	4	514	15
Asset impairment	224	—	14	—	210	1,500
Total	134,467	100	93,370	100	41,097	44

Depreciation and amortization charges increased by Php33,651 million, or 152%, to Php55,790 million mainly on account of additional depreciation due to the shortened life of copper-based technology, resulting mainly from the migration to FTTH, as well as the additional depreciation recognized for the modernization of network equipment.

Selling, general and administrative expenses increased by Php6,006 million, or 14%, to Php50,057 million primarily due to higher expenses related to compensation and employee benefits on account of higher MRP, repairs and maintenance, communication, training and travel, selling and promotions, and other expenses, partly offset by lower expenses related to professional and other contracted services, taxes and licenses, and rent.

Interconnection costs decreased by Php264 million, or 1%, to Php19,743 million, primarily due to lower international interconnection costs of PLDT Global.

Provisions increased by Php980 million, or 26%, to Php4,709 million, primarily due to higher provision for ECLs, partly offset by lower provision for inventory obsolescence.

Cost of sales and services increased by Php514 million, or 15%, to Php3,944 million, primarily due to higher cost of services.

Asset impairment increased by Php210 million to Php224 million primarily due to impairment charges on certain network equipment damaged by Typhoon Odette, and impairment of property and equipment related to managed IT services and discontinued operations.

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, 2022 and 2021:

	2022	2021	Change Amount	Change %
		(amounts in million Php)		
Other Income (Expenses) – Net:				
Gains on derivative financial instruments – net	1,792	850	942	111
Interest income	202	275	(73)	(27)
Equity share in net earnings (losses) of associates	(253)	103	(356)	(346)
Foreign exchange losses – net	(3,228)	(2,433)	(795)	(33)
Financing costs – net	(6,107)	(6,029)	(78)	(1)
Other income – net	28,509	13,790	14,719	103
Total	20,915	6,556	14,359	219

Our Fixed Line business segment's other income amounted to Php20,915 million in 2022, an increase of Php14,359 million from Php6,556 million in 2021, primarily due to the combined effects of the following: (i) higher other income – net by Php14,719 million mainly due to higher dividend income from Smart and DMPI and PLDT's income from prescription of preferred shares redemption liability in 2022, partially offset by the gain on sale of PHW subscribers in 2021; (ii) higher net gains on derivative financial instruments by Php942 million mainly due to the higher level of depreciation of the Philippine peso relative to the U.S. dollar in 2022 as compared with the same period in 2021; (iii) lower interest income by Php73 million; (iv) higher net financing costs by Php78 million; (v) equity share in net losses of associates of Php253 million in 2022 as against equity share in net earnings of Php103 million in 2021; and (vi) higher net foreign exchange losses by Php795 million mainly on account of revaluation of net foreign currency-denominated liabilities due to the higher level of depreciation of the Philippine peso relative to the U.S. dollar in 2022 as compared with the same period in 2021.

Provision for (Benefit from) Income Tax

Benefit from income tax amounted to Php1,025 million in 2022, a change of Php5,128 million, or 125%, from provision for income tax of Php4,103 million in 2021, mainly due to lower taxable income and the net favorable impact of 2020 income tax retroactive adjustment, per Revenue Regulations 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 Php16,185 million in 2022, a decrease of Php9,961 million, or 38%, as compared with Php26,146 million in 2021.

EBITDA

Our Fixed Line business segment's EBITDA increased by Php4,550 million, or 10%, to Php50,382 million in 2022 from Php45,832 million in 2021. EBITDA margin remained stable at 39% in 2022 and 2021.

Core Income

Our Fixed Line business segment's core income increased by Php12,150 million, or 46%, to Php38,448 million in 2022 from Php26,298 million in 2021, primarily due to, higher EBITDA excluding MRP, and other miscellaneous income, partially offset by higher depreciation and amortization, excluding depreciation of assets with reduced estimated useful life.

Others

Revenues

Revenues generated from our Other business segment amounted to nil for each of the years ended December 31, 2022 and 2021.

Expenses

Expenses related to our Other business segment increased by Php6 million, or 86%, to Php13 million in 2022 from Php7 million in 2021.

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, 2022 and 2021:

	2022	2021	Change Amount	Change %
		(amounts in million Php)		
Other Income (Expenses) – Net:				
Interest income	14	26	(12)	(46)
Foreign exchange gains – net	1	49	(48)	(98)
Equity share in net losses of associates and joint ventures	(3,051)	(1,204)	(1,847)	(153)
Other income – net	246	1,250	(1,004)	(80)
Total	(2,790)	121	(2,911)	2,406

Our Other business segment's other expenses – net amounted to Php2,790 million in 2022, a change of Php2,911 million from other income – net of Php121 million in 2021, primarily due to the combined effects of the following: (i) higher equity share in net losses of associates and joint ventures by Php1,847 million mainly due to lower 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 in 2021, as well as higher equity share in net losses in VIH; (ii) lower other income – net by Php1,004 million mainly due to loss on acquisition of Multisys in 2022 and lower VIH gain on dilution; and (iii) lower net foreign exchange gains by Php48 million; and (iv) lower interest income by Php12 million.

Net Income (Loss)

As a result of the foregoing, our Other business segment registered a net loss of Php2,669 million in 2022, a change of Php3,053 million from a net income of Php384 million in 2021.

Core Loss

Our Other business segment's core loss amounted to Php2,959 million in 2022, an increase of Php2,293 million from Php666 million in 2021.

Years ended December 31, 2021 and 2020

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
		(in millions)		
For the year ended December 31, 2021				
Service Revenues				
Wireless	*Php99,639*		*(Php1,127)*	*Php98,512*
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		78,721	(11,961)	66,760
Home broadband		40,181	(56)	40,125
Corporate data and ICT		38,540	(11,905)	26,635
Miscellaneous		576	(319)	257
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	Php104,211	Php98,739	(Php21,946)	Php181,004

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

	2021	%	2020	%	Change	
					Amount	%
			(in millions)			
Wireless	Php106,619	55	Php104,211	58	Php2,408	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	Php193,257	100	Php181,004	100	Php12,253	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 %
			(in millions)			
Wireless	Php98,512	51	Php95,748	53	Php2,764	3
Individual	*85,547*	*44*	*83,251*	*46*	*2,296*	*3*
Enterprise	*10,152*	*5*	*7,844*	*4*	*2,308*	*29*
International	*2,813*	*2*	*4,653*	*3*	*(1,840)*	*(40)*
Fixed Line	87,239	61	77,886	43	9,353	12
Individual	*612*	—	*2,948*	*2*	*(2,336)*	*(79)*
Home	*47,800*	*25*	*38,477*	*21*	*9,323*	*24*
Enterprise	*34,217*	*24*	*32,892*	*18*	*1,325*	*4*
International	*4,519*	*12*	*3,464*	*2*	*1,055*	*30*
Others	*91*	—	*105*	—	*(14)*	*(13)*
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	526	—	1,329	—	(803)	(60)
Individual	*66*	—	*572*	—	*(506)*	*(88)*
Home	*238*	—	*190*	—	*48*	*25*
Enterprise	*222*	—	*567*	—	*(345)*	*(61)*
Total Non-Service Revenues	**7,506**	**4**	**7,370**	**4**	**136**	**2**
Total Revenues	**Php193,257**	**100**	**Php181,004**	**100**	**Php12,253**	**7**

[1] *Certain amounts for the year ended December 31, 2021 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 expenses 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 %
			(in millions)			
Wireless	Php89,172	59	Php81,569	56	Php7,603	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	Php152,496	100	Php144,822	100	Php7,674	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 %
		(in millions)		
Wireless	(Php4,647)	(Php2,940)	(Php1,707)	(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	(Php6,607)	(Php3,161)	(Php3,446)	(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 %
			(in millions)			
Wireless	Php9,434	35	Php15,166	62	(Php5,732)	(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	Php26,676	100	Php24,580	100	Php2,096	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 %
			(in millions)			
Wireless	Php60,876	63	Php60,272	70	Php604	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	Php95,900	100	Php86,158	100	Php9,742	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:

	2021	%	2020	%	Change Amount	Change %
			(in millions)			
Wireless	Php13,645	46	Php16,440	60	(Php2,795)	(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	Php29,937	100	Php27,129	100	Php2,808	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. Excluding 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:

	2021	%	2020	%	Change Amount	Change %
			(in millions)			
Wireless	Php13,645	45	Php17,217	61	(Php3,572)	(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	Php30,233	100	Php28,087	100	Php2,146	8

On a Business Segment Basis

Wireless

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:

	2021	%	2020	%	Increase (Decrease) Amount	%
			(in millions)			
Service Revenues:						
Mobile	Php96,538	90	Php97,566	93	(Php1,028)	(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	Php106,619	100	Php104,211	100	Php2,408	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:

	2021	%	2020	%	Increase (Decrease) Amount	%
			(in millions)			
Mobile Services:						
Data	Php70,644	73	Php66,731	69	Php3,913	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	Php96,538	100	Php97,566	100	(Php1,028)	(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:

	2021	%	2020	%	Increase (Decrease) Amount	%
			(in millions)			
Data Services:						
Mobile internet[1]	Php66,320	94	Php62,327	93	Php3,993	6
Mobile broadband	2,797	4	3,171	5	(374)	(12)
Other data	1,527	2	1,233	2	294	24
Total	Php70,644	100	Php66,731	100	Php3,913	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 in a higher number of LTE and 5G device and data users. Smart is in the process of 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 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 Smart Bro Rocket SIM aimed at 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 VoLTE and 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 on 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 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	%
		(in millions)		
Mobile service revenues	Php96,538	Php97,566	(Php1,028)	(1)
By service type				
Prepaid	76,635	75,790	845	1
Postpaid	18,386	19,420	(1,034)	(5)
Inbound roaming and others	Php1,517	Php2,356	(Php839)	(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.

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

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:

					Increase (Decrease)	
	2021	%	2020	%	Amount	%
			(in millions)			
Depreciation and amortization	Php40,459	45	Php35,134	43	Php5,325	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	Php89,172	100	Php81,569	100	Php7,603	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 ECLs mainly on account of last year's provisions related to extended credit arrangements 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:

			Change	
	2021	2020	Amount	%
		(in millions)		
Other Income (Expenses) – Net:				
Financing costs – net	(Php7,551)	(Php6,886)	(Php665)	(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	(Php4,647)	(Php2,940)	(Php1,707)	(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:

	2021	%	2020	%	Increase (Decrease) Amount	%
			(in millions)			
Service Revenues:						
Data	Php78,721	67	Php67,183	68	Php11,538	17
Voice	37,232	32	29,541	30	7,691	26
Miscellaneous	576	1	686	1	(110)	(16)
	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	Php117,063	100	Php98,739	100	Php18,324	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 Php78,721 million in 2021, an increase of Php11,538 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:

	2021	2020	Increase Amount	%
		(in millions)		
Data service revenues	Php78,721	Php67,183	Php11,538	17
Home broadband	40,181	33,045	7,136	22
Corporate data and ICT	38,540	34,138	4,402	13

Home Broadband

Home broadband data revenues amounted to Php40,181 million in 2021, an increase of Php7,136 million, or 22%, 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 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 Php32,020 million in 2021, an increase of Php3,910 million, or 14%, 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 decreased by Php110 million, or 16%, to Php576 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	%
			(in millions)			
Selling, general and administrative expenses	Php44,051	47	Php43,860	52	Php191	—
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	Php93,370	100	Php84,717	100	Php8,653	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 ECLs 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	%
		(in millions)		
Other Income (Expenses) – Net:				
Gains (losses) on derivative financial instruments – net	Php850	(Php270)	Php1,120	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	Php6,556	Php4,221	Php2,335	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	%
		(in millions)		
Other Income (Expenses) – Net:				
Foreign exchange gains (losses) – net	Php49	(Php48)	Php97	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	Php121	(Php923)	Php1,044	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.

Years ended December 31, 2020 and 2019

On a Consolidated Basis

Revenues

We reported consolidated revenues of Php181,004 million in 2020, an increase of Php11,817 million, or 7%, as compared with Php169,187 million in 2019, primarily due to higher revenues from data services in our Wireless and Fixed Line business segments, partially offset by lower revenues from voice and SMS services in our Wireless business segment.

Our consolidated service revenues of Php173,634 million in 2020, increased by Php12,279 million, or 8%, from Php161,355 million in 2019, while our consolidated non-service revenues of Php7,370 million in 2020, decreased by Php462 million, or 6%, from Php7,832 million in 2019.

Consolidated service revenues, net of interconnection costs, amounted to Php171,488 million in 2020, an increase of Php13,771 million, or 9%, from Php157,717 million in 2019.

In 2019, the MNP Act was enacted, which provides that a customer can retain their mobile number when they move 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.

The following table shows the breakdown of our consolidated revenues by services for the years ended December 31, 2020 and 2019:

	Wireless	Fixed Line	Inter-segment Transactions	Consolidated
			(in millions)	
For the year ended December 31, 2020				
Service Revenues				
Wireless	*Php98,170*		*(Php2,422)*	*Php95,748*
Mobile	97,566		(1,977)	95,589
Home broadband	40		—	40
MVNO and others	564		(445)	119
Fixed Line		*Php97,410*	*(19,524)*	*77,886*
Data		67,183	(9,119)	58,064
Corporate data and ICT		34,138	(9,038)	25,100
Home broadband		33,045	(81)	32,964
Voice		29,541	(10,057)	19,484
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
For the year ended December 31, 2019				
Service Revenues				
Wireless	*90,661*		*(2,418)*	*88,243*
Mobile	88,865		(1,042)	87,823
Home broadband	85		—	85
MVNO and others	1,711		(1,376)	335
Fixed Line		*87,819*	*(14,707)*	*73,112*
Data		60,764	(7,977)	52,787
Corporate data and ICT		32,315	(7,835)	24,480
Home broadband		28,449	(142)	28,307
Voice		26,267	(6,377)	19,890
Miscellaneous		788	(353)	435
Total Service Revenues	90,661	87,819	(17,125)	161,355
Non-Service Revenues				
Sale of computers, phone units, mobile handsets and broadband data modems	6,245	1,223	(30)	7,438
Point-product sales	—	364	30	394
Total Non-Service Revenues	6,245	1,587	—	7,832
Total Revenues	Php96,906	Php89,406	(Php17,125)	Php169,187

The following table shows the breakdown of our consolidated revenues by business segment for the years ended December 31, 2020 and 2019:

					Change	
	2020	%	2019	%	Amount	%
			(in millions)			
Wireless	Php104,211	58	Php96,906	57	Php7,305	8
Fixed line	98,739	54	89,406	53	9,333	10
Inter-segment transactions	(21,946)	(12)	(17,125)	(10)	(4,821)	(28)
Consolidated	Php181,004	100	Php169,187	100	Php11,817	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 otherwise, 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, 2020 and 2019.

	2020[(1)]	%	2019	%	Change Amount	Change %
			(in millions)			
Wireless	Php98,170	54	Php 90,661	54	Php7,509	8
Individual	*84,784*	*47*	*73,843*	*44*	*10,941*	*15*
Home	*442*	—	*1,917*	*1*	*(1,475)*	*(77)*
Enterprise	*8,142*	*4*	*6,847*	*4*	*1,295*	*19*
International	*4,802*	*3*	*8,054*	*5*	*(3,252)*	*(40)*
Fixed Line	97,410	54	87,819	52	9,591	11
Individual	*2,949*	*2*	—	—	*2,949*	*100*
Home	*38,601*	*21*	*37,344*	*22*	*1,257*	*3*
Enterprise	*42,341*	*23*	*41,091*	*24*	*1,250*	*3*
International	*13,414*	*8*	*9,201*	*6*	*4,213*	*46*
Others	*105*	—	*183*	—	*(78)*	*(43)*
Inter-segment Transactions	**(21,946)**	***(12)***	**(17,125)**	***(10)***	**(4,821)**	**(28)**
Total Service Revenues	**173,634**	**96**	**161,355**	**96**	**12,279**	**8**
Wireless	6,041	4	6,245	3	(204)	(3)
Individual	*4,453*	*3*	*4,276*	*2*	*177*	*4*
Enterprise	*1,579*	*1*	*1,959*	*1*	*(380)*	*(19)*
International	*9*	—	*10*	—	*(1)*	*(10)*
Fixed Line	1,329	—	1,587	1	*(258)*	*(16)*
Individual	*572*	—	—	—	*572*	*100*
Home	*190*	—	*928*	*1*	*(738)*	*(80)*
Enterprise	*567*	—	*659*	—	*(92)*	*(14)*
Total Non-Service Revenues	**7,370**	**4**	**7,832**	**4**	**(462)**	**(6)**
Total Revenues	**Php181,004**	**100**	**Php169,187**	**100**	**Php11,817**	**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 Php15,036 million, or 12%, to Php144,822 million in 2020 from Php129,786 million in 2019, primarily due to higher depreciation and amortization, selling, general and administrative expenses, and provisions in our Wireless and Fixed Line business segments, as well as higher interconnection costs in our Fixed Line business segment, partially offset by lower interconnection costs, and cost of sales and services in our Wireless business segment.

The following table shows the breakdown of our consolidated expenses by business segment for the years ended December 31, 2020 and 2019:

	2020	%	2019	%	Change Amount	Change %
			(in millions)			
Wireless	Php81,569	56	Php74,359	57	Php7,210	10
Fixed Line	84,717	59	72,385	56	12,332	17
Others	12	—	101	—	(89)	(88)
Inter-segment transactions	(21,476)	(15)	(17,059)	(13)	(4,417)	(26)
Consolidated	Php144,822	100	Php129,786	100	Php15,036	12

Other Income (Expenses) – Net

Consolidated other expenses amounted to Php3,161 million in 2020, a decrease of Php3,904 million, or 55%, from Php7,065 million in 2019, primarily due to the combined effects of the following: (i) higher other income – net mainly due to gain on sale and leaseback of Smart Headquarters, partially offset by higher losses on fair value of investments from our Other business segment; (ii) higher foreign exchange gains mainly due to the revaluation of net foreign currency-denominated liabilities due to a higher level of appreciation of the Philippine peso relative to the U.S. dollar; (iii) lower interest income across our business segments; (iv) higher equity share in net losses from our Fixed Line and Other business segments; and (v) higher financing costs from our Wireless and Fixed Line business segments.

The following table shows the breakdown of our consolidated other income (expenses) – net by business segment for the years ended December 31, 2020 and 2019:

	2020	2019	Change Amount	Change %
		(in millions)		
Wireless	(Php2,940)	(Php5,023)	Php2,083	41
Fixed Line	4,221	(259)	4,480	1,730
Others	(923)	(2,112)	1,189	56
Inter-segment transactions	(3,519)	329	(3,848)	(1,170)
Consolidated	(Php3,161)	(Php7,065)	Php3,904	55

Net Income

Consolidated net income increased by Php1,794 million, or 8%, to Php24,580 million in 2020, from Php22,786 million in 2019, primarily due to higher net income from our Wireless and Fixed Line business segments, as well as lower net loss from our Other business segment. Our consolidated basic and diluted EPS increased to Php112.12 in 2020 from

Php103.97 in 2019. Our weighted average number of outstanding common shares was approximately 216.06 million in each of 2020 and 2019.

The following table shows the breakdown of our consolidated net income by business segment for the years ended December 31, 2020 and 2019:

	2020	%	2019	%	Change Amount	Change %
			(in millions)			
Wireless	Php15,166	62	Php13,101	58	Php2,065	16
Fixed Line	14,509	59	11,421	50	3,088	27
Others	(318)	(1)	(1,769)	(8)	1,451	82
Inter-segment transactions	(4,777)	(20)	33	—	(4,810)	(14,576)
Consolidated	Php24,580	100	Php22,786	100	Php1,794	8

EBITDA

Our consolidated EBITDA amounted to Php86,158 million in 2020, an increase of Php6,343 million, or 8%, as compared with Php79,815 million in 2019, primarily due to higher EBITDA in our Wireless and Fixed Line business segments.

The following table shows the breakdown of our consolidated EBITDA by business segment for the years ended December 31, 2020 and 2019:

	2020	%	2019	%	Change Amount	Change %
			(in millions)			
Wireless	Php60,272	70	Php52,789	66	Php7,483	14
Fixed Line	33,405	39	33,162	42	243	1
Others	(12)	—	(101)	—	89	88
Inter-segment transactions	(7,507)	(9)	(6,035)	(8)	(1,472)	(24)
Consolidated	Php86,158	100	Php79,815	100	Php6,343	8

Our consolidated EBITDA excluding MRP amounted to Php88,783 million in 2020, an increase of Php5,672 million, or 7%, as compared with Php83,111 million in 2019.

Core Income

Our consolidated core income amounted to Php27,129 million in 2020, an increase of Php2,018 million, or 8%, as compared with Php25,111 million in 2019 mainly on account of higher EBITDA and other miscellaneous income, partly offset by higher depreciation and amortization and financing costs, as well as higher equity share in net losses. Our consolidated basic and diluted core EPS increased to Php125.29 in 2020 from Php115.95 in 2019.

The following table shows the breakdown of our consolidated core income by business segment for the years ended December 31, 2020 and 2019:

	2020	%	2019	%	Change Amount	Change %
			(in millions)			
Wireless	Php16,440	60	Php13,685	55	Php2,755	20
Fixed Line	15,463	57	12,531	50	2,932	23
Others	193	1	(1,151)	(5)	1,344	117
Inter-segment transactions	(4,967)	(18)	46	—	(5,013)	(10,898)
Consolidated	Php27,129	100	Php25,111	100	Php2,018	8

Our consolidated telco core income amounted to Php28,087 million in 2020, an increase of Php1,007 million, or 4%, as compared with Php27,080 million in 2019 mainly due to higher EBITDA and other miscellaneous income, partially offset by higher depreciation and amortization, and financing costs.

The following table shows the breakdown of our consolidated telco core income by business segment for the years ended December 31, 2020 and 2019:

	2020	%	2019	%	Change Amount	Change %
			(in millions)			
Wireless	Php17,217	61	Php14,063	52	Php3,154	22
Fixed Line	13,649	49	12,531	46	1,118	9
Others	2,188	8	440	2	1,748	397
Inter-segment transactions	(4,967)	(18)	46	—	(5,013)	(10,898)
Consolidated	Php28,087	100	Php27,080	100	Php1,007	4

On a Business Segment Basis

Wireless

Revenues

We generated revenues of Php104,211 million from our Wireless business segment in 2020, an increase of Php7,305 million, or 8%, from Php96,906 million in 2019.

The following table summarizes our total revenues by service from our Wireless business segment for the years ended December 31, 2020 and 2019:

	2020	%	2019	%	Increase (Decrease) Amount	%
			(in millions)			
Service Revenues:						
Mobile	Php97,566	93	Php88,865	92	Php8,701	10
Home broadband	40	—	85	—	(45)	(53)
MVNO and others[1]	564	1	1,711	2	(1,147)	(67)
Total Wireless Service Revenues	98,170	94	90,661	94	7,509	8
Non-Service Revenues:						
Sale of mobile handsets and broadband data modems	6,041	6	6,245	6	(204)	(3)
Total Wireless Revenues	Php104,211	100	Php96,906	100	Php7,305	8

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

Service Revenues

Our wireless service revenues increased by Php7,509 million, or 8%, to Php98,170 million in 2020 as compared with Php90,661 million in 2019, primarily due to higher mobile revenues, partly offset by lower revenues from home broadband and MVNO and other services. As a percentage of our total wireless revenues, service revenues accounted for 94% in each of 2020 and 2019.

Mobile Services

Our mobile service revenues amounted to Php97,566 million in 2020, an increase of Php8,701 million, or 10%, from Php88,865 million in 2019. Mobile service revenues accounted for 99% and 98% of our wireless service revenues in 2020 and 2019, respectively.

The following table shows the breakdown of our mobile service revenues for the years ended December 31, 2020 and 2019:

	2020	%	2019	%	Increase (Decrease) Amount	%
			(in millions)			
Mobile Services:						
Data	Php66,731	69	Php52,848	59	Php13,883	26
Voice	21,542	22	24,597	28	(3,055)	(12)
SMS	6,937	7	9,907	11	(2,970)	(30)
Inbound roaming and others[1]	2,356	2	1,513	2	843	56
Total	Php97,566	100	Php88,865	100	Php8,701	10

[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 Php13,883 million, or 26%, to Php66,731 million in 2020 from Php52,848 million in 2019 due to growth in mobile internet usage that was driven mainly by an increased demand for data connectivity amidst the pandemic to conform with the "new normal" ways of working and schooling. This was further boosted by enhanced data products, consumer engagement promotions, and continuous network improvement and LTE migration. Data services accounted for 69% and 59% of our mobile service revenues in 2020 and 2019, respectively.

The following table shows the breakdown of our mobile data service revenues for the years ended December 31, 2020 and 2019:

	2020	%	2019	%	Increase (Decrease) Amount	%
			(in millions)			
Data Services:						
Mobile internet[1]	Php62,327	93	Php48,399	91	Php13,928	29
Mobile broadband	3,171	5	3,547	7	(376)	(11)
Other data	1,233	2	902	2	331	37
Total	Php66,731	100	Php52,848	100	Php13,883	26

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

Mobile Internet

Mobile internet service revenues increased by Php13,928 million, or 29%, to Php62,327 million in 2020 from Php48,399 million in 2019, primarily due to the following: (i) increase in the use of video, gaming and social media data usage by our subscribers driven by the enhanced product offerings, marketing promotions and content partnerships; (ii) increase in digital productivity requirements from work-from-home and study-from-home environment; (iii) expansion of distribution channels, particularly using digital platforms; and (iv) LTE migration initiatives that further increased the number of LTE device and data users. Smart remains the fastest Mobile Data network in the country as verified by independent third-party agencies, Ookla and OpenSignal.

Mobile internet services accounted for 64% and 54% of our mobile service revenues in 2020 and 2019, respectively.

Mobile Broadband

Mobile broadband revenues amounted to Php3,171 million in 2020, a decrease of Php376 million, or 11%, from Php3,547 million in 2019, primarily due to a decrease in the number of broadband subscribers as users shifted to using mobile internet, home fiber and WiFi services. Meanwhile, there was a noted increase in activations of Smart's WiFi products in the third quarter of 2020 to cater to the needs of students and the workforce at home, which also serves as a backup service to their fixed home connections. Mobile broadband services accounted for 3% and 4% of our mobile service revenues in 2020 and 2019, respectively.

Other Data

Revenues from our other data services, which include value-added services, or VAS, domestic leased lines and share in revenue from PLDT WeRoam, increased by Php331 million, or 37%, to Php1,233 million in 2020 from Php902 million in 2019, primarily due to higher revenues from domestic leased lines and VAS via Direct Carrier Billing, which includes revenues from video subscriptions and mobile gaming in-app purchases.

Voice Services

Mobile revenues from our voice services, which include all voice traffic, decreased by Php3,055 million, or 12%, to Php21,542 million in 2020 from Php24,597 million in 2019, due to subscribers' shift to alternative calling options and other OTT services. Mobile voice services accounted for 22% and 28% of our mobile service revenues in 2020 and 2019, respectively.

Domestic voice service revenues decreased by Php2,908 million, or 13%, to Php18,922 million in 2020 from Php21,830 million in 2019, due to lower domestic outbound revenues, and lower inbound voice service revenues due to the impact of the removal of interconnection rates for domestic mobile voice services.

International voice service revenues decreased by Php147 million, or 5%, to Php2,620 million in 2020 from Php2,767 million in 2019, primarily due to the impact of the pandemic on OFWs and international travelers.

SMS Services

Mobile revenues from our SMS services, which include all SMS-related services, decreased by Php2,970 million, or 30%, to Php6,937 million in 2020 from Php9,907 million in 2019, 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, combined with the impact of the removal of interconnection charges for domestic mobile SMS services. Mobile SMS services accounted for 7% and 11% of our mobile service revenues in 2020 and 2019, respectively.

Inbound Roaming and Others

Mobile revenues from inbound roaming and other services increased by Php843 million, or 56%, to Php2,356 million in 2020 from Php1,513 million in 2019, mainly due to facility service fees related to fixed wireless business.

The following table shows the breakdown of our mobile service revenues by service type for the years ended December 31, 2020 and 2019:

			Increase (Decrease)	
	2020	**2019**	**Amount**	**%**
		(in millions)		
Mobile service revenues	Php97,566	Php88,865	Php8,701	10
By service type				
Prepaid	75,790	67,850	7,940	12
Postpaid	19,420	19,502	(82)	—
Inbound roaming and others	2,356	1,513	843	56

Prepaid Revenues

Revenues generated from our mobile prepaid services amounted to Php75,790 million in 2020, an increase of Php7,940 million, or 12%, as compared with Php67,850 million in 2019. Mobile prepaid service revenues accounted for 78% and 76% of mobile service revenues in 2020 and 2019, 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 usages.

In October 2020, we implemented the rebranding of Sun Prepaid into 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. Following this development, rebranded subscribers can avail of Giga Life bundles, including the newest offers, Giga Work for those working from home and Giga Study for online classes, using Smart's LTE network.

Postpaid Revenues

Revenues generated from mobile postpaid services amounted to Php19,420 million in 2020, lower by Php82 million as compared with Php19,502 million in 2019, primarily due to a decline in the postpaid subscriber base. Mobile postpaid service revenues accounted for 20% and 22% of mobile service revenues in 2020 and 2019, respectively.

Subscriber Base, ARPU and Churn Rates

The following table shows our mobile subscriber base as at December 31, 2020 and 2019:

			Increase (Decrease)	
	2020	**2019**	**Amount**	**%**
Mobile subscriber base				
Smart[(1)]	30,533,816	27,335,602	3,198,214	12
Prepaid	*29,090,167*	*25,866,195*	*3,223,972*	*12*
Postpaid	*1,443,649*	*1,469,407*	*(25,758)*	*(2)*
TNT	41,688,854	38,308,363	3,380,491	9
Sun[(1)]	711,169	7,474,190	(6,763,021)	(90)
Prepaid[(2)]	—	*6,547,231*	*(6,547,231)*	*(100)*
Postpaid	*711,169*	*926,959*	*(215,790)*	*(23)*
Total mobile subscribers	72,933,839	73,118,155	(184,316)	—

[(1)] *Includes mobile broadband subscribers.*
[(2)] *Beginning October 2020, Sun Prepaid was rebranded as Smart Prepaid.*

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 were 4.8% and 4.1% in 2020 and 2019, respectively, while the average monthly churn rates for TNT subscribers were 4.2% and 4.0% in 2020 and 2019, respectively. The average monthly churn rate for Sun Prepaid subscribers was 4.5% in 2019.

The average monthly churn rates for Smart Postpaid subscribers were 2.3% and 2.1% in 2020 and 2019, respectively. The average monthly churn rates for Sun Postpaid subscribers were 3.1% and 2.0% in 2020 and 2019, respectively.

The following table summarizes our average monthly ARPUs for the years ended December 31, 2020 and 2019:

	Gross[(1)]		Increase (Decrease)		Net[(2)]		Increase (Decrease)	
	2020	**2019**	**Amount**	**%**	**2020**	**2019**	**Amount**	**%**
				(amounts in Php)				
Prepaid								
Smart	*133*	*132*	*1*	*1*	*113*	*116*	*(3)*	*(3)*
TNT	*91*	*77*	*14*	*18*	*79*	*69*	*10*	*14*
Sun[(3)]	—	*84*	*(84)*	*(100)*	—	*75*	*(75)*	*(100)*
Postpaid								
Smart	*844*	*824*	*20*	*2*	*813*	*806*	*7*	*1*
Sun	*386*	*418*	*(32)*	*(8)*	*375*	*411*	*(36)*	*(9)*

[(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.*
[(3)] *Beginning October 2020, Sun Prepaid was rebranded as Smart Prepaid.*

Home Broadband

Revenues from our Home Broadband services amounted to Php40 million in 2020, a decrease of Php45 million, or 53%, from Php85 million in 2019, primarily due to a decrease in the number of subscribers.

MVNO and Others

Revenues from our MVNO and other services amounted to Php564 million in 2020, a decrease of Php1,147 million, or 67%, from Php1,711 million in 2019, primarily due to lower facility service fees.

Non-Service Revenues

Our wireless non-service revenues consist of sale of mobile handsets, mobile broadband data modems, tablets and accessories. Our wireless non-service revenues decreased by Php204 million, or 3%, to Php6,041 million in 2020 from Php6,245 million in 2019, primarily due to lower quantity of mobile handsets issued as a result of the temporary closure of Smart Stores and Sun Shops brought about by the community quarantine measures during the pandemic.

Expenses

Expenses associated with our Wireless business segment amounted to Php81,569 million in 2020, an increase of Php7,210 million, or 10%, from Php74,359 million in 2019. The increase was mainly attributable to higher depreciation and amortization, selling, general and administrative expenses, and provisions, partially offset by lower interconnection costs, and cost of sales and services. As a percentage of our total wireless revenues, expenses associated with our Wireless business segment accounted for 78% and 77% in 2020 and 2019, respectively.

The following table summarizes the breakdown of our total wireless-related expenses for the years ended December 31, 2020 and 2019 and the percentage of each expense item in relation to the total:

					Increase (Decrease)	
	2020	%	2019	%	Amount	%
			(in millions)			
Selling, general and administrative expenses	Php35,731	44	Php32,009	43	Php3,722	12
Depreciation and amortization	35,134	43	29,484	40	5,650	19
Cost of sales and services	8,041	10	9,324	13	(1,283)	(14)
Provisions	2,026	2	1,011	1	1,015	100
Interconnection costs	467	1	2,409	3	(1,942)	(81)
Asset impairment	170	—	122	—	48	39
Total	Php81,569	100	Php74,359	100	Php7,210	10

Selling, general and administrative expenses increased by Php3,722 million, or 12%, to Php35,731 million, primarily due to higher expenses related to amortization of intangible assets mainly on account of trademark amortization, taxes and licenses, selling and promotions, and rent, partly offset by lower expenses related to professional and other contracted services, compensation and employee benefits, and communication, training and travel.

Depreciation and amortization charges increased by Php5,650 million, or 19%, to Php35,134 million, mainly on account of higher depreciation due to shortened life of certain network, technology and other equipment resulting from the migration to faster speed LTE and 5G technologies, as well as transformation and cost reengineering initiatives, combined with higher depreciation of right-of-use asset.

Cost of sales and services decreased by Php1,283 million, or 14%, to Php8,041 million, primarily due to lower number of units issued for mobile handsets during the temporary closure of Smart Stores and Sun Shops as a result of the community quarantine, coupled by lower cost of content and services.

Provisions increased by Php1,015 million, or 100%, to Php2,026 million, mainly on account of higher expected credit losses primarily driven by the impact of the pandemic to the economy.

Interconnection costs decreased by Php1,942 million, or 81%, to Php467 million, primarily due to lower interconnection cost on domestic voice and SMS services, as a result of the removal of mobile domestic interconnection fees.

Asset impairment, consisting mainly of impairment of contract assets, increased by Php48 million, or 39%, to Php170 million.

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, 2020 and 2019:

			Change	
	2020	2019	Amount	%
		(in millions)		
Other Income (Expenses) – Net:				
Financing costs – net	(Php6,886)	(Php6,422)	(Php464)	(7)
Losses on derivative financial instruments – net	(126)	(243)	117	48
Foreign exchange gains – net	431	118	313	265
Interest income	537	703	(166)	(24)
Other income – net	3,104	821	2,283	278
Total	(Php2,940)	(Php5,023)	Php2,083	41

Our Wireless business segment's other expenses amounted to Php2,940 million in 2020, a decrease of Php2,083 million, or 41%, from Php5,023 million in 2019, primarily due to the combined effects of the following: (i) higher other income – net by Php2,283 million mainly due to higher other miscellaneous income; (ii) higher net foreign exchange gains by Php313 million on account of revaluation of net foreign currency-denominated liabilities due to higher level of appreciation of the Philippine peso relative to the U.S. dollar; (iii) lower net losses on derivative financial instruments by Php117 million; (iv) lower interest income by Php166 million; and (v) higher net financing costs by Php464 million mainly due to higher interest expense on loans resulting from higher outstanding loan balance and lower capitalized interest.

Provision for Income Tax

Provision for income tax amounted to Php4,536 million in 2020, an increase of Php113 million, or 3%, from Php4,423 million in 2019.

Net Income

As a result of the foregoing, our Wireless business segment's net income increased by Php2,065 million, or 16%, to Php15,166 million in 2020 from Php13,101 million in 2019.

EBITDA

Our Wireless business segment's EBITDA increased by Php7,483 million, or 14%, to Php60,272 million in 2020 from Php52,789 million in 2019. EBITDA margin increased to 61% in 2020 from 58% in 2019.

Core Income

Our Wireless business segment's core income increased by Php2,755 million, or 20%, to Php16,440 million in 2020 from Php13,685 million in 2019, mainly on account of higher EBITDA and other miscellaneous income, partially offset by higher depreciation and amortization, and net financing costs.

Fixed Line

Revenues

Revenues generated from our Fixed Line business segment amounted to Php98,739 million in 2020, an increase of Php9,333 million, or 10%, from Php89,406 million in 2019.

The following table summarizes our total revenues by service from our Fixed Line business segment for the years ended December 31, 2020 and 2019:

					Increase (Decrease)	
	2020	%	2019	%	Amount	%
			(in millions)			
Service Revenues:						
Data	Php67,183	68	Php60,764	68	Php6,419	11
Voice	29,541	30	26,267	29	3,274	12
Miscellaneous	686	1	788	1	(102)	(13)
	97,410	99	87,819	98	9,591	11
Non-Service Revenues:						
Sale of computers, phone units and point-product sales	1,329	1	1,587	2	(258)	(16)
Total Fixed Line Revenues	Php98,739	100	Php89,406	100	Php9,333	10

Service Revenues

Our fixed line service revenues increased by Php9,591 million, or 11%, to Php97,410 million in 2020 from Php87,819 million in 2019, primarily due to higher revenues from our data and voice services.

Data Services

Our data services posted revenues of Php67,183 million in 2020, an increase of Php6,419 million, or 11%, from Php60,764 million in 2019, 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 69% in each of the years ended December 31, 2020 and 2019.

The following table shows information of our data service revenues for the years ended December 31, 2020 and 2019:

			Increase	
	2020	2019	Amount	%
		(in millions)		
Data service revenues	Php67,183	Php60,764	Php6,419	11
Corporate data and ICT	34,138	32,315	1,823	6
Home broadband	33,045	28,449	4,596	16

Corporate Data and ICT

Corporate data services amounted to Php28,110 million in 2020, an increase of Php1,429 million, or 5%, as compared with Php26,681 million in 2019, mainly due to the sustained demand for broadband internet and data networking services. Corporate data revenues accounted for 42% and 44% of total data services for the years ended December 31, 2020 and 2019, respectively.

ICT revenues increased by Php394 million, or 7%, to Php6,028 million in 2020 from Php5,634 million in 2019 mainly due to higher revenues from data centers, cloud and cyber security services. The percentage contribution of this service segment to our total data service revenues accounted for 9% in each of the years ended December 31, 2020 and 2019.

Home Broadband

Home broadband data revenues amounted to Php33,045 million in 2020, an increase of Php4,596 million, or 16%, from Php28,449 million in 2019. This growth is driven by increasing demand for broadband services, including fixed wired (PLDT Home Fibr) and fixed wireless (PLDT Home WiFi). PLDT Home offers broadband services through the nationwide roll-out of its fiber-to-the-home, or FTTH, network and its existing copper network. Home broadband revenues accounted for 49% and 47% of total data service revenues in 2020 and 2019, respectively. PLDT's FTTH nationwide network roll-out has reached approximately 9.0 million homes passed as of December 31, 2020.

Voice Services

Revenues from our voice services increased by Php3,274 million, or 12%, to Php29,541 million in 2020 from Php26,267 million in 2019, primarily due to higher revenues from international services of PLDT Global, partly offset by lower revenues from domestic and local exchange services. The decline in domestic and local exchange 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 30% in each of the years ended December 31, 2020 and 2019.

Miscellaneous Services

Miscellaneous service revenues are derived mostly from rentals and management fees. These service revenues decreased by Php102 million, or 13%, to Php686 million in 2020 from Php788 million in 2019. The percentage contribution of miscellaneous service revenues to our total fixed line service revenues accounted for 1% in each of the years ended December 31, 2020 and 2019.

Non-service Revenues

Non-service revenues decreased by Php258 million, or 16%, to Php1,329 million in 2020 from Php1,587 million in 2019, primarily due to lower sale of hardware, Telpad units, and computer bundles, partially offset by higher sale of Prepaid Home WiFi and managed ICT equipment.

Expenses

Expenses related to our Fixed Line business segment totaled Php84,717 million in 2020, an increase of Php12,332 million, or 17%, as compared with Php72,385 million in 2019. The increase was primarily due to higher interconnection costs, selling, general and administrative expenses, depreciation and amortization, and provisions. As a percentage of our total fixed line revenues, expenses associated with our Fixed Line business segment accounted for 86% and 81% in 2020 and 2019, respectively.

The following table shows the breakdown of our total fixed line-related expenses for the years ended December 31, 2020 and 2019 and the percentage of each expense item in relation to the total:

					Increase (Decrease)	
	2020	%	2019	%	Amount	%
			(in millions)			
Selling, general and administrative expenses	Php43,860	52	Php40,856	56	Php3,004	7
Depreciation and amortization	19,383	23	16,141	22	3,242	20
Interconnection costs	11,715	14	7,577	11	4,138	55
Provisions	5,394	6	3,530	5	1,864	53
Cost of sales and services	4,269	5	4,112	6	157	4
Asset impairment	96	—	169	—	(73)	(43)
Total	Php84,717	100	Php72,385	100	Php12,332	17

Selling, general and administrative expenses increased by Php3,004 million, or 7%, to Php43,860 million primarily due to higher expenses related to compensation and employee benefits, mainly on account of higher pension benefits, repairs and maintenance, professional and other contracted services, and selling and promotions, partly offset by lower rent, taxes and licenses, and communication, training and travel expenses.

Depreciation and amortization charges increased by Php3,242 million, or 20%, to Php19,383 million mainly on account of higher depreciable asset base and depreciation due to shortened life of certain network equipment, resulting from the migration to FTTH, combined with higher depreciation of right-of-use asset.

Interconnection costs increased by Php4,138 million, or 55%, to Php11,715 million, primarily due to higher international interconnection costs of PLDT Global.

Provisions increased by Php1,864 million, or 53%, to Php5,394 million, primarily due to higher provisions for expected credit losses mainly on account of lower collection efficiency and decline in macroeconomic factors, and higher provision for inventory obsolescence.

Cost of sales and services increased by Php157 million, or 4%, to Php4,269 million, primarily due to higher cost of sale of Prepaid Home WiFi and managed ICT equipment, partly offset by lower cost of services, as well as lower cost of hardware, Telpad units and computer bundles.

Asset impairment, consisting mainly of impairment of contract assets, decreased by Php73 million, or 43%, to Php96 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, 2020 and 2019:

			Change	
	2020	2019	Amount	%
	(in millions)			
Other Income (Expenses) – Net:				
Foreign exchange gains – net	Php1,153	Php400	Php753	188
Interest income	636	680	(44)	(6)
Equity share in net earnings of associates	50	568	(518)	(91)
Losses on derivative financial instruments – net	(270)	(196)	(74)	(38)
Financing costs – net	(6,059)	(5,078)	(981)	(19)
Other income – net	8,711	3,367	5,344	159
Total	Php4,221	(Php259)	Php4,480	1,730

Our Fixed Line business segment's other income amounted to Php4,221 million in 2020, a change of Php4,480 million as against other expenses of Php259 million in 2019, primarily due to the combined effects of the following: (i) higher other income – net by Php5,344 million mainly due to gain on sale and leaseback of Smart Headquarters and other miscellaneous income; (ii) higher net foreign exchange gains by Php753 million on account of revaluation of net foreign currency-denominated liabilities due to higher level of appreciation of the Philippine peso relative to the U.S. dollar; (iii) lower interest income by Php44 million; (iv) higher net losses on derivative financial instruments by Php74 million; (v) lower equity share in net earnings of associates by Php518 million; and (vi) higher net financing costs by Php981 million mainly due to higher interest expense on loans resulting from higher outstanding loan balance, partially offset by higher capitalized interest.

Provision for Income Tax

Provision for income tax amounted to Php3,734 million in 2020, a decrease of Php1,607 million, or 30%, from Php5,341 million in 2019.

Net Income

As a result of the foregoing, our Fixed Line business segment registered a net income of Php14,509 million in 2020, an increase of Php3,088 million, or 27%, as compared with Php11,421 million in 2019.

EBITDA

Our Fixed Line business segment's EBITDA increased by Php243 million, or 1%, to Php33,405 million in 2020 from Php33,162 million in 2019. EBITDA margin decreased to 34% in 2020 from 38% in 2019.

Core Income

Our Fixed Line business segment's core income increased by Php2,932 million, or 23%, to Php15,463 million in 2020 from Php12,531 million in 2019, primarily due to higher EBITDA and other miscellaneous income, as well as lower provision for income tax, partially offset by higher depreciation and amortization, and net financing costs.

Others

Revenues

Revenues generated from our Other business segment amounted to nil for each of 2020 and 2019.

Expenses

Expenses related to our Other business segment decreased by Php89 million, or 88%, to Php12 million in 2020 from Php101 million in 2019.

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, 2020 and 2019:

			Change	
	2020	**2019**	**Amount**	**%**
		(in millions)		
Other Income (Expenses) – Net:				
Equity share in net losses of associates and joint ventures	(Php2,378)	(Php2,103)	(Php275)	(13)
Financing costs – net	(55)	—	(55)	(100)
Foreign exchange losses – net	(48)	(76)	28	37
Gains on derivative financial instruments – net	18	155	(137)	(88)
Interest income	92	362	(270)	(75)
Other income (expense) – net	1,448	(450)	1,898	422
Total	(Php923)	(Php2,112)	Php1,189	56

Our Other business segment's other expenses amounted to Php923 million in 2020, a decrease of Php1,189 million, or 56%, from Php2,112 million in 2019, primarily due to the combined effects of the following: (i) other income – net of Php1,448 million in 2020 as against other expenses of Php450 million in 2019 mainly due to losses on fair value of Phunware investment in 2019 and higher other miscellaneous income, partially offset by losses on fair value in 2020 as against gains on fair value in 2019 of Rocket Internet investment, and higher losses on fair value of iflix investment; (ii) lower net foreign exchange losses by Php28 million; (iii) net financing costs of Php55 million in 2020; (iv) lower net gains on derivative financial instruments by Php137 million; (v) lower interest income by Php270 million; and (vi) higher equity share in net losses of associates and joint ventures by Php275 million mainly due to equity share in net losses in 2020 as against equity share in net earnings in 2019 of Multisys, and higher equity share in net losses of VIH.

Net Income (Loss)

As a result of the foregoing, our Other business segment registered a net loss of Php318 million in 2020, a decrease of Php1,451 million, or 82%, from Php1,769 million in 2019.

Core Income (Loss)

Our Other business segment's core income amounted to Php193 million in 2020 as against core loss of Php1,151 million in 2019.

Plans

We are one of the leading telecommunications and digital services providers in the Philippines. We intend to reinforce our leading position while offering a broader range and higher quality of products and services.

Our current estimate for our consolidated capital expenditures in 2023 is approximately Php79 billion, which is expected to be spent on network maintenance and expansion and IT projects, mainly to support the exponential rise in mobile data traffic, and for broadband installations. Our capital spending is focused on our objective of supporting the changing demand profile of our customers, allowing the delivery of a superior customer experience, and helping corporate customers revive their businesses.

We plan to expand our LTE network in line with our desire to provide coverage to substantially all of the country's cities and municipalities by the end of 2023. We intend to expand and upgrade our fixed access networks for cable fortification and resiliency in various locations. The expansion of our national and domestic networks is intended to follow the roll-out of our access networks.

We also plan to continue the transformation of our service delivery platforms and IT in order to facilitate a real-time, on demand and personalized customer experience across all touch points and channels.

Our capital expenditure budget includes projects addressing the following objectives:

(1) Commercial expansion of capacity and footprint of our wired and wireless services, as well as new platforms to expand service offerings;

(2) Technical transformation of the PLDT Group's service delivery platform in order to realize operating and cost efficiencies, provision of greater resilience and redundancy for the network, and investments in additional cable systems;

(3) Continuing investments to expand our LTE coverage; and

(4) IT/Support Systems –upgrade of our IT and support systems.

We expect to fund incremental capital expenditures from internally generated funds, loan financing, and proceeds from sale of non-strategic assets.

Liquidity and Capital Resources

The following table shows our consolidated cash flows for the years ended December 31, 2022, 2021 and 2020, as well as our consolidated capitalization and other consolidated selected financial data as at December 31, 2022 and 2021:

	2022	2021	2020
		(in millions)	
Cash Flows			
Net cash flows provided by operating activities	Php76,200	Php91,970	Php85,076
Net cash flows used in investing activities	(33,006)	(103,640)	(68,669)
Payment for purchase of property and equipment, including capitalized interest	*(95,551)*	(103,977)	(78,100)
Net cash flows provided by (used in) financing activities	(42,304)	(4,904)	463
Net increase (decrease) in cash and cash equivalents	1,304	(16,330)	15,868

	2022	2021	2020
		(in millions)	
Capitalization			
Interest-bearing financial liabilities:			
Long-term financial liabilities:			
Long-term debt	Php217,288	Php241,075	Php205,195
Current portion of interest-bearing financial liabilities:			
Long-term debt maturing within one year	32,292	11,482	17,570
Total interest-bearing financial liabilities	249,580	252,557	222,765
Total equity attributable to equity holders of PLDT	104,087	123,216	115,408
	Php353,667	Php375,773	Php338,173
Other Selected Financial Data			
Total assets	Php624,162	Php626,328	Php575,846
Property and equipment	292,745	302,736	260,868
Cash and cash equivalents	25,211	23,907	40,237
Short-term investments	383	2,241	989

Our consolidated cash and cash equivalents and short-term investments totaled Php25,594 million as at December 31, 2022. Principal sources of consolidated cash and cash equivalents in 2022 were cash flows from operating activities amounting to Php76,200 million, proceeds from disposal of property and equipment of Php60,833 million, mainly proceeds from the sale and leaseback of telecom towers, proceeds from availment of short-term and long-term debt of Php21,000 million, proceeds from maturity of short-term investments of Php8,700 million, proceeds from the release of preferred redemption fund of Php7,839 million, and interest received of Php636 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php95,551 million; (2) long-term debt principal and interest payments of Php22,353 million and Php9,013 million, respectively; (3) cash dividend payments of Php25,235 million; (4) settlement of obligations under lease liabilities of Php8,331 million; (5) payment for purchase of short-term investments of Php6,368 million; (6) payment for acquisition of investments in associates and joint ventures of Php3,514 million, mainly PCEV's additional investment in VIH's preferred shares; and (7) payment of short-term debt of Php6,000 million.

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 Php91,970 million, proceeds from availment of long-term debt of Php51,500 million, proceeds from maturity of short-term investments of Php2,518 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 Php3,847 million; and (6) payment for acquisition of investments in associates and joint ventures of Php1,754 million, mainly PCEV's additional investment in VIH's preferred shares.

Operating Activities

Our consolidated net cash flows provided by operating activities decreased by Php15,770 million, or 17%, to Php76,200 million in 2022 from Php91,970 million in 2021, primarily due to higher level of settlement of accounts payable, lower operating income, lower level of collection of receivables, higher pension and other employee benefits, and higher income taxes paid, partially offset by lower prepayments.

Our consolidated net cash flows provided by operating activities increased by Php6,894 million, or 8%, to Php91,970 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 decreased by Php23,320 million, or 37%, to Php39,533 mllion in 2022 from Php62,853 million in 2022, primarily due to lower operating income, higher level of settlement of accounts payable, and accrued expenses and other current liabilities, and higher income taxes paid, partially offset by lower prepayments. Cash flows provided by operating activities of our Fixed Line business segment increased by Php17,819 million, or 41%, to Php60,830 million in 2022 from Php43,011 million in 2021, primarily due to lower prepayments, and lower level of settlement of accrued expenses and other current liabilities, partially offset by higher level of settlement of accounts payable, lower level of collection of accounts receivables, and lower pension and other employee benefits. Cash flows provided by operating activities of our Other business segment amounted to Php2,787 million in 2022 as against cash flows used in operating activities of Php631 million in 2021, primarily due to lower level of settlement of accounts payable, partially offset by lower operating income.

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 Php7,440 million, or 21%, to Php43,011 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 Php631 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 Php33,006 million in 2022, a decrease of Php70,634 million from Php103,640 million in 2021, primarily due to the combined effects of the following: (1) higher proceeds from disposal of property and equipment by Php59,616 million, mainly proceeds from the sale and leaseback of telecom towers in 2022; (2) lower payment for purchase of property and equipment, including capitalized interest, by Php8,426 million; (3) higher net proceeds from maturity of short-term investments by Php3,661 million; and (3) higher payment for acquisition of investments in associates and joint ventures by Php1,760 million, mainly PCEV's additional investment in VIH's preferred shares.

Consolidated net cash flows used in investing activities amounted to Php103,640 million in 2021, an increase of Php34,971 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 2022 totaled Php95,551 million, a decrease of Php8,426 million, or 8%, as compared with Php103,977 million in 2021. Smart's payment for purchase of property and equipment, including capitalized interest, decreased by Php3,318 million, or 7%, to Php45,898 million in 2022 from Php49,216 million in 2021. Smart's capex spending was primarily focused on LTE (4G) coverage and capacity expansion, and rollout of new sites and 5G base stations in key business areas and dense communities nationwide. PLDT's payment for purchase of property and equipment, including capitalized interest, decreased by Php6,483 million, or 12%, to Php46,356 million in 2022 from Php52,839 million in 2021. 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.

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 Php10,420 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 Php42,304 million in 2022, an increase of Php37,400 million, from Php4,904 million in 2021, primarily due to the combined effects of the following: (1) lower proceeds from availment of long term debt of Php46,500 million; (2) higher cash dividends paid by Php7,523 million; (3) higher settlement of obligations under lease liabilities by Php1,784 million; (4) proceeds from the release of preferred shares redemption fund of Php7,839 million in 2022; and (5) net proceeds from availment of short-term debt of Php10,000 million in 2022.

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.

See *Note 28 – Financial Assets and Liabilities – Financial Risk Management Objectives and Policies* to the accompanying consolidated financial statements in Item 7. "Financial Statements" for a detailed discussion on our treasury policies and objectives in terms of the manner in which treasury activities are controlled.

Debt Financing

Proceeds from availment of long-term and short-term debt in 2022 amounted to Php5,000 million and Php16,000 million, respectively, 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 Php18,490 million, amounted to Php28,353 million while payments of interest on our total debt amounted to Php8,996 million in 2022.

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 and short-term debts decreased by Php2,977 million, or 1%, to Php249,580 million as at December 31, 2022 from Php252,557 million as at December 31, 2021, primarily due to debt amortizations and prepayments, partially offset by drawings from our long-term and short-term facilities, and the revaluation of foreign currency-denominated debt. As at December 31, 2022, PLDT's long-term and short-term debt levels decreased by Php191 million to Php156,816 million from Php157,007 million as at December 31, 2021, while Smart's long-term and short-term debt levels decreased by Php2,786 million, or 3%, to Php92,764 million from Php95,550 as at December 31, 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 audited consolidated financial statements in Item 7. "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, 2022 and 2021, we are in compliance with all of our debt covenants.

See *Note 21 – Interest-Bearing Financial Liabilities – Compliance with Debt Covenants* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for a more detailed discussion of our debt covenants.

Financing Requirements

We believe that our available cash, including cash flow from operating activities, 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 costs from external sources if we consider it prudent to do so.

The following table shows the dividends declared to common and preferred shareholders for the years ended December 31, 2022 and 2021:

	Date			Amount	
Class	Approved[(1)]	Record	Payable	Per Share	Total
				(in million Php, except per share amount)	
2022					
Common					
Regular Dividend	March 3, 2022	March 17, 2022	April 4, 2022	42	9,075
	August 4, 2022	August 18, 2022	September 5, 2022	47	10,155
Special Dividend	August 4, 2022	August 18, 2022	September 5, 2022	28	6,049
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[(1)]	January 25, 2022	February 21, 2022	March 15, 2022	—	12
	May 5, 2022	May 20, 2022	June 15, 2022	—	13
	August 4, 2022	August 19, 2022	September 15, 2022	—	12
	November 3, 2022	November 18, 2022	December 15, 2022	—	12
Voting Preferred Stock	March 3, 2022	March 23, 2022	April 15, 2022	—	2
	June 14, 2022	June 30, 2022	July 15, 2022	—	2
	August 24, 2022	September 15, 2022	October 15, 2022	—	3
	December 15, 2022	December 29, 2022	January 15, 2023	—	3
Charged to Retained Earnings					25,338
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

(1) *Dividends were declared based on total amount paid up.*

Our dividends declared after December 31, 2022 are detailed as follows:

	Date			Amount	
Class	Approved[(1)]	Record	Payable	Per Share	Total
				(in million Php, except per share amount)	
Common					
Regular Dividend	March **23**, 2023	April 11, 2023	April 21, 2023	45	9,722
Special Dividend	March **23**, 2023	April 11, 2023	April 21, 2023	14	3,025
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[(1)]	January 31, 2023	February 27, 2023	March 15, 2023	—	12
Voting Preferred Stock	March 2, 2023	March 17, 2023	April 15, 2023	—	2
Charged to Retained Earnings					12,761

(1) *Dividends were declared based on total amount paid up.*

See Item 5. "Market for Registrant's Common Equity and Related Stockholder Matters – Dividends" and *Note 20 – Equity* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for a detailed discussion of our dividend payments.

Credit Ratings

None of our existing indebtedness contains provisions under which credit rating downgrades would trigger a default, changes in applicable interest rates or other similar terms and conditions.

PLDT's current credit ratings are as follows:

Rating Agency	Credit Rating		Outlook
Moody's Investor Service, or Moody's	Local Currency Issuer Rating	Baa2	Stable
S&P Global (previously Standard & Poor's)	Long-term Issuer Credit Senior Unsecured Notes Programs	BBB+ BBB+	Stable
CRISP	Issuer rating	AAA	Stable

On July 13, 2022, Moody's affirmed PLDT's long-term issuer rating at "Baa2". Rating is considered "investment grade." The outlook is stable. The rating was reaffirmed in Moody's latest report dated February 22, 2023.

On November 26, 2020, S&P Global affirmed PLDT's long-term foreign issuer credit rating at "BBB+", with a stable outlook, and its senior unsecured notes at "BBB+". These ratings are considered as "investment grade."

On January 6, 2014, CRISP rated PLDT's inaugural peso retail bonds as "AAA" issuer rating with a "stable" outlook, the highest on the scale. CRISP cited PLDT's market leadership, strong historical financial performance and excellent management and governance as key considerations for providing their rating. As at March 23, 2023, there has been no change in the credit rating issued by CRISP.

Changes in Financial Conditions

Our total assets amounted to Php624,162 million as at December 31, 2022, a decrease of Php2,166 million from Php626,328 million as at December 31, 2021, primarily due to lower prepayments, and property and equipment, partly offset by higher right-of-use assets, and assets classified as held-for-sale in 2022.

Our total liabilities amounted to Php510,201 million as at December 31, 2022, an increase of Php11,338 million, or 2%, from Php498,863 million as at December 31, 2021, primarily due to higher lease liabilities and accounts payable, partly offset by lower accrued expenses and other current liabilities, and pension and employee benefits.

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 5, 2014, the Board of Directors approved the amendment of our dividend policy, increasing the dividend payout rate to 75% from 70% of our core earnings per share as regular dividends. 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 SMC'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, 2017 and 2018, 60% of our telco core income for 2019, 2020, 2021 and 2022. The accumulated equity in the net earnings of our subsidiaries, which form part of our retained earnings, are not available for distribution unless realized in the form of dividends from such subsidiaries. Dividends are generally paid in Philippine pesos. In the case of shareholders residing outside the Philippines, PLDT's transfer agent in Manila, Philippines, as the dividend-disbursing agent, converts the Philippine peso dividends into U.S. dollars at the prevailing exchange rate and remits the dollar dividends abroad, net of any applicable withholding tax.

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

Consolidated cash dividend payments paid to shareholders amounted to Php25,235 million, Php17,712 million, and Php16,721 million as at December 31, 2022, 2021 and 2020, respectively.

Contractual Obligations and Commercial Commitments

Various Trade and Other Obligations

PLDT Group has various obligations to suppliers for the acquisition of phone and network equipment, contractors for services rendered on various projects, foreign administrations and domestic carriers for the access charges, shareholders for unpaid dividends distributions, employees for benefits and other related obligations, and various business and operational related agreements. Total obligations under these various agreements amounted to approximately Php178,219 million and Php179,484 million as at December 31, 2022 and 2021, respectively. See *Note 23 – Accounts*

Payable and *Note 24 – Accrued Expenses and Other Current Liabilities* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements".

Commercial Commitments

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

For other capital expenditure vendors, we will engage in similar discussions with such vendors to achieve similar results. Any adjustments as a result of these discussions shall be taken up in our 2023 consolidated financial statements.

We have no outstanding commercial commitments, in the form of letters of credit, as at December 31, 2022 and 2021.

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.

See *Note 28 – Financial Assets and Liabilities – Financial Risk Management Objectives and Policies* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for a detailed discussion.

Impact of Inflation and Changing Prices

Inflation can be a significant factor in the Philippine economy, and we are continually seeking ways to minimize its impact. The average inflation rate in the Philippines for the years ended December 31, 2022 and 2021 were 5.8% and 4.5%, respectively. We expect inflation to be on the upper band or even breach the 2.5% to 4.5% target range of the BSP given the increase in oil prices brought about by the Russia-Ukraine conflict.

Risks and Uncertainties

You should carefully consider all of the information in this annual report, including the risks and uncertainties described below. If any of the following risks actually occurs, it could have a material adverse effect on our business, financial condition or results of operations and the trading price of our ADSs could decline and you could lose all or part of your investment.

Risks Relating to Us

The entry of a third major mobile telecommunications player and/or increased competition from other telecommunications services providers may reduce our market share and decrease our profit margin, and we cannot assure you that any potential change in the competitive and regulatory landscape of the telecommunications industry in the Philippines would not have a material adverse effect on our business, results of operations, financial condition and prospects.

Increasing competition among existing telecommunications services providers, as well as competition from new competitors, could materially and adversely affect our business and prospects by, among other factors, forcing us to lower our tariffs, reducing or reversing the growth of our customer base and reducing usage of our services. Competition in the mobile telecommunications industry is particularly intense, with network coverage, quality of service, product offerings, and price dictating subscriber preference, while competition in the fixed line side, particularly in the fiber home broadband space, is now more active as well. Vital investments in capacity and coverage expansion may continue to increase our capital expenditures.

The mobile telecommunications industry has undergone a period of aggressive competition where mobile operators have attempted to grow market share, especially in light of a maturing voice and SMS market. Competition has since shifted to data, where competition remains active, but more focused on ability to provide good customer experience instead of price. Our principal mobile competitor, Globe, which began to participate more actively in the home broadband segment, via their fixed wireless home broadband service, has announced a strategic pivot to invest in and offer fiber home broadband. In addition, Converge ICT Solutions, Inc. ("**Converge**"), a pure fixed line broadband operator, has made inroads in the underpenetrated fiber home broadband space.

Meanwhile, Dito Telecommunity Corporation ("**Dito**"), the third major mobile player operated by a consortium consisting of Udenna Corporation, Chelsea Logistics Corporation and Infrastructure Holdings Corp. and China Telecommunications Corporation (together, the "**NMP Consortium**") began its operations in June 2019 upon receiving a permit to operate after its chairman, Dennis Uy, was awarded the Certificate of Public Convenience and Necessity ("**CPCN**") from the NTC. In October 2019, Dito entered into agreements with Sky Cable and LCS Holdings, Inc. ("**LCS Group**"), pursuant to which Dito will lease the telecommunications towers that the LCS Group is building across different regions in the Philippines and use Sky Cable's unused fiber-optic cables in Metro Manila.

Dito announced the launch of its commercial operations on March 8, 2021, with the initial launch limited to 15 cities in the Visayas and Mindanao area, and subsequently launched its services in the NCR (including Metro Manila) in May 2021. As at September 30, 2022, Dito is available in 683 cities and municipalities nationwide. Dito has reached a total of 13.1 million subscribers and offers 5G Fixed Wireless Access service in selected areas in NCR.

Developments in law, regulations and/or Government initiatives may increase competition and cause us to lose customers. In 2017, as part of its push to encourage competition within the telecommunications industry, the Philippine Government introduced various measures to facilitate and enable the operations of new players, including a tower sharing policy, MNP, the removal of mobile interconnect charges and the lifting of foreign ownership restrictions on telecommunication companies. In 2019, Smart, Globe and Dito established a joint venture company, TCI, to enable number porting services in line with the Government's MNP initiative, which was launched on September 30, 2021. TCI enables a customer to retain his/her mobile number when he/she moves from one mobile service provider to another or when he/she changes the type of mobile subscription from postpaid to prepaid or vice versa. This ability to retain one's mobile number when switching between service providers further incentivizes our customer to switch away from us. The loss of customers due to such developments would adversely affect our business, financial condition and results of operations. Meanwhile, as customers who switch away from us retain their mobile numbers, the mobile number prefixes which used to be exclusive to our subscribers will no longer be exclusive, and such loss may result in the dilution of the premium nature of our brand. We cannot guarantee you that in the future, there will not be similar changes in law, regulations or Government initiatives that may incentivize customers to switch away from us.

In the fixed line business, we are also seeing increased competition from Globe and Converge. Converge, in particular, has been aggressively expanding its network. In September 2019, Converge raised US$250 million to help finance its plan to build a US$1.8 billion nationwide internet backbone in addition to its plan to construct a domestic submarine cable with 20 landing stations across the Philippines. As at December 31, 2022, Converge has 1.9 million subscribers and has laid 140,000 kilometers of fiber backbone. Its continuing expansion efforts in the Visayas and Mindanao regions resulted in increasing gross additions contributions in the said areas. Globe, on the other hand, has shifted in its home broadband strategy from offering fixed wireless to offering postpaid and prepaid fiber connections. Furthermore, Globe has also ventured into the data center space. To scale up capacity and capability in the data center space, Globe has entered into a joint venture partnership, with the potential to expand to 100-megwatts capacity in the medium to long term.

Our ability to compete effectively will depend on, among other things, network coverage, quality of service, price, our development of new and enhanced products and services, the reach and quality of our sales and distribution channels and our capital resources. It will also depend on how successfully we anticipate and respond to various factors affecting our industry, including new technologies and business models, changes in consumer preferences and demand for existing services, demographic trends and economic conditions. If we are not able to respond successfully to these competitive challenges, our business, results of operations, financial condition and prospects could be materially and adversely affected.

To maintain our competitive posture in the face of increasing competition, we may need to match our competitors' offers by lowering our price points and offering other incentives to prevent existing customers from switching, which may result in lower ARPUs and consequently, negatively impact our revenue. Furthermore, we may need to make additional investments in our network to further improve the customer experience in order to effectively compete with Globe and Dito. A loss of market share and increased costs to maintain our competitive posture will adversely affect our business, financial condition and results of operations. We cannot assure you that the number of providers of telecommunications services will not increase in the future or that competition for customers will not cause our mobile and fixed line subscribers to switch to other operators, or otherwise cause us to increase our marketing and capital expenditures, lose customers or reduce our rates, resulting in a reduction in our profitability.

The rapid speed of disruptive innovations by new and emerging technologies may outpace our ability to compete and/or manage the risk appropriately, resulting in a possible decline in demand for our services, significant changes to our business model and a material adverse effect on our business, results of operations, financial condition and prospects.

The growing use of mobile data in the Philippines, coupled with the prevalence of OTT services and video conferencing applications, have negatively impacted our traditional revenue sources such as SMS and domestic calling services in recent years. We are also facing growing competition from providers offering services using alternative wireless technologies and IP-based networks, including efforts by the Philippine Government to roll-out its free WiFi services to selected areas within various municipalities in the country. Moreover, net settlement payments between PLDT and other foreign telecommunications carriers for origination and termination of international call traffic between the Philippines and other countries, which have been our predominant source of foreign currency revenues, have been declining in recent years and have diminishing contribution to our total service revenues.

While the trend of increasing mobile data usage has resulted in, and is expected to continue to have, a positive impact on our data revenues, there is no guarantee that such increase fully compensate for the decline in revenue from our traditional businesses. We may not be able to maintain and attract customers more effectively than our competitors. We will also need to invest in new infrastructure, systems and personnel to provide high quality services that accomodate increasing mobile data usage. As a result, our capital costs could increase as we phase out outdated and unprofitable technologies and invest in new ones.

The advent of fifth-generation wireless ("**5G**") is another potential disruptor. 5G is the latest evolution of cellular technology and is characterized by significantly higher speeds and low latency which will enable mobile users to download data at a much faster speed than previous generation technologies. 5G is also expected to anchor the IOT, which will allow users to connect with each other, as well as their homes, vehicles, public infrastructure and more. In order to make 5G technology available to our customers, we may need to obtain additional licenses or upgrade our networks, which may cause us to incur significant capital expenditures. As new technologies relating to 5G systems are developed, our equipment and infrastructure may need to be replaced or upgraded or we may need to rebuild our network, in whole or in part. If we are unable to acquire such licenses or upgrade such systems, on reasonable terms or at all, we may not be able to implement the 5G technology in a timely manner or at all, which in turn may negatively impact our ability to attract new customers and/or maintain our existing customer base.

We have started rolling out 5G and upgrading the core and transport elements of our network, including upgrading the backhaul to support 5G speed. We also conducted 5G use case pilot tests in various sectors, including local governments, academic institutions, manufacturing entities and lifestyle hubs. We are dependent on the availability of 5G network equipment and software, as well as 5G-capable devices such as handsets and modems. A delay in the release of reasonably-priced 5G handsets could negatively impact the mass acceptance of 5G services among our customers and our ability to monetize these investments, which in turn could adversely affect our growth prospects. Furthermore, a 5G rollout by other operators would introduce another area of competition and could consequently impact our business.

We may not be able to accurately predict further technological trends or the success of new services in the market. In addition, there could be legal or regulatory restraints on our introduction of new services. If our services fail to gain acceptance in the marketplace, or if costs associated with implementation and completion of the introduction of these services materially increase, our ability to retain and attract customers could be adversely affected. We can neither assure you that we would be able to adopt or successfully implement new technologies and services nor assure you that future technological changes will not adversely affect our business, results of operations, financial condition and prospects.

The success of our business depends on our ability to maintain and enhance our brands.

We believe that our reputation and brands in the industry are crucial to the success of our business. To maintain and enhance our reputation and brands, we must continue providing relevant products and services, combined with the best customer experience, such that we not only maintain our current customer base but also attract new subscribers as well. If we are unsuccessful in maintaining and improving our brands, our business, financial position and results of operations may be negatively affected.

Our reliance on outsourcing and strategic sourcing arrangements, technology vendor contracts and other partnerships and/or joint ventures may prevent us from meeting organizational targets or may impact our brand image.

We have entered into a number of outsourcing agreements with technology vendors covering key operations in order to improve efficiencies and maximize knowledge transfer. These arrangements may disrupt existing operations and result in resistance among employees. Furthermore, any delays in implementation or failure to bring about the desired results will hamper our ability to meet our medium-term targets.

In particular, as part of our extensive capital expenditures program to overhaul our fixed and wireless networks infrastructure and our IT systems, we have entered into agreements with Amdocs Philippines, Inc. and Huawei Technologies Co. Ltd. ("**Huawei**"), to upgrade and modernize a significant portion of our IT infrastructure. We cannot guarantee that we will be able to accomplish this transformation in a timely fashion, or at all, or in the manner intended. Furthermore, we cannot guarantee that such transformation will not result in service disruptions, network outages or encounter other issues that may detrimentally affect consumer experience. This may adversely affect our business, financial condition and results of operations.

Due to our reliance on third party vendors, our business operations may be negatively impacted by any adverse changes in import policies, including increases in import duties and tariffs, or any embargo on imports from countries from which our vendors supply. In particular, trade tensions between the United States and major trading partners, including particularly with China, continue to escalate following the introduction of a series of tariff measures by the United States and/or its trading partners. Any further changes in the United States' global trade policy against its trading partners, including tightening regulatory restrictions, industry specific quotas, tariffs, non-tariff barriers and taxes may have an adverse effect on our ability to procure the requisite components or services from suppliers located in the United States and/or its trading partners. For example, Huawei and its designated affiliates have been placed on the Entity List, an export control-related list, and Huawei has been designated as a "Communist Chinese military company" by the government of the United States, and the government of the United States has banned a broad array of American companies from utilizing information and communications technology supplied by Huawei. Any additional export restrictions imposed by the United States against Huawei and its designated entities, as well as any damage to Huawei's image or reputation could potentially have an adverse effect on our business, prospects, results of operations and cash flows. Thus, we continue to monitor developments involving U. S. – China relations that may impact Huawei's ability to operate. For example, we note that some countries and telecommunications service providers have banned or limited the use of Huawei's technologies for various reasons. We have factored in such developments in our planning and decision-making with respect to our operation with Huawei, and will continue to do so.

Our business relies heavily as well on third party vendors, some of whom may encounter financial difficulties or consolidate with other vendors. This may result in a shrinking of the already limited pool of qualified vendors which may in turn, materially impact the third party vendors' ability to fulfill their obligations and thereby impact our operations. The limited number of vendors may also result in our dependence on a single vendor to provide critical services.

Our ability to generate revenues could be disrupted if our suppliers are no longer able or willing to supply us. In the event that any of our suppliers cannot or will not provide us with the required products, we may be forced to find alternative supplies. There is no guarantee that we will be able to obtain our products or products of a similar quality from alternate suppliers, in part or at all. Failure to acquire alternative suppliers will disrupt our operations and hinder our ability to generate revenues.

The mobile telecommunications industry in the Philippines may not continue to grow.

The majority of our total revenues are currently derived from the provision of mobile services to customers in the Philippines. As a result, we depend on the continued development and growth of the mobile telecommunications industry in the Philippines. We believe the mobile penetration rate in the country, however, reached approximately 153% as at December 31, 2022, based on the number of SIM cards issued, and the industry may well be considered mature insofar as services such as SMS and domestic voice are concerned.

Data has emerged as the key driver for revenues. However, further growth of the market depends on many factors beyond our control, including the continued introduction of new and enhanced mobile devices, the price levels of mobile handsets, consumer tastes and preferences, alternative means of access, and the amount of disposable income of existing and potential subscribers. Any economic, technological or other developments resulting in a reduction in demand for mobile services or otherwise causing the Philippine mobile telecommunications industry to stop growing or slow down its growth, could materially harm our business, results of operations, financial condition and prospects.

The licenses, franchises and regulatory approvals, upon which PLDT relies, may be subject to revocation or delay, which could result in the suspension of our services or abandonment of any planned expansions and could thereby have a material adverse effect on our business, results of operations, financial condition and prospects.

Amendment to the Public Service Act

Section 11, Article XII of the 1987 Philippine Constitution (the "**Constitution**") provides that no franchise, certificate or any other form of authorization for the operation of a public utility shall be granted except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines, at least 60% of whose capital is owned by such citizens. Exceeding the foreign ownership restrictions imposed under the Constitution may subject the Company to (1) sanctions set out in Section 14 of the Philippine Foreign Investments Act of 1991, as amended, comprising a fine not exceeding (a) the lower of (x) 0.5% of the total paid in capital of the Company and (y) Php5 million, in the case of a corporate entity, (b) Php200,000, in the case of the president of the Company or other responsible officers, and (c) Php100,000, in the case of other natural persons, which we refer to collectively as the Monetary Sanctions, and/or (2) the Philippine government commencing a *quo warranto* case in the name of the Republic of the Philippines against the Company to revoke the Company's franchise, which permits the Company to engage in telecommunications activities.

In February 2022, the Philippine Congress approved the proposed amendments to the Public Service Act, which no longer considers telecommunication companies as "public utilities" but as "public service with critical infrastructure". Under such amendments, telecommunication companies would no longer be subject to the 40% foreign ownership restriction under the Constitution, subject to reciprocity rules. While such an amendment would increase our access to foreign capital, it may also allow foreign nationals to make significant investments in other telco operators that can compete with us. The bill proposing amendments to the Public Service Act was signed by the President on March 21, 2022 and came into effect on April 12, 2022.

While we believe that PLDT is still in compliance with the requirements of the Constitution as of the date of this report, we cannot assure you that any subsequent changes in the law will not result in a different conclusion.

Failure to renew CPCNs

We operate our business under franchises, each of which is subject to amendment, termination or repeal by the Philippine Congress, and to various provisional authorities and CPCNs, which have been granted by the NTC and will expire between now and 2028. Some of our CPCNs and provisional authorities have already expired, but applications for the renewal of such CPCNs and provisional authorities were filed prior to expiry. Under the Philippine Revised Administrative Code of 1987 and the Ease of Doing Business and Efficient Government Service Delivery Act of 2018, CPCNs and provisional authorities for which renewal applications have been filed are deemed effective until the applications for renewal are finally decided upon by the NTC. Although we have filed applications for the extension of these CPCNs and provisional authorities, we cannot assure you that the NTC will grant the applications for renewal. Failure to renew CPCNs can materially and adversely affect our ability to conduct the essential functions of our business, and therefore adversely affect our financial condition and results of operations. See Item 1. "Description of Business – Licenses and Regulations" for more information.

Failure to comply with public ownership requirements under Republic Act No. 7925 or the Public Telecommunications Policy Act of the Philippines

The Philippine Congress may revoke, or the Solicitor General of the Philippines may file a *quo warranto* case against Smart and DMPI to revoke, the franchise of Smart and DMPI for their failure to comply with Section 21 of Republic Act No. 7925, which requires a telecommunications entity providing regulated services to make a public offering of at least 30% of its aggregate common stocks. See Item 1. "Description of Business – Material Effects of Regulation on our Business" for further discussions. However, on May 19, 2017, Republic Act No. 10926 took effect and effectively extended the legislative franchise of Smart. The law contains a provision which provides an exemption from such public listing requirement if the grantee is wholly-owned by a publicly listed company with at least 30% of its authorized capital stock is publicly listed. As Smart is a wholly-owned subsidiary of PLDT, a publicly listed company, Smart is not required to offer any of its shares to the public under Republic Act No. 7925.

Nonetheless, we cannot assure you that none of our franchises, permits or licenses will not be revoked in the future. Any such revocations could have a material adverse effect on our business, financial conditions or prospects.

Our business is significantly affected by laws and regulations, including regulations in respect of our service rates, taxes and antitrust laws.

The NTC regulates the rates we are permitted to charge for services that have not yet been deregulated, such as local exchange services and is responsible for granting long-term license called a CPCN. PLDT has obtained CPCNs for its international gateway facility, local exchange carrier, and interexchange carrier services. While CPCNs are typically co-terminus with the term of a public utility's franchise, the NTC may amend certain terms of a CPCN, or revoke a CPCN for cause, subject to due process procedures. The exercise of regulatory power by regulators, including monetary regulators, may be subject to review by the courts upon the filing of appropriate actions by the affected parties.

We cannot assure you that the NTC will not impose additional obligations on us that could lead to the revocation of our licenses if not adhered to and/or to the reduction of our total revenues or profitability. The NTC could amend applicable regulations or implement additional guidelines governing our interconnection with other telecommunications companies or the rates and terms upon which we provide services to our customers. In addition, any future expansions in our services, particularly in our mobile services, could subject us to additional conditions in the granting of provisional authorities by the NTC and to increased regulatory scrutiny, which could have a material adverse effect on our growth and prospects. The occurrence of any of the foregoing could impose substantial costs on us, cause interruptions or considerable delays in the provision, development or expansion of our services, or materially reduce our revenues and profitability. There is no assurance that the regulatory environment will support increases in our business and financial activity.

We are subject to a number of national and local taxes, and regulatory fees imposed by LGUs through their respective ordinances. We cannot assure you that we will not be subject to new, increased and/or additional taxes or that we would be able to pass on such additional expenses to our customers. See *Note 27 – Provisions and Contingencies* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

Moreover, we are subject to antitrust laws and regulations. The Republic Act No. 10667 (the "**Philippine Competition Act**") came into effect on August 8, 2015 and prohibits practices that restrict market competition through anti-competitive agreements or the abuse of a dominant position. The Act also requires parties to provide notification and obtain clearance for certain mergers and acquisitions. Violators may be subject to administrative and criminal penalties. While our business practices have not in the past been found to have violated any antitrust laws and regulations, we cannot assure you that any new or existing governmental regulators will not, in the future, take the position that our current or past business practices have an anti-competitive effect on the Philippine telecommunications industry.

In particular, PLDT is currently involved in a litigation with the Philippine Competition Commission (the "PCC"), relating to PLDT's investments in Vega Telecom Inc., Bow Arken Holdings Company and Brightshare Holdings, Inc. (collectively, the "**SMC Transactions**"). Although the Court of Appeals (the "**CA**"), among other things, compelled the PCC to recognize the SMC Transactions as having been deemed to be approved by operation of law, the CA held that the deemed approved status of the SMC Transactions does not, however, remove the power of the PCC to conduct post-acquisition review to ensure that no anti-competitive conduct was committed by the parties. The CA's decision is on appeal with the Supreme Court and is not final and executory. An adverse judgment could materially and adversely affect our business and outlook. See *Note 11 – Investments in Associates and Joint Ventures – In the Matter of the Petition against the PCC* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

On September 22, 2021, Dito filed a petition with the NTC seeking the latter's intervention in directing Smart to grant Dito's request for additional capacity for interconnection. In response, Smart filed an answer on October 4, 2021 stating that the petition should be denied for Dito's failure to prevent, detect, or block International Simple Resale ("**ISR**")/Bypass Traffic emanating from its network and Dito's failure to set up an effective fraud management system; and requesting for compensation for losses incurred due to these ISR/ bypass activities, in violation of its Interconnection Agreement with Smart, the provisions of R.A. No. 7925, and NTC MC No. 14-07-2000. The NTC facilitated mediation conferences on November 5, 2021, November 18, 2021, February 4, 2022, and February 16, 2022. The case remains pending with the NTC.

Following news reports on August 8, 2022 that Dito had filed a complaint with the PCC against Globe and Smart involving the same issue pending with the NTC on ISR, Smart received a *subpoena duces tecum* dated December 7, 2022 from the PCC Competition Enforcement Office in relation to an ongoing full administrative investigation involving the telecommunications industry. The subpoena notified Smart that it was the subject of ongoing investigation pursuant to Section 2.9 of the 2017 PCC Rules of Procedure, involving allegations of violations by Smart of Section 14(b)(1), 15(b), 15(c) and 15(i) of the Philippine Competition Act. Smart was directed to submit its corporate documents, documents and information pertaining to its operations as a PTE and its relationship with other PTEs, and documents and information on ISR. to the PCC on January 23, 2023, followed by the submission of a supplemental submission on January 27, 2023. As of the date of this report, Smart has not received any other notices from the PCC with regards to this investigation.

No assurance can be given that the regulatory environment in the Philippines will remain consistent or open. Current or future policies may affect our business and operations.

Changes in regulations or user concerns regarding the privacy and protection of user data, or any failure to comply with such laws, could adversely affect our business.

Legislations such as Republic Act No. 10173 and its implementing rules and regulations (the "**Data Privacy Act**") aim to protect individual privacy. The rules apply to the processing of personal data in the public and private sectors, as well as to acts done or practices engaged in, in and outside of the Philippines under certain conditions. Personal data breaches and other controversies relating to the unauthorized processing of personal data both within the Philippines and abroad continue to be a concern for consumers. In 2022, the NPC issued Circular No. 2022-01, or the Guidelines on Administrative Fines, which provides for a fine for any violations of the Data Privacy Act equal to a percentage of the entity's annual gross income, up to Php5 million. Smshing and online frauds continue to victimize mobile phone users. In response, the Philippine Congress passed R.A. No. 11934, or the SIM Registration Act, which requires that all SIM cards be registered by the end-users. PLDT is required to keep a SIM Register of all its end-users, which exposes it to heightened risks of cybersecurity breaches and hacks.

Provisions in the Data Privacy Act on the Rights of Data Subjects and the NTC issuance under NTC Memorandum Circular No. 05-06-2007 on the rights of the subscriber on record to their data and call data records highlight PLDT's statutory obligation to be able to furnish complete and correct data to its users upon their request. These developments lead to an increased impetus on PLDT's part to not only ensure compliance with the Data Privacy Act and similar laws, rules and regulations but also to meet industry best practices and customer expectations on data protection. Any failure, or perceived failure, by us to make effective modifications to our policies, or to comply with any privacy, data-retention or data-protection-related laws, regulations, orders or industry self-regulatory principles, including the Data Privacy Act, could result in proceedings or actions against us by governmental entities or others, loss of user confidence, damage to the PLDT brands, or the loss of users or advertising partners, any of which could potentially have a material adverse effect on our business.

In addition, various foreign legislative or regulatory bodies continue to enact new or additional laws and regulations concerning privacy, data-retention and data-protection issues, including laws or regulations mandating disclosure to domestic or international law enforcement bodies, which could adversely impact our results of operations, businesses, brand or reputation with users. For instance, in May 2018, the General Data Protection came into force in the European Union and European Economic Area countries. In the United States, more and more states are adopting their own privacy and data protection legislation and there have been pushes to adopt a comprehensive federal privacy law in the form of the American Data Privacy and Protection Act. Privacy regulatory authorities have also been taking a tougher stance on privacy violations.

Transfers of personal data across jurisdictions also continue to be a concern and there have been ongoing efforts by regulatory authorities to address such issue. For example, following the invalidation of the EU-US Piracy Shield in July 2020 by the Court of Justice of the European Union in the case, Data Protection Commissioner v Facebook Ireland Ltd, Maximilian Schrems and intervening parties, Case C-311/18 (also known as "Shrems II"), the EU and the U.S. are expected to finalize the EU-U.S. Data Privacy Framework in 2023.

In the Philippines, proposed amendments to the Data Privacy Act have been filed with the Congress of the Philippines. In general, the amendments focus on a review of the penalties for criminal offenses, as well as the authority of the NPC to levy fines for administrative offences. Since stakeholders, including telecommunications service providers, have significant interest in these amendments, it is likely that the amendments will only be approved by the Philippine Congress after a lengthy period of solicitation of public opinion and discussion.

The interpretation and application of privacy, data protection and data retention laws and regulations are often uncertain as these are highly dependent on the local context and culture and they can also be impacted by changes in technology. These laws may be interpreted and applied inconsistently from country to country and inconsistently with our current policies and practices, complicating long-term business planning decisions. If privacy, data protection or data retention laws are interpreted and applied in a manner that is inconsistent with our current policies and practices we may be fined or ordered to change our business practices in a manner that adversely impacts our operating results. Complying with these varying international requirements could cause us to incur substantial costs or require us to change our business practices or operating platforms in a manner adverse to our business.

Inadequate handling of confidential information, including personal customer information by our corporate group, contractors and others, may adversely affect our credibility or corporate image.

We possess a substantial amount of personal information of our customers. In the event an information leak or cyber security breach occurs, whether on our end or on the part of our contractors and service providers, we may be subject to penalties under the Data Privacy Act, our credibility and corporate image may be significantly damaged and we may experience an increase in cancellations of customer contracts and a slower increase in additional subscriptions, any of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

In 2022, the PLDT Group had six personal data breaches that met the Data Privacy Act's requisites for mandatory reporting to the NPC and notice to affected data subjects. While the PLDT Group periodically conducts compliance audits and regularly holds privacy and information security training and awareness campaigns, it cannot guarantee that similar personal data breaches resulting from failure of personnel to comply with PLDT policies will not occur in the future. Such breaches could result in litigation and/or regulatory actions and penalties against us, and adversely impact on our business operations and financial conditions.

Legislation and regulation of online payment systems could create unexpected costs, subject us to enforcement actions for compliance failures or cause us to change our digital technology platforms or business models.

Regulators have been increasingly focused on online and mobile payment services, and recent regulatory and other developments could reduce the convenience or utility of our payment services for users. Governmental regulation of certain aspects of mobile payment systems under which PLDT operates could result in obligations or restrictions with respect to the types of products that we may offer to consumers, the payment card systems that link to our mobile payments systems, the jurisdictions in which our payment services or apps may be used, and higher costs, such as fees charged by banks to process funds through our mobile payments systems. Such obligations and restrictions could be further increased as more jurisdictions regulate payment systems. Moreover, if this regulation is used to provide resources or preferential treatment or protection to selected payments and processing providers, we could be displaced, prevented or substantially restricted from participating in particular geographies.

Limitations in the amount of frequency spectrum or facilities made available to us could negatively affect our ability to maintain and improve our service quality and level of customer satisfaction, increase our costs and reduce our competitiveness.

The available radio frequency spectrum is one of the principal limitations on a wireless network's capacity, and there are limitations in the spectrum and facilities available to us to provide our services. Our future wireless growth will increasingly depend on our ability to offer relevant content and data services and a wireless network that has sufficient spectrum and capacity to support such services. Improvements in our service depend on many factors, including continued access to and deployment of adequate spectrum.

In order to acquire spectrum, a duly enfranchised mobile network operator ("**MNO**") must apply and secure a provisional authority from the NTC to render a specific telecommunications service through its franchise. After a hearing, the NTC then grants a provisional authority to the MNO, which specifies the period, service area and essential frequencies for delivering the telecommunications service assigned to the MNO. Moreover, spectrum users' fees are charged by the NTC for use of the allocated spectrum.

Our competitiveness may decline if we cannot obtain the necessary or optimal allocation of spectrum from the Philippine Government. If the Philippine Government does not fairly allocate spectrums to wireless providers in general, revokes the spectrum previously granted to us, or if we fail to acquire the necessary amount of spectrum or deploy the services that customers desire on a timely basis without burdensome conditions or at adequate cost while maintaining network quality levels, then our ability to attract and retain customers, and therefore maintain and improve our operating margins, could be materially and adversely affected.

Other mobile service providers in the world may not adopt or use technologies and/or frequency bands that are compatible with ours, which could affect our ability to sufficiently offer international services.

If a sufficient number of mobile service providers does not adopt the technologies and frequency bands that are compatible with ours, if mobile service providers switch to other technologies or frequency bands, or if there is a delay in the introduction and expansion of compatible technologies and frequency bands, we may not be able to offer international roaming or other international services as expected, which may adversely affect our business.

We may not be successful in our acquisitions of, and investments in, other companies and businesses, and may therefore be unable to fully implement our business strategy.

As growth slows or reverses in our traditional fixed line and mobile businesses, and as part of our strategy to grow other business segments, we make acquisitions and investments in companies or businesses to enter new businesses or defend our existing markets. The success of our acquisitions and investments depends on a number of factors, such as:

- our ability to identify suitable opportunities for investment or acquisition;
- our ability to reach an acquisition or investment agreement on terms that are satisfactory to us or at all;
- the extent to which we are able to influence or exercise control over the acquired or investee company;
- the compatibility of the economic, business or other strategic objectives and goals of the acquired or investee company with those of the PLDT Group, as well as the ability to execute the identified strategies in order to generate fair returns on the investment; and
- our ability to successfully integrate the acquired company or business with our existing businesses.

Any of our contemplated acquisitions and investments may not be consummated due to reasons or factors beyond our control. Even if any contemplated acquisitions and investments are consummated, we may not be able to realize any or all of the anticipated benefits of such acquisitions and investments and we cannot assure you that the consummation of such acquisitions and investments will not result in losses for a prolonged period of time. Moreover, if we are unsuccessful in our contemplated acquisitions and investments, we may not be able to fully implement our business strategy to maintain or grow certain of our businesses and our results of operations and financial position could be materially and adversely affected.

We are exposed to the fluctuations in the market values of our investments.

Given the nature of our business and our foray into the digital business, we have made investments in various start-up companies. For example, we hold an investment in VIH, an important player in the financial technology space and an integral part of our digital payments ecosystem. In accordance with PAS 28, *Investments in Associates and Joint Ventures*, we account for our investment in VIH using the equity method, whereby we recognize our proportionate share of VIH's losses, which amount to Php3,026 million and Php2,237 million for the years ended December 31, 2022 and 2021, respectively. Credit ratings and the value of this investment and similar investments can be negatively impacted by liquidity, credit deterioration or losses, financial results, foreign exchange rates, or other factors. As a result, our investments could decline and result in a material impairment, which could have a material adverse effect on our financial condition and operating results.

Our operations and financial conditions may be negatively affected if we fail to secure a permanent office building prior to the expiration of the lease-back agreement for the Smart Headquarters.

On October 5, 2020, PLDT signed an agreement for the sale of Smart's headquarters, which also included a lease-back agreement with the buyer, pursuant to which we are permitted to continue occupying the building for no more than five years. If we fail to find a suitable alternative office space or adopt an acceptable office set-up (e.g., work from home or hybrid arrangements) prior to the expiration of the lease-back agreement, we may need to negotiate the extension of the lease-back agreement. There is no assurance that we will be able to extend the lease-back agreement on reasonable terms, or at all. Any relocations could disrupt our business operations. Any of the foregoing events could materially and adversely affect our business operations and financial conditions.

If we are unable to install and maintain telecommunications facilities and equipment in a timely manner, we may not be able to maintain our current market share and the quality of our services, which could have a material adverse effect on our results of operations and financial condition.

Our business requires the regular installation of new telecommunications transmission and other facilities and equipment, and the regular maintenance of such facilities and equipment, which are continually being undertaken. The installation and maintenance of these facilities and equipment are subject to a number of risks and uncertainties, such as:

- shortages of equipment, materials and labor;
- delays in the issuance of national and local government building permits;
- work stoppages and labor disputes;
- interruptions resulting from man-made events (e.g., sabotage), outbreak of epidemics, pandemics or other public health crises, inclement weather and other natural disasters;
- rapid technological obsolescence;

- inability of vendors and/or suppliers to deliver on commitments;
- unforeseen engineering, environmental and geological problems; and
- unanticipated cost increases.

Any of these factors could give rise to delays or cost overruns in the installation of new facilities or equipment or prevent us from deploying our networks and properly maintaining the equipment used in our networks, and hence affect our ability to maintain existing services and roll-out new services, for example, which could have a material adverse effect on our results of operations and financial condition.

Our business relies on secure network infrastructure and computer systems, and any cyber-attacks against them, or the perception of such attacks, may materially adversely affect our operations, financial condition, results of operations and reputation.

We need to constantly upgrade our cyber security capabilities to support our business needs. We depend on information and digital services to run our business and deliver value. Our Company faces the following challenges in an era of connectivity, digital identity, decentralized decisions, information monetization, transparency, and variable trust:

- An increase in the variety of products and services that we provide to our customers (e.g. customer premise equipment, systems, devices, IoT, data and their dynamic relationships) exposes relevance issues, as well as scalability issues in our existing security control solutions;
- Our existing deterrence measures against cyber security breaches may become less effective. For instance, defensible gates and impermeable walls that are designed to secure our service and information infrastructure have become less effective. While such tools and measures make it difficult to breach our system, these tools may not stop breaches altogether;
- The infrastructure underpinning the digitalization of consumer and enterprise services has become more complex. In order to enhance work efficiency, we allow our employees to work from home on certain days. This means giving employees cloud access to collaboration platforms and controlled remote access to pre-identified operational systems on their personal devices, such as mobile phones and workstations. Given the large number of points of access to our internal network, we need to constantly improve our cyber infrastructure and implement more sophisticated tools to protect it from attacks, as well as raise employee awareness and vigilance regarding cyber risks;
- The consequences of a cyber security breach could be severe. Breaches resulting in leakage of our Company's confidential commercial and/or personal information may result in irreparable damage to our reputation and brand. Moreover, leakage of sensitive personal information could, in some cases, result in a threat to personal safety, as well as legal and/or regulatory liability;
- Perpetrators are adopting more sophisticated technologies in their attempts to breach our defensive security measures. We see a growing number of automated computer programs being used in initiating attacks; and
- While encrypted internet traffic protects private information, it inadvertently hampers cyber protection efforts. Perpetrators could abuse encrypted communication tools and use them in their efforts to breach into our systems, with less risk of such efforts being discovered by cyber security measures.

Our Cyber Security Operations Group ("**CSOG**") is responsible for managing cyber threats and attacks. In 2022, we blocked 17 billion access to malicious sites by our customers and employees; detected and prevented 178,000 high-risk endpoint activities; responded to more than 17 billion incidents in our corporate structure; mitigated 4,000 DDoS attacks, blocked 53 million attacks to our corporate websites; blocked unauthorized access from 3,000 rouge devices; blocked 586,547 URLs linked to online sexual abuse and exploitation of children ("**OSAEC**") and child sexual abuse and exploitation materials ("**CSAEM**"); and secured 587 million business emails, 128 million of which contained malicious threats like spam emails, viruses, malware and invalid recipients. While these incidents did not separately or in aggregate cause any material financial, legal, reputational or regulatory impact to the Company or its business operations, we cannot assure you that we will be able to successfully prevent all cyber attacks, particularly as cyber attacks have become more sophisticated and prevalent.Any successful attack on our infrastructure could result in legal and/or regulatory liabilities, disruptions to our business operations, damage to our reputation, and financial losses.

Actual or perceived health risks or other problems relating to mobile handsets or transmission masts could lead to litigation or decreased mobile communications usage.

The effects of, and any damage caused by, exposure to an electromagnetic field remain the subject of careful evaluations by the international scientific community. We cannot rule out the possibility that exposure to electromagnetic fields or other emissions originating from mobile handsets will not be identified as a health risk in the future. Our mobile business may be harmed as a result of any future alleged, or actual, health risk or the perception of any health risk, which could result in our inability to secure permits to install telecom equipment, a lower number of customers, reduced usage per customer or even potential consumer liability.

Cable and equipment theft, equipment failures, and man-made events, may materially and adversely affect our operations.

Theft of telecommunication cables, major equipment failures, and man-made events, such as terrorist acts or other similar or related contingencies, could adversely affect our wired and wireless networks, including telephone switching offices, microwave links, third-party-owned local and long-distance networks on which we rely, our cell sites or other equipment, our customer account support and information systems, or our employee and business records, and could in turn have a material adverse effect on our operations.

Natural disasters, terrorist acts or acts of war could cause damage to our infrastructure and/or result in significant disruptions to our operations.

Our business operations are subject to interruption by natural disasters, power outages, terrorist attacks, cyber-attacks and other events beyond our control. Such events could cause significant damage to our infrastructure upon which our business operations rely, resulting in degradation or disruption of service to our customers. While we maintain insurance coverage for some of these events, the potential liabilities associated with these events could exceed the insurance coverage we maintain. Our system redundancy may be ineffective or inadequate, and our disaster recovery planning may be insufficient for all eventualities. These events could also damage the infrastructure of the suppliers that provide us with the equipment and services that we need to operate our business and provide products to our customers. A natural disaster or other event causing significant physical damage could cause us to experience substantial losses resulting in significant recovery time and additional expenditures to resume operations. In addition, these occurrences could result in lost revenues from business interruption as well as damage to our reputation.

International geopolitical conflicts may materially and adversely affect our business.

Our business operations may not be insulated from the effects of international conflicts. The occurrence of an international conflict or an escalation in the intensity of such conflict may affect the global economy, including impacting the supply and prices of energy, food and other critical commodities. In addition, it may affect the global supply chain, consequently affecting vendor delivery. It may also impact the capital and financial markets, foreign currencies exchange, investments, and governmental or regulatory orders, which in turn, may impact our business.

Our business may be materially and adversely affected by the coronavirus outbreak and other adverse public health developments.

In December 2019, an outbreak of the disease COVID-19, caused by a novel coronavirus (SARS-CoV-2) was first reported to have surfaced in Wuhan, the People's Republic of China (the "**PRC**"), later resulting in millions of confirmed cases and hundreds of thousands of fatalities globally, with thousands of confirmed cases and more than a thousand fatalities in the Philippines. In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic.

In response to the pandemic, on March 12, 2020, the Philippine Government placed Metro Manila under "community quarantine" starting on March 15, 2020, which, among others, restricted traveling through land, domestic air, and domestic sea from Metro Manila. On the second day of the implementation of the said community quarantine, the Philippine Government declared a Luzon-wide "enhanced community quarantine" ("**ECQ**") to arrest the continuing effect of the disease. The enhanced community quarantine mandated the temporary closure of all public and private offices, non-essential shops and businesses, prohibited mass gatherings and all means of public transportation, and restricted traveling through air, sea and land in and out of Luzon, except for diplomats and uniformed workers (carrying medical supplies), among others. In line with this, private establishments providing basic necessities, essential services and such other activities related to food and medicine were allowed to continue operations. On April 7, 2020, the Philippine Government extended the ECQ period until April 30, 2020, which was further extended to May 15, 2020. After the ECQ was lifted in certain areas, a modified ECQ ("**MECQ**"), general community quarantine, ("**GCQ**") or modified GCQ ("**MGCQ**") was implemented. The graduated lockdown schemes from ECQ, MECQ, GCQ and MGCQ impose varying degrees of restrictions on travel and business operations in the Philippines. The Government has continued to calibrate the imposition of lockdown or community quarantine measures across the country depending on the situation in specific localities. On March 27, 2021, following a spike in COVID-19 cases, the Government placed Metro Manila and certain neighboring provinces under ECQ from March 29, 2021 until April 11, 2021. On April 11, 2021, the Government announced that Metro Manila and certain neighboring provinces would shift to MECQ starting April 12, 2021 until April 30, 2021, which was extended through May 15, 2021. On May 13, 2021, the Government announced that Metro Manila and adjacent provinces would shift to GCQ with heightened restrictions until the end of May, which was later extended until the end of June. On July 22, 2021, the Government announced that the entire National Capital Region ("**NCR**") and certain provinces would be subject to GCQ with heightened restrictions beginning July 23, 2021 until July 31, 2021. On July 29, 2021, the Government announced that NCR will be escalated to the ECQ scheme beginning August 6, 2021 until August 20, 2021, while certain provinces will shift to MECQ, following the spike of new 'Delta' variant cases of COVID-19. On September 13, 2021, the IATF approved the guidelines for a new Alert Level and Granular System implemented from September 16, 2021. This new system shall replace the previous quarantine classifications comprised of ECQ, MECQ, GCQ and MGCQ. Under the new guidelines, the quarantine classifications are composed of five Alert Levels that determine the activities allowed in cities and/or municipalities. The new guidelines also authorize the city and municipal mayors to impose granular lockdowns with respect to their component barangays, including streets, villages, condominiums and other smaller specific areas in a city or town, which are tagged as critical zones or high-risk for COVID-19 by the local government unit. As the Delta variant subsided, the Omicron variant, first discovered in South Africa, arrived in Philippine shores towards the end of 2021, with local transmission being confirmed on December 31, 2021. Most of the country was placed under the highest or second highest Alert Level possible as cities and municipalities struggled to curb high infection rates. However, by March 2022, infections began to fall, and coupled with an increasing rate of vaccination both in major cities and the countryside, Alert Levels all around the country began to be scaled down.

The number of cases of COVID-19 in the Philippines has further decreased as a result of national and local government mass vaccination and booster programs. As of the date of this Prospectus, Metro Manila, along with a significant number of cities and municipalities in the Philippines, is under Alert Level 1. On October 28, 2022, the Government issued an executive order allowing the voluntary wearing of face masks in indoor and outdoor settings, signaling a further return to normalcy.
These and other measures have affected and caused disruption to businesses and economic activities, and their impact on businesses continues to evolve. While the Development Budget Coordination Committee estimates that the Philippines economy will grow by 6.5% to 8.0% by 2023 and 2024, there is no assurance that the Philippines economy will grow in pace with this prediction.

The outbreak of COVID-19 and other adverse public health developments, such as the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, Zika virus and Ebola virus could materially and adversely affect our business, financial condition and results of operations. These may include, temporary closures of our facilities or premises, hospitalizations or quarantine of our employees, delays or suspensions of supplies from our suppliers, especially those located in the PRC, disruptions or suspensions of our operational activities or labor shortages due to restrictions on our employees' ability to travel, as well as delayed service delivery from our contractors.

As at December 31, 2022, we have incurred additional expenses relating to the purchase of protective equipment for our employees, the disinfection and reconfiguration of company premises, hospitalization and medical expenses for our employees covered by our medical benefits program, the provision of shuttle services for employees with no private transport and donations to various non-profit institutions, among others. In addition, we reconfigured our network to adjust for geographical and usage shifts during the pandemic. In 2022, total expenses related to our COVID-19 measures amounted to Php450 million. See "*Near-term Factors Affecting Our Results of Operations — Impact of COVID-19 Outbreak on our Operations*".

While we were not significantly affected by COVID-19 in 2022 and have benefited from the increased demand for our wireless and fixed line products and services, particularly our data and broadband offers, as people forced to stay at home during community quarantines adopted web-based collaboration tools, distance learning, online shopping, e-payment and e-health services, among others, we cannot predict whether this increase in business activity will continue after the end of the pandemic.

Climate change could increase the impact of natural disasters and environmental legislation and regulations on our operations.

Climate change poses a number of potential risks for telecommunications operators like us, from both a physical and regulatory perspective. The ongoing global climate change may exacerbate the severity and frequency of natural disasters. The rising intensity and frequency of storms, heatwaves and earthquakes could increase the likelihood of damages to our infrastructure and failures of our wired and wireless networks caused by such natural disasters. Should severe natural disasters occur in quick succession, we may not have sufficient resources to repair and restore our infrastructure in a timely and cost-effective manner. Furthermore, climate change and severe weather conditions could also affect and disrupt our supply chain, resulting in delays in the delivery of our supplies. The increase in the likelihood of damages to our infrastructure and disruptions in our supply chain as a result of natural disasters could have a material adverse impact on our operations.

In light of heightened awareness on climate change globally, the Philippine Government could introduce new and more stringent environmental legislation and regulations. If such legislation or regulations are enacted, we could incur increased energy, environmental and other costs and capital expenditures to comply. We cannot guarantee that we will at all times be in compliance with any new environmental legislation and regulations. The failure to comply with new environmental legislation and regulations could have a material adverse impact on our operations and financial conditions.

Our businesses require substantial capital investment, which we may not be able to finance.

Our projects under development and the continued maintenance and improvement of our networks and services, including Smart's projects, networks, platforms and services, require substantial ongoing capital investment. Our consolidated capital expenditures, net of additions subject to sale and leaseback from tower companies, totaled Php96,810 million, Php88,983 million and Php71,904 million for the years ended December 31, 2022, 2021 and 2020, respectively. We currently estimate that our consolidated capital expenditures in 2023 will be approximately Php79 billion. In 2023, we will prioritize projects that support the growing demand from our customers, enhance our ability to deliver superior customer experience, and help corporate customers revive their businesses.

If we face difficulties funding our capital expenditures or if our capital expenditure commitments exceed our budget, we may engage in discussions with our vendors to cancel or amend our purchase orders. Such cancellations or amendments may cause us to incur penalties and adversely affect our business, reputation and share prices. See Item 5. "*Contractual Obligations and Commercial Commitments*."

Future strategic initiatives could require us to incur significant additional capital expenditures. We may be required to finance a portion of our future capital expenditures from external financing sources, some of which have not yet been fully arranged. There can be no assurance that financing for new projects will be available on terms acceptable to us, or at all. If we cannot complete our development programs or other capital projects on time due to our failure to obtain the required financing, our growth, results of operations, financial condition and prospects could be materially and adversely affected. Furthermore, if we are unable to monetize our investments and generate the expected revenues, our cash flows and gearing may be negatively impacted.

Our results of operations and our financial position could be materially and adversely affected if the Philippine peso significantly fluctuates against the U.S. dollar.

A substantial portion of our capital expenditures, a portion of our indebtedness and related interest expense and a portion of our operating expenses are denominated in U.S. dollars and other foreign currencies, whereas most of our revenues are denominated in Philippine pesos with only 17% of our revenues denominated in U.S. dollars.

A depreciation of the Philippine peso against the U.S. dollar would increase the amount of our U.S. dollar-denominated debt obligations, capital expenditures, and operating and interest expenses in Philippine peso terms. In the event that the Philippine peso depreciates against the U.S. dollar, we may be unable to generate enough funds through operations and other means to offset the resulting increase in our obligations in Philippine peso terms. Moreover, a depreciation of the Philippine peso against the U.S. dollar may result in our recognition of significant foreign exchange losses, which could materially and adversely affect our results of operations. A depreciation of the Philippine peso could also cause us not to be in compliance with the financial covenants imposed on us by our lenders under certain loan agreements and other indebtedness. Further, fluctuations in the Philippine peso value and of interest rates impact the mark-to-market gains/losses of certain of our financial debt instruments, which were designated as non-hedged items.

The Philippine peso has been subject to significant depreciation in recent years with the Philippine peso depreciated by 24% from a high of Php41.08 for 2012 to Php50.97 as at December 31, 2021 and further depreciated by 10% to Php55.82 as at December 31, 2022. We cannot assure you that the Philippine peso will not depreciate further and be subject to significant fluctuations going forward, due to a range of factors, including:

- political and economic developments affecting the Philippines, including the level of remittances from overseas Filipino workers;
- global economic and financial trends;
- the volatility of emerging market currencies;
- any interest rate increases by the Federal Reserve Bank of the United States and/or the BSP; and
- higher demand for U.S. dollars by both banks and domestic businesses to service their maturing U.S. dollar obligations or foreign exchange traders including banks covering their short U.S. dollar positions, among others.

Our debt instruments contain restrictive covenants which require us to maintain certain financial tests and our indebtedness could impair our ability to fulfill our financial obligations and service our other debt.

Our existing debt instruments contain covenants which, among other things, require PLDT to maintain certain financial ratios and other financial tests, calculated on the basis of PFRS at relevant measurement dates, principally at the end of each quarter period. In addition, PLDT's bonds contain covenants that limit our ability to take certain actions.

Our indebtedness and the requirements and limitations imposed by our debt covenants could have important consequences. For example, we may be required to dedicate a substantial portion of our cash flow to payments on our indebtedness, which could reduce the availability of our cash flow to fund working capital, capital expenditures and other general corporate requirements.

The principal factors that could negatively affect our ability to comply with these financial ratio covenants and other financial tests are the poor operating performance of PLDT and its subsidiaries, the depreciation of the Philippine peso relative to the U.S. dollar, the impairment or similar charges in respect of investments or other long-lived assets that may be recognized by PLDT and its subsidiaries, and increases in our interest expense. Interest expense may increase as a result of various factors including the issuance of new debt, the refinancing of lower cost indebtedness by higher cost indebtedness, the depreciation of the Philippine peso relative to the U.S. dollar, the lowering of PLDT's credit ratings or the credit ratings of the Philippines, the increase in reference interest rates, and general market conditions. Of our total consolidated debts, approximately 17% was denominated in U.S. dollars as at December 31, 2022. Considering our consolidated hedges and dollar cash allocated for debt, the unhedged portion of our consolidated debt amounts was approximately 5%, as at December 31, 2022, therefore, the financial ratio and other tests are expected to be negatively affected by any weakening of the Philippine peso relative to the U.S. dollar.

If we are unable to meet our debt service obligations or comply with our debt covenants, we may need to restructure or refinance our indebtedness, seek additional equity capital or sell assets. An inability to implement these measures successfully could result in a declaration of default and an acceleration of maturities of some or all of our indebtedness, which could have a material adverse effect on our business, results of operations and financial condition.

Our subsidiaries could be limited in their ability to pay dividends to us due to internal cash requirements and their creditors having superior claims over their assets and cash flows, which could materially and adversely affect our financial condition.

A significant part of our total revenues and cash flows from operating activities are derived from our subsidiaries, particularly Smart. Smart has significant internal cash requirements for debt service, capital expenditures and operating expenses and as a result, may be financially unable to pay any dividends to PLDT. Although Smart has been making dividend payments to PLDT regularly since December 2002, there can be no assurance that PLDT will continue to receive these dividends or other distributions, or otherwise be able to derive liquidity from Smart or any other subsidiary or investee in the future.

Creditors of our subsidiaries generally have priority claims over our subsidiaries' assets and cash flows. We and our creditors will effectively be subordinated to the existing and future indebtedness and other liabilities, including trade payables, of our subsidiaries, except that we may be recognized as a creditor with respect to loans we have made to subsidiaries. If we are recognized as a creditor of a subsidiary, our claim will still be subordinated to any indebtedness secured by assets of the subsidiary and any indebtedness of the subsidiary otherwise deemed superior to the indebtedness we hold.

We may have difficulty meeting our debt payment obligations if we do not continue to receive cash dividends from our subsidiaries and our financial condition could be materially and adversely affected as a result.

A significant number of shares of PLDT's voting stock are held by four shareholders, which may not act in the interests of other shareholders or stakeholders in PLDT.

As at February 28, 2023, First Pacific and its Philippine affiliates (together, the "**FP Parties**"), NTT Communications and NTT DOCOMO and the JG Summit Group, collectively, beneficially own 57.2% in PLDT's outstanding common stock (representing 33.8% of our overall voting stock).

Additionally, all of PLDT's shares of voting preferred stock, which represent 41% of PLDT's total outstanding shares of voting stock as at February 28, 2023, are owned by a single stockholder, BTF Holdings, Inc. ("**BTFHI**").

The FP Parties, NTT Communications, NTT DOCOMO, JG Summit Group and/or BTFHI may exercise their respective voting rights over certain decisions and transactions in a manner that could be contrary to the interests of other shareholders or stakeholders in PLDT. See *Note 1 – Corporate Information* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

We are unionized and are vulnerable to work stoppages, slowdowns or increased labor costs.

As at December 31, 2022, PLDT has three employee unions, representing in the aggregate 8,436, or 49%, of the employees of the PLDT Group. This unionized workforce could result in demands that may increase our operating expenses and adversely affect our profitability. For instance, PLDT experienced significant charges from its manpower rightsizing program in 2020, 2021 and 2022, mainly incurred in the fixed-line business. Each of our different employee groups require separate collective bargaining agreements. If PLDT and any of its unions are unable to reach an agreement on the terms of their collective bargaining agreement or if PLDT were to experience widespread employee dissatisfaction, PLDT could be subject to collective bargaining deadlocks, strikes, work slowdowns or stoppages. Any of these events would be disruptive to our operations and could have a material adverse effect on our business.

Additionally, on July 3, 2017, PLDT received a Compliance Order from the DOLE, in connection with the non-payment of statutorily required monetary benefits, including the 13th month pay by certain PLDT contractors to their employees, as well as the regularization of 7,344 contractor employees. On July 31, 2018, the CA promulgated a decision granting

PLDT's request for an injunction against the Compliance Order and remanded the case back to the DOLE for further proceedings regarding the computation of the monetary awards, which amounted to Php51.8 million according to the regularization orders, and the determination of employees engaged in installation, repair and maintenance work who must be regularized. On April 5, 2019, PLDT filed a petition for review with the Supreme Court that is now pending resolution. See Item 3. "Legal Proceedings" and Note 27 – Provisions and Contingencies to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

We cannot guarantee that PLDT or its subsidiaries will not be subject to similar proceedings or other labor-related regulatory activities, the results of which may have an adverse reputational and/or financial impact. While we believe that PLDT has a strong legal position in its pending labor cases, we note that labor tribunals are mandated to resolve cases in favor of employees in the case of any doubt.

The loss of key personnel or the failure to attract and retain highly qualified personnel could compromise our ability to effectively manage our business and pursue our growth strategy.

Our future performance depends on our ability to attract and retain highly qualified key technical, development, sales, services and management personnel. The loss of key employees could result in significant disruptions to our business, and the integration of replacement personnel could be costly and time consuming, could cause additional disruptions to our business and could be unsuccessful. We cannot guarantee the continued employment of any of the members of our senior leadership team, who may depart our Company for any number of reasons, such as other business opportunities, differing views on our strategic direction or other personal reasons. Any inability to attract, retain or motivate our personnel could have a material adverse effect on our results of operations and prospects.

Adverse results of any pending or future litigation, internal or external investigations and/or disputes may impact PLDT's cash flows, results of operations and financial condition.

We are currently involved in various legal proceedings. Our estimate of the probable costs for the resolution of these claims have been developed in consultation with our counsel and is based upon our analysis of potential results. Most recently, in February 2023, a putative class action suit was filed against us and certain of our current and former directors and officers alleging materially false and misleading statements regarding the Company's capital expenditures from 2019 to 2022. As the matter is in the early stages, we are unable to estimate the potential liability that may arise from this lawsuit. Our future financial performance and share prices could be materially affected by any adverse outcomes or by changes in our estimates or the effectiveness of our strategies relating to these proceedings and assessments. See Item 3. "Legal Proceedings" and Note 27 – Provisions and Contingencies to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

While PLDT believes that the positions it has taken in these cases have strong legal bases, the final outcome of these cases may prove to be different from its expectations. In addition, we cannot assure you that PLDT will not be involved in future litigation or other disputes, the results of which may materially and adversely impact its business and financial conditions.

Our financial condition and operating results will be impaired if we experience high fraud rates related to device financing, credit cards, dealers, or subscriptions.

Our operating costs could increase substantially as a result of fraud, including device financing, customer credit card, subscription or dealer fraud. If our fraud detection strategies and processes are not successful in detecting and controlling fraud, whether directly or by way of the systems, processes, and operations of third parties such as customers, national retailers, dealers, and others, the resulting loss of revenue or increased expenses could have a material adverse effect on our financial condition and operating results.

Risks Relating to the Philippines

Political and social instability.

The Philippines has, from time to time, experienced political and military instability, including acts of political violence. In the last two decades, there has been political instability in the Philippines, including extra-judicial killings, alleged electoral fraud, impeachment proceedings against two former presidents, two chief justices of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by the previous and current administrations. In addition, a number of officials of the Philippine Government are currently under investigation or have been indicted on corruption charges stemming from allegations of misuse of public funds, extortion, bribery or usurpation of authority.

In addition, the Philippines has also been subject to a number of terrorist attacks and the Armed Forces of the Philippines has been in conflict with groups which have been identified as being responsible for kidnapping and terrorist activities in the Philippines. In addition, bombings have taken place in the Philippines, mainly in cities in the southern part of the country. For example, in May 2017, the city of Marawi in Lanao del Sur, Mindanao, was assaulted by the Maute Group, terrorists who were inspired by pledged allegiance to the Islamic State of Iraq and Syria. Due to the clash between the Philippine Government forces and the terrorists and the risk of the armed conflict spilling over to other parts of Mindanao, martial law was declared in the entire island of Mindanao, Philippines. In October 2017, the city was declared liberated from the terrorists. Despite this, the Philippine Congress extended the imposition of martial law in Mindanao until the end of 2019, citing persistent threats of terrorism and rebellion. The martial law in Mindanao was lifted on January 1, 2020, however Mindanao remains under a state of emergency as a measure against potential terror threats and communist insurgency and to maintain peace and order in the region. An increase in the frequency, severity or geographic reach of these terrorist acts could destabilize the Philippines, and adversely affect the country's economy. These armed conflict and terror attacks could lead to further injuries or deaths by civilians and members of the military, which could destabilize parts of the country and adversely affect the country's economy. In addition, on July 3, 2020, President Rodrigo Duterte signed into law R.A. No. 11479, or the Anti-Terrorism Act of 2020, which has drawn criticism from, and sparked protests by, various sectors because of its controversial provisions on warrantless arrests and its broad definition of terrorist acts, which may be used to target government critics. The said bill will pass into law upon approval by, or within 30 days of receipt upon inaction of, Former President Rodrigo Duterte.

We cannot assure you that the political environment in the Philippines will be stable or that the current or future administration will adopt economic policies that are conducive to sustained economic growth or which do not materially and adversely impact the current regulatory environment for the telecommunications and other companies. An unstable political or social environment in the Philippines could negatively affect the general economic conditions and business environment in the Philippines which, in turn, could have a material and adverse impact on our business, financial position and financial performance.

Territorial disputes.

The Philippines, China and several Southeast Asian nations have been engaged in a series of long-standing territorial disputes arising from competing and overlapping claims over certain islands and features in the West Philippine Sea. China claims historic rights to nearly all of the West Philippine Sea based on its so-called "nine-dash line" and in recent years, dramatically expanded its military presence in the sea which has raised tension in the region among the claimant countries. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the internal arbitration tribunal based at the Hague, Netherlands to legally challenge claims of China in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea. In July 2016, the Permanent Court of Arbitration rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that the "nine-dash line" claim of China is invalid. The Philippine Government, under the Duterte administration, has taken action to de-escalate tensions concerning the territorial dispute with China.

There is no guarantee that the territorial dispute between the Philippines and other countries, including China, would end or that any existing tension will not escalate further, as China has taken steps to exercise control over the disputed territory. Should these territorial disputes continue or escalate further, the Philippines and its economy may be disrupted and our operations could be adversely affected as a result. In particular, further disputes between the Philippines and China may lead both countries to impose trade restrictions on the other's imports. Any such impact from these disputes could adversely affect the Philippine economy, and materially and adversely affect our business, financial position and financial performance.

If foreign exchange controls were to be imposed, our ability to meet our foreign currency payment obligations could be adversely affected.

In general, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. However, the Monetary Board of the BSP has statutory authority, with the approval of the President of the Philippines, during a foreign exchange crisis or in times of national emergency, to:

- suspend temporarily or restrict sales of foreign exchange;
- require licensing of foreign exchange transactions; or
- require the delivery of foreign exchange to the BSP or its designee banks for the issuance and guarantee of foreign currency-denominated borrowings.

The Philippine Government has, in the past, instituted restrictions on the conversion of the Philippine peso into foreign currencies and the use of foreign exchange received by Philippine companies to pay foreign currency-denominated obligations.

We cannot assure you that foreign exchange controls will not be imposed in the future. If imposed, these restrictions could materially and adversely affect our ability to obtain foreign currency to service our foreign currency obligations.

The credit ratings of the Philippines may restrict the access to capital of Philippine companies, including PLDT.

Historically, the Philippines' sovereign debt has been rated non-investment grade by international credit rating agencies. However, in 2013, the Philippines' credit ratings were upgraded to investment grade by Moody's, (Baa3, stable) SP Global (BBB-, stable) and Fitch (BBB-, stable). Subsequently, Moody's, S&P, and Fitch announced improvements in the Philippines' credit ratings of Baa2, BBB+ and BBB, respectively. In November 2022, S&P affirmed its rating of BBB+, with stable outlook, withstrong economic performance. In September 2022, Moody's affirmed its rating of Baa2 with a stable outlook. In October 2022, Fitch affirmed its rating of BBB with a negative outlook, reflecting risks to the country's medium-term growth prospects due to high interest rates, weak external demands and high commodity prices.

The Philippine Government's credit ratings directly affect companies domiciled in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that Fitch, Moody's, S&P, or any other international credit rating agency will not downgrade the credit ratings of the Philippine Government in the future and, therefore, Philippine companies, including PLDT. Any such downgrade could have a material adverse impact on the liquidity in the Philippine financial markets, on the ability of the Philippine Government and Philippine companies, including PLDT, to raise additional financing, and on the interest rates and other commercial terms at which such additional financing is available.

Item 7. Financial Statements

Our consolidated financial statements (pages F-1 to F-187) and supplementary schedules (pages S-1 to S-12) listed in the accompanying Index to Financial Statements and Supplementary Schedules on page 129 are filed as part of this annual report.

Item 8. Information on Independent Auditors and Other Related Matters

Independent Auditors' Fees and Services

The following table summarizes the fees paid or accrued for services rendered by SGV & Co., our independent auditors for the years ended December 31, 2022 and 2021:

	2022	2021
	(in millions)	
Audit Fees	Php**48**	Php52
Audit-Related Fees	**3**	2
Tax Fees	**1**	1
All Other Fees	**21**	25
Total	**Php73**	**Php80**

Audit Fees. This category includes the audit of our annual financial statements and services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements for those fiscal years.

Audit-Related Fees. This category consists of assurance services for our Sustainability Report.

Tax Fees. This category includes tax services for our Singapore-based subsidiaries.

All Other Fees. This category consists primarily of fees with respect to our Sarbanes-Oxley Act 404 assessment in 2022 and 2021, and other non-audit engagements.

The fees presented above excludes out-of-pocket expenses incidental to our independent auditors' work, amount of which do not exceed 5% of the agreed-upon engagement fees. The fees and out-of-pocket expenses are exclusive of a 12% VAT.

Our AC pre-approved all audit and non-audit services as these are proposed or endorsed before these services are performed by our independent auditors.

Changes in and Disagreements with Independent Auditors on Accounting and Financial Disclosure

We have no disagreements with our independent auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Officers

The Board of Directors is principally responsible for PLDT's overall direction and governance. PLDT's Articles of Incorporation provide for 13 members of the Board, who shall be elected by the stockholders. At present, three of PLDT's 13 directors are independent directors. The Board holds office for a one year period and until their successors are elected, and are qualified in accordance with the By-Laws.

The name, age and period of service, of each of the current directors, including independent directors, of PLDT as at February 28, 2023 are as follows:

Name	Age	Period during which individual has served as such
Manuel V. Pangilinan	76	November 24, 1998 to present
Manuel L. Argel, Jr.	73	January 28, 2020 to present
Helen Y. Dee	78	June 18, 1986 to present
Ray C. Espinosa	66	November 24, 1998 to present
James L. Go	83	November 3, 2011 to present
Kazuyuki Kozu	49	July 6, 2021 to present
Bernido H. Liu	60	September 28, 2015 to present
Retired Supreme Court Chief Justice Artemio V. Panganiban	86	April 23, 2013 to present
Alfredo S. Panlilio	59	June 8, 2021 to present
Albert F. Del Rosario	83	July 11, 2016 to present
Bernadine T. Siy	64	June 8, 2021 to present
Naoki Wakai	57	August 26, 2021 to present
Marife B. Zamora	70	November 14, 2016 to present

The name, age, position and period of service of the executive officers of PLDT as at February 28, 2023 are as follows:

Name	Age	Position(s)	Period during which individual has served as such
Executive Officers:			
Alfredo S. Panlilio	59	President and CEO	June 8, 2021 to present
		Chief Revenue Officer	July 1, 2019 to June 7, 2021
Anabelle L. Chua	62	Senior Vice President	February 26, 2002 to present
		Chief Financial Officer of PLDT	May 18, 2015 to present
		Chief Risk Management Officer	August 9, 2018 to present
		Corporate Finance and Treasury Head	March 1, 1998 to May 17, 2015
		Treasurer	February 1, 1999 to May 17, 2015
		Chief Financial Officer of Smart	December 1, 2005 to May 17, 2015
Victorico P. Vargas	71	Leadership Transition Officer	July 1, 2021 to present
		Business Transformation Office Head	January 1, 2016 to present
Marilyn A. Victorio-Aquino	67	Corporate Secretary	January 25, 2022 to present
		Chief Legal Counsel	December 1, 2018 to present
		Senior Vice President	January 1, 2019 to present
Danny Y. Yu (1)	61	Senior Vice President	November 17, 2022 to present
		PLDT Group Controller	November 17, 2022 to present
Emmanuel Ramon C. Lorenzana(2)		Senior Vice President	January 1, 2023 to present
		Chief Transformation & Customer Officer	November 17, 2022 to present
Gina Marina P. Ordoñez	61	Chief People Officer	March 21, 2019 to present
		Senior Vice President	May 1, 2019 to present
Mary Rose L. Dela Paz	51	Chief Procurement Officer	July 16, 2019 to present
		Senior Vice President	August 6, 2020 to present
Mario G. Tamayo	62	Network Head	July 1, 2021 to present
		Senior Vice President	January 1, 2021 to present
		Technology Group Head	January 1, 2021 to present
Joseph Ian G. Gendrano(3)	46	Senior Vice President	August 10, 2022 to present
		Chief Technology Officer	January 1, 2023 to present
		Enterprise Business Head	November 16, 2022 to December 31, 2022
Alejandro O. Caeg	62	Senior Vice President	January 1, 2012 to present
		Consumer Sales Head	July 31, 2019 to present
		Consumer Customer Development Head	August 1, 2017 to July 30, 2019
		Wireless Consumer Division Sales and Distribution Head	December 1, 2016 to December 31, 2017
		International and Carrier Business Head	March 1, 2009 to November 30, 2016
Jeremiah M. de la Cruz(4)	45	Senior Vice President	April 1, 2022 to present
		Consumer Business Head	April 1, 2022 to present
Menardo G. Jimenez, Jr.	59	Senior Vice President	December 9, 2004 to present
		Consumer Business – Home Head	July 31, 2019 to April 1, 2022
		Business Transformation Office Deputy Head	January 1, 2017 to July 30, 2019
		Human Resources Head and Fixed Line BTO Head	August 1, 2010 to November 30, 2016
		Business Transformation Office – Revenue Team Head	January 1, 2008 to July 2010
		Retail Business Head	June 16, 2004 to December 31, 2007
		Corporate Communications and Public Affairs Head	December 1, 2001 to June 15, 2004
Leo I. Posadas	56	First Vice President	March 6, 2007 to present
		Treasurer	May 18, 2015 to present
Melissa V. Vergel De Dios	60	First Vice President	March 5, 2013 to present
		Chief Sustainability Officer	November 4, 2021 to present
		Investor Relations Head	March 6, 2007 to present
Gil Samson D. Garcia	51	First Vice President	November 8, 2018 to present
		Head – Financial Controllership Sector	May 31, 2022 to present
		OIC- Financial Reporting and Controllership	January 1, 2021 to May 30, 2022

(1) Appointed Senior Vice President/PLDT Group Controller effective November 17, 2022.
(2) Appointment as Senior Vice President/Chief Transformation and Customer Officer effective January 1, 2023.
(3) Promoted to Senior Vice President effective August 10, 2022; and appointed Chief Technology Officer effective January 1, 2023.
(4) Appointed Senior Vice President effective April 1, 2022.

At least three of our directors, namely, Retired Supreme Court Chief Justice Artemio V. Panganiban, Bernido H. Liu and Bernadine T. Siy, are independent directors who are neither officers nor employees of PLDT or any of its subsidiaries, and who are free from any business or other relationship with PLDT or any of its subsidiaries which could, or could reasonably be perceived to, materially interfere with the exercise of independent judgment in carrying out their responsibilities as independent directors. The independence standards/criteria are provided in our By-Laws and Corporate Governance Manual pursuant to which, in general, a director may not be deemed independent if such director is, or in the past five years had been, employed in an executive capacity by us or any company controlling, controlled by or under common control with us or he is, or within the past five years had been, retained as a professional adviser by us or any of our related companies, or he is not free from any business or other relationships with us which could, or could reasonably be perceived, to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

The following is a brief description of the business experiences of each of our directors, executive officers and advisors for at least the past five years:

Mr. Manuel V. Pangilinan, 76 years old, has been a director of PLDT since November 24, 1998. He was appointed as Chairman of the Board of Directors of PLDT after serving as its President and Chief Executive Officer from November 1998 to February 2004. He held the position of President and Chief Executive Officer of PLDT from January 1, 2016 until June 7, 2021, and served as President and Chief Executive Officer of Smart until August 7, 2019. Mr. Pangilinan is the Chairman of the Governance, Nomination and Sustainability, Executive Compensation, Technology Strategy, and Data Privacy and Information Security Committees of the Board of Directors of PLDT. He also serves as Chairman of MPIC, Meralco, PXP Energy Corporation and Philex Mining Corporation, and Vice Chairman of Roxas Holdings, Inc., all of which are PSE-listed companies, and of several subsidiaries or affiliates of PLDT or MPIC, including, among others, Smart, DMPI, Digitel, PLDT Communications & Energy Ventures, Inc., ePLDT, Inc., Beacon Electric Assets Holdings Inc., Philex Petroleum Corporation, Manila North Tollways Corporation, Maynilad Water Services Corporation, Landco Pacific Corporation, Metro Pacific Hospital Holdings, Inc., Medical Doctors Incorporated (Makati Medical Center), Colinas Verdes Corporation (Cardinal Santos Medical Center), Davao Doctors Incorporated, Riverside Medical Center Incorporated, Our Lady of Lourdes Hospital and Asian Hospital Incorporated. He is also the Chairman of MediaQuest Holdings Inc., TV5 Network, Inc. and PLDT-Smart Foundation.

Mr. Pangilinan founded First Pacific Company Limited ("First Pacific"), a Hongkong Stock Exchange-listed company, in 1981 and serves as its Executive Chairman, Managing Director and Chief Executive Officer. Within the First Pacific Group, he also holds the position of President Commissioner of P.T. Indofood Sukses Makmur Tbk, the largest food company in Indonesia.

Outside the First Pacific Group, Mr. Pangilinan is the Chairman of the Board of Trustees of San Beda College and Amateur Boxing Association of the Philippines, a governing body of amateur boxers in the country, and the Chairman Emeritus of the Samahang Basketbol ng Pilipinas. He is also the Chairman of Philippine Business for Social Progress, the largest private sector social action organization made up of the country's largest corporations and a Co-Chairman of the Philippine Disaster Resilience Foundation, Inc., a non-stock, non-profit foundation established to formulate and implement a reconstruction strategy to rehabilitate and rebuild areas devastated by floods and other calamities, and of the US-Philippine Business Society, a non-profit society which seeks to broaden the relationship between the United States and the Philippines in the areas of trade, investment, education, foreign and security policies and culture.

Mr. Pangilinan has received numerous prestigious awards including the Business Icon Gold Award for having greatly contributed to the Philippine economy through achievements in business and society by Biz News Asia magazine (2008), Global Filipino Executive of the Year for 2010 by Asia CEO Awards, and Philippines Best CEO for 2012 by Finance Asia.

Mr. Pangilinan graduated cum laude from the Ateneo de Manila University, with a Bachelor of Arts Degree in Economics. He received his Master's Degree in Business Administration from Wharton School of Finance & Commerce at the University of Pennsylvania, where he was a Procter & Gamble Fellow. He was conferred a Doctor of Humanities Degree (Honoris Causa) by the San Beda College (2002), Xavier University (2007), Holy Angel University (2009) and Far Eastern University (2010).

Retired Judge Manuel L. Argel, Jr., 73 years old, has been a director of PLDT since January 28, 2020. He is a member of the Social Security Commission ("SSC"), the Governing Board of the Social Security System ("SSS") and shares the responsibility for the governance of the SSS in terms of providing policy directions, monitoring, and overseeing management actions. He is a member of the Risk Management and Investment and Audit Committees of the SSC. He also performs quasi-judicial functions through decisions rendered on cases involving SSS coverage, benefits, contributions, and penalties.

He started his law career as an associate of private full-service law firms until he formed his own law firm in 1981. While in private practice, Judge Argel was accredited in 1995 as a Voluntary Labor Arbitrator of the National Conciliation and Mediation Board. He also served as President of the Integrated Bar of the Philippines (Ilocos Chapter) from 1993 to 1995, Provincial Secretary of the National Citizens' Movement for Free Elections, Chairman of the Ilocos Sur Local Amnesty Board, and member of the People's Assistance Development Action Center, Inc. His stint in the government started when he was elected as a member of the Sangguniang Bayan of Vigan City in 1980. In 2008, he received the Legislator's award given by the City Government of Vigan in recognition of his accomplishments and contributions as former legislator of Vigan City. In 1995, he was appointed as Regional Trial Court (RTC) Judge of Laoag City, and, served as Executive Judge from 2005 to 2007 and Presidential Assistant for Region 1 in the Philippine Judges Association. He retired from the Judiciary in 2015. His record of public service as a judge was marked by a very high degree of competence, integrity, dedication, and independence.

Judge Argel is a distinguished alumnus of San Beda University, where he obtained both his Bachelor of Arts in Philosophy in 1969 and his Bachelor of Laws in 1974. He continuously strives to enhance his knowledge and skills through participation in various trainings and seminars, such as the Institute of Corporate Directors' Corporate Governance Orientation Program for GOCCs and Professional Directors Program, the ACGES seminars on "Lessons from a Pandemic" and "How to Courageously Lead During a Crisis," a seminar on Islamic Finance, and PLDT ACGES events on topics ranging from "Customer Obsession" to the "Metaverse and its impact on business and human interaction". He also ensures that he is up to date on corporate policies aligning with the latest Revised Corporation Code of the Philippines.

Ms. Helen Y. Dee, 78 years old, has been a director of PLDT since June 18, 1986. She is the Chairperson of EEI Corporation, House of Investments, Petro Energy Resources Corporation, Rizal Commercial Banking Corporation, all of which are PSE-listed companies. She is the Chairperson, Vice Chairperson or a director of several companies engaged in banking, insurance and real property businesses, which are listed on page 112 hereof. Ms. Dee received her Master's Degree in Business Administration from De La Salle University.

Atty. Ray C. Espinosa, 66 years old, has been a director of PLDT since November 24, 1998, and is a member of the Technology Strategy and Data Privacy and Information Security Committees of the Board of Directors of PLDT. He was Senior Advisor to the President and CEO of PLDT from January 28, 2019 until June 8, 2021. He was PLDT's Chief Corporate Services Officer from December 2016 until January 28, 2019, and previously served as President and CEO of ePLDT Inc. and its subsidiaries from July 2000 until April 2010 and as President and CEO of TV5 Network Inc. and Cignal TV Inc. from December 2009 until May 2013. In June 2013, he joined First Pacific Company Limited as Associate Director.

Atty. Espinosa is also the President and CEO of Meralco. He is a director of Roxas Holdings Inc., an independent director of Lepanto Consolidated Mining Company and chairman of its Audit Committee, and an independent director of Maybank Philippines Inc. and chairman of its Risk Management Committee. He is the chairman of the Philstar Group of Companies and BusinessWorld Publication Corporation. He is a trustee of the PLDT-Smart Foundation Inc. and the Beneficial Trust Fund of PLDT.

He has a Master of Laws Degree from the University of Michigan School of Law and a Bachelor of Laws Degree from the Ateneo de Manila University School of Law, and is a member of the Integrated Bar of the Philippines. He was a partner at SyCip Salazar Hernandez & Gatmaitan from 1982 to 2000, a foreign associate at Covington and Burling (Washington, D.C.) from 1987 to 1988, and a law lecturer at the Ateneo de Manila University School of Law from 1983 to 1985 and 1989. He placed first in the 1982 Philippine Bar Examinations.

Mr. James L. Go, 83 years old, has been a director of PLDT since November 3, 2011. He is a member of the Technology Strategy and Risk Committees and Advisor of the Audit Committee of the Board of Directors of PLDT. He is also the Chairman of JG Summit Holdings, Inc. and Cebu Air, Inc. Mr. Go holds the position of Chairman and Chief Executive Officer of Oriental Petroleum and Minerals Corporation. He is also the Chairman Emeritus of Universal Robina Corporation, Robinsons Land Corporation, JG Summit Petrochemical Corporation, and JG Summit Olefins Corporation. He is the Vice Chairman of Robinsons Retail Holdings, Inc. and a Director of the Manila Electric Company and Meralco Powergen Corporation. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc. Mr. James L. Go obtained his Bachelor of Science Degree and Master of Science Degree in Chemical Engineering from Massachusetts Institute of Technology, USA.

Mr. Kazuyuki Kozu, 49 years old, has been a director of PLDT since July 6, 2021. He was the Director of Core Network Development Department of NTT DOCOMO, INC., Tokyo, Japan. Prior to that, he served as Senior Manager of Packet Network System Development Department of DOCOMO Technology, Inc., Tokyo, Japan from September 2016 to June 2020, Director of System Management Department of mmbi Inc., Tokyo, Japan from September 2013 to August 2016, and Senior Manager of Networking Research Group of DOCOMO Communications Laboratories, Munich, Germany from April 2010 to August 2013. He started his career in NTT DOCOMO INC., Tokyo, Japan, as Engineer from April 1997 to March 2002 then Manager from April 2002 to March 2010 of Core Network Development Department. He graduated with a Bachelor's Degree in Electrical Engineering and Computer Science from the Yokohama National University, Kanagawa, Japan and obtained his Master's Degree in Electrical Engineering and Computer Science from the same university.

Mr. Mr. Bernido H. Liu, 60 years old, has been an independent director of PLDT since September 28, 2015 and is an independent member of the Audit, Governance, Nomination and Sustainability, Executive Compensation, Risk, and Data Privacy and Information Security Committees of the Board of Directors of PLDT. Concurrently, he is the Chairman and Chief Executive Officer of GOLDEN ABC, Incorporated. ("GABC"), a fashion retail company which designs and sells its own clothing, personal care and accessory lines marketed and retailed under a dynamic portfolio of well-differentiated proprietary brands, namely Penshoppe, OXGN, ForMe, Memo, Regatta and BOCU. He is also the Group Chairman of LH Paragon Incorporated, a business holdings company which has under its management GABC and other companies in various industries, namely, Matimco Incorporated, Oakridge Realty Development Corporation, Basic Graphics Incorporated, and Greentree Food Solutions, Inc.

Mr. Liu and GABC under his leadership have been recognized by different award-giving bodies. Awards include the Agora Award for Outstanding Achievement in Entrepreneurship from the Philippine Marketing Association, Ten Outstanding Young Men for Entrepreneurship, Global Retailer of the Year from the Philippine Retailers Association and the Department of Trade and Industry, and the ASEAN Business Award of Excellence for Priority Integration Sector in Retail. Mr. Liu graduated with a Bachelor of Science Degree in Architecture from the University of San Carlos, and completed the Executive Education Owner/President Management Program of the Harvard Business School.

Retired Chief Justice Artemio V. Panganiban, 86 years old, has been an independent director of PLDT since April 23, 2013 and is serving as an independent member of the Audit, Governance, Nomination and Sustainability, and Executive Compensation Committees, and Chairman of the Risk Committee, of the Board of Directors of PLDT. He was appointed as Lead Independent Director effective March 21, 2019. He served as an independent member of the Advisory Board and an independent non-voting member of the Governance and Nomination Committee of the Board of Directors of PLDT from June 9, 2009 to May 6, 2013. Currently, he is also an independent director of Meralco, Petron Corporation, Metro Pacific Investments Corporation, GMA Network, GMA Holdings, JG Summit Holdings, Inc. Asian Terminals, Inc. and RL Commercial REIT, Inc., and a non-executive director of Jollibee Foods Corporation, all of which are PSE-listed companies, as well as Senior Adviser of Metropolitan Bank and Trust Company, a member of the Advisory Council of the Bank of the Philippine Islands and an adviser of Double Dragon Properties Corp. and Merry Mart Consumer Corp. He is also Chairman of the Board of Trustees of the Foundation for Liberty and Prosperity, and of the Board of Advisers of Metrobank Foundation, Inc., a trustee of Tan Yan Kee Foundation and Claudio Teehankee Foundation, President of the Manila Metropolitan Cathedral-Basilica Foundation, a member of the Advisory Board of World Bank (Philippines), Chairman-Emeritus of the Philippine Dispute Resolution Center, Inc., Chairman of the Philippine National Committee of the Asean Law Association, Designated Chairperson of the four Philippine members of the Permanent Court of Arbitration in The Hague, Netherlands, and a column writer of the Philippine Daily Inquirer.

Hon. Panganiban served the Supreme Court of the Philippines for more than 11 years, first as Associate Justice (October 10, 1995 to December 20, 2005) and later, as Chief Justice (December 21, 2005 to December 6, 2006) during which he sat concurrently as Chairperson of the Presidential Electoral Tribunal, Judicial and Bar Council and Philippine Judicial Academy. He has received over 250 awards in recognition of his role as jurist, practicing lawyer, professor, civic leader, Catholic lay worker and business entrepreneur, including "The Renaissance Jurist of the 21st Century" given by the Supreme Court on the occasion of his retirement from the Court. Hon. Panganiban graduated cum laude from Far Eastern University with a Bachelor of Laws Degree in 1960, and was conferred a Doctor of Laws Degree (Honoris Causa) by the University of Iloilo (1997), Far Eastern University (2002), University of Cebu (2006), Angeles University (2006) and Bulacan State University (2006). He was co-founder and past president of the National Union of Students of the Philippines.

Mr. Alfredo S. Panlilio, 59 years old, has been the Director, President and Chief Executive Officer of PLDT, Inc. since June 8, 2021 and wireless subsidiary Smart Communications, Inc. since August 8, 2019. He is also an Advisor of the Data Privacy and Information Security Committee, Advisor of the Governance, Nomination and Sustainability Committee, and a Member of the Technology Strategy Committee of the PLDT Board of Directors.

Within the PLDT Group, Panlilio holds leadership positions as the Chairman, President and CEO of IP Converge Data Services, Inc., and Mabuhay Investments Corporation, Chairman and President of ABM Global Solutions, Inc., Curo Tecknika, Inc., ePDS, Inc., IPC Rack It Data Center, Inc., VITRO Inc., and ACeS Philippines Cellular Satellite Corporation, and Smart Broadband, Inc., Chairman of ePLDT, Inc., MayaBank, Bonifacio Communications Corporation, Telesat, Inc., PLDT Clark Telecom, Inc., PLDT Subic Telecom, Inc., PLDT-Maratel, Inc., and PLDT-Philcom, Inc, Director, President and CEO of Digitel Telecommunications, Inc., Digitel Mobile Philippines, Inc. (DMPI), Director and President of I-Contacts Corporation, Director of international business unit PLDT Global, President and CEO of Talas Data Intelligence, Inc., President of MVP Rewards and Loyalty Solutions, Inc. (MRSI), Airborne Access Corporation, PLDT Communications and Energy Ventures, Inc., and Primeworld Digital Systems, Inc., and Trustee of social outreach arm PLDT-Smart Foundation (PSF) and Asian Carriers Conference Inc.

With PLDT as a longtime supporter of the Philippines' digital transformation, Panlilio is among the founding members under the Digital Infrastructure pillar of the Private Sector Advisory Council (PSAC), formed in July 2022.

During Panlilio's previous tenure in PLDT before returning as its Chief Revenue Officer on July 1, 2019, he served as Senior Vice President from May 2001 to December 2010 and was the President of PLDT Global from June 2004 to December 2010.

Prior to returning to PLDT Group, Panlilio was the Senior Vice President and Head of Customer Retail Services and Corporate Communications at Manila Electric Company (Meralco) from September 10, 2010 to June 30, 2019. Within the Meralco Group, Panlilio served as Chairman of Radius Telecoms, Inc., e-Meralco Ventures Inc., Paragon Vertical Corporation, Powersource First Bulacan Solar, Inc. and Pure Meridian Hydropower Corporation. He was also a Vice Chairman of Aclara Meters Philippines, Inc., and Director of CIS Bayad Center Inc., Corporate Information Solutions, Inc., Customer Frontline Solutions, Inc., Meralco Energy, Inc., MRAIL Inc., Meralco Industrial Engineering Services Corporation, Comstech Integration Alliance, Inc. and MSpectrum, Inc. Panlilio was also a trustee of One Meralco Foundation, Inc. (OMFI) and Meralco Power Academy, and Associate Board Member of Semiconductor and Electronics Industries in the Philippines, Inc. (SEIPI).

A veteran executive who started his career with IBM Philippines and rose through the ranks, Panlilio also serves as Director of Cignal TV, Inc., Asean Telecom Holdings Sdn. Bhd. (ATH), Chikka Holdings Limited, Connectivity Unlimited Resources Enterprises, Inc., Wifun, Inc., and Vega Group of Companies; Independent Director of CEMEX Holdings Philippines, Inc.; Board Member of Makati Central Estate Association, Inc. (MACEA); and Trustee of Kapampangan Development Foundation and Philpop Musicfest Foundation, Inc.

An advocate of the value of sports in maintaining a strong republic, Panlilio sits as President of the MVP Sports Foundation, Second Vice President of FIBA Asia Central Board, First Vice President of the Philippine Olympic Committee and heads the FIBA Basketball World Cup 2023 local organizing committee. He is also the President of Samahang Basketbol ng Pilipinas (SBP), the country's governing basketball federation, and is the Treasurer of the National Golf Association of the Philippines (NGAP) and Manila Golf Country Club, Inc.

Bearing testament to his achievements, Panlilio was named CEO of the Year by London-based award-giving body Total Telecom at the 2022 Asia Communication Awards. He was previously honored as CEO Excel Awardee of the International Association of Business Communicators Philippines in 2013, was one of seven finalists in the Rising Star (individual) category of the PLATTS Global Energy Awards 2015 held in New York, and has received multiple local and international awards for customer management and business communication excellence throughout his 38-year career.

A Member of the Management Association of the Philippines (MAP), Panlilio holds a Bachelor of Science Degree in Business Administration (Computer Information Systems) from San Francisco State University. He obtained his Master in Business Administration at J. L. Kellogg School of Management of Northwestern University and the Hongkong University of Science and Technology.

Ambassador Albert F. del Rosario, 83 years old, has been a director of PLDT since July 11, 2016 and is a member of the Technology Strategy Committee of the Board of Directors of PLDT. He was the former Secretary of Foreign Affairs of the Philippines from February 2011 to March 2016 and also served as Philippine Ambassador to the United States of America from October 2001 to August 2006. Prior to entering public service, he was on the Board of Directors of various firms. His business career for over four decades has spanned the insurance, banking, real estate, shipping, telecommunications, advertising, consumer products, retail, pharmaceutical and food industries.

Ambassador del Rosario is the Chairman of Philippine Stratbase Consultancy, Inc., Gotuaco del Rosario Insurance Brokers, Inc., Stratbase ADR Institute, Inc., Citizens for Promoting Human Rights, Inc. Cignal TV, Inc., and a director of Metro Pacific Investments Corporation and Rockwell Land Corporation (both PSE-listed companies), Indra Philippines, Inc., Metro Pacific Tollways Corporation, Two Rivers Pacific Holdings Corporation, Metro Pacific Resources, Inc., Metro Pacific Holdings, Inc., Metro Pacific Asset Holdings, Inc., Philippine Telecommunications Investment Corporation, Enterprise Investments Holdings, Inc. Mediaquest Holdings, Inc., TV5 Network, Inc., Studio5, Inc., Businessworld Publishing Corp., Satventures, Inc., Hastings Holdings, Inc., Nation Broadcasting Corporation, Med Vision Resources, Inc., Telemedia Business, Ventures, Inc., Upbeam Investments, Inc., BTF Holdings, Inc. and Asia Insurance (Phil.) Corp. He is also a trustee of the Carlos P. Romulo Foundation for Peace & Development and Philippine Cancer Society, Inc. and a member of Asia Society Global Council and an Advisory Board of CSIS Southeast Asia Program.

Ambassador del Rosario received numerous awards and recognition for his valuable contributions to the Philippines and abroad. In November 2022, he was conferred the Highest Honor from His Majesty Emperor of Japan, the Order of Sikatuna, Rank of Datu, by H.E. President Gloria Macapagal-Arroyo for his outstanding efforts in promoting foreign relations for the Philippines in September 2004, and the Order of Lakandula with a Rank of Grand Cross (Bayani) for acting as Co-Chair of the 2015 APEC in December 2015. He was a recipient of the EDSA II Presidential Heroes Award in recognition of his work in fostering Philippine democracy in 2001 and the Philippine Army Award from H.E. President Corazon Aquino for his accomplishments as Chairman of the Makati Foundation for Education in 1991. He was awarded as 2013 Professional Chair for Public Service and Governance by Ateneo School of Government and the Metrobank Foundation, 2014 Management Man of the Year by Management Association of the Philippines, 2016 Outstanding Government National Official by Volunteers Against Crime and Corruption (VACC), 2016 Asia CEO Award as Life Contributor, and Manuel L. Quezon Gawad Parangal as Quezon City's Most Outstanding Citizens for 2016. He was elevated to the Xavier Hall of Fame in New York City in 2006. He received the AIM Washington Sycip Distinguished Management Leadership Award in 2011, Doctor of Laws (Honoris Causa) for "principled commitment to democracy, integrity and the rule of law both at home and around the globe" conferred by the College of Mount Saint Vincent, New York City in September 2015, Rotary Club Makati West's First "Albert del Rosario Award" (Tungo sa Makatarungang Pamumuhay) in August 2016, Outstanding Leadership in Diplomatic Service by Miriam College Department of International Studies and Philippine Tatler's Diamond Award both in November 2016. On September 25, 2018, he was conferred the Honorary Degree of Doctor for Humanities by the Ateneo de Manila University for staunchly defending the sovereignty and territorial integrity of the country, raising the standards of economic diplomacy and proactively ensuring the safety and security of overseas Filipinos everywhere. He is moreover the holder of a first Dan Black Belt Degree in Korean Hwa Rang Do. Ambassador del Rosario graduated from New York University with a Bachelor of Science Degree in Economics.

Ms. Bernadine T. Siy, 64 years old, is a director of Epicurean Partners Exchange Inc. (EPEI), and of Fil-Pacific Apparel Corporation (FPAC), both leading players in the food service and apparel industry. She previously served as President and Chief Executive Officer of EPEI Inc. from 1994 to 2011, and President and Chief Executive Officer of FPAC from 1987 to 1997 and again, from 2004 to 2013. She has been a trustee in the board of Ateneo de Manila University since 2014, and currently holds the position of board chair. She is currently an independent director of Cebu Air, Inc. having been appointed in March 2021. She is also a trustee in the board of the Foundation for Economic Freedom, an economic policy advocacy organization and a member of the Management Association of the Philippines. She was a Consultant to the Board of Directors of the Development Bank of the Philippines from November 2012 to June 2014. She obtained her Bachelor of Arts Degree in Economics, Magna Cum Laude from Ateneo de Manila University and a Master's Degree in Management from J.L. Kellogg Graduate School of Management of Northwestern University in Chicago, Illinois, USA**.**

Mr. Naoki Wakai, 57 years old, has been a director of PLDT since August 26, 2021. He is the Senior Vice President in charge of Global Business in Business Solution Division of NTT Communications Corporation (NTT Com). He joined Nippon Telegraph and Telephone Company (NTT) in 1989 and has been engaged in global telecoms and IT business for the past 25 years. Mr. Wakai was involved in the establishment of subsidiaries and branch offices in China, Taiwan and Korea, and played a major role in the construction of international submarine cable systems. After serving as Senior Manager of IP Transit Business at NTT Com Asia (Hong Kong) and Director of International Business at Verio (USA), he moved to NTT Com in Japan and became Head of Server Hosting Team in 2006, Head of Carrier Relations in 2008 and Vice President of Global IP Network in 2009. Mr. Wakai moved to London as Deputy Managing Director and COO of NTT Europe Limited in 2012. In 2017, he moved to Singapore to serve as President and CEO of NTT Singapore Pte. Limited. He graduated with a Bachelor's Degree in Political Science from Keio University in Tokyo, Japan, and holds a Master's Degree in International Relations from International University in Niigata, Japan.

Ms. Marife B. Zamora, 70 years old, has been a director of PLDT since November 14, 2016. Is Chairman of the Board of Willis Towers Watson Insurance and Reinsurance Brokers, Inc., and a member of the Board of Trustees of the Asian Institute of Management. She is also an Independent Board Member of Pru Life Insurance Corporation of U.K. She is the President of the UP Sigma Delta Phi Alumnae Association and co-founded the Filipina CEO Circle. She was Chairman of Convergys Philippines; Managing Director for Asia Pacific, Europe, Middle East, Africa for Convergys Corporation, and served as the first Country Manager of Convergys Philippines leading its growth as the country's largest private employer. Prior to this, Ms. Zamora served as Managing Director of Headstrong Phils. She was also with IBM Philippines where she held a number of sales, marketing and management positions during her 18-year tenure with the company. She is the 3rd woman President and the 68th President of the Management Association of the Philippines. Ms. Zamora received her Bachelor of Arts Degree (major in Mathematics & History) from the College of the Holy Spirit and studied in the University of the Philippines and the University of Pennsylvania.

Ms. Anabelle L. Chua, 62 years old, Chief Financial Officer and Chief Risk Management Officer of the PLDT Group, is also concurrently the Chief Financial Officer of Smart. She holds directorships in several subsidiaries of PLDT, Smart, Digitel, as well as in Voyager Innovations, PayMaya Philippines and Maya Bank. She is a member of the Board of Directors and Audit Committee of the Philippine Stock Exchange and Securities Clearing Corporation of the Philippines. She is also a member of the Board of Directors of Meralco, where she chairs the Finance Committee and is a member of the Audit, Risk and Nomination and Governance Committees. Further, Ms. Chua is a director of the Philippine Telecommunications Investment Corporation and a member of the Board of Trustees of the PLDT-Smart Foundation and PLDT Beneficial Trust Fund ("**PLDT-BTF**"), and a director of the companies owned by PLDT-BTF. Ms. Chua has over 30 years of experience in the areas of corporate finance, treasury, financial control and credit risk management and was a Vice President at Citibank, N.A. where she worked for 10 years prior to joining PLDT in 1998. She graduated magna cum laude from the University of the Philippines with a Bachelor of Science Degree in Business Administration and Accountancy.

Mr. Victorico P. Vargas, 71 years old, Senior Talent Culture and Cultivation-Office of the Chairman, and PLDT Leadership Transition Officer, is an Associate Director of First Pacific since January 2016, overseeing First Pacific Group businesses operating in the Philippines and its region, with particular focus on leading the Business Transformation of PLDT. Prior thereto, Mr. Vargas was the President and Chief Executive Officer of Maynilad Water Services, Inc. since August 2010. He joined PLDT in 2000 as its Human Resources Group Head and through his stay at PLDT got involved in managing the PLDT Business Transformation Office, Asset Protection and Management Group, and the PLDT International Carrier Business. He has worked in senior roles at Union Carbide, Pepsi Cola, Colgate Palmolive and Citibank, NA (both in Manila and in Southeast Asia). He is a director of Meralco, Smart Communications Inc., MGen Global Business Power, Maya Bank, Inc., PLDT Global Corp., PLDT Subic Telecom, Inc., PLDT Clark Telecom, Inc., Beacon Electric Asset Holdings, Inc., and Beacon PowerGen Holdings, Inc., President and Member of the Board of Trustees of the First Pacific Leadership Academy, Trustee of the MVP Sports Foundation, PLDT-Smart Foundation, Inc. and Ideaspace Foundation and President of the PhilPop Music Fest Foundation. Mr. Vargas was educated at Ateneo de Manila and University of Santo Tomas with a Bachelor of Science degree in Psychology.

Atty. Marilyn A. Victorio-Aquino, 67 years old, Chief Legal Counsel, Legal and Regulatory Head, and Corporate Secretary, joined First Pacific in 2012 as Assistant Director. She holds various positions in Philippine subsidiaries and affiliates of First Pacific and Metro Pacific Investments Corporation (an affiliate of First Pacific), including President of First Coconut Manufacturing Inc., and director of Philex Mining Corporation, PXP Energy Corporation and Lepanto Consolidated Mining Company, which are PSE-listed companies, Philex Gold Philippines, Inc., Silangan Mindanao Mining Company, Inc. and Maynilad Water Services, Inc.

Prior to joining First Pacific, Atty. Victorio-Aquino retired as a Senior Partner at SyCip Salazar Hernandez and Gatmaitan Law Offices (SyCipLaw). She joined SyCipLaw in 1980 and was admitted as Partner in 1989. Her practice areas were mining and natural resources, investments, mergers and acquisitions, construction and infrastructure, and project finance and securities, where she acted as legal counsel and represented local and foreign clients in respect of some of the largest projects and transactions in the Philippines.

Atty. Victorio-Aquino graduated cum laude (class salutatorian) from the University of the Philippines with a Bachelor of Laws Degree in 1980, placed second in the Philippine Bar Examinations and was admitted to the Philippine Bar in 1981. She obtained her Bachelor of Arts Degree from the University of Santo Tomas. She is a member of the International Pacific Bar Association, Women Lawyers Circle, Federacion International de Abogadas, Philippine Bar Association and Integrated Bar of the Philippines.

Mr. Danny Y. Yu, 61 years old, SVP-PLDT Group Controller, was the Senior Vice President and Chief Financial Officer, Chief Governance Officer and Chief Risk Officer of Philex Mining Corporation from September 2013 to August 2019, Chief Finance Officer of Digital Telecommunications Philippines, Inc. and Digitel Mobile Philippines, Inc. (Sun Cellular) from November 2011 to July 2013, Chief Financial Officer of ePLDT, Inc. from November 2010 to December 2011, Chief Financial Officer of PLDT Global Corporation from June 2004 to November 2010, Chief Financial Officer of Mabuhay Satellite Philippines Corporation and Aces Satellite Philippines Corporation from March 1999 to May 2004, and Vice President for Corporate Development of Fort Bonifacio Development Corporation from March 1997 to March 1999. Mr. Yu graduated Magna Cum Laude from the University of San Carlos with a Bachelor of Science in Commerce, Major in Accounting and holds a Master in Management from the Asian Institute of Management. He is also a Certified Public Accountant. Mr. Yu was named as the ING-FINEX CFO of the year in 2016.

Mr. Emmanuel Ramon C. Lorenzana, 58 years old, Chief Transformation and Customer Officer, has been the Chief Commercial and Customer Advisor of the Company since January 1, 2022. He is an Independent Director of ATRAM for Private Equity and has been serving as such since 2018. He also served as President and Chief Executive Officer of MediaQuest from 2014-2016, Executive Vice President and Head of Consumer Wireless Business of Smart Communications, Inc. from 2012 to 2013, and President of NutriAsia Inc. from 2008 to 2011. He likewise held senior management positions in Unilever from 1988 to 2008, such as Chairman and Managing Director of Unilever Malaysia and Singapore, Managing Director of Unilever Philippines, Unilever Vice President for Oral Care (Asia, Africa and

Latin America), Business Planning Director of Unilever Philippines, and Marketing Director of Unilever China. Mr. Lorenzana graduated with a Bachelors Degree in Chemical Engineering from the University of the Philippines, and completed the Blockchain Strategy Program of Said Business School, University of Oxford, Emerging Leadership of Innovation across Sectors and Internet-of-Things/Business Implications and Opportunities of MIT Sloan School of Management, and Advance Executive Program of Kellog School of Management

Ms. Gina Marina P. Ordoñez, 61 years old, Chief People Officer for PLDT and Smart Communications where she drives the effective implementation of people strategies, employee services, HR business partnering and centers of excellence. She ensures a people-centric and quality-driven environment across the company through optimized organizational structures, policies, processes and analytics. She participated in the development and execution of the PLDT Group Talent Management strategy, ensuring alignment with present and future business requirements. She joined the PLDT Group in 2016 under the Business Transformation Office (BTO) and later assumed the Smart People Group Head role before moving back to BTO in 2017 to head Process and Quality Management.

Under the MVP Group of Companies, Ms. Ordońez was appointed Vice President for Service Operations and Quality Management at Makati Medical Center. She also served as Head of Customer Experience for Consumer Banking in Citi where she held various leadership positions for 16 years and where she was certified Six Sigma Black Belt professional. Ms. Ordoñez is a registered Corporate Coach and Quality Management Consultant who is certified to run coaching clinics. She completed her professional training from Coach U and is currently a member of the International Coach Federation. She has over 20 years of experience in People, Process and Quality Management leadership roles.

Ms. Mary Rose L. Dela Paz, 51 years old, Chief Procurement Officer, was PLDT-Smart Program Director for the Business Transformation Office (Technology, Transformation Program Management) from August 2016 until June 2019. She also served as Smart's Vice President for Supply Chain from April 2009 to May 2014, and for Program Management in Technology Services and New Business Streams from 2000 to 2009. She held various positions in the field of marketing in Smart when she joined the company in 1998.

Ms. Dela Paz obtained her Bachelor of Arts Degree in Economics with honors from the University of the Philippines.

Mr. Mario G. Tamayo, 62 years old, Technology Group Head and concurrent Network Planning and Engineering Head, has over 26 years experience in the areas of network planning and engineering, and network build and operations. He was the Senior Vice President and Head of Network Planning & Engineering of Smart and concurrent Officer-in-Charge of Technology of PLDT Group and Smart prior to his appointment in PLDT.

He started his career as Shift Engineer for Switch Operations of Eastern Telecommunications Philippines, Inc. in June 1982 and stayed on until December 1994. In January 1995, he joined Smart as Manager for International Gateway Facility, and subsequently held various management roles which include mobile core network planning, build and operations, operations and maintenance of wireless access networks and transmission networks.

Mr. Tamayo graduated with a Bachelor of Science Degree in Electronics & Communications Engineering from the University of Santo Tomas.

Mr. Joseph Ian G. Gendrano, 46 years old, Chief Technology Officer and Head of Information Technology. He has been in PLDT's service since May 2013. Prior to joining PLDT, he worked with Verizon Business, Cisco Systems and Goldman Sachs in the United States. He has held technical, sales, consulting and leadership roles in these organizations as well as gained industry experience in the global financial services vertical. He served as Vice President of Goldman Sachs' Network Voice and Multimedia Division and Chief Architect for Unified Communications platforms. Mr. Gendrano obtained his Bachelor of Science degree in Electronics and Communications Engineering from De La Salle University and Master of Science degree in Electrical Engineering, Major in Telecommunications and Networking from the University of Pennsylvania.

Mr. Alejandro O. Caeg, 62 is the Head of PLDT and Smart Consumer Sales Group and a member of the Company's Management Committee. Currently, he is a director of PLDT Global Corporation and was its CEO from 2010 to 2017, a director of MVP Rewards & Loyalty Solutions from 2019, and a director of Inspiro Philippines from 2018. He previously served as Head of Wireless Consumer Sales and Distribution of Smart from 2016 to 2017, Head of International & Carrier Business from 2009 until 2016, and PLDT's representative to the ITW Global Leaders Forum as well as to the Pacific Telecommunications Council. He was Smart's representative to the Conexus Mobile Alliance (one of Asia's largest cellular roaming alliances), where he was also designated as its Deputy Chairman until 2012 and eventually as Conexus Chairman until 2014. Prior to joining PLDT in 2009, he was appointed by PT Smart Telecom Tbk (Indonesia) as its Chief Commercial Strategy Officer from July to December 2008 and as Chief Commercial Officer from 2006 to 2008. Since joining Smart in 1993, he has held various sales, marketing and customer experience-related positions including that of Group Head of Sales and Distribution (2003-2005), Group Head of Customer Care and National Wireless Centers (1998-2001) and Marketing Head of International Gateway Facilities and Local Exchange Carrier (1997-1998). He also served as CEO of Telecommunications Distributors Specialist, Inc. (TSI) in 2002 and as Chief Operations Adviser of I-Contacts Corporation (Smart's Call Center subsidiary) from 2001 to 2002. Mr. Caeg graduated with a Bachelor's Degree in AB Applied Economics and obtained MBA credits from De La Salle University.

Mr. Jeremiah de la Cruz, 45 is Senior Vice President and Head of the Consumer Business–Home Group of PLDT Inc., the Philippines' largest fully integrated telco company. Through its principal business groups – from fixed line to wireless

– PLDT offers a wide range of telecommunications and digital services across the Philippines' most extensive fiber optic backbone, and fixed line and cellular networks.

Jeremiah is an accomplished strategic leader with solid experience in managing cross functional teams in delivering revenue and growth, he oversees day-to-day operations for the Home business covering product, marketing, sales, customer experience and field operations. Prior to joining PLDT Inc., Jeremiah has led enterprise-wide business transformation in various companies in the APAC region. He directed the Digital Strategy of Hoytz and handled senior leadership roles in Globe Telecoms, PT. XL Axiata Tbk, Optus and Vodafone. Jeremiah earned his Post Graduate Certificate in Management from the Australian Graduate School of Management.

Mr. Menardo G. Jimenez, Jr., 59 years old, Head of Consumer Business – Home, joined PLDT in December 2001 and served in various capacities as Corporate Communications and Public Affairs Head, Retail Business Group Head, Human Resources Group Head and Fixed Line Business Transformation Office Head. He holds directorships in several subsidiaries of PLDT. Prior to joining PLDT, he had a stint at GMA Network, Inc., where he served as head of a creative services and network promotions. Mr. Jimenez received his AB Economics Degree from the University of the Philippines.

Mr. Leo I. Posadas, 56 years old, Treasurer of the PLDT Group and concurrent Treasury Head of PLDT and Smart, handles the treasury management and treasury operations of several companies under the PLDT Group. He is a director and Treasurer of PLDT Global Investments Holdings, a director and Vice President for Treasury of Mabuhay Investments Corporation, and the Treasurer of the Vega Telecom group. He is the Chief Financial Officer of PLDT Global Corporation. He is also the Treasurer of Smart, ePLDT, Digital Telecommunications, Digitel Mobile, PLDT-Smart Foundation and several other subsidiaries of PLDT and Smart. Prior to joining PLDT in September 2000, he served as Treasury Manager of Total Petroleum Philippines, and as Manager for Foreign Exchange Management of San Miguel Corporation. Mr. Posadas received his Bachelor of Arts Degree in Economics and Bachelor of Science degree in Commerce Major in Management of Financial Institutions from De La Salle University.

Ms. Melissa V. Vergel De Dios, 60 Chief Sustainability Officer effective November 4, 2021 and concurrent Corporate Sustainability Office Head and Investor Relations Head. She has been in PLDT's service since May 2001 and served as Property Management Center Head until May 2003 and as Property and Facilities Management Center Head until September 2007. Prior to joining PLDT, she was the Chief Operating Officer of Wharton Credit Corp. and from June 2000 to May 2001 was the Group Chief Finance Officer of Global 3 Internet Holdings, Inc. She held various positions in San Miguel Group of Companies from 1984 to 2000. Ms. Vergel de Dios obtained her Bachelor of Science Degree in Marketing and Management and Bachelor of Arts degree in Economics from Assumption College**.**

Mr. Gil Samson D. Garcia, 51 years old, First Vice President of Financial Controllership and concurrent Group Chief Financial Officer (CFO) of ePLDT since May 2015 which includes ePLDT, Inc., Curo Teknika, Inc. (Curo), ABM Global Solutions Inc. (AGS), IP Converge Data Services, Inc. (IPC), IPC RACK I.T. Data Center, Inc. (RACK IT), and ePDS, Inc. (ePDS). He has been the Chief Financial Officer of MVP Rewards & Loyalty Solutions, Inc. (MRSI) since September 2018, and director of ePDS since June 2019. He served as CFO of Curo, AGS, IPC and RACK IT from May 2015 to August 2019. He was appointed as Controller of PLDT Communications and Energy Ventures, Inc. (PCEV) in June 2022.

He joined PLDT as Assistant Vice President and Head, Revenue and Cash Accounting (RevCash) in February 2007 to March 2010, and as Vice President until June 2010. His role was expanded as Head of Revenue Management and Cash (RevManCash) from July 2010 to October 2018, and became First Vice President in November 2018.

Prior to joining PLDT, he was a Senior Director of the Business Risk Services Group of SGV & Co. / Ernst & Young until January 2007, where he started his career in November 1992, gaining a wide-range of experiences in various industries, here and abroad, both for public and private sectors, in external audit, internal audit, finance / accounting, business process review and advisory, Sarbanes-Oxley (SOX) 404/302 evaluation & consultancy, risk management, corporate governance, and business fraud investigation, and fraud prevention and detection, among others.

Mr. Garcia graduated Cum Laude from the University of Santo Tomas with a Bachelor of Science Degree in Commerce, Major in Accounting. He is a Certified Public Accountant (CPA), and a globally Certified Internal Auditor (CIA) and Certified Fraud Examiner (CFE). He completed the Management Development Program in Asian Institute of Management School of Executive Education in cooperation with PLDT & Smart in August 2016, and the High Potential Program / Leadership Talent Assessment facilitated by Development Dimensions International in October 2020.

Below is a list of directorships in other private and public companies of the director named below. All directorships of our other director are included in their respective biographies in the preceding pages.

Name of Director	Names of Companies	
	Public	Private
Helen Y. Dee	EEI Corporation (Regular Director/Chairman) House of Investments (Regular Director/Chairman) Petro Energy Resources Corporation (Regular Director/Chairman) Rizal Commercial Banking Corporation (Regular Director/Chairman)	A.T. Yuchengco, Inc. (Regular Director/Chairman) AY Foundation, Inc. (Regular Director/Chairman) AY Holdings, Inc. (Regular Director/Chairman) ET Yuchengco, Inc. (Regular Director/Chairman) Dee Yu Corporation (Regular Director/Chairman) GPL Holdings, Inc. (Regular Director/President) Hi-Eisai Pharmaceuticals, Inc. (Regular Director/Chairman) Honda Cars, Kaloocan (Regular Director) Honda Cars Philippines, Inc. (Regular Director) Isuzu Philippines, Inc. (Regular Director) La Funeraria Paz Sucat (Regular Director/Chairman) Landev Corp. (Regular Director/Chairman) Luis Miguel Foods (Regular Director) Luisita Industrial Park Corporation (Regular Director) Malayan Colleges Laguna, Inc. (Trustee) Malayan Colleges Mindanao Inc. (Regular Director/Chairman) Malayan Educational Systems, Inc. (Regular Director/Chairman) Malayan Insurance Co. Inc. (Regular Director/Chairman) Malayan High School of Science, Inc. (Regular Director/Chairman) Manila Memorial Park Cemetery, Inc. (Regular Director/Chairman) Mayahin Holdings Corporation (Regular Director/Chairman) MICO Equities, Inc. (Regular Director/Chairman) Mijo Holdings, Inc. (Regular Director/Chairman Pan Malayan Express, Inc. (Regular Director/Chairman) Pan Malayan Management and Investment Corporation (Regular Director/Chairman) Pan Malayan Realty Corporation (Regular Director/Chairman) Petrowind Energy, Inc. (Regular Director/ Chairman) Philippine Business for Education, Inc. (Regular Director/Trustee) Philippine Integrated Advertising Agency, Inc. (Regular Director) RCBC Land, Inc. (Regular Director) RCBC Leasing & Finance Corp (Regular Director/Chairman) RCBC Realty Corporation (Regular Director/Chairman) Shayamala Corporation (Regular Director/Chairman) Sunlife Grepa Financial, Inc. (Regular Director/Chairman) Xamdu Motors, Inc. (Regular Director/Chairman) YGC Corporate Services, Inc. (Regular Director/Chairman) Y Realty, Inc. (Regular Director) Yuchengco Center, Inc. (Regular Director/Chairman)

Terms of Office

The directors of PLDT are elected each year to serve until the next annual meeting of stockholders and until their successors are elected and qualified, except in case of death, resignation, disqualification or removal from office. The term of office of all officers is coterminous with that of the Board of Directors that elected or appointed them.

Family Relationships

None of the directors/independent directors and officers of the Company or persons nominated to such positions has any family relationships up to the fourth civil degree either by consanguinity or affinity, except Mr. James L. Go (a director) and Ms. Anabelle L. Chua (Chief Financial Officer and Chief Risk Management Officer) who are relatives to the fourth civil degree by consanguinity, and Mr. Manuel V. Pangilinan (Chairman) and Ms. Gina Marina P. Ordoñez (Chief People Officer) who are relatives to the fourth civil degree by consanguinity.

Legal Proceedings

The Company is not aware, and none of the directors/independent directors and officers or persons nominated for election to such positions has informed the Company, of any of the following events that occurred during the past five (5) years and up to the date of this report: (a) any bankruptcy petition filed by or against any business of which a director/independent director or officer or person nominated for election to any of such positions, was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (b) any conviction by final judgment in a criminal proceeding, domestic or foreign, or any criminal proceeding, domestic or foreign, pending against any director/independent director or officer or person nominated for election to any of such positions, except as noted below; (c) any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director/independent director or officer or person nominated for election to any of such positions in any type of business, securities, commodities or banking activities; and (d) any finding by a domestic or foreign court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any director/independent director or officer or person nominated for election to any of such positions, has violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

The following is a description of the complaints in which our Chairman, Manuel V. Pangilinan, our directors Ray C. Espinosa, James L. Go, Artemio V. Panganiban and Ambassador Albert F. del Rosario, and Chief Financial Officer, Ms. Anabelle L. Chua, are respondents:

1. Messrs. Manuel V. Pangilinan, Ray C. Espinosa, James L. Go, Artemio V. Panganiban and Ms. Anabelle L. Chua and other members of the Board of Directors of Manila Electric Company (respectively the "Board" and "Meralco"), and the Commissioners of Energy Regulatory Board ("ERC") except Chairman Agnes Devanadera, are respondents in a Complaint-Affidavit dated December 5, 2017 filed by the National Association of Electricity Consumers for Reforms, Inc. ("NASECORE") with the Office of the Ombudsman (OMB) and docketed as OMB-C-C-18-002 (the "Complaint").

   The Complaint charges the respondents with the crime of Syndicated Estafa under Section 1 of Presidential Decree No. 1689 ("PD 1689"), in relation to Article 315, par. 1(b) of the Revised Penal Code, for alleged misappropriation of the bill deposits made by customers of Meralco, and failure to accrue and credit interest on the said deposits. As directed in the OMB's Order dated January 22, 2018, the members of the Board of Meralco (the "Private Respondents") timely filed their Counter-Affidavits on February 9, 2018.

   In their Counter-Affidavits, the Private Respondents asserted that the case against them is without merit since the elements of Syndicated Estafa under PD 1689 and Article 315 paragraph 1(b) of the Revised Penal Code are not present. Private Respondents and Meralco cannot be considered as a syndicate. Neither are the elements of estafa present since the bill deposits are not received by Meralco or the Private Respondents in trust, on commission, or for administration, or with an obligation to return or make delivery of the exact same bills and coins. Nor was there any misappropriation or conversion of the bill deposits which caused damage to any person. Moreover, the bill deposits are fully accounted for in the audited financial statements and there are sufficient funds to refund the same, if necessary. There is likewise no conspiracy to commit a crime among the Private Respondents themselves, or the Private Respondents and the ERC Commissioners.

   In a Resolution dated May 18, 2018, the Complaint was dismissed for insufficiency of evidence. The case was however referred to the Commission on Audit for the conduct of audit on the Bill Deposits collected by Meralco from the public consumers and to inform the OMB of Compliance thereof.

   NASECORE filed a Motion for Partial Reconsideration of the Resolution dated May 18, 2018. On June 16, 2018, Meralco filed a Motion for Leave to File and Admit Comment/Opposition. The Ombudsman denied NASECORE's Motion for Reconsideration in an Order dated July 30, 2018. No appeal was made from the resolution dismissing the complaint against Meralco directors and officers.

   NASECORE filed an *Urgent Motion for Immediate Execution* dated September 21, 2018 praying that the Ombudsman issue a writ of execution to implement the *Resolution* dated May 18, 2018 which directed the Commission on Audit to conduct an audit. As at March 22, 2023, there has been no further action by the Ombudsman in this case. There has also been no action by the Commission on Audit on this matter.

2. Messrs. Manuel V. Pangilinan, Ray C. Espinosa, James L. Go, Artemio V. Panganiban and Ms. Anabelle L. Chua and other members of the Board of Directors and the President and CEO of Manila Electric Company, and the Commissioners of Energy Regulatory Board ("ERC") except Chairman Agnes Devanadera, are respondents in a Complaint-Affidavit dated January 22, 2018, filed by the NASECORE and Cellphone Owners and Users of the Philippines, Inc. ("COUP") with the OMB and docketed as OMB-C-C-18-0042 (the "Complaint").

   The Complaint charges the respondents with the crime of Syndicated Estafa under Section 1 of Presidential Decree No. 1689 in relation to Paragraph 2(a) of Article 315 of the Revised Penal Code and violation of Section 3 (e) of Republic Act No. 3019 (Anti-Graft and Corrupt Practices Act) in connection with the investments made by Meralco in its subsidiaries and affiliates and in its joint ventures with other corporations for businesses which are not related to Meralco's electric distribution business.

   The Complaint alleges that Meralco's investments, participations, business interests, and infusion of funds in other companies, either as parent corporation or as a joint venture, are violative of its legislative franchise (RA 9209) and the EPIRA Law (RA 9136). It further alleges that Meralco allegedly conspired with the four (4) ERC Commissioners in committing Syndicated Estafa and with violating Section 3(e) of Anti-Graft and Corrupt Practices Act, to make said prohibited investments, thereby resulting to over-charging and over-recoveries by Meralco against its customers.

   As directed in the OMB's Order dated February 20, 2018, the members of the Board of Directors and the President and CEO of Meralco (the "Private Respondents") timely filed their Counter-Affidavits on March 12, 2018. In their Counter-Affidavits, the Private Respondents strongly denied the commission of any wrongdoing as Meralco's investment activities are allowed by and fully compliant with all applicable laws rules and regulations, and do not impact negatively on its operations or customers. They argued that its legislative franchise (RA 9209) and the EPIRA Law (RA 9136) do not prohibit, restrict or bar Meralco from making investments in other companies, including generation companies.

   Meralco is likewise not required (pursuant to Section 26 of EPIRA) to plow back up to 50% of the net income derived from such investments in other companies since Meralco's investments in generation companies and other subsidiaries or entities do not constitute related business undertakings that utilize Meralco's rate base assets.

Meralco's investments in other companies are not sourced from its revenues, but rather, from its net profits and retained earnings, and the disposition and use of such profits by Meralco are not subject to regulation by the ERC or any other agency.

Considering the foregoing, the elements of the crime of Syndicated Estafa are not present. No fraud was committed against Meralco customers since Meralco and/or Private Respondents or any of them never committed any fraudulent act, or employed false pretenses or fraudulent means to the prejudice or detriment of any party. There is no fraud or swindling whatsoever, there is also no syndicate to speak of, and Private Respondents did not participate in or agree to any criminal design with the ERC Commissioners.

On May 4, 2018, Meralco filed a Manifestation with Motion for Early Resolution of even date. Another Motion to Resolve and Dismiss was also filed by *MERALCO* on June 2, 2021. In a Joint Resolution dated February 22, 2022, the Ombudsman has dismissed the cases. As at March 22, 2023, there has been no appeal received.

3. Ambassador Albert F. Del Rosario and other directors and officers of the former PDCP Bank ("PDCP"), and some officers of the Bangko Sentral ng Pilipinas ("BSP") and Development Bank of the Philippines ("DBP") (the "Respondents") were charged in a complaint docketed as I.S. No. 2004-631 filed by Chung Hing Wong/Unisteel/Unisco Metals, Inc. (the "Complainants") with the Department of Justice ("DOJ"), for alleged syndicated estafa, estafa thru falsification of documents, other deceits, malversation and robbery. In the complaint-affidavit, the Complainants alleged that the officers and directors of PDCP deceived the Complainants to secure a loan from PDCP through misrepresentation and with the sinister purpose of taking over the Complainants' corporation. The complaint was referred to the Ombudsman ("OMB") by the DOJ considering that some of the Respondents are public officers and the offenses charged were committed in the performance of their official functions.

   In the OMB's Review and Recommendation dated November 28, 2008, the OMB approved the DOJ Resolution dated September 7, 2007 DISMISSING the complaint and referred the case back to the DOJ for appropriate action. The Complainants filed separate Motions for Reconsideration before the DOJ and OMB.

   On December 16, 2009, the DOJ issued a Resolution denying the Complainants' Motion for Reconsideration for lack of merit. In response, the Complainants filed a Petition for Review with the Secretary of Justice on March 2, 2010. Mr. Del Rosario and the other Respondents filed their respective Comments to the petition. On October 9, 2014, the Secretary of Justice issued a Resolution denying the Petition for Review. In response, Complainants filed a Motion for Reconsideration which remains pending to date with the Office of the Secretary of Justice.

   With respect to the Complainants' Motion for Reconsideration with the OMB, the latter issued an Order dated December 4, 2009 denying the same and affirming its Review and Recommendation of November 28, 2008. In response, the Complainants filed a Petition for Certiorari with the Court of Appeals ("CA"). In a Resolution dated July 26, 2010, the CA dismissed the petition for lack of jurisdiction. Likewise, the Complainants' Motion for Reconsideration was denied by the CA in a Resolution on January 10, 2011. Subsequently, the Complainants filed a Petition for Review with the Supreme Court ("SC") questioning the Decision of the CA. In a Resolution dated March 28, 2011, the SC denied the Complainants' Petition for Review for failure to show any reversible error in the challenged Decision of the CA. The Complainants filed a Motion for Clarification. In a Resolution dated August 24, 2011, the SC treated the motion as a Motion for Reconsideration of the dismissal of the Petition and denied the same. The said Resolution of the SC became FINAL AND EXECUTORY based on the Entry of Judgment dated October 26, 2011. The Complainants however still filed a Motion for Clarification and Motion to Refer Case to the Supreme Court en Banc. In a Resolution dated October 10, 2012, the SC ordered the said motion expunged from the records of the case as the Petition has already been denied with FINALITY and an ENTRY OF JUDGMENT and Letter of Transmittal already sent to the CA as early as October 26, 2011.

4. From November 2022 to date, Ambassador Albert F. del Rosario received from the Commission on Audit (COA) Corporate Government Sector several notices of disallowance in connection with the achievement bonus granted to certain employees of the Civil Aviation Authority of the Philippines (CAAP) in 2014. The total amount covered in the said notices of disallowance is P86,000,000 plus. Based on the COA notices, (i) the payment of the achievement bonus is disallowed because it was not in accordance with the law and certain executive order, administrative order and memorandum circular, and (ii) the same is issued to include the CAAP Board of Directors as persons liable for the transaction, which included Ambassador del Rosario in his capacity as former Secretary of the Department of Foreign Affairs. The nature of Ambassador del Rosario's participation in the transaction is "(f)or passing/approving Board Resolution No. 2014-007 adopted and approved during the 34th Regular Board Meeting on April 11, 2014, authorizing Management to grant two (2) months' salary Achievement Bonus to all CAAP employees in recognition of the milestone achievement of recovering Category 1 status." Ambassador del Rosario was represented in the said Board meeting by Ambassador Rafael E. Sequis. The above mentioned notices of disallowance are subject to appeal to the COA within six (6) months from receipt of thereof.

Audit; Governance, Nomination and Sustainability; Executive Compensation; Technology Strategy; Risk; and Data Privacy and Information Security Committees

Our Board of Directors ("**Board**") is authorized under the By-Laws to create committees, as it may deem necessary, to assist in the effective performance of specific functions and responsibilities which may be delegated by the Board. We have six Board committees, namely, the Audit; Governance, Nomination and Sustainability; Executive Compensation; Technology Strategy; Risk; and Data Privacy and Information Security Committees. Each of these committees has a Board-approved written charter that provides for such committee's composition, membership qualifications, functions and responsibilities, conduct of meetings, and reporting procedure to the Board.

Audit Committee

Our Audit Committee ("**AC**") is composed of three members, all of whom are independent directors, and three advisors. The AC members are Retired Supreme Court Chief Justice Artemio V. Panganiban, Mr. Bernido H. Liu and Ms. Bernadine T. Siy, who is the chairperson of this committee. The three AC advisors are Mr. Kazuyuki Kozu and Mr. James L. Go, who are non-independent directors, and Ms. Corazon S. de la Paz-Bernardo, a former member of our Board. All the members of our AC are financially literate, and Ms. Corazon S. de la Paz-Bernardo has expertise in accounting and financial management. She is a former Chairman and Senior Partner of Joaquin Cunanan & Company, now Isla Lipana & Co., a member firm of Pricewaterhouse Coopers (PwC).

As provided in the AC charter, the primary purpose of the AC is to assist the Board in fulfilling its oversight responsibility for:

- the integrity of PLDT's accounting and financial reporting principles and policies, and system of internal controls, including the review of material related party transactions, and the integrity of PLDT's financial statements and the independent audit thereof;
- PLDT's compliance with legal and regulatory requirements;
- the audit process; and
- the performance of the internal audit organization and the external auditors (including the external auditors' qualifications and independence).

To carry out its direct responsibility for the appointment, setting of compensation, retention and removal of the external auditor, the AC has the following duties and powers:

- review and evaluate the qualifications, performance and independence of the external auditor and its lead audit partner;
- select and appoint, remove or replace the external auditor;
- review and approve, in consultation with the head of the internal audit organization and the head of the finance organization, all audit and non-audit services to be performed by the external auditor and the fees to be paid for such services, and ensure disclosure of any allowed non-audit services in PLDT's annual report;
- periodically review fees for non-audit services paid to the external auditor and disallow non-audit services that will conflict with the external auditor's duties to PLDT or pose a threat to the external auditor's independence;
- ensure that the external auditor prepares and delivers annually a statement as to its independence, discuss with the external auditor any relationships or services disclosed in such statement that may impact the objectivity, independence or quality of services of said external auditor and take appropriate action in response to such statement to satisfy itself of the external auditor's independence;
- based on the external auditor's statement submitted at least annually, review the external auditor's internal quality-control procedures for any material issues raised by recent internal quality-control review or peer review of the external auditor, or by any inquiry or investigation by government or professional authorities within the preceding five years, regarding one or more independent audits carried out by the external auditor and steps taken to deal with any such issues;
- ensure that the external auditor, or its lead audit partner having the primary responsibility for the audit of PLDT's financial accounts is rotated at least once every five years or such shorter or longer period provided under applicable laws and regulations;
- advise the external auditor that it is expected to provide the AC a timely analysis of significant/critical financial reporting issues and practices;

- obtain assurance from the external auditor that the audit was conducted in a manner consistent with certain procedures to be followed in any audit of financial statements required under applicable rules; and

- resolve disagreements between management and the external auditor regarding financial reporting.

The AC has the authority to retain or obtain advice from special counsel or other experts or consultants in the discharge of its responsibilities without the need for Board approval.

Audit Committee Report

Further to our compliance with applicable corporate governance laws and rules, we confirm for 2022 that:

- Each voting member of the Audit Committee is an independent director as determined by the Board of Directors;
- We had eight joint meetings with the Audit Committees of Smart and Digitel during the year;
- We have reviewed and approved the Audit Committee Charter, amended and adopted by the Board on March 22, 2022, until the next review in 2023;
- We have discussed with the PLDT's Internal Audit Group the annual plan for their regular audits, and the results of their examinations;
- Based on a review of SGV & Co.'s performance and qualifications, including consideration of Management's recommendation, we approved the appointment of SGV & Co. as the PLDT Group's independent auditor;
- We have discussed with SGV & Co. the overall scope and plan for their integrated audit of the PLDT and Subsidiaries', or PLDT Group's, financial statements and internal controls over external financial reporting, and the results of their examinations;
- We have reviewed and approved all audit and non-audit services provided by SGV & Co. to the PLDT Group, and the related fees for such services, and concluded that the non-audit fees are not significant to impair their independence;
- We have discussed with SGV & Co. the matters required to be discussed by the prevailing applicable Auditing Standard, and we have received written disclosures and the letter from SGV & Co. as required by the prevailing applicable Independence Standards (Statement as to Independence) and have discussed with SGV & Co. its independence from the PLDT Group and the PLDT Group's Management;
- We were apprised of updates on enterprise risk management and major risk exposures through our attendance to meetings of the Risk Committee, from which we are also members;
- We have discussed with the Chief Legal Counsel, Regulatory and Tax Management Heads on the significant legal matters and updates on the Company's compliance with regulations and applicable laws;
- We have discussed with relevant Business Unit heads the status of their initiatives to address key audit observations and other significant updates on their areas;
- In the performance of our oversight responsibilities, we have reviewed and discussed the unaudited consolidated quarterly financial statements and reports in the first three quarters of 2022 and the audited consolidated financial statements of the PLDT Group as of and for the year ended December 31, 2022 with the PLDT Group's Management, which has the primary responsibility for the financial statements, and with SGV & Co., the PLDT Group's independent auditor, who is responsible for expressing an opinion on the conformity of the PLDT Group's audited financial statements with PFRS; and

Based on the reviews and discussions referred to above, in reliance on the PLDT Group's Management and SGV & Co. and subject to the limitations of our role, we recommended to the Board of Directors and the Board has approved, the inclusion of the PLDT Group's audited financial statements as of and for the year ended December 31, 2022 in the PLDT Group's Annual Report to the Stockholders and to the Philippine Securities and Exchange Commission on Form 17-A.

Governance, Nomination and Sustainability Committee

Our Governance, Nomination and Sustainability Committee ("**GNSC**") is composed of five voting members, all of whom are members of our Board, three non-voting members, and an advisor. Three of the voting members are independent directors, namely, Retired Supreme Court Chief Justice Artemio V. Panganiban, Ms. Bernadine T. Siy and Mr. Bernido H. Liu, and two are non-executive directors namely, Mr. Kazuyuki Kozu and Mr. Manuel V. Pangilinan who is the chairman of this committee. The three non-voting members are the Chief Governance Officer, the Chief People Officer and the Chief Sustainability Officer. The GNSC advisor is executive director, Mr. Alfredo S. Panlilio.[1]

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[1] Mr. Alfredo S. Panlilio was appointed as advisor of the Governance, Nomination and Sustainability Committee on March 22, 2022.

The primary purpose of the GNSC is to assist the Board in the performance of the following functions:

- establish the Company's corporate governance framework, principles and policies aligned with business objectives, and oversee their implementation and the implementation of continuing education and communication programs on good governance;
- develop and implement an evaluation process for the annual review of the performance of the Board, the Board Committees and the individual directors;
- implement a selection process to ensure that the Board has an effective and balanced mix of knowledge, expertise, experience and diversity in terms of, among others, age, gender and ethnicity, and review the qualifications of the persons nominated to other positions requiring appointment by the Board;
- identify persons qualified to become members of the Board and/or the Board Committees;
- assess the effectiveness of the Company's nomination and selection process for the Board and Board Committees;
- establish the Company's sustainability strategy, framework, program, policies and oversee their implementation; and
- oversee the Company's social investments and commitments to making meaningful impact to communities.

Executive Compensation Committee

Our Executive Compensation Committee ("**ECC**") is composed of five voting members, all of whom are members of our Board of Directors, and one non-voting member. Three of the voting members are independent directors, namely, Retired Supreme Court Chief Justice Artemio V. Panganiban, Ms. Bernadine T. Siy and Mr. Bernido H. Liu, and two are non-executive directors, namely, Mr. Kazuyuki Kozu and Mr. Manuel V. Pangilinan, who is the chairman of this committee. The non-voting member is the Chief People Officer.

The primary purpose of the ECC is to assist the Board in the performance of the following functions:

- oversee the development of a compensation philosophy or policy consistent with the strategy, culture and control environment of PLDT;
- oversee the development and administration of PLDT's executive compensation programs, including long-term incentive plans and equity-based plans for officers and executives;
- oversee the development and administration of the Company's performance management framework to monitor and assess the performance of Management;
- oversee the succession plan for officers, including the CEO; and
- oversee the development and implementation of professional development programs for officers.

Risk Committee

Our Risk Committee ("**RC**") is composed of five voting members, all of whom are members of our Board, and one non-voting member. Three of the voting members are independent directors, namely, Ms. Bernadine T. Siy, Mr. Bernido H. Liu and Retired Supreme Court Chief Justice Artemio V. Panganiban, who is the chairman of this committee. Two members are non-executive directors, namely, Mr. Kazuyuki Kozu and Mr. James L. Go. The non-voting member is the Chief Risk Management Officer, Ms. Anabelle L. Chua.[1]

The primary purpose of the RC is to assist the Board in fulfilling its governance functions relating to risk management, which include the following:

- oversee management's adoption and implementation of a system for identifying, assessing, monitoring and managing key risk areas;
- review management's reports on PLDT's major risk exposures; and
- review management's plans and actions to minimize, control or manage the impact of such risks.

Technology Strategy Committee

[1] Ms. Anabelle L. Chua was appointed as non-voting member of the Risk Committee on June 14, 2022.

Our Technology Strategy Committee ("**TSC**") is composed of six voting members and two non-voting members. The six voting members are non-executive directors. They are Mr. Manuel V. Pangilinan, who is the chairman of this committee, former Ambassador Albert F. del Rosario, Atty. Ray C. Espinosa, Mr. James L. Go, and Mr. Kazuyuki Kozu, and executive director, Mr. Alfredo S. Panlilio. The two non-voting members are Mr. Orlando B. Vea and until June 14, 2022, Mr. Oscar S. Reyes, who are members of our Advisory Board/Committee.

The primary purpose of the TSC is to assist the Board in the performance of the following functions:

- review and approve the strategic vision for the role of technology in PLDT's overall business strategy, including the technology strategy and roadmap of PLDT;
- fulfill its oversight responsibilities for PLDT's effective execution of its technology-related strategies; and
- ensure the optimized use and contribution of technology to PLDT's business and strategic objectives and growth targets.

Data Privacy and Information Security Committee

Our Data Privacy and Information Security Committee ("**DPISC**") is composed of four voting members, all of whom are members of our Board, and an advisor. One of the voting members, Mr. Bernido H. Liu, is an independent director, and three are non-executive directors, namely, Atty. Ray C. Espinosa, Mr. Kazuyuki Kozu, and Mr. Manuel V. Pangilinan, who is the chairman of this committee. Mr. Alfredo S. Panlilio is the advisor of the DPISC.

The primary purpose of the DPISC is to assist the Board in the performance of its oversight function and provide strategic direction to governance functions relating to data privacy and information security, including to:

- promote effective data privacy and information security governance;
- review and approve the Company's strategic plans on data privacy and information security;
- ensure accountability for compliance with regulatory standards and best practices on data privacy and information security;
- foster a culture of privacy and information security; and
- oversee management's adoption and implementation of a system for identifying, assessing, monitoring and managing enterprise-wide data privacy and information security risks.

Advisory Committee

Our Board is supported by an Advisory Board/Committee composed of Mr. Benny S. Santoso, Mr. Orlando B. Vea, Mr. Christopher H. Young, and until June 14, 2022, Mr. Oscar S. Reyes. The Advisory Board/Committee provides guidance and suggestions, as necessary, on matters deliberated upon during Board meetings.

Item 10. Executive Compensation and Stock Option Plan

Executive Compensation

The following table is the list of the directors and executive officers, including the CEO, of PLDT as at February 28, 2023:

Name	Position(s)
Manuel V. Pangilinan	Director, Chairman of the Board
Manuel L. Argel, Jr.	Director
Helen Y. Dee	Director
Ray C. Espinosa	Director
James L. Go	Director
Kazuyuki Kozu	Director
Bernido H. Liu	Independent Director
Retired Supreme Court Chief Justice Artemio V. Panganiban	Independent Director
Alfredo S. Panlilio	Director, President and CEO
Albert F. del Rosario	Director
Bernadine T. Siy	Independent Director
Naoki Wakai	Director
Marife B. Zamora	Director
Anabelle L. Chua	Senior Vice President, Chief Financial Officer and Chief Risk Management Officer
Danny Y. Yu(1)	Senior Vice President, PLDT Group Controller
Emmanual Ramon C. Lorenzana(2)	Senior Vice President, Chief Transformation and Customer Officer
Victorico P. Vargas	Leadership Transition Officer
Marilyn A. Victorio-Aquino	Senior Vice President, Chief Legal Counsel and Corporate Secretary
Gina Marina P. Ordoñez	Senior Vice President, Chief People Officer
Joseph Ian G. Gendrano(3)	Senior Vice President, Chief Technology Officer
Mary Rose L. Dela Paz	Senior Vice President, Chief Procurement Officer
Mario G. Tamayo	Senior Vice President, Network Head
Jeremiah M. Dela Cruz (4)	Senior Vice President
Alejandro O. Caeg	Senior Vice President, Consumer Sales Head
Menardo G. Jimenez, Jr.	Senior Vice President, Consumer Business Home Head
Leo I. Posadas	First Vice President and Treasurer
Melissa A. Vergel de Dios	First Vice President and Chief Sustainability Officer
Gil Samson D. Garcia	First Vice President, Financial Controllership

(1) *Appointed Senior Vice President/PLDT Group Controller effective November 17, 2022.*
(2) *Appointed Senior Vice President/Chief Transformation and Customer Officer effective January 1, 2023.*
(3) *Promoted to Senior Vice President effective August 10, 2022, and appointed Chief Technology Officer effective January 1, 2023.*
(4) *Appointed Senior Vice President effective April 1, 2022.*

The following table below sets forth the aggregate amount of compensation paid in 2022 and 2021 and estimated amount of compensation expected to be paid in 2023 to: (1) the President and CEO and four most highly compensated officers of PLDT, as a group, namely, Marilyn A. Victorio-Aquino, Anabelle L. Chua, Gina Marina P. Ordoñez and Menardo G. Jimenez, Jr.; and (2) all other executive officers, other officers and directors, as a group.

	2023	2022	2021
	Estimate	Actual	
		(in millions)	
President and CEO and four most highly compensated executive officers:			
Salary(1)	Php199	Php150	Php131
Bonus(2)	21	18	21
Other compensation(3)	57	349	95
	277	517	247
All other executive officers, other officers and directors as a group (excluding the President and CEO and four most highly compensated executive officers):			
Salary(1)	636	605	506
Bonus(2)	75	78	81
Other compensation(3)	202	990	590
	Php913	Php1,673	Php1,177

(1) *Basic monthly salary.*
(2) *Includes longevity pay, mid-year bonus, 13th month and Christmas bonus.*
(3) *Includes Variable Pay/Short-term Incentive Plan, or STIP, and other payments. Variable Pay/STIP is based on an annual incentive system that encourages and rewards both individual and group/team performance and is tied to the achievement of Corporate/Unit/Customer Satisfaction Objectives. It covers regular officers and executives of the Company and is based on a percentage of their Guaranteed Annual Cash Compensation. Included in the figure for 2020 and 2022 is the amount of award under the Transformation Incentive Plan (TIP)*

Each of the directors of the Company is entitled to a director's fee of Php250 thousand for each meeting of the Board of Directors attended. In addition, the directors who serve in the committees of the Board of Directors, namely, the Audit, Governance, Nomination and Sustainability, Executive Compensation, Technology Strategy, Risk and Data Privacy and Information Security Committees, are each entitled to a fee of Php125 thousand for each committee meeting attended.

Except for the fees mentioned above, the directors are not compensated, directly or indirectly, for their services as such directors. The aggregate amount of *per diems* paid to the directors for their attendance in Board and Board Committee meetings is included in other compensation in the above table. The total amount of *per diems* paid in 2022 and 2021 were approximately Php82 million and Php85 million, respectively. The total amount of *per diems* estimated to be paid in 2023 is approximately Php67 million.

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

Transformation Incentive Plan

As noted above, we have established the TIP to provide incentive compensation to key officers, executives and other eligible participants who are consistent performers and contributors to the Company's strategic and financial goals.

See *Note 3 – Management's Use of Judgments, Estimates and Assumptions*, *Note 5 – Income and Expenses, Note 24 – Accrued Expenses and Other Current Liabilities* and *Note 26 – Pension and Other Employee Benefits* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for related discussion.

Item 11. Security Ownership of Certain Beneficial Owners, Directors and Executive Officers

Security Ownership of Certain Record and Beneficial Owners

The following table sets forth the record owners and, to the best knowledge of the Board of Directors and Management of the Company, the beneficial owners of more than five percent of the Company's outstanding shares of Common Stock and Voting Preferred Stock, the number of shares owned by, and percentage of shareholdings of, each of them, as at February 28, 2023.

Title of Class	Name and Address of Record Owner and Relationship With Issuer	Citizenship	Name of Beneficial Owner and Relationship with Record Owner	Number of Shares Held	Percentage of Common Stock	Percentage of Voting Stock
Common	Philippine Telecommunications Investment Corporation[1] 10th Floor Net One Building, 26th Street Bonifacio Global City, Fort Bonifacio, Taguig City Major Stockholder	Philippine Corporation	Same as Record Owner	26,034,263[2]	12.05	7.11
Common	Metro Pacific Resources, Inc.[3] c/o Corporate Secretary Unit 10-3 and 10-4 10th Floor Net One Building, 26th Street corner 3rd Avenue,, Fort Bonifacio, Taguig City Major Stockholder	Philippine Corporation	Same as Record Owner	21,556,676[2]	9.98	5.89
Common	NTT DOCOMO, INC.[4] 11-1 Nagata-Cho, 2-Chome Chiyoda Ku, Tokyo 100-6150, Japan Major Stockholder	Japanese Corporation	See Footnote 7	22,796,902[5]	10.55	6.23
Common	NTT Communications Corporation[6] Otemachi Place West Tower 33F 2-3-1 Otemachi, Chiyoda-ku Tokyo 100-8019, Japan Major Stockholder	Japanese Corporation	See Footnote 7	12,633,487	5.85	3.45
Common	JG Summit Group[8] 43/F Robinsons Equitable Tower ADB Avenue corner Poveda Road, Ortigas Center, Pasig City Major Stockholder	Philippine Corporation	See Footnote 8	24,342,455	11.27	6.65
Common	Social Security System[9] 9/F SSS Building East Avenue, Quezon City Major Stockholder	Philippine Corporation	See Footnote 9	9,613,281	4.45	2.63
Common	PCD Nominee Corporation[10] 29/F BDO Equitable Tower 8751 Ayala Ave. cor. Paseo de Roxas St., Makati City 1226 Major Stockholder	Philippine Corporation	See Footnote 10	81,019,286	37.50	22.13
Common	J.P. Morgan Hongkong Nominees Limited[11] (various accounts) c/o HSBC Securities Services 7/F HSBC Centre 3058 5th Ave. West BGC, Taguig City Major Stockholder	Hong Kong Corporation	See Footnote 10	14,514,602	6.72	3.97
Voting Preferred	BTF Holdings, Inc. [12] Ramon Cojuangco Building, Makati Avenue, Makati City	Philippine Corporation	Same as Record Owner	150,000,000	–	40.98

(1) *Based on a resolution adopted by the Board of Directors of Philippine Telecommunications Investment Corporation, or PTIC, the Chairman of the Board of PTIC, Mr. Manuel V. Pangilinan, has the continuing authority to represent PTIC at any and all meetings of the stockholders of a corporation in which PTIC owns of record or beneficially any shares of stock or other voting security, and to sign and deliver, in favor of any person he may deem fit, a proxy or other power of attorney, with full power of delegation and substitution, authorizing his designated proxy or attorney-in-fact to vote any and all shares of stock and other voting securities owned of record or beneficially by PTIC at any and all meetings of the stockholders of the corporation issuing such shares of stock or voting securities.*

(2) *In addition to the 26,034,263 and 21,556,676 common shares owned of record respectively by PTIC and Metro Pacific Resources, Inc., ("MPRI"), both of which are Philippine affiliates of First Pacific Company Limited, ("First Pacific"), 7,653,703 common shares representing approximately 3.54% of the outstanding common stock of PLDT, are owned by another Philippine affiliate of First Pacific and registered under the name of PCD Nominee Corporation. The common shares owned by PTIC, MPRI and the otherPhilippine affiliate of First Pacific (referred to herein as "First Pacific Group") collectively represents 25.57% of the outstanding common stock of PLDT as of February 28, 2023.*

(3) Based on a resolution adopted by the Board of Directors of MPRI, Mr. Manuel V. Pangilinan has been appointed as proxy or duly authorized representative of MPRI to represent and vote the PLDT shares of common stock of MPRI in the Annual Meeting.

(4) Based on publicly available information, NTT DOCOMO, INC., ("NTT DOCOMO"), is a wholly-owned subsidiary of Nippon Telegraph and Telephone Corporation ("NTT"). Based on a certification signed by a duly authorized officer of NTT DOCOMO, Mr. Toshiaki Sakurai and Mr. Nobutaka Kurata are authorized to execute for and on behalf of NTT DOCOMO, endorsements, transfers and other matters relating to the PLDT shares of common stock held by NTT DOCOMO.

(5) In addition to the 22,796,902 common shares owned on record by NTT DOCOMO, NTT DOCOMO also owns 8,533,253 ADSs whose underlying common shares represent approximately 3.95% of the outstanding common stock of PLDT. The common shares and the underlying common shares of the ADS owned by NTT DOCOMO collectively represents 14.50% of the outstanding common stock of PLDT as of February 28, 2023.

(6) Based on publicly available information, NTT Communications Corporation ("NTT Communications"), is a wholly-owned subsidiary of NTT. Based on a certification signed by a duly authorized officer of NTT Communications, Mr. Shuji Inaba or Mr. Satoshi Watanabe is authorized to execute for and on behalf of NTT Communications, endorsements, transfers and other matters relating to the PLDT shares of common stock held by NTT Communications.

(7) In publicly available reports filed by NTT Communications and NTT DOCOMO, it is stated that because of NTT's ownership of all the outstanding capital stock of NTT Communications and of NTT DOCOMO, NTT, NTT Communications and NTT DOCOMO may be considered to constitute a "group" within the meaning of Rule 18.1.5.C of the Amended Implementing Rules and Regulations of The Securities Regulation Code. Therefore, each of them may be deemed to have beneficial ownership of the 43,963,642 shares in aggregate held by NTT Communications and NTT DOCOMO, which collectively represents 20.35% of the outstanding common stock of PLDT as of February 28, 2023.

(8) The shareholders comprising the JG Summit Group are JG Summit Holdings, Inc. ("JGS") which owns of record 24,255,732 shares, and JG Digital Equity Ventures Inc. or JGDEV (formerly Express Holdings Inc.) which owns 86,723 shares or a total of 24,342,455 shares, representing 11.27% of the outstanding common stock of PLDT. Based on a certification signed by a duly authorized officer of JGS, under the By-Laws of JGS, each of the Chairman of JGS, Mr. James L. Go and President of JGS, Mr. Lance Y Gokongwei is authorized to vote the 24,255,732 common shares of PLDT owned by JGS and to appoint and/or sign proxies in behalf of JGS in connection with the Annual Meeting. Based on Section 2(d) of Article IV of the By-Laws of JGDEV, the Chairman and President, Mr. Lance Gokongwei is authorized to vote the PLDT common shares of JGDEV and to appoint and/or sign proxies in behalf of JGDEV.

(9) In addition to the 9,613,281 shares owned on record by the SSS, SSS also beneficially owned 1,525,413 shares of PLDT common stock held of record by PCD as at February 28, 2023. The total beneficial shareholdings of SSS is 11,305,994 shares of PLDT common stock representing 5.16% of the outstanding common stock of PLDT as at February 28, 2023. Based on a resolution adopted by the Board of Directors of the SSS, Mr. Manuel L. Alger, Jr., as Commissioner of the SSS, has been authorized to represent and vote the shares of PLDT common stock of SSS in the Annual Meeting of stockholders of PLDT.

(10) PCD Nominee Corporation ("PCD"), is the registered owner of shares held by participants in the Philippine Depository and Trust Co. ("PDTC), a private company organized to implement an automated book entry system of handling securities transactions in the Philippines. Under the PDTC procedures, when an issuer of a PDTC-eligible issue will hold a stockholders' meeting, the PDTC will execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients.

Based on available information, none of the owners of the PLDT common shares registered under the name of PCD, owned more than 5% of PLDT's outstanding common stock as of February 28, 2023, except for The Hongkong and Shanghai Banking Corporation Ltd. Clients Account, Citibank N.A. and Standard Chartered Bank., which owned approximately 7.62%, 6.38% and 5.71 respectively, of PLDT's outstanding common stock as of such date. PLDT has no knowledge if any beneficial owner of the shares under The Hongkong and Shanghai Banking Corporation Ltd Clients Account and Citibank N.A. owned more than 5% of PLDT's outstanding common stock as of February 28, 2023.

This account also includes 7,653,703 PLDT common shares beneficially owned by a Philippine affiliate of First Pacific, and 1,525,413 shares of PLDT common stock beneficially owned by the Social Security System.

(11) J.P. Morgan Hong Kong Nominees Limited (formerly JP Morgan Asset Holdings (HK) Limited) holds shares as nominee of J.P. Morgan Chase Bank, successor depositary under the Common Stock Deposit Agreement, dated October 14, 1994, as amended on February 10, 2003, between J.P. Morgan Chase Bank and the holders of ADRs, evidencing ADSs, representing shares of common stock of PLDT (the "Deposit Agreement"). Under the Deposit Agreement, if the depositary does not receive voting instructions from a holder of ADRs, such holder will be deemed to have instructed the depositary to provide a discretionary proxy to a person designated by PLDT for the purpose of exercising the voting rights pertaining to the shares of common stock underlying the ADS of such holder of ADRs, except that no discretionary proxy will be given with respect to any matter as to which substantial opposition exists or which materially and adversely affects the rights of the holders of such ADRs.

This account also includes 8,533,253 PLDT common shares underlying ADS beneficially owned by NTT DOCOMO.

(12) A wholly-owned company of the Board of Trustees for the Account of the Beneficial Trust Fund Created Pursuant to the Benefit Plan of PLDT Co. Based on a resolution adopted by the Board of Directors of BTF Holdings, Inc., the Chairman of the Board of PLDT has been appointed as proxy or duly authorized representative of BTF Holdings, Inc. to represent and vote the PLDT shares of voting preferred stock of BTF Holdings, Inc. in the Annual Meeting.

Except as stated above and in the related footnotes, the Board of Directors and Management of the Company have no knowledge of any other person who, as at February 28, 2023, was directly or indirectly the beneficial owner of, or who has voting power with respect to, shares comprising more than five percent of the Company's outstanding Common Stock and Voting Preferred Stock as of February 28, 2023.

As at February 28, 2023, approximately 78.69% of the outstanding voting stock and 88.29% of the outstanding capital stock of PLDT were owned by Philippine persons.

As a result of their respective stockholdings, the FP Parties and/or NTT Communications and/or NTT DOCOMO and/or BTFHI are able to influence our actions and corporate governance, including (i) elections of our directors; and (ii) approval of major corporate actions, which require the vote of holders of common and voting preferred stocks.

Additionally, the FP Parties, NTT Communications, NTT DOCOMO and PLDT entered into a Cooperation Agreement, dated January 31, 2006, pursuant to which, among other things, certain rights of NTT Communications under the Stock Purchase and Strategic Investment Agreement dated September 28, 1999, or the Strategic Agreement, and the Shareholders Agreement dated March 24, 2000, or the Shareholders Agreement, were extended to NTT DOCOMO. As a result of the Cooperation Agreement, NTT Communications and NTT DOCOMO, in coordination with each other, have contractual rights relating to a number of major decisions and transactions that PLDT could make or enter into.

Specifically, PLDT may not take any of the following actions described without the approval of NTT DOCOMO and NTT Communications, acting in coordination with each other (however, NTT DOCOMO and NTT Communications may not withhold their consent to such actions in circumstances where PLDT proposes to invest in a business that competes with Nippon Telegraph and Telephone Corporation and its subsidiaries and where the Board of Directors has among other things, approved the transaction):

- capital expenditures in excess of US$50 million;
- any investments, if the aggregate amount of all investments for the previous 12 months is greater than US$25 million in the case of all investments to any existing investees and US$100 million in the case of

all investments to any new or existing investees, determined on a rolling monthly basis; or

- any investments in a specific investee, if the cumulative value of all investments made by us in that investee is greater than US$10 million in the case of an existing investee and US$50 million in the case of a new investee.

PLDT also may not issue common stock or stock that is convertible into common stock except where NTT Communications and NTT DOCOMO have first been offered the opportunity to purchase their pro rata portion of PLDT's shares of common stock.

PLDT is also aware that each of NTT Communications and NTT DOCOMO has agreed (pursuant to the Shareholders Agreement in the case of NTT Communications and pursuant to the Cooperation Agreement in the case of NTT DOCOMO) to use its best efforts to procure that PLDT not take the following actions without the consent of First Pacific and certain of its affiliates, as well as other parties bound by the provisions of the Shareholders Agreement:

- new business activities other than those we currently engage in;
- merger or consolidation;
- winding up or liquidation of PLDT; or
- applying to a court to order a meeting of creditors or to sanction any compromise or arrangement between creditors and shareholders of PLDT.

As PLDT is not a party to the Shareholders Agreement, the contractual rights held by NTT Communications, NTT DOCOMO, First Pacific and certain of First Pacific's affiliates are not directly enforceable against PLDT.

Pursuant to amendments effected by the Cooperation Agreement to the Stock Purchase and Strategic Investment Agreement and the Shareholders Agreement, upon NTT Communications and NTT DOCOMO and their respective subsidiaries owning in the aggregate 20% or more of PLDT's shares of common stock and for as long as they continue to own in the aggregate at least 17.5% of PLDT's shares of common stock then outstanding, NTT DOCOMO has additional rights under the Stock Purchase and Strategic Investment Agreement and Shareholders Agreement, including that:

- NTT DOCOMO is entitled to nominate one additional NTT DOCOMO nominee to the board of directors of each of PLDT and Smart;
- PLDT must consult NTT DOCOMO no later than 30 days prior to the first submission to the board of PLDT or certain of its committees of any proposal of investment in an entity that would primarily engage in a business that would be in direct competition or substantially the same business opportunities, customer base, products or services with business carried on by NTT DOCOMO, or which NTT DOCOMO has announced publicly an intention to carry on;
- PLDT must procure that Smart does not cease to carry on its business, dispose of all of its assets, issue common shares, merge or consolidate, or effect winding up or liquidation without PLDT first consulting with NTT DOCOMO no later than 30 days prior to the first submission to the board of PLDT or Smart, or certain of its committees; and
- PLDT must first consult with NTT DOCOMO no later than 30 days prior to the first submission to the board of PLDT or certain of its committees for the approval of any transfer of Smart's common capital stock by any member of the PLDT Group to any person who is not a member of the PLDT Group.

Security Ownership of Directors and Executive Officers

The following are the number of PLDT common shares owned of record and/or beneficially by the directors/independent directors, CEO and other executive officers of PLDT as at February 28, 2023:

Name of Record and Address	Citizenship	Title of Class	Number of shares	Amount of Holdings (Based on par value)	Percentage of Class
Manuel V. Pangilinan Chairman of the Board	Filipino	Common	311,911[1]	Php1,559,555	0.144366
Manuel L. Argel, Jr. Director	Filipino	Common	1	5	0.000000
Helen Y. Dee Director	Filipino	Common	25,120[2]	125,600	0.011627
Ray C. Espinosa Director	Filipino	Common	42,743[1]	213,715	0.019783
James L. Go Director	Filipino	Common	950,724[1]	4,753,620	0.440036
Kazuyuki Kozu Director	Japanese	Common	1	5	0.000000

Name of Record and Address	Citizenship	Title of Class	Number of shares	Amount of Holdings	Percentage of Class
Bernido H. Liu Independent Director	Filipino	Common	1	5	0.000000
Retired Supreme Court Chief Justice Artemio V. Panganiban Independent Director	Filipino	Common	7,771[(1)]	38,855	0.003597
Alfredo S. Panlilio Director and President and CEO	Filipino	Common	30,505[(1)]	152,525	0.014119
Albert F. del Rosario Director	Filipino	Common	182,750[(1)]	913,750	0.084585
Bernadine T. Siy Independent Director	Filipino	Common	1,500[(1)]	7,500	0.000694
Naoki Wakai Director	Filipino	Common	1	5	0.000000
Marife B. Zamora Director	Filipino	Common	60	300	0.000028
Anabelle L. Chua Senior Vice President, Chief Financial Officer and Risk Management Officer	Filipino	Common	24,378[(3)]	121,890	0.011283
Victorico P. Vargas Leadership Transition Officer	Filipino	Common	16,465[(3)]	82,325	0.007621
Marilyn A. Victorio-Aquino Senior Vice President Chief Legal Counsel and Corporate Secretary	Filipino	Common	27,395[(3)]	136,975	0.012680
Danny Y. Yu[(4)] Senior Vice President PLDT Group Controller	Filipino	Common	-	-	-
Emmanuel Ramon C. Lorenzana[(5)] Senior Vice President Chief Transformation and Customer Officer	Filipino	Common	-	-	-
Gina Marina P. Ordoñez Senior Vice President Chief People Officer	Filipino	Common	5,141[(3)]	25,705	0.002379
Mary Rose L. Dela Paz Senior Vice President Chief Procurement Officer	Filipino	Common	6,500[(3)]	32,500	0.003008
Mario G. Tamayo Senior Vice President Network Head	Filipino	Common	6,575[(3)]	32,875	0.003043
Joseph Ian G. Gendrano[(6)] Senior Vice President Chief Technology Officer and Head – Information Technology	Filipino	Common	897[(3)]	4,485	0.00415
Alejandro O. Caeg Senior Vice President, Consumer Business – Sales	Filipino	Common	9,315[(3)]	46,575	0.004311
Jeremiah M. de la Cruz[(7)] Senior Vice President	Filipino	Common	-	-	-
Menardo G. Jimenez, Jr. Senior Vice President, Consumer Business – Home	Filipino	Common	8,044[(1)]	40,220	0.003723
Leo I. Posadas First Vice President and Treasurer	Filipino	Common	9,705[(8)]	48,525	0.004492
Melissa V. Vergel De Dios First Vice President and Chief Sustainability Officer	Filipino	Common	4,025[(3)]	20,125	0.001863
Gil Samson D. Garcia First Vice President and Head - Financial Controllership	Filipino	Common	33[(3)]	165	0.000015

(1) *Includes PLDT common shares that have been lodged with the Philippine Depositary and Trust Co. ("PDTC").*
(2) *Includes 2,780 shares thru RCBC Trust for the account of Michelle Y. Dee-Santos and 245 shares under the name of Helen Y. Dee, both under PCD Nominee Corporation and 21,957 shares owned by Hydee Management Corporation. As chairperson and president of Hydee Management Corporation, Ms. Dee may exercise the voting rights in respect of the 21,957 shares of Hydee Management Corporation.*
(3) *Lodged with the PDTC.*
(4) *Appointment as Senior Vice President/PLDT Group Controller effective November 17, 2022 was confirmed by the Board of Directors in its meeting held on December 15, 2022.*

(5) *Appointment as Senior Vice President/Chief Transformation and Customer Officer effective January 1, 2023 was confirmed by the Board of Directors in its meeting held on December 15, 2022.*
(6) *Promoted to Senior Vice President effective August 10, 2022. The appointment as Chieft Technology Officer effective January 1, 2023 was approved by by the Board of Directors in its meeting held on December 15, 2022.*
(7) *Appointment as Senior Vice President effective April 1, 2022 was confirmed by the Board of Directors in its meeting held on December 15, 2022.*
(8) *Inclcudes 140 shares for the account of Jose Antion G. Posadas under PCD Nominee Corporation.*

The aggregate number of shares of common stock directly and indirectly owned by directors and executive officers listed above, as at February 28, 2023, was 1,671,571, or approximately 0.773671% of PLDT's outstanding shares of common stock.

Change in Control

There has been no change in control in respect of PLDT since 1998. We are not aware of any existing, pending or potential transaction which may result in such a change in control.

Item 12. Certain Relationships and Related Party Transactions

Related Party Transactions

PLDT, in the ordinary course of business, engages in transactions with some of its stockholders, its subsidiaries and affiliates, and directors and officers and their close family members.

In 2019, PLDT adopted a Material Related Party Transactions ("**MRPT**") Policy in accordance with the Company's Manual on Corporate Governance and in compliance with Philippine SEC Memorandum Circular No.10, Series of 2019 or the Rules on Material Related Party Transactions for Publicly-Listed Companies. A copy of the MRPT Policy is posted at https://pldt.com/docs/default-source/corporate-governance-files/policies/material-related-party-transactions-policy.pdf. This website does not form part of this annual report on Form 17-A.

Related party transactions involving an amount below the Materiality Threshold shall be covered by our Guidelines on the Proper Handling of Related Party Transactions.

For a detailed discussion of our material related party transactions, see *Note 25 – Related Party Transactions* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements".

Except for the transactions discussed in *Note 25 – Related Party Transactions* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements", there were no other material related party transactions during the last three financial years, nor are there any material transactions currently proposed between PLDT and any: (i) director, officer, direct or indirect owner of 10% or more of the outstanding shares in PLDT; (ii) close family member of such director, officer or owner; (iii) associates of PLDT; (iv) enterprises controlling, controlled by or under common control with PLDT; or (v) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any director, officer or owner of 10% or more of the outstanding shares in PLDT or any close family member of such director, key officer or owner, or collectively, the Related Parties.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance: Structure, Policies and Processes

Our Corporate Governance framework defines how we strive to create sustainable value for the Company, fulfill our commitments to our stakeholders and develop a strong corporate culture. It is grounded on the core governance principles: integrity, accountability, transparency, and fairness, and embodied in the governance structure, processes and standards set forth in PLDT's Articles of Incorporation, By-Laws, Manual on Corporate Governance ("CG Manual"), Code of Business Conduct and Ethics ("Code of Ethics") and Corporate Social Responsibility Statement.

The Company continuously seeks to raise the standards of its business conduct through its compliance with applicable governance rules and benchmarking with international best practices. PLDT complies with governance and sustainability standards of the Philippines as a public company listed in the Philippine Stock Exchange ("PSE") and applicable rules and governance standards of the United States as a foreign private issuer with American Depositary Shares listed and traded in the New York Stock Exchange ("NYSE"). PLDT benchmarks with the governance standards of Hong Kong being an associated company of First Pacific Company Ltd., which is listed in the Hong Kong Stock Exchange.

Governance Structure

Board of Directors

Our Board of Directors ("Board") is composed of 13 members, with 12 non-executive directors, which include three independent directors, and one executive director. All the directors are qualified and competent members with diverse and complementing skills, expertise, experience, and knowledge.

At least three of our directors, namely, Retired Supreme Court Chief Justice Artemio V. Panganiban, Ms. Bernadine T. Siy and Mr. Bernido H. Liu, are independent directors who are neither officers nor employees of PLDT or any of its subsidiaries, and who are free from any business or other relationship with PLDT or any of its subsidiaries which could, or could reasonably be perceived to, materially interfere with the exercise of independent judgment in carrying out their responsibilities as independent directors. On June 14, 2022, the Board appointed Retired Supreme Court Chief Justice Panganiban as PLDT's Lead Independent Director. The independence standards/criteria are provided in our By-Laws and CG Manual.

Chairman of the Board

Our Chairman provides leadership for the Board and ensures that the Board works effectively and performs its duties responsibly. He presides and facilitates discussions in Board meetings focusing on strategic matters, risk management, key issues and governance concerns that will affect the business operations. The Chairman ensures that the lines of communication and the flow of information between Management and the Board are maintained and ensures that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions. On June 14, 2022, the Board appointed Mr. Manuel V. Pangilinan as its Chairman at the Organizational Board meeting held virtually following the adjournment of the Company's Annual Stockholders' Meeting.

Advisory Board/Committee

Our Board is supported by an Advisory Board/Committee composed of Mr. Benny S. Santoso, Mr. Orlando B. Vea, zoMr. Christopher H. Young, and until June 14, 2022, Mr. Oscar S. Reyes. The Advisory Board/Committee provides guidance and suggestions, as necessary, on matters deliberated upon during Board meetings.

The primary responsibility for ensuring good corporate governance in PLDT is vested in our Board. The Board has the authority and responsibility to exercise the corporate powers, conduct the business and control the properties of the Company. Directors are expected to perform their duties diligently and in good faith and devote sufficient time and attention for such purposes. The Board and the directors are bound to act in the best interest of the Company and for the common benefit of its stockholders and other stakeholders.

To ensure a high standard of governance for the Company, the Board performs the following functions and duties with the assistance of the Board Committees:

- *Corporate Governance.* The Board, with the assistance of the Governance, Nomination and Sustainability Committee, establishes the Company's corporate governance framework, principles and policies aligned with business objectives, and oversees their implementation and the implementation of continuing education and communication programs on good governance.

- *Determination and review of Company's Vision, Mission, and strategic objectives.* The Board, in coordination with Management, determines the Vision, Mission and strategic objectives of the Company and reviews the same annually in relation to corporate performance in its annual strategic planning session with Management.

- *Management oversight.* The Board exercises oversight on Management in its execution of the strategic direction and implementation of the policies set by the Board.

- *Sustainability, Corporate Social Responsibility and Stakeholder Engagement.* The Board, with the assistance of the Governance, Nomination and Sustainability Committee, establishes and oversees the implementation of the Company's sustainability strategy, framework, programs and policies; and oversees the Company's social investments and commitments to making meaningful impact to communities. It ensures that the Company has an investor relations program to engage with its shareholders and the investing community at large, as well as programs to interact and communicate with the communities where the Company operates. It oversees the Company's disclosure of material and reportable information regarding non-financial and sustainability matters, including those concerning the management of economic, environmental, social and governance ("EESG") aspects of the business.

- *Financial reporting, internal control, internal audit and independent audit.* The Board, with the assistance of the Audit Committee, carries out its oversight responsibilities for the Company's financial reporting, internal control system, internal audit and independent audit mechanisms, and reviews material related party transactions.

- *Enterprise risk management.* The Board, with the assistance of the Risk Committee, fulfills its oversight responsibilities for the Company's assessment and management of enterprise risks, and reviews and discusses with Management the Company's major risk exposures and the corresponding risk mitigation measures.

- *Technology.* The Board, with the assistance of the Technology Strategy Committee, reviews and approves the Company's technology strategy and roadmap, and capital expenditures for network and technology.

- *Data Privacy and Information Security.* The Board, with the assistance of the Data Privacy and Information Security Committee, oversees data privacy and information security governance, reviews and approves the Company's strategic plans on data privacy and information security, oversees the adoption and implementation of a system for identifying, assessing, monitoring, and managing enterprise-wide data privacy and information security risks, including its framework, structure, policies, standards, and processes.

- *Succession planning, professional development, and executive compensation.* The Board, through its Executive Compensation Committee, reviews the criteria for employment, promotion, and professional development plans for Senior Management; keeps track of their performance, and evaluates their potential for other critical roles and leadership paths. A succession planning process is facilitated within the PLDT Group referred to as the critical talent program. The Board is assisted by the Executive Compensation Committee in developing the compensation philosophy or policy consistent with the strategy, culture, and control environment of the Company.

- *Selection process for directors and appointment of officers.* The Board, with the assistance of the Governance, Nomination and Sustainability Committee, implements a selection process to ensure that the Board has an effective and balanced mix of knowledge, expertise, experience, and diversity in terms of, among others, age, gender, and ethnicity, and reviews the qualifications of officers to be appointed or promoted.

- *Annual Board assessment.* The Board conducts an annual self-assessment to evaluate the performance of the Board as a whole, the Board Committees and the individual directors. Each Board Committee also conducts an annual self-assessment of its performance.

Board Committees

Audit Committee ("AC"). Our AC is composed of three members, all of whom are independent directors, and three advisors. The AC members are Retired Supreme Court Chief Justice Artemio V. Panganiban, Mr. Bernido H. Liu and Ms. Bernadine T. Siy, who is the chairperson of this committee. The three AC advisors are Mr. Kazuyuki Kozu and Mr. James L. Go, who are non-executive directors, and Ms. Corazon S. de la Paz-Bernardo, a former member of our Board of Directors. All the members of our AC are financially literate, and Ms. Corazon S. de la Paz-Bernardo has expertise in accounting and financial management. She is a former Chairman and Senior Partner of Joaquin Cunanan & Company, now Isla Lipana & Co., a member firm of Pricewaterhouse Coopers ("PwC"). The AC assists the Board in fulfilling its oversight responsibility for: (i) the integrity of the Company's accounting and financial reporting principles and policies, and system of internal controls, including the integrity of financial statements and the independent audit thereof; (ii) the Company's compliance with legal and regulatory requirements; (iii) the Company's audit process; and (iv) the performance of the internal audit organization and the external auditor (including the external auditor's qualifications and independence). For efficiency, the Board has determined that in lieu of creating a distinct Related Party Transaction Committee, the AC's functions shall include the review of material related party transactions and significant unusual transactions, in accordance with the materiality threshold set in the Material Related Party Transactions Policy and the Guidelines on the Proper Handling of Related Party Transactions or by the Board. The purposes, duties and powers of the AC are set forth in the AC Charter.

Governance, Nomination and Sustainability Committee ("GNSC"). Our GNSC is composed of five voting members, all of whom are members of our Board of Directors, three non-voting members, and an advisor. Three of the voting members are independent directors, namely, Retired Supreme Court Chief Justice Artemio V. Panganiban, Ms. Bernadine T. Siy, and Mr. Bernido H. Liu, and two are non-executive directors, namely, Mr. Kazuyuki Kozu and Mr. Manuel V. Pangilinan, who is the chairman of this committee. The three non-voting members are the Chief Governance Officer, the Chief People Officer, and the Chief Sustainability Officer. The GNSC advisor is executive director, Mr. Alfredo S. Panlilio.[1] The GNSC assists the Board in the performance of its functions to: (i) establish the Company's corporate governance framework, principles and policies aligned with business objectives, and oversee their implementation and the implementation of continuing education and communication programs on good governance; (ii) develop and implement an evaluation process for the annual review of the performance of the Board, the Board Committees and the individual directors; (iii) review and evaluate the qualifications of the persons nominated to the Board and to other positions requiring appointment by the Board; (iv) identify persons qualified to become members of the Board and/or the Board Committees; (v) assess the effectiveness of the Company's nomination and selection process for the Board and Board Committees; (vi) establish the Company's sustainability strategy, framework, programs, policies and oversee their implementation; and (vii) oversee the Company's social investments and commitments to making meaningful impact to communities. The purposes, duties, and powers of the GNSC are set forth in the GNSC Charter.

Executive Compensation Committee ("ECC"). Our ECC is composed of five voting members, all of whom are members of our Board of Directors, and one non-voting member. Three of the voting members are independent directors, namely, Retired Supreme Court Chief Justice Artemio V. Panganiban, Ms. Bernadine T. Siy, and Mr. Bernido H. Liu, and two are non-executive directors, namely, Mr. Kazuyuki Kozu and Mr. Manuel V. Pangilinan, who is the chairman of this committee. The non-voting member is the Chief People Officer. The ECC assists the Board in the performance of its functions to: (i) oversee the development of a compensation philosophy or policy consistent with the strategy, culture and control environment of PLDT; (ii) oversee the development and administration of the Company's executive compensation programs, including long term incentive plans and equity-based plans for officers and executives; (iii) oversee the development and administration of the Company's performance management framework to monitor and assess the performance of Management; (iv) oversee the succession plan for officers, including the CEO; and (v) oversee the development and implementation of professional development programs for officers. The purposes, duties, and powers of the ECC are set forth in the ECC Charter.

[1] Mr. Alfredo S. Panlilio was appointed as advisor of the Governance, Nomination and Sustainability Committee on March 22, 2022.

Risk Committee ("RC"). Our RC is composed of five voting members, all of whom are members of our Board of Directors, and one non-voting member. Three of the voting members are independent directors, namely, Ms. Bernadine T. Siy, Mr. Bernido H. Liu, and Retired Supreme Court Chief Justice Artemio V. Panganiban, who is the chairman of this committee, and two are non-executive directors, namely, Mr. Kazuyuki Kozu and Mr. James L. Go. The non-voting member is the Chief Risk Management Officer.[1] The RC assists the Board in the performance of its functions to: (i) oversee Management's adoption and implementation of a system for assessing, monitoring, and managing key risk areas; (ii) review Management's reports on the Company's major risk exposures; and (iii) review Management's plans and actions to minimize, control or manage the impact of such risks. The purposes, duties and powers of the RC are set forth in the RC Charter.

Technology Strategy Committee ("TSC"). Our TSC is composed of six voting members and two non-voting members. The six voting members are non-executive directors Mr. Manuel V. Pangilinan, who serves as chairman, former Ambassador Albert F. del Rosario, Atty. Ray C. Espinosa, Mr. James L. Go, and Mr. Kazuyuki Kozu and executive director, Mr. Alfredo S. Panlilio. The two non-voting members are Mr. Orlando B. Vea and until June 14, 2022, Mr. Oscar S. Reyes who are members of our Advisory Board/Committee. The TSC assists the Board in the performance of its functions to: (i) review and approve the strategic vision for the role of technology in PLDT's overall business strategy, including the technology strategy and roadmap of PLDT; (ii) fulfill its oversight responsibilities for PLDT's effective execution of its technology-related strategies; and (iii) ensure the optimized use and contribution of technology to PLDT's business and strategic objectives and growth targets. The purposes, duties, and powers of the TSC are set forth in the TSC Charter.

Data Privacy and Information Security Committee ("DPISC"). Our DPISC is composed of four voting members and an advisor. The four voting members are non-executive directors Mr. Manuel V. Pangilinan, who serves as chairman, Atty. Ray C. Espinosa, Mr. Kazuyuki Kozu and independent director, Mr. Bernido H. Liu. Its advisor is executive director, Mr. Alfredo S. Panlilio. The DPISC assists the Board in the performance of its function to oversee and provide strategic direction to governance functions relating to data privacy and information security, including to (i) promote effective data privacy and information security governance; (ii) review and approve the Company's strategic plans on data privacy and information security; (iii) ensure accountability for compliance with regulatory standards and best practices on data privacy and information security; (iv) foster a culture of privacy and information security; and (v) oversee Management's adoption and implementation of a system for identifying, assessing, monitoring and managing enterprise-wide data privacy and information security risks. The purposes, duties, and powers of the DPISC are set forth in the DPISC Charter.

President & CEO and Management. The President & CEO has general care, management, and administration of the business operations of the Company. He ensures that the business and affairs of the Company are managed in a sound and prudent manner and that operational, financial, and internal controls are adequate and effective to ensure reliability and integrity of financial and operational information, effectiveness, and efficiency of operations, safeguarding of assets and compliance with laws, rules, regulations, and contracts. He provides leadership for Management in developing and implementing business strategies, plans and budgets to the extent approved by the Board. To enable the members of the Board to properly fulfill their duties and responsibilities, the CEO provides the Board with a balanced and understandable account of the Company's performance, financial condition, results of operations and prospects on a regular basis. He directs Management to provide the Board/directors with adequate and timely information about the matters to be taken up in their Board meetings and, upon the request of any director or the Board, to make presentations on specific topics and respond to further inquiries in relation thereto during Board meetings. He ensures that the directors have independent access to Management. The President & CEO: (i) communicates and implements the Company's Vision, Mission, values, and overall strategy and promotes the appropriate enhancement in the organization or its stakeholder engagement in relation to the same; and (ii) serves as the link between internal operations and external stakeholders. Management formulates, under the oversight of the Audit Committee, financial reporting and internal control systems, rules and procedures. On June 14, 2022, the Board appointed Mr. Alfredo S. Panlilio as President and CEO at the Organizational Board meeting held virtually following the adjournment of the Company's Annual Stockholders' Meeting.

Corporate Secretary. The Corporate Secretary assists the Board in the conduct of its meetings, including the preparation of the schedule and agenda of Board meetings, and ensures that all Board procedures, rules and regulations are observed by the directors, and Management provides the Board with complete and accurate information necessary for judicious decision making. The Corporate Secretary is responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and Board Committees, as well as other official records of the Company, and contributes to the flow of information between the Board and Management, the Board and its Committees, and the Board and the Company's stakeholders, including stockholders.

Internal Audit Organization. The internal audit organization determines whether the Company's structure of risk management, control and governance processes are adequate and functioning, and provides reasonable assurance that, among others, significant financial, management, and operating information are accurate, reliable, and timely, and employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.

It provides a systematic, disciplined, and risk-based approach in the evaluation and improvement of the effectiveness of risk management, control, and governance processes. Internal audit examinations cover, at the minimum, the evaluation

[1] Ms. Anabelle L. Chua was appointed as non-voting member of the Risk Committee on June 14, 2022.

of the adequacy and effectiveness of controls covering the Company's financial reporting, governance, operations, and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with laws, rules, regulations, and contracts. It also provides recommendations on revenue opportunities, cost savings, and operational improvements. The Chief Audit Officer/Internal Audit Head oversees and is responsible for the internal audit activities of the Company, including any portion thereof that is outsourced to a third-party service provider. He reports functionally to the AC and administratively to the President and CEO. The internal audit organization complies with the International Standards for the Professional Practice of Internal Auditing.

External Auditor. The Company's external auditor is appointed by the AC which reviews its qualifications, performance, and independence. To ensure objectivity in the performance of its duties, the external auditor, or its lead audit partner having the primary responsibility for the audit of PLDT's financial accounts, is subject to the rules on rotation and change, every five years, general prohibitions on hiring of staff of the external auditor; and full and appropriate disclosure to, and prior approval by, the AC of all audit and non-audit services and related fees. Approval of non-audit work by the external auditor is principally tested against the standard of whether such work will conflict with its role as an independent auditor or would compromise its objectivity or independence as such.

Chief Governance Officer. The Chief Governance Officer monitors compliance with the provisions and requirements of corporate governance laws, rules and regulations, reports violations and recommends the imposition of disciplinary actions for such violations, and the adoption of measures to prevent its repetition, subject to further review and approval by the Board. The Chief Governance Officer assists the Board and the GNSC in the performance of their governance functions, including the implementation of corporate governance rules and policies, proper onboarding of new directors, and conduct of corporate governance trainings for directors and officers, and collaborates with other responsible departments of the Company to: (i) monitor, review, evaluate and ensure compliance with relevant laws and regulations; (ii) ensure the integrity and accuracy of documentary submissions to regulatory agencies; and (iii) address compliance issues. Under the supervision and direction of the Chief Governance Officer, the Corporate Governance Office assists in the implementation of the corporate governance policies adopted by the Board.

Chief Risk Management Officer. The Chief Risk Management Officer ("CRMO") is tasked to: (i) plan the overall strategy of the different risk management units of the PLDT Group; (ii) review risk management activities and controls of the operational units; (iii) review internal and external factors that can negatively affect the PLDT Group risk profile; (iv) influence, and when necessary, challenge material risk decisions and initiatives; (v) monitor that risks are within the bounds of the risk appetite of the PLDT Group; and (vi) review and escalate critical risks to the Management Committee, the Risk Committee and the Board, as necessary, advising them on requisite actions.

Group Enterprise Risk Management Department ("GRMD"). The GRMD provides support to the CRMO by implementing an integrated risk management program with the goal of identifying, analysing, and managing the PLDT Group's risks to an acceptable level, so as to enhance opportunities, reduce threats, and sustain competitive advantage. The implementation of the enterprise risk management ("ERM") process ensures that critical risks are well understood and effectively managed across all functions and units within the PLDT Group. This is achieved through the operationalisation of the Enterprise Risk Management Framework ("ERMF"), a standardised approach to risk identification, assessment and management. The ERMF is aligned to the ISO 31000 Risk Management Standard, COSO's Enterprise Risk Management Framework, risk considerations found in the S&P Global Corporate Sustainability Assessment, and GRI Standards. The GRMD manages execution of the Three Lines of Defense Model to ensure that all layers of the organization contribute to managing enterprise risks through the implementation of identified controls and mitigation strategies. The GRMD facilitates the risk assessment exercise of the Management Committee, implements activities to build an effective culture of risk across the organization, and communicates and reports significant risk exposures, including business risks, control issues and risk mitigation plans to the Risk Committee. The GRMD Head supervises the ERM process and spearheads the development, implementation, and improvement of ERM processes and documentation, and communicates the top risks and status of implementation of risk management strategies and action plans to the CRMO, CEO, and the Risk Committee.

Chief Sustainability Officer. The Chief Sustainability Officer ("CSO") heads the Corporate Sustainability Office and assists the President and CEO and the Board in overseeing the Company's overall sustainability strategy. The CSO champions the enterprise-wide adoption of sustainability as part of business strategy, operational execution, and organizational culture, and works to ensure that the Company aligns with global best practices for ESG and doing business responsibly.

Chief Data Privacy Officer. The Chief Data Privacy Officer ("CDPO") heads the Data Privacy Office and is tasked to: (i) ensure the PLDT Group's compliance with data privacy laws, regulations, and best practices; (ii) provide direction and coordinate closely with PLDT Group business units to ensure effective implementation of data privacy strategies including policies, procedures, processes, and compliance review; and (iii) collaborate with data privacy regulatory agencies on behalf of the PLDT Group.

Chief Information Security Officer. The Chief Information Security Officer ("CISO") heads the Cyber Security Operations Group and is tasked to: (i) improve, develop and implement information and cyber security-related policies, processes and technologies; (ii) ensure compliance with applicable laws, regulations and standards; (iii) manage cybercrime-related cases; (iv) collaborate with government and other private entities in the campaign against cyber threats and/or cybercrimes foreign and domestic; and (v) ensure alignment of all PLDT Group companies on information and cyber security-related practices.

Policies and Practices

The Company promotes a culture of good corporate governance through the implementation of its CG Manual, Code of Ethics, and related corporate governance policies.

CG Manual. Our CG Manual, which was approved and adopted by the Board on May 12, 2017, in accordance with the Code of Corporate Governance for Publicly Listed Companies issued under Securities and Exchange Commission ("SEC") Memorandum Circular ("MC") No. 19, Series of 2016 ("CG Code for PLCs"), defines our corporate governance framework and structure. Together with PLDT's Articles of Incorporation and By-Laws, it assigns and delineates functions and responsibilities, and entrusts powers, authorities, and resources for the execution of such functions and responsibilities. The CG Manual provides, among other matters, the composition and responsibilities of the Board, the Company's duties towards its shareholders in general, its minority shareholders and its other stakeholders, and the Company's obligation to comply with applicable disclosure rules. A copy of the CG Manual is posted at https://pldt.com/docs/default-source/corporate-governance-files/cg-manual-/pldt-manual-on-corporate-governance.pdf.

Code of Ethics. Our Code of Ethics defines the Company's corporate governance principles of integrity, accountability, transparency, and fairness, which the Company shall observe in the conduct of its business. It sets the governance and ethical standards that shall govern and guide all business relationships of the Company, its directors, officers, and employees. A copy of the Code of Ethics is posted at https://pldt.com/docs/default-source/policies/pldt-code-of-business-conduct-and-ethics.pdf.

The implementation of the Code of Ethics is reinforced by enabling policies such as the Conflict of Interest Policy, Supplier/Contractor Relations Policy, Expanded Whistleblowing Policy, Gifts, Entertainment and Sponsored Travel Policy, and Policy on Gift-Giving Activities which, in conjunction with the Code of Ethics, embodies the Company's anti-corruption policy.

Material Related Party Transactions ("MRPT") Policy. PLDT's MRPT Policy was adopted in 2019, in accordance with the Company's CG Manual and in compliance with SEC MC No.10, Series of 2019 or the Rules on Material Related Party Transactions for Publicly Listed Companies. A copy of the MRPT Policy is posted at https://pldt.com/docs/default-source/corporate-governance-files/policies/material-related-party-transactions-policy.pdf.

The Company's CG policies, including the Code of Ethics, are reviewed at least once every two years to ensure that they are appropriate for PLDT, benchmarked with global best practices, and compliant with applicable law and regulations.

PLDT's key subsidiaries have adopted corporate governance rules and policies similar in substance and form to the foregoing corporate governance policies and suited to their particular business environments and contexts and appointed their respective corporate governance or compliance officers.

Training and Education. The Company provides orientation and continuous training for its Board, Management, and employees. At the start of the service of a new director, the Chairman, President & CEO, Chief Financial Officer, Corporate Secretary and Chief Governance Officer give a newly appointed director a briefing on the Company's structure, business and the responsibilities of the Board and its Committees and how each operates. The new director is also furnished with copies of all relevant information about the Company and policies applicable to directors, including the Company's Articles, By-Laws, Annual Report, CG Manual, Code of Ethics, and the Charters of the Board Committees. Updates on business and governance policies and requirements principally from the Philippine SEC, PSE, United States Securities and Exchange Commission ("US SEC"), and NYSE, and new laws applicable or relevant to the Company and its business, particularly on financial reporting and disclosures and corporate governance, are presented in Board meetings or furnished to the directors. For its directors and officers, the Company conducts an Annual In-House Corporate Governance Enhancement Session that provides an opportunity for leadership to engage in discussion with international and local experts on relevant topics, including emerging trends and technologies, new laws, and best business practices. For employees, the Company conducts online orientation and periodic training sessions on Company policies, including corporate governance policies, skills building, and wellness and development, supplemented with appropriate communication materials and feedback mechanisms.

Monitoring and Evaluation. PLDT monitors and evaluates the effectiveness of its corporate governance through the annual performance self-assessment conducted by the Board and the Board Committees, the periodic review of the effectiveness of the implementation of the Company's corporate governance policies, the annual compliance evaluation conducted by Management and other tools employed to monitor the implementation of corporate governance policies.

(a) Evaluation system to determine compliance with the CG Code for PLCs and CG Manual

PLDT monitors and evaluates compliance with the CG Code for PLCs and CG Manual through a cross-functional evaluation system whereby the heads of the various business and support groups/units conduct an evaluation of their group/unit's compliance using an evaluation questionnaire consisting of the governance standards set forth in the CG Code for PLCs and CG Manual which are applicable and relevant to their respective functions. The results of the evaluation are consolidated as input to the Company's Integrated Annual Corporate Governance Report ("IACGR") submitted to the Philippine SEC and PSE. Based on the results of the evaluation, the Company undertakes appropriate measures to further improve its corporate governance standards.

(b) Measures undertaken to fully comply with adopted leading practices on good corporate governance

2022 Activities

The following governance activities were undertaken by the PLDT Board in 2022: (i) review and approval of amendments to the Board Committee Charters of the Audit, Risk, Executive Compensation, and Tehnology Strategy Committees; (ii) review of the Code of Ethics and Conflict of Interest Policy, finding that these remain compliant with applicable law, regulations and best practices and are appropriate for the Company; and (iii) review of the PLDT Group Top Risks as identified by the Top Management Team. The Company submitted its IACGR in accordance with SEC MC No. 15, Series of 2017; convened virtually its Annual Stockholders' Meeting on June 14, 2022, with holders of 84.03% of the Company's total outstanding shares of Common and Voting Preferred Stocks as of the Record Date April 15, 2022 present via remote communication or represented by proxies in the meeting; conducted its online Annual In-House Corporate Governance Enhancement Session for PLDT's Board and Management on September 22, 2022 on the topics: "*The Metaverse and How it will Transform Business and Human Interaction"* by Mr. Matthew Ball, Co-founder of Ball Metaverse Research Partners, author of the "Metaverse Primer" and "The Metaverse and How it will Revolutionize Everything", former Head of Strategy for Amazon Studios (2016-2018); and "*Proof of Learn: A Philippine Perspective to the Metaverse"* by Ms. Sheila Marcelo, Co-founder and CEO of Proof of Learn; conducted online CG orientation and refresher training programs on Company policies including corporate governance and skills-building courses, and published the Company's Annual Report, which also contains the CSR Report and ERM Report, and the Sustainability Report for 2021.

(c) Compliance with the CG Manual

In compliance with the respective memorandum circulars of the SEC and the PSE, PLDT filed its IACGR on May 30, 2022, and confirmed its compliance with its CG Manual that contains relevant provisions of the CG Code for PLCs and certain corporate governance standards under the US Securities Exchange Act and NYSE Listed Company Manual.

(d) Plans to further improve the corporate governance standards of the Company

For 2023, the Company aims to continuously improve its governance standards and practices, including the strengthening of internal controls and benchmarking of the Code of Business Conduct and Ethics, in accordance with the Recommendations of the CG Code for PLCs, the mandate of the Revised Corporation Code, the results and feedback obtained from the Company's monitoring and evaluation system, and by benchmarking with recognized best practices.

Sustainability Commitment

Part of the Company's corporate governance philosophy is its commitment to sustainability and doing business responsibly, which is one of the key drivers of the Company's leadership agenda. The PLDT Group affirms its conformity with the triple bottom line framework that integrates people, prosperity, and planet in the Company's strategy and operations. This sustainability commitment is tightly linked to what it offers as an integrated telco, and reinforces the Company's purpose of inspiring innovations and meaningful connections through generations. The inclusion of sustainability in the Company's performance and compensation program further underscores this commitment. The PLDT Group will continue to endeavor to use its leading role in the Philippine economy to drive awareness and action as stewards of the planet for the next generation.

As part of its sustainability commitment, The PLDT Group has identified twelve material topics most important to stakeholders anchored on four pillars- Connection, Conservation, Concern, and Commitment. The Company also complies with standard monitoring and reporting protocols aligned with global standards for its Sustainability Report.

Details of the PLDT Group's sustainability roadmap and information are set out in the Sustainability Report. The 2021 Sustainability Report is available at https://cms.pldt.com/drupal/sites/default/files/irannualandsustainablereports/Sustainability%20Report%20for%202021.pdf.

Corporate Social Responsibility

In fulfilling our commitments to our stakeholders, we are guided by our Code of Ethics and Corporate Social Responsibility Statement ("CSR Statement"). The CSR Statement is the articulation of our belief that helping to improve the overall well-being of the Filipino people is an integral part of our business. The CSR Statement enumerates the broad responsibilities that PLDT assumes as it operates and conducts its business. A copy of the CSR Statement is posted at https://main.pldt.com/corporate-governance-in-pldt/our-stakeholders. Pursuant to the CSR Statement, the PLDT Group's social programs leverage its communications and digital services and the volunteer spirit of its employees to implement projects in education, livelihood, health, arts, disaster preparedness and response, environment, agriculture, internet safety and digital wellness, digital tourism and sports that aim to help Filipinos change their lives for the better. The Company's CSR programs and activities are reported in the Company's Sustainability Report released annually since 2016.

Stakeholder Engagement

In fulfilling our commitments to our stakeholders, we are guided by our Code of Ethics and the Company's General Practice on Stakeholder Engagement ("GP on Stakeholder Engagement"). The GP on Stakeholder Engagement aims to promote a culture of good governance by the observance of the Company's core principles of integrity, accountability, fairness and transparency in dealings with its stakeholders. Together with our Code of Ethics, the GP on Stakeholder Engagement is the articulation of our belief in empowering Filipinos across sectors through meaningful connections that can help improve their overall well-being. We believe that as we seek to enhance value for our shareholders, we have a responsibility to provide quality products and services for our customers, develop the talents and skills of our employees, work with our suppliers and business partners in an ethical and mutually beneficial manner, and enable our communities for nation-building.

Investors/Shareholders. PLDT fosters the values of transparency and fairness in its dealings with investors and shareholders. PLDT respects, promotes, and upholds shareholders rights such as: the right to vote; pre-emptive right; the right to inspect corporate books and records, including minutes of Board meetings and stock registries, subject to certain conditions; right to timely receive relevant information, whether in printed or digital form; right to dividends; and appraisal right. We explore and implement steps to expand opportunities for stockholders to participate in annual and special stockholders' meetings, whether virtually or in person, and for the latter, reduce excessive or unnecessary costs to attend. We make timely disclosures of material information and transactions that could potentially affect the market price of the Company's shares.

PLDT regularly conducts quarterly analysts' and investors' briefings to discuss financial and operating results, podcasts of which are posted in the Investor Relations section of the PLDT website. In addition, and as warranted, the Company conducts special briefings to discuss other important company developments. Our Investor Relations Center has regular engagements and meetings with fund managers and investors, which include access to PLDT Management. Shareholders who wish to raise matters or concerns relating to the business of the Company, their investments and rights may elevate such matters to the Corporate Secretary, the Investor Relations Officer, concerned units of PLDT's Management or the Board.

Customers. PLDT serves a broad range of customers from individuals, residential, micro, small and medium enterprise (SME) and large enterprise, including the public sector. We continuously endeavor to provide best-in-class experiences to fulfill our customers' needs and expectations on responsive products and services, quality of service, pricing, application, service provisioning process, repair and restoration service, and billing and payment services.We engage with our customers through various traditional and digital touchpoints and empower them to resolve their concerns through self-help channels with the end view of knowing and understanding their product and service needs, promptly addressing their concerns and identifying areas where we could further enhance customer experience.

Employees. PLDT respects the rights of its employees, among which are the right to self-organization, safe and healthy working conditions, professional development, and community-building social activities. We offer opportunities for leader-led, employee-owned, and digital-enabled people programs anchored on the mission to deliver best-in-class employee experience. We also provide adequate opportunity for career advancement on a performance and merit-based system. Compensation and incentives are likewise determined based on performance and accomplishment. Dedicated staff, facilities, and digital/social platforms are made available for the training, development, and engagement programs of the Company.

Suppliers. PLDT maintains mutually beneficial relationships with like principled suppliers that uphold PLDT's core values of fairness, accountability, integrity, and transparency in their own businesses. Suppliers undergo an accreditation process before they engage in business with PLDT. Among the criteria for accreditation are financial and technical capability, compliance with applicable laws, including those pertaining to industrial relations, environment, health and safety, intellectual property rights, cyber security, data privacy and sustainability. The Company's purchases, as a rule, are made on the basis of competitive bidding among accredited and qualified suppliers.

Creditors. PLDT protects the rights of its creditors by publicly disclosing all material information, such as earnings results and risk exposures relating to loan covenants. Our disclosure controls and procedures also include periodic reports to our creditors such as our latest certified financial statements, no default certification, and certification on compliance with financial ratio limits. PLDT's credit has been rated at investment grade by two major international credit-rating agencies as of yearend 2022.

Communities. PLDT strives to engage local communities where it operates through corporate citizenship programs that support the business while contributing to nation-building and the achievement of the United Nations Sustainable Development Goals (UN SDGs). We uphold a community engagement strategy that is inclusive, collaborative, ethical, and sustainable. Leveraging on core businesses and infrastructure, we act as enabler in the promotion of digital inclusion in communities in the areas of digital wellness, disaster resilience, education, and livelihood.

Regulators. PLDT operates within relevant legislative and regulatory frameworks and complies with the requirements thereunder which are applicable to it. We participate in public policy forums, conferences and hearings conducted by government and regulatory agencies on policies and regulations that have implications and affect the operations of the telecommunications industry. PLDT also participates in legislative hearings relative to initiatives and proposed legislation in the fields of ICT, corporate governance, cybersecurity, digital transformation, and labor-related matters. Our "Internet for All" advocacy and investments in network infrastructure and technologies to provide the widest coverage and superior quality of service at affordable prices are aligned with and support the Government's objectives set out in the Public Telecommunications Policy Act.

Enterprise Risk Management

PLDT Group Top Risks. The GRMD, under the leadership of the CRMO, promulgates and encourages the adoption of a standard risk evaluation process focused on the need to properly identify, analyse, evaluate, treat, and monitor risks that may affect the achievement of business objectives. This is achieved through the operationalisation of the Enterprise Risk Management Framework ("ERMF"), a standardised approach to risk identification, assessment and management. The ERMF is aligned to the ISO 31000 Risk Management Standard, COSO's Enterprise Risk Management Framework, risk considerations found in the S&P Global Corporate Sustainability Assessment, and GRI Standards. A risk assessment exercise was undertaken by the Top Management Team to identify and prioritise the most important risks affecting the PLDT Group for 2022. The top risks, listed in no particular order of criticality, are: (i) prolonged pandemic, (ii) shifting political and economic conditions, (iii) complexities of competing in an evolving industry, (iv) impediments to transformation initiatives, (v) risks on the resolution of customer experience issues, (vi) supply chain constraints, (vii) challenges in future-proofing the workplace, (viii) continued cybersecurity attacks and threats to privacy, (ix) physical impacts of climate change, and (x) challenges in strengthening the Company's sustainability practice. Risk management activities are continuously monitored and reviewed to ensure that critical risks are appropriately addressed across the organization.

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

Exhibits

See Exhibit 1 – Sustainability Report.

Reports on SEC Form 17-C (Current Reports)

We reported the following items on SEC Form 17-C during the last two quarters of 2022:

	Items Reported	Date Filed
1.	Separation from service of Mr. Dale M. Ramos, a First Vice President of the Company, due to death, effective July 10, 2022.	July 11, 2022
2.	PSE Form 16-1 Update on Corporate Actions in relation to a press release entitled "PLDT boosts PH Hyperscale readiness with Jupiter Cable landing inauguration".	July 12, 2022
3.	Press Release entitled "PLDT boosts PH Hyperscale readiness with Jupiter Cable landing inauguration".	July 12, 2022
4.	Teleconference to discuss the Company's Financial and Operating Results for the six months ended June 30, 2022, on Thursday, August 4, 2022, 3:30 p.m., Manila Time via MS Teams.	July 25, 2022
5.	Press release entitled "PLDT Group announces second closing under landmark sale and leaseback towers deal".	August 1, 2022
6.	Press release regarding the Company's unaudited consolidated financial results for the six (6) months ended June 30, 2022.	August 4, 2022
7.	Cash dividend declaration on the Company's Common Stock payable on September 5, 2022 to the holders of record on August 18, 2022.	August 4, 2022
8.	Cash dividend declaration on the Company's Series IV Cumulative Non-Convertible Redeemable Preferred Stock payable on September 15, 2022 to the holder of record on August 19, 2022.	August 4, 2022
9.	Presentation materials in connection with the teleconference to discuss the Company's Financial and Operating Results for the six months ended June 30, 2022.	August 4, 2022
10.	Press release entitled "CIGNAL CABLE INVESTS IN SKY CABLE"	August 10, 2022
11.	Promotion of Mr. Joseph Ian G. Gendrano from First Vice President to Senior Vice President – Head of Enterprise Business, effective August 10, 2022.	August 10, 2022
12.	Cash dividend of P2,437,500.00 on all of the outstanding shares of Voting Preferred Stock for the quarter ending October 15, 2022, payable on October 15, 2022 to the holder of record on September 15, 2022.	August 24, 2022
13.	Separation from service of Mr. Rafael M. Bejar, a Vice President of the Company, due to his availment of the Company's Manpower Reduction Program, effective September 1, 2022.	September 1, 2022
14.	Amendments to the By-Laws of the Company	September 15, 2022
15.	Separation from service of Ms. Maria Carina De Jesus Amparo, a First Vice President of the Company, due to voluntary resignation, effective September 30, 2022.	September 26, 2022
16.	Press Release entitled "PLDT Group achieves 75% closing of landmark sale and leaseback towers deal"	October 3, 2022
17.	Service by PLDT of a Notice of Material Breach and Demand for Payment on DITO Telecommunity Corporation.	October 6, 2022
18.	Separation from service of Ms. Aileen D. Regio, a First Vice President of the Company.	October 21, 2022
19.	PSE Form 4-30 PLDT builds $75M PH link of Asia Direct Cable, boosts Intra-Asia Connectivity	October 21, 2022
20.	Press release entitled "PLDT builds $75M PH link of Asia Direct Cable, boosts Intra-Asia Connectivity".	October 21, 2022
21.	Teleconference to discuss the Company's Financial and Operating Results for the nine months ended September 30, 2022.	October 24, 2022
22.	Clarification of news article entitled "PLDT selling more towers next year" as posted in philSTAR.com on October 28, 2022.	October 28, 2022
23.	Press release regarding the Company's unaudited consolidated financial results for the nine (9) months ended September 30, 2022.	November 3, 2022
24.	PSE Form 4-30 Material Transactions – Unaudited Consolidated Financial Results for the nine (9) months ended September 30, 2022.	November 3, 2022

Items Reported	Date Filed
25. Cash dividend declaration on the Company's Series IV Cumulative Non-Convertible Redeemable Preferred Stock payable on December 15, 2022 to the holder of record on November 18, 2022.	November 3, 2022
26. Presentation materials in connection with the teleconference to discuss the Company's Financial and Operating Results for the nine months ended September 30, 2022	November 3, 2022
27. Extension of the effective date of retirement from employment of Atty. Marilyn A. Victorio-Aquino, the incumbent Chief Legal Counsel and Corporate Secretary of the Company, from January 1, 2023 to December 31, 2023.	November 3, 2022
28. Clarification of the news article entitled "PLDT increasing budget to keep data center in Laguna on track" as posted in BusinessWorld (Online Edition) on November 28, 2022.	November 28, 2022
Appointment of the following: a. Joseph Ian G. Gendrano as Chief Technology Officer, effective on January 1, 2023. b. Danny Y. Yu SVP/PLDT Group Controller effective November 17, 2022 29. c. Emmanuel Ramon C. Lorenzana - Senior Vice President/Chief Transformation and Customer Officer	December 15, 2022
30. Cash dividend declaration on the Company's Voting Preferred Stock payable on January 15, 2023, to the holder of record on December 29, 2022.	December 15, 2022
31. Press release entitled “PLDT Group announces new tower sale and leaseback transaction”.	December 15, 2022
32. Press release regarding “Elevated CAPEX Spend”	December 16, 2022
33. Amendment of Press release regarding “Elevated CAPEX Spend”	December 16, 2022
Reply to the Securities and Exchange Commission's letter dated December 19, 2022 regarding the Company’s disclosures on the following: 1. Appointment of chief technology officer and appointment of new officers 2. Elevated CAPEX spend	December 20, 2022
34. Notice of Special Briefing	December 20, 2022
35. Official Statement of PLDT Inc.	December 21, 2022
36. Reply to the Securities and Exchange Commission's letter dated December 20, 2022.	December 21, 2022
37. Press release entitled “PLDT CORE BUSINESS AND FUNDAMENTALS REMAIN VERY STRONG AMIDST CAPEX CHALLENGE”.	December 22, 2022
38. Clarification of the news article entitled “PLDT to borrow up to P45 billion to pay dividends, trim debt” as published by The Philippine Star via philstar GLOBAL on December 22, 2022.	December 23, 2022
39. Supplemental clarification of matters relating to the news articles published in the December 17 and 19, 2022 issues of the Philippine Daily Inquirer	December 23, 2022
40. Reply to the Exchange's letter dated December 22, 2022 requesting PLDT Inc. (the "Company") to clarify matters and/or confirm the veracity of the statements in relation to the Company's Special Briefing held on December 21, 2022.	December 23, 2022
41. Clarification of the Biz Buzz column entitled “Biz Buzz: MVP’s closed-door briefing” posted in Inquirer.net on December 23, 2022.	December 27, 2022
42. Press release entitled “PLDT remains committed to transparency, encourages investing public to focus on company’s official public statements and disclosures”.	December 28, 2022

PLDT

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code of the Philippines, this annual report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on March 23, 2023.

PLDT Inc.
Registrant

By:

ALFREDO S. PANLILIO
Principal Executive Officer and
Principal Operating Officer

MARILYN A. VICTORIO-AQUINO
Corporate Secretary and Chief Legal Counsel

DANNY Y. YU
Principal Financial Officer and
PLDT Group Controller

GIL SAMSON D. GARCIA
Principal Accounting Officer and
Head – Financial Controllership

MAR 2 3 2023
SUBSCRIBED AND SWORN to before me this ____ day of March 2023, affiants exhibiting to me their Passports, as follows:

Name	Passport No.	Date of Expiry	Place of Issue
Alfredo S. Panlilio	P7044634B	June 24, 2031	DFA, Manila
Marilyn A. Victorio-Aquino	P7750864A	June 29, 2028	DFA, Manila
Danny Y. Yu	P8373079A	August 15, 2028	DFA, Manila
Gil Samson D. Garcia	P6003906B	December 21, 2030	DFA, NCR East

Notary Public

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Book No. XI;
Series of 2023.

ALEX AARON A. RIOS
Notary Public for the City of Makati
Until December 31, 2023
Appointment No. M-189
Roll of Attorneys No. 51139
IBP Lifetime No. 1031694 – 02/16/16
PTR O.R. NO. 9568346 - 01/05/2023 Makati City
9/F, MGO Bldg. Legazpi St. Legazpi Vill., Makati City, MM