PLDT INC.

SEC FORM 17-A

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

* These schedules have been omitted because they are either not required, not applicable or the information required to be presented is included in PLDT's consolidated financial statements or the notes to consolidated financial statements.

PLDT

February 27, 2025

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of PLDT Inc. and Subsidiaries (the PLDT Group) is responsible for the preparation and fair presentation of our consolidated financial statements, including the schedules attached therein, as at December 31, 2024 and 2023, and for each of the years ended December 31, 2024, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of our consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible in assessing the PLDT Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders or members.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the PLDT Group's consolidated financial statements in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Manuel V. Pangilinan
Chairman of the Board
President and Chief Executive Officer

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Danny Y. Yu
Senior Vice President and
PLDT Group Chief Financial Officer

Gil Samson D. Garcia
First Vice President and
Head – Financial Controllership

SUBSCRIBED AND SWORN to before me this FEB 27 2025 day of 2025 affiants exhibiting to me their Passport, as follows:

Name	Passport No.	Date of Expiry	Place of Issue
Manuel V. Pangilinan	P9969361A	December 17, 2028	DFA, NCR East
Danny Y. Yu	P8373079A	August 15, 2028	DFA, Manila
Gil Samson D. Garcia	P6003906B	December 21, 2030	DFA, NCR East

Notary Public
FRANCEZ VANESSA N. VILLAVERT-ANDRES
Notary Public for the City of Makati
Notarial Commission until December 31, 2026
Appointment No. M-071
Roll of Attorneys No. 59405
PTR O.R. No. 10468584 – 01/03/2025 Makati City
IBP Membership O.R. No. 483898 – 12/16/2024
MCLE Compliance No. VII – 0015028 (valid until 04/14/2025)
9/F, MGO Bldg. Legazpi St. Legazpi Village, Makati City

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Page No. 9 ;
Book No. I ;
Series of 2025.

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
PLDT Inc.
Ramon Cojuangco Building
Makati Avenue, Makati City

Opinion

We have audited the consolidated financial statements of PLDT Inc. and its subsidiaries (the PLDT Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the PLDT Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the PLDT Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue recognition

For the year ended December 31, 2024, the Group recognized revenues amounting to Php216,833 million as disclosed in Notes 3, 4 and 5 to the consolidated financial statements. The Group derives revenues from wireless and fixed line telecommunications services, which includes bundled offers such as telecommunications services and handsets provided to a large number of subscribers.

Auditing the information technology (IT) systems used to capture accurate and complete information to recognize substantial amounts of the wireless and fixed line service revenues was especially challenging due to the significant volume of data and transactions processed through various systems and the heavy reliance on automated processes and controls over the capture, measurement and recording of transactions.

Audit Response

We obtained an understanding of the PLDT Group's revenue recognition process, involving our IT professionals to assist us in evaluating the design and testing of the effectiveness of controls around the capture, measurement and recording of wireless and fixed line revenues. For example, we evaluated the design and tested the operating effectiveness of controls around access rights, system development, program changes and IT dependent business controls to establish that changes to the system were appropriately authorized, developed, and implemented including those over: set-up of customer accounts, pricing data, segregation of duties and the linkage to usage data that drives revenue recognition.

To test revenue recognition, among other procedures, we compared the customer billing data to the details in the billing systems for wireless and fixed line postpaid revenues on a sample basis. We also tested the recognition of revenue based on actual usage and inspected the reconciliation of the ending balance of unearned income for prepaid revenues between the subledger and the general ledger.

Estimating useful lives of property and equipment

At December 31, 2024, the Group's property and equipment was Php318,069 million. As explained in Notes 3 and 9 to the consolidated financial statements, the Group reviews its estimates of useful lives annually or as and when needed if expectations differ from previous estimates due to changes in expectation of physical wear and tear, technical or commercial obsolescence and legal or other limitations on the continuing use of the assets.

Auditing the Group's estimated useful lives of property and equipment was complex and required significant judgment because the determination of the estimated useful lives considers a number of factors and assumptions including the collective assessment of industry practice, internal technical evaluation and experience with similar assets.

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Audit Response

We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls over the Group's process of estimating the useful lives of property and equipment. For example, we tested controls over management's assessment which includes consideration for industry data and practice, market outlook and other relevant data. To test whether the estimated useful life of property and equipment used by management was reasonable, our audit procedures included, among others, obtaining an understanding of the Group's technology roadmap plan and strategy related to asset replacement and assessing the reasonableness by considering external sources such as telecommunication technology growth, changes in market demand and current economic and market outlooks. We assessed whether there were any potential sources of contrary information by performing benchmarking analysis on the estimated useful lives of property and equipment against other public companies within the telecommunication industry.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditor's report thereon. We obtained the SEC Form 17-A prior to the date of this auditor's report, and we expect the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2024 to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express or any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the PLDT Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the PLDT Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the PLDT Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PLDT Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the PLDT Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the PLDT Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the PLDT Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Roel E. Lucas.

SYCIP GORRES VELAYO & CO.

Roel E. Lucas

Roel E. Lucas
Partner
CPA Certificate No. 98200
Tax Identification No. 191-180-015
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-095-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10465323, January 2, 2025, Makati City

February 27, 2025

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PLDT INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024 AND 2023
AND FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

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PLDT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31, 2024 and 2023
(in million pesos)

	2024	2023
ASSETS		
Noncurrent Assets		
Property and equipment (Notes 2, 9 and 21)	**318,069**	287,103
Right-of-use assets (Note 10)	**39,111**	32,717
Investments in associates and joint ventures (Note 11)	**52,764**	50,308
Financial assets at fair value through profit or loss (Note 27)	**1,101**	578
Debt instruments at amortized cost – net of current portion (Note 12)	**370**	395
Investment properties (Note 13)	**3,000**	1,315
Goodwill and intangible assets (Note 14)	**64,464**	64,335
Deferred income tax assets – net (Note 7)	**14,643**	18,172
Derivative financial assets – net of current portion (Note 27)	**385**	96
Prepayments and other nonfinancial assets – net of current portion (Notes 2, 18, 24 and 25)	**61,929**	80,365
Contract assets – net of current portion (Note 5)	**485**	531
Other financial assets – net of current portion (Note 27)	**3,126**	3,481
Total Noncurrent Assets	**559,447**	539,396
Current Assets		
Cash and cash equivalents (Note 15 and 27)	**10,011**	16,177
Short-term investments (Note 27)	**136**	391
Trade and other receivables (Note 16)	**31,612**	26,086
Inventories and supplies (Note 17)	**3,306**	3,340
Current portion of contract assets (Note 5)	**1,401**	1,387
Current portion of derivative financial assets (Note 27)	**30**	—
Current portion of debt instruments at amortized cost (Note 12)	**25**	200
Current portion of prepayments and other nonfinancial assets (Notes 18 and 24)	**9,975**	13,215
Current portion of other financial assets (Notes 19 and 27)	**831**	320
	57,327	61,116
Assets classified as held-for-sale (Notes 9 and 10)	**6,501**	9,007
Total Current Assets	**63,828**	70,123
TOTAL ASSETS	**623,275**	609,519
EQUITY AND LIABILITIES		
Equity		
Non-voting serial preferred stock (Note 19)	**360**	360
Voting preferred stock (Note 19)	**150**	150
Common stock (Note 19)	**1,093**	1,093
Treasury stock (Note 19)	**(6,505)**	(6,505)
Capital in excess of par value (Note 19)	**130,312**	130,312
Retained earnings (Note 19)	**33,901**	22,020
Other comprehensive loss (Note 6)	**(43,892)**	(42,212)
Total Equity Attributable to Equity Holders of PLDT	**115,419**	105,218
Noncontrolling interests (Note 19)	**1,316**	5,168
TOTAL EQUITY	**116,735**	110,386

See accompanying Notes to Consolidated Financial Statements.

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PLDT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(continued)*
As at December 31, 2024 and 2023
(in million pesos)

	2024	2023
Noncurrent Liabilities		
Interest-bearing financial liabilities – net of current portion (Note 20)	**258,246**	243,152
Lease liabilities – net of current portion (Note 10)	**46,703**	41,625
Deferred income tax liabilities – net (Note 7)	**60**	165
Derivative financial liabilities – net of current portion (Note 27)	**—**	12
Customers' deposits (Note 27)	**2,046**	2,238
Pension and other employee benefits (Note 25)	**3,548**	5,661
Deferred credits and other noncurrent liabilities (Notes 5 and 21)	**7,475**	9,607
Total Noncurrent Liabilities	**318,078**	302,460
Current Liabilities		
Accounts payable (Note 22)	**66,722**	81,014
Accrued expenses and other current liabilities (Notes 23 and 26)	**85,488**	88,750
Current portion of interest-bearing financial liabilities (Note 20)	**23,340**	11,646
Current portion of lease liabilities (Note 10)	**7,335**	5,921
Dividends payable (Note 19)	**2,005**	1,912
Current portion of derivative financial liabilities (Note 27)	**97**	1,021
Income tax payable	**1,860**	4,630
	186,847	194,894
Liabilities associated with assets classified as held-for-sale (Note 10)	**1,615**	1,779
Total Current Liabilities	**188,462**	196,673
TOTAL LIABILITIES	**506,540**	499,133
TOTAL EQUITY AND LIABILITIES	**623,275**	609,519

See accompanying Notes to Consolidated Financial Statements.

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PLDT INC. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS
For the Years Ended December 31, 2024, 2023 and 2022
(in million pesos, except earnings per common share amounts which are in pesos)

	2024	2023	2022[(1)]
CONTINUING OPERATIONS			
REVENUES FROM CONTRACTS WITH CUSTOMERS			
Service revenues (Note 5)	**208,382**	201,832	195,344
Non-service revenues (Note 5)	**8,451**	9,121	9,018
	216,833	210,953	204,362
EXPENSES			
Selling, general and administrative expenses (Notes 5 and 18)	**78,308**	81,876	84,476
Depreciation and amortization (Notes 9, 10 and 18)	**55,988**	58,441	98,631
Cost of sales and services (Note 5)	**14,011**	15,092	14,172
Asset impairment (Note 5)	**4,321**	4,432	6,044
Interconnection costs	**13,718**	10,418	6,104
	166,346	170,259	209,427
	50,487	40,694	(5,065)
OTHER INCOME (EXPENSES) – NET (Note 5)	**(7,794)**	(4,217)	19,097
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	**42,693**	36,477	14,032
PROVISION FOR INCOME TAX (Note 7)	**10,138**	9,612	2,697
NET INCOME FROM CONTINUING OPERATIONS (Note 4)	**32,555**	26,865	11,335
NET LOSS FROM DISCONTINUED OPERATIONS (Notes 2 and 4)	**—**	(41)	(600)
NET INCOME (Note 4)	**32,555**	26,824	10,735
ATTRIBUTABLE TO:			
Equity holders of PLDT (Note 8)	**32,307**	26,614	10,485
Noncontrolling interests	**248**	210	250
	32,555	26,824	10,735
Earnings Per Share Attributable to Common Equity Holders of PLDT (Note 8)			
Basic	**149.26**	122.91	48.26
Diluted	**149.26**	122.91	48.26
Earnings Per Share from Continuing Operations Attributable to Common Equity Holders of PLDT (Notes 4)			
Basic	**149.26**	123.10	51.03
Diluted	**149.26**	123.10	51.03

[(1)] *To be comparable with 2023, certain amounts for the years ended December 31, 2022 have been reclassified to reflect the discontinued operations of certain ePLDT subsidiaries. See Note 2 – Summary of Material Accounting Policies – Discontinued Operations for further discussion.*

See accompanying Notes to Consolidated Financial Statements.

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PLDT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2024, 2023 and 2022
(in million pesos)

	2024	2023	2022
NET INCOME	**32,555**	26,824	10,735
OTHER COMPREHENSIVE INCOME (LOSS) – NET OF TAX (Note 6)			
Foreign currency translation differences of subsidiaries	**81**	(23)	(207)
Net transactions on cash flow hedges:	**(1,547)**	(1,256)	(2,544)
Net fair value losses on cash flow (Note 27)	**(2,063)**	(1,674)	(3,228)
Income tax related to fair value adjustments charged directly to equity (Note 7)	**516**	418	684
Net other comprehensive loss to be reclassified to profit or loss in subsequent years	**(1,466)**	(1,279)	(2,751)
Revaluation increment on investment properties	**1,570**	—	—
Revaluation increment in investment properties transferred to property, plant and equipment	**2,093**	—	—
Income tax related to revaluation increment charged directly to equity	**(523)**	—	—
Reclassification of investment properties revaluation increment from OCI to Retained Earnings	**(374)**	—	—
Reclassification of investment properties revaluation increment from OCI to Retained Earnings	**(462)**	—	—
Income tax related to reclassification	**88**	—	—
Share in the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method (Note 11)	**(8)**	3	(6)
Actuarial gains (losses) on defined benefit obligations:	**(1,462)**	(5,469)	2,500
Remeasurement in actuarial gains (losses) on defined benefit obligations	**(1,978)**	(7,277)	3,332
Income tax related to remeasurement adjustments (Note 7)	**516**	1,808	(832)
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent years	**(274)**	(5,466)	2,494
Total Other Comprehensive Loss – Net of Tax	**(1,740)**	(6,745)	(257)
TOTAL COMPREHENSIVE INCOME	**30,815**	20,079	10,478
ATTRIBUTABLE TO:			
Equity holders of PLDT	**30,627**	19,884	10,218
Noncontrolling interests	**188**	195	260
	30,815	20,079	10,478

See accompanying Notes to Consolidated Financial Statements.

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PLDT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2024, 2023 and 2022
(in million pesos)

	Preferred Stock	Common Stock	Treasury Stock	Capital in Excess of Par Value	Retained Earnings	Other Comprehensive Loss	Total Equity Attributable to Equity Holders of PLDT	Noncontrolling Interests	Total Equity
Balances as at January 1, 2024	510	1,093	(6,505)	130,312	22,020	(42,212)	105,218	5,168	110,386
Cash dividends (Note 19)	—	—	—	—	(20,800)	—	(20,800)	(50)	(20,850)
Total comprehensive income (loss):	—	—	—	—	32,307	(1,680)	30,627	188	30,815
Net income	—	—	—	—	32,307	—	32,307	248	32,555
Other comprehensive loss (Note 6)	—	—	—	—	—	(1,680)	(1,680)	(60)	(1,740)
Acquisition and dilution of noncontrolling interests	—	—	—	—	—	—	—	235	235
Perpetual notes settlement (Note 19)	—	—	—	—	—	—	—	(4,200)	(4,200)
Distribution charges on perpetual notes (Note 19)	—	—	—	—	—	—	—	(59)	(59)
Transaction costs from settlement of perpetual notes (Note 19)	—	—	—	—	—	—	—	34	34
Reclassification of investment properties revaluation increment from OCI to Retained Earnings	—	—	—	—	374	—	374	—	374
Balances as at December 31, 2024	510	1,093	(6,505)	130,312	33,901	(43,892)	115,419	1,316	116,735
Balances as at January 1, 2023	510	1,093	(6,505)	130,312	18,799	(35,482)	108,727	5,234	113,961
Cash dividends (Note 19)	—	—	—	—	(23,393)	—	(23,393)	(25)	(23,418)
Total comprehensive income (loss):	—	—	—	—	26,614	(6,730)	19,884	195	20,079
Net income (Note 8)	—	—	—	—	26,614	—	26,614	210	26,824
Other comprehensive loss (Note 6)	—	—	—	—	—	(6,730)	(6,730)	(15)	(6,745)
Distribution charges on perpetual notes (Note 19)	—	—	—	—	—	—	—	(236)	(236)
Balances as at December 31, 2023	510	1,093	(6,505)	130,312	22,020	(42,212)	105,218	5,168	110,386
Balances as at January 1, 2022	510	1,093	(6,505)	130,312	34,243	(36,437)	123,216	4,249	127,465
Cash dividends (Note 19)	—	—	—	—	(25,338)	—	(25,338)	(58)	(25,396)
Total comprehensive income (loss):	—	—	—	—	10,485	(267)	10,218	260	10,478
Net income (Note 8)	—	—	—	—	10,485	—	10,485	250	10,735
Other comprehensive income (loss) (Note 6)	—	—	—	—	—	(267)	(267)	10	(257)
Distribution charges on perpetual notes (Note 19)	—	—	—	—	—	—	—	(236)	(236)
Transfer of pension	—	—	—	—	(83)	—	(83)	—	(83)
Closing of other comprehensive income (loss) cashflow hedges to retained earnings (Note 6)	—	—	—	—	(1,222)	1,222	—	—	—
Acquisition and dilution of noncontrolling interests	—	—	—	—	714	—	714	1,019	1,733
Balances as at December 31, 2022	510	1,093	(6,505)	130,312	18,799	(35,482)	108,727	5,234	113,961

See accompanying Notes to Consolidated Financial Statements.

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PLDT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024, 2023 and 2022
(in million pesos)

	2024	2023	2022
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Income before income tax and noncontrolling interest from continuing operations	**42,693**	36,477	14,032
Loss before income tax and noncontrolling interest from discontinued operations (Note 2)	**—**	(41)	(523)
Net income before income tax (Note 4)	**42,693**	36,436	13,509
Adjustments for:			
Depreciation and amortization (Notes 2, 9, 10 and 18)	**55,988**	58,462	98,714
Interest on loans and other related items – net (Note 5)	**11,031**	9,990	9,112
Asset impairment (Note 5)	**4,321**	4,436	6,107
Accretion on lease liabilities (Notes 2, 5 and 10)	**3,935**	3,268	2,064
Pension benefit costs (Notes 5 and 25)	**1,441**	1,426	1,749
Incentive plan (Notes 5 and 25)	**1,136**	839	1,272
Equity share in net losses of associates and joint ventures (Notes 5 and 11)	**990**	2,806	3,304
Accretion on financial liabilities (Notes 5 and 20)	**455**	409	375
Amortization of intangible assets (Notes 5 and 14)	**240**	221	228
Foreign exchange losses (gains) – net (Notes 2, 5 and 27)	**36**	(1,153)	4,685
Impairment of investments (Note 11)	**—**	70	50
Gains on dilution of shares (Note 11)	**—**	—	(660)
Income from prescription of preferred shares redemption liability (Notes 5 and 19)	**(71)**	—	(7,839)
Gains on disposal of property and equipment	**(85)**	(468)	(148)
Interest income (Note 5)	**(916)**	(1,017)	(653)
Gain on sale and leaseback of telecom towers (Notes 5 and 9)	**(1,442)**	(7,777)	(25,852)
Gains on derivative financial instruments – net (Notes 5 and 27)	**(4,023)**	(1,198)	(2,322)
Others	**(631)**	8	(1,884)
Operating income before changes in assets and liabilities	**115,098**	106,758	101,811
Decrease (increase) in:			
Prepayments	**21,034**	10,264	12,218
Inventories and supplies	**31**	597	410
Contract assets	**(139)**	101	(209)
Trade and other receivables	**(9,137)**	952	(8,366)
Other financial and non-financial assets	**(1,824)**	156	208
Increase (decrease) in:			
Customers' deposits	**(194)**	(75)	44
Pension and other employee benefits	**(3,355)**	(5,174)	(6,847)
Accrued expenses and other current liabilities	**(8,716)**	(4,414)	(507)
Accounts payable	**(27,765)**	(21,285)	(18,306)
Other noncurrent liabilities	**(20)**	(57)	(68)
Net cash flows generated from operations	**85,013**	87,823	80,388
Income taxes paid	**(3,282)**	(2,058)	(4,188)
Net cash flows from operating activities	**81,731**	85,765	76,200

See accompanying Notes to Consolidated Financial Statements.

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PLDT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS *(continued)*
For the Years Ended December 31, 2024, 2023 and 2022
(in million pesos)

	2024	2023	2022
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Proceeds from:			
Disposal of property and equipment (Note 9)	**4,827**	23,971	60,833
Redemption of investment in debt securities (Note 12)	**200**	—	182
Maturity of short-term investments	**21**	440	8,700
Disposal of investments in associates and joint ventures (Note 11)	—	—	2,458
Interest received	**881**	973	636
Payments for:			
Purchase of investment in debt securities (Note 12)	—	—	(173)
Settlements of notes receivable	—	—	(200)
Payments for acquisition of intangibles	**(29)**	—	—
Purchase of short-term investments	**(37)**	(449)	(6,368)
Purchase of financial assets at fair value through profit or loss	**(166)**	—	—
Interest capitalized to property and equipment (Notes 5 and 9)	**(2,589)**	(2,169)	(1,748)
Acquisition of investments in associates and joint ventures (Note 11)	**(3,770)**	(1,636)	(3,514)
Purchase of property and equipment (Note 9)	**(65,668)**	(76,266)	(93,803)
Decrease (Increase) in other financial and non-financial assets	**626**	18	(9)
Net cash flows used in investing activities	**(65,704)**	(55,118)	(33,006)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Proceeds from:			
Availments of long-term debt (Notes 20 and 28)	**37,000**	38,000	5,000
Collection from derivative financial instruments - net (Notes 27 and 28)	**704**	—	87
Return of preferred shares redemption fund (Note 19)	**71**	—	7,839
Availments of short-term debt (Notes 20 and 28)	—	—	16,000
Payments for:			
Settlements of derivative financial instruments - net (Notes 27 and 28)	—	(607)	—
Short-term debt (Notes 20 and 28)	—	(10,000)	(6,000)
Distribution charges on perpetual notes (Note 19)	**(59)**	(236)	(236)
Debt issuance costs (Notes 20 and 28)	**(219)**	(214)	(62)
Redemption of perpetual notes (Note 19)	**(4,200)**	—	—
Interest – net of capitalized portion (Notes 5, 20 and 28)	**(10,740)**	(9,715)	(9,013)
Long-term debt (Notes 20 and 28)	**(12,059)**	(22,611)	(22,353)
Obligations under lease liabilities (Notes 10 and 28)	**(12,079)**	(10,707)	(8,331)
Cash dividends (Notes 19 and 28)	**(20,750)**	(23,328)	(25,235)
Net cash flows used in financing activities	**(22,331)**	(39,418)	(42,304)
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**138**	(263)	414
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(6,166)**	(9,034)	1,304
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR (Note 15)	**16,177**	25,211	23,907
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 15)	**10,011**	16,177	25,211

See accompanying Notes to Consolidated Financial Statements.

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PLDT INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

On March 14, 2006, NTT DOCOMO, Inc., or NTT DOCOMO, acquired approximately 7% of PLDT's then outstanding common shares from NTT Communications, which retained ownership of about 7% of PLDT's common shares. Since then, NTT DOCOMO has made additional purchases of PLDT shares, bringing the combined beneficial ownership of NTT DOCOMO and NTT Communications (both part of Nippon Telegraph and Telephone Corporation) to approximately 20% of PLDT's outstanding common stock as at December 31, 2024.

On February 28, 2007, Metro Pacific Asset Holdings, Inc., a Philippine affiliate of First Pacific, completed an acquisition of an approximately 46% interest in Philippine Telecommunications Investment Corporation, or PTIC, a shareholder of PLDT. This investment in PTIC represented an attributable interest of approximately 6% of PLDT's outstanding common shares at the time and raised the First Pacific Group's and its Philippine affiliates' beneficial ownership to approximately 28% of PLDT's outstanding common stock as of that date. Since then, the First Pacific Group's beneficial ownership interest in PLDT has decreased by approximately 2%, mainly due to the holders of Exchangeable Notes issued in 2005 by a subsidiary of First Pacific, which were fully exchanged into PLDT shares. The First Pacific Group and its Philippine affiliates held beneficial ownership of approximately 20.35% of PLDT's outstanding common stock as at December 31, 2024.

On October 26, 2011, PLDT completed the acquisition of a controlling interest in Digital Telecommunications Phils., Inc., or Digitel, from JG Summit Holdings, Inc., or JGSHI, and its affiliates, or collectively, the JG Summit Group. As consideration for the assets acquired, PLDT issued approximately 27.7 million common shares. In November 2011, JGSHI sold 5.81 million and 4.56 million PLDT shares to a Philippine affiliate of First Pacific and NTT DOCOMO, respectively, under separate option agreements entered into between JGSHI with the Philippine affiliate of First Pacific and NTT DOCOMO, respectively. As at December 31, 2024, the JG Summit Group beneficially owned approximately 11.27% of PLDT's outstanding common stock.

On October 16, 2012, BTF Holdings, Inc., or BTFHI, a wholly-owned company of the Board of Trustees for the Account of the Beneficial Trust Fund, or PLDT Beneficial Trust Fund, created pursuant to PLDT's Benefit Plan, subscribed to 150 million newly issued shares of Voting Preferred Stock of PLDT, or Voting Preferred Shares, at a subscription price of Php1.00 per share for a total subscription price of Php150 million. This subscription was made pursuant to a subscription agreement between BTFHI and PLDT dated October 15, 2012. Consequently, the issuance of these Voting Preferred Shares reduced the voting power of the NTT Group (NTT DOCOMO and NTT Communications), the First Pacific Group and its Philippine affiliates, and JG Summit Group to 12%, 15% and 6.65%, respectively, as at December 31, 2024. See *Note 19 – Equity – Preferred Stock – Voting Preferred Stock*.

The common shares of PLDT are listed and traded on the Philippine Stock Exchange, Inc., or PSE. On October 19, 1994, an American Depositary Receipt, or ADR, facility was established, under which Citibank N.A., as the depositary, issued American Depositary Shares, or ADSs, with each ADS representing one PLDT common share with a par value of Php5.00 per share. Effective February 10, 2003, PLDT appointed JP Morgan Chase Bank as the successor depositary for its ADR facility. The ADSs are listed on the New York Stock Exchange, or NYSE, in the United States and are traded on the NYSE under the symbol "PHI". As of December 31, 2024, there were approximately 16.5 million ADSs outstanding.

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

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

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

Our consolidated financial statements as at December 31, 2024 and 2023, and for the years ended December 31, 2024, 2023 and 2022 were approved and authorized by the Board of Directors on February 27, 2025 as reviewed by the Audit Committee on February 25, 2025.

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 provision of Republic Act No. 11232 and on September 9, 2022, the Philippine SEC approved the same amendments.

2. Summary of Material Accounting Policies

Basis of Preparation

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

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

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

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

Basis of Consolidation

Our consolidated financial statements include the financial statements of PLDT and the following subsidiaries (collectively, the "PLDT Group") as at December 31, 2024 and 2023:

Name of Subsidiary	Place of Incorporation	Principal Business Activity	2024		2023	
			Percentage of Ownership			
			Direct	**Indirect**	Direct	Indirect
Wireless						
Smart:	Philippines	Cellular mobile services	**100.0**	**—**	100.0	—
Smart Broadband, Inc., or SBI, and Subsidiary	Philippines	Internet broadband distribution services	**—**	**100.0**	—	100.0
Primeworld Digital Systems, Inc., or PDSI	Philippines	Internet broadband distribution services	**—**	**100.0**	—	100.0
I-Contacts Corporation[(a)]	Philippines	Operations support servicing business	**—**	**100.0**	—	100.0
Far East Capital Limited, or FECL[(a)]	Cayman Islands	Cost effective offshore financing and risk management activities for Smart	**—**	**100.0**	—	100.0
PH Communications Holdings Corporation[(a)]	Philippines	Investment company	**—**	**100.0**	—	100.0
Connectivity Unlimited Resource Enterprise, Inc.[(a)]	Philippines	Cellular mobile services	**—**	**100.0**	—	100.0
Francom Holdings, Inc.[(a)]	Philippines	Investment company	**—**	**100.0**	—	100.0
Chikka Holdings Limited, or Chikka, and Subsidiaries, or Chikka Group[(a)]	British Virgin Islands	Content provider, mobile applications development and services	**—**	**100.0**	—	100.0
Wifun, Inc.[(a)]	Philippines	Software developer and selling of WiFi access equipment	**—**	**100.0**	—	100.0
PLDT Global, Inc.	Philippines	Cross-border digital platforms and other allied services	**100.0**	**—**	100.0	—
ACeS Philippines Cellular Satellite Corporation, or ACeS Philippines[(a)]	Philippines	Satellite information and messaging services	**88.5**	**11.5**	88.5	11.5
Digitel Mobile Philippines, Inc., or DMPI, (a wholly-owned subsidiary of Digitel)	Philippines	Cellular mobile services	**—**	**99.6**	—	99.6
Fixed Line						
PLDT Clark Telecom, Inc., or ClarkTel	Philippines	Telecommunications services	**100.0**	**—**	100.0	—
PLDT Subic Telecom, Inc., or SubicTel[(a)]	Philippines	Telecommunications services	**100.0**	**—**	100.0	—
PLDT Global Corporation, or PLDT Global, and Subsidiaries	British Virgin Islands	Telecommunications services	**100.0**	**—**	100.0	—
PLDT-Philcom, Inc., or Philcom, and Subsidiaries, or Philcom Group[(a)]	Philippines	Telecommunications services	**100.0**	**—**	100.0	—
Talas Data Intelligence, Inc.[(a)]	Philippines	Business infrastructure and solutions; intelligent data processing and implementation services and data analytics insight generation	**100.0**	**—**	100.0	—
Multisys Technologies Corporation, or Multisys[(b)]	Philippines	Software development and IT solutions services	**—**	**45.7**	—	50.7

(a) *Ceased commercial operations.*

(b) *On January 5, 2024, PLDT Global Investments Holdings, Inc., or PGIH, sold 227 common shares of Multisys, thereby decreasing its ownership from 50.72% to 45.73%.*

Name of Subsidiary	Place of Incorporation	Principal Business Activity	2024 Percentage of Ownership Direct	2024 Percentage of Ownership Indirect	2023 Percentage of Ownership Direct	2023 Percentage of Ownership Indirect
ePLDT, Inc., or ePLDT:	Philippines	Information and communications infrastructure for internet-based services, e-commerce, customer relationship management and IT related services	**100.0**	**—**	100.0	—
IP Converge Data Services, Inc., or IPCDSI, and Subsidiary, or IPCDSI Group	Philippines	Information and communications infrastructure for internet-based services, e-commerce, customer relationship management and IT related services	**—**	**100.0**	—	100.0
Curo Teknika, Inc., or Curo[(a)]	Philippines	Managed IT outsourcing	**—**	**100.0**	—	100.0
ABM Global Solutions, Inc., or AGS, and Subsidiaries, or AGS Group[(a)]	Philippines	Internet-based purchasing, IT consulting and professional services	**—**	**100.0**	—	100.0
ePDS, Inc., or ePDS[(a)]	Philippines	Bills printing and other related value-added services, or VAS	**—**	**100.0**	—	100.0
netGames, Inc.[(a)]	Philippines	Gaming support services	**—**	**57.5**	—	57.5
MVP Rewards Loyalty Solutions, Inc., or MRSI[(a)]	Philippines	Full-services customer rewards and loyalty programs	**—**	**100.0**	—	100.0
VITRO, Inc., or Vitro	Philippines	Information and communications infrastructure for internet-based services, e-commerce, customer relationship management and IT related services	**—**	**100.0**	—	100.0
ePLDT Capital Investment Pte. Ltd. or ePLDT Capital	Singapore	Investment holding and acquisition of companies	**—**	**100.0**	—	—
Digitel	Philippines	Telecommunications services	**99.6**	**—**	99.6	—
Digitel Information Technology Services, Inc.[(a)]	Philippines	Internet services	**—**	**99.6**	—	99.6
PLDT-Maratel, Inc., or Maratel[(a)]	Philippines	Telecommunications services	**98.0**	**—**	98.0	—
Bonifacio Communications Corporation, or BCC	Philippines	Telecommunications, infrastructure and related VAS	**75.0**	**—**	75.0	—
Pilipinas Global Network Limited, or PGNL, and Subsidiaries	British Virgin Islands	International distributor of Filipino channels and content	**64.6**	**—**	64.6	—
Others						
PLDT Global Investments Holdings, Inc., or PGIH	Philippines	Investment company	**100.0**	**—**	100.0	—
PLDT Digital Investments Pte. Ltd., or PLDT Digital, and Subsidiaries	Singapore	Investment company	**100.0**	**—**	100.0	—
PLDT Communications and Energy Ventures, Inc., or PCEV	Philippines	Investment company	**—**	**99.9**	—	99.9

[(a)] *Ceased commercial operations.*

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

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

On December 13, 2023, PCEV, along with other existing shareholders KKR, Tencent, SIG, First Pacific Ventures and Jumel Holdings, entered into a new subscription agreement with MIH to subscribe to US$80 million Class C2 convertible preferred shares of MIH. On the same date, PCEV paid a consideration of US$28 million or Php1,563 million for 12.3 million MIH Class C2 convertible preferred shares and received warrants for 4.9 million shares valued at Php281 million, thereby increasing PCEV's ownership in MIH from 36.63% to 36.97%.

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

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

Sale of Interest in Multisys

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

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

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

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

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

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

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

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

As at December 31, 2024, PLDT's investment in Kayana amounted to Php886.5 million, including subscription payable of Php10.5 million, with carrying value of Php853 million. See *Note 11 – Investment in Associates and Joint Venture – Investment in Associates.*

Investment in Radius Telecom, Inc., or Radius

On April 30, 2024, PLDT Inc. invested Php2 billion for 2,491,516 common shares, or 34.9% equity interest in Radius. This strategic investment aims to enhance PLDT's market share through an integrated alignment of solution capabilities and expanded market coverage. See *Note 11 – Investment in Associates and Joint Venture – Investment in Associates.*

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

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

Discontinued Operations

In 2023, ePLDT completed the winding down of operations of certain subsidiaries. As a result, the operations of these discontinued ePLDT subsidiaries were classified as discontinued operations in the consolidated income statements.

The results of the operations of the discontinued ePLDT subsidiaries, net of intercompany transactions, for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
	(in million pesos)	
Revenues	107	883
Expenses:		
Selling, general and administrative expenses	168	891
Depreciation and amortization	21	83
Cost of services	3	345
	192	1,319
Net operating loss	(85)	(436)
Other income (expenses):		
Foreign exchange gains – net	4	2
Interest income	1	—
Financing costs	(2)	(7)
Others	41	(82)
	44	(87)
Loss before tax from discontinued operations	(41)	(523)
Provision for income tax	—	77
Loss after tax from discontinued operations	(41)	(600)
Loss per share (Note 8):		
Basic/Diluted – Loss from discontinued operations	(0.19)	(2.77)

Below are the assets and liabilities of the discontinued ePLDT subsidiaries, net of intercompany transactions, which were included in our consolidated statements of financial position as at December 31, 2023.

	2023
	(in million pesos)
Assets:	
Cash and cash equivalents	109
Short-term investments	9
Other assets	236
	354
Liabilities:	
Accrued expenses and other current liabilities	224
Income tax payable	3
Accounts payable	2
Other liabilities	10
	239
Net assets directly associated with disposal group	115

The net cash flows generated by (used in) the discontinued ePLDT subsidiaries, net of intercompany transactions, for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
	(in million pesos)	
Operating activities	(120)	(20)
Investing activities	31	4
Financing activities	(50)	(80)
Net effect of foreign exchange rate changes on cash and cash equivalents	8	—
Net cash outflows	(131)	(96)

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the PLDT Group

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:

  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS Accounting Standards 16*, Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS Accounting Standards 7*, Disclosures: Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments do not have a material impact on the Group's financial statements.

Summary of Material Accounting Policies

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

Business Combinations and Goodwill

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

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

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

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

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

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

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

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

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

Investments in Associates

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

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

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

Joint Arrangements

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

Foreign Currency Transactions and Translations

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

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

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

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

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

Assets Classified as Held-for-Sale

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

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

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

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

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

Financial Instruments

Financial Instruments – Initial recognition and subsequent measurement

Classification of financial assets

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

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

Contractual cash flows characteristics

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

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

Business model

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

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

Financial assets at amortized cost

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

Our financial assets at amortized cost include debt instruments at amortized cost, cash and cash equivalents, portions of short-term investments, trade and other receivables, and portions of other financial assets as at December 31, 2024 and 2023. See *Note 12 – Debt Instruments at Amortized Cost, Note 15 – Cash and Cash Equivalents, Note 16 – Trade and Other Receivables* and *Note 27 – Financial Assets and Liabilities.*

Financial assets at FVPL

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

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

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

Our financial assets at FVPL include portions of short-term investments, derivative financial assets, equity investments and redemption trust fund as at December 31, 2024 and 2023. See *Note 27 – Financial Assets and Liabilities.*

Classification of financial liabilities

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

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

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

- Financial liabilities measured at FVPL;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when we retain continuing involvement;
- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate; and
- Contingent consideration recognized by an acquirer in accordance with PFRS Accounting Standards 3.

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

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

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

Our financial liabilities at FVPL include derivative financial liabilities and liability from redemption of preferred stock as at December 31, 2024 and 2023. See *Note 19 – Equity – Redemption of Preferred Stock, Note 23 – Accrued Expenses and Other Current Liabilities* and *Note 27 – Financial Assets and Liabilities.*

Our other financial liabilities include interest-bearing financial liabilities, lease liabilities, customers' deposits, dividends payable, certain accounts payable, certain accrued expenses and other current liabilities and certain deferred credits and other noncurrent liabilities, (except for statutory payables) as at December 31, 2024 and 2023. See *Note 10 – Leases, Note 20 – Interest-bearing Financial Liabilities, Note 21 – Deferred Credits and Other Noncurrent Liabilities, Note 22 – Accounts Payable, Note 23 – Accrued Expenses and Other Current Liabilities* and *Note 27 – Financial Assets and Liabilities.*

Reclassifications of financial instruments

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

We do not reclassify our financial assets when:

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

We do not reclassify our financial liabilities.

Offsetting of Financial Instruments

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

Impairment of Financial Assets

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

No ECL is recognized on financial assets at FVPL.

ECLs are measured in a way that reflects the following:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

Stage 1: 12-month ECL – not credit impaired

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

Stage 2: Lifetime ECL – not credit-impaired

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

Stage 3: Lifetime ECL – credit-impaired

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

Loss Allowances

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

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

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

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

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

Write-off Policy

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

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

Simplified Approach

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

Derecognition of Financial Assets and Liabilities

Financial assets

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

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

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

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

Financial liabilities

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

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

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

Derivative Financial Instruments and Hedge Accounting

Initial recognition and subsequent measurement

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

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

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

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

Fair value hedges

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

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

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

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

Cash flow hedges

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

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

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

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

Property and Equipment

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

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

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

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

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

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

Asset Retirement Obligations

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

Intangible Assets

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

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

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

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

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

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

Investment Properties

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

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

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, we account for such property in accordance with PAS 16, Property and Equipment.

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

Inventories and Supplies

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

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

Impairment of Non-Financial Assets

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

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

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

The following assets have specific characteristics for impairment testing:

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

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

Investments in associates and joint ventures

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

Goodwill

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

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

Intangible asset with indefinite useful life

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

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

Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

Revenues from contracts with customers

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

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

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

i. Single Performance Obligation (POB) Contracts

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

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

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

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

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

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

ii. Bundled Contracts

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

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

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

Significant Financing Component

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

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

Customer Loyalty Program

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

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

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

iii. International and Domestic Long Distance Contracts

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

Variable consideration

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

iv. Others

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

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

Subscriber Contract Costs

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

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

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

Retirement Benefits

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

Defined benefit pension plans

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

Retirement costs consist of the following:

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

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

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

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

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

Defined contribution plans

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

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

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

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

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

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

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

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

Leases

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

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

- ROU assets

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

- Lease liabilities

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

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

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

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

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

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

Income Taxes

Current income tax

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

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

Deferred income tax

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

Contingencies

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

Segment Information

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

Events After the End of the Reporting Period

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

Equity

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

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

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

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

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

Standards Issued But Not Yet Effective

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

Effective beginning on or after January 1, 2025

- PFRS Accounting Standards 17, *Insurance Contracts*
- Amendments to PAS 21*, Lack of Exchangeability*

Effective beginning on or after January 1, 2026

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

Effective beginning on or after January 1, 2027

- PFRS Accounting Standards 18, *Presentation and Disclosure in Financial Statements*
- PFRS Accounting Standards 19, *Subsidiaries without Public Accountability*

Deferred effectivity

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

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

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

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

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

Judgments

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

Revenue Recognition

Identifying performance obligations

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

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

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

Principal versus agent consideration

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

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

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

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

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

Timing of revenue recognition

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

Identifying methods for measuring progress of revenue recognized over time

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

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

Significant financing component

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

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

Estimation of stand-alone selling price

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

In terms of allocation of transaction price between performance obligations, we assessed that allocating the transaction price using the stand-alone selling prices of the services and handset will result in more revenue allocated to non-service component. The stand-alone selling price is based on the price in which we regularly sell the non-service and service component in a separate transaction.

Financial Instruments

Evaluation of business models in managing financial instruments

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

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

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

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

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

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

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

Definition of default and credit-impaired financial assets

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

- *Quantitative criteria*

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

- *Qualitative criteria*

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

a. The counterparty is experiencing financial difficulty or is insolvent;

b. The counterparty is in breach of financial covenant(s);

c. An active market for that financial assets has disappeared because of financial difficulties;

d. Concessions have been granted by us, for economic or contractual reasons relating to the counterparty's financial difficulty;

e. It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization; and

f. Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

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

Significant increase in credit risk

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

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

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

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

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

Determination of functional currency

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

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

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

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

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

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

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

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

Total depreciation of ROU assets from continuing operations in our consolidated income statements amounted to Php7,315 million, Php6,898 million and Php5,661 million for the years ended December 31, 2024, 2023 and 2022, respectively, while that from discontinued operations amounted to nil, Php19 million and Php55 million for the years ended December 31, 2024, 2023 and 2022, respectively. Total lease liabilities amounted to Php54,038 million and Php47,546 million as at December 31, 2024 and 2023, respectively. See *Note 2 - Summary of Material Accounting Policies - Discontinued Operations, Note 10 – Leases* and *Note 27 – Financial Assets and Liabilities.*

Sale and Leaseback of Telecom Towers

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

Assets classified as held-for-sale

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

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

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

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

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

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

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

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

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

Assessment of loss of control over PG1 and Kayana

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

PG1

As a result of the acquired equity interest of Philex Mining Corporation, MPIC, and Roxas Holdings, Inc. in PG1, PLDT's ownership interest was diluted to 47.6%. In addition, PG1 appointed a new director bringing the total number of PG1 directors to nine. PLDT retained four out of nine total board seats. Consequently, as at February 28, 2022, PLDT lost its control over PG1 and accounted for its remaining interest as investment in associate.

As at December 31, 2024 and 2023, PLDT holds 47.6% interest over PG1.

Kayana

The September 30, 2024 subscription agreement resulted in PLDT's owning 45% interest and MPIC and Meralco ownership at 27.5% each. Consequently, as at December 31, 2024, PLDT lost its control over Kayana and accounted for its remaining interest as an investment in associate.

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

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

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

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

Material partly-owned subsidiaries

Our consolidated financial statements include additional information about subsidiaries that have non-controlling interest, or NCI, that are material to us, see *Note 6 – Components of Other Comprehensive Loss*. We determined material partly-owned subsidiaries as those with balance of NCI greater than 5% of the total equity as at December 31, 2024 and 2023.

Material associates and joint ventures

Our consolidated financial statements include additional information about associates and joint ventures that are material to us. See *Note 11 – Investments in Associates and Joint Ventures*. We determined material associates and joint ventures are those investees where our carrying amount of investments is greater than 5% of the total investments in associates and joint ventures as at December 31, 2024 and 2023.

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

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

Estimates and Assumptions

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

Subscriber contract costs

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

We apply judgment to estimate the amortization period of subscriber contract costs. As part of our annual evaluation of the average customer relationship period, our reassessment in 2023 resulted to a shorter amortization period with a range of 3-6 years for certain types of subscriber contracts brought by the effect of Corona Virus Disease, or COVID-19 Pandemic given the dynamic nature of subscriber behavior and market condition.

As at December 31, 2024, the estimated useful lives of the subscriber contract costs to fulfill would range from six to seven years.

The change in the amortization period reflects the expected timing of transfer of the services to our subscribers. This was accounted for prospectively as a change in accounting estimate, thereby resulting in additional charges to profit or loss amounting to Php13,924 million for the full year 2023. Further details on subscriber contract costs are disclosed in *Note 18 – Prepayments and Other Non-Financial Assets*.

Leases – Estimating the incremental borrowing rate, or IBR

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

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

Our lease liabilities amounted to Php54,038 million and Php47,546 million as at December 31, 2024 and 2023, respectively. See *Note 10 – Leases.*

Impairment of non-financial assets

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

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

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

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

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

Estimating useful lives of property and equipment

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

Smart shortened its estimated useful lives of certain network, technology and other equipment in 2019, the most significant of which were the 2G technology-related equipment. The shutdown was part of our strategy to address increasing demand for data and data centric applications by moving to faster speed long-term evolution, or LTE, and 5G technologies. As a result, Smart recognized additional depreciation expense of Php87 million for the year ended December 31, 2022.

Smart shortened its estimated useful lives of certain network, technology and other equipment in 2020, the most significant of which are the 3G technology-related equipment. The shutdown is the next phase of our strategy to migrate to faster speed LTE and 5G technologies. Smart also shortened the estimated useful lives of certain network equipment as a result of transformation and cost re-engineering initiatives. The management re-evaluated these 3G technology-related equipment in May 2022, and it was determined that the number of 3G devices in the market continued to decline resulting in low 3G traffic. Furthermore, the demands of the subscribers are shifting to LTE and 5G which offers faster high-speed data services. The remaining number of the 3G subscribers are negligible and will not result in further re-assessment of the estimated useful life, or EUL for the 3G technology assets. As a result, Smart recognized additional depreciation expense of Php9,421 million for the year ended December 31, 2022.

In 2022, Smart conducted an enterprise-wide network asset physical verification activity wherein certain assets have been identified, which are expected not to be utilized moving forward. As a result, Smart recognized additional depreciation expense of Php3,044 million for the year ended December 31, 2022.

In 2022, certain software and related services were upgraded as a result of IT system updates for the data link repository program of the data transformation. These replaced software and services that are expired which support various projects like e-load, rating and Online Charging System, System Application Products, value-added services and software and services related to Trident. As a result, we recognized additional depreciation expense of Php2,122 million for the year ended December 31, 2022.

In 2022, PLDT embarked on the moveout and modernization of network equipment that were located in its Makati Offices. As a result, we recognized additional depreciation expense of Php1,844 million in 2022.

In addition, PLDT accelerated the depreciation of certain network equipment as a result of technology transformation and modernization program to continuously enable the delivery and fulfillment of more advanced, more resilient and much more intelligent network to provide best quality of customer experience and continuously meet the intensified demands on infrastructure and is expected to grow exponentially in the future. Migration of Vectored Very High-Speed Digital Subscribers, or VVDSL, to Fiber Optic facilities, upgrading and strengthening of fiber optic cables, laying out Transport Network Transformation (TNT), expansion of some key core network equipment continued in 2022, which replaced several legacy network system and equipment that resulted in PLDT recognizing additional depreciation expenses amounting to Php34,773 million in 2022.

In 2023, PLDT and Smart increased the EUL of Information Technology assets and general computers and peripherals, due to technological advancement allowing extended warranty and Maintenance Agreement. Smart increased the EUL of Self-Supporting Towers due to cost-effective structure which allows future expansion and upgrades of mounting antennas and is designed for durability and resistance to withstand the elements, hence extending the vendor's warranty. Had the affected assets been depreciated using the original EUL, the depreciation would have been higher by Php934 million for t the year 2023.

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

The total depreciation and amortization of property and equipment from continuing operations amounted to Php41,224 million, Php51,543 million and Php92,970 million for the years ended December 31, 2024, 2023 and 2022, respectively, while that from discontinued operations amounted to nil, Php2 million and Php28 million for the years ended December 31, 2024, 2023 and 2022, respectively. Total carrying values of property and equipment, net of accumulated depreciation and amortization, amounted to Php318,069 million and Php287,103 million as at December 31, 2024 and 2023, respectively. See *Note 2 - Summary of Material Accounting Policies - Discontinued Operations, Note 4 – Operating Segment Information* and *Note 9 – Property and Equipment*.

Estimating useful lives of intangible assets with finite lives

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

The total amortization of intangible assets with finite lives amounted to Php240 million, Php221 million and Php228 million for the years ended December 31, 2024, 2023 and 2022, respectively. Total carrying values of intangible assets with finite lives amounted to Php1,303 million and Php1,174 million as at December 31, 2024 and 2023, respectively. See *Note 5 – Income and Expenses – Selling, General and Administrative Expenses* and *Note 14 – Goodwill and Intangible Assets*.

Investment Properties

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

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

Recognition of deferred income tax assets

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

Based on the above assessment, our consolidated unrecognized deferred income tax assets amounted to Php803 million and Php817 million as at December 31, 2024 and 2023, respectively. Total consolidated provision for deferred income tax amounted to Php3,938 million and Php1,648 million for the years ended December 31, 2024 and 2023, respectively while total consolidated benefit from deferred income tax amounted to Php4,175 million for the year ended December 31, 2022. Total consolidated recognized net deferred income tax assets amounted to Php14,643 million and Php18,172 million as at December 31, 2024 and 2023, respectively. See *Note 4 – Operating Segment Information* and *Note 7 – Income Taxes*.

Estimating allowance for ECLs

a. Measurement of ECLs

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

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

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

b. Inputs, assumptions and estimation techniques

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

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

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

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

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

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

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

- *Incorporation of forward-looking information*

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

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

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

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

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

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

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

Total provision for expected credit losses for trade and other receivables from continuing operations amounted to Php3,875 million, Php4,119 million and Php5,126 million for the years ended December 31, 2024, 2023 and 2022, respectively, while that from discontinued operations amounted to nil, Php4 million and Php30 million for the years ended December 31, 2024, 2023 and 2022, respectively. Trade and other receivables, net of allowance for expected credit losses, amounted to Php31,612 million and Php26,086 million as at December 31, 2024 and 2023, respectively. See *Note 5 – Income and Expenses* and *Note 16 – Trade and Other Receivables*.

Total impairment losses on contract assets amounted to Php181 million, Php224 million and Php227 million for the years ended December 31, 2024, 2023 and 2022, respectively. Contract assets, net of allowance for expected credit losses, amounted to Php1,886 million and Php1,918 million as at December 31, 2024 and 2023, respectively. See *Note 5 – Income and Expenses – Contract Balances.*

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

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

Trade receivables – Groupings for collective measurement

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

The following credit exposures are assessed individually:

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

Estimating pension benefit costs and other employee benefits

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

The net consolidated pension benefit costs from continuing operations amounted to Php1,441 million, Php1,426 million and Php1,743 million for the years ended December 31, 2024, 2023 and 2022, respectively, while that from discontinued operations amounted to nil for the years ended December 31, 2024 and 2023 and Php6 million for the year ended December 31, 2022. The prepaid benefit costs amounted to Php975 million and Php917 million as at December 31, 2024 and 2023, respectively. The accrued benefit costs amounted to Php3,548 million and Php3,541 million as at December 31, 2024 and 2023, respectively. See *Note 5 – Income and Expenses – Compensation and Employee Benefits, Note 18 – Prepayments* and *Note 25 – Pension and Other Employee Benefits*.

Long-term Incentive Plan, LTIP

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

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

The expense accrued for the LTIP amounted to Php1,136 million, Php839 million and Php1,272 million for the years ended December 31, 2024, 2023 and 2022, respectively.

The accrued incentive payable amounted to Php3,406 million and Php2,183 million as at December 31, 2024 and 2023, respectively. See *Note 5 – Income and Expenses – Compensation and Employee Benefits* and *Note 25 – Pension and Other Employee Benefits – Other Long-term Employee Benefits*.

Provision for asset retirement obligations

Provision for asset retirement obligations is recognized in the period in which this is incurred if a reasonable estimate can be made. This requires an estimation of the cost to restore or dismantle on a per square meter basis, depending on the location, and is based on the best estimate of the expenditure required to settle the obligation at the future restoration or dismantlement date, discounted using a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risk specific to the liability. Total provision for asset retirement obligations amounted to Php1,752 million and Php1,164 million as at December 31, 2024 and 2023, respectively. See *Note 21 – Deferred Credits and Other Noncurrent Liabilities*.

Provision for legal contingencies and tax assessments

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

Determination of fair values of financial assets and financial liabilities

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

Other than those whose carrying amounts are reasonable approximations of fair values, total fair values of noncurrent financial assets and noncurrent financial liabilities as at December 31, 2024 amounted to Php3,066 million and Php247,962 million, respectively, while the total fair values of noncurrent financial assets and noncurrent financial liabilities as at December 31, 2023 amounted to Php3,571 million and Php233,845 million, respectively. See *Note 27 – Financial Assets and Liabilities*.

4. Operating Segment Information

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

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

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

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

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

The amounts of segment assets and liabilities and segment profit or loss are based on measurement principles that are similar to those used in measuring the assets and liabilities and profit or loss in our consolidated financial statements, which is in accordance with PFRS Accounting Standards. The segment revenues, net income, and other segment information of our reportable operating segments for the years ended December 31, 2024, 2023 and 2022, and as at December 31, 2024 and 2023 are as follows:

	Wireless	Fixed Line	Others	Inter-segment Transactions	Consolidated
			(in million pesos)		
December 31, 2024					
Revenues					
External customers	**104,944**	**111,889**	**—**	**—**	**216,833**
Service revenues	**96,989**	**111,393**	**—**	**—**	**208,382**
Non-service revenues	**7,955**	**496**	**—**	**—**	**8,451**
Inter-segment transactions	**790**	**14,601**	**—**	**(15,391)**	**—**
Service revenues	**790**	**14,601**	**—**	**(15,391)**	**—**
Non-service revenues	**—**	**—**	**—**	**—**	**—**
Total revenues	**105,734**	**126,490**	**—**	**(15,391)**	**216,833**
Results					
Depreciation and amortization	**36,297**	**29,065**	**—**	**(9,374)**	**55,988**
Asset impairment	**906**	**3,415**	**—**	**—**	**4,321**
Interest income	**698**	**230**	**15**	**(27)**	**916**
Equity share in net losses of associates and joint ventures	**—**	**(67)**	**(923)**	**—**	**(990)**
Financing costs – net	**9,763**	**7,456**	**—**	**(1,719)**	**15,500**
Provision for (benefit from) income tax	**3,276**	**6,501**	**(9)**	**370**	**10,138**
Net income (loss) / Segment profit (loss)	**11,060**	**32,392**	**(1,069)**	**(9,828)**	**32,555**
Assets and liabilities					
Operating assets	**326,672**	**291,635**	**19,879**	**(82,318)**	**555,868**
Investments in associates and joint ventures	**108**	**44,758**	**7,898**	**—**	**52,764**
Deferred income tax assets – net	**6,537**	**8,014**	**62**	**30**	**14,643**
Total assets	**333,317**	**344,407**	**27,839**	**(82,288)**	**623,275**
Operating liabilities	**280,160**	**287,993**	**1,182**	**(62,855)**	**506,480**
Deferred income tax liabilities	**15**	**43**	**—**	**2**	**60**
Total liabilities	**280,175**	**288,036**	**1,182**	**(62,853)**	**506,540**
Other segment information					
Capital expenditures, including capitalized interest (Note 9)[(1)(2)]	**40,767**	**37,294**	**185**	**—**	**78,246**

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

	Wireless	Fixed Line	Others	Inter-segment Transactions	Consolidated
			(in million pesos)		
December 31, 2023					
Revenues					
External customers	103,718	107,236	—	—	210,954
Service revenues	94,994	106,838	—	—	201,832
Non-service revenues	8,724	398	—	—	9,122
Inter-segment transactions	683	13,498	—	(14,182)	(1)
Service revenues	683	13,498	—	(14,181)	—
Non-service revenues	—	—	—	(1)	(1)
Total revenues	104,401	120,734	—	(14,182)	210,953
Results					
Depreciation and amortization	31,498	36,855	—	(9,912)	58,441
Asset impairment	648	3,784	—	—	4,432
Interest income	720	324	7	(35)	1,016
Equity share in net losses of associates and joint ventures	—	(595)	(2,211)	—	(2,806)
Financing costs – net	9,034	6,824	—	(2,103)	13,755
Provision for income tax	5,537	4,015	1	59	9,612
Net income (loss) / Segment profit (loss)	17,522	26,514	(2,270)	(14,901)	26,824
Continuing operations	17,522	26,514	(2,270)	(14,901)	26,865
Discontinued operations (Notes 2 and 8)	—	—	—	—	(41)
December 31, 2023					
Assets and liabilities					
Operating assets	291,140	260,220	13,415	(23,736)	541,039
Investments in associates and joint ventures	41	42,709	7,558	—	50,308
Deferred income tax assets – net	5,356	11,270	53	1,493	18,172
Total assets	296,537	314,199	21,026	(22,243)	609,519
Operating liabilities	233,237	279,660	1,883	(15,812)	498,968
Deferred income tax liabilities	—	165	—	—	165
Total liabilities	233,237	279,825	1,883	(15,812)	499,133
December 31, 2023					
Other segment information					
Capital expenditures, including capitalized interest (Note 9)[(1)]	36,797	48,286	—	—	85,083

[(1)] *Net of additions subject to sale and leaseback from tower companies.*

	Wireless	Fixed Line	Others	Inter-segment Transactions	Consolidated
	(in million pesos, except for EBITDA margin)				
December 31, 2022					
Revenues					
External customers	103,482	100,880	—	—	204,362
Service revenues	95,060	100,284	—	—	195,344
Non-service revenues	8,422	596	—	—	9,018
Inter-segment transactions	792	26,930	—	(27,722)	—
Service revenues	792	26,930	—	(27,722)	—
Total revenues	104,274	127,810	—	(27,722)	204,362
Results					
Depreciation and amortization	52,660	55,707	—	(9,736)	98,631
Asset impairment	1,173	4,870	1	—	6,044
Interest income	451	202	14	(14)	653
Equity share in net gains (losses) of associates and joint ventures	—	(253)	(3,051)	—	(3,304)
Financing costs – net	8,349	6,100	—	(2,690)	11,759
Provision for (benefit from) income tax	3,793	(1,102)	(134)	140	2,697
Net income (loss) / Segment profit (loss)	15,104	16,766	(2,669)	(17,866)	10,735
Continuing operations	15,104	16,766	(2,669)	(17,866)	11,335
Discontinued operations (Notes 2 and 8)	—	—	—	—	(600)
Other segment information					
Capital expenditures, including capitalized interest (Note 9)[1]	46,636	50,174	—	—	96,810

[1] *Net of additions subject to sale and leaseback from tower companies.*

The following table presents our revenues from external customers by category of products and services for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
		(in million pesos)	
Wireless services			
Service revenues:			
Mobile	**95,508**	93,365	93,029
Home broadband	**1,481**	1,629	2,028
Others	**—**	—	3
	96,989	94,994	95,060
Non-service revenues:			
Sale of mobile handsets and broadband data modems	**7,955**	8,724	8,422
Total wireless revenues	**104,944**	103,718	103,482
Fixed line services			
Service revenues:			
Data	**82,893**	81,509	77,889
Voice and miscellaneous	**28,500**	25,329	22,395
	111,393	106,838	100,284
Non-service revenues:			
Sale of phone units, devices and others	**496**	397	596
Total fixed line revenues	**111,889**	107,235	100,880
Total revenues	**216,833**	210,953	204,362

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

There is no revenue transaction with a single external customer that accounted for 10% or more of our consolidated revenues from external customers for the years ended December 31, 2024, 2023 and 2022.

5. Income and Expenses

Revenues from Contracts with Customers

Disaggregation of Revenue

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

Set out is the disaggregation of PLDT Group's revenues from contracts with customers for the years ended December 31, 2024, 2023 and 2022:

Revenue Streams	Wireless	Fixed Line	Others	Inter-segment Transactions	Consolidated
			(in million pesos)		
December 31, 2024					
Type of good or service					
Service revenue	**97,779**	**125,994**	**—**	**(15,391)**	**208,382**
Non-service revenue	**7,955**	**496**	**—**	**—**	**8,451**
Total revenues from contracts with customers	**105,734**	**126,490**	**—**	**(15,391)**	**216,833**
Timing of revenue recognition					
Transferred over time	**97,779**	**125,994**	**—**	**(15,391)**	**208,382**
Transferred at a point time	**7,955**	**496**	**—**	**—**	**8,451**
Total revenues from contracts with customers	**105,734**	**126,490**	**—**	**(15,391)**	**216,833**
December 31, 2023					
Type of good or service					
Service revenue	95,677	120,336	—	(14,181)	201,832
Non-service revenue	8,724	398	—	(1)	9,121
Total revenues from contracts with customers	104,401	120,734	—	(14,182)	210,953
Timing of revenue recognition					
Transferred over time	95,677	120,336	—	(14,181)	201,832
Transferred at a point time	8,724	398	—	(1)	9,121
Total revenues from contracts with customers	104,401	120,734	—	(14,182)	210,953
December 31, 2022					
Type of good or service					
Service revenue	95,852	127,214	—	(27,722)	195,344
Non-service revenue	8,422	596	—	—	9,018
Total revenues from contracts with customers	104,274	127,810	—	(27,722)	204,362
Timing of revenue recognition					
Transferred over time	95,852	127,214	—	(27,722)	195,344
Transferred at a point time	8,422	596	—	—	9,018
Total revenues from contracts with customers	104,274	127,810	—	(27,722)	204,362

Remaining performance obligations are associated with our wireless and fixed line subscription contracts. As at December 31, 2024, excluding the performance obligations for contracts with original expected duration of less than one year, the aggregate amount of the transaction price allocated to remaining performance obligations was Php45,868 million, of which we expect to recognize approximately 51% in 2025 and 49% in 2026 and onwards. As at December 31, 2023, excluding the performance obligations for contracts with original expected duration of less than one year, the aggregate amount of the transaction price allocated to remaining performance obligations was Php40,487 million, of which we recognized approximately 56% in 2024 and expect to recognize 44% in 2025 and onwards.

Contract Balances

Contract balances as at December 31, 2024 and 2023 consists of the following:

	2024	2023
	(in million pesos)	
Trade and other receivables (Note 16)	**48,808**	43,301
Contract assets	**1,953**	1,960
Contract liabilities and unearned revenues (Notes 21 and 23)	**16,067**	18,895

Set out below is the movement in the allowance for expected credit losses of contracts assets as at December 31, 2024 and 2023.

	2024	2023
	(in million pesos)	
Balances at beginning of the year	**42**	45
Provisions	**—**	—
Reversals and reclassification	**25**	(3)
Balances at end of the year	**67**	42

Changes in the contract liabilities and unearned revenues accounts for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Balances at beginning of the year	**18,895**	17,114
Deferred during the year	**123,975**	135,982
Recognized as revenue during the year	**(126,803)**	(134,201)
Balances at end of the year	**16,067**	18,895

The contract liabilities and unearned revenues accounts as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Unearned revenues from prepaid contracts	**6,543**	6,864
Short-term advances for installation services	**2,773**	5,004
Leased facilities	**4,630**	4,851
Advance monthly service fees	**2,098**	2,152
Long-term advances from equipment	**23**	24
Total contract liabilities and unearned revenues	**16,067**	18,895
Contract liabilities:		
Noncurrent (Note 21)	**256**	300
Current (Note 23)	**17**	16
Unearned revenues:		
Noncurrent (Note 21)	**5,369**	7,906
Current (Note 23)	**10,425**	10,673

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended December 31, 2024, 2023 and 2022 consist of the following:

	2024	2023	2022
		(in million pesos)	
Repairs and maintenance	**30,653**	30,186	28,923
Compensation and employee benefits	**24,479**	24,644	29,256
Professional and other contracted services	**7,878**	9,077	8,828
Selling and promotions	**5,427**	8,037	6,558
Taxes and licenses	**5,156**	5,215	4,044
Insurance and security services	**1,408**	1,344	1,576
Rent	**1,398**	1,372	2,031
Communication, training and travel	**1,165**	1,229	1,467
Amortization of intangible assets (Note 14)	**240**	221	228
Other expenses	**504**	551	1,565
Total selling, general and administrative expenses	**78,308**	81,876	84,476

Compensation and Employee Benefits

Compensation and employee benefits for the years ended December 31, 2024, 2023 and 2022 consist of the following:

	2024	2023	2022
		(in million pesos)	
Salaries and other employee benefits	**20,214**	20,358	21,213
Manpower Rightsizing Program (MRP)	**1,688**	2,021	5,028
Pension benefit costs (Note 25)	**1,441**	1,426	1,743
Incentive plan (Note 25)	**1,136**	839	1,272
Total compensation and employee benefits	**24,479**	24,644	29,256

Over the past several years, we have been implementing the MRP in line with our continuing efforts to reduce the cost base of our businesses. The decision to implement the MRP was a result of challenges faced by our businesses as significant changes in technology, increasing competition, and shifting market preferences have reshaped the future of our businesses. The MRP is being implemented in compliance with the Labor Code of the Philippines and all other relevant labor laws and regulations in the Philippines.

Cost of Sales and Services

Cost of sales and services for the years ended December 31, 2024, 2023 and 2022 consist of the following:

	2024	2023	2022
		(in million pesos)	
Cost of mobile handsets, phone units, broadband data modems and devices	**10,046**	10,948	11,029
Cost of services	**3,965**	4,144	3,143
Total cost of sales and services	**14,011**	15,092	14,172

Asset Impairment

Asset impairment for the years ended December 31, 2024, 2023 and 2022 consist of the following:

	2024	2023	2022
		(in million pesos)	
Trade and other receivables (Note 16)	**3,875**	4,119	5,126
Inventories and supplies (Note 17)	**196**	89	408
Contract assets	**181**	224	227
Property and equipment	**67**	—	282
Prepayments and other nonfinancial assets	**2**	—	1
Total asset impairment	**4,321**	4,432	6,044

Other Income (Expenses) – Net

Other income (expenses) – net for the years ended December 31, 2024, 2023 and 2022 consist of the following:

	2024	2023	2022
		(in million pesos)	
Gains on derivative financial instruments – net (Note 27)	**4,023**	1,198	2,322
Gain on sale and leaseback of telecom towers – gross of expenses (Note 9)	**1,442**	7,777	25,852
Interest income	**916**	1,016	653
Income from prescription of preferred shares redemption liability (Note 19)	**71**	—	7,839
Gain on disposal of property and equipment	**85**	468	148
Gain on dilution of shares in MIH (Note 11)	**—**	—	660
Loss on debt modification[(1)]	**—**	—	295
Foreign exchange gains (losses) – net	**(36)**	1,149	(4,687)
Equity share in net losses of associates and joint ventures (Note 11)	**(990)**	(2,806)	(3,304)
Financing costs – net	**(15,500)**	(13,755)	(11,759)
Others – net	**2,195**	736	1,078
Total other income (expenses) – net	**(7,794)**	(4,217)	19,097

(1) PLDT and Smart re-negotiated terms of selected outstanding Philippine Peso loans in 2022. Under PFRS Accounting Standards 9, the difference of the current carrying value and the present value of the modified cash flows of the loan should be recognized as a gain or loss on debt modification.

Interest Income

Interest income for the years ended December 31, 2024, 2023 and 2022 consist of the following:

	2024	2023	2022
		(in million pesos)	
Interest income arising from revenue contracts with customers	**574**	467	294
Interest income on cash and cash equivalents (Note 15)	**267**	469	255
Interest income on financial instruments at amortized cost	**47**	54	59
Interest income on financial instruments at FVPL	**8**	12	12
Interest income – others	**20**	14	33
Total interest income	**916**	1,016	653

Financing Costs – Net

Financing costs – net for the years ended December 31, 2024, 2023 and 2022 consist of the following:

	2024	2023	2022
		(in million pesos)	
Interest on loans and other related items	**13,620**	12,159	10,860
Accretion on lease liabilities (Note 10)	**3,935**	3,266	2,057
Accretion on financial liabilities	**455**	409	375
Financing charges	**79**	90	215
Capitalized interest (Note 9)	**(2,589)**	(2,169)	(1,748)
Total financing costs – net	**15,500**	13,755	11,759

6. Components of Other Comprehensive Income (Loss)

Changes in other comprehensive loss under equity of our consolidated statements of financial position for the years ended December 31, 2024, 2023 and 2022 are as follows:

	Foreign currency translation differences of subsidiaries	Net loss on financial investments at FVPL – net of tax	Net transactions on cash flow hedges – net of tax	Revaluation increment on investment properties – net of tax	Actuarial gains (losses) on defined benefit plans – net of tax	Share in the other comprehensive loss of associates and joint ventures accounted for using the equity method	Fair value changes of financial instrument at FVOCI	Total other comprehensive loss attributable to equity holders of PLDT	Share of noncontrolling interests	Total other comprehensive loss – net of tax
					(in million pesos)					
Balances as at January 1, 2024	**133**	**—**	**(4,608)**	**544**	**(38,260)**	**(21)**	**—**	**(42,212)**	**10**	**(42,202)**
Other comprehensive income (loss)	**141**	**—**	**(1,547)**	**1,196**	**(1,462)**	**(8)**	**—**	**(1,680)**	**(60)**	**(1,740)**
Balances as at December 31, 2024	**274**	**—**	**(6,155)**	**1,740**	**(39,722)**	**(29)**	**—**	**(43,892)**	**(50)**	**(43,942)**
Balances as at January 1, 2023	149	(9)	(3,287)	544	(32,856)	(20)	(3)	(35,482)	25	(35,457)
Other comprehensive income (loss)	(8)	—	(1,256)	—	(5,469)	3	—	(6,730)	(15)	(6,745)
	141	(9)	(4,543)	544	(38,325)	(17)	(3)	(42,212)	10	(42,202)
Adjustments	(8)	9	(65)	—	65	(4)	3	—	—	—
Balances as at December 31, 2023	133	—	(4,608)	544	(38,260)	(21)	—	(42,212)	10	(42,202)
Balances as at January 1, 2022	366	(9)	(1,965)	544	(35,356)	(14)	(3)	(36,437)	15	(36,422)
Other comprehensive income (loss)	(217)	—	(2,544)	—	2,500	(6)	—	(267)	10	(257)
Cashflow hedges to retained earnings	—	—	1,222	—	—	—	—	1,222	—	1,222
Balances as at December 31, 2022	149	(9)	(3,287)	544	(32,856)	(20)	(3)	(35,482)	25	(35,457)

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

7. Income Taxes

Corporate Income Tax

The major components of consolidated net deferred income tax assets and liabilities recognized in our consolidated statements of financial position as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Net deferred income tax assets	**14,643**	18,172
Net deferred income tax liabilities	**60**	165

The components of our consolidated net deferred income tax assets and liabilities as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Net deferred income tax assets:		
Unearned revenues	**3,914**	5,192
Accumulated provision for expected credit losses	**3,618**	3,667
Lease liability over ROU assets under PFRS Accounting Standards 16[(1)]	**3,240**	3,448
Pension and other employee benefits	**2,607**	2,224
Fixed asset impairment/depreciation due to shortened life of property and equipment	**2,480**	2,875
Unamortized past service pension costs	**1,908**	2,629
Unrealized foreign exchange gains	**1,404**	1,157
Accumulated write-down of inventories to net realizable values	**371**	393
NOLCO	**266**	199
Excess MCIT over RCIT	**13**	—
Taxes and duties capitalized	**(167)**	(147)
Derivative financial instruments	**(203)**	215
Customer list and trademark	**(361)**	(272)
Capitalized charges and others	**(4,447)**	(3,408)
Total deferred income tax assets – net	**14,643**	18,172
Net deferred income tax liabilities:		
Investment property	**389**	240
Unrealized foreign exchange gains	**22**	21
Others	**(351)**	(96)
Total deferred income tax liabilities	**60**	165

[(1)] *As at December 31, 2024 and 2023, the deferred tax asset on lease liability amounted to Php13,234 million and Php11,909 million, respectively while the deferred tax liability on right of use asset amounted to Php9,994 million and Php8,461 million, respectively.*

Changes in our consolidated net deferred income tax assets (liabilities) as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Net deferred income tax assets – balances at beginning of the year	**18,172**	17,636
Net deferred income tax liabilities – balances at beginning of the year	**(165)**	(204)
Net balances at beginning of the year	**18,007**	17,432
Movement charged directly to other comprehensive income (loss)	**597**	2,226
Provision for deferred income tax	**(3,938)**	(1,648)
Others	**(83)**	(3)
Net balances at end of the year	**14,583**	18,007
Net deferred income tax assets – balances at end of the year	**14,643**	18,172
Net deferred income tax liabilities – balances at end of the year	**(60)**	(165)

The analysis of our consolidated net deferred income tax assets as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Deferred income tax assets:		
Deferred income tax assets to be recovered after 12 months	**11,449**	15,423
Deferred income tax assets to be recovered within 12 months	**3,194**	2,749
Net deferred income tax assets	**14,643**	18,172

The analysis of our consolidated net deferred income tax liabilities as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Deferred income tax liabilities:		
Deferred income tax liabilities to be settled after 12 months	**106**	165
Deferred income tax liabilities to be settled within 12 months	**(46)**	—
Net deferred income tax liabilities	**60**	165

Provision for (benefit from) income tax for the years ended December 31, 2024, 2023 and 2022 consist of:

	2024	2023	2022
		(in million pesos)	
Current	**6,200**	7,964	6,949
Deferred (Note 3)	**3,938**	1,648	(4,175)
	10,138	9,612	2,774

The impact of the application of MCIT amounting to Php53 thousand, Php103 million and Php5 million for the years ended December 31, 2024, 2023 and 2022, respectively, were considered in the provisions for current and deferred income taxes.

The reconciliation between the provision for income tax at the applicable statutory tax rate and the actual provision for corporate income tax for the years ended December 31, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
		(in million pesos)	
Provision for income tax at the applicable statutory tax rate	**10,673**	9,109	3,377
Tax effects of:			
Equity share in net losses of associates and joint ventures	**207**	701	427
Loss (income) not subject to income tax	**57**	(97)	16
Nondeductible expenses	**12**	326	145
NOLCO/MCIT expiration	**1**	25	3
Net movement in unrecognized deferred income tax assets and other adjustments	**(127)**	338	(103)
Income subject to final tax	**(172)**	(251)	(185)
Special deductible items and income subject to lower tax rate	**(210)**	(163)	(141)
Difference between Optional Standard Deduction (OSD) and itemized deductions	**(303)**	(376)	(765)
Actual provision for income tax	**10,138**	9,612	2,774

The breakdown of our consolidated deductible temporary differences, carryforward benefits of unused tax credits from excess of MCIT over RCIT, and NOLCO (excluding those not recognized due to the adoption of the OSD method) for which no deferred income tax assets were recognized and the equivalent amount of unrecognized deferred income tax assets as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Accumulated provision for expected credit losses	**1,266**	1,294
NOLCO	**1,208**	1,541
Customer list and trademark	**428**	49
Fixed asset impairment	**169**	192
Unrealized foreign exchange losses	**50**	37
Derivative financial instruments	**35**	44
Provisions	**25**	72
Accumulated write-down of inventories to net realizable values	**15**	22
Unearned revenues	**9**	9
Lease liability over ROU assets under PFRS Accounting Standards 16	**3**	1
Excess MCIT over RCIT	**2**	2
Pension and other employee benefits	**(5)**	(3)
	3,205	3,260
Unrecognized deferred income tax assets	**803**	817

In 2024, DMPI, IP Converge and VITRO availed the OSD method in computing their taxable income. This assessment is based on projected taxable profits at a level where it is favorable to use OSD method. These companies are also expected to avail of the OSD method in the foreseeable future. Thus, certain deferred income tax assets of DMPI, IP Converge and VITRO amounting to Php237 million and Php208 million as at December 31, 2024 and 2023, respectively, were not recognized.

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

The breakdown of our consolidated excess MCIT and NOLCO as at December 31, 2024 are as follows:

Date Incurred	Expiry Date	MCIT	NOLCO
		(in million pesos)	
December 31, 2021[1]	December 31, 2026	—	**53**
December 31, 2022	December 31, 2025	—	**687**
December 30, 2023	December 31, 2026	**1**	**1,113**
December 31, 2024	December 31, 2026	**22**	**466**
		23	**2,319**
Consolidated tax benefits		**23**	**580**
Consolidated unrecognized deferred income tax assets		**(2)**	**(314)**
Consolidated recognized deferred income tax assets		**21**	**266**

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

The excess MCIT totaling Php23 million as at December 31, 2024 can be deducted against future RCIT liability. The excess MCIT that was deducted against RCIT amounted to nil, Php103 million and Php5 million for the years ended December 31, 2024, 2023 and 2022, respectively. The amount of expired MCIT amounted to Php1 million, Php14 million and Php3 million for the years ended December 31, 2024, 2023 and 2022, respectively.

NOLCO totaling Php2,319 million as at December 31, 2024 can be claimed as deduction against future taxable income. The NOLCO claimed as deduction against taxable income amounted to Php459 million, Php129 million and Php42 million for the years ended December 31, 2024, 2023 and 2022, respectively. The amount of expired NOLCO amounted to nil, Php47 million and Php225 thousand for the years ended December 31, 2024, 2023 and 2022, respectively.

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

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

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

Registration with Clark Special Economic Zone

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

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

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

8. Earnings Per Common Share

The following table presents information necessary to calculate the EPS for the years ended December 31, 2024, 2023 and 2022:

	2024		2023		2022[1]	
	Basic	**Diluted**	Basic	Diluted	Basic	Diluted
	(in million pesos)					
Net income attributable to equity holders of PLDT from:						
Continuing operations	**32,307**	**32,307**	26,655	26,655	11,085	11,085
Discontinued operations	**—**	**—**	(41)	(41)	(600)	(600)
Consolidated net income attributable to common shares	**32,307**	**32,307**	26,614	26,614	10,485	10,485
Dividends on preferred shares (Note 19)	**(59)**	**(59)**	(59)	(59)	(59)	(59)
Consolidated net income attributable to common equity holders of PLDT	**32,248**	**32,248**	26,555	26,555	10,426	10,426
	(in thousands, except per share amounts which are in pesos)					
Outstanding common shares at beginning of year	**216,056**	**216,056**	216,056	216,056	216,056	216,056
Weighted average number of common shares	**216,056**	**216,056**	216,056	216,056	216,056	216,056
EPS from continuing operations	**149.26**	**149.26**	123.10	123.10	51.03	51.03
EPS from discontinued operations	**—**	**—**	(0.19)	(0.19)	(2.77)	(2.77)
EPS attributable to common equity holders of PLDT	**149.26**	**149.26**	122.91	122.91	48.26	48.26

[1] *To be comparable with 2023, certain amounts for the years ended December 31, 2022 have been reclassified to reflect the discontinued operations of certain ePLDT subsidiaries. See Note 2 – Summary of Material Accounting Policies – Discontinued Operations for further discussion.*

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

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

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

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

9. Property and Equipment

Changes in property and equipment account for the years ended December 31, 2024 and 2023 are as follows:

	Cable and wire facilities	Central equipment	Network facilities	Building and lease improvement	Vehicles, furniture and other network equipment	Information Origination Termination	Land and land improvements	IT systems and platforms	Security platforms	Property under construction	Total
						(in million pesos)					
December 31, 2024											
Net book value at beginning of the year	**81,227**	**384**	**101,941**	**7,979**	**3,654**	**—**	**4,122**	**18,794**	**1,162**	**67,840**	**287,103**
Additions (Note 4)	**86**	**—**	**70**	**31**	**397**	**—**	**—**	**598**	**—**	**69,730**	**70,912**
Disposals/retirements	**—**	**—**	**(19)**	**(1)**	**(234)**	**—**	**—**	**(1)**	**(129)**	**—**	**(384)**
Reclassification	**31,435**	**—**	**33,692**	**542**	**(809)**	**—**	**456**	**5,561**	**202**	**(69,167)**	**1,912**
Translation differences charged directly to cumulative translation adjustments	**1**	**—**	**—**	**—**	**1**	**—**	**—**	**—**	**—**	**—**	**2**
Adjustments	**—**	**(25)**	**—**	**—**	**25**	**—**	**—**	**—**	**—**	**(185)**	**(185)**
Impairment losses recognized during the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(67)**	**—**	**(67)**
Depreciation and amortization (Note 3)	**(11,484)**	**(102)**	**(19,178)**	**(1,247)**	**(1,063)**	**—**	**(104)**	**(7,742)**	**(304)**	**—**	**(41,224)**
Net book value at end of the year	**101,265**	**257**	**116,506**	**7,304**	**1,971**	**—**	**4,474**	**17,210**	**864**	**68,218**	**318,069**
As at December 31, 2024											
Cost	**316,803**	**532**	**362,387**	**27,884**	**36,467**	**—**	**4,960**	**56,418**	**1,930**	**68,218**	**875,599**
Accumulated depreciation, impairment and amortization	**(215,538)**	**(275)**	**(245,881)**	**(20,580)**	**(34,496)**	**—**	**(486)**	**(39,208)**	**(1,066)**	**—**	**(557,530)**
Net book value	**101,265**	**257**	**116,506**	**7,304**	**1,971**	**—**	**4,474**	**17,210**	**864**	**68,218**	**318,069**
December 31, 2023											
Net book value at beginning of the year	70,957	3,606	101,963	6,646	4,157	34,786	4,272	10,798	133	55,427	292,745
Additions (Note 4)	5,221	19	4,913	108	529	7,945	212	952	11	65,173	85,083
Disposals/retirements	(1)	—	(17)	(8)	(119)	—	(320)	(6)	—	—	(471)
Reclassification	—	—	1,311	—	—	(24,470)	—	—	—	(15,269)	(38,428)
Transfers and others	14,484	—	10,245	2,291	321	204	68	8,364	1,210	(37,187)	—
Translation differences charged directly to cumulative translation adjustments	1	—	—	—	1	—	—	—	—	—	2
Adjustments	—	(3,055)	—	13	1	(83)	(45)	3,106	84	(304)	(283)
Depreciation and amortization from continuing operations (Notes 2 and 3)	(9,435)	(186)	(16,474)	(1,071)	(1,234)	(18,382) [a]	(65)	(4,420)	(276)	—	(51,543)
Depreciation and amortization from discontinued operations (Notes 2 and 3)	—	—	—	—	(2)	—	—	—	—	—	(2)
Net book value at end of the year	81,227	384	101,941	7,979	3,654	—	4,122	18,794	1,162	67,840	287,103
As at December 31, 2023											
Cost	280,237	683	344,218	28,881	40,387	—	4,504	50,344	1,914	67,840	819,008
Accumulated depreciation, impairment and amortization	(199,010)	(299)	(242,277)	(20,902)	(36,733)	—	(382)	(31,550)	(752)	—	(531,905)
Net book value	81,227	384	101,941	7,979	3,654	—	4,122	18,794	1,162	67,840	287,103

[a] *This includes amortization of cost to fulfill amounting to Php11,789 million.*

Interest capitalized to property and equipment that qualified as borrowing costs amounted to Php2,589 million, Php2,169 million and Php1,748 million for the years ended December 31, 2024, 2023 and 2022, respectively. See *Note 5 – Income and Expenses – Financing Costs – Net*. The average interest capitalization rate used was approximately 5% for the year ended December 31, 2024 and 4% for the years ended December 31, 2023 and 2022.

Our net foreign exchange gain differences, which qualified as borrowing costs, amounted to Php686 million, Php195 million and Php351 million for the years ended December 31, 2024, 2023 and 2022, respectively.

As at December 31, 2024, the estimated useful lives of our property and equipment are as follows:

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

[1] *As at December 31, 2023, the estimated useful life ranges from 3-5 years.*

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

Sale and Leaseback of Telecom Towers

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

Concurrent with the execution of the Sale and Purchase Agreements, Smart also entered into Master Service Agreements, or MSAs, with the TowerCos wherein Smart agreed to lease back the towers sold in the transaction for a period of 10 years. In addition to space, the TowerCos are responsible for providing operations and maintenance services, as well as power to the sites. The sale and leaseback with the TowerCos is complemented by a commitment to place service orders for a total of 1,220 Build-To-Suit, or BTS, sites within the next two to four years and 1,050 committed BTS sites within the next two to four years. Thus, total committed BTS sites with the TowerCos is 2,270 sites. The closing of the agreements is on a staggered basis depending on the satisfaction of closing conditions based on the number of towers transferred.

The following summarizes the completed sale of Smart and DMPI telecom towers as at December 31, 2024:

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

[1] *Gross of related transaction costs.*

The remaining telecom towers with net book value of Php4,547 million and Php7,163 million as at December 31, 2024 and 2023, respectively, subject to sale and purchase agreement within one year, were reclassified from "Property and equipment" to "Assets classified as held-for-sale" under current assets in our consolidated statement of financial position.

10. Leases

Group as a Lessee

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

Our consolidated estimated useful lives of ROU assets as at December 31, 2024 are as follows:

Sites	1 – 30 years
International leased circuits(1)	1 – 19 years
Poles	1 – 12 years
Domestic leased circuits(2)	2 – 10 years
Office buildings	1 – 25 years
Co-located sites(3)	2 – 11 years

(1) *As at December 31, 2023, the estimated useful life ranges from 2-20 years.*
(2) *As at December 31, 2023, the estimated useful life ranges from 1-10 years.*
(3) *As at December 31, 2023, the estimated useful life ranges from 3-11 years.*

Our consolidated roll forward analysis of ROU assets as at December 31, 2024 and 2023 are as follows:

	Sites	International Leased Circuits	Poles	Domestic Leased Circuits	Office Buildings	Co-located Sites	Total
				(in million pesos)			
December 31, 2024							
Costs:							
Balances at beginning of the year	**38,461**	**4,305**	**3,364**	**2,001**	**1,144**	**53**	**49,328**
Additions (Note 28)	**8,683**	**1,546**	**4,273**	**763**	**334**	**8**	**15,607**
Asset retirement obligation	**571**	**—**	**—**	**—**	**5**	**—**	**576**
Modifications	**(1,180)**	**266**	**173**	**135**	**27**	**—**	**(579)**
Terminations	**(2,350)**	**(1,062)**	**(2,474)**	**(262)**	**(209)**	**—**	**(6,357)**
Reclassification to ROU assets classified as held-for-sale	**(138)**	**—**	**—**	**—**	**—**	**—**	**(138)**
Balances at end of the year	**44,047**	**5,055**	**5,336**	**2,637**	**1,301**	**61**	**58,437**
Accumulated depreciation and amortization:							
Balances at beginning of the year	**(7,599)**	**(3,298)**	**(3,156)**	**(1,632)**	**(887)**	**(39)**	**(16,611)**
Modifications	**108**	**(12)**	**(3)**	**(75)**	**(20)**	**—**	**(2)**
Terminations	**361**	**1,028**	**2,474**	**262**	**192**	**—**	**4,317**
Depreciation (Note 3)	**(4,763)**	**(828)**	**(1,054)**	**(365)**	**(295)**	**(10)**	**(7,315)**
Reclassification to ROU assets classified as held-for-sale	**285**	**—**	**—**	**—**	**—**	**—**	**285**
Balances at end of the year	**(11,608)**	**(3,110)**	**(1,739)**	**(1,810)**	**(1,010)**	**(49)**	**(19,326)**
Net book value as at December 31, 2024	**32,439**	**1,945**	**3,597**	**827**	**291**	**12**	**39,111**
December 31, 2023							
Costs:							
Balances at beginning of the year	29,535	4,259	4,179	2,436	1,420	15	41,844
Additions (Note 28)	14,942	341	66	99	255	56	15,759
Asset retirement obligation	93	—	—	—	(26)	—	67
Modifications	(35)	(46)	(851)	(326)	(149)	(18)	(1,425)
Terminations	(3,566)	(249)	(30)	(208)	(356)	—	(4,409)
Reclassification to ROU assets classified as held-for-sale	(2,508)	—	—	—	—	—	(2,508)
Balances at end of the year	38,461	4,305	3,364	2,001	1,144	53	49,328
Accumulated depreciation and amortization:							
Balances at beginning of the year	(5,415)	(2,696)	(2,504)	(1,370)	(987)	(9)	(12,981)
Modifications	23	—	278	147	236	6	690
Charge from asset retirement obligation	16	—	—	—	17	—	33
Terminations	1,163	220	10	208	198	—	1,799
Depreciation from continuing operations (Notes 2 and 3)	(4,151)	(822)	(940)	(617)	(332)	(36)	(6,898)
Depreciation from discontinued operations (Notes 2 and 3)	—	—	—	—	(19)	—	(19)
Reclassification to ROU assets classified as held-for-sale	765	—	—	—	—	—	765
Balances at end of the year	(7,599)	(3,298)	(3,156)	(1,632)	(887)	(39)	(16,611)
Net book value as at December 31, 2023	30,862	1,007	208	369	257	14	32,717

The following amounts are recognized in our consolidated income statements for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
		(in million pesos)	
Depreciation expense of ROU assets from continuing operations	**7,315**	6,898	5,661
Depreciation expense of ROU assets from discontinued operations	—	19	55
Interest expense on lease liabilities from continuing operations	**3,935**	3,266	2,057
Interest expense on lease liabilities discontinued operations	—	2	7
Variable lease payments (included in general and administrative expenses) from continuing operations	**829**	656	589
Variable lease payments (included in general and administrative expenses) from discontinued operations	—	(2)	—
Expenses relating to short-term leases (included in general and administrative expenses)	**569**	714	1,440
Expenses relating to leases of low-value assets (included in general and administrative expenses)	—	2	2
Total amount recognized in consolidated income statements	**12,648**	11,555	9,811

Our consolidated roll forward analysis of lease liabilities as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Balances at beginning of the year	**47,546**	42,435
Additions (Note 28)	**15,607**	15,759
Accretion on lease liabilities from continuing operations (Note 5)	**3,935**	3,266
Accretion on lease liabilities from discontinued operations	—	2
Reclassification to lease liabilities classified as held-for-sale	**(87)**	(1,503)
Foreign exchange gains – net	**100**	1
Lease modifications	**(121)**	(933)
Termination	**(863)**	(774)
Settlement of obligations	**(12,079)**	(10,707)
Balances at end of the year (Notes 3 and 28)	**54,038**	47,546
Less current portion of lease liabilities (Note 27)	**7,335**	5,921
Noncurrent portion of lease liabilities (Note 27)	**46,703**	41,625

We had total cash outflows for leases of Php12,079 million, Php10,707 million and Php8,331 million for the years ended December 31, 2024, 2023 and 2022, respectively. We had non-cash additions to ROU assets of Php15,607 million and Php15,759 million and lease liabilities of Php15,607 million and Php15,759 million both as at December 31, 2024 and 2023, respectively. The future cash outflows relating to leases that have not yet commenced are disclosed in *Note 28 – Notes to the Statements of Cash Flows.*

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

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

In 2022, 2023 and 2024, the MSAs covering the leaseback arrangements of 4,665, 1,705 and 356 telecom towers, respectively, became effective. As a result, we recognized cumulative lease liability of Php40,262 million and cumulative ROU assets of Php24,861 million as at December 31, 2024. The difference between lease liability and ROU assets represents the rights retained by the PLDT Group over the telecom assets leased back from the tower companies.

Including the related accounts on Unity and Frontier, the ROU assets relating to leasehold land with net book value of Php1,954 million and Php1,844 million, and the related lease liabilities amounting to Php1,615 million and Php1,779 million were respectively reclassified as “Assets classified as held-for-sale” under current assets and “Liabilities associated with assets classified as held-for-sale” under current liabilities in our consolidated statement of financial position as at December 31, 2024 and 2023, respectively.

Common Tower Pilot, or CTP, Program

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

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

Upon launching of the program, the original CTP commitment covered 200 sites. This was ultimately increased to 464 BTS sites. As at December 31, 2024, Smart has issued service orders, or SOs, corresponding to 457 BTS sites.

As at December 31, 2024 and 2023, 422 BTS sites out of 430 BTS and 236 BTS sites out of 388 BTS sites, respectively, are ready for service. These BTS sites are all classified as RFTI.

Group as a Lessor

We have entered into operating leases on our investment property portfolio consisting of certain office buildings and business offices. See *Note 13 – Investment Properties*. These leases have a term of five years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual guarantee on the properties. Rental income recognized by us amounted to Php59 million, Php57 million and Php51 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Future minimum rentals receivable under non-cancellable operating leases expected within one year amounted to Php62 million and Php59 million and after one year but not more than five years amounted to Php62 million and Php125 million both as at December 31, 2024 and 2023, respectively.

11. Investments in Associates and Joint Ventures

As at December 31, 2024 and 2023, this account consists of:

	2024	2023
	(in million pesos)	
Carrying value of investments in associates:		
MediaQuest PDRs	**9,186**	9,260
MIH	**6,731**	7,250
Individually immaterial associates	**3,064**	108
	18,981	16,618
Carrying value of investments in joint ventures:		
VTI, Bow Arken and Brightshare	**33,675**	33,649
Individually immaterial joint ventures	**108**	41
	33,783	33,690
Total carrying value of investments in associates and joint ventures	**52,764**	50,308

Changes in the cost of investments for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Balances at beginning of the year	**64,658**	63,020
Additions during the year	**3,485**	1,636
Translation and other adjustments	**(133)**	2
Balances at end of the year	**68,010**	64,658

Changes in the accumulated impairment losses for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Balances at beginning of the year	**2,875**	2,805
Additions during the year	**—**	70
Adjustments	**(112)**	—
Balances at end of the year	**2,763**	2,875

Changes in the accumulated equity share in net earnings (losses) of associates and joint ventures as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Balances at beginning of the year	**(11,475)**	(8,669)
Equity share in net earnings (losses) of associates and joint ventures:	**(990)**	(2,806)
MediaQuest PDRs	**(74)**	(595)
MIH	**(935)**	(2,273)
VTI, Bow Arken and Brightshare	**26**	66
Individually immaterial associates and joint ventures	**(7)**	(4)
Translation and other adjustments	**(18)**	—
Balances at end of the year	**(12,483)**	(11,475)

Investments in Associates

Investment of ePLDT in MediaQuest PDRs

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

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

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

ePLDT's aggregate value of investment in MediaQuest PDRs amounted to Php9,186 million and Php9,260 million as at December 31, 2024 and 2023, respectively. See *Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions – Accounting for investment in MediaQuest through PDRs*.

The table below presents the summarized financial information of Satventures and subsidiaries as at December 31, 2024 and 2023, and for the years ended December 31, 2024, 2023 and 2022:

	2024	2023
	(in million pesos)	
Statements of Financial Position:		
Noncurrent assets	**22,710**	22,153
Current assets	**8,578**	7,974
Noncurrent liabilities	**2,146**	1,682
Current liabilities	**13,787**	12,976
Equity	**15,355**	15,469
Carrying amount of interest in Satventures	**9,186**	9,260
Additional Information:		
Cash and cash equivalents	**588**	797
Current financial liabilities[(1)]	**2,736**	2,635
Noncurrent financial liabilities[(1)]	**1,210**	469

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

	2024	2023	2022
		(in million pesos)	
Income Statements:			
Revenues	**8,440**	8,637	11,189
Depreciation and amortization	**1,405**	1,304	1,424
Interest income	**(52)**	46	3
Interest expense	**347**	281	212
Provision for (benefit from) income tax	**(40)**	(334)	16
Net loss / Total comprehensive loss	**(115)**	(929)	(203)
Equity share in net losses of Satventures	**(74)**	(595)	(130)

Investment of PCEV in MIH

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

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

PCEV's percentage equity interest in MIH stood at 37.66% and 36.97% as at December 31, 2024 and 2023, respectively.

Additional Investment in MIH

On December 13, 2023, PCEV, along with other existing shareholders KKR, Tencent, SIG, First Pacific Ventures and Jumel Holdings, entered into a new subscription agreement with MIH to subscribe to US$80 million Class C2 convertible preferred shares of MIH. On the same date, PCEV paid a consideration of US$28 million or Php1,563 million for 12.3 million MIH Class C2 convertible preferred shares and received warrants for 4.9 million shares valued at Php281 million, thereby increasing PCEV's ownership in MIH from 36.63% to 36.97%.

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

The summarized financial information of MIH as at December 31, 2024 and 2023, and for the years ended December 31, 2024, 2023 and 2022 is shown below:

	2024	2023
	(in million pesos)	
Statements of Financial Position:		
Noncurrent assets	**7,241**	4,309
Current assets	**29,815**	17,942
Noncurrent liabilities	**798**	190
Current liabilities	**29,461**	13,446
Equity	**6,797**	8,615
Carrying amount of interest in MIH	**6,731**	7,250
Additional Information:		
Cash and cash equivalents	**8,565**	6,682
Current financial liabilities[(1)]	**29,274**	13,317

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

	2024	2023	2022
		(in million pesos)	
Income Statements:			
Revenues	**14,089**	8,553	7,683
Depreciation and amortization	**392**	348	182
Interest income	**168**	112	133
Provision for income tax	**64**	32	2
Net loss/Total comprehensive losses	**(2,501)**	(6,153)	(8,155)
Equity share in net losses of MIH [(1)]	**(935)**	(2,273)	(3,026)

[(1)] *2024 and 2023 amounts include impact of 2023 and 2022 audit adjusting entries, respectively.*

The carrying value of PCEV's investment in MIH as at December 31, 2024 and 2023 are as follows.

	2024	2023
	(in million pesos)	
MIH Equity[(1)]	**4,711**	6,895
PCEV's noncontrolling interests	**37.66%**	36.97%
Share in net assets of MIH	**1,774**	2,549
Goodwill arising from acquisition	**4,957**	4,701
Carrying amount of interest in MIH	**6,731**	7,250

(1) *MIH Equity is net of Php2,086 million and Php1,720 million Stock Option in 2024 and 2023, respectively.*

Investments in Joint Ventures

Investments of PLDT in VTI, Bow Arken and Brightshare

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

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

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

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

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

The amount of the advances outstanding of PLDT, to cover for the assumed liabilities and working capital requirements of the acquired companies, each amounted to Php69 million as at December 31, 2024 and 2023, respectively.

The table below presents the summarized financial information of VTI, Bow Arken and Brightshare as at December 31, 2024 and 2023, and for the years ended December 31, 2024, 2023 and 2022:

	2024	2023
	(in million pesos)	
Statements of Financial Position:		
Noncurrent assets	**77,849**	78,046
Current assets	**5,231**	4,375
Noncurrent liabilities	**9,475**	9,186
Current liabilities	**2,395**	2,174
Equity	**71,209**	71,061
Carrying amount of assets in VTI, Bow Arken and Brightshare	**33,675**	33,649
Additional Information:		
Cash and cash equivalents	**3,010**	2,387
Current financial liabilities (1)	**81**	72

(1) *Excluding trade, other payables and provisions.*

	2024	2023	2022
		(in million pesos)	
Income Statements:			
Revenues	**4,708**	4,344	4,033
Depreciation and amortization	**1,973**	1,685	1,569
Interest income	**128**	111	45
Provision for income tax	**135**	186	178
Net income (loss) / Total comprehensive income (loss)	**52**	132	148
Equity share in net income of VTI, Bow Arken and Brightshare	**26**	66	74

The carrying value of PLDT's investment in VTI, Bow Arken and Brightshare as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
VTI, Bow Arken and Brightshare equity	**71,209**	71,061
PLDT's share	**50%**	50%
Share in net assets of VTI, Bow Arken and Brightshare	**35,605**	35,530
Share in adjustment based on liability and ETPI net cash balance	**442**	442
Reimbursements	**(248)**	(239)
Share in SMC's advances in VTI, Bow Arken and Brightshare	**(840)**	(840)
Non-controlling interests	**(1,127)**	(1,055)
Others	**(157)**	(189)
Carrying amount of interest in VTI, Bow Arken and Brightshare	**33,675**	33,649

Notice of Transaction filed with the PCC

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

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

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

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

In the Matter of the Petition against the PCC

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

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

The CA issued a Resolution, or the Second CA Resolution, denying PCC's Motion for Reconsideration dated September 14, 2016, for lack of merit on February 17, 2017. The CA denied PLDT's Motion to Cite the PCC for indirect Contempt for being premature. In the same Resolution, as well as in a separate Gag Order attached to the Resolution, the CA granted PLDT's Urgent Motion for the Issuance of a Gag Order and directed PCC to remove immediately from its website its preliminary statement of concern and submit its compliance within five days from receipt thereof. All the parties were ordered to refrain, cease and desist from issuing public comments and statements that would violate the sub judice rule and subject them to indirect contempt of court. The parties were also required to comment within ten days from receipt of the Second CA Resolution, on the Motion for Leave to Intervene and to Admit the Petition-in-Intervention dated February 7, 2017 filed by Citizenwatch, a non-stock and non-profit association.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Individually immaterial associates and joint ventures

As at December 31, 2024 and 2023, following are the carrying values of individually immaterial associates and joint ventures:

	2024	2023
	(in million pesos)	
Individually immaterial associates:		
Radius	**2,123**	—
Kayana	**853**	—
Appcard, Inc.	**88**	108
PG1	**—**	—
AF Payments, Inc.	**—**	—
	3,064	108
Individually immaterial joint ventures:		
DFTI	**66**	—
Telecommunications Connectivity, Inc.	**42**	41
PFC/VFC	**—**	—
		41
Total individually immaterial associates and joint ventures	**3,064**	149

The summarized financial information of individually immaterial associates and joint ventures as at December 31, 2024 and 2023, and for the years ended December 31, 2024, 2023 and 2022 is shown below:

	2024	2023
	(in million pesos)	
Statements of Financial Position:		
Noncurrent assets	**12,994**	4,928
Current assets	**2,511**	658
Noncurrent liabilities	**3,625**	4,919
Current liabilities	**4,829**	1,415
Equity	**7,051**	(748)
Additional Information:		
Cash and cash equivalents	**1,065**	335
Current financial liabilities	**2,824**	86
Noncurrent financial liabilities	**3,020**	1,716

	2024	2023	2022
		(in million pesos)	
Income Statements:			
Revenues	**3,702**	935	834
Depreciation and amortization	**1,123**	303	177
Interest income	**30**	5	—
Other comprehensive income	**145**	8	—
Provision for income tax	**30**	22	1
Net loss / Total comprehensive loss	**(626)**	(515)	(563)
Equity share in net income of individually immaterial associates and joint ventures	**(7)**	(4)	—

12. Debt Instruments at Amortized Cost

As at December 31, 2024 and 2023, this account consists of:

	2024	2023
	(in million pesos)	
Retail Treasury Bonds	**340**	440
Fixed Rate Treasury Notes, or FXTN	**55**	55
BDO Asean Bonds	—	100
	395	595
Less: Current portion of debt instrument at amortized cost (Note 27)	**25**	200
Noncurrent portion of debt instrument at amortized cost (Note 27)	**370**	395

Retail Treasury Bonds

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

December 31, 2024 and Php1.9 million each for the years ended December 31, 2023 and 2022. The carrying value of this investment amounted to nil and Php100 million as at December 31, 2024 and 2023, respectively.

On December 2, 2021, PLDT and Smart purchased at par a 5.5-year Retail Treasury Bond Tranche 26 with face value of Php300 million maturing on June 2, 2027. The bond has a gross coupon rate of 4.6250% payable on a quarterly basis. Interest income, net of withholding tax, recognized on this investment amounted to Php11.1 million for the years ended December 31, 2024, 2023 and 2022. The carrying value of this investment amounted to Php300 million as at December 31, 2024 and 2023.

On March 4, 2022, PLDT and Smart purchased at par a five-year Retail Treasury Bond Tranche 27 with face value of Php40 million maturing on March 4, 2027. The bond has a gross coupon rate of 4.8750% payable on a quarterly basis. Interest income, net of withholding tax, recognized on this investment amounted to Php1.6 million for the years ended December 31, 2024 and 2023 and Php1.3 million for the year ended December 31, 2022. The carrying value of this investment amounted to Php40 million as at December 31, 2024 and 2023.

FXTN

On June 3, 2022, Smart purchased at a discount a three-year FXTN 03-27 with face value of Php25 million maturing on April 7, 2025. The bond has a gross coupon rate of 4.25% payable on a semi-annual basis. Interest income, net of withholding tax, recognized on this investment amounted to Php850 thousand each for the years ended December 31, 2024 and 2023 and Php760 thousand for the year ended December 31, 2022. The carrying value of this investment amounted to Php25 million as at December 31, 2024 and 2023.

On June 16, 2022, Smart purchased at a premium a seven-year FXTN 07-67 with face value of Php10 million maturing on May 19, 2029. The bond has a gross coupon rate of 6.5% payable on a semi-annual basis. Interest income, net of withholding tax, recognized on this investment amounted to Php520 thousand each for the years ended December 31, 2024 and 2023 and Php361 thousand for the year ended December 31, 2022. The carrying value of this investment amounted to Php10 million as at December 31, 2024 and 2023.

On July 7, 2022, PLDT and Smart purchased at a premium a four-year FXTN 07-62 with face value of Php20 million maturing on February 14, 2026. The bond has a gross coupon rate of 6.25% payable on a semi-annual basis. Interest income, net of withholding tax, recognized on this investment amounted to Php1.0 million each for the years ended December 31, 2024 and 2023 and Php1.4 million for the year ended December 31, 2022. The carrying value of this investment amounted to Php20 million as at December 31, 2024 and 2023.

BDO ASEAN Sustainable Bond

On January 28, 2022, PLDT and Smart purchased at par a two-year BDO Fixed Rate ASEAN Sustainability Bond Due 2024 with face value of Php100 million which subsequently matured on January 28, 2024. The bond has a gross coupon rate of 2.90% payable on a quarterly basis. Interest income, net of withholding tax, recognized on this investment amounted to Php83 thousand, Php2.2 million and Php2.1 million for the years ended December 31, 2024, 2023 and 2022, respectively. The carrying value of this investment amounted to nil and Php100 million as at December 31, 2024 and 2023, respectively.

13. Investment Properties

Changes in investment properties account for the years ended December 31, 2024 and 2023 are as follows:

	Land	Land Improvements	Building	Total
		(in million pesos)		
December 31, 2024				
Balances at beginning of the year	**1,184**	**12**	**119**	**1,315**
Net gains from fair value adjustments charged to profit or loss	**17**	**—**	**6**	**23**
Revaluation charged to OCI	**2,093**	**—**	**—**	**2,093**
Disposals during the year	**(14)**	**—**	**—**	**(14)**
Transfers to property and equipment - net	**(398)**	**—**	**(19)**	**(417)**
Balances at end of the year	**2,882**	**12**	**106**	**3,000**
December 31, 2023				
Balances at beginning of the year	858	2	155	1,015
Net gains (losses) from fair value adjustments charged to profit or loss	58	8	(36)	30
Transfers from property and equipment	363	2	2	367
Disposals during the year	(95)	—	(2)	(97)
Balances at end of the year	1,184	12	119	1,315

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

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

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

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

Repairs and maintenance expenses related to investment properties that do not generate rental income amounted to Php122 million, Php129 million and Php93 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Rental income relating to investment properties that are being leased and included as part of revenues amounted to Php59 million, Php57 million and Php51 million for the years ended December 31, 2024, 2023 and 2022, respectively. See *Note 10 – Leases*.

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

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

14. Goodwill and Intangible Assets

Changes in goodwill and intangible assets account for the years ended December 31, 2024 and 2023 are as follows:

	Intangible Assets with Indefinite Life	Intangible Assets with Finite Life: Trademark	Franchise	Licenses	Customer List	Spectrum	Others	Total Intangible Assets with Finite Life	Total Intangible Assets	Goodwill	Total Goodwill and Intangible Assets
						(in million pesos)					
December 31, 2024											
Costs:											
Balances at beginning of the year	**220**	**4,561**	**3,017**	**135**	**4,703**	**1,205**	**1,321**	**14,942**	**15,162**	**63,595**	**78,757**
Additions during the year	—	—	—	—	—	—	**366**	**366**	**366**	—	**366**
Translation and other adjustments	—	**4**	—	—	—	—	**2**	**6**	**6**	—	**6**
Balances at end of the year	**220**	**4,565**	**3,017**	**135**	**4,703**	**1,205**	**1,689**	**15,314**	**15,534**	**63,595**	**79,129**
Accumulated amortization and impairment:											
Balances at beginning of the year	—	**4,561**	**2,265**	**135**	**4,703**	**1,205**	**899**	**13,768**	**13,768**	**654**	**14,422**
Amortization during the year	—	—	**186**	—	—	—	**54**	**240**	**240**	—	**240**
Translation and other adjustments	—	**4**	—	—	—	—	**(1)**	**3**	**3**	—	**3**
Balances at end of the year	—	**4,565**	**2,451**	**135**	**4,703**	**1,205**	**952**	**14,011**	**14,011**	**654**	**14,665**
Net balances at end of the year	**220**	—	**566**	—	—	—	**737**	**1,303**	**1,523**	**62,941**	**64,464**
Estimated useful lives (in years)	—	—	**16**	—	—	—	**5-10**	—	—	—	—
Remaining useful lives (in years)	—	—	**3**	—	—	—	**3-10**	—	—	—	—
December 31, 2023											
Costs:											
Balances at beginning of the year	220	4,505	3,016	135	4,703	1,205	1,320	14,884	15,104	63,595	78,699
Translation and other adjustments	—	56	1	—	—	—	1	58	58	—	58
Balances at end of the year	220	4,561	3,017	135	4,703	1,205	1,321	14,942	15,162	63,595	78,757
Accumulated amortization and impairment:											
Balances at beginning of the year	—	4,505	2,078	135	4,703	1,205	870	13,496	13,496	654	14,150
Amortization during the year	—	—	186	—	—	—	35	221	221	—	221
Translation and other adjustments	—	56	1	—	—	—	(6)	51	51	—	51
Balances at end of the year	—	4,561	2,265	135	4,703	1,205	899	13,768	13,768	654	14,422
Net balances at end of the year	220	—	752	—	—	—	422	1,174	1,394	62,941	64,335
Estimated useful lives (in years)	—	—	16	—	—	—	5-10	—	—	—	—
Remaining useful lives (in years)	—	—	4	—	—	—	3-8	—	—	—	—

The consolidated goodwill and intangible assets of our reportable segments as at December 31, 2024 and 2023 are as follows:

	2024			2023		
	Wireless	**Fixed Line**	**Total**	Wireless	Fixed Line	Total
			(in million pesos)			
Franchise	**566**	**—**	**566**	752	—	752
Customer list with indefinite life	**—**	**220**	**220**	—	220	220
Others	**—**	**737**	**737**	—	422	422
Total intangible assets	**566**	**957**	**1,523**	752	642	1,394
Goodwill	**56,571**	**6,370**	**62,941**	56,571	6,370	62,941
Total goodwill and intangible assets	**57,137**	**7,327**	**64,464**	57,323	7,012	64,335

The consolidated future amortization of intangible assets as at December 31, 2024 are as follows:

Year	**(in million pesos)**
2025	**261**
2026	**261**
2027	**255**
2028	**76**
2029	**70**
2030 and onwards	**380**
	1,303

Impairment Testing of Goodwill

The organizational structure of PLDT and its subsidiaries is designed to monitor financial operations based on fixed line and wireless segmentation. Management provides guidelines and decisions on resource allocation, such as continuing or disposing of asset and operations by evaluating the performance of each segment through review and analysis of available financial information on the fixed line and wireless segments. As at December 31, 2024, the PLDT Group's goodwill comprised of goodwill resulting from PGIH's acquisition of Multisys in 2022, ePLDT's acquisition of IPCDSI in 2012, PLDT's acquisition of Digitel in 2011, ePLDT's acquisition of ePDS in 2011, Smart's acquisition of PDSI and Chikka in 2009, SBI's acquisition of Airborne Access Corporation in 2008, and Smart's acquisition of SBI in 2004.

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

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

The recoverable amount of the Wireless and Fixed Line CGUs have been determined using the value- in-use approach calculated using cash flow projections based on the financial budgets approved by the Board of Directors. The post-tax discount rates applied to cash flow projections are 9.01% for the Wireless and Fixed Line CGUs. Cash flows beyond the projection period of three years are determined using a 2.40% growth rate for the Wireless and Fixed Line CGUs, which is the same as the long-term average growth rate for the telecommunications industry. Other key assumptions used in the cash flow projections include revenue growth rate and capital expenditures.

Based on the assessment of the VIU of the Wireless and Fixed Line CGUs, the recoverable amount of the Wireless and Fixed Line CGUs exceeded their carrying amounts. Hence, no impairment was recognized in relation to goodwill as at December 31, 2024 and 2023.

15. Cash and Cash Equivalents

As at December 31, 2024 and 2023, this account consists of:

	2024	2023
	(in million pesos)	
Cash and cash equivalents		
Cash on hand and in banks (Note 27)	**8,547**	9,993
Temporary cash investments (Note 27)	**1,464**	6,184
Total	**10,011**	16,177

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

Interest income earned from cash in banks and temporary cash investments amounted to Php267 million, Php469 million and Php255 million for the years ended December 31, 2024, 2023 and 2022, respectively. See *Note 5 – Income and Expenses*.

16. Trade and Other Receivables

As at December 31, 2024 and 2023, this account consists of receivables from:

	2024	2023
	(in million pesos)	
Corporate subscribers (Note 27)	**20,936**	15,934
Retail subscribers (Note 27)	**17,516**	19,894
Foreign administrations (Note 27)	**1,254**	1,250
Domestic carriers (Note 27)	**256**	188
Dealers, agents and others (Note 27)	**8,846**	6,035
	48,808	43,301
Less: Allowance for expected credit losses	**17,196**	17,215
	31,612	26,086

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

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

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

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

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

The following table explains the changes in the allowance for expected credit losses as at December 31, 2024 and 2023:

	Retail Subscribers		Corporate Subscribers		Foreign Administrations		Domestic Carriers		Dealers, Agents and Others		Total		
	Stage 2	Stage 3	Stage 2	Stage 3	Stage 2	Stage 3	Stage 2	Stage 3	Stage 2	Stage 3	Stage 2	Stage 3	
	Lifetime ECL		Lifetime ECL		Lifetime ECL		Lifetime ECL		Lifetime ECL		Lifetime ECL		Total
							(in million pesos)						
December 31, 2024													
Balances at beginning of the year	**1,448**	**8,250**	**2,126**	**3,820**	**8**	**116**	**—**	**1**	**608**	**838**	**4,190**	**13,025**	**17,215**
Provisions	**(484)**	**3,537**	**322**	**472**	**6**	**—**	**—**	**—**	**13**	**9**	**(143)**	**4,018**	**3,875**
Translation adjustments	**—**	**—**	**21**	**2**	**—**	**—**	**—**	**—**	**—**	**—**	**21**	**2**	**23**
Write-offs	**—**	**(2,975)**	**—**	**(916)**	**—**	**(1)**	**—**	**—**	**—**	**—**	**—**	**(3,892)**	**(3,892)**
Reclassifications and reversals	**(388)**	**436**	**(69)**	**135**	**—**	**(52)**	**—**	**(1)**	**(15)**	**(113)**	**(472)**	**405**	**(67)**
Others	**—**	**42**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**-**	**42**	**42**
Balances at end of the year	**576**	**9,290**	**2,400**	**3,513**	**14**	**63**	**—**	**—**	**606**	**734**	**3,596**	**13,600**	**17,196**
December 31, 2023													
Balances at beginning of the year	1,866	5,023	1,717	3,382	1	133	—	1	652	886	4,236	9,425	13,661
Provisions from continuing operations	(394)	3,716	335	451	—	(4)	—	—	10	5	(49)	4,168	4,119
Provisions from discontinued operations	—	—	4	—	—	—	—	—	—	—	4	—	4
Translation adjustments	—	—	(3)	(1)	—	—	—	—	—	—	(3)	(1)	(4)
Write-offs	—	(506)	—	—	—	—	—	—	—	—	—	(506)	(506)
Reclassifications and reversals	(24)	17	73	(12)	7	(13)	—	—	(54)	(53)	2	(61)	(59)
Balances at end of the year	1,448	8,250	2,126	3,820	8	116	—	1	608	838	4,190	13,025	17,215

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

17. Inventories and Supplies

As at December 31, 2024 and 2023, this account consists of:

	2024	2023
	(in million pesos)	
Cost		
Commercial	**2,486**	2,053
Network	**1,945**	1,971
Others	**384**	928
Total	**4,815**	4,952
Allowance for inventory obsolescence and write-down		
Commercial	**228**	306
Network	**1,180**	1,020
Others	**101**	286
Total	**1,509**	1,612
Net realizable value		
Commercial	**2,258**	1,747
Network	**765**	951
Others	**283**	642
Total	**3,306**	3,340

The cost of inventories and supplies recognized as expense for the years ended December 31, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
		(in million pesos)	
Cost of sales	**9,904**	11,912	11,287
Repairs and maintenance	**407**	734	986
Provision for inventory obsolescence	**196**	89	408
Selling and promotions	**—**	—	4
	10,507	12,735	12,685

Changes in the allowance for inventory obsolescence and write-down for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Balances at beginning of the year	**1,612**	2,218
Provisions (Note 5)	**196**	89
Reversals	**(38)**	(252)
Disposals and other adjustments	**(85)**	(59)
Cost of sales	**(176)**	(384)
Balances at end of the year	**1,509**	1,612

18. Prepayments and Other Non-Financial Assets

As at December 31, 2024 and 2023, this account consists of:

	2024	2023
	(in million pesos)	
Advances to suppliers and contractors	**29,486**	47,706
Subscriber contract costs	**28,817**	28,926
Prepaid taxes	**6,968**	11,914
Prepaid fees and licenses	**2,084**	2,022
Prepaid benefit costs (Note 25)	**975**	917
Prepaid repairs and maintenance	**862**	455
Prepaid rent	**371**	399
Prepaid insurance	**144**	150
Other prepayments	**1,168**	518
Other non-financial assets	**1,029**	573
	71,904	93,580
Less current portion of prepayments and other nonfinancial assets	**9,975**	13,215
Noncurrent portion of prepayments and other nonfinancial assets	**61,929**	80,365

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

Subscriber contract costs consist of the cost to obtain and cost to fulfill a contract with subscribers. Cost to obtain amounted to Php4,448 million and Php4,456 million as at December 31, 2024 and 2023, respectively. Amortization of cost to obtain presented under selling and promotions amounted to Php1,204 million, Php3,147 million and Php980 million for the years ended December 31, 2024,2023 and 2022, respectively. Costs to fulfill amounted to Php24,369 million and Php24,470 million as at December 31, 2024 and 2023, respectively. Amortization of cost to fulfill, which is presented under depreciation and amortization in the consolidated income statement, amounted to Php7,449 million and Php11,789 million for the years ended December 31, 2024 and 2023, respectively.

Prepaid taxes include creditable withholding taxes and input VAT.

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

19. Equity

PLDT's number of shares of subscribed and outstanding capital stock as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(in millions)	
Authorized		
Non-Voting Serial Preferred Stock	**388**	388
Voting Preferred Stock	**150**	150
Common Stock	**234**	234
Subscribed		
Non-Voting Serial Preferred Stock[(1)]	**300**	300
Voting Preferred Stock	**150**	150
Common Stock	**219**	219
Outstanding		
Non-Voting Serial Preferred Stock[(1)]	**300**	300
Voting Preferred Stock	**150**	150
Common Stock	**216**	216
Treasury Stock		
Common Stock	**3**	3

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

There were no changes in PLDT's capital account for the years ended December 31, 2024 and 2023.

Preferred Stock

Non-Voting Serial Preferred Stock

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

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

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

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

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

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

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

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

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

Voting Preferred Stock

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

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

On October 16, 2012, BTFHI subscribed to 150 million newly issued shares of Voting Preferred Stock of PLDT, at a subscription price of Php1.00 per share for a total subscription price of Php150 million pursuant to a subscription agreement between BTFHI and PLDT dated October 15, 2012. As a result of the issuance of Voting Preferred Shares, the voting power of the NTT Group (NTT DOCOMO and NTT Communications), First Pacific Group and its Philippine affiliates, and JG Summit Group was reduced to 12%, 15% and 6.65%, respectively, as at December 31, 2024. See *Note 1 – Corporate Information*.

Redemption of Preferred Stock

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

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

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

PLDT set aside Php236 thousand (the amount required to fund the redemption price for the Series GG Shares) in addition to Php74 thousand for unclaimed dividends on Series GG Shares, or a total amount of Php310 thousand, to fund the redemption price of the Series GG Shares, or the Redemption Trust Fund for Series GG Shares, which forms an integral part of the Redemption Trust Fund previously set aside in the Trust Account with RCBC, as Trustee. Pursuant to the terms of the Trust

Account, the Trustee will continue to hold the Redemption Trust Fund for Series GG Shares or any balance thereof, in trust, for the benefit of holders of Series GG Shares, for a period of ten years from August 30, 2012, or until August 30, 2022. After the said date, any and all remaining balance in the Redemption Trust Fund for Series GG Shares shall be returned to PLDT and revert to its general funds. Any interest on the Redemption Trust Fund for Series GG Shares shall accrue for the benefit of, and be paid from time to time, to PLDT.

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

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

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

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

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

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

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

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

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

PLDT has withdrawn Php13 thousand, Php354 thousand and Php3 million from the Trust Account, representing total payments on redemption for the years ended December 31, 2024, 2023 and 2022, respectively. The balance of the Trust Account amounting to nil and Php13 thousand were presented as part of "Current portion of other financial assets" and the related redemption liability were presented as part of "Accrued expenses and other current liabilities" in our consolidated statements of financial position as at December 31, 2024 and 2023, respectively. See related disclosures below under Non-controlling interests - Perpetual Notes and *Note 27 – Financial Assets and Liabilities*.

Common Stock/Treasury Stock

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

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

Dividends Declared

Our dividends declared for the years ended December 31, 2024, 2023 and 2022 are detailed as follows:

December 31, 2024

	Date			Amount	
Class	Approved	Record	Payable	Per Share	Total
				(in million pesos, except per share amounts)	
Cumulative Non-Convertible Redeemable Preferred Stock					
Series IV [(1)]	**January 30, 2024**	**February 14, 2024**	**March 15, 2024**	—	**12**
	May 9, 2024	**May 24, 2024**	**June 15, 2024**	—	**13**
	August 13, 2024	**August 28, 2024**	**September 15, 2024**	—	**12**
	November 12, 2024	**November 28, 2024**	**December 15, 2024**	—	**12**
					49
Voting Preferred Stock	**March 21, 2024**	**April 5, 2024**	**April 15, 2024**	—	**2**
	June 11, 2024	**June 28, 2024**	**July 15, 2024**	—	**3**
	August 13, 2024	**September 16, 2024**	**October 15, 2024**	—	**2**
	December 3, 2024	**December 17, 2024**	**January 15, 2025**	—	**3**
					10
Common Stock					
Regular Dividend	**March 7, 2024**	**March 21, 2024**	**April 5, 2024**	**46.00**	**9,938**
	August 13, 2024	**August 27, 2024**	**September 11, 2024**	**50.00**	**10,803**
					20,741
Charged to retained earnings					**20,800**

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

December 31, 2023

Class	Date Approved	Date Record	Date Payable	Amount Per Share	Amount Total
				(in million pesos, except per share amounts)	
Cumulative Non-Convertible Redeemable Preferred Stock					
Series IV (1)	January 31, 2023	February 27, 2023	March 15, 2023	—	12
	May 4, 2023	May 19, 2023	June 15, 2023	—	12
	August 3, 2023	August 19, 2023	September 15, 2023	—	13
	November 7, 2023	November 22, 2023	December 15, 2023	—	12
					49
Voting Preferred Stock	March 2, 2023	March 17, 2023	April 15, 2023	—	3
	June 13, 2023	June 28, 2023	July 15, 2023	—	3
	August 29, 2023	September 13, 2023	October 15, 2023	—	2
	December 5, 2023	December 22, 2023	January 15, 2024	—	2
					10
Common Stock					
Regular Dividend	March 23, 2023	April 11, 2023	April 24, 2023	45.00	9,722
	August 3, 2023	August 17, 2023	September 4, 2023	49.00	10,587
Special Dividend	March 23, 2023	April 11, 2023	April 24, 2023	14.00	3,025
					23,334
Charged to retained earnings					23,393

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

December 31, 2022

Class	Date Approved	Date Record	Date Payable	Amount Per Share	Amount Total
				(in million pesos, except per share amounts)	
Cumulative Non-Convertible Redeemable Preferred Stock					
Series IV (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
					49
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
					10
Common Stock					
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
	August 4, 2022	August 18, 2022	September 5, 2022	28	6,049
					25,279
Charged to retained earnings					25,338

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

Our dividends declared after December 31, 2024 are detailed as follows:

Class	Date Approved	Date Record	Date Payable	Amount Per Share	Amount Total
				(in million pesos, except per share amounts)	
Cumulative Non-Convertible Redeemable Preferred Stock					
Series IV (1)	**January 28, 2025**	**February 11, 2025**	**March 15, 2025**	**—**	**12**
Common Stock					
Regular Dividend	**February 27, 2025**	**March 13, 2025**	**April 3, 2025**	**47**	**10,155**
Charged to retained earnings					**10,167**

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

Noncontrolling Interests – Perpetual Notes

Smart issued Php2,610 million and Php1,590 million perpetual notes on March 3, 2017 and March 6, 2017, respectively, under two Notes Facility Agreements dated March 1, 2017 and March 2, 2017, respectively. The transaction costs amounting to Php34 million were accounted for as a deduction from the perpetual notes. Smart paid distributions amounting to Php59 million as at December 31, 2024 and Php236 million each as at December 31, 2023 and 2022. The notes are subordinated to and rank junior to all senior loans of Smart. In accordance with PAS 32, *Financial Instruments: Presentation*, the notes are classified as part of Smart's equity and recorded as noncontrolling interests in PLDT's consolidated financial statements.

Proceeds from the issuance of these notes were used to finance capital expenditures. The notes have no fixed redemption dates. On March 3, 2024 and March 6, 2024, Smart fully redeemed its Perpetual Notes amounting to Php2,610 million and Php1,590 million, respectively.

Retained Earnings Available for Dividend Declaration

The following table shows the reconciliation of our consolidated retained earnings available for dividend declaration as at December 31, 2024:

	(in million pesos)
Consolidated Unappropriated Retained Earnings as of December 31, 2023	**22,020**
Effect of PAS 27 Adjustments	**7,432**
Parent Company's unappropriated retained earnings at beginning of the year	**29,452**
Adjustments: Unrealized gains in prior years:	
Fair value adjustments of investment property resulting to gain	**(6,626)**
DTA	**(2,196)**
Unrealized foreign exchange gains – net (except those attributable to cash and cash equivalents)	**(2,590)**
Fair value adjustments (mark-to-market gains)	**(1,385)**
Parent Company's unappropriated retained earnings available for dividends as at January 1, 2024	**16,655**
Add: Net income actually earned/realized during the year	
Parent Company's net income for the year	**26,654**
Less: Non-actual/unrealized income - net of tax	
Fair value adjustments (mark-to-market gains)	**(2,070)**
	24,584
Less: Cash dividends declared during the year	
Preferred stock	**(59)**
Common stock	**(20,741)**
	(20,800)
Parent Company's unappropriated retained earnings available for dividends as at December 31, 2024	**20,439**

As at December 31, 2024, our consolidated unappropriated retained earnings amounted to Php33,901 million while the Parent Company's unappropriated retained earnings amounted to Php35,306 million. The difference of Php1,405 million pertains to the effect of PAS 27, Separate Financial Statements, in our investments in subsidiaries, associates and joint ventures accounted for under the equity method.

20. Interest-bearing Financial Liabilities

As at December 31, 2024 and 2023, this account consists of the following:

	2024	2023
	(in million pesos)	
Long-term portion of interest-bearing financial liabilities:		
Long-term debt (Notes 27 and 28)	**258,246**	243,152
Current portion of interest-bearing financial liabilities:		
Long-term debt maturing within one year (Notes 27 and 28)	**23,340**	11,646
	281,586	254,798

Unamortized debt discount, representing debt premium, debt issuance costs and any difference between the fair value of consideration given or received at initial recognition, included in our financial liabilities amounted to Php1,989 million and Php2,129 million as at December 31, 2024 and 2023, respectively.

The following table describes all changes to unamortized debt discount for the years ended December 31, 2024 and 2023:

	2024	2023
	(in million pesos)	
Unamortized debt discount at beginning of the year	**2,129**	2,279
Additions	**219**	214
Revaluations	**9**	(2)
Accretion included as part of financing costs – net	**(368)**	(362)
Unamortized debt discount at end of the year	**1,989**	2,129

The scheduled maturities of our consolidated outstanding long-term and short-term debt at nominal values as at December 31, 2024 are as follows:

	U.S. Dollar Debt		Php Debt	Total
Year	U.S. Dollar	Php	Php	Php
		(in millions)		
2025	**14**	**810**	**22,890**	**23,700**
2026	**14**	**810**	**15,075**	**15,885**
2027	**14**	**810**	**26,695**	**27,505**
2028	**28**	**1,620**	**19,653**	**21,273**
2029	**—**	**—**	**26,288**	**26,288**
2030 and onwards	**614**	**35,518**	**133,406**	**168,924**
Total long-term debt (Note 27)	**684**	**39,568**	**244,007**	**283,575**

Long-term Debt

As at December 31, 2024 and 2023, long-term debt consists of:

		December 31, 2024		December 31, 2023	
Description	Interest Rates	U.S. Dollar	Php	U.S. Dollar	Php
			(in millions)		
U.S. Dollar Debts:					
Fixed Rate Notes	2.5000% to 3.4500% in 2024 and 2023	**591**	**34,177**	590	32,691
Term Loans:					
Others [(1)]	SOFR + 1.31161 % to 1.47826% in 2024 and SOFR + 1.31161 % to 1.47826% & US$LIBOR +1.0500% in 2023	**84**	**4,838**	122	6,788
		675	**39,015**	712	39,479
Philippine Peso Debts:					
Fixed Rate Retail Bonds	5.2813% in 2024 and 2023		**—**		2,599
Term Loans:					
Unsecured Term Loans	4.0000% to 5.3500%; PHP BVAL + 0.5000% to 1.0000% (floor rate 4.5000% to 4.6250%) in 2024 and 3.9500% to 5.3500%; PHP BVAL + 0.5000% to 1.0000% (floor rate 4.5000% to 4.6250%) in 2023		**242,571**		212,720
			242,571		215,319
Total long-term debt (Notes 27 and 28)			**281,586**		254,798
Less portion maturing within one year (Note 27)			**23,340**		11,646
Noncurrent portion of long-term debt (Note 27)			**258,246**		243,152

[(1)] *Effective September 2023, the benchmark rate of our U.S. Dollar-denominated debts was changed from LIBOR to SOFR.*

Loan Amount	Issuance Date	Trustee	Terms	Repurchase Amount Php	Dates	Paid in full on	Outstanding Amounts December 31, 2024 U.S. Dollar	Php	December 31, 2023 U.S. Dollar	Php
				(in millions)			(in millions)			
***Fixed Rate Notes*[1]**										
US$600M	June 23, 2020	The Bank of New York Mellon, London Branch	Non-amortizing, payable in full upon maturity on January 23, 2031 and June 23, 2050	—	—	—	**591** [2]	**34,177** [2]	590 [2]	32,691 [2]
							591	**34,177**	590	32,691

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

Loan Amount	Date of Loan Agreement	Lender(s)	Terms	Dates Drawn	Drawn Amount U.S. Dollar	Cancelled Undrawn Amount U.S. Dollar	Paid in full on	Outstanding Amounts December 31, 2024 U.S. Dollar	Php	December 31, 2023 U.S. Dollar	Php
					(in millions)			(in millions)			
U.S. Dollar Debts											
***Other Term Loans*[1]**											
US$50M	2016 and 2017	NTT TC Leasing	Non-amortizing, payable upon maturity on March 30, 2023 and March 27, 2024	2016 and 2017	50	—	March 30, 2023 and March 27, 2024	—	—	25 [2]	1,385 [2]
US$140M	March 4, 2020	PNB	Quarterly amortization rates equivalent to: (a) 2.5% of the total amount drawn payable on the first interest payment date up to the 28th interest payment date; (b) 5% of the total amount drawn payable on the 29th interest payment date up to the 32nd interest payment date; and (3) 2.5% of the total amount drawn payable on the 37th interest payment date up to maturity on December 13, 2030	December 14, 2020	140	—	—	**84** [2]	**4,838** [2]	97 [2]	5,403 [2]
								84	**4,838**	122	6,788

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

Loan Amount	Agreement	Paying Agent	Terms	Date of Issuance/ Drawdown	Payments Amount Php	Date	Outstanding Amounts December 31, 2024 Php	December 31, 2023 Php
					(in millions)		(in millions)	
***Fixed Rate Retail Bonds*[1]**								
PLDT								
Php15,000M	January 22, 2014	Philippine Depositary Trust Corp.	Php12.4B – non-amortizing, payable in full upon maturity on February 6, 2021; Php2.6B – non-amortizing payable in full on February 6, 2024	February 6, 2014	12,400 2,600	February 8, 2021 February 6, 2024	—	2,599 [2]

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

Loan Amount	Date of Loan Agreement	Lender(s)	Terms	Dates Drawn	Drawn Amount Php	Outstanding Amounts December 31, 2024 Php	Outstanding Amounts December 31, 2023 Php
					(in millions)	(in millions)	
Term Loans							
Unsecured Term Loans[1]							
Php14,900M	Various dates in 2014, 2016 and 2019	Union Bank of the Philippines	With annual amortization up to 7 and 10 years	Various dates in 2014, 2016 and 2019	14,900	**7,811** [2]	9,298 [2]
Php71,300M	Various dates in 2015 to 2023	Bank of the Philippine Islands	With annual amortization up to 6, 7, 10 and 11 years	Various dates in 2015 to 2024	71,000	**54,738** [2]	54,436 [2]
Php46,500M	Various date in 2015 to 2024	Metropolitan Bank and Trust Company[3]	With annual amortization up to 7, 10 and 11 years	Various date in 2015 to 2024	46,500	**38,618** [2]	26,443 [2]
Php18,500M	Various dates in 2019 and 2023	China Banking Corporation	With annual amortization up to 10 years	Various dates in 2019 and 2023	18,500	**15,770** [2]	16,616 [2]
Php14,000M	Various dates in 2016 and 2017	Security Bank	With semi-annual amortization up to 10 years	Various dates in 2017	14,000	**10,566** [2]	10,760 [2]
Php31,970M	Various dates in 2016, 2020, 2021, 2023 and 2024	Banco de Oro	With annual amortization up to 7 and 10 years	Various dates in 2016, 2020, 2021 and 2024	30,470	**29,564** [2]	14,318 [2]
Php8,500M	Various dates in 2016, 2017 and 2019	Philippine National Bank	With annual amortization up to 7, 8 and 10 years	Various dates in 2017, 2018 and 2019	8,500	**7,920** [2]	7,946 [2]
Php41,500M	Various dates in 2016 to 2023	Landbank of the Philippines	With annual amortization up to 10 years	Various dates in 2016 to 2023	41,500	**39,475** [2]	39,824 [2]
Php14,000M	Various dates in 2019 to 2021	Development Bank of the Philippines	With annual amortization up to 8, 9 and 10 years	Various dates in 2019 to 2022	14,000	**13,513** [2]	13,629 [2]
Php2,000M	September 6, 2019	Bank of China (Hong Kong) Limited, Manila Branch	With annual amortization up to 7 years	September 6, 2019	2,000	**1,896** [2]	1,914 [2]
Php15,000M	Various dates in 2020, 2021 and 2023	Rizal Commercial Banking Corporation	With annual amortization up to 8, 10 and 11 years	Various dates in 2020, 2021 and 2023	15,000	**14,443** [2]	14,566 [2]
Php2,500M	April 2, 2020	MUFG Bank, Ltd.	With semi-annual amortization up to 6 years	April 2, 2020	2,500	**972** [2]	1,970 [2]
Php3,800M	Various dates in 2023 and 2024	Bank of Commerce	With annual amortization up to 9 and 10 years	Various dates in 2023 and 2024	3,800	**3,769** [2]	1,000 [2]
Php3,000M	Various dates in 2024	Hongkong and Shanghai Banking Corporation[3]	With annual amortization up to 5 years	Various dates in 2024	3,000	**2,986** [2]	— [2]
Php530M	September 30, 2024	Philippine Veterans Bank	With annual amortization up to 7 years	October 30, 2024	530	**530** [2]	— [2]
						242,571	212,720

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

Green Loan and Social Loan Facilities

On March 6 and May 7, 2024, PLDT secured Php1 billion and Php4 billion Green Loan Facilities from HSBC Philippines and Metropolitan Bank & Trust Company, respectively, to partially fund the company's ongoing nationwide modernization and expansion of its fiber network. The upgrade of the network to fiber and the resultant energy-efficient operations support the PLDT Group decarbonization roadmap, which aims to reduce its Scope 1 and Scope 2 greenhouse gas emissions by 40% by 2030, from a 2019 baseline.

On October 23, 2024, PLDT secured a Php2 billion Social Loan Facility from HSBC Philippines to partially fund the company's network fiber expansion to reach the country's fourth to sixth class municipalities. This initiative aligns with the government's focus on enhancing connectivity in geographically isolated and disadvantaged areas (GIDAs).

Short-term Debt

PLDT and Smart availed unsecured short-term debt from various banks amounting to Php6,000 million and Php4,000 million, respectively, with an interest rate of 2.60% in March and April 2022. In July 2022, PLDT prepaid its outstanding short-term debt amounting to Php2,000 million. In October 2022, Smart paid its outstanding short-term debt amounting to Php4,000 million. In November 2022, PLDT and Smart availed unsecured short-term debt amounting to Php4,000 million and Php2,000 million, respectively, with an interest rate of 5.16%. In March 2023, PLDT paid its outstanding short-term debt amounting to Php4,000 million. In October 2023, PLDT and Smart paid their remaining outstanding short-term debt amounting to Php4,000 million and Php2,000 million, respectively. As at December 31, 2024 and 2023, PLDT and Smart has no outstanding balance of short-term debt.

Below are the interest-bearing financial liabilities drawn after December 31, 2024:

Loan Amount	Date of Loan Agreement	Lender(s)	Terms	Dates Drawn	Drawn Amount Php
					(in millions)
Long-term Loans					
Unsecured Term Loans[(1)]					
PLDT					
Php11,000M	December 13, 2024	BPI	With annual amortization up to 10 years		
Smart					
Php13,000M	December 19, 2024	MBTC	With annual amortization up to 10 years	January 2, 2025	1,500
				February 3, 2025	700
Short-term Loans					
Unsecured Term Loans[(1)]					
PLDT					
Php787M		BPI	77-day promissory note	January 3, 2025	787
Smart					
Php235M		BPI	77-day promissory note	January 3, 2025	235

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

Compliance with Debt Covenants

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

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

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

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

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

The principal factors that could negatively affect our ability to comply with these financial ratio covenants and other financial tests are poor operating performance of PLDT and its subsidiaries, depreciation of the Philippine Peso relative to the U.S. Dollar, impairment or similar charges in respect of investments or other long-lived assets that may be recognized by PLDT and its subsidiaries, and increases in our interest expense. Interest expense may increase as a result of various factors including issuance of new debt, the refinancing of lower cost indebtedness by higher cost indebtedness, depreciation of the Philippine Peso relative to the U.S. Dollar, the lowering of PLDT's credit ratings or the credit ratings of the Philippines, increase in reference interest rates, and general market conditions. Of our total consolidated debts (net of consolidated debt discount), approximately 14% and 15% were denominated in U.S. Dollars as at December 31, 2024 and 2023, respectively. Considering our consolidated outstanding hedges, the unhedged portion of the PLDT's net debt amounts was approximately 6% (or 5%, net of our consolidated U.S. Dollar cash balances allocated for debt) as at December 31, 2024 and 5% (or 5%, net of our consolidated U.S. Dollar cash balances allocated for debt) as at December 31, 2023. Therefore, the financial ratio and other tests are expected to be negatively affected by any weakening of the Philippine Peso relative to the U.S. Dollar. See *Note 27 – Financial Assets and Liabilities – Foreign Currency Exchange Risk*.

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

As at December 31, 2024 and 2023, we were in compliance with all of our debt covenants. See *Note 27 – Financial Assets and Liabilities – Derivative Financial Instruments.*

21. Deferred Credits and Other Noncurrent Liabilities

As at December 31, 2024 and 2023, this account consists of:

	2024	2023
	(in million pesos)	
Contract liabilities and unearned revenues - non-current	**5,625**	8,206
Provision for asset retirement obligations	**1,752**	1,164
Accrual of capital expenditures under long-term financing[1]	**44**	198
Others	**54**	39
	7,475	9,607

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

The following table summarizes the changes to provision for asset retirement obligations for the years ended December 31, 2024 and 2023:

	2024	2023
	(in million pesos)	
Provision for asset retirement obligations at beginning of the year	**1,164**	1,514
Revaluation due to change in IBR	**515**	(175)
Capitalized to ROU assets during the year	**73**	163
Accretion expenses	**54**	63
Reclassification to liabilities associated with assets classified as held-for-sale	**—**	(369)
Settlement of obligations and others	**(3)**	(2)
Change in assumptions	**(51)**	(30)
Provision for asset retirement obligations at end of the year	**1,752**	1,164

22. Accounts Payable

As at December 31, 2024 and 2023, this account consists of:

	2024	2023
	(in million pesos)	
Suppliers and contractors (Note 27)	**58,524**	74,518
Taxes (Note 26)	**5,473**	3,964
Carriers and others	**2,579**	2,362
Related parties	**146**	170
	66,722	81,014

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

Carrying amount of liabilities

	2024	2023
	(in million pesos)	
Presented within trade and other payables	**24,556**	35,379
– of which suppliers have received payment	**14,106**	20,553

Range of payment due dates

	2024	2023
Liabilities that are part of the arrangement	**210-300 days after invoice due date**	210-300 days after invoice due date
Comparable trade payables that are not part of an arrangement	**30-300 days after invoice due date**	30-300 days after invoice due date

Non-cash changes

There were no material business combinations or foreign exchange differences in either period. There were no non-cash transfers from trade payables to finance payables as at December 31, 2024 and December 31, 2023.

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

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

23. Accrued Expenses and Other Current Liabilities

As at December 31, 2024 and 2023, this account consists of:

	2024	2023
	(in million pesos)	
Accrued utilities and related expenses (Notes 24 and 27)	**57,276**	61,407
Contract liabilities and unearned revenues - current portion	**10,442**	10,689
Accrued employee benefits and other provisions (Note 27)	**9,246**	5,510
Accrued taxes and related expenses (Note 26)	**3,907**	5,943
Accrued interests and other related costs (Note 28)	**2,426**	2,157
Others	**2,191**	3,044
	85,488	88,750

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

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

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

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

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

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

24. Related Party Transactions

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

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

The following table provides the summary of outstanding balances as at December 31, 2024 and 2023, and transactions for the years ended December 31, 2024, 2023 and 2022 that have been entered into with related parties:

Company Name	Particulars	Terms	Conditions	Statement of Financial Position Classification	2024	2023	Income Statement Classification	2024	2023	2022
					(in million pesos)			(in million pesos)		
Manila Electric Company, or Meralco	Electricity services to PLDT and certain subsidiaries' offices within Meralco's franchise area	Immediately upon receipt of invoice	Unsecured	Accounts payable and accrued expenses and other current liabilities	**552**	603	Repairs and maintenance	**3,039**	2,928	3,219
	Pole attachment contracts, wherein Meralco leases its pole spaces to accommodate PLDT and Smart's cable network facilities	45 days upon receipt of billings	Unsecured	Accrued expenses and other current liabilities	**—**	—	Rent	**—**	—	40
		Upon depreciation or expiration of lease	Unsecured	ROU assets	**2,600**	598	Depreciation and amortization	**652**	603	665
		2024 – due after December 31, 2025; 2023 – due after December 31, 2024	Unsecured	Lease liabilities - net of current portion	**2,191**	2				
		2024 – due after December 31, 2024; 2023 – due after December 31, 2023	Unsecured	Current portion of lease liabilities	**565**	1				
Meralco Industrial Engineering Services Corporation, or MIESCOR	Customer line installation, repair, rehabilitation and maintenance activities	30 days upon receipt of invoice	Unsecured	Accrued expenses and other current liabilities	**5**	3				
Transactions with major stockholders, directors and officers:										
NTT TC Leasing	PLDT signed a US$25 million term loan facility agreement on March 22, 2016	Non-amortizing, payable upon maturity on March 30, 2023	Unsecured	Interest-bearing financial liabilities	**—**	—	Financing costs – net	**—**	19	46
	PLDT signed a US$25 million term loan facility agreement on January 31, 2017	Non-amortizing, payable upon maturity on March 27, 2024	Unsecured	Interest-bearing financial liabilities	**—**	1,385	Financing costs – net	**26**	96	46

Company Name	Particulars	Terms	Conditions	Statement of Financial Position Classification	**2024**	2023	Income Statement Classification	**2024**	2023	2022
					(in million pesos)			(in million pesos)		
Transactions with major stockholders, directors and officers:										
NTT World Engineering Marine Corporation	On February 1, 2008, PLDT entered into a service agreement, wherein NTT World Engineering Marine Corporation provides offshore submarine cable repair and other allied services for the maintenance of PLDT's domestic fiber optic network submerged plant.	1st month of each quarter; noninterest-bearing	Unsecured	Accounts payable and accrued expenses and other current liabilities	**256**	261	Repairs and maintenance	**116**	92	80
NTT Communications	On March 24, 2000, PLDT entered into an advisory service agreement (as amended on March 31, 2003, March 31, 2005 and June 16, 2006), under which NTT Communications provides PLDT with technical, marketing and other consulting services for various business areas of PLDT starting April 1, 2000.	30 days upon receipt of invoice; noninterest-bearing	Unsecured	Accrued expenses and other current liabilities	**115**	104	Professional and other contracted services	**123**	110	87
	On March 24, 2000, PLDT entered into an agreement with NTT Communications under which PLDT and NTT Communications agreed to cooperative arrangements for conventional international telecommunications services to enhance their respective international businesses.	30 days upon receipt of invoice; noninterest-bearing	Unsecured	Accounts payable	—	3				
NTT Worldwide Telecommunications Corporation	On March 24, 2000, PLDT entered into an agreement under which PLDT markets, and manages data and other services under NTT Communications' "Arcstar" brand to its corporate customers in the Philippines. PLDT also entered into a Trade Name and Trademark Agreement with NTT Communications under which PLDT has been given the right to use the trade name "Arcstar" and its related trademark, logo and symbols, solely for the purpose of PLDT's marketing, promotional and sales activities for the Arcstar services within the Philippines.	30 days upon receipt of invoice; noninterest-bearing	Unsecured	Accounts payable	—	6	Selling and promotions	—	1	2
NTT DOCOMO	On June 5, 2006, in accordance with the Cooperation Agreement dated January 31, 2006, an Advisory Services Agreement was entered into by NTT DOCOMO and PLDT. Pursuant to the Advisory Services Agreement, NTT DOCOMO will provide the services of certain key personnel in connection with certain aspects of the business of PLDT and Smart. Also, this agreement governs the terms and conditions of the appointments of such key personnel and the corresponding fees related thereto.	30 days upon receipt of invoice; noninterest-bearing	Unsecured	Accrued expenses and other current liabilities	**121**	103	Professional and other contracted services	**125**	105	105

Company Name	Particulars	Terms	Conditions	Statement of Financial Position Classification	**2024**	2023	Income Statement Classification	**2024**	2023	2022
					(in million pesos)			(in million pesos)		
Transactions with major stockholders, directors and officers:										
JGSHI and Subsidiaries	PLDT and certain of its subsidiaries have existing agreements with Universal Robina Corporation and Robinsons Land Corporation for office and business office rental.	1st month of each quarter; 30 days upon receipt of invoice; noninterest-bearing	Unsecured	Accounts payable and accrued expenses and other current liabilities	**59**	81	Rent	**361**	246	269
		Upon depreciation or expiration of lease	Unsecured	ROU assets	**4**	4	Depreciation and amortization	**—**	—	44
		2024 – due after December 31, 2025; 2023 – due after December 31, 2024	Unsecured	Lease liabilities - net of current portion	**—**	78				
	PLDT group's other transactions with JGSHI and subsidiaries	30 days upon receipt of invoice; noninterest-bearing	Unsecured	Accrued expenses and other current liabilities	**44**	44	Repairs and maintenance	**14**	48	23
Malayan Insurance Co., Inc., or Malayan	PLDT and certain of its subsidiaries have insurance policies with Malayan covering directors, officers, liability to employees and material damage for buildings, building improvements, equipment and motor vehicles. The premiums are directly paid to Malayan.	Immediately upon receipt of invoice	Unsecured	Accounts payable and accrued expenses and other current liabilities	**8**	8	Insurance and security services	**209**	261	229
		Immediately upon receipt of invoice	Unsecured	Prepayments	**—**	152				
Gotuaco del Rosario and Associates, or Gotuaco	Gotuaco acts as the broker for certain insurance companies to cover certain insurable properties of the PLDT Group. Insurance premiums are remitted to Gotuaco and the broker's fees are settled between Gotuaco and the insurance companies.	Immediately upon receipt of invoice	Unsecured	Accounts payable and accrued expenses and other current liabilities	**2**	—	Insurance and security services	**133**	142	144
First Pacific Investment Management Limited, or FPIML	On March 1, 2018, Smart entered into an Advisory Services Agreement with FPIML effective for a period of one-year subject to a 12-month automatic renewal unless either party notifies the other party of its intent not to renew the agreement. FPIML provides advisory and related services in connection with the operation of Smart's business of providing mobile communications services, high-speed internet connectivity, and access to digital services and content. The agreement provides that Smart shall pay a monthly service fee of US$250 thousand and any additional fee shall be mutually agreed upon by both parties on a monthly basis. On March 26, 2020, Smart and FPIML mutually agreed to reduce the monthly service fee to US$100 thousand in consideration of the services provided under this agreement, effective April 1, 2020. Starting April 2021, the fee has been increased to $220 thousand per month. Smart prepaid the fees for the period April to October 2021 (US$1.54 million).		Unsecured	Accounts payable and accrued expenses and other current liabilities (Notes 23 and 24)	**—**	—	Professional and other contracted services	**163**	149	133

Company Name	Particulars	Terms	Conditions	Statement of Financial Position Classification	**2024**	2023	Income Statement Classification	**2024**	2023	2022
					(in million pesos)			(in million pesos)		
Other related parties:										
Various	PLDT and certain of its subsidiaries provide telephone, data communication and other services to various related parties.	30 days upon receipt of invoice	Unsecured	Trade and other receivables (Note 16)	**7,948**	5,193	Revenues	**2,589**	2,510	2,518
	PLDT and certain of its subsidiaries avail of lease and other services from various related parties.	2024 – due after December 31, 2025; 2023 – due after December 31, 2024	Unsecured	Lease liabilities - net of current portion (Note 10)	**181**	66	Expenses	**7,652**	4,433	5,687
		2024 – due after December 31, 2024; 2023 – due after December 31, 2023	Unsecured	Current portion of lease liabilities (Note 10)	**97**	42				
		Upon depreciation or expiration of lease	Unsecured	ROU assets (Note 10)	**308**	148				
		30 days upon receipt of billing; noninterest-bearing	Unsecured	Accounts payable (Note 22)	**1,485**	666				
		Immediately upon receipt of billing	Unsecured	Accrued expenses and other current liabilities (Note 23)	**516**	603				

Compensation of Key Officers of the PLDT Group

The compensation of key officers of the PLDT Group by benefit type for the years ended December 31, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
		(in million pesos)	
Short-term employee benefits	**384**	582	390
Other long-term employee benefits (Note 25)	**168**	72	448
Post-employment benefits	**22**	23	22
Total compensation paid to key officers of the PLDT Group	**574**	677	860

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

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

Total fees paid for board meetings and board committee meetings amounted to Php85 million, Php88 million and Php82 million for the years ended December 31, 2024, 2023 and 2022, respectively.

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

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

25. Pension and Other Employee Benefits

Pension

Defined Benefit Pension Plans

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

PLDT and certain of its subsidiaries' actuarial valuation is performed every year-end. There is no significant change in the fair value of plan assets from December 31, 2022 to December 31, 2024. Based on the latest actuarial valuation, the actual present value of accrued (prepaid) benefit costs as at December 31, 2024 and 2023, and net periodic benefit costs and average assumptions used in developing the valuation as at and for the years ended December 31, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
		(in million pesos)	
Changes in the present value of defined benefit obligations:			
Present value of defined benefit obligations at beginning of the year	**17,964**	15,883	22,298
Service costs	**1,042**	1,016	1,093
Interest costs on benefit obligation	**1,043**	1,065	1,173
Actuarial losses on obligations – experience	**437**	154	78
Actuarial losses (gains) on obligations – economic assumptions	**(496)**	2,303	(3,972)
Actual benefits paid/settlements	**(2,744)**	(2,848)	(102)
Curtailment and others	**130**	391	(4,685)
Present value of defined benefit obligations at end of the year	**17,376**	17,964	15,883
Changes in fair value of plan assets:			
Fair value of plan assets at beginning of the year	**14,522**	16,291	14,683
Actual contributions	**3,201**	4,507	6,359
Interest income on plan assets	**1,019**	1,138	983
Actual benefits paid/settlements	**(2,820)**	(2,510)	(5,313)
Return on plan assets (excluding amount included in net interest)	**(1,937)**	(4,904)	(421)
Fair value of plan assets at end of the year	**13,985**	14,522	16,291
Funded (unfunded) status – net	**(3,391)**	(3,442)	408
Accrued benefit costs	**3,548**	3,541	482
Prepaid benefit costs	**157**	99	890

	2024	2023	2022
Components of net periodic benefit costs:			
Service costs	**1,042**	1,016	1,093
Interest costs - net	**24**	(73)	190
Curtailment/settlement losses and other adjustments	**130**	272	261
Net periodic benefit costs	**1,196**	1,215	1,544

Actual net loss on plan assets amounted to Php918 million and Php3,766 million for the years ended December 31, 2024 and 2023 and an actual net gain on plan assets amounted to Php562 million for the year ended December 31, 2022.

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

The following table sets forth the expected future settlements by the Plan of maturing defined benefit obligation as at December 31, 2024:

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

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

The weighted average assumptions used to determine pension benefits for the years ended December 31, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
		(in percentage)	
Rate of increase in compensation	**5.7**	5.7	5.7
Discount rate	**6.2**	6.0	7.3

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2024 and 2023, assuming if all other assumptions were held constant:

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

PLDT's Retirement Plan

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

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

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

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

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

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

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

The following table sets forth the fair values, which are equal to the carrying values, of PLDT's plan assets recognized as at December 31, 2024 and 2023:

	2024	2023
	(in million pesos)	
Noncurrent Financial Assets		
Investments in:		
Unquoted equity investments	**10,774**	9,439
Shares of stock	**1,983**	2,017
Corporate bonds and loans receivable	**303**	2,287
Mutual funds	**252**	225
Government securities	**4**	10
Total noncurrent financial assets	**13,316**	13,978
Current Financial Assets		
Cash and cash equivalents	**409**	399
Receivables	**103**	42
Total current financial assets	**512**	441
Total PLDT's Plan Assets	**13,828**	14,419
Subsidiaries Plan Assets	**157**	103
Total Plan Assets of Defined Benefit Pension Plans	**13,985**	14,522

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

Unquoted Equity Investments

As at December 31, 2024 and 2023, this account consists of:

	2024	2023	2024	2023
	(Percentage of Ownership)		(in million pesos)	
MediaQuest	**100**	100	**7,304**	8,507
Tahanan Mutual Building and Loan Association, Inc., or TMBLA, (net of subscriptions payable of Php32 million)	**100**	100	**722**	672
BTFHI	**100**	100	**2,748**	260
			10,774	9,439

Investments in MediaQuest

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

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

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

The Board of Trustees of the PLDT Beneficial Trust Fund and the MediaQuest Board of Directors approved an issuance of additional MediaQuest PDRs amounting to Php3.6 billion on January 25, 2013. The underlying shares of these additional PDRs are the shares of Satventures held by MediaQuest (Satventures PDRs), the holder of which will have a 40% economic interest in Satventures. Satventures is a wholly-owned subsidiary of MediaQuest and the investment vehicle for Cignal TV. From March to August 2013, MediaQuest received from ePLDT an amount aggregating to Php3.6 billion representing deposits for future PDRs subscription. The Satventures PDRs and Cignal TV PDRs were subsequently issued on September 27, 2013, providing ePLDT an effective 64% economic interest in Cignal TV. Also, on the same date, the Board of Trustees of the PLDT Beneficial Trust Fund and the MediaQuest Board of Directors approved the issuance of additional MediaQuest PDRs amounting to Php1.95 billion. The underlying shares of these additional PDRs are the shares of stocks of Hastings held by MediaQuest (Hastings PDRs). Hastings is a wholly-owned subsidiary of MediaQuest, which holds all the print-related investments of MediaQuest, including equity interests in the three leading newspapers: The Philippine Star, Philippine Daily Inquirer, and Business World. From June 2013 to October 2013, MediaQuest received from ePLDT an amount aggregating to Php1.95 billion representing deposits for future PDRs subscription.

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

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

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

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

Investment in TMBLA

TMBLA was incorporated for the primary purpose of accumulating the savings of its stockholders and lending funds to them for housing programs. The beneficial trust fund's total investment into TMBLA amounted to Php119 million consisting of initial direct subscription in shares of stocks of TMBLA in the amount of Php20 million (net of unpaid subscription amounting to Php32 million) and subsequently via a Deed of Pledge amounting to Php99 million. The cumulative change in the fair market values of this investment amounted to Php603 million and Php553 million as at December 31, 2024 and 2023, respectively.

Investment in BTFHI

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

BTFHI subscribed to a total of 150 million shares of Voting Preferred Stock of PLDT at a subscription price of Php1.00 per share for a total subscription price of Php150 million on October 26, 2012. Total cash dividend income amounted to Php10 million for each of the years ended December 31, 2024, 2023 and 2022. Dividend receivables amounted to Php2 million each as at December 31, 2024 and 2023.

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

Shares of Stocks

As at December 31, 2024 and 2023, this account consists of:

	2024	2023
	(in million pesos)	
Common shares		
PSE	**1,093**	1,134
PLDT	**34**	34
Others	**496**	489
Preferred shares	**360**	360
	1,983	2,017

Dividends earned on PLDT common shares amounted to Php3 million for each of the years ended December 31, 2024, 2023 and 2022.

Preferred shares represent 300 million unlisted preferred shares of PLDT at Php10 par value, net of subscription payable of Php2,640 million as at December 31, 2024 and 2023. These shares, which bear dividend of 13.5% per annum based on the paid-up subscription price, are cumulative, non-convertible and redeemable at par value at the option of PLDT. Dividends earned on this investment amounted to Php49 million each for the years ended December 31, 2024, 2023 and 2022.

Corporate Bonds and Loans Receivable

Investment in corporate bonds includes various long-term peso and dollar denominated bonds with maturities ranging from June 2024 to June 2030 and fixed interest rates from 4.38% to 6.80% per annum.

On various dates in 2023 and on January 24, 2024, the Board of Trustees of the PLDT Beneficial Trust Fund entered into 10-year loan agreements with TV5 Network Inc. with an aggregate amount of Php2,300 million ("TV5 Loans"). The total amount was fully drawn by TV5 Network Inc. on the respective loan agreement dates. The applicable interest rates for the loans shall be based on the average of the One Year PHP BVAL for the three consecutive business days immediately prior to and including the interest rate setting date plus a credit margin of 125 bps per annum. On April 30, 2024, the Board of Trustees of the PLDT Beneficial Trust Fund entered into an Assignment Agreement, transferring all of its rights, title and interests in and to the TV5 Loans, with BTF Properties, Inc. On the same date, TV5 settled the loan with BTF Properties, Inc. through dacion en pago for and in consideration of TV5's real properties with an aggregate value of Php2,300 million.

Mutual Funds

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

Government Securities

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

The allocation of the fair value of the assets for the PLDT pension plan as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(in percentage)	
Investments in listed and unlisted equity securities	**92**	79
Temporary cash investments	**3**	3
Debt and fixed income securities	**2**	16
Mutual funds	**2**	2
Receivables and other assets	**1**	—
	100	100

Defined Contribution Plans

Smart's and certain of its subsidiaries' contributions to the plan are made based on the employees' years of tenure and range from 5% to 10% of the employee's monthly salary. Additionally, an employee has an option to make a personal contribution to the fund, at an amount not exceeding 10% of his monthly salary. The employer then provides an additional contribution to the fund ranging from 10% to 50% of the employee's contribution based on the employee's years of tenure. Although the plan has a defined contribution format, Smart and certain of its subsidiaries regularly monitor their compliance with Republic Act No. 7641. As at December 31, 2024 and 2023, Smart and certain of its subsidiaries were in compliance with the requirements of Republic Act No. 7641.

Smart's and certain of its subsidiaries' actuarial valuation is performed every year-end. There is no significant change in the fair value of plan assets from December 31, 2023 to December 31, 2024. Based on the latest actuarial valuation, the actual present value of prepaid benefit costs, net periodic benefit costs and average assumptions used in developing the valuation as at and for the years ended December 31, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
		(in million pesos)	
Changes in the present value of defined contribution obligations:			
Present value of defined contribution obligations at beginning of the year	**2,800**	2,777	3,264
Service costs	**294**	262	262
Interest costs on contribution obligation	**174**	210	156
Actuarial losses (gains) – economic assumptions	**(1)**	8	(20)
Actuarial losses (gains) – experience	**254**	(98)	(216)
Actual benefits paid/settlements	**(89)**	(344)	(396)
Curtailment and others	**(197)**	(15)	(273)
Present value of defined contribution obligations at end of the year	**3,235**	2,800	2,777
Changes in fair value of plan assets:			
Fair value of plan assets at beginning of the year	**3,618**	3,485	4,137
Actual contributions	**243**	248	299
Interest income on plan assets	**223**	261	213
Return on plan assets (excluding amount included in net interest)	**56**	(4)	(322)
Actual contribution paid/settlements	**(87)**	(372)	(842)
Fair value of plan assets at end of the year	**4,053**	3,618	3,485
Funded status – net	**818**	818	708
Prepaid contribution costs (Note 18)	**818**	818	708

	2024	2023	2022
Components of net periodic contribution costs:			
Service costs	**294**	262	262
Interest costs - net	**(49)**	(51)	(57)
Net periodic contribution costs	**245**	211	205

Actual net income on plan assets amounted to Php318 million and Php257 million for the years ended December 31, 2024 and 2023, respectively and actual net loss on plan assets amounted to Php109 million for the year ended December 31, 2022.

Based on the latest actuarial valuation, Smart and certain of its subsidiaries expect to contribute the amount of approximately Php309 million to the plan in 2025.

The following table sets forth the expected future settlements by the Plan of maturing defined benefit obligation as at December 31, 2024:

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

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

The weighted average assumptions used to determine pension benefits for the years ended December 31, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
		(in percentage)	
Rate of increase in compensation	**5.0**	5.0	5.0
Discount rate	**6.3**	7.3	7.3

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined contribution obligation as at December 31, 2024 and 2023, assuming if all other assumptions were held constant:

	Increase (Decrease)	
	(in percentage)	(in million pesos)
Discount rate	**1**	**32**
	(1)	**(32)**
Future salary increases	**(1)**	**(32)**
	1	**32**

Smart's Retirement Plan

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

The plan's investment portfolio seeks to achieve regular income, long-term capital growth and consistent performance over its own portfolio benchmark. In order to attain this objective, the Trustee's mandate is to invest in a diversified portfolio of bonds and equities, both domestic and international. The portfolio mix is kept at 71% and 29% for fixed income securities and equity securities, respectively.

The following table sets forth the fair values, which are equal to the carrying values, of Smart's plan assets recognized as at December 31, 2024 and 2023:

	2024	2023
	(in million pesos)	
Noncurrent Financial Assets		
Investments in:		
Domestic fixed income	**2,655**	2,471
International equities	**854**	723
Philippine foreign currency bonds	**753**	670
Domestic equities	**738**	613
International fixed income	**295**	259
Total noncurrent financial assets	**5,295**	4,736
Current Financial Assets		
Cash and cash equivalents	**284**	217
Total current financial assets	**284**	217
Total plan assets	**5,579**	4,953
Less: Employee's share, forfeitures and mandatory reserve account	**1,526**	1,335
Total Plan Assets of Defined Contribution Plans	**4,053**	3,618

Domestic Fixed Income

Investments in domestic fixed income include Philippine Peso denominated bonds, such as government securities and corporate debt securities, with fixed interest rates from 2.90% to 10.13% per annum.

International Equities

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

Philippine Foreign Currency Bonds

Investments in Philippine foreign currency bonds include U.S. Dollar denominated fixed income instruments issued by the Philippine government and local corporations with fixed interest rates from 2.38% to 10.63% per annum.

Domestic Equities

Investments in domestic equities include direct equity investments in common shares listed in the PSE. These investments earn on stock price appreciation and dividend payments. This includes investment in PLDT shares with fair value of Php38 million and Php33 million as at December 31, 2024 and 2023, respectively.

International Fixed Income

Investments in international fixed income include iSHARES U.S. Treasury Bond ETF and PIMCO GIS Global Bond Fund.

Cash and Cash Equivalents

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

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

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

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

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

The allocation of the fair value of Smart and certain of its subsidiaries pension plan assets as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(in percentage)	
Investments in debt and fixed income securities and others	**71**	73
Investments in listed and unlisted equity securities	**29**	27
	100	100

Other Long-term Employee Benefits

LTIP

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

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

The expense accrued for the LTIP amounted to Php1,136 million, Php839 million and Php1,272 million for the years ended December 31, 2024, 2023 and 2022, respectively.

The accrued incentive payable amounted to Php3,406 million and Php2,183 million as at December 31, 2024 and 2023, respectively. See *Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions – Estimating Pension Benefit Costs and Other Employee Benefits* and *Note 5 – Income and Expenses – Compensation and Employee Benefits*.

26. Provisions and Contingencies

PLDT's Local Business and Franchise Tax Assessments

As at December 31, 2024, PLDT has no contested LGU assessments for franchise taxes based on gross receipts received or collected for services within its respective territorial jurisdiction.

Smart's Local Business and Franchise Tax Assessments

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

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

Digitel's Local Government Unit, or LGU, Assessments

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

DMPI vs. City of Trece Martires

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

ACeS Philippines' Withholding Tax Assessments

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

ACeS Philippines entered into an amicable settlement with the BIR on February 19, 2021 pursuant to the provisions of the Civil Code of the Philippines and paid an additional compromise settlement amounting to Php20 million. The Commissioner of Internal Revenue signed the judicial compromise agreement on April 18, 2021. The corresponding Certificate of Availment (Compromise Settlement) was issued by the BIR. The parties filed with the Supreme Court on July 21, 2022 a Joint Motion for Judgment based on Judicial Compromise Agreement. On January 31, 2023, ACeS Philippines received the Decision of the Supreme Court dated August 30, 2022 affirming the decision of the CTA En Banc. On February 15, 2023, ACeS Philippines filed its Motion for Reconsideration praying to consider the Joint Motion for Judgment based on Judicial Compromise Agreement filed on July 21, 2022. In a Notice dated February 21, 2023, the Supreme Court required the BIR to comment on the Motion for Reconsideration (on the Decision dated August 30, 2022). The BIR filed its Comment dated March 13, 2023 submitting that the Judicial Compromise Agreement executed by and between the parties be considered and judgment be rendered based thereon.

In a Notice received on June 29, 2023, the Supreme Court issued a Resolution dated April 25, 2023 resolving to deny ACeS Philippines' Motion for Reconsideration with finality. The corresponding Entry of Judgment was received on September 20, 2023. While the Supreme Court Decision and Resolution did not mention the Judicial Compromise Agreement, the BIR – National Evaluation Board previously approved ACeS Philippines' application and payment for compromise settlement and issued the Certificate of Availment.

Arbitration with Eastern Telecommunications Philippines, Inc., or ETPI

Since 1990 up to the present, PLDT and ETPI have been engaged in legal proceedings involving a number of issues in connection with their business relationship. Among PLDT's claims against ETPI are ETPI's alleged uncompensated bypass of PLDT's systems from July 1, 1998 to November 28, 2003; unpaid access charges from July 1, 1999 to November 28, 2003; and non-payment of applicable rates for Off-Net and On-Net traffic from January 1, 1999 to November 28, 2003 arising from ETPI's unilateral reduction of its rates for the Philippines-Hong Kong traffic stream through Hong Kong REACH-ETPI circuits. ETPI's claims against PLDT, on the other hand, involve an alleged Philippines-Hong Kong traffic shortfall for the period July 1, 1998 to November 28, 2003; unpaid share of revenues generated from PLDT's activation of additional growth circuits in the Philippines-Singapore traffic stream for the period July 1, 1999 to November 28, 2003; under reporting of ETPI share of revenues under the terms of a Compromise Agreement for the period January 1, 1999 to November 28, 2003 (which ETPI is seeking to retroact to February 6, 1990); lost revenues arising from PLDT's blocking of incoming traffic from Hong Kong from November 1, 2001 up to November 2003; and lost revenues arising from PLDT's circuit migration from January 1, 2001 up to December 31, 2001.

While the parties have entered into Compromise Agreements in the past (one in February 1990 and another in March 1999), said agreements have not put to rest the issues between them. To avoid protracted litigation and to preserve their business relationship, PLDT and ETPI agreed to submit their differences and issues to voluntary arbitration. On April 16, 2008, PLDT and ETPI signed an Arbitration Settlement Agreement and submitted their respective Statement of Claims and Answers. Subsequent to such submissions, PLDT and ETPI agreed to suspend the arbitration proceedings. ETPI's total claim against PLDT is about Php2.9 billion while PLDT's total claim against ETPI is about Php2.8 billion.

In an agreement, PLDT and Globe have agreed that they shall cause ETPI, within a reasonable time after May 30, 2016, to dismiss Civil Case No. 17694 entitled *Eastern Telecommunications Philippines, Inc. vs. Philippine Long Distance Telephone Company*, and all related or incidental proceedings (including the voluntary arbitration between ETPI and PLDT), and PLDT, in turn, simultaneously, shall withdraw its counterclaims against ETPI in the same entitled case, all with prejudice. As of date of this report, there are no changes on the status of the case.

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

In a series of orders including a Compliance Order issued by the DOLE Regional Office on July 3, 2017, which was partly affirmed by DOLE Secretary Silvestre Bello, III, or DOLE Secretary, in his resolutions dated January 10, 2018 and April 24, 2018, the DOLE had previously ordered PLDT to regularize 7,344 workers from 38 of PLDT's third party service contractors. PLDT questioned these "regularization orders" before the CA, which led to the July 31, 2018 Decision of the CA.

In sum, the CA: (i) granted PLDT's prayer for an injunction against the regularization orders; (ii) set aside the regularization orders insofar as they declared that there was labor-only contracting of the following functions: (a) janitorial services, messengerial and clerical services; (b) information technology, or IT, firms and services; (c) IT support services, both hardware and software, and applications development; (d) back office support and office operations; (e) business process outsourcing or call centers; (f) sales; and (g) medical, dental engineering and other professional services; and (iii) remanded to the DOLE for further proceedings, the matters of: (a) determining which contractors, and which individuals deployed by these contractors, are performing installation, repair and maintenance, or IRM, of PLDT lines which individuals will be covered by the regularization orders because they are performing the core functions of PLDT; and (b) properly computing monetary awards for benefits such as unpaid overtime or 13th month pay, which in the regularization orders amounted to Php51.8 million.

The CA agreed with PLDT's contention that the DOLE Secretary's regularization order was "tainted with grave abuse of discretion" because it did not meet the "substantial evidence" standards set out by the Supreme Court in landmark jurisprudence. The Court also said that the DOLE's appreciation of evidence leaned in favor of the contractor workers, and that the DOLE Secretary had "lost sight" of distinctions involving the labor law concepts of "control over means and methods," and "control over results."

PLDT filed a motion on August 20, 2018 seeking a partial reconsideration of that part of the CA decision, which ordered a remand to the Office of the Regional Director of the DOLE-National Capital Region of the matter of the regularization of individuals performing installation, repair and maintenance, or IRM, services. In its motion, PLDT argued that the fact-finding process contemplated by the Court's remand order is actually not part of the visitorial power of the DOLE (i.e., the evidence that will need to be assessed cannot be gleaned in the 'normal course' of a labor inspection) and is therefore, outside the jurisdiction of the DOLE Secretary.

PLDT also questioned that part of the CA ruling which seems to conclude that all IRM jobs are "regular or core functions of PLDT." It argued that the law recognizes that some work of this nature can be project-based or seasonal in nature. Instead of the DOLE, PLDT suggested that the National Labor Relations Commission – a tribunal with better fact-finding powers – take over from the DOLE to determine whether the jobs are in fact IRM, and if so, whether they are "regular" or can be considered project-based or seasonal.

Both adverse parties, the PLDT rank-and-file labor union *Manggagawa sa Komunikasyon ng Pilipinas,* or MKP, and the DOLE filed Motions for Reconsideration.

The CA issued a Resolution on February 14, 2019 denying all Motions for Reconsideration and upheld its July 31, 2018 Decision. After filing a Motion for Extension of Time on March 7, 2019, PLDT filed on April 5, 2019 a Petition for Review with the Supreme Court, questioning only one aspect of the CA decision i.e. its order remanding to the DOLE the determination of which jobs fall within the scope of "installation, repair and maintenance," without however a qualification as to the "project" or "seasonal" nature of those engagements. The Supreme Court has consolidated PLDT's Petition with the separate Petitions for Review filed by the DOLE and MKP. PLDT submitted on February 17, 2020 its Comment on the Petitions for Review filed by the DOLE Secretary and MKP. PLDT also received the Comment filed by MKP and the DOLE Secretary dated January 13, 2020 and September 3, 2020, respectively. PLDT filed on September 10, 2020 a Motion for Leave and for Time to File a Consolidated Reply (re: MKP's Comment dated January 13, 2020 and DOLE Secretary's Comment dated September 3, 2020). PLDT filed on December 23, 2020 its Reply to the Comment submitted by MKP and the DOLE Secretary. PLDT received DOLE's Reply dated March 2, 2021 on March 11, 2021.

On March 20, 2024, we received the Supreme Court's Decision dated February 14, 2024, dismissing PLDT's, DOLE's and MKP's petitions and affirming the Court of Appeal's July 31, 2018 Resolution.

The Supreme Court affirmed the Court of Appeals' modification of the DOLE Secretary's Resolution and set aside the orders to regularize the workers of PLDT's service contractors, except those performing "installation, repair and maintenance" services, who may be declared regular employees of PLDT subject to various terms of the remand of the SAVE proceedings to the DOLE NCR Regional Office.

For clarity, the Supreme Court remanded the case to the Office of the Regional Director of the DOLE – NCR and ordered the said office to: (a) review and properly determine the effects of the regularization of the workers performing installation, repair, and maintenance services; (b) review, compute, and properly determine, the monetary award on the labor standards violation, to which PLDT, and the concerned contractors are solidarily liable; and (c) conduct further appropriate proceedings, consistent with the February 14, 2024 Decision.

On April 4, 2024, we filed PLDT's Motion for Partial Reconsideration of even date and on April 16, 2024, PLDT received a copy of MKP's Motion for Partial Reconsideration. To date, the Motions for Partial Reconsideration are pending resolution before the Supreme Court.

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

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

The Petition prayed that: (a) a Temporary Restraining Order, or TRO, /Writ of Preliminary Injunction, or WPI, be issued to enjoin and restrain Globe, PLDT and Smart from utilizing and monopolizing the Subject Frequencies and the NTC from bidding out or awarding the frequencies returned by PLDT, Smart and Globe; (b) the NTC's conditional assignment of the Subject Frequencies be declared unconstitutional, illegal and void; (c) alternatively, Liberty and its successors-in-interest be divested of the Subject Frequencies and the same be reverted to the State; (d) Liberty be declared to have transgressed Section 11 (1), Article XVI of the Constitution; (e) Liberty and its parent company be declared to have contravened paragraph 2 of Section 10, Article XII of the 1987 Constitution; (f) Liberty's assignment of the Subject Frequencies to BellTel be declared illegal and void; (g) the Co-Use Agreement be declared invalid; (h) the NTC be found to have unlawfully neglected the performance of its positive duties; (i) the PCC be found to have unlawfully neglected the performance of its positive duties; (j) a Writ of Mandamus be issued commanding the NTC to revoke the Co-Use Agreement, recall the Subject Frequencies in favor of the State, and make the same available to the best qualified telecommunication players; (k) a Writ of Mandamus be issued commanding the PCC to conduct a full review of PLDT's and Globe's acquisition of all issued and outstanding shares of Vega Telecom; (l) an Investigation of NTC be ordered for possible violation of Section 3 (e) of Republic Act No. 3019 and other applicable laws; and (m) the said TRO/WPI be made permanent.

Essentially, petitioners contend that the NTC's assignments of the Subject Frequencies of Liberty were void for failing to comply with Section 4 (c) of Republic Act No. 7925 which essentially states that "the radio frequency spectrum is a scarce public resource xxx." Even assuming the assignments were valid, Liberty should be deemed divested of the same by operation of law (with the Subject Frequencies reverted to the State), considering that it underutilized or never utilized the Subject Frequencies in violation of the terms and conditions of the assignments. Assuming further that the NTC's assignments of the Subject Frequencies were valid and that Liberty was not divested of the same by operation of law, still, Liberty did not validly assign the Subject Frequencies to BellTel because of the absence of Congressional approval. Petitioners conclude that since the assignments of the Subject Frequencies from the NTC to Liberty, and from Liberty to BellTel, were all illegal and void, it follows that the Subject Frequencies could not serve as the object of the Co-Use Agreement between PLDT, Smart and Globe.

PLDT filed on November 23, 2018 an Entry of Appearance on behalf of PLDT and Smart. PLDT and Smart filed their Comment on January 17, 2019. Essentially, the Comment raised the following arguments: *first*, that the requisites for judicial review and for a mandamus petition are lacking; *second*, that there was no need for Liberty to obtain prior Congressional approval before it assigned the Subject Frequencies to BellTel; and *third*, that the Co-Use Agreement is valid and approved by the NTC, and did not violate the Constitution or any laws.

PLDT received a copy of BellTel's Comment/Opposition dated January 10, 2019 on January 15, 2019. PLDT received a copy of Globe Telecom, Inc.'s, or Globe's Comment/Opposition dated January 21, 2019 on February 12, 2019. In a Resolution dated March 19, 2019, the Supreme Court noted the aforesaid filings. As at the date of the report, however, PLDT has not received any pleadings from the OSG on behalf of the public respondents.

The Supreme Court issued on June 18, 2019 a Resolution consolidating this case with G.R. No. 230798 (Philippine Competition Commission vs. CA [Twelfth Division] and PLDT; Globe, intervenor) and G.R. No. 234969 (Philippine Competition Commission vs. PLDT and Globe). The consolidated cases were assigned to the Supreme Court Division in charge of G.R. No. 230798, the case with the lowest docket number.

On September 17, 2024, PLDT received a Notice of Resolution dated August 6, 2024 issued by the Supreme Court requiring the parties to move in the premises within ten (10) days from notice. PLDT, Liberty Broadcasting and Globe filed their respective compliances.

Notice of Material Breach and Demand for Payment on DITO

PLDT and DITO entered into an agreement in February 2021 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.

PLDT served on DITO on October 6, 2022 a Notice of Material Breach and Demand for Payment due to DITO's refusal 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. Upon DITO's request, PLDT agreed to limit the scope of work, the resulting in a reduction of the outstanding balance to Php280 million, which will be payable in three tranches. To date, DITO has only paid the first and second tranche amounting to Php168 million, with a remaining balance of Php112 million.

Meanwhile, DITO filed a petition with the NTC on September 22, 2021 seeking the latter's intervention in directing Smart to grant DITO's request for additional capacity for interconnection. In response, Smart filed an answer on October 4, 2021 stating that the petition should be denied for DITO's failure to prevent, detect, or block International Simple Resale, or ISR,/Bypass Traffic emanating from its network and DITO's failure to set up an effective fraud management system; and requesting for compensation for losses incurred due to these ISR/ bypass activities, in violation of its Interconnection Agreement with Smart, the provisions of R.A. No. 7925, and NTC MC No. 14-07-2000. The NTC facilitated mediation conferences on November 5, 2021, November 18, 2021, February 4, 2022, and February 16, 2022. On March 6, 2024, Smart filed a Manifestation informing the NTC that Smart already provided additional capacity for interconnection to DITO, and that Smart and DITO executed a memorandum of agreement on bypass activities. On May 9, 2024, Smart filed a Motion to Dismiss in light of the aforementioned supervening events.

Following news reports on August 8, 2022 that DITO had filed a complaint with the PCC against Globe and Smart involving the same issue pending with the NTC on ISR, Smart received a *subpoena duces tecum* dated December 7, 2022 ("December Subpoena") from the PCC Competition Enforcement Office in relation to an ongoing full administrative investigation involving the telecommunications industry. The subpoena notified Smart that it was the subject of ongoing investigation pursuant to Section 2.9 of the 2017 PCC Rules of Procedure, involving allegations of violations by Smart of Section 14(b)(1), 15(b), 15(c) and 15(i) of the Philippine Competition Act. Smart was directed to submit its corporate documents, documents and information pertaining to its operations as a PTE and its relationship with other PTEs, and documents and information on ISR. to the PCC on January 23, 2023, followed by the submission of a supplemental submission on January 27, 2023. On May 26, 2023, Smart received a *subpoena ad testificandum* from the PCC directing duly authorized representative(s) knowledgeable on: (i) Smart's operations, including but not limited to interconnection with other public telecommunications entities, products and services offered, and corporate structure; and (ii) submitted documents in relation to the December Subpoena, to appear before the PCC Enforcement Office on June 8, 2023. Accordingly, Smart representatives appeared before the PCC on the said date for the clarificatory hearing. On July 4, 2023, Smart received a PCC Resolution setting another hearing and requiring Smart's representatives to appear and address pending matters on competitor information, market distinction between postpaid and prepaid services, network coverage, interconnection agreements, clarificatory questions on documents already submitted, and other related matters. Accordingly, representatives attended the clarificatory hearings before the PCC on July 20 and November 20, 2023. On January 19, 2024, DITO informed Smart that it had signed the Memorandum of Agreement (Cooperation Against Bypass Activity) and provided a fully-signed copy on said date. On March 2, 2024, Smart filed a Manifestation informing the PCC-Competition Enforcement Office (PCC-CEO) that an agreement had been reached with DITO on bypass activities and that DITO acknowledged its ISR liabilities for 2021 to August 2023. Smart filed another Manifestation on March 8, 2024, informing the PCC-CEO that it granted DITO additional capacity for interconnection following the execution of the agreement on bypass activities. Smart has not received any subsequent order or resolution from the PCC.

Class Action Suit Against PLDT

On February 6, 2023, Sophia Olsson, an investor in PLDT American Depositary Shares ("ADSs"), filed a putative class action in the United States District Court for the Central District of California (the "Court") against PLDT and certain current and former directors and officers on behalf of herself and all other persons similarly situated who purchased or otherwise acquired ADSs between January 1, 2019 and December 19, 2022 ("U.S. Class Action"). On April 7, 2023, Ms. Olsson and another individual, Kevin Douglas, submitted separate motions to the Court to serve as lead plaintiff in the U.S. Class Action. On May 1, 2023, the Court granted Mr. Douglas's ("Plaintiff") motion to serve as the lead plaintiff.

On July 7, 2023, Plaintiff filed an amended complaint. The amended complaint alleges that PLDT and certain of its current and former directors and officers made materially false and misleading statements regarding PLDT's capital expenditures and internal controls (among other matters) during the period April 23, 2020 through December 19, 2022. On October 10, 2023, PLDT and defendants Manuel V. Pangilinan, Alfredo S. Panlilio, and Marilyn A. Victorio-Aquino (together, "Defendants") moved for dismissal of the amended complaint in its entirety.

On December 1, 2023, Defendants and Plaintiff notified the Court that they had reached an agreement in principle to settle the U.S. Class Action. The notification indicated that, accordingly, Defendants and Plaintiff jointly sought to vacate the schedule for further briefing on PLDT's pending motion to dismiss to allow the parties to finalize the settlement. On December 4, 2023, the Court granted the request to vacate the briefing schedule.

On February 16, 2024, PLDT entered into a Stipulation of Settlement to resolve the U.S. Class Action, and on the same day Plaintiff submitted a motion seeking preliminary approval of the proposed settlement. Under the proposed settlement, which is subject to approval by the Court following notice to the settlement class, the settlement class will receive payment of a settlement amount of $3,000,000. The proposed settlement agreement contains no admission of liability, fault or wrongdoing by the Company or any of the named defendants. On March 7, 2024, the Court entered an order preliminarily approving the proposed settlement and scheduling a hearing for August 5, 2024 to determine whether to finally approve the settlement.

On June 6, 2024, the Court rescheduled the final approval hearing from August 5, 2024 to August 9, 2024. On August 9, 2024, following Plaintiff's filing of a motion for final approval of the settlement (together with other motions relating to Plaintiff's proposed plan for allocating settlement proceeds, attorneys' fees for counsel for the class, litigation expenses and an award for Plaintiff), the Court held a hearing to address whether to grant final approval of the settlement. After counsel for the class orally presented these motions, the Court reserved judgment.

On September 17, 2024, the Court granted final approval to PLDT's case-ending settlement of securities class action litigation. The Judgment and Order of the Court provides that the Court will retain jurisdiction over (among other matters) implementation of the settlement and the distribution and disposition of the settlement fund. There is a 30-day period to appeal but any such appeal by a class member on the Plan of Allocation or the amount of attorney's fees will not affect the finality of the Judgment and Order as to the approval of the Settlement vis-a-vis PLDT and the individual defendants. Given that the 30-day period expired with no appeal on record, the case is now considered closed and terminated.

Other disclosures required by PAS 37*, Provisions, Contingent Liabilities and Contingent Assets*, were not provided as it may prejudice our position in ongoing claims, litigations and assessments. See *Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions – Provision for legal contingencies and tax assessments*.

27. Financial Assets and Liabilities

We have various financial assets such as trade and non-trade receivables, cash and short-term deposits. Our principal financial liabilities, other than derivatives, comprise of bank loans, lease liabilities, trade and non-trade payables. The main purpose of these financial liabilities is to finance our operations. We also enter into derivative transactions, primarily principal only-currency swap agreements, interest rate swaps and forward foreign exchange contracts and options to manage the currency and interest rate risks arising from our operations and sources of financing. Our accounting policies in relation to derivatives are set out in *Note 2 – Summary of Material Accounting Policies – Financial Instruments*.

The following table sets forth our consolidated financial assets and financial liabilities as at December 31, 2024 and 2023:

	Financial instruments at amortized cost	Financial instruments at FVPL	Total financial instruments
		(in million pesos)	
Assets as at December 31, 2024			
Noncurrent:			
Financial assets at fair value through profit or loss	—	**1,101**	**1,101**
Debt instruments at amortized cost – net of current portion	**370**	—	**370**
Derivative financial assets – net of current portion	—	**385**	**385**
Other financial assets – net of current portion	**3,126** (1)	—	**3,126**
Current:			
Cash and cash equivalents	**10,011**	—	**10,011**
Short-term investments	**136**	—	**136**
Trade and other receivables	**31,612**	—	**31,612**
Current portion of derivative financial assets	—	**30**	**30**
Current portion of debt instruments at amortized cost	**25**	—	**25**
Current portion of other financial assets	**831** (1)	—	**831**
Total assets	**46,111**	**1,516**	**47,627**
Liabilities as at December 31, 2024			
Noncurrent:			
Interest-bearing financial liabilities – net of current portion	**258,246**	—	**258,246**
Lease liabilities – net of current portion	**46,703**	—	**46,703**
Customers' deposits	**2,046**	—	**2,046**
Deferred credits and other noncurrent liabilities	**90**	—	**90**
Current:			
Accounts payable	**61,204**	—	**61,204**
Accrued expenses and other current liabilities	**70,795**	**2**	**70,797**
Current portion of interest-bearing financial liabilities	**23,340**	—	**23,340**
Current portion of lease liabilities	**7,335**	—	**7,335**
Dividends payable	**2,005**	—	**2,005**
Current portion of derivative financial liabilities	—	**97**	**97**
Liabilities associated with assets classified as held-for-sale	**1,615**	—	**1,615**
Total liabilities	**473,379**	**99**	**473,478**
Net assets (liabilities)	**(427,268)**	**1,417**	**(425,851)**

(1) *Includes refundable deposits and notes receivable.*

	Financial instruments at amortized cost		Financial instruments at FVPL		Total financial instruments
			(in million pesos)		
Assets as at December 31, 2023					
Noncurrent:					
Financial assets at fair value through profit or loss	—		578		578
Debt instruments at amortized cost – net of current portion	395		—		395
Derivative financial assets – net of current portion	—		96		96
Other financial assets – net of current portion	3,481	(1)	—		3,481
Current:					
Cash and cash equivalents	16,177		—		16,177
Short-term investments	122		269		391
Trade and other receivables	26,086		—		26,086
Current portion of debt instruments at amortized cost	200		—		200
Current portion of other financial assets	320	(1)	—	(3)	320
Total assets	46,781		943		47,724
Liabilities as at December 31, 2023					
Noncurrent:					
Interest-bearing financial liabilities – net of current portion	243,152		—		243,152
Lease liabilities – net of current portion	41,625		—		41,625
Derivative financial liabilities – net of current portion	—		12		12
Customers' deposits	2,238		—		2,238
Deferred credits and other noncurrent liabilities	229		—		229
Current:					
Accounts payable	77,050		—		77,050
Accrued expenses and other current liabilities	71,756		—		71,756
Current portion of interest-bearing financial liabilities	11,646		—		11,646
Current portion of lease liabilities	5,921		—		5,921
Dividends payable	1,912		—		1,912
Current portion of derivative financial liabilities	—		1,021		1,021
Liabilities associated with assets classified as held-for-sale	1,779		—		1,779
Total liabilities	457,308		1,033		458,341
Net liabilities	(410,527)		(90)		(410,617)

(1) *Includes refundable deposits and notes receivable.*

(2) *Includes investments in the funds of Credit Suisse and Julius Baer. In 2021, PLDT withdrew US$6.6 million from the Supply Chain Finance fund of Credit Suisse and impaired the remaining fund value of US$3.4 million. In the same year, Smart invested US$5.0 million in the Focus Fixed Income Asia Defensive fund of Julius Baer. As at December 31, 2022, the fund's value is US$4.85 million. On September 10, 2024, Smart withdrew its investment with Julius Baer amounting to US$5.0 million with US$54 thousand earnings from the investment.*

(3) *Includes RCBC Redemption Trust Account. See Note 19 – Equity – Redemption of Preferred Stock.*

The following table sets forth our consolidated offsetting of financial assets and liabilities recognized as at December 31, 2024 and 2023:

	Gross amounts of recognized financial assets and liabilities	Gross amounts of recognized financial assets and liabilities set-off in the consolidated statements of financial position	Net amount presented in the consolidated statements of financial position
		(in million pesos)	
December 31, 2024			
Current Financial Assets			
Trade and other receivables			
Foreign administrations	**2,536**	**1,359**	**1,177**
Domestic carriers	**356**	**100**	**256**
Total	**2,892**	**1,459**	**1,433**
Current Financial Liabilities			
Accounts payable			
Suppliers and contractors	**58,613**	**89**	**58,524**
Carriers and others	**8,359**	**5,825**	**2,534**
Total	**66,972**	**5,914**	**61,058**
December 31, 2023			
Current Financial Assets			
Trade and other receivables			
Foreign administrations	4,606	3,480	1,126
Domestic carriers	332	145	187
Total	4,938	3,625	1,313
Current Financial Liabilities			
Accounts payable			
Suppliers and contractors	74,542	24	74,518
Carriers and others	4,713	2,351	2,362
Total	79,255	2,375	76,880

There are no financial instruments subject to an enforceable master netting arrangement as at December 31, 2024 and 2023.

The following table sets forth our consolidated carrying values and estimated fair values of our financial assets and liabilities recognized as at December 31, 2024 and 2023 other than those whose carrying amounts are reasonable approximations of fair values:

	Carrying Value		Fair Value	
	2024	2023	**2024**	2023
		(in million pesos)		
Noncurrent Financial Assets				
Debt instruments at amortized cost	**370**	395	**363**	387
Other financial assets – net of current portion	**3,126**	3,481	**2,703**	3,184
Total	**3,496**	3,876	**3,066**	3,571
Noncurrent Financial Liabilities				
Interest-bearing financial liabilities:				
Long-term debt – net of current portion	**258,246**	243,152	**246,572**	232,195
Customers' deposits	**2,046**	2,238	**1,311**	1,425
Deferred credits and other noncurrent liabilities	**90**	229	**79**	225
Total	**260,382**	245,619	**247,962**	233,845

Below is the list of our consolidated financial assets and liabilities carried at fair value that are classified using a fair value hierarchy as required for our complete sets of consolidated financial statements as at December 31, 2024 and 2023. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with those financial statements.

	December 31, 2024				December 31, 2023			
	Level 1(1)	**Level 2(2)**	**Level 3(3)**	**Total**	Level 1(1)	Level 2(2)	Level 3(3)	Total
	(in million pesos)							
Noncurrent Financial Assets								
Financial assets at FVPL	—	**1,098**	**3**	**1,101**	—	575	3	578
Derivative financial assets – net of current portion	—	**385**	—	**385**	—	96	—	96
Current Financial Assets								
Short-term investments	—	—	—	—	—	269	—	269
Current portion of derivative financial assets	—	**30**	—	**30**	—	—	—	—
Total	—	**1,513**	**3**	**1,516**	—	940	3	943
Noncurrent Financial Liabilities								
Derivative financial liabilities – net of current portion	—	—	—	—	—	12	—	12
Current Financial Liabilities								
Accrued expenses and other current liabilities	—	**2**	—	**2**	—	—	—	—
Current portion of derivative financial liabilities	—	**97**	—	**97**	—	1,021	—	1,021
Total	—	**99**	—	**99**	—	1,033	—	1,033

(1) *Fair values determined using observable market inputs that reflect quoted prices in active markets for identical assets or liabilities.*
(2) *Fair values determined using inputs other than quoted market prices that are either directly or indirectly observable for the assets or liabilities.*
(3) *Fair values determined using discounted values of future cash flows for the assets or liabilities.*

As at December 31, 2024 and 2023, there were no transfers into and out of Level 3 and between Level 1 and Level 2 fair value measurements.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Long-term financial assets and liabilities:

Fair value is based on the following:

Type	**Fair Value Assumptions**	**Fair Value Hierarchy**
Noncurrent portion of advances and other noncurrent assets	Estimated fair value is based on the discounted values of future cash flows using the applicable zero-coupon rates plus counterparties' credit spread.	Level 3
Fixed rate loans: U.S. Dollar notes	Quoted market price.	Level 1
Investment in debt securities	Fair values were determined using quoted prices. For non-quoted securities, fair values were determined using discounted cash flow based on market observable rates.	Level 1 Level 2
Other loans in all other currencies	Estimated fair value is based on the discounted value of future cash flows using the applicable Commercial Interest Reference Rate and BVAL rates for similar types of loans plus PLDT's credit spread.	Level 3
Variable rate loans	The carrying value approximates fair value because of recent and regular repricing based on market conditions.	Level 2

Derivative Financial Instruments

Forward foreign exchange contracts, foreign currency swaps, foreign currency options and interest rate swaps: The fair values were computed as the present value of estimated future cash flows using market U.S. Dollar and Philippine Peso interest rates as at valuation date.

The valuation techniques considered various inputs including the credit quality of counterparties.

Due to the short-term nature of the transactions, the fair value of cash and cash equivalents, short-term investments, trade and other receivables, accounts payable, accrued expenses and other current liabilities and dividends payable approximate their carrying values as at the end of the reporting period.

Our derivative financial instruments are accounted for as either cash flow hedges or transactions not designated as hedges. Cash flow hedges refer to those transactions that hedge our exposure to variability in cash flows attributable to a particular risk associated with a recognized financial asset or liability and exposures arising from forecast transactions. Changes in the fair value of these instruments representing effective hedges are recognized directly in other comprehensive income until the hedged item is recognized in our consolidated income statements. For transactions that are not designated as hedges, any gains or losses arising from the changes in fair value are recognized directly to income for the period.

As at December 31, 2024 and 2023, we have taken into account the counterparties' credit risks (for derivative assets) and our own non-performance risk (for derivative liabilities) and have included a credit or debit valuation adjustment, as appropriate, by assessing the maximum credit exposure and taking into account market-based inputs which considers the risk of default occurring and corresponding losses once the default event occurs. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

The table below sets out the information about our consolidated derivative financial instruments as at December 31, 2024 and 2023:

							December 31, 2024		December 31, 2023	
	Original Notional Amount	**Trade Date**	**Underlying Transaction in U.S. Dollar**	**Termination Date**	**Weighted Average Hedge Cost**	**Weighted Average Foreign Exchange Rate**	**Notional Amount**	**Net Mark-to-market Gains (Losses) in Php**	Notional Amount	Net Mark-to-market Gains (Losses) in Php
	(in millions)		(in millions)						(in millions)	
Transactions not designated as hedges:										
PLDT										
Forward foreign exchange contracts	US$396	Various dates in October to December 2023	U.S. Dollar Liabilities	Various dates in January to June 2024	—	Php56.56	**US$—**	**—**	US$396	(448)
	US$795	Various dates in January 2024 to September 2024	U.S. Dollar Liabilities	Various dates in March to December 2024	—	Php57.12	**—**	**—**	—	—
	US$303	Various dates in October to December 2024	U.S. Dollar Liabilities	Various dates in January to July 2025	—	Php58.45	**303**	**(10)**	—	—
	US$14	Various dates in October to December 2024	U.S. Dollar Revenues	Various dates in July to December 2025	—	Php58.65	**14**	**(2)**	—	—
	US$93	Various dates in January 2025	U.S. Dollar Revenues	Various dates in July to August 2025	—	Php58.73				
Foreign exchange options seagull[a]	US$13	Various dates in March to September 2024	U.S. Dollar Liabilities	Various dates in September 2024 to February 2025	—	Php55.62	**2**	**(1)**	—	—
					—	Php56.07	**—**	**—**	—	—
					—	Php57.07	**—**	**—**	—	—
	US$5	Various dates in October to November 2024	U.S. Dollar Liabilities	Various dates in December 2024	—	Php57.93	**—**	**—**	—	—
					—	Php58.25	**—**	**—**	—	—
					—	Php59.25	**—**	**—**	—	—
	US$8	Various dates in December 2024	U.S. Dollar Liabilities	Various dates in April 2025	—	Php57.46	**8**	**(2)**	—	—
					—	Php57.98	**—**	**—**	—	—
					—	Php59.48	**—**	**—**	—	—
								(15)		(448)
Smart										
Forward foreign exchange contracts	US$449	Various dates in June 2023 to December 2024	U.S. Dollar Liabilities	Various dates in January to October 2024	—	Php56.55	**US$—**	**—**	US$449	(493)
	US$614	Various dates in January to September 2024	U.S. Dollar Liabilities	Various dates in March to December 2024	—	Php56.74	**—**	**—**	—	—
	US$204	Various dates in October to December 2024	U.S. Dollar Liabilities	Various dates in January to April 2025	—	Php58.18	**204**	**31**	—	—
	US$5	Various dates in October to November 2024	U.S. Dollar Revenues	Various dates in July to October 2025	—	Php58.48	**5**	**(1)**	—	—
Foreign exchange options seagull[b]	US$15	Various dates in June 2023	U.S. Dollar Liabilities	Various dates in February 2024	—	Php55.17 Php55.85 Php56.87	**—**	**—**	US$15	(1)
	US$34	Various dates in March to September 2024	U.S. Dollar Liabilities	Various dates in September 2024 to March 2025	—	Php55.87 Php56.17 Php57.17	**4**	**(3)**	—	—
	US$4	Various dates in December 2024	U.S. Dollar Liabilities	Various dates March to April 2025	—	Php57.64 Php57.97 Php59.26	**4**	**(1)**	—	—
								26		(494)
								11		(942)

	Original Notional Amount	Trade Date	Underlying Transaction in U.S. Dollar	Termination Date	Weighted Average Hedge Cost	Weighted Average Foreign Exchange Rate	**December 31, 2024**		December 31, 2023	
							Notional Amount	**Net Mark-to-market Gains (Losses) in Php**	Notional Amount	Net Mark-to-market Gains (Losses) in Php
Transactions designated as hedges:										
PLDT										
Long-term foreign currency options[c]	US$290	Various dates in July 2020 and February to March 2021	300M Notes 2031	January 23, 2031	1.20%	Php49.61 Php55.28	**US$290**	**164**	US$290	(87)
								164		(87)
Smart										
Long-term foreign currency options[d]	US$109	February to April 2021	US$140 PNB Loan	December 13, 2030	1.63%	Php48.00 Php53.34	**US$66**	**143**	US$77	92
								143		92
								307		5
								318		(937)

(a) If the Philippine Peso to U.S. dollar spot exchange rate on fixing date settles between Php56.07 to Php57.07, PLDT will purchase the U.S. Dollar for Php56.07. However, if on maturity, the exchange rate settles above Php57.07, PLDT will purchase the U.S. Dollar for Php56.07 plus the excess above Php57.07, and if the exchange rate is lower than Php56.07, PLDT will purchase the U.S. Dollar at the prevailing Philippine peso to U.S. Dollar spot exchange rate, subject to a floor of Php55.62.

If the Philippine Peso to U.S. dollar spot exchange rate on fixing date settles between Php57.98 to Php59.48, PLDT will purchase the U.S. Dollar for Php57.98. However, if on maturity, the exchange rate settles above Php59.48, PLDT will purchase the U.S. Dollar for Php57.98 plus the excess above Php59.48, and if the exchange rate is lower than Php57.98, PLDT will purchase the U.S. Dollar at the prevailing Philippine peso to U.S. Dollar spot exchange rate, subject to a floor of Php57.46.

(b) If the Philippine Peso to U.S. Dollar spot exchange rate on fixing date settles between Php56.17 to Php57.17, Smart will purchase the U.S. Dollar for Php56.17. However, if on maturity, the exchange rate settles above Php56.17, Smart will purchase the U.S. Dollar for Php56.17 plus the excess above Php57.17, and if the exchange rate is lower than Php56.17, Smart will purchase the U.S. Dollar at the prevailing Philippine peso to U.S. Dollar spot exchange rate, subject to a floor of Php55.87.

If the Philippine Peso to U.S. Dollar spot exchange rate on fixing date settles between Php57.97 to Php59.26, Smart will purchase the U.S. Dollar for Php57.97. However, if on maturity, the exchange rate settles above Php57.97, Smart will purchase the U.S. Dollar for Php57.97 plus the excess above Php59.26, and if the exchange rate is lower than Php57.97, Smart will purchase the U.S. Dollar at the prevailing Philippine Peso to U.S. Dollar spot exchange rate, subject to a floor of Php57.64.

(c) PLDT's long-term foreign currency option agreements outstanding as at December 31, 2024 and 2023 were designated as cash flow hedges, wherein the effective portion of the movements in fair value is recognized in our consolidated statements of other comprehensive income, while any ineffective portion is recognized immediately in our consolidated income statements. Settlement of the foreign currency option agreements will depend on the spot exchange rate on the fixing date. If the Philippine peso to U.S. dollar spot exchange rate on fixing date is between Php49.61 and Php55.28, PLDT will purchase the U.S. dollar at Php49.61. However, if on fixing date, the exchange rate is beyond Php55.28, PLDT will purchase the U.S. dollar at the prevailing Philippine peso to U.S. dollar spot exchange rate minus a subsidy of Php5.67, and if the exchange rate is lower than Php49.61, PLDT will purchase the U.S. dollar at the prevailing Philippine peso to U.S. dollar spot exchange rate. The mark-to-market losses amounting to Php239 million and Php119 million were recognized in our consolidated statement of other comprehensive income as at December 31, 2024 and 2023, respectively. Hedge cost accrual on the long-term foreign currency option agreements amounting to Php75 million each were recognized as at December 31, 2024 and 2023, respectively. The intrinsic value of the long-term foreign currency options recognized as other comprehensive income is transferred to profit or loss when the hedged loan is revalued for changes in the foreign exchange rate. The hedge cost portion of the movements in the fair value amounting to Php119 million and Php39 million were recognized in our consolidated income statements for the years ended December 31, 2024, 2023 and 2022, respectively.

(d) Smart's long-term foreign currency option agreements outstanding as at December 31, 2024 and 2023 were designated as cash flow hedges, wherein the effective portion of the movements in fair value is recognized in our consolidated statements of other comprehensive income, while any ineffective portion is recognized immediately in our consolidated income statements. Settlement of the foreign currency option agreements will depend on the spot exchange rate on the fixing date. If the Philippine Peso to U.S. Dollar spot exchange rate on fixing date is between Php48.00 and Php53.34, Smart will purchase the U.S. Dollar at Php48.00. However, if on fixing date the exchange rate is beyond Php53.34, Smart will purchase the U.S. Dollar for Php48.00 plus the excess above Php53.34, and if the exchange rate is lower than Php48.00, Smart will purchase the U.S. Dollar at the prevailing Philippine Peso to U.S. Dollar spot exchange rate. The mark-to-market gains amounting to Php145 million and Php96 million were recognized in our consolidated statement of other comprehensive income as at December 31, 2024 and 2023, respectively. Hedge cost accrual on the long-term foreign currency option agreements amounting to Php2 million and Php3 million was recognized as at December 31, 2024 and 2023, respectively. The intrinsic value of the long-term foreign currency options recognized as other comprehensive income are transferred to profit or loss when the hedged loan is revalued for changes in the foreign exchange rate. The hedge cost portion of the movements in the fair value amounting to Php52 million and Php12 million were recognized in our consolidated income statements for the years ended December 31, 2024 and 2023, respectively.

Our derivative financial instruments as at December 31, 2024 and 2023 are presented in the statements of financial position as follows:

	2024	2023
	(in million pesos)	
Asset:		
Noncurrent assets	**385**	96
Current assets	**30**	—
Liabilities:		
Noncurrent liabilities (Note 28)	**—**	(12)
Current liabilities (Note 28)	**(97)**	(1,021)
Net assets (liabilities)	**318**	(937)

Movements of our consolidated mark-to-market gains (losses) for the years ended December 31, 2024 and 2023 are summarized as follows:

	2024	2023
	(in million pesos)	
Net mark-to-market losses at beginning of the year	**(937)**	(1,069)
Gains on derivative financial instruments	**4,252**	1,436
Settlements, accretion and others	**(934)**	370
Net fair value losses on cash flow hedges charged to other comprehensive income	**(2,063)**	(1,674)
Net mark-to-market gains (losses) at end of the year	**318**	(937)

Our consolidated analysis of gains on derivative financial instruments for the years ended December 31, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
		(in million pesos)	
Gains on derivative financial instruments	**4,252**	1,436	2,572
Hedge costs	**(229)**	(238)	(250)
Net gains on derivative financial instruments (Note 5)	**4,023**	1,198	2,322

Financial Risk Management Objectives and Policies

The main risks arising from our financial instruments are liquidity risk, foreign currency exchange risk, interest rate risk and credit risk. The importance of managing those risks has significantly increased in light of the considerable change and volatility in both the Philippine and international financial markets. Our Board of Directors reviews and approves policies for managing each of these risks, which are summarized below. We also monitor the market price risk arising from all financial instruments.

Liquidity Risk

Our exposure to liquidity risk refers to the risk that our financial requirements, working capital requirements and planned capital expenditures will not be met.

We manage our liquidity profile to be able to finance our operations and capital expenditures, service our maturing debts and meet our other financial obligations. To cover our financing requirements, we use internally generated funds and proceeds from debt and equity issues and sales of certain assets.

As part of our liquidity risk management program, we regularly evaluate our projected and actual cash flows, including our loan maturity profiles, and continuously assess conditions in the financial markets for opportunities to pursue fund-raising initiatives. These activities may include bank loans, export credit agency-guaranteed facilities, debt capital and equity market issues.

Any excess funds are primarily invested in short-term and principal-protected bank products that provide flexibility of withdrawing the funds anytime. We also allocate a portion of our cash in longer tenor investments such as fixed income securities issued or guaranteed by the Republic of the Philippines, and Philippine banks and corporates and managed funds. We regularly evaluate available financial products and monitor market conditions for opportunities to enhance yields at acceptable risk levels. Our investments are also subject to certain restrictions contained in our debt covenants. Our funding arrangements are designed to keep an appropriate balance between equity and debt and to provide financing flexibility while enhancing our businesses.

Our cash position remains sufficient to support our planned capital expenditure requirements and service our debt and financing obligations; however, we may be required to finance a portion of our future capital expenditures from external financing sources. We have cash and cash equivalents, and short-term investments amounting to Php10,147 million and Php136 million, respectively, as at December 31, 2024, which we can use to meet our short-term liquidity needs. See *Note 15 – Cash and Cash Equivalents.*

The following table summarizes the maturity profile of our financial assets based on our consolidated undiscounted claims outstanding as at December 31, 2024 and 2023:

	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
			(in million pesos)		
December 31, 2024					
Financial instruments at amortized cost:	***55,039***	***51,264***	***3,608***	***10***	***157***
Debt instruments at amortized cost	**395**	**25**	**360**	**10**	**—**
Other financial assets	**4,236**	**831**	**3,248**	**—**	**157**
Temporary cash investments	**1,464**	**1,464**	**—**	**—**	**—**
Short-term investments	**136**	**136**	**—**	**—**	**—**
Retail subscribers	**17,516**	**17,516**	**—**	**—**	**—**
Corporate subscribers	**20,936**	**20,936**	**—**	**—**	**—**
Foreign administrations	**1,254**	**1,254**	**—**	**—**	**—**
Domestic carriers	**256**	**256**	**—**	**—**	**—**
Dealers, agents and others	**8,846**	**8,846**	**—**	**—**	**—**
Financial instruments at FVPL:	***1,101***	**—**	**—**	**—**	***1,101***
Financial assets at fair value through profit or loss	**1,101**	**—**	**—**	**—**	**1,101**
Total	**56,140**	**51,264**	**3,608**	**10**	**1,258**
December 31, 2023					
Financial instruments at amortized cost:	*54,271*	*50,127*	*3,530*	*412*	*202*
Debt instruments at amortized cost	595	200	45	340	10
Other financial assets	4,069	320	3,485	72	192
Temporary cash investments	6,184	6,184	—	—	—
Short-term investments	122	122	—	—	—
Retail subscribers	19,894	19,894	—	—	—
Corporate subscribers	15,934	15,934	—	—	—
Foreign administrations	1,250	1,250	—	—	—
Domestic carriers	188	188	—	—	—
Dealers, agents and others	6,035	6,035	—	—	—
Financial instruments at FVPL:	*1,021*	*443*	—	—	*578*
Financial assets at fair value through profit or loss	578	—	—	—	578
Short-term investments	443	443	—	—	—
Total	55,292	50,570	3,530	412	780

The following table summarizes the maturity profile of our financial liabilities based on our consolidated contractual undiscounted obligations outstanding as at December 31, 2024 and 2023:

	Payments Due by Period				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
	(in million pesos)				
December 31, 2024					
Debt[(1)]	***385,962***	***20,335***	***89,028***	***69,915***	***206,684***
Principal	**283,575**	**19,610**	**47,479**	**47,561**	**168,925**
Interest	**102,387**	**725**	**41,549**	**22,354**	**37,759**
Lease obligations	*77,244*	*16,560*	*19,410*	*16,178*	*25,096*
Various trade and other obligations:	***133,811***	***131,580***	***362***	***24***	***1,845***
Suppliers and contractors	**58,568**	**58,524**	**44**	—	—
Utilities and related expenses	**57,029**	**56,934**	**95**	—	—
Carriers and others	**2,534**	**2,534**	—	—	—
Employee benefits	**9,246**	**9,246**	—	—	—
Customer deposits	**2,046**	—	**177**	**24**	**1,845**
Dividends	**2,005**	**2,005**	—	—	—
Others	**2,383**	**2,337**	**46**	—	—
Total contractual obligations	**597,017**	**168,475**	**108,800**	**86,117**	**233,625**
December 31, 2023					
Debt[(1)]	*341,848*	*7,430*	*77,131*	*65,342*	*191,945*
Principal	256,927	7,250	43,292	47,648	158,737
Interest	84,921	180	33,839	17,694	33,208
Lease obligations	*72,686*	*15,651*	*15,767*	*13,673*	*27,595*
Various trade and other obligations:	*151,062*	*148,560*	*427*	*28*	*2,047*
Suppliers and contractors	74,716	74,518	194	4	—
Utilities and related expenses	61,079	61,044	35	—	—
Carriers and others	2,362	2,362	—	—	—
Employee benefits	5,510	5,510	—	—	—
Customers' deposits	2,238	—	167	24	2,047
Dividends	1,912	1,912	—	—	—
Others	3,245	3,214	31	—	—
Total contractual obligations	565,596	171,641	93,325	79,043	221,587

(1) *Consists of long-term and short-term debts, including current portion, gross of unamortized debt discount/premium and debt issuance costs.*

Debt

See *Note 20 – Interest-bearing Financial Liabilities – Long-term Debt* for a detailed discussion of our debt.

Our consolidated future minimum lease commitments payable with non-cancellable leases as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Within one year	**16,560**	15,651
After one year but not more than five years	**35,588**	29,440
More than five years	**25,096**	27,595
Total	**77,244**	72,686

Various Trade and Other Obligations

PLDT Group has various obligations to suppliers for the acquisition of network equipment, contractors for services rendered on various projects, foreign administrations and domestic carriers for the access charges, shareholders for unpaid dividends distributions, employees for benefits and other related obligations, and various business and operational related agreements. Total obligations under these various agreements amounted to approximately Php133,811 million and Php151,062 million as at December 31, 2024 and 2023, respectively. See *Note 22 – Accounts Payable* and *Note 23 – Accrued Expenses and Other Current Liabilities*.

Commercial Commitments

Major Network Vendors

Since the last quarter of 2022, we have engaged in discussions with the major network vendors regarding the status of the PLDT Group's capital expenditure commitments and related outstanding balances. These discussions resulted in a number of Settlement and Mutual Release Agreements, or SMRAs, signed between us and the vendors, taking into consideration our program priorities and current business requirements. The significant commitment in respect of major network vendors amounted to about Php33,000 million, net of advances, as a result of the signing of the SMRAs in March 2023. As at December 31, 2024, such commitment has been reduced to Php4,200 million, net of advances and deliveries.

Moreover, new purchase orders relating to the major network vendors issued in 2023 and 2024 amounted to Php11,700 million, net of advances and deliveries.

Other Capital Expenditure Vendors

Commitments related to non-major capital expenditure vendors amounted to Php11,200 million, net of advances and deliveries as of December 31, 2024.

We have no outstanding commercial commitments, in the form of letters of credit, as at December 31, 2024 and 2023.

Collateral

There are no pledges as collateral with respect to our financial liabilities as at December 31, 2024 and 2023.

Foreign Currency Exchange Risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The revaluation of our foreign currency-denominated financial assets and liabilities as a result of the appreciation or depreciation of the Philippine Peso is recognized as foreign exchange gains or losses as at the end of the reporting period. The extent of foreign exchange gains or losses is largely dependent on the amount of foreign currency denominated financial assets and liabilities. While a certain percentage of our revenues are either linked to or denominated in U.S. Dollars, a substantial portion of our capital expenditures, a portion of our indebtedness and related interest expense and a portion of our operating expenses are denominated in foreign currencies, mostly in U.S. Dollars. As such, a strengthening or weakening of the Philippine Peso against the U.S. Dollar will decrease or increase in Philippine Peso terms both the principal amount of our foreign currency-denominated debts and the related interest expense, our foreign currency-denominated capital expenditures and operating expenses as well as our U.S. Dollar-linked and U.S. Dollar-denominated revenues. In addition, many of our financial ratios and other financial tests are affected by the movements in the Philippine Peso to U.S. Dollar exchange rate.

To manage our foreign exchange risks and to stabilize our cash flows in order to improve investment and cash flow planning, we enter into forward foreign exchange contracts, currency swap contracts, currency option contracts and other hedging products aimed at reducing and/or managing the adverse impact of changes in foreign exchange rates on our operating results and cash flows. Further details of the risk management strategy are recognized in our hedge designation documentation. We use forward foreign exchange purchase contracts, currency swap contracts and currency option contracts to manage the foreign currency risks associated with our foreign currency-denominated financial liabilities. We accounted for these instruments as either cash flow hedges, wherein changes in the fair value are recognized in our consolidated other comprehensive income until the hedged transaction affects our consolidated income statements or transactions not designated as hedges, wherein changes in the fair value are recognized directly as income or expense for the year.

The impact of the hedging instruments on our consolidated statements of financial position as at December 31, 2024 and 2023 are as follows:

	Notional Amount (U.S. Dollar)	Carrying Amount (Php)	Line item in our Consolidated Statements of Financial Position
		(in million pesos)	
December 31, 2024			
Long-term foreign currency options	**356**	**384**	Derivative financial assets – net of current portion
	356	**384**	
December 31, 2023			
Long-term foreign currency options	367	96	Derivative financial assets – net of current portion
	—	(12)	Derivative financial liabilities – net of current portion
	367	84	

The impact of the hedged items on our consolidated statements of financial position as at December 31, 2024 and 2023 are as follows:

	2024		2023	
	Cash flow hedge reserve	**Cost of hedging reserve**	Cash flow hedge reserve	Cost of hedging reserve
		(in million pesos)		
PLDT:				
US$300M Notes 2031	**(6,169)**	**75**	(4,546)	75
	(6,169)	**75**	(4,546)	75
Smart:				
US$140M PNB	**(2,038)**	**2**	(1,599)	3
	(2,038)	**2**	(1,599)	3

The effect of the cash flow hedge on our consolidated statements of financial position as at December 31, 2024 and 2023 are as follows:

	Total hedging loss recognized in OCI	Line item in our Consolidated Statements of Financial Position
	(in million pesos)	
December 31, 2024		
Long-term foreign currency options	**(8,207)**	Other comprehensive loss
	(8,207)	
December 31, 2023		
Long-term foreign currency options	(6,145)	Other comprehensive loss
	(6,145)	

The following table shows our consolidated foreign currency-denominated monetary financial assets and liabilities and their Philippine Peso equivalents as at December 31, 2024 and 2023:

	2024		2023	
	U.S. Dollar	**Php[(1)]**	U.S. Dollar	Php[(2)]
		(in millions)		
Noncurrent Financial Assets				
Derivative financial assets – net of current portion	**7**	**385**	2	96
Total noncurrent financial assets	**7**	**385**	2	96
Current Financial Assets				
Cash and cash equivalents	**52**	**2,980**	76	4,232
Short-term investments	**—**	**—**	5	269
Trade and other receivables – net	**97**	**5,596**	115	6,411
Derivative assets	**1**	**30**	—	—
Current portion of other financial assets	**—**	**—**	—	12
Total current financial assets	**150**	**8,606**	196	10,924
Total Financial Assets	**157**	**8,991**	198	11,020
Noncurrent Financial Liabilities				
Interest-bearing financial liabilities – net of current portion	**667**	**38,575**	681	37,719
Derivative financial liabilities – net of current portion	**—**	**—**	—	12
Other noncurrent liabilities	**1**	**29**	—	27
Total noncurrent financial liabilities	**668**	**38,604**	681	37,758
Current Financial Liabilities				
Accounts payable	**1,279**	**73,973**	1,314	72,797
Accrued expenses and other current liabilities	**230**	**13,297**	207	11,481
Current portion of interest-bearing financial liabilities	**14**	**797**	39	2,149
Current portion of derivative financial liabilities	**2**	**97**	18	1,021
Total current financial liabilities	**1,525**	**88,164**	1,578	87,448
Total Financial Liabilities	**2,193**	**126,768**	2,259	125,206

(1) *The exchange rate used to convert the U.S. Dollar amounts into Philippine Peso was Php57.85 to US$1.00, the Philippine Peso-U.S. Dollar exchange rate as quoted through the Bankers Association of the Philippines, or BAP, as at December 31, 2024.*

(2) *The exchange rate used to convert the U.S. Dollar amounts into Philippine Peso was Php55.42 to US$1.00, the Philippine Peso-U.S. Dollar exchange rate as quoted through the BAP as at December 31, 2023.*

As at February 26, 2025, the Philippine Peso-U.S. Dollar exchange rate was Php57.88 to US$1.00. Using this exchange rate, our consolidated net foreign currency-denominated financial liabilities would have increased in Philippine Peso terms by Php61 million as at December 31, 2024.

Approximately 14% and 15% of our total consolidated debts (net of consolidated debt discount) was denominated in U.S. Dollars as at December 31, 2024 and 2023, respectively. Our consolidated foreign currency-denominated debt decreased to Php39,015 million as at December 31, 2024 from Php39,479 million as at December 31, 2023. See *Note 20 – Interest-bearing Financial Liabilities*. The aggregate notional amount of our consolidated outstanding derivatives allocated for debt were US$381 million and US$485 million as at December 31, 2024 and 2023, respectively. Consequently, the unhedged portion of our consolidated debt amounts were approximately 6% (or 5%, net of consolidated U.S. Dollar cash balances allocated for debt) as at December 31, 2024 and 5% (or 5%, net of consolidated U.S. Dollar cash balances allocated for debt) as at December 31, 2023.

Approximately 15%, 13% and 12% of our consolidated revenues were denominated in U.S. Dollars and/or were linked to U.S. Dollars for the years ended December 31, 2024, 2023 and 2022, respectively. Approximately 14%, 12% and 8% of our consolidated expenses were denominated in U.S. Dollars and/or linked to the U.S. Dollar for the years ended December 31, 2024, 2023 and 2022, respectively. In this respect, the higher weighted average exchange rate of the Philippine Peso against the U.S. Dollar increased our revenues and expenses, and consequently, affects our cash flow from operations in Philippine Peso terms. In view of the anticipated continued decline in dollar-denominated/dollar-linked revenues, which provide a natural hedge against our foreign currency exposure, we are progressively refinancing our dollar-denominated debts in Philippine Pesos.

The Philippine Peso depreciated by 4.38% against the U.S. Dollar to Php57.85 to US$1.00 as at December 31, 2024 from Php55.42 to US$1.00 as at December 31, 2023. As a result of our consolidated foreign exchange movements, as well as the amount of our consolidated outstanding net foreign currency financial assets and liabilities, we recognized net consolidated foreign exchange losses of Php36 million and Php4,687 million for the years ended December 31, 2024 and 2022, respectively and net foreign exchange gains of Php1,149 million for the year ended December 31, 2023.

Management conducted a survey among our banks to determine the outlook of the Philippine Peso-U.S. Dollar exchange rate until February 27,2025. Our outlook is that the Philippine Peso-U.S. Dollar exchange rate may weaken/strengthen by 2.86% as compared to the exchange rate of Php57.85 to US$1.00 as at December 31, 2024. If the Philippine Peso-U.S. Dollar exchange rate had weakened/strengthened by 2.86% as at December 31, 2024, with all other variables held constant, consolidated profit after tax for the year ended December 31, 2024 and stockholders' equity as at December 31, 2023 would have been approximately Php2,402 million and Php193 million, respectively, lower/higher, mainly as a result of consolidated foreign exchange gains and losses on conversion of U.S. Dollar-denominated net assets/liabilities and mark-to-market valuation of derivative financial instruments.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with floating interest rates.

Our policy is to manage interest costs through a mix of fixed and variable rate debts. We evaluate the fixed to floating ratio of our loans in line with movements of relevant interest rates in the financial markets. Based on our assessment, new financing will be priced either on a fixed or floating rate basis. We enter into interest rate swap agreements in order to manage our exposure to interest rate fluctuations. Further details of the risk management strategy are recognized in our hedge designation documentation. We make use of hedging instruments and structures solely for reducing or managing financial risk associated with our debt obligations and not for trading purposes.

There are no outstanding interest rate hedges as at December 31, 2024 and 2023.

The following tables set out the carrying amounts, by maturity, of our financial instruments that are expected to have exposure on interest rate risk as at December 31, 2024 and 2023. Financial instruments that are not subject to interest rate risk were not included in the table.

As at December 31, 2024

	In U.S. Dollars									Fair Value	
	Below 1 year	1-2 years	2-3 years	3-5 years	Over 5 years	Total	In Php	Discount/ Debt Issuance Cost In Php	Carrying Value In Php	In U.S. Dollar	In Php
									(in millions)		
Assets:											
Debt Instruments at Amortized Cost											
Philippine Peso	1	—	6	—	—	7	395	—	395	7	388
Interest rate	4.250%	6.250%	4.625% - 4.875%	6.500%	—	—	—	—	—	—	—
Cash in Bank											
U.S. Dollar	14	—	—	—	—	14	785	—	785	14	785
Interest rate	0.0500% - 0.5000%	—	—	—	—	—	—	—	—	—	—
Philippine Peso	91	—	—	—	—	91	5,296	—	5,296	91	5,296
Interest rate	0.0500% - 5.1000%	—	—	—	—	—	—	—	—	—	—
Temporary Cash Investments											
U.S. Dollar	7	—	—	—	—	7	395	—	395	7	395
Interest rate	4.5000% - 5.2500%	—	—	—	—	—	—	—	—	—	—
Philippine Peso	18	—	—	—	—	18	1,069	—	1,069	18	1,069
Interest rate	0.2500% - 6.0000%	—	—	—	—	—	—	—	—	—	—
Short-term Investments											
Philippine Peso	2	—	—	—	—	2	136	—	136	2	136
Interest rate	6.0000% - 6.1000%	—	—	—	—	—	—	—	—	—	—
	133	—	6	—	—	139	8,076	—	8,076	139	8,069
Liabilities:											
Long-term Debt											
Fixed Rate											
U.S. Dollar Notes	—	—	—	—	600	600	34,708	531	34,177	463	26,811
Interest rate	—	—	—	—	2.5000% - 3.4500%	—	—	—	—	—	—
Philippine Peso	315	231	339	316	205	1,406	81,315	581	80,734	1,306	75,550
Interest rate	4.0000% to 4.6500%	4.0000% to 5.3500%	4.0000% to 5.2000%	4.0000% to 5.2000%	4.0000% to 5.0880%	—	—	—	—	—	—
Variable Rate											
U.S. Dollar Loans	—	28	14	28	14	84	4,860	22	4,838	84	4,859
Interest rate	—	SOFR+ 1.31161%	SOFR+ 1.31161%	SOFR+ 1.31161%	SOFR+ 1.31161%	—	—	—	—	—	—
Philippine Peso	24	87	122	478	2,101	2,812	162,692	855	161,837	2,812	162,692
Interest rate	BVAL + 1.0000%	0.5000% to 1.0000% over PHP BVAL (floor rate 4.5000% to 4.6250%)	0.5000% to 1.0000% over PHP BVAL (floor rate 4.5000% to 4.6250%)	0.5000% to 0.9000% over PHP BVAL (floor rate 4.5000% to 4.6250%)	0.5000% to 0.7500% over PHP BVAL (floor rate 4.5000%)	—	—	—	—	—	—
	339	346	475	822	2,920	4,902	283,575	1,989	281,586	4,665	269,912

As at December 31, 2023

	In U.S. Dollars									Fair Value	
	Below 1 year	1-2 years	2-3 years	3-5 years	Over 5 years	Total	In Php	Discount/ Debt Issuance Cost In Php	Carrying Value In Php	In U.S. Dollar	In Php
									(in millions)		
Assets:											
Debt Instruments at Amortized Cost											
Philippine Peso	4	—	—	6	—	10	595	—	595	10	587
Interest rate	2.3750% to 2.9000%	4.2500%	6.2500%	4.6250% to 4.8750%	6.5000%	—	—	—	—	—	—
Cash in Bank											
U.S. Dollar	15	—	—	—	—	15	850	—	850	15	850
Interest rate	0.0500% to 0.5000%	—	—	—	—	—	—	—	—	—	—
Philippine Peso	128	—	—	—	—	128	7,082	—	7,082	128	7,082
Interest rate	0.0500% to 1.5000%	—	—	—	—	—	—	—	—	—	—
Temporary Cash Investments											
U.S. Dollar	35	—	—	—	—	35	1,933	—	1,933	35	1,933
Interest rate	4.9000% to 5.1250%	—	—	—	—	—	—	—	—	—	—
Philippine Peso	77	—	—	—	—	77	4,251	—	4,251	77	4,251
Interest rate	0.2500% to 6.2500%	—	—	—	—	—	—	—	—	—	—
Short-term Investments											
Philippine Peso	2	—	—	—	—	2	122	—	122	2	122
Interest rate	0.5000% to 6.1000%	—	—	—	—	—	—	—	—	—	—
	261	—	—	6	—	267	14,833	—	14,833	267	14,825
Liabilities:											
Long-term Debt											
Fixed Rate											
U.S. Dollar Notes	—	—	—	—	600	600	33,251	560	32,691	466	25,845
Interest rate	—	—	—	—	2.5000% to 3.4500%	—	—	—	—	—	—
Philippine Peso	72	377	227	564	334	1,574	87,225	748	86,477	1,471	81,545
Interest rate	5.1021% to 5.2813%	4.0000% to 5.3500%	4.0000% to 5.3500%	4.0000% to 5.2000%	4.0000% to 5.1560%	—	—	—	—	—	—
Variable Rate											
U.S. Dollar Loans	25	28	14	42	14	123	6,816	28	6,788	123	6,816
Interest rate	SOFR + 1.47826%	SOFR + 1.31161%	SOFR + 1.31161%	SOFR + 1.31161%	SOFR + 1.31161%	—	—	—	—	—	—
Philippine Peso	33	99	36	254	1,916	2,338	129,635	793	128,842	2,339	129,635
Interest rate	0.5000% over PHP BVAL	0.6000% to 1.0000% over PHP BVAL (floor rate 4.5000% to 4.6250%)	0.6000% to 1.0000% over PHP BVAL (floor rate 4.5000% to 4.6250%)	0.6000% to 1.0000% over PHP BVAL (floor rate 4.5000% to 4.6250%)	0.6000% to 0.9000% over PHP BVAL (floor rate 4.5000% to 4.6250%)	—	—	—	—	—	—
Short-term Debt											
Notes Payable											
	130	504	277	860	2,864	4,635	256,927	2,129	254,798	4,399	243,841

Fixed rate financial instruments are subject to fair value interest rate risk while floating rate financial instruments are subject to cash flow interest rate risk.

Repricing of our regular floating rate financial instruments is done on intervals of three months while repricing of our structured floating rate instruments is done every one year or up to five years. Interest on fixed rate financial instruments is fixed until maturity of the particular instrument.

Approximately 59% and 53% of our consolidated debts (net of consolidated debt discount) were variable rate debts as at December 31, 2024 and 2023, respectively. Our consolidated variable rate debt increased to Php166,675 million as at December 31, 2024 from Php135,630 million as at December 31, 2023.

Management conducted a survey among our banks to determine the outlook of the U.S. Dollar and Philippine Peso interest rates until February 27, 2025. Our outlook is that the U.S. Dollar and Philippine Peso interest rates may move 30 basis points, or bps, and 50 bps higher/lower, respectively, as compared to levels as at December 31, 2024. If the U.S. Dollar interest rates had been 30 bps higher/lower as compared to market levels as at December 31, 2024, with all other variables held constant, consolidated profit after tax for the year ended December 31, 2024 and stockholders' equity as at December 31, 2024 would have been approximately Php5 million and Php30 million, respectively, lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings and loss/gain on derivative transactions. If the Philippine Peso interest rates had been 50 bps higher/lower as compared to market levels as at December 31, 2024, with all other variables held constant, consolidated profit after tax for the year December 31, 2024 and stockholders' equity as at December 31, 2024 would have been approximately Php47 million and Php25 million, respectively, lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings and loss/gain on derivative transactions.

Credit Risk

Credit risk is the risk that we will incur a loss arising from our customers, clients or counterparties that fail to discharge their contracted obligations. We manage and control credit risk by setting limits on the amount of risk we are willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to reduce our exposure to bad debts.

We established a credit quality review process to provide regular identification of changes in the creditworthiness of counterparties. Our credit quality review process allows us to assess the potential loss as a result of the risks to which we are exposed and allow us to take corrective actions.

Maximum exposure to credit risk of financial assets not subject to impairment

The gross carrying amount of financial assets not subject to impairment also represents our maximum exposure to credit risk as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Financial assets at fair value through profit or loss	**1,101**	578
Derivative financial assets – net of current portion	**385**	96
Current portion of derivative financial assets	**30**	—
Short-term investments	**—**	269
Total	**1,516**	943

Maximum exposure to credit risk of financial assets subject to impairment

The table below shows the maximum exposure to credit risk for the components of our consolidated statements of financial position, including derivative financial instruments as at December 31, 2024 and 2023. The maximum exposure is shown gross before both the effect of mitigation through use of master netting and collateral arrangements. The extent to which collateral and other credit enhancements mitigate the maximum exposure to credit risk is described in the footnotes to the table.

For financial assets recognized on our consolidated statements of financial position as at December 31, 2024 and 2023, the gross exposure to credit risk equal their carrying amount.

For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that we would have to pay if the guarantees are called upon. For loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

	December 31, 2024			
	Stage 1 12-Month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	(in million pesos)			
High grade	**14,059**	**11,670**	**—**	**25,729**
Standard grade	**440**	**5,486**	**—**	**5,926**
Substandard grade	**—**	**14,456**	**—**	**14,456**
Default	**279**	**3,596**	**13,600**	**17,475**
Gross carrying amount	**14,778**	**35,208**	**13,600**	**63,586**
Less allowance	**279**	**3,596**	**13,600**	**17,475**
Carrying amount	**14,499**	**31,612**	**—**	**46,111**

	December 31, 2023			
	Stage 1 12-Month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(in million pesos)			
High grade	20,424	11,070	—	31,494
Standard grade	271	3,683	—	3,954
Substandard grade	—	11,333	—	11,333
Default	442	4,190	13,025	17,657
Gross carrying amount	21,137	30,276	13,025	64,438
Less allowance	442	4,190	13,025	17,657
Carrying amount	20,695	26,086	—	46,781

Maximum exposure to credit risk after collateral held or other credit enhancements

Collateral held as security for financial assets depends on the nature of the instrument. Debt investment securities are generally unsecured. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are regularly updated according to internal lending policies and regulatory guidelines. Generally, collateral is not held over loans and advances to us except for reverse repurchase agreements. Collateral usually is not held against investment securities, and no such collateral was held as at December 31, 2024 and 2023.

Our policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by us during the year.

We have not identified significant risk concentrations arising from the nature, type or location of collateral and other credit enhancements held against our credit exposures.

An analysis of the maximum exposure to credit risk for the components of our consolidated statements of financial position, including derivative financial instruments as at December 31, 2024 and 2023:

	2024		
	Gross Maximum Exposure	**Collateral and Other Credit Enhancements[(1)]**	**Net Maximum Exposure**
	(in million pesos)		
Financial instruments at amortized cost:	***46,111***	*427*	***45,684***
Debt instruments at amortized cost	**395**	—	**395**
Other financial assets	**3,957**	—	**3,957**
Cash and cash equivalents	**10,011**	**44**	**9,967**
Short-term investments	**136**	—	**136**
Corporate subscribers	**15,023**	**346**	**14,677**
Retail subscribers	**7,650**	**37**	**7,613**
Foreign administrations	**1,177**	—	**1,177**
Domestic carriers	**256**	—	**256**
Dealers, agents and others	**7,506**	—	**7,506**
Financial instruments at FVPL:	***1,516***	—	***1,516***
Financial assets at FVPL	**1,101**	—	**1,101**
Forward foreign exchange contracts	**30**	—	**30**
Long-term foreign currency options	**385**	—	**385**
Total	**47,627**	**427**	**47,200**

[(1)] *Includes bank insurance, security deposits and customer deposits. We have no collateral held as at December 31, 2024.*

	2023		
	Gross Maximum Exposure	Collateral and Other Credit Enhancements[1]	Net Maximum Exposure
		(in million pesos)	
Financial instruments at amortized cost:	*46,781*	*521*	*46,260*
Debt instruments at amortized cost	595	—	595
Other financial assets	3,801	—	3,801
Cash and cash equivalents	16,177	146	16,031
Short-term investments	122	—	122
Corporate subscribers	9,988	338	9,650
Retail subscribers	10,196	37	10,159
Foreign administrations	1,126	—	1,126
Domestic carriers	187	—	187
Dealers, agents and others	4,589	—	4,589
Financial instruments at FVPL:	*943*	—	*943*
Financial assets at FVPL	578	—	578
Long-term foreign currency options	96	—	96
Cash equivalents and short-term investments	269	—	269
Total	47,724	521	47,203

(1) Includes bank insurance, security deposits and customer deposits. We have no collateral held as at December 31, 2023.

The table below provides information regarding the credit quality by class of our financial assets according to our credit ratings of counterparties as at December 31, 2024 and 2023:

		Neither past due nor credit impaired		**Past due but not credit impaired**	
	Total	**Class A[1]**	**Class B[2]**		**Impaired**
			(in million pesos)		
December 31, 2024					
Financial instruments at amortized cost:	***63,586***	***25,729***	***5,926***	***14,456***	***17,475***
Debt instruments at amortized cost	**395**	**395**	—	—	—
Other financial assets	**4,236**	**3,956**	**1**	—	**279**
Cash and cash equivalents	**10,011**	**9,572**	**439**	—	—
Short-term investments	**136**	**136**	—	—	—
Retail subscribers	**17,516**	**5,381**	**171**	**2,098**	**9,866**
Corporate subscribers	**20,936**	**5,124**	**886**	**9,013**	**5,913**
Foreign administrations	**1,254**	**139**	**381**	**657**	**77**
Domestic carriers	**256**	**—**	**135**	**121**	**—**
Dealers, agents and others	**8,846**	**1,026**	**3,913**	**2,567**	**1,340**
Financial instruments at FVPL:	***1,516***	***328***	***712***	***476***	**—**
Financial assets at FVPL	**1,101**	**(87)**	**712**	**476**	**—**
Forward foreign exchange contracts	**30**	**30**	—	**—**	**—**
Long-term foreign currency options	**385**	**385**	—	**—**	**—**
Total	**65,102**	**26,057**	**6,638**	**14,932**	**17,475**
December 31, 2023					
Financial instruments at amortized cost:	*64,264*	*31,494*	*3,954*	*11,333*	*17,483*
Debt instruments at amortized cost	595	595	—	—	—
Other financial assets	4,069	3,800	1	—	268
Cash and cash equivalents	16,177	15,907	270	—	—
Short-term investments	122	122	—	—	—
Retail subscribers	19,894	8,083	266	1,847	9,698
Corporate subscribers	15,934	2,341	1,390	6,257	5,946
Foreign administrations	1,250	90	529	507	124
Domestic carriers	188	1	92	94	1
Dealers, agents and others	6,035	555	1,406	2,628	1,446
Financial instruments at FVPL:	*1,117*	*701*	*242*	—	*174*
Financial assets at FVPL	578	336	242	—	—
Long-term foreign currency options	96	96	—	—	—
Cash equivalents and short-term investments	443	269	—	—	174
Total	65,381	32,195	4,196	11,333	17,657

(1) This includes low risk and good paying customer accounts with no history of account treatment for a defined period and no overdue accounts as at report date; and deposits or placements to counterparties with good credit rating or bank standing financial review.

(2) This includes medium risk and average paying customer accounts with no overdue accounts as at report date, and new customer accounts for which sufficient credit history has not been established; and deposits or placements to counterparties not classified as Class A.

The aging analysis of past due but not impaired class of financial assets as at December 31, 2024 and 2023 are as follows:

	Total	Neither past due nor credit impaired	Past due but not credit impaired 1-60 days	61-90 days	Over 91 days	Impaired
			(in million pesos)			
December 31, 2024						
Financial instruments at amortized cost:	***63,586***	***31,655***	***5,927***	***586***	***7,943***	***17,475***
Debt instruments at amortized cost	**395**	**395**	—	—	—	—
Other financial assets	**4,236**	**3,957**	—	—	—	**279**
Cash and cash equivalents	**10,011**	**10,011**	—	—	—	—
Short-term investments	**136**	**136**	—	—	—	—
Retail subscribers	**17,516**	**5,552**	**1,710**	**248**	**140**	**9,866**
Corporate subscribers	**20,936**	**6,010**	**3,182**	**548**	**5,283**	**5,913**
Foreign administrations	**1,254**	**520**	**232**	**158**	**267**	**77**
Domestic carriers	**256**	**135**	**73**	**17**	**31**	**—**
Dealers, agents and others	**8,846**	**4,939**	**730**	**(385)**	**2,222**	**1,340**
Financial instruments at FVPL:	***1,516***	***1,040***	***476***	**—**	**—**	**—**
Financial assets at FVPL	**1,101**	**625**	**476**	**—**	**—**	**—**
Forward foreign exchange contracts	**30**	**30**	**—**	**—**	**—**	**—**
Long-term foreign currency options	**385**	**385**	**—**	**—**	**—**	**—**
Total	**65,102**	**32,695**	**6,403**	**586**	**7,943**	**17,475**
December 31, 2023						
Financial instruments at amortized cost:	*64,264*	*35,448*	*3,505*	*618*	*7,210*	*17,483*
Debt instruments at amortized cost	595	595	—	—	—	—
Other financial assets	4,069	3,801	—	—	—	268
Cash and cash equivalents	16,177	16,177	—	—	—	—
Short-term investments	122	122	—	—	—	—
Retail subscribers	19,894	8,349	1,603	223	21	9,698
Corporate subscribers	15,934	3,731	1,500	248	4,509	5,946
Foreign administrations	1,250	619	164	87	256	124
Domestic carriers	188	93	39	20	35	1
Dealers, agents and others	6,035	1,961	199	40	2,389	1,446
Financial instruments at FVPL:	*1,117*	*943*	—	—	—	*174*
Financial assets at FVPL	578	578	—	—	—	—
Long-term foreign currency options	96	96	—	—	—	—
Cash equivalents and short-term investments	443	269	—	—	—	174
Total	65,381	36,391	3,505	618	7,210	17,657

Capital Management Risk

We aim to achieve an optimal capital structure in pursuit of our business objectives which include maintaining healthy capital ratios and strong credit ratings and maximizing shareholder value.

Our approach to capital management focuses on balancing the allocation of cash and the incurrence of debt as we seek new investment opportunities for new businesses and growth areas. On August 5, 2014, the PLDT Board of Directors approved an amendment to our dividend policy, increasing the dividend payout rate to 75% from 70% of our core EPS as regular dividends. However, in view of our elevated capital expenditures to build-out a robust, superior network to support the continued growth of data traffic, plans to invest in new adjacent businesses that will complement the current business and provide future sources of profits and dividends, and management of our cash and gearing levels, the PLDT Board of Directors approved on August 2, 2016, the amendment of our dividend policy, reducing the regular dividend payout to 60% of core EPS. Starting 2019, we base our dividend payout on telco core income. In declaring dividends, we take into consideration the interest of our shareholders, as well as our working capital, capital expenditures and debt servicing requirements. The retention of earnings may be necessary to meet the funding requirements of our business expansion and development programs.

As part of the dividend policy, in the event no investment opportunities arise, we may consider the option of returning additional cash to our shareholders in the form of special dividends or share buybacks. Philippine corporate regulations prescribe, however, that we can only pay out dividends or make capital distribution up to the amount of our unrestricted retained earnings.

Some of our debt instruments contain covenants that impose maximum leverage ratios. In addition, our credit ratings from the international credit ratings agencies are based on our ability to remain within certain leverage ratios.

No changes were made in our objectives, policies or processes for managing capital during the years ended December 31, 2024, 2023 and 2022.

28. Notes to the Statements of Cash Flows

The following table shows the changes in liabilities arising from financing activities as at December 31, 2024 and 2023:

	January 1, 2024	**Cash flows**	**Foreign exchange movement**	**Others**	**2024**
			(in million pesos)		
Interest-bearing financial liabilities	**254,798**	**24,722**	**1,698**	**368**	**281,586**
Lease liabilities	**47,546**	**(12,079)**	**—**	**18,571**	**54,038**
Derivative financial liabilities	**1,033**	**704**	**—**	**(1,640)**	**97**
Accrued interests and other related costs	**2,157**	**(10,740)**	**—**	**11,009**	**2,426**
Dividends	**1,912**	**(20,750)**	**—**	**20,843**	**2,005**
	307,446	**(18,143)**	**1,698**	**49,151**	**340,152**

	January 1, 2023	Cash flows	Foreign exchange movement	Others	2023
			(in million pesos)		
Interest-bearing financial liabilities	249,580	5,175	(319)	362	254,798
Lease liabilities	42,435	(10,707)	—	15,818	47,546
Derivative financial liabilities	1,150	(607)	—	490	1,033
Accrued interests and other related costs	1,868	(9,715)	—	10,004	2,157
Dividends	1,821	(23,328)	—	23,419	1,912
	296,854	(39,182)	(319)	50,093	307,446

Others include the effect of accretion of long-term borrowings, effect of recognition and accretion of lease liabilities, unrealized mark-to-market losses of derivative financial instruments, effect of accrued but not yet paid interest on interest-bearing loans and borrowings and accrual of dividends that were not yet paid at the end of the period.

Non-cash Investing Activities

The following table shows our significant non-cash investing activities and corresponding transaction amounts as at December 31, 2024 and 2023:

	2024	2023
	(in million pesos)	
Acquisition of property and equipment on account	**19,219**	37,133
Additions to ROU assets	**15,607**	15,759
Capitalization to property and equipment of:		
Inventories	**4,128**	2,169
Foreign exchange differences – net	**686**	195
	39,640	55,256

Non-cash Financing Activities

The following table shows our significant non-cash financing activities and corresponding transaction amounts as at December 31, 2024 and 2023:

	2024	2023
	(in million pesos)	
Additions to lease liabilities	**15,607**	15,759

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and Board of Directors
PLDT Inc.
Ramon Cojuangco Building
Makati Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of PLDT Inc. and subsidiaries (the Company) as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024 included in this Form 17-A and have issued our report thereon dated February 27, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Roel E. Lucas

Roel E. Lucas
Partner
CPA Certificate No. 98200
Tax Identification No. 191-180-015
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-095-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10465323, January 2, 2025, Makati City

February 27, 2025

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and Board of Directors
PLDT Inc.
Ramon Cojuangco Building
Makati Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of PLDT Inc. and subsidiaries (the Company) as of December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024 and have issued our report thereon dated February 27, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as of December 31, 2024, and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Roel E. Lucas
Partner
CPA Certificate No. 98200
Tax Identification No. 191-180-015
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
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PTR No. 10465323, January 2, 2025, Makati City

February 27, 2025

PLDT INC. AND SUBSIDIARIES
Schedule A. Financial Assets
December 31, 2024

Name of Issuing Entity and Association of Each Issue	Number of Shares	Amount Shown in the Balance Sheet	Valued Based on Market Quotation at Balance Sheet Date	Income Received and Accrued
		(In millions)		
Financial assets at fair value through profit or loss				
Listed equity securities	various	Php1,098	Php–	Php–
Others	various	3	N/A	–
	–	**Php1,101**	**N/A**	**Php–**

PLDT INC. AND SUBSIDIARIES

Schedule C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements

December 31, 2024

	December 31, 2023	Additions	Collections	December 31, 2024
		(in millions)		
ACeS Philippines Cellular Corporation	Php18	Php –	Php –	Php18
Airborn Access	–	4	–	4
BayanTrade	8	(8)	–	–
Bonifacio Communications Corporation	11	424	(426)	9
Chikka Phils. Inc.,	–	1,232	–	1,232
Connectivity Unlimited Resource Enterprise, Inc.	–	1,226	–	1,226
CruzTelco (SBI-CC3)	–	–	–	–
Curo Teknika, Inc.	–	–	–	–
Datelco Global Communications, Inc.	–	–	–	–
Digitel Information Technology Services, Inc.	–	–	–	–
Digital Telecommunications Phils., Inc.	15,237	985	(3,177)	13,045
Digitel Mobile Philippines, Inc.	17	(5)	–	12
eInnovations Holdings	–	–	–	–
ePay Investments Pte. Ltd.	–	–	–	–
ePDS, Inc.	8	2	–	10
ePLDT, Inc.	2,995	3,083	(1,682)	4,396
iCommerce Pte. Ltd.	–	–	–	–
I-Contacts Corporation	–	–	–	–
IP Converge Data Services, Inc.	22	24	(48)	(2)
Mabuhay Satellite Corporation	–	–	–	–
PLDT-Maratel, Inc.	–	–	–	–
Metro Kidapawan Telephone Corporation	8	(2)	–	6
Multisys Kidapawan Technologies Corporation	–	56	–	56
MVP Rewards and Loyalty Solutions, Inc.	1	–	–	1
Netgames, Inc.	–	–	–	–
Pacific Global One Aviation Co., Inc.	–	–	–	–
PayMaya Philippines, Inc.	–	–	–	–
PGNL Canada	–	–	–	–
PGNL (ROHQ) Phils.	211	345	–	556
PGNL US	–	–	–	–
Philcom Corporation	22	29	–	51
PLDT Inc.	2,702	1,133	(1,845)	1,990
Pilipinas Global Network Limited	–	–	–	–
PLDT (HK) Limited	198	130	(331)	(3)
PLDT (SG) Pte Ltd	–	–	–	–
PLDT SG Retail Service Pte Ltd.	–	–	–	–
PLDT (UK) Limited	–	–	–	–
PLDT (US) Limited	67	26	(41)	52
PLDT 1528 Unlimited	1	–	–	1
PLDT Capital Pte Ltd	–	–	–	–
PLDT-ClarkTel	–	569	(470)	99
PLDT Communication and Energy Ventures, Inc.	–	1	–	1
PLDT Digital Investments Pte. Ltd.	–	–	–	–
PLDT Global (Phils.) Corporation	11	(8)	–	3
PLDT Global Corporation	859	18,595	(19,053)	401
PLDT Global Investments Holdings Inc	–	–	–	–
PLDT Japan GK	–	–	–	–
PLDT Malaysia Sdn Bhd	–	–	–	–
PLDT Online Inc.	–	–	–	–
PLDT Online Investments Pte. Ltd	–	–	–	–
Primeworld Digital Systems, Inc.	–	591	–	591
Rack I.T. Data Center, Inc.	–	–	–	–
Smart Broadband, Inc.	–	1	–	1
Smart Communications, Inc.	5,973	79,769	(79,420)	6,322
PLDT Subic Telecom, Inc.	15	11	–	26
Talas Data Intelligence, Inc.	–	1	(1)	–
Telesat, Inc.	34	318	(301)	51
Vitro Inc.	–	1,058	–	1,058
Voyager Innovations, Inc.	–	–	–	–
Wifun, Inc.	–	–	–	–
Wolfpac Mobile Inc.	–	–	–	–
	Php28,418	Php109,590	(Php106,795)	Php31,213

All receivables eliminated during the consolidation of financial statements are classified as current. There were no receivables written off during the year.

PLDT INC. AND SUBSIDIARIES
Schedule D. Interest-bearing Financial Liabilities
December 31, 2024

Name of Issuer and Type of Obligation	Total Outstanding Balance	Amount shown as Current		Amount shown as Non-Current	
		Gross Amount	Debt Discount/ Debt Issuance Cost	Gross Amount	Debt Discount/ Debt Issuance
		(In Millions)			
U.S. Dollar Debts:					
Fixed Rate Notes					
The Bank of New York Mellon, London Branch US$300M Global Bonds Due 2031	Php17,155	Php –	(Php31)	Php17,354	(Php168)
The Bank of New York Mellon, London Branch US$300M Global Bonds Due 2050	17,022	–	(8)	17,354	(324)
	34,177	–	**(39)**	**34,708**	**(492)**
Term Loans:					
Others					
PNB $140M Term Loan	Php4,838	Php810	(Php7)	Php4,049	(Php14)
	4,838	**810**	**(7)**	**4,049**	**(14)**

Name of Issuer and Type of Obligation	Total Outstanding Balance	Amount shown as Current		Amount shown as Non-Current	
		Gross Amount	Debt Discount/ Debt Issuance Cost	Gross Amount	Debt Discount/ Debt Issuance Cost
	(In Millions)				
Philippine Peso Debts:					
Term Loans:					
Unsecured Term Loans:					
UBP P8.0B Term Loan	Php7,811	Php80	Php43	Php7,520	Php168
BPI 10B	9,851	100	(5)	9,800	(44)
BPI 1B	970	10	-	960	-
BPI 2B	1,779	20	(25)	1,860	(76)
BPI 2B	1,940	20	-	1,920	-
BPI 3B	2,894	30	(2)	2,880	(14)
BPI 3B	2,893	30	(2)	2,880	(15)
BPI 4.5B	4,257	45	(3)	4,230	(15)
BPI 4B	3,857	40	(3)	3,840	(20)
BPI 5B	4,824	50	(3)	4,800	(23)
BPI P2B	1,980	20	-	1,960	-
BPI P3B	2,730	2,730	-	-	-
BPI P2B	1,814	1,820	(6)	-	-
BPI P3B	2,811	30	(3)	2,790	(6)
BPI 5B	4,547	4,550	(3)	-	-
BPI - 3B (8B)	2,951	30	(2)	2,940	(17)
BPI - 2B (8B)	1,967	20	(1)	1,960	(12)
BPI - 1.5B (8B)	1,482	9	(1)	1,484	(10)
BPI – 800M (8B)	794	9	(1)	791	(5)
BPI – 400M (8B)	397	5	-	395	(3)
MBTC P3B	2,786	30	(2)	2,760	(2)
MBTC P3B	2,924	30	(2)	2,910	(14)
MBTC P4B	3,971	40	(2)	3,960	(27)
MBTC P5B	4,550	4,550	-	-	-
MBTC P3B	2,924	30	(2)	2,910	(14)
MBTC P4B	3,899	40	(3)	3,880	(18)
MBTC P5B	4,548	4,550	(2)	-	-
MBTC P5B	4,546	50	(3)	4,500	(1)
MBTC P1.5B Facility (Tranche-2)	1,500	15	-	1,485	-
MBTC P2.2B Facility (Tranche-3)	2,200	22	-	2,178	-
MBTC P4.2B Facility (Tranche-1)	4,170	43	(3)	4,157	(27)
MBTC P600M Facility (Final)	600	6	-	594	-

Name of Issuer and Type of Obligation	Total Outstanding Balance	Amount shown as Current		Amount shown as Non-Current	
		Gross Amount	Debt Discount/ Debt Issuance Cost	Gross Amount	Debt Discount/ Debt Issuance Cost
		(In Millions)			
SBC P2B	Php1,850	Php20	Php-	Php1,830	Php-
SBC P8B	6,871	160	(4)	6,720	(5)
SBC P4B	1,845	20	(2)	1,830	(3)
BDO - P7.5B	7,447	76	(4)	7,424	(49)
BDO P5B	4,736	50	(12)	4,750	(52)
BDO - P4.47B T1 (P2.97B)	2,948	30	(2)	2,940	(20)
BDO 1B	970	10	-	960	-
BDO P3B	2,828	30	(10)	2,850	(42)
BDO P3B	2,897	30	(3)	2,880	(10)
BDO P3B	2,760	30	-	2,730	-
BDO P2B	2,000	20	-	1,980	-
BDO P3B	2,978	30	(2)	2,970	(20)
PNB P2B	1,896	20	(2)	1,880	(2)
PNB 4B	3,703	40	(43)	3,760	(54)
PNB P 1.5B	1,410	1,410	-	-	-
PNB P1B	911	10	(6)	920	(13)
LBP P3.5B	3,255	35	-	3,220	-
LBP P3B	2,867	30	(2)	2,850	(11)
LBP P1.5B	1,412	16	1	1,394	1
LBP P1B	884	10	(15)	930	(41)
LBP P2.5B	2,425	25	-	2,400	-
LBP P2B	1,782	20	(28)	1,860	(70)
LBP P3B	3,250	35	(2)	3,220	(3)
LBP P3B	2,866	30	(2)	2,850	(12)
LBP P5.5B	5,409	55	(4)	5,390	(32)
LBP P2B	1,854	20	(8)	1,860	(18)
LBP P3B	2,895	30	(2)	2,880	(13)
LBP P3B	2,895	30	(2)	2,880	(13)
LBP P4B	3,821	40	(3)	3,800	(16)
LBP P4B	3,860	40	(3)	3,840	(17)
DBP P2B (5B)	1,865	20	(16)	1,920	(59)
DBP P3B (5B)	2,899	30	(2)	2,880	(9)
DBP 2B(5B)	1,960	20	-	1,940	-
DBP 3B(5B)	2,925	30	(3)	2,910	(12)
DBP P4B	3,864	40	(3)	3,840	(13)
BANK OF CHINA P2B	1,896	20	(2)	1,880	(2)
BANK OF COMMERCE P2.8B	2,779	29	(2)	2,771	(19)
BANK OF COMMERCE P1B	990	10	-	980	-

Name of Issuer and Type of Obligation	Total Outstanding Balance	Amount shown as Current		Amount shown as Non-Current	
		Gross Amount	Debt Discount/ Debt Issuance Cost	Gross Amount	Debt Discount/ Debt Issuance Cost
		(In Millions)			
CHINA BANK P2B (10.5B)	Php1,980	Php20	Php-	Php1,960	Php-
CHINA BANK P2B (10.5B)	1,980	20	-	1,960	-
CHINA BANK P3.5B (10.5B)	3,442	35	(2)	3,430	(21)
CHINA BANK P3B (10.5B)	2,950	30	(2)	2,940	(18)
CHINA BANK P8B	5,418	800	(50)	4,800	(132)
RCBC P4B	3,756	40	(23)	3,800	(61)
RCBC P3B	2,895	30	(2)	2,880	(13)
RCBC P4B	3,933	40	(3)	3,920	(24)
RCBC P4B	3,859	40	(3)	3,840	(18)
MUFG P2.5B	972	25	(2)	950	(1)
HSBC - P1B	1,000	50	-	950	-
HSBC - P2B	1,986	100	(3)	1,900	(11)
PVB - P530M	530	5	-	525	-
	242,571	**22,890**	**(314)**	**221,118**	**(1,123)**
Total Long-term Debt	**Php281,586**	**Php23,700**	**(Php360)**	**Php259,875**	**(Php1,629)**

PLDT INC.

Schedule E. Indebtedness to Affiliates and Related Parties (Long-Term Loans from Related Companies)
December 31, 2024

Name of Issuer and Type of Obligation	Total Outstanding Balance	Amount shown as Current		Amount shown as Non-Current	
		Gross Amount	Debt Discount/ Debt Issuance Cost	Gross Amount	Debt Discount/ Debt Issuance Cost
		(In Millions)			
NTT TC Leasing Co. Ltd. US$25M (2017)[1]	Php–	Php–	Php–	Php–	Php–

[1] *The amount of Php1,385 million was fully paid on March 27, 2024.*

PLDT INC.
Schedule G. Capital Stock
December 31, 2024

Title of Issue	Number of Shares Authorized	Number of Shares Issued And Outstanding	Number of Shares Reserved For Options, Warrants, Conversion and Other Rights	Number of Shares Held By Related Parties	Directors and Executive Officers[(1)]	Others
			(In Millions)			
Preferred Stock	538	450	–	450	–	–
Non-Voting Preferred Stock (Php10 par value)	388	300	–	300	–	–
Cumulative Convertible Series II to JJ	88	–[(2)]	–	–	–	–
Cumulative Nonconvertible Series IV	300	300[(3)]	–	300[(3)]	–	–
Voting Preferred Stock (Php1 par value)	150	150	–	150	–	–
Common Stock (Php5 par value)	234	216	–	123[(4)]	2	91

(1) Consists of 1,536,738 common shares directly and indirectly owned by directors and executive officers as at December 31, 2024.
(2) On June 8, 2015, the Company issued 870 shares of Series JJ 10% Cumulative Convertible Preferred Stock, which are currently outstanding. On January 28, 2020, the Board of Directors approved the redemption of PLDT's Series JJ 10% Cumulative Convertible Preferred Stock which were issued in the year 2014, effective May 12, 2020. In April 2011, the Company issued 370 shares of Series II 10% Cumulative Convertible Preferred Stock, all of which were redeemed by May 11, 2016.
(3) Includes 300,000,000 shares subscribed for Php3,000,000,000, of which Php360,000,000 has been paid.
(4) Represents 25.57% beneficial ownership of First Pacific Group and its Philippine affiliates, and 20.35% beneficial ownership of NTT Group in PLDT's outstanding shares.

PLDT INC.
Schedule H. Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2024

	(in million pesos)
Consolidated unappropriated retained earnings as at December 31, 2023	22,020
Effect of PAS 27 adjustments	7,432
Parent Company's unappropriated retained earnings at beginning of the year	29,452
Adjustments: Unrealized gains in prior years:	
Fair value adjustments of investment property resulting to gain	(6,626)
DTA	(2,196)
Unrealized foreign exchange gains – net (except those attributable to cash and cash equivalents)	(2,590)
Fair value adjustments (market-to-market gains)	(1,385)
Parent Company's unappropriated retained earnings available for dividends as at January 1, 2024	16,655
Add: Net income actually earned/realized during the year	
Parent Company's net income for the year	26,654
Less: Non-actual/unrealized income – net of tax	
Fair value adjustments (mark-to-market gains)	(2,070)
	24,584
Less: Cash dividends declared during the year	
Preferred stock	(59)
Common stock	(20,741)
	(20,800)
Parent Company's unappropriated retained earnings available for dividends as at December 31, 2024	**20,439**

As at December 31, 2024, our consolidated unappropriated retained earnings amounted to Php33,901 million while the Parent Company's unappropriated retained earnings amounted to Php35,306 million. The difference of Php1,405 million pertains to the effect of PAS 27, Separate Financial Statements, in our investments in subsidiaries, associates and joint ventures accounted for under the equity method.

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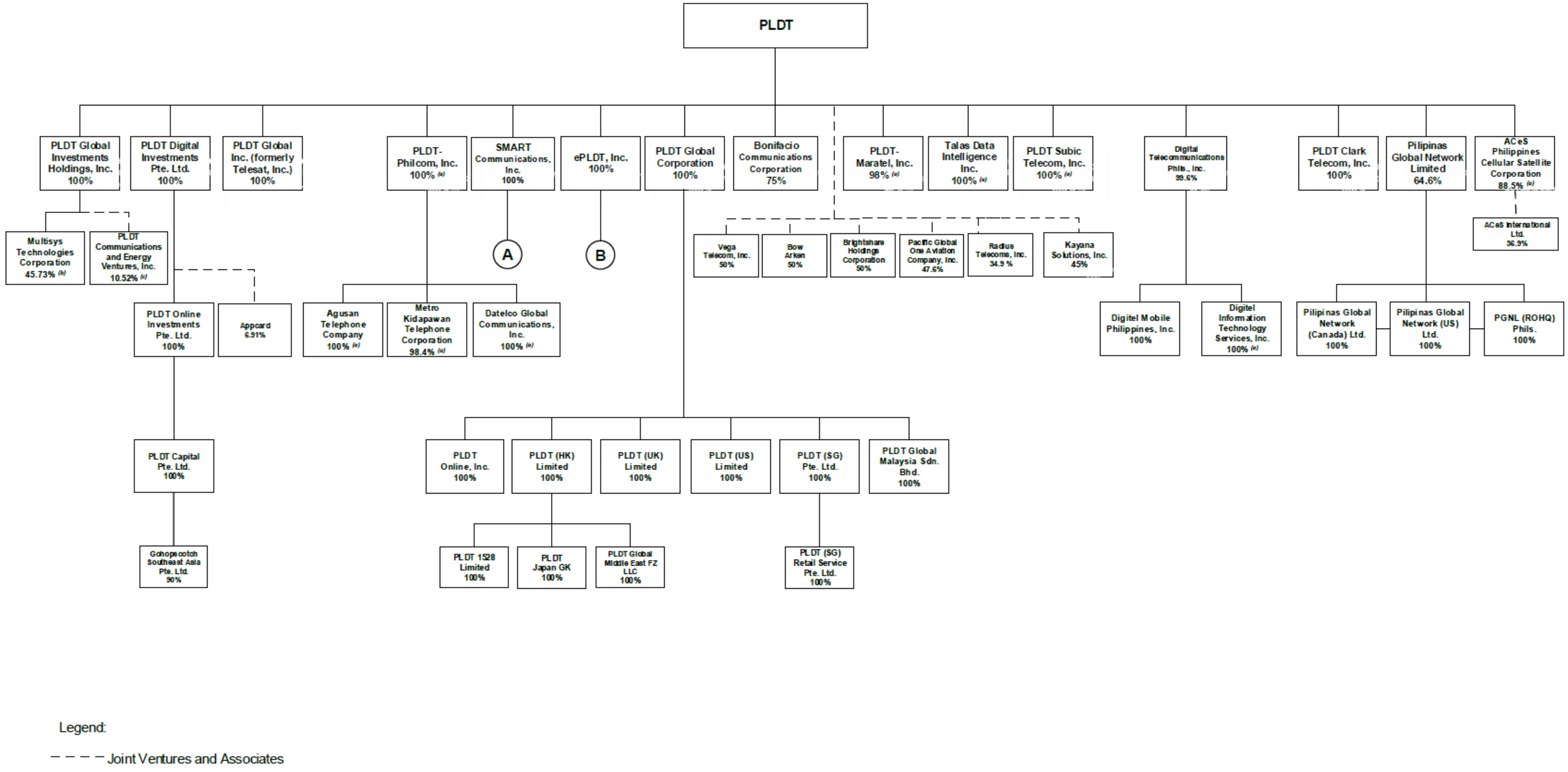
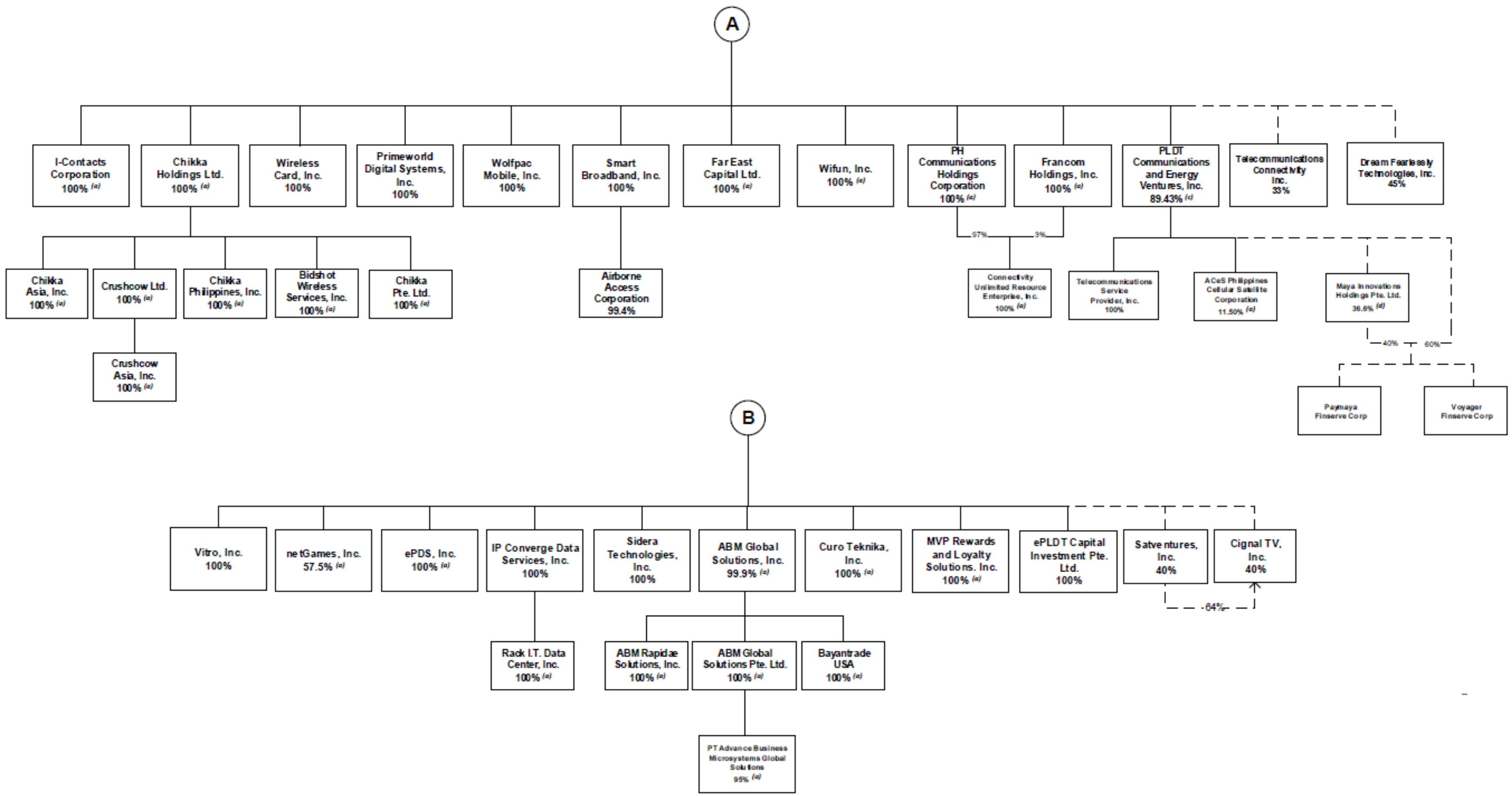
PLDT INC.
Schedule I. Map of the Relationships of the Companies within the Group
December 31, 2024





Legend:

- - - - Joint Ventures and Associates

[(a)] *Ceased commercial operations.*
[(b)] *On January 5, 2024 PLDT Global Investments Holdings, Inc sold 227 common shares of Multisys Technologies Corp, thereby decreasing its ownership from 50.72 to 45.73.*
[(c)] *On February 16, 2024 SEC has approved PLDT Communications and Energy Ventures, Inc's application for increase in capital stock between Smart Communications, Inc and PLDT Global Investments Holdings, Inc, which decreases Smart's ownership interest to 89.43% and increase PGIH's ownership interest of 10.52%.*
[(d)] *On May 16, 2023, Accounting and Corporate Regulatory Authority (ACRA) Singapore approved the change in business name of Voyager Innovations Holdings Pte. Ltd. to Maya Innovations Holdings Pte. Ltd.*

PLDT INC.
Schedule J. Financial Soundness Indicators
December 31, 2024 and 2023

	December 31,	
	2024	2023
Current Ratio[1]	0.34:1.0	0.36:1.0
Acid Test Ratio[2]	0.22:1.0	0.22:1.0
Solvency Ratio[3]	0.33:1.0	0.35:1.0
Net Debt to Equity Ratio[4]	2.37:1.0	2.28:1.0
Net Debt to EBITDA Ratio[5]	2.52:1.0	2.30:1.0
Total Debt to EBITDA Ratio[6]	2.61:1.0	2.46:1.0
Asset to Equity Ratio[7]	5.40:1.0	5.79:1.0
Total Debt to Equity Ratio[8]	81:19	82:18
Interest Coverage Ratio[9]	3.96:1.0	4.50:1.0
Net Profit Margin[10]	15%	13%
Return on Assets[11]	5%	4%
Return on Equity[12]	29%	25%
EBITDA Margin[13]	52%	52%

(1) *Current ratio is measured as current assets divided by current liabilities.*
(2) *Acid test ratio is measured as total of cash and cash equivalents, short-term investments and trade and other receivables divided by total current liabilities.*
(3) *Solvency ratio is measured by adding back non-cash expenses to the net income after tax divided by total debt (long-term debt, including current portion.)*
(4) *Net Debt to equity ratio is measured as total debt (principal amount of long-term debt, including current portion, i.e., excluding debt issuance cost) less cash and cash equivalents, short-term investments and debt instruments at amortized cost divided by total equity attributable to equity holders of PLDT.*
(5) *Net Debt to EBITDA ratio is measured as total debt (principal amount of long-term debt, including current portion, i.e., excluding debt issuance cost) less cash and cash equivalents, short-term investments and debt instruments at amortized cost divided by EBITDA, for the year.*
(6) *Total Debt to EBITDA ratio is measured as total debt (principal amount of long-term debt, including current portion, i.e., excluding debt issuance cost) divided by EBITDA for the year.*
(7) *Asset to equity ratio is measured as total assets divided by total equity attributable to equity holders of PLDT.*
(8) *Total debt to equity ratio is the ratio between total liabilities to total equity, including non-controlling interest.*
(9) *Interest coverage ratio is measured by EBIT, or earnings before interest and taxes for the year, divided by total financing cost less interest income for the year.*
(10) *Net profit margin is derived by dividing net income for the year with total revenues for the year.*
(11) *Return on assets is measured as net income attributable to equity holders of PLDT for the year divided by average total assets.*
(12) *Return on Equity is measured as net income attributable to equity holders of PLDT for the year divided by average total equity attributable to equity holders of PLDT.*
(13) *EBITDA margin for the year is measured as EBITDA divided by service revenues for the year.*

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

PLDT INC.
Schedule K. Supplementary Schedule of External Auditor-Fee Related Information
December 31, 2024 and 2023

	2024	2023
	(in millions)	
Total Audit Fees	Php51	Php50
Non-audit service fees:		
Other Assurance Services	7	6
Tax Services	1	1
All other services	5	2
Total Non-audit Fees	13	9
Total Audit and Non-audit Fees	Php64	Php59

Exhibit 1

SEC Number **PW-55**

File Number ______

PLDT INC.

(Company's Full Name)

Ramon Cojuangco Building

Makati Avenue, Makati City

(Company's Address)

(632) 8816-8534

(Telephone Number)

December 31st

(Fiscal Year Ending)

(month & day)

Sustainability Report

Report

December 31, 2024

Period Ended Date

Melissa Vergel de Dios

(Highest Ranking Person responsible for this report)

SECURITIES AND EXCHANGE COMMISSION

SUSTAINABILITY REPORT

[PURSUANT TO MEMORANDUM CIRCULAR No. 4, SERIES OF 2019 OF THE SECURITIES AND EXCHANGE COMMISSION]

1. Name of Organization: **PLDT Inc.**

2. Location of Headquarters: **Ramon Cojuangco Building, Makati Avenue, Makati City**

3. Location of Operations: **Nationwide**

4. Report Boundary: **Legal Entities (e.g. subsidiaries) included in this report: PLDT Inc., Smart Communications, Inc., ePLDT, Inc., Vitro Inc., PLDT Global Corporation, and Maya Innovations Holdings.**

5. Brand Model, including Primary Activities, Brands, Products, and Services:

PLDT Inc. (PLDT) is the leading fully integrated telecommunications and digital services provider in the Philippines. They offer a wide range of telecommunications and digital services across the Philippines' most extensive fiber optic backbone, fixed line, and cellular networks through their principal business groups Fixed Line, Wireless, and others.

With a strong commitment to doing business responsibly, PLDT aims to contribute to the United Nations Sustainable Development Goals by enabling digital transformation, championing meaningful innovations, and bridging the digital divide

PLDT Home has been providing fixed network and digital services for generations of Filipinos all over the country, offering broadband data services that run through a Fiber-to-the-Home (FTTH) network and covers about 18.5 million homes in 73% of towns and 50% of barangays in the country, as of December 31, 2024. With about 1.2 million kilometers of fiber-optic cables, consisting of over 0.2 million cable kilometers of international fiber, and 1.0 million kilometers of domestic fiber.

PLDT Home's fiber network offers speeds and reliable connections of up to 10 Gbps, enabling access to more innovative products and services on entertainment and security that will continuously enhance the digital home experience for work, play and day-to-day living.

PLDT Enterprise is the corporate business arm of PLDT, the leading telecommunications and digital services provider in the Philippines. Dedicated to delivering innovative fixed-line, wireless, and ICT solutions, PLDT Enterprise enables businesses to adapt to evolving technological needs, optimize efficiency, continuity, and connectivity, and enhance customer experience.

Smart Communications, Inc. (Smart) is a wholly owned wireless communications and digital services subsidiary of PLDT. Smart's network covers 97% of the country's population with its combined 4G LTE and 5G network as of end December 2024, providing mobile communications services, high-speed internet connectivity, and access to digital services and content to millions of Filipinos, supporting the country's growing digital economy, and providing the best customer experience for an increasingly digital Filipino lifestyle.

ePLDT, Inc. (ePLDT) is the ICT subsidiary of ePLDT, is the industry-leading digital transformation partner for enterprises in the Philippines. Leveraging on the expertise and world-class telecommunication infrastructure of the PLDT Group, ePLDT delivers customized ICT services through its suite of secure cloud, data center, and artificial intelligence solutions.

ePLDT, through its data center subsidiary, VITRO Inc, has the largest data center footprint in the country. Its newest facility, VITRO Sta Rosa (VSR), is the country's first AI-ready hyperscale data center which has the capacity of up to 50 MW. VSR's design features energy-efficient cooling and power redundancy for artificial intelligence (AI) and hyperscale operations. The facility is built to achieve a Rated-3 certification, while being Rated-4 ready, ensuring top-tier network resilience and fiber route diversity. Additionally, VSR doubles the total data center capacity of VITRO Inc to 100 MW further supporting the stringent needs of hyperscalers, AI applications, enterprises, and the public sector.

VITRO Inc. (Vitro) is the pioneer in hyperscale-grade data centers in the Philippines. It provides secure, reliable, and compliant data center solutions to empower the mission-critical operations of its enterprise and hyperscale clients. Established under ePLDT in 2000, VITRO has the largest local data center footprint with 11 state-of-the-art facilities leveraging on the expertise and world-class telecommunication infrastructure of the PLDT Group.

PLDT Global Corporation (PGC) is the international marketing, sales, and operating services arm of the PLDT Group, offering a wide range of products to offshore enterprises and the overseas Filipino market. With presence in the Philippines, USA, Hong Kong, Singapore, and other key regions, PLDT Global delivers customizable end-to-end enterprise solutions through its global network and Points-of-Presence (POPs). Beyond connectivity, it provides diverse consumer solutions and other essential digital services tailored to the needs of Filipinos abroad.

Maya is the Philippines' leading fintech ecosystem, seamlessly delivering digital financial services through Maya Philippines and Maya Bank.

Maya Philippines is registered with the Bangko Sentral ng Pilipinas (BSP) as an electronic money issuer, remittance and transfer company, payment system operator, and virtual asset service provider. It serves all consumer segments through its mobile application offerings and extensive on-ground agent network. As the top omnichannel payments processor and acquirer, it provides online and offline merchant solutions for businesses of all sizes.

Maya Bank is one of only six BSP-licensed digital banks in the country. It focuses on increasing access to essential banking services for underserved consumers and MSMEs.

Maya Philippines and Maya Bank, under the Maya brand, offer next-generation, integrated financial solutions for individuals and businesses across the Philippines.

In addition , a key investment for the Group is Multisys Technologies Corporation, a software solutions company backed by a team of full-stack developers and elite programmers. Operating for over 15 years now, it holds 17 copyrighted solutions and has more than 2500 partners with whom they provide system automation and integration services that enable ease of doing business across the Philippine archipelago and beyond. Its copyrighted platforms and solutions help private companies operate more efficiently as well as assist government agencies deliver faster and more effective services to the public.

6. Reporting Period: **For the year ended on December 31, 2024**

7. Highest Ranking Person responsible for report: **Melissa Vergel de Dios,** Chief Sustainability Officer

TABLE OF CONTENTS

CERTAIN CONVENTIONS AND TERMS USED IN THIS SUSTAINABILITY REPORT

Unless the context indicates or otherwise requires, references to "Company" "we" or "PLDT Group" in this sustainability report mean PLDT Inc. and its subsidiaries, Smart, ePLDT, Vitro, and PGC, and references to "PLDT" mean PLDT Inc., excluding subsidiaries.

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

In this sustainability report, each reference to:

- *Board of Directors* – the board of directors of PLDT Inc.
- *Fixed Line or Fixed* – fixed-line telecommunications services including fiber home broadband primarily provided by PLDT. They also provide fixed line services such as data center, cloud, cyber security services, and managed information technology services through PLDT's subsidiary, ePLDT, Vitro, and PGC.
- *Wireless* - mobile telecommunications services provided by Smart Communications, Inc. or Smart.

MATERIALITY PRINCIPLE

The PLDT Group identifies Sustainability as one of the key pillars of its strategy and business performance. It has thus developed a roadmap to embed sustainability in its operations, which focuses on areas that are relevant to its business and stakeholders and aligning with global best practices on the Group's environmental, social, and governance (ESG) performance.

To drive a holistic and business-aligned approach to sustainability, the Group implements initiatives under four main pillars and twelve material topics that provide guidance in enabling the entire organization in working towards key ESG goals such as using operational resources efficiently, reducing greenhouse gas emissions, promoting digital inclusion, and upholding robust corporate governance. We regularly engage with our various stakeholders to validate these material topics to adapt and respond to evolving market needs and regulations.

PLDT Sustainability Pillar	Material Topic
Connection *Anchors on PLDT's purpose to continuously innovate, expand our digital infrastructure, and invest in the latest network technology to enable the best possible experience for our customers across segments.*	● Investments in Innovation and Infrastructure ● Digital Inclusion and Community Investments ● Customer Experience
Concern *Advocates respect and promotion of fundamental human rights and ensures that our operations deliver a positive impact on our employees, customers, and communities*	● Customer Welfare ● Employee Welfare ● Child Protection
Conservation *Aims to institutionalize consciousness of our environmental impact and actions to embed stewardship into our day-to-day operations.*	● Operational Resource Efficiency ● Waste Management and Circularity ● Climate-related Risk Management

Commitment *Reinforces our commitment to uphold the highest standards of corporate governance and business ethics.*	● Corporate Governance and Business Ethics ● Cybersecurity and Data Privacy ● Greening of the Supply Chain

Key strategies, policies, and progress on sustainability and materiality areas are presented periodically to the Governance, Nomination, and Sustainability Committee (GNSC) of the Board of Directors who has oversight over these.

Furthermore, the PLDT Group aims to continuously contribute to the United Nations Sustainable Development Goals (UN SDGs) and the Philippine Development Plan *Ambisyon Natin* 2040 through its sustainability roadmap and management of materiality areas. In particular, we focus on **UN SDG 9: Industry, Innovation, and Infrastructure** as our key priority area that aligns with our organizational purpose and role of enabling innovation, infrastructure, and sustainable industries that drive economic growth, and development.

PART I - ECONOMIC

Item 1. Economic Performance

Direct Economic Value Generated and Distributed

The following table summarizes their financial results of operations for the year ended December 31, 2024:

	Amount (in million PhP)
Direct economic value generated (revenue)	222,541
Direct economic value distributed:	
a. Operating costs	75,894
b. Employee wages and benefits	24,479
c. Payments to suppliers, other operating costs	*
d. Dividends given to stockholders and interest payments to loan providers	31,490
e. Taxes given to government	8,438
f. Investments to community (e.g. donations, CSR)	268

**Payments to suppliers amounting to PhP29,100 million are already part of the Operating Costs*

Impact/s and Management Approach

The PLDT Group endeavors to contribute to the country's sustainable development by enabling digital transformation and helping narrow the digital divide.

Our transformation efforts and product innovations are geared towards addressing customer needs and dynamic market demands to ensure long-term growth and success. Our management puts strong emphasis on bringing innovation to Filipinos and expanding access to the latest technologies, as well as in delivering quality customer service across all segments of the business.

We enable Filipinos to use technology to communicate, achieve economic empowerment, participate in community life, and be resilient, especially in disasters as part of delivering quality customer service and promoting digital inclusion. Additionally, we enable enterprises of all sizes to expand market access and remain competitive in the global digital economy.

In support of the country's digital transformation, the PLDT Group continues to invest in making local broadband speeds competitive with the region.

To reinforce the Philippines' position as a regional hyperscale hub, we have expanded PLDT's total fiber optic cable network footprint to about 1.2 million kilometers, which consists about 0.2 million kilometers of international fiber and over 0.9 million kilometers of domestic fiber, while approximately about 18.5 million homes passed covering 73% of the country's towns and 91% of provinces, at the end of December 2024.

We also continue to invest in the expansion of our network capacity to support the exponential growth of data traffic in the country. With Asia Direct Cable System ready for service in 2025 and the anticipated completion of the Apricot subsea cable system by 2027, we expect to achieve a total capacity of over 140 Terabit/s.

We offer a range of services to enable financial inclusion among Filipinos through Maya Bank, the country's leading digital bank.

Risks and Management Approach

PLDT employs a balanced strategy towards risk management with a measured approach and a moderate risk appetite. The objective is to optimize its financial position while upholding its investment-grade ratings and established dividend policies. PLDT continues to focus on generating robust cash flows supplemented by sufficient borrowing capacity to support requirements for capital investments.

PLDT endeavors to sustain a strong credit rating by exercising prudent financial management. There are various processes in place that require different approval levels depending on the amount of spend.

The PLDT Group navigates various risks that introduce both threats and opportunities amidst a complex and evolving business environment. Acknowledging these risks as fundamental to its operations, we remain committed to systematically managing overall risk exposure to facilitate strategic decision-making through an integrated Enterprise Risk Management Framework (ERMF) that is implemented across all levels of the organization.

The ERMF allows us to identify, analyze, and manage risks to a reasonably acceptable level such that the Company can enhance opportunities, reduce risk, and sustain competitive advantage.

In addition, a centralized repository of risk data is currently being built because of the alignment between the Group Enterprise Risk Management Department's (GRMD) activities with our Internal Audit. In conjunction with establishing supporting operational processes, educational campaigns are also conducted to support the awareness and adoption of ERMF and standards compliance across the organization. These initiatives are key enablers that drive full compliance and develop an intelligent risk culture within the company–essential in promoting active risk assessment and monitoring and facilitating real-time reporting of risks.

PLDT firmly believes that an effective risk management program is crucial for achieving its objectives and subsidiaries, which ultimately creates value for the business and its stakeholders.

It is noted that the risk factors to which the PLDT Group is exposed in the course of its business also change to align with global developments. The identified risks show how human activities, technological advancements, and climate change impact various aspects of the business, including viability in both the short-term and long-term.

PLDT conducts an annual identification and assessment of the top risks that affect the company in order for them to address these risks. The identified top risks for 2024 are the following:

1) Changing regulatory environment and compliance requirements
2) Consistency of enterprise data management and governance
3) Expansion enabling strategic revenue growth
4) Telco cyber resilience in an evolving techno-regulatory landscape
5) Increased competition from new players and heightened need to deliver against growing customer expectations
6) Ability to service debts amidst increasing cash flow requirements
7) Enterprise dependency on third-party ecosystems
8) Challenges in managing human capital
9) Ability to maintain institutional importance and implementation of ESG goals and programs
10) Impact of climate change and nature-related conditions on business operations and financial statements

The PLDT Risk Committee reviews the risk profile of key business units every quarter. Business units present an assessment of key risks within their operations and how they impact the top risks, along with activities undertaken to mitigate these risks.

Operational risks are assessed yearly through the Joint Risk Interview exercise with the Internal Audit team. A total of 113 executives were interviewed, and 2,940 risks were identified from October to December 2024. This data will be used to create the 2025 Top Risks, and this will also be the basis for the Assurance Map.

For an in-depth discussion of risk factors, the reader can refer to PLDT's Form 20-F.

Opportunities and Management Approach

The gap between the rich and the poor in modern society underscores the need to address disparities in access to resources and opportunities for economic growth. The PLDT Group recognizes the importance of investing in our network not only to support the increasing demand for connectivity, but also to cater to the unmet needs of underserved sectors and regions across the country to enable equitable opportunities for development.

We aim to stimulate more activities and creative interactions that can drive innovation, entrepreneurship, and economic growth in geographically isolated and disadvantaged areas by offering convenient, reliable, and affordable products and services to the untapped market.

However, with the expansion of access to the online and digital world comes the responsibility to protect vulnerable individuals from exploitation by unscrupulous individuals and groups. At PLDT, we remain dedicated to protecting our customers and promoting a safe and secure digital environment for all, particularly in the areas of data privacy, cybersecurity, and preventing abusive content, with particular emphasis on safeguarding children – the most vulnerable among our customers. We have implemented best practices in child safety and welfare across our systems and processes, guided by our Child Safeguarding Policy.

We have developed a Child Protection Platform (CPP), a pioneering cybersecurity solution designed to block child sexual abuse and exploitation material (CSAEM) at the content level in collaboration with various organizations. This initiative is supported by technology from Palo Alto Networks and partnerships with international organizations such as the WeProtect Global Alliance, the Internet Watch Foundation (IWF), and the Canadian Centre for Child Protection (C3P).

Knowledge-sharing is a critical component of this advocacy. We work closely with the Department of Justice Inter-Agency Council Against Trafficking, the International Justice Mission and other child rights organizations to keep abreast of emerging issues and national solutions to combat OSAEC. Additionally, we continue to collaborate with UNICEF in our efforts to advance adoption of the Children's Rights and Business Principles framework.

Opportunities of the top risks

The PLDT Group recognizes that customers depend on our products and services for education, business, entertainment, and connectivity. And as such, PLDT continues to make a lasting positive impact on the lives of Filipinos. Therefore, strategic approaches have been implemented to manage and mitigate the top risks that may derail the delivery of the Group's services.

	TOP RISKS	OPPORTUNITIES
1	Changing regulatory environment and compliance requirements	• Continue collaborating with regulatory authorities or industry groups to shape new regulations and efficiencies for compliance management • Leverage proactive regulatory compliance as a competitive advantage in customer-centricity
2	Consistency of enterprise data management and governance	• Maintain targeted investments in Artificial Intelligence (AI) for business process and data management automation, especially against shifting international imperatives in data privacy, governance, and ethics
3	Expansion enabling strategic growth	• Continue prioritization of initiatives with the most strategic impact on service delivery and highest return on investment (ROI). • Find opportunities for partnerships with government bodies, other telcos, or private companies to share infrastructure investments and reduce CAPEX strain
4	Telco cyber resilience in an evolving techno-regulatory landscape	• Develop systems to measure the ROI of cybersecurity investments (i.e. tracking reduced breach incidences and faster incident response times) • Reduce CAPEX or OPEX strain by shifting some security functions to cloud-based security platforms (e.g., cloud-based access security brokers, firewalls)

		• Explore new business models in cybersecurity-as-a-service for Enterprise clients
5	Increased competition from new players and heightened need to deliver against growing customer expectations	• Sustain collaboration between frontline and back-end units to drive agile and effective service delivery • Drive up NPS and media presence through consistent, high-impact customer advocacy programs that aim to influence positive exposure in popular channels
6	Ability to service debt amidst increasing cash flow requirements	• Strengthen investor relations to enable strategic private and/or public partnerships that lessen the need for additional debt financing • Continue long-term reevaluation and restructuring of the company's capital structure
7	Enterprise dependency on third-party ecosystems	• Improve leverage, negotiation playbooks, contract flexibility, and risk management to enhance value output from vendors • Further innovation in digital efficiencies for vendor management and sustainable supply chain
8	Challenges in managing human capital	• Drive towards a sustainable workforce through enhanced employee engagement programs, leadership and succession initiatives, and promoting internal mobility • Explore ways to utilize workforce sustainability as a competitive edge in employer branding and practice
9	Ability to maintain institutional importance and implementation of ESG goals and programs	• Further embedding of ESG considerations into the company's performance indicators as well as its risk management process • Targeted investments in data analytics and AI to monitor, report, and improve ESG performance for high-impact business areas, such as energy consumption, waste reduction, and social impact tracking
10	Impact of Climate Change and nature-related conditions on business operations and financial statements	• Use AI and Internet of Things (IoT) technologies to monitor and manage energy consumption in real time across network sites, offices, and facilities

ERM Digitization.

In 2024, the Company advanced to the second phase of its Enterprise Risk Management (ERM) digitization, setting the stage for digitizing the Second Lines of Defense. The Data Privacy Office successfully calibrated its tool to digitize their risk processes. The GRMD and Data Privacy Office had established the integration of risk data between the two systems by the second quarter of 2024. Additionally, the GRMD initiated engagements with other Second Lines of Defense units to commence the preliminary work for digitizing their risk processes.

Item 2. Climate-related Risks and Opportunities

PLDT acknowledges the increasing impact of climate change on its business operations and the broader economy. As part of its commitment to responsible operations, the Company aligns with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Governance

The PLDT Board of Directors through the GNSC is responsible for overseeing the Company's overall sustainability strategy, including climate-related risks and adaptation plans.

The Risk Committee (RC) evaluates the Company's exposure to environmental risks and ensures that appropriate mitigation strategies are in place.

The Corporate Sustainability Office (CSO) and the GRMD collaborate to integrate climate risk considerations into business operations and decision-making.

The Enterprise Business Continuity and Resilience Office (BCRO) ensures that the Company maintains robust disaster preparedness and response capabilities to mitigate operational disruptions due to climate-related hazards.

To further institutionalize climate risk management, the Company integrates climate-related considerations into its enterprise risk management framework, investment planning, and regulatory compliance programs. In addition, concerned employees have sustainability KPIs to ensure that identified climate change adaptation and resilience strategies are carried out.

Strategy

PLDT has identified key transition and physical risks that could impact its financial performance and long-term sustainability:

Transition Risks

Transition risks arise from regulatory changes, market shifts, and evolving consumer preferences as the global economy moves toward low-carbon operations. The primary transition risks identified by the Company include:

a) Policy & Legal Risks

Implementation of a carbon tax in the Philippines could result in additional financial liabilities. The Department of Finance secretary has called for the study of carbon pricing instruments in January 2024. The International Monetary Fund said the Philippines can initially impose a carbon tax of US$20 per ton and eventually add US$4 in the succeeding years, according to a report in 2023. This would lead to an estimated carbon tax liability of PhP1,264 million* in 2024.

Compliance with Republic Act 11697 (Electric Vehicle Industry Development Act - EVIDA) mandates the adoption of electric vehicles (EVs) including the replacement of 5% of its fleet to EV by 2034. This may entail additional CAPEX and a potential write-off in existing fleet assets.

b) Technology Risks

The shift to more energy-efficient network infrastructure (e.g., 5G deployment) entails significant capital investments and potential operational disruptions.

While there is a pipeline of renewable energy sources in the Philippines, the limited inventory of renewable power currently results in a continued reliance on coal-based energy to support the country's retail and institutional demand for energy.

**2024 GHG Scopes 1 and 2 emissions of 885,195 metric tons multiplied by US$24 and translated using forex of PhP59.50*

Increased adoption of new technologies, such as artificial intelligence which involves higher computing capability, is expected to result in higher demand for power.

c) Market & Reputation Risks

Consumers and investors are increasingly favoring eco-friendly brands. According to a Pulse Asia survey, eight (8) out of 10 Filipino consumers prefer environmentally responsible companies. Failure to meet sustainability expectations could lead to revenue loss and higher financing costs.

Higher costs of raw materials and supply chain disruptions due to global climate policies could impact the pricing of network infrastructure components.

Physical Risks

The Company's operations are vulnerable to climate change, particularly due to extreme weather events. A scenario-based risk assessments was conducted using three Representative Concentration Pathways (RCPs), and the results were recorded as follows:

Scenario	**Projected Physical Risks by 2030**
RCP 2.6 (Aggressive mitigation, <2°C warming)	45% of assets at high risk; 46% of customer base exposed to extreme weather
RCP 4.5 (Moderate mitigation, ~2°C warming)	59% of assets at high risk; potential revenue loss of 47%
RCP 8.5 (Business-as-usual, >4°C warming)	68% of assets at high risk; 73% of customer base exposed to severe weather events

Note: The vulnerability and risk exposure is set to be refreshed in 2025

The main climate-related hazards affecting PLDT are:

- Typhoons and Flooding: Approximately 60% of the Company's assets and 53% of its revenue base are in high-risk areas exposed to extreme weather events.
- Sea Level Rise: Coastal network infrastructure faces risk of permanent inundation.
- Heat Waves & Water Stress: Increasing temperatures could disrupt power supply, affecting network reliability.

Climate-related Opportunities

Despite these risks, the transition to a low-carbon economy presents new opportunities for PLDT such as:

- Investments in Fiber-optic Broadband & Data Centers Powered by Renewable Energy: These are classified as low-carbon investments under the Low Carbon Investment (LCI) Registry Taxonomy.
- Expansion of AI, IoT, and Machine Learning Technologies: These can be used to drive energy efficiency and carbon reduction across the telecommunications sector.
- Partnerships for Renewable Energy Supply: The Company continues to explore additional sources of renewable energy for its own operations. In addition, it aims to encourage suppliers to adopt clean energy solutions to further reduce Scope 3 emissions.

The estimated commercial opportunity from climate initiatives could reach PhP26 million in the next decade, with a potential growth up to PhP422 million* by 2050.

**Based on the forecast by Structure Research's PH DCI Report (ca. April 2022), the 5-year CAGR for the combined retail and hyperscale data center market is 25% and the addressable market in the fiber industry is estimated to be between 10-12 million.*

Risk Management

The Company integrates these climate risk considerations into its Enterprise Risk Management Framework while following ISO 31000 standards. Climate risks are prioritized based on potential financial and operational impacts with the adoption of the following risk mitigation strategies:

1) Disaster Resilience Investments:
    a. Establishment of a disaster recovery facility to ensure service continuity.
    b. Strengthening network towers and infrastructure to withstand wind speeds of 240-340 km/h.
    c. Relocation of critical equipment to higher ground to minimize flood risks.
2) Sustainable Business Practices:
    a. Endeavoring to incorporate shadow carbon pricing in investment decisions.
    b. Ongoing efforts to phase out older, energy-inefficient, and high-emission technologies.

Metrics & Targets

PLDT Group is committed to a 40% reduction in GHG Scope 1 and Scope 2 emissions by 2030 versus its 2019 baseline. In 2024, the carbon footprint of the company reached 885,195 tCO_{2e}, net of the avoided GHG of 18,196 tCO_{2e} as a result from renewable energy and green energy purchases.

Item 3 - Procurement Practices

Proportion of Spending on Local Suppliers

The following table shows the proportion of spending on local suppliers for the year that ended on December 31, 2024:

	Quantity
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	77.78%

Impact and Management Approach

PLDT considers high-quality procurement as essential support for sustainable growth. Efficient procurement management keeps the Group agile, resilient, and innovative while fulfilling its brand promise and adding value to customers.

PLDT Group has built a network of accredited local and international suppliers and service providers who have passed rigorous evaluation. These partners share our core values and standards, and the Company ensures all transactions are transparent and equitable by setting clear rules for all suppliers.

At the same time, supplier management tools such as SAP Ariba provide a unified platform for enhancing the efficiency and monitoring of sourcing activities across the organization. Additionally, we encourage offshore suppliers to either establish a locally registered entity or partner with a reputable local company. This is important because having a local presence has been proven to enhance response times and support quality.

Risks and Management Approach

Implementing comprehensive strategies for preparedness and disruption management is essential to maintaining the seamless delivery of our products and services. Our supply chain management team works in close coordination with the Enterprise Risk Management (ERM) and in accordance with the Group's Business Continuity Plan (BCP).

Moreover, we incorporate emergency response plans into contracts with key suppliers to effectively address any potential hazards such as:

- **Disaster Risk.** The Procurement Group, along with the BCRO, assesses the business continuity capabilities of key suppliers essential for ensuring ongoing provision during crisis events. Critical network facilities benefit from dependable suppliers who conduct regular maintenance to maintain optimal conditions. The system permits emergency procurement, reverting to standard processes as soon as feasible during extreme weather conditions. Established standard operating procedures for such circumstances enable personnel to promptly address issues in the field.
- **Geo-political Risk.** The Company employs advanced ordering and alternative sourcing methods to ensure a steady supply of technical components. It fosters high-trust partnerships with suppliers to ensure the effectiveness of this strategy.
- **Emerging Technology Risk.** The Company dedicates substantial time and resources to testing, piloting, and knowledge transfer initiatives for emerging technologies that potentially play a pivotal role in the digital communications industry. Management evaluates various factors such as available data, industry trends, market intelligence, and insights, to identify appropriate solutions and partners for collaboration. We foster close collaboration with technology suppliers to continuously advance and remain at the forefront of emerging technological developments through strategic agreements.

Opportunities and Management Approach

PLDT aims to establish a dependable and robust supply chain network for its current needs while facilitating access to future technological advancements. It forms strong alliances with strategic suppliers who align with the Company's goals, values, and ethical standards, ensuring a sustainable approach to supply chain management.

Item 4. Anti-corruption

Training in Anti-corruption Policies and Procedures

The following table shows the proportion of training on Anti-corruption Policies and Procedures:

	Quantity
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated	100.00%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated	100.00%
Percentage of directors and management that have received anti-corruption training*	**
Percentage of employees that have received anti-corruption training	99.93%

** This pertains to directors only*

***Since 2007, PLDT has organized an annual in-house training for its directors and officers referred to as the Annual Corporate Governance Enhancement Session (ACGES). Included among the topics covered in the ACGES are anti-corruption, anti-bribery, and related topics such as the role of the Board of Directors in corporate ethics and compliance, business ethics and corporate culture, disclosure controls and procedures, insider trading, whistleblowing procedures, accounting and transparency requirements. Consistent with the Code of Corporate Governance for Publicly Listed Companies, this is complemented with corporate governance-related training that ensures directors and officers are continually informed of developments in governance, business, and regulatory environments, including emerging business trends and risks relevant to PLDT. In 2014, the ACGES was conducted specifically on the topic "Corporate Governance Requirements under US Laws and Regulations and Foreign Corrupt Practices Act of 1977." In 2024, the ACGES topics and speakers approved by PLDT's GNSC and the Philippine Securities and Exchange Commission (PSEC) were "Become an Insurgent: Re-focus and Re-energize Your Business Strategy, Organization, and Culture for Success" by keynote speaker, Mr. David Morey, Chairman and CEO of DMG Global, and best-selling author of the books, "The Underdog Advantage", "The Leadership Campaign", "Creating Business Magic" and "Innovating Innovation"; and "Building a Data-Driven Business: Leveraging AI and Big Data for Growth" by guest speaker, Dr. Erika Fille T. Legara, Managing Director and Chief AI and Data Officer at the Center for AI Research. One of our directors, Mr. James L. Go, has been granted permanent exemption by the PSEC from its corporate governance training requirement.*

Impacts and Management Approach

PLDT is listed on both the Philippine and New York Stock Exchanges (PSE and NYSE), and therefore strictly adheres to governance standards established by relevant laws in the Philippines and in the United States, as well as the rules and regulations of the PSEC, PSE, US SEC, and NYSE, including anti-corruption standards.

Additionally, being an associated company of First Pacific Company Ltd., which is listed on the Hong Kong Stock Exchange (HKSE), we also align with the governance standards of the HKSE.

Following applicable laws and regulations and consistent with global best practices, the PLDT Board has adopted and implemented corporate governance policies such as the Code of Business Conduct and Ethics (Code of Ethics) and the Policy on Gift-Giving Activities (Gift-Giving Policy). These, along with other related policies, constitute our company's anti-corruption policy.

Our Gift-Giving Policy is compliant with relevant laws and regulations such as Code of Conduct and Ethical Standards for Public Officials and Employees (Republic Act No. 6713), Anti-Graft and Corrupt Practices Act (Republic Act No. 3019, as amended), Revised Penal Code (Act No. 3815, as amended) and the Foreign Corrupt Practices Act, any regulations implementing such laws, and any amendments or supplements to such laws and regulations, and any laws or regulations repealing and supplanting such laws and regulations.

To implement the anti-corruption policy effectively, the following measures are in place:

(i) The Gift-Giving Policy enforces procedural safeguards and controls on prohibited or regulated gifts;

(ii) Related policies, such as the Corporate Governance (CG) Guidelines for Suppliers and Company policies on gifts, entertainment, sponsored travel, whistleblowing, supplier relations, and conflict of interest, support this implementation; and

(iii) Monitoring and preventive measures are in place to eliminate graft and corruption, including internal controls, training programs, whistleblowing facilities, third-party due diligence, enforcement mechanisms, and participation in anti-corruption initiatives.

In 2024, the Company held two suppliers' briefings to reinforce compliance with Company policies, heighten awareness of anti-corruption measures, and foster shared accountability, ensuring suppliers support the Company's principles and ethical standards. The Company likewise issued reminders to suppliers, and contractors on proper gift handling and disclosure during the holidays, ensuring compliance with CG policies and mitigating associated risks.

Also launched in 2024 was a CG query intranet facility for all employees, which enabled the online submission of queries on CG matters, including gifts and whistleblowing policies, and aligned CG opinions across the PLDT Group for consistent policy application.

In 2024, the Company's annual governance training for employees included a refresher on key good governance principles, the gifts and other governance policies, practical scenarios, policy applications, and compliance standards. New employees were oriented on corporate governance policies, including the Code of Ethics and Gift-Giving Policy, alongside data privacy and cybersecurity, among others. Reminders on the importance of adherence to these policies were regularly shared through email advisories, workplace posts, the intranet knowledge base, and employee feedback mechanisms. During the Christmas season, an advisory was issued to all employees, and specific guidance and instructions were given to officers, executives, and consultants on compliance with anti-corruption laws, regulations and relevant Company policies to remind employees of the standards of conduct required by the Board and Management on Gifts.

For our annual governance training for directors, Board advisors, and officers, pursuant to the recommendations of the PSEC in its Code of Corporate Governance for Publicly Listed Companies and as mandated in the Company's CG Manual and Board of Directors Charter, PLDT's GNSC has determined that relevant governance and technology training on AI, big data, and leadership and innovation were timely, relevant and impactful learning topics in 2024. During the annual governance training, guest speaker Dr. Erika Legara highlighted the role of big data and AI in business growth; and a panel of business leaders discussed the opportunities and challenges of harnessing big data to deliver enhanced Group-wide customer experience. Keynote speaker Mr. David Morey challenged the attendees to lead change by redefining business strategy, organization, and culture for renewed success; and PLDT Group Chairman Mr. M. V. Pangilinan reminded directors and officers: *"Beyond our traditional role of producing profit from the sale of our services and products, lies a more important responsibility to the Group… If we are able to tell ourselves, at the end of the day, at the end of a reporting period, that we have done our job in terms of improving the welfare and lives of the Filipino people, then we would have done a very good job - beyond the bottom line. And that's the context under which we operate, always."*

Third-party due diligence

A key practice in anti-corruption programs is integrating third-party due diligence into a comprehensive prevention approach. Partnering with suppliers, vendors, and contractors involves sharing the responsibility for reporting violations of laws and company policies on bribery and corruption. By collaborating closely and monitoring activities, the Company can promote good governance and value-based business operations within its supply chain. This commitment is further reinforced by the existing policy on vendor sanctions and its implementing guidelines.

UNGC Participation

PLDT and Smart are signatories to the United Nations Global Compact (UNGC) Communication on Progress (CoP), which calls for international cooperation on governance and ethical business practices through values-based strategies, policies, operations, and stakeholder engagement. The goals and principles supported by the UNGC are communicated and promoted through education programs initiated by each Company within the organization and directed towards its various stakeholders.

Incidents of Corruption

The following table shows a summary of incidents of corruption for the reporting year ended December 31, 2024:

	Number of incidents
Number of incidents in which directors were removed or disciplined for corruption	0
Number of incidents in which employees were dismissed or disciplined for corruption	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0

Potential Impact and Our Involvement in the Impact

The PLDT Board provides leadership by establishing and overseeing the implementation of the corporate governance framework and policies, ensuring that business conduct is aligned with the long-term goals, vision, mission, and strategic objectives of the Company. The Company's Code of Ethics applies to directors, officers, and employees and outlines our core principles of Accountability, Integrity, Fairness, and Transparency to guide all business relationships at PLDT.

Affected Stakeholders

PLDT’s Anti-corruption Policy and other related policies guide the actions and decisions of our employees, agents, representatives, suppliers, contractors, and business partners who uphold the Company’s core principles. This unwavering commitment promotes the welfare of our customers and the communities we serve by fostering the efficient production and delivery of services; thus, contributing to PLDT's long-term sustainability.

Identified Risks, Affected Stakeholders, and Our Management Approach

Building and maintaining a culture of compliance and good governance are crucial to engendering stakeholder trust and confidence. Organizations strive to avoid reputational damage that can lead to loss of market share as customers' trust and loyalty waver as corruption allegations can significantly harm this trust.

Given the regulatory obligations and the potential reputational risks that may affect business and governance objectives, the PLDT Group consistently drives its anti-corruption campaign through a values-based approach. We integrate our core values into daily business practices, utilize technology to promote awareness, engage team members, and encourage real-time feedback across the organization.

Identified Opportunities, Benefitted Stakeholders, and our Management Approach

We periodically benchmark against international standards and best practices to learn from successful and impactful business practices. This way, we continually improve our operations to benefit our customers, stockholders, and all other stakeholders.

In 2024, PLDT participated in the 3rd Joint CG Roundtable for Publicly Listed Companies (the “Roundtable”) organized by the PSEC, the Institute of Corporate Directors (ICD), and the Good Governance Advocates and Practitioners of the Philippines with the theme: “Elevating Philippine CG Standards.” The Roundtable provided insights on regulatory updates relevant to the ASEAN CG Scorecard, international reporting standards and best practices to further strengthen the Company’s disclosure reports. The Company was also a participant to the 11th Annual PSEC-PSE CG Forum, which focused on the PSEC's ESG and other initiatives. Company representatives likewise attended the UN Global Compact Academy’s and United Nations Office on Drugs and Crime (UNODC)’s: “Deep Dive Session: Measuring Anti-Corruption Compliance in your Company (online), and “Whistleblower Protection in Business” (online), Global Compact Network Philippines’ Sustainability and Corporate Governance Peer Learning Session, ICD’s Global Governance Summit, and the National Economic Development Authority (NEDA)’s Ugnayang Bayan Forum 2024 for the International Covenant on Economic, Social, and Cultural Rights (ICESCR) Chapter of the 3rd Philippine Human Rights Plan.

Part II – ENVIRONMENT

Item 5. Resource Management

One of the PLDT Group's materiality areas is operational resource efficiency. This aligns with our goals to minimize our environmental footprint and ensure sustainable use of natural resources, including energy and water.

Pursuing sustainable growth means actively seeking solutions to address these objectives. We strive to achieve these by integrating sustainable practices into our daily operations, tracking consumption, monitoring GHG emissions, and analyzing and reporting on our environmental management performance. Our leadership also considers the ecological impact of business decisions on our stakeholders and communities.

As inaugural members of the government-led Stakeholders' Chamber on the Sustainable Development Goals of the National Economic and Development Authority (NEDA), we uphold the government's commitment towards carbon reduction and are actively implementing initiatives to contribute to this goal. Likewise, we support the global ambition to achieve Net Zero emissions by 2050.

Resource Management

Energy Consumption

The following table shows the energy consumption within the organization for the year that ended on December 31, 2024:

	Quantity	Unit
Energy consumption (renewable sources)		
Fixed	108,401	GJ
Wireless	2,713	GJ
Energy consumption (gasoline)		
Fixed	105,326	GJ
Wireless	13,339	GJ
Energy consumption (diesel)		
Fixed	89,375	GJ
Wireless	300,676	GJ
Energy consumption (electricity)		
Fixed	283,350	MWh
Wireless	907,003	MWh

Reduction of energy consumption

The following table shows the reduction* of energy consumption within the organization for the year that ended on December 31, 2024:

	Quantity	Unit
Energy reduction (gasoline) - GJ		
Fixed	-	GJ
Wireless	948	GJ
Energy reduction (diesel) - GJ		
Fixed	26,425	GJ
Wireless	122,719	GJ
Energy reduction (electricity) - kWh		
Fixed	2,103	MWh
Wireless	-	MWh

**compared to 2023 energy consumption*

Impacts and Management Approach

Energy resources are crucial for delivering our products and services, and the Company fully recognizes that proper energy management is essential to achieving our optimization goals.

Our key objectives in managing energy resources are maximizing efficiency and optimizing consumption. Pursuing sustainable growth means actively seeking solutions to address these objectives. We demonstrate our commitment by integrating sustainable practices into daily operations, tracking consumption, monitoring greenhouse gas (GHG) emissions, and analyzing and reporting on performance. Management also considers the ecological impact of business decisions on our stakeholders and the communities where we operate.

We uphold the government's commitment to carbon reduction and are actively implementing initiatives to contribute to this goal as inaugural members of the government-led Stakeholders' Chamber on the Sustainable Development Goals of the NEDA. Likewise, we support the global call for net-zero emissions by 2050.

We are also aligned with the government's focus on adaptation and resilience, as we integrate the same in the design and operation of our fixed and wireless networks.

Renewable Energy

The PLDT Group has established a decarbonization roadmap that integrates renewable energy adoption and green network technologies to achieve a 40% reduction in Scope 1 and 2 GHG emissions by 2030, using 2019 as the base year. The Company aims to transition toward sourcing 100% of its power from renewable energy (RE) as part of its long-term sustainability strategy, dependent on the availability of renewable power. Thus, PLDT seeks to stimulate market demand for alternative power sources, encourage additional generating capacity, and ultimately hopes to contribute to lower energy costs.

In 2024, PLDT and Smart expanded their partnership with First Gen to transition six (6) network facilities in Mindanao to 100% RE. This initiative is expected to generate substantial annual savings in energy and operational costs while reducing GHG emissions by almost 13,000 tons per year, which directly contributes to the Company's decarbonization goals.

PLDT further strengthened its commitment to renewable energy by expanding its energy mix to include geothermal, solar, and wind sources. To accelerate its transition, the Company partnered with ACEN Renewable Energy Solutions (ACEN RES) to power an additional 24 facilities in the Greater Metro Manila area with 100% renewable energy.

This strategic RE switch with ACEN RES is projected to generate significant energy and operational cost savings while cutting GHG emissions by approximately 21,000 tons annually.

Energy Efficiency

Energy conservation remains a core strategy in the PLDT Group’s pursuit of operational efficiency and sustainability. The Company implements various initiatives to reduce energy consumption such as adoption of more efficient cooling and lighting systems, the use of AI applications to optimize energy management at remote wireless network sites, and the strategic adjustment of air conditioning thermostats to enhance energy efficiency.

To further strengthen its energy conservation efforts, PLDT has partnered with Meralco subsidiaries MSERV and Spectrum to implement programs aimed at improving energy efficiency. These partnerships also include contracts for electrical maintenance across PLDT and Smart offices, ensuring sustained operational efficiency.

We also continue to leverage cool roof technology, which utilizes insulation materials on roofs and walls to minimize heat transfer, thereby reducing indoor cooling demands. The use of nanofluid technology further enhances energy efficiency by increasing the heat capacity of chiller water, allowing cooling systems to operate with fewer resources. These efforts complement the Green Radio Network Solutions, which deploy intelligent and automated systems across all cellular network sites to optimize energy use and reduce environmental impact.

Fleet Rationalization

We are optimizing our vehicle fleet through a transition to an End-to-End Operations Model with route optimization to further minimize our carbon footprint. By reducing the number of vehicles required for operations, this initiative delivers:

- Cost Efficiency: Lower capital expenditures, reduced maintenance costs, and fuel savings
- Environmental Benefits: Reduced fleet size leading to lower carbon emissions
- Operational Optimization: Improved route planning minimizes redundant trips and maximizes vehicle utilization

Risks and Management Approach

The Energy Efficiency and Conservation Act, enacted in 2019, outlines the government’s fundamental policies on energy efficiency and conservation. This law requires companies to conduct energy audits, implement conservation measures, and report on annual energy consumption.

In compliance, the Company's energy managers conduct comprehensive energy audits across the enterprise and gather data for a robust Energy Management Plan that encompasses both short-term and long-term strategies. The execution of the plan is supported by the Network Operations' Energy Environment Safety and Health (EESH) and the Property and Facilities Management (PFARM) groups, which also oversee the impact of energy conservation programs.

We anticipate that additional laws and regulations will be enacted in the future. Hence, the PLDT Group is prepared to comply with initiatives aimed at conserving resources and promoting sustainability.

Opportunities and Management Approach

Our digital transformation initiative has given us the chance to look at how much energy we use as a company. With digital operations, everything runs smoother and more efficiently, plus it encourages us to use less paper by going paperless in the affected areas.

Water Consumption

As a valuable yet finite natural resource, we strive for efficiency in our use of water across our operations. These include having water conservation efforts in our physical facilities and business premises, as well as employing techniques to optimize water use in cooling systems of our network equipment and data centers.

The following table shows the water consumption within the organization for the reporting year that ended on December 31, 2024:

	Quantity	Unit
Water withdrawal[1]	1,480	cubic meters
Water consumption[2]	652,487	cubic meters
Water recycled and reused[3]	156	cubic meters

[1] *abstracted surface and groundwater*
[2] *includes purchases from suppliers and bottled water*
[3] *from collected rainwater*

Impacts and Management Approach

Responsible water consumption is an important metric for the PLDT Group's non-financial performance. The PFARM and Corporate Environmental, Health, and Safety (CEHS) groups systematically monitor water usage across major facilities and report their findings to management. They implement comprehensive water conservation measures such as closed-loop cooling systems, recycling initiatives, and rainwater utilization strategies. Additionally, they conduct regular maintenance activities, including leak detection, to ensure optimal water management.

Risks and Management Approach

Water is essential for daily operations and employee well-being, as well as facility maintenance. The Company takes a proactive approach to addressing water supply disruptions and diligently seeks alternative sources, even if they involve higher costs.

We also support the government's water conservation initiatives by collaborating with partners to protect watersheds, reforest land areas, conserve peatlands, and maintain ecosystems that ensure a continuous and reliable water supply.

Opportunities and Management Approach

The PLDT Group is cognizant of its influence on its stakeholders and business partners and therefore endeavors to actively campaign and promote water conservation. We recognize that continued support for these initiatives will directly benefit and ensure continuous economic growth in the communities where we operate.

We are also seeking further ways to conserve and limit groundwater extraction. For example, selected facilities in Visayas and Mindanao use rainwater catchment systems to collect rainwater for car washing, plant watering, and floor cleaning.

Materials Used

The PLDT Group does not engage in manufacturing activities and thus deems rendering material usage reporting inapplicable. Equipment and devices provided to subscribers are sourced from vendors that are governed by global standards on production and manufacturing and accordingly furnish necessary compliance and reporting procedures.

Ecosystem and biodiversity (whether in upland/watershed or coastal/marine)

	Quantity
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	28
Habitats protected and restored (hectares)	1.8
IUCN* Red list species and national conservation list species with habitats in areas affected by operations	none

** International Union for Conservation of Nature*

Impacts and Management Approach

To be able to connect unserved and underserved areas, we encounter the need to deploy and set up facilities, such as relay towers and cable landing stations, in environmentally protected areas and coastal settlements. We therefore seek necessary approvals and permits from local communities and government authorities to ensure our lawful presence and responsible conduct of business operations.

We strive to remain conscious of our impact on our surrounding environment and consider these in the planning, designing, and building of our network infrastructure. For instance, we lay down our submarine cables at least two kilometers away from marine sanctuaries. We also follow established green buffer zones around our equipment periphery to the extent possible to reduce noise levels and absorb emissions.

In addition, we actively engage with local communities in the form of livelihood support initiatives through digital upskilling and entrepreneurship programs, as well as initiatives to support digital inclusion and quality education.

Our PFARM and CEHS teams monitor the status and performance of all facilities, equipment, and generator sets, and develop management plans encompassing environmental strategies for facilities located in environmentally protected areas. We strive to continuously improve environmental management processes and mechanisms is manage and mitigate potential adverse impacts of our operations on the environment.

Furthermore, we collaborate with our contractors and service providers to regularly assess and manage the environmental impact of any new facilities.

In line with hazardous waste management, we work with DENR-accredited suppliers to ensure the proper treatment of used lead-acid batteries. We implement a recycling program for these batteries and use the proceeds to support initiatives in education, livelihood, and environmental stewardship.

Risks and Management Approach

PLDT ensures compliance with all relevant environmental regulations. This strengthens risk management and business continuity measures, as well as violations can lead to delays, penalties, disapproval, or permit cancellations, business losses, and reputational damage.

We also continue to recognize that climate change poses potential risks for telecommunications operators from both a physical and regulatory perspective.

More severe and frequent natural disasters such as typhoons, heat waves, and earthquakes could increase the likelihood of damage to infrastructure and lead to failures in both wired and wireless networks in the physical world. Additionally, these events could disrupt the supply chain, causing delays in the delivery of supplies. If severe natural disasters occur in quick succession, there may be insufficient resources to repair and restore infrastructure efficiently and cost-effectively.

The heightened awareness of global climate change may prompt the Philippine government to introduce new and more stringent environmental legislation and consequent regulations. These changes could result in increased operating costs and other capital expenditures. Additionally, new regulations may raise the need for personnel upskilling and technical capacity-building efforts which may impact operational design and overall finances.

Environmental Stewardship Initiatives

As part of ensuring responsible business operations, we are committed to improving the lives of Filipinos while actively protecting the environment and supporting our communities. We recognize our responsibility as environmental stewards and understand the importance of going beyond compliance by proactively advocating for sustainability.

A demonstration of this commitment is our collaboration with the Department of Environment and Natural Resources – Biodiversity Management Bureau (DENR-BMB) for an innovative wetlands conservation project. This initiative successfully identified seven potential peatlands within the Agusan Marsh Wildlife Sanctuary (AMWS).

Wetlands play a critical role in carbon sequestration, storing twice as much carbon as the world's forests. Peatlands are carbon-rich and essential for climate change mitigation However, when damaged, they can release significant amounts of carbon dioxide into the atmosphere.

Previously, we have provided drone equipment, mobile phones, radio devices, and personal protective gear to enhance biodiversity, disaster risk reduction, and carbon sequestration monitoring activities of the Bantay Danao volunteers at AMWS. This three-year extendable collaboration has enabled us to contribute nearly PhP3 million worth of essential monitoring and patrol materials.

Environmental Impact Management

Air Emissions

Greenhouse Gases (GHG)

	Quantity	Unit
Direct (Scope 1) GHG Emissions		
Fixed – Vehicles	12,984	tCO_{2e}
Wireless - Vehicles	3,549	tCO_{2e}
Fixed – Gensets	1,013	tCO_{2e}
Wireless – Gensets	23,188	tCO_{2e}
Energy indirect (Scope 2) GHG Emissions		
Fixed	198,132	tCO_{2e}
Wireless	646,328	tCO_{2e}
Emissions of ozone-depleting substances (ODS)	7	tCO_{2e}

The availability of digital communications technology helps other sectors reduce their carbon footprint by making operations efficient, resilient, innovative, and sustainable.

In the delivery of data and broadband services, the PLDT Group aims to enhance data speeds, reduce latency, and offer value services while also minimizing carbon footprint. This involves continuously adopting green technologies and more energy efficient infrastructure.

However, operations still require the utilization of gasoline- and diesel-powered equipment as well as the acquisition of energy, which are sources of GHG emissions contributing to the nation's overall emissions. Consequently, this has an impact on the environment and neighboring regions.

In 2024, Scopes 1 and 2 CO_2e emission were recorded at 885,195 tCO_2e.

In the near term, we aim to focus on reducing Scope 1 and Scope 2 GHG emissions, over which we have greater control. In parallel, we are also collaborating while collaborating with suppliers to identify opportunities for emission reduction within our value chain. This includes the following strategies:

- Energy consumption optimization
- Increase in share of purchased renewable energy sources
- Solar solutions
- Fleet rationalization
- Genset optimization

Air Pollutants

Generator sets are crucial in office buildings and relay towers as they provide primary and backup power and ensure network operations continuity. In addition, the provision of services in areas without reliable electricity sources often requires the use of diesel generators. These equipment however may generate smoke and noise pollution should these operate below standards.

We recognize the adverse impact such pollution can bring to communities. Thus, the PFARM and CEHS teams closely monitor the operational performance of our facilities and equipment to optimal standards. We are committed to establishing clean and energy-efficient operations in all our facilities and are investing in clean and renewable energy supplies to achieve this goal. We are currently exploring the use of hybrid- and fuel-cell-powered base stations in remote off-grid areas and plan to expand similar initiatives in the coming years.

Solid and Hazardous Waste

Solid Waste

	Quantity	Unit
Total solid waste generated		
Fixed	291	Metric ton
Wireless	446	Metric ton
Total solid waste disposed		
Recycled or turned-over to accredited recycler		
Fixed	289	Metric ton
Wireless	436	Metric ton
Recycled or turned-over to accredited recycler		
Fixed	-	Metric ton
Wireless	10	Metric ton
Residuals/Landfilled		
Fixed	2	Metric ton
Wireless	-	Metric ton

Our marketing and trade engagement activities make use of printed merchandising collaterals and outdoor advertising materials that eventually end up as solid waste.

To reduce waste, we are actively exploring eco-friendly alternatives for our marketing materials. We are also increasing investments in more durable materials for road and barangay signages and store signs.

Additionally, we are also looking for partnerships with organizations that offer innovative waste management solutions and promote a circular economy.

Hazardous Waste

	Quantity	Unit
Total weight of hazardous waste generated		
Fixed	144	Metric ton
Wireless	267	Metric ton
Total weight of hazardous waste transported		
Fixed	144	Metric ton
Wireless	267	Metric ton

Our operations utilize materials such as batteries that may end up as hazardous waste at the end of their life cycle. The disposal of these items is governed by RA 6969, which specifies requirements for the proper identification, labeling, segregation, handling, and disposal of hazardous wastes.

Non-compliance with hazardous waste management regulations poses significant health and safety risks and incurs penalties from regulatory authorities.

PLDT therefore diligently adheres to these regulations, as outlined in its environmental compliance guidelines. It engages accredited third-party vendors who have the necessary equipment and qualifications to handle, transport, and dispose of these types of waste appropriately.

Furthermore, our Pollution Control Officers (PCOs) possess technical training and background in environmental management, laws, and regulations. They are responsible for identifying, monitoring, and reporting hazardous waste as mandated by the DENR. They also actively promote environmental awareness within the organization, implement pollution prevention programs, and enforce the environmental management framework to prevent violations and ensure a safe and healthy workplace for all employees.

We also enforce a strict policies for waste management and proper disposal. Our Logistics team periodically conducts random spot audits on various facilities and identifies areas for improvement and immediate action required to contain generated waste.

We have also formed a cross-functional team that conducts regular education campaigns for the Operations Teams, Security Personnel at various facilities, and Property and Facilities personnel to ensure they are knowledgeable about the proper storage of generated wastes. To reinforce proper waste management, disciplinary actions are taken against erring personnel who are accountable for safeguarding the standards of a facility.

In addition, we work only with accredited recyclers that undergo audits by the government and various accreditation agencies.

Electronic Waste (e-Waste)

PLDT implements a program called “Be Kind. Recycle” (BKR) that promotes circularity and responsible collection, disposal, and recycling of electronic waste (e-waste). Initially an internal program, BKR has since expanded through partnerships with other private entities, strengthening collective efforts to promote responsible e-waste management.

Through BKR, we facilitate safe disposal of e-waste from consumers and households, ensuring these items are processed by accredited recycling partners in compliance with environmental regulations. The program also raises awareness and encourages participation among employees, business partners, and communities, supporting the circular economy by extending the lifecycle of materials through reuse and responsible recycling

Effluents

Effluents are not a significant metric for PLDT Group's operations. Any generated effluents from the fixed line and wireless operations are treated as municipal wastewater and sent to third-party utilities for treatment, hence they are not monitored or reported.

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

The following table shows the information on PLDT's non-compliance with environmental laws and regulations:

	Quantity
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	PhP0.00
Number of non-monetary sanctions for non-compliance with environmental laws and/or regulations	-
Number of cases resolved through dispute resolution mechanism	-

The PLDT Group aims to balance providing connectivity solutions and digital innovations with its responsibility to the environment. This objective is guided by corporate governance principles, industry practices, and government regulations as this approach highlights the Company's position on conducting business responsibly and managing its environmental and social operational impacts as part of its sustainability efforts.

A crucial policy guiding the Company is its Occupational Safety, Health, and Environmental Policy, which adheres to the highest standards and ensures the protection of workers and communities in operational areas. This policy mandates compliance with pertinent legal requirements, including those from the Department of Labor and Employment (DOLE), the DENR, and the Department of Energy (DOE). Our CEHS and PFARM teams diligently monitor regulatory updates in environmental legislation and communicate these changes to the relevant business units.

We leverage technology and innovation, including the automation of self-monitoring report preparation to strengthen compliance and operational efficiency. This initiative enhances the effectiveness of PCOs, especially those managing multiple sites and facilities, by streamlining processes and ensuring accurate and timely reporting.

Concurrently, we mandate the same level of environmental compliance from our suppliers and contractors, especially in ensuring adherence to the Special Land Use Plan and the Special Use Agreement in environmentally protected areas. To reinforce these, we subject our suppliers to align with our sustainability guidelines upon accreditation, onboarding, and throughout their service delivery processes. Additionally, we are continuously enhancing our Environmental Management System and strengthening capabilities of our PCOs to assess performance, ensure compliance, and provide regular operational progress reports to the DENR.

Part III - SOCIAL

Item 6. Employee Management

Employee Diversity by Gender

The following table shows the summary of employee data for Fixed-line and Wireless operations as of December 31, 2024:

	Quantity
Total number of employees*	
Number of female employees	
Fixed	3,037
Wireless	1,924
Number of male employees	
Fixed	7,771
Wireless	2,167
Attrition rate	
Fixed	6.99%
Wireless	7.63%
Ratio of lowest paid employee against minimum wage	
Fixed	1.44
Wireless	1.38

**Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)*

***For consistency with our SR publication in June, we used GRI's formula for the attrition rate: Total number of separated employees over the total number of employees as of the end of the reporting year*

Managing people effectively and supporting their development are crucial for business sustainability. We aim to be an employer of choice to attract and retain skilled talents who align with our corporate values and contribute to our long-term growth and success.

Talent Acquisition and Retention

We leverage technology to enable our Talent Team with best sourcing channels. We have also developed hiring strategies based on the annual hiring forecast and employ a candidate-driven hiring and onboarding approach that supported the following initiatives:

- Strengthened partnerships with hiring managers by involving them earlier in the process of sourcing and engaging top candidates.
- Automated candidate attraction and engagement at scale through personalized automated emails, which solicited feedback on candidate experiences, published new hire onboarding announcements, and released welcome messages for new employees.
- Trained recruiters to effectively conduct virtual conversations.
- Replaced in-person interviews and onboarding with remote interactions to expedite hiring timelines and enhance the experience in terms of safety, time efficiency, cost-effectiveness, and accessibility for candidates and new hires.

We conduct an annual evaluation of our hiring processes to ensure their continued effectiveness in attracting qualified candidates for current and future positions. This evaluation aims to enhance candidate responsiveness, expedite hiring timelines, improve data analysis for informed decision-making, and create a positive candidate experience.

PLDT upholds a Diversity and Inclusion Policy that promotes equal opportunity and merit-based criteria in our hiring and employment process. Concurrently, talent retention programs such as (a) pay for performance, (b) variable compensation schemes, (c) recognition of competence, (d) career development and progression opportunities, and (e) employee engagement initiatives are implemented to maintain an engaged workforce.

Additionally, a management program is in place to assess the readiness of employees to take on different or more senior roles. This program also seeks to identify high-potential employees for leadership positions and provide them with the necessary developmental opportunities to facilitate their success.

Compensation and Benefits

Our compensation program has been designed to attract, reward, and retain employees who contribute to the company's growth, profitability, and industry leadership.

The following table shows the summary of employee benefits for Fixed line and Wireless operations for the reporting year that ended on December 31, 2024:

List of Benefits	% of employees who availed for the year			
	Fixed		Wireless	
	Female	Male	Female	Male
SSS	17.08%	15.57%	29.68%	19.80%
PhilHealth	0.66%	0.37%	9.04%	4.75%
Pag-IBIG	18.72%	4.19%	20.27%	15.18%
Parental leaves	4.47%	5.88%	4.16%	2.86%
Vacation leaves	100.00%	100.00%	98.34%	97.37%
Sick leaves	18.25%	15.47%	65.54%	54.55%
Medical benefits (aside from PhilHealth)	100.00%	97.68%	88.93%	86.85%
Housing assistance (aside from Pag-IBIG)	0.89%	0.33%	0.21%	0.32%
Retirement fund (aside from SSS)	4.01%	4.28%	0.16%	0.23%

Employee Training and Development

The following table shows the summary of employee training and development conducted for the reporting year that ended on December 31, 2024:

	Quantity
Total training hours provided to employees	
Female employees	
Fixed	79,235
Wireless	53,695
Male employees	
Fixed	346,859
Wireless	63,681
Average training hours provided to employees	
Female employees	
Fixed	26.09
Wireless	27.91
Male employees	
Fixed	44.64
Wireless	29.39

Impacts and Management Approach

We recognize that continuous learning is the foundation of a resilient and future-ready workforce. In 2024, we continue to deepen our commitment to capability development and leadership growth by empowering employees to take charge of their own development while ensuring business sustainability.

We also scaled up our programs to reach an unprecedented 98.6% of our workforce, reinforcing our dedication to equipping employees with the skills needed to thrive in an evolving digital landscape through strategic learning interventions.

Scaling Learning for a Future-Ready Workforce

Upskilling and reskilling have never been more critical with digital transformation reshaping the future of work. In 2024, we delivered over 543,000 training hours—doubling the hours from the previous year—highlighting our employees' commitment to continuous learning. More than 13,400 employees completed structured learning programs, ensuring they are well-prepared for emerging challenges and opportunities.

We optimized resources and expanded our learning initiatives to maximize impact:

- 98% training coverage, engaging nearly all employees in meaningful learning experiences
- 38.65 Average Training Hours per employee reflected a 55% increase from 2023, strengthening professional development
- Low-cost learning programs that maintained quality while optimizing resources
- 79% positive employee feedback, validating the relevance and effectiveness of our learning initiatives

We also leveraged digital tools and innovative delivery methods to enhance learning experiences, including virtual classrooms, mobile learning, and data-driven analytics for personalized development. New approaches such as nano-learning (such as Tiktok-like reels) and blended learning were integrated, ensuring employees stay at the forefront of digital education.

Our leaders embraced transformation, with 95% completing the Leader's Challenge: Escape Velocity program, equipping them to navigate a fast-changing environment. Similarly, 84% of rank-and-file employees and supervisors participated in specialized learning interventions to reinforce core capabilities.

Aligned with industry evolution, our key learning priorities in 2024 focused on:

- Critical Thinking – Strengthening decision-making and problem-solving capabilities.
- Growth Mindset – Cultivating adaptability and a culture of lifelong learning.
- Artificial Intelligence & Data Analytics – Enhancing digital competencies to drive business transformation.

Further fostering self-directed growth, 83% of employees submitted Individual Development Plans, aligning personal aspirations with the company's evolving needs.

Investing in Leadership and Succession for Business Continuity

Our commitment to developing and retaining top talent remains steadfast, reflected in a 98% retention rate among critical workforce segments. This stability enables us to create meaningful career advancement opportunities while sustaining organizational resilience.

To accelerate leadership growth, we introduced tailored development programs:

- Futurescapes Program – Designed for emerging leaders to build critical leadership skills.
- HyperIsland Singapore's Achieving Escape Velocity Program – Equipping high-potential talents with transformation-driven capabilities.

- Executive Coaching & Advanced Education – Leaders participated in executive coaching and pursued advanced education at globally recognized institutions to strengthen strategic decision-making.

We are not just preparing for the future—we are actively shaping it by embedding continuous learning into our corporate culture. Our capability-building strategy unlocks potential, fosters leadership, and ensures our workforce remains competitive and future-ready.

Labor Management Relations

The following table shows the summary of items under collective bargaining agreements for the reporting year that ended on December 31, 2024:

	Quantity
% of employees covered with Collective Bargaining Agreements*	80.96%
Number of consultations conducted with employees concerning employee-related policies	91

**This is only applicable to PLDT employees as it is the only organization that is unionized*

Impacts and Management Approach

PLDT remains committed to fostering strong, collaborative labor relations built on mutual trust, transparency, and fairness. In 2024, we continued to uphold our Collective Bargaining Agreements (CBAs), ensuring employee rights, workplace stability, and constructive engagement with our unions.

Three recognized unions represented our employees such as:

Gabay ng Unyon sa Telekomunikasyon ng mga Superbisor (GUTS)	3,664 members
Manggagawa sa Komunikasyon ng Pilipinas (MKP)	3,884 members
PLDT Sales Supervisors' Union (PSSU)	209 members

These CBAs define bargaining unit membership, outline employment terms, and ensure job security for employees.

CBA Implementation and Engagement

PLDT also adheres to structured processes to ensure fairness and compliance with labor laws and contractual commitments:

- CBA Negotiation & Renewal: As mandated by the Philippine Labor Code, renegotiation begins at least 60 days before agreement expiration to ensure seamless transitions.
- Regular Union Engagement: Quarterly meetings and ongoing discussions with union officers address emerging concerns.
- Comparable Benefits for Exempt Employees: Supervisory employees in excluded positions receive similar working conditions as their unionized counterparts.
- Separation Guidelines: In cases of separation under Article 298 of the Philippine Labor Code, affected employees and their unions receive a minimum 30-day notice, ensuring a smooth transition.

Grievance Resolution Mechanism

PLDT maintains a structured, three-stage grievance-handling process to ensure employee concerns are addressed fairly and efficiently:

1. Stage One – Line Management Resolution: Employees raise concerns through their union to their Line Head or Executive. If unresolved, a formal written record is prepared.
2. Stage Two – Joint Management-Union Grievance Committee: A six-member panel (three management, three union representatives) reviews the issue for resolution.
3. Stage Three – External Arbitration: If the dispute remains unresolved, the matter is referred to the National Conciliation and Mediation Board under the DOLE.

Through these mechanisms, we uphold due process, ensuring every employee has access to fair resolution and legal consultation when needed.

Risk Mitigation and Proactive Engagement

Recognizing that early intervention strengthens labor relations, PLDT fosters proactive dialogue through Ugnayan Sessions, which are informal discussions between management and union representatives. These sessions enable early issue identification and resolution before they escalate to formal grievance processes. Moreover, continuous labor education empowers leaders and employees to understand evolving labor laws and best practices, fostering a more equitable and compliant workplace.

Opportunities for Strengthening Labor Relations

PLDT is committed to continuously improving labor relations by:

- Enhancing Communication Channels: Strengthening transparency and accessibility of policies.
- Ensuring Timely CBA Implementation: Aligning CBA provisions with company policies, where applicable, to streamline execution.
- Advancing Employee Welfare: Developing responsive and continuous enhancement of policies that address evolving employee needs while maintaining business sustainability.

Sustaining Fair and Equitable Employment Practices

CBAs serve as a cornerstone of fair labor practices, covering both economic provisions (wages, benefits, bonuses, allowances, and funding for union-led environmental projects) and political provisions (job security, grievance mechanisms, and union protections). All agreements are aligned with the Philippine Labor Code, ensuring compliance and stability.

Diversity and Equal Opportunity

The following table shows a summary of employee diversity and equal opportunity information conducted for the reporting year that ended on December 31, 2024:

	Quantity
% of female workers in the workforce	
Fixed	28.10%
Wireless	47.03%
% of male workers in the workforce	
Fixed	71.90%
Wireless	52.97%
Number of employees from indigenous communities and/or vulnerable sector*	533

**Vulnerable sectors include the elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

PLDT's non-discrimination policy is designed to create an environment characterized by openness, trust, and respect. Hiring and promotions are based on merit and job fit without consideration of gender, age, race, education, religion, political views, or any other factors unrelated to job performance. Hiring decisions follow the principles of Pay for Position, Pay for Performance, and Pay for Person.

A diverse and inclusive workforce enables us to enhance employee and customer experience and generate innovative ideas and solutions. This allows us to attract and retain employees, reflecting the diversity of the communities where it operates.

PLDT and Smart are members of the Philippine Business & Disability Network (PBDN), a local organization supported by the International Labor Organization (ILO) that advocates for disability inclusion.

Additionally, PLDT and Smart are members of the Philippine Business Coalition for Women Empowerment (PBCWE), which promotes Diversity and Inclusion policies, non-discriminatory practices, equal opportunities, and expanded maternity leaves. We also work with asocial impact tech startup Connected Women, specifically in their Elevate Artificial Intelligence Data Annotation (AIDA) program.

Item 7. Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

The following table shows a summary of information on occupational health and safety for the reporting year that ended on December 31, 2024:

	Quantity
Safe man-hours	
Fixed	3,378,171
Wireless	8,924,489
Number of work-related injuries	
Fixed	54
Wireless	6
Number of work-related fatalities	-
Number of work-related ill-health	-
Number of safety drills	254

Impacts and Management Approach

The PLDT Group places utmost importance on protecting its employees and ensuring a safe and healthy work environment. The welfare of individuals remains a primary concern while we continue to provide essential services to the public during crises or disasters.

This commitment is encapsulated in the Occupational Safety, Health, and Environmental Policy, which adheres to the highest standards in occupational safety, health, and environmental performance as mandated by the Occupational Safety and Health Standards and the Department of Labor and Employment.

PLDT is now ISO certified for an Integrated Management System (IMS - ISO 9001, ISO 45001, and ISO 14001) that encompasses Quality, Environmental, Health, and Safety Management Systems (QEHSMS). The ISO 45001 certification aims to align with global standards for managing occupational risks, enhancing workplace safety measures, and improving the health and safety of employees.

Additionally, PLDT has deployed a healthcare portal app that enables employees to schedule consultation appointments and directly connect with general physicians or specialists. Consultations can be conducted face-to-face or online, allowing both the employee and the medical team to monitor and update the progress of each visit or consultation.

Furthermore, PLDT and Smart developed online applications that significantly enhanced workplace safety and efficiency such as EHS Incident Reporting (EHSIR), online Job Hazard Analysis (eJHA), and Emergency Drill Report (EDR), among others.

Labor Laws and Human Rights

The following table shows a summary of information on labor laws and human rights for the reporting year that ended on December 31, 2024:

	Quantity
Number of legal actions or employee grievances involving forced or child labor	-

PLDT is dedicated to upholding human rights and strictly complies with labor and environmental standards established by laws, regulations, and internationally recognized principles on labor and human rights. We take action to protect workers' rights and enhance employee welfare, adhering to labor laws concerning forced labor and human rights.

Our policies provide clear guidelines on the expected conduct of all employees in support of laws and regulations such as the Labor Code, the General Labor Standards (GLS), and the Protection against Child Abuse, Exploitation, and Discrimination. Our People Group monitors and ensures compliance with these regulations.

Additionally, we follow a Human Resources Manual that outlines labor rights protection policies. This is supported by a comprehensive grievance handling policy that specifies mechanisms for managing labor rights concerns, while a Committee on Workplace Decorum and Investigation addresses gender-based sexual harassment cases. Employees also have the liberty to resign with a fair notice period. The policy further stipulates the minimum age requirements for employment to address child labor issues.

Supply Chain Management

The PLDT Group implements a supplier accreditation policy to ensure that contracts are awarded to qualified suppliers who provide the best value for money. This policy aligns with the company's commitment to environmental performance, the prevention of forced and child labor, human rights protection, and the fight against bribery and corruption. These factors are carefully considered during the supplier accreditation process. The PLDT Group Supplier Code of Conduct can be accessed here.

In 2024, we held two sessions on sustainability with our suppliers to strengthen communication of our Supplier Code of Conduct and facilitate further alignment and collaborations on our sustainability practices and strategies.

Other activities in 2024 included the enhancement of the Supplier Code of Conduct and Supplier Qualification, an infographic of which was publicly shared and uploaded to the PLDT website. These enhancements were made to align with global best practices.

PLDT also received the Best Collaboration Champion Award at the SAP Philippines Ariba Customer Success Day last year. The accolade acknowledges our procurement digitalization efforts, as exemplified by the ISBN projects, Ariba Mobile and Web Access rollout, and the Ariba Best Practice alignment setup. These initiatives have significantly improved internal processes and user experience.

Additionally, PLDT was nominated under the Ivalua Procurement Excellence Award category, which recognizes organizations that have successfully delivered tangible and quantifiable results through advanced approaches to spend management.

The PLDT Group continues to work closely with its business partners in support of the company's purpose of inspiring innovations and fulfilling its ambition of becoming a sustainability leader in the region. We ensure judicious procurement spending, operational efficiency, and responsible business operations, thereby driving our success in procurement digitalization and collaboration.

Impact and Management Approach

Conscientious Supply Chain Management is vital in ensuring PLDT partners with suppliers who place the same value on carbon footprint reduction, proper waste management, fair labor practices, and prevention of negative environmental and social impacts.

The Procurement Policy and Supply Chain Management processes are designed to align closely with the Company's sustainability strategy. They integrate environmental and social responsibility into operations and influence suppliers to do the same. These policies address human rights, fair labor, environmental protection, and anti-corruption.

New suppliers are screened based on environmental and social criteria, requiring a recent business permit and relevant certifications. Business permits from Local Government Units (LGUs) in the Philippines include environmental components like sanitary and garbage fees. Junk/scrap buyers under Logistics must have an ECC from the DENR.

In addition, local suppliers must also submit DOLE certifications for Child Labor and Regulations, Occupational Safety and Health Standard (OSHS), DO174 registration to ensure Human Rights compliance, and GLS as well as the Philippine Contractor Accreditation Board (PCAB) License. Meanwhile, an assessment of a foreign supplier company's Business Regulatory Environment is included in the CRIF D-B evaluation, which is reflected through the D&B rating.

Our Procurement Group plays a pivotal role in shaping and executing strategies related to supply chain planning and procurement management. They develop and communicate sourcing strategies that create synergies, enhance efficiencies, and maximize savings. This comprehensive approach ensures value realization in the delivery of supply chain and procurement services. Such team also collaborates closely with various business units to identify requirements, specifications, and forecasts. They also participate actively in the annual budgeting process, providing critical inputs from a supply chain category perspective based on planned sourcing initiatives.

Furthermore, our Procurement Group ensures the effective implementation of supply chain solutions and strategies within procurement operations, supply chain planning, and supply chain performance and risk management. They also cultivate and manage relationships with suppliers, securing resources that best meet business requirements at the most reasonable prices.

This integrated approach ensures that we company remain agile and responsive to market changes, maintaining a robust and sustainable supply chain.

Risks and Management Approach

Selecting appropriate suppliers is crucial for us to ensure alignment of values and consistent delivery of high-quality products, thereby safeguarding brand reputation and track record. The risks associated with non-compliant suppliers extend beyond financial implications, as they can jeopardize relationships with stakeholders.

The Company's Supplier Qualification process incorporates stringent criteria, including compliance with relevant laws on industrial relations, environment, health, and safety to mitigate such risks. This ensures that contracts are awarded only to qualified suppliers who provide the best value and meet the specified requirements.

This process is governed by a Supplier-Contractor Relations Policy, which explicitly outlines the Company's commitment to providing equal opportunities and fair treatment to suppliers in all business transactions. The policy also mandates all personnel to disclose any irregular or unethical conduct by suppliers. Supplementing this is the Anti-Corruption policy and the PLDT Group Supplier Code of Conduct, which foster an overall culture of good governance.

In this manner, the Company encourages suppliers and service providers to manage their sustainability impacts, encompassing economic, social, and environmental aspects. Contracts now with suppliers includes an annex specific to sustainability principles (Sustainable Development Goals) for Suppliers. Furthermore, the Supplier Conforme has been revised to include Environment, Health, and Safety (EHS)-related audits, which must be agreed upon and signed by the supplier. In the event of negative incidents identified within the Supply Chain, suppliers will be notified of the findings and the corrective actions required to address the situation.

Opportunities and Management Approach

The goal is to maintain mutually beneficial relationships with suppliers who uphold and share PLDT's core values of fairness, accountability, integrity, and transparency. The Company has updated its Procurement Policy to emphasize Health, Safety, and the Environment, as well as developing sustainability assessments to encourage innovative, affordable, and eco-friendly products and services.

Suppliers must undergo an onboarding/qualification process before project or contract awarding. Supplier selection is conducted through the RFx process, prioritizing existing suppliers based on their importance, impact, and level of influence or spend. This approach aims to foster mutually beneficial relationships and collaborative efforts to meet the needs of both parties.

PLDT and Smart facilitate meaningful supplier engagement by developing strategies to achieve engagement objectives. Stakeholder engagement is collaborative, with a frequency determined by business requirements. Various communication channels, such as the Supplier Portal, mobile phones, and email, are available to facilitate effective collaboration and enhance supplier relationships.

Relationship with community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable sector* (if applicable)	Does the particular operation have impacts on indigenous people (IP) (Y/N)?	Collective or individual rights that have been identified as of particular concern for the community	Mitigating measures (if negative) or enhancement measures(if positive)
Towers and fiber rollout in ancestral domains	Banay-Banay in Davao Oriental; Mt. Mayapay, Kidapawan City in North Cotabato; Bonbon in Butuan City; Brgy. Inagawan and Brgy. Babuyan in Puerto Princesa City; Brgy. Cugman and Brgy. Manticao in Cagayan de Oro City; Mahatao, Ivana, Itbayat, Sabtang, Uyugan in Batanes; Don Victoriano Chiongbian & Concepcion in Misamis Occidental.	Indigenous Communities	Y	Presence of company facilities in their sacred grounds/ ancestral domain	• Community dialogues • Securing Free, Prior, and Informed Consent (FPIC) • Addressing the needs of the IP community in areas where they operate

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP, Class D, and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certificate Preconditions (CPs) secured and still operational, and provide a copy or link to the certificates if available.

Certificates	Quantity
FPIC process is still undergoing	5
CP secured	-

Identified Risk/s and their Management Approach

The PLDT Group operates facilities across the country and engages with communities to maintain open communication channels and foster relationships that are mutually beneficial. Some facilities are in areas inhabited by Indigenous Peoples (IP). Any concerns from the community and local agencies are addressed in order to prevent friction and misunderstandings regarding the group's intentions.

The PLDT Group regularly communicates and informs concerned communities of decisions and actions that affect them. This is achieved through consultations with the community during the project preparation stage. For IPs, the group secures FPIC, which leads to the issuance of a CP. Currently, there are five ongoing FPIC consultations for towers to be located in ancestral domains.

As a signatory to the UNGC, the Group commits to protecting internationally proclaimed human rights and acknowledges the need for positive action to ensure every voice is heard and all groups are treated with respect and fairness.

Identified Opportunities and their Management Approach

Operating units working with local communities follow a systematic framework for social and environmental stakeholder engagement. Guidance for IP engagement identifies sustainable initiatives to integrate into business processes, creating shared value with the community.

Stakeholder engagements prioritize respect, openness, transparency, and collaboration, from simple to complex projects. Communication campaigns are designed to manage the process and ensure transparency. Community initiatives include reforestation, educational technology, and livelihood training.

Engagement activities also include those deployed during emergencies or natural calamities. The PLDT Group consistently provides free calls, WIFI, and charging services immediately after disasters occur. Additionally, PLDT also opened some of its facilities as temporary evacuation centers for affected residents.

The Group aims to strengthen relationships with communities by demonstrating the benefits of technology and digital innovation. This includes promoting inclusive education, fostering entrepreneurship and innovations, expanding livelihood opportunities, advocating for internet safety and mental wellness, enabling inclusive community participation, and bridging the digital divide.

Customer Management

Customer Satisfaction

	tNPS	Did a third party conduct the customer satisfaction study (Y/N)
Fixed (Fiber)	+14	Y
Wireless	+28	Y
Smart Prepaid	+25	Y
TNT	+35	Y
Smart Postpaid	+28	Y
Smart Bro	+24	Y
Smart Signature	+40	Y

The Company partnered with Medallia, a leader in customer experience platforms, to gather real-time customer feedback. Valuable data were collected that helped to continue improving customer experience programs by using Transactional NPS surveys across digital and agent-assisted channels.

With NPS deeply embedded in our operations, real-time customer feedback continues to drive agility, innovation, and targeted action. In 2024, the Company sustained strong Wireless performance (+28, up from +26) and delivered a significant turnaround in Fixed (Fiber), improving by 14 points from the previous year. These gains were fueled by strategic interventions across key customer journeys. An agile squad was formed to improve the roaming experience, ensuring better accessibility and satisfaction for customers abroad, while an agile tribe within CX was launched to uncover new insights into the repair journey, driving enhancements in service resolution. Additionally, clearer promo communication, proactive customer education on scams, and strengthened agent enablement through Genuine CARE training and cluster management contributed to an improved experience across digital and assisted touchpoints.

PLDT and Smart have unveiled seven new Experience Hubs and refreshed at least 10 stores nationwide to further enhance their customers' in-store experience. This ensures that customers can easily access connectivity services and products fit for their needs.

With enhanced touchpoints across the country, PLDT and Smart customers can take advantage of the latest promos from PLDT Home and Smart Postpaid or switch their mobile numbers to Smart or TNT. Customers can also explore the latest smart gadgets to improve their home and lifestyle. The stores feature self-care kiosks to help customers discover the best connectivity plans suited to their needs, as well as entertainment areas to engage the customers. Knowledgeable store specialists are ready to assist customers, to ensure a meaningful visit.

Also in 2024, Smart collaborated with Adobe, a global leader in helping brands deliver exceptional digital experiences, and Amdocs, a leading provider of software and services to communications and media companies, to pave the way for a more data-driven and customer-centric approach to serving its subscribers. The partnership will further enable Smart to deliver personalized customer experiences through multiple touchpoints, including mobile application, social media, and messaging platforms

Meanwhile, PLDT Global expanded its partnership with the Department of Migrant Workers (DMW) to benefit overseas Filipino workers (OFWs). This included the signing of a Memorandum of Agreement to help reintegrate returning OFWs into the community through providing livelihood and skills development opportunities and to support new OFWs ,through the government-to-government program, by providing them with free SIM cards with one-month subscription plans before leaving the Philippines.

Health and Safety

	Quantity
Number of substantiated complaints on product or service health and safety*	-
Number of complaints addressed	-

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged at and acted upon by government agencies.*

Our customers are our "north star", and we are committed to ensuring that our products and services meet the highest standards of safety. We conduct thorough testing and research to guarantee that our designs, materials, and labels comply with all health and safety regulations.

Given the rapid advancements in technology and new product introductions, we recognize the importance of addressing potential health and safety concerns proactively. We also perform comprehensive due diligence to protect our customers from any potential risks associated with our offerings.

Public concerns, such as those regarding electromagnetic radiation (EMR) from telecom antennas and devices, are taken seriously. We align with the World Health Organization's (WHO) findings and actively engage in public education through community discussions, position papers, and workshops to provide accurate information on emissions and health effects.

We are committed to educating the public using reliable research to address any health-related concerns as the industry transitions to fifth-generation technology (5G). We collaborate closely with regulatory authorities to ensure that our telecom services are both of high-quality and safe for the public.

Marketing and Labeling

	Quantity
Number of substantiated complaints on marketing and labeling*	-
Number of complaints addressed	-

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Potential Impact, their Involvement in the Impact, and their Management Approach

We design our marketing efforts, including packaging and product labels, to attract and inform potential and existing customers about the benefits of our products and services. The accuracy, clarity, and completeness of the information communicated through these materials significantly impact on the overall customer experience.

Our marketing teams are responsible for ensuring that branding messages and labeling are clear and comply with guidelines set by the Department of Trade and Industry (DTI) and the National Telecommunications Commission (NTC).

Additionally, all our product packaging bears the product certification mark required by the Bureau of Philippine Standards (BPS). This certification allows the public to verify the conformity of our products to PNS and other international standards, ensuring the authenticity and legitimacy of label claims.

The BPS evaluates critical consumer products such as chemicals, electrical, and electronic products, as well as mechanical, construction, and building materials. Locally manufactured products bear a Philippine Standard (PS) mark, while imported products bear Import Commodity Clearance (ICC) certification marks issued following BPS inspection.

Identified Risk/s and their Management Approach

As a Company, we understand the importance of vigilance against misinformation and counterfeit products that seek to illegally profit from our reputation. To combat this, we offer a variety of convenient channels for the public to report such activities or lodge complaints about any misinformation they encounter.

We provide our customers with multiple avenues to communicate their complaints, opinions, or suggestions. They can utilize our hotlines, social media channels, and physical stores where our representatives are ready to respond and address their concerns. Additionally, customers have the option to file complaints with the NTC or the DTI, who then forward these concerns to our Customer Care or Legal Group for their resolution.

We also leverage all available channels to ensure that our consumers receive factual, timely, and comprehensive information about our products and services simultaneously. We are committed to making our communications clear, understandable, and consistent, as this is key to delivering high-quality customer experiences.

Identified Opportunities and their Management Approach

The Company is dedicated to delivering outstanding customer experience, ensuring that customers have comprehensive and convenient access to information about their products and services, as well as a range of pricing options.

In its commitment to continuous improvement, the Company regularly evaluates the customer experience during pre-sales activities to prevent unrealistic customer expectations that may arise from incomplete information. They meticulously examine underlying systemic issues and root causes to address and resolve any issues satisfactorily from the consumer's perspective.

Customer Privacy

Regulatory compliance was the focus of the Privacy Office's activities in 2024.

Highlights of 2024 Activities

2024 was a year of transformation for the Privacy Office as it embarked on projects aimed at strengthening risk management and compliance throughout PLDT.

The Privacy Office underwent a significant transformation by shifting from centralized privacy operations to a hybrid privacy program model. This change yielded highly positive results. The project clearance rate saw a remarkable improvement, increasing from 45% in 2023 under the centralized model to an impressive 99% by the end of 2024 under the hybrid model. Additionally, the benefits were evident in the turnaround time for project clearance: three (3) days for Non-Privacy Sensitive projects, seven (7) days for Low-Risk projects, and 18 days for the completion of full privacy impact assessments.

They Privacy Office also initiated another transformation project to enhance its current consent management capabilities, aiming for commercial implementation by the second quarter of 2025. The new platform, named Unified Consent and Preference Management (UCPM), is designed to standardize consent and preference management across at least 20 digital customer touchpoints. This initiative seeks to support business enablement, improve consent governance, and enhance data quality. To ensure that the right tools and processes are in place to support its operations, the Privacy Office started working on the digitization of its Privacy Impact Assessment (PIA) workflow via a platform-as-a-service provider. With this project, processing of PIAs and tracking of deadlines on reviews of personal data processing projects are expected to become more efficient.

PLDT made significant enhancements in policies, standards, and processes in the Privacy Office in 2024. These initiatives were pivotal in strengthening regulatory alignment, risk oversight, and data protection measures. The Privacy Office updated the Data Privacy Risk Management Standards to bolster enterprise-wide privacy risk controls, reinforced the Third-Party Privacy Management Standards through a comprehensive company-wide communication plan, and provided key inputs to the CCTV Policy to ensure PLDT's compliance with NPC Circular No. 2024-02 on CCTV Systems. Aside from these, the Privacy Office worked on improving its Breach Management and Privacy by Design processes.

The Privacy Office also made substantial strides in strengthening its incident management capability. As a result, the Privacy Incident Management Catalogue now has better records management, making incident tracking and reporting more transparent, precise, and reliable. A "Real Risk of Serious Harm" Calculator was developed to help assess and rate the severity of personal data breaches. These initiatives will enhance PLDT's capability to comply with the National Privacy Commission's mandatory breach reporting requirements.

Assurance was performed by PLDT's Internal Audit on the entity-level controls of the Privacy Office, mainly on the PIA and incident management processes. No significant issues were identified upon the completion of the audit.

In addition, the Privacy Office continued to produce the Privacy Over Coffee (POC) podcast as part of its efforts to build a culture of privacy. In its second year, they continued to engage audiences with 2,263 live viewers across 11 episodes, covering a range of topics from celebrating Global Data Privacy Day to discussing the intersection of AI and data privacy. They also launched the PIA Bootcamp, a workshop designed to boost employee competencies in integrating data protection principles into the design process of PLDT and Smart systems, programs, products and services. The Bootcamp saw 353 participants across 20 sessions, achieving a 98.99% Average Program Score, 99.25% Learning Satisfaction Score, and a 96 Net Promoter Score. The Bootcamp also received a Gold Award during the 60th Anvil Awards, the highest recognition for outstanding public relations campaigns, programs, and institutions in the Philippines. The Privacy Office's privacy communications activities were capped with the Annual Data Privacy e-Learning Course titled, "Privacy Flix." 99.74% of the 13,657 employees of PLDT and Smart completed the course.

Privacy Incidents

There were four (4) privacy incidents involving customers (for PLDT and Smart combined) as of December 31, 2024. None of the incidents were determined to be covered by the mandatory reporting requirement of the NPC. There is a marked decline in the number of privacy incidents in PLDT and Smart for the second consecutive year. With respect to exercise of right (EOR) of data subjects, there were a total of 35 EOR requests in 2024. This was also significantly lower compared to the previous year.

	Quantity
Number of substantiated complaints on customer privacy*	39
Fixed	14
Wireless	25
Number of complaints addressed	39
Fixed	14
Wireless	25
Number of customers, users, and account holders whose information is used for secondary purposes	~10 million

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Data Privacy and Information Security Committee

The Board of Directors considers privacy and information security crucial to the company's operations. The Board Committee on Data Privacy and Information Security oversees governance in these areas. This committee reviews and approves the company's strategic plans concerning data privacy and information security, supervises the implementation of systems for identifying, assessing, monitoring, and managing risks related to data privacy and information security, and ensures adherence to established frameworks, structures, policies, standards, and processes.

The following items were discussed in the DPIS Committee with respect to information security in 2024:

a. Survey of international and local cybersecurity events, including implications on geopolitics and third-party and supply chain management,

b. Operational statistics of the Cybersecurity Operations Group (CSOG), including statistics on blocked access to malicious domains, SMShing messages, and rogue devices.

c. Updates to PLDT's risk posture and areas for improvement.

d. New cybersecurity strategy aligned with Business, Risk Management, and Privacy

e. CSOG's Awareness Initiatives, including phishing simulations etc.

Meanwhile, the DPIS Committee discussed the following items on privacy and data protection:

a. Updates on privacy and data protection regulations, including new NPC issuances and the impact of new legislation on PLDT's privacy operations

b. Statistics on privacy incidents, including personal data breaches and the exercise of data subjects' rights, along with observed trends in recorded incidents and complaints received from data subjects

c. Updates on the results of the operations of the Privacy Office:

  a. Conduct of privacy risk assessments and statistics on projects and initiatives,

  b. Management of privacy incidents and exercise of rights,

  c. Project updates, particularly on the Unified Consent and Preference Management transformation, and

  d. Conduct of awareness and education activities, both internal and external.

Data Security

	Quantity
Number of breaches*, including leaks, thefts, and losses of data	4
Fixed	1
Wireless	3

**This data came from DP. For CSOG, no data breach due to a cyber attack and no cybersecurity incident with a significant impact.*

Impacts and Management Approach

The Company appreciates how technological advancements continue to bring immense benefits and opportunities but consequently also attract data security threats from malicious actors. Data leaks and breaches, whether accidental or deliberate, pose significant risks to our customers and employees. Therefore, securing our business data and keeping our customers and employees safe online remain a top priority.

CSOG has significantly advanced its cybersecurity measures to safeguard business data and enhance customer digital experiences.

CSOG has created a Cybersafety microsite containing articles, the latest cybersecurity news, and other educational tips to promote cyber hygiene. All policies and procedures for employees are archived in CSOG's Sentinel SharePoint portal, accessible 24/7 to all PLDT and Smart employees. These policies, including the Corporate Information Security Policy (CISP), ensure compliance with cybersecurity standards and are annually updated and approved by the President and CEO.

Incident reporting is streamlined through the Service Now Security Operations and OneHub module, which allows employees to report security incidents easily. Additionally, a communal cybersecurity incident email is used for reporting and regularly reminded to employees through threat advisories and infographics.

Training is mandatory for all employees, who must confirm their understanding and commitment to comply with the CISP. Annual eLearning courses and special request training sessions are provided, alongside phishing simulations and cyber crisis drills to test and improve incident handling. Failure to complete training results in disciplinary action, impacting an employee's performance evaluation. The Regulatory and Cybercrime Case Management Division enforces these sanctions in coordination with the People Group.

CSOG has a predictive capability to anticipate threats, strengthen preventive measures, and prepare for attacks. The Cyber Security Incident Response Team (CSIRT) leads the response process, collaborating with IT, Network, Legal, Privacy Office, and Group Corporate Communications.

Business continuity plans and cybersecurity incident response processes are in place, regularly tested, and cascaded to all employees and third-party stakeholders. A 24/7 Security Operations Center and robust threat intelligence capabilities support this framework.

In 2024, CSOG revamped its cybersecurity strategy, implementing the Security Onion defense-in-depth strategy. This includes governance, risk, and compliance management, and the deployment of a cyber-attack simulation tool for continuous validation of security controls.

No significant cybersecurity incidents or data breaches occurred in 2024. Looking ahead, CSOG plans to incorporate AI into its strategy and develop a corresponding policy within the year.

Risks and Management Approach

The PLDT Group implements a systematic and comprehensive approach to identifying and addressing data security risks, both at the project level and across the enterprise.

CSOG maintains and regularly updates an asset registry that provides visibility on all servers and systems within the network, detailing relevant asset information, classifications, asset owners, and controls. Complementing this is the CSOG Risk Registry, which tracks and measures the organization's cybersecurity risks by offering an inventory of identified risks for each asset, risk ratings or scores (inherent risks, existing controls, residual risks), risk treatment options, and treatment plans. This registry is part of the risk management process, enabling the identification and evaluation of risks to establish a security profile and a central repository of all risks. This aids in developing implementation plans for yet-to-be-implemented security controls.

They have adopted the National Institute of Standards and Technology (NIST) Framework, which is organized around five key functions: Identify, Protect, Detect, Respond, and Recover. By identifying risks, the organization can understand and manage cybersecurity risks to systems, assets, data, and capabilities while implementing safeguards to ensure the delivery of critical infrastructure services. Detection is achieved by developing and implementing activities to identify cybersecurity events. The Company is not only able to respond to cybersecurity incidents but also maintains a recovery plan to restore any capabilities or services impaired due to such incidents.

By adopting the NIST framework, the Company enhances its ability to prevent, detect, and respond to cyber threats, ultimately improving its overall cybersecurity posture.

At the same time, to enhance customer digital experience, cybersecurity practices are embedded within operations, providing a seamless and secure connection for customers. CSOG strictly implements this customized capability framework and tailored operational processes designed to maintain the organization’s security and risk posture.

Opportunities and Management Approach

In 2024, CSOG updated its cybersecurity strategy to enhance each layer of the Security Onion, including external services, perimeter, network and system, endpoint, and user layers. The Security Onion framework, based on CSOG's Cyber Security Capability Framework, illustrates how cybersecurity measures are strengthened, and maturity posture is improved annually. It defines the defense-in-depth strategy for PLDT Group, encompassing people, process, technology, and intelligence aspects.

The roadmap includes the current cybersecurity reference architecture, considering necessary technological updates and planned future projects aimed at improving the cybersecurity maturity posture. The end-to-end operational framework of the Security Onion also incorporates governance, risk, and compliance management to cover all security layers comprehensively. A tier modeling framework has been implemented to enhance active directory security controls. Additionally, a cyber-attack and breach simulation tool has been deployed to provide continuous validation of security controls.

The CISP ensures the execution of the strategy roadmap and the implementation of necessary controls to protect company information assets and comply with all applicable legal and regulatory requirements. This applies not only to CSOG, but also to every employee, third-party vendor, and supplier. The CISP ensures adherence to best practices within the organization.

CSOG policies and standards such as the Cyber Security Classification of Violations and Table of Penalties, are reviewed annually. Standards for effective and proper enactment of cybersecurity policies cover areas such as access management, data sharing, external party security management, information security compliance, information security incident management, and patch and vulnerability management.

Recognizing the PLDT Group's role in nation-building and protecting children from online sexual abuse and exploitation, CSOG continues to use various tools in its arsenal such as the CPP to prevent customers from accessing CSAEM online. Furthermore, as a member of the IWF and the C3P, the PLDT Group has access to timely intelligence relevant to combating child pornography.

PART IV – UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Item 8. Product or Service Contribution to UN SDGs

Key products and services and their contributions to sustainable development

Key Business Units	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Flagship Products			
PLDT Home	PLDT Home, the fixed line consumer business unit of PLDT, provides a comprehensive range of digital services and solutions, including fiber home broadband, designed to keep Filipino households connected. These offerings facilitate convenient access to information, education, lifestyle, and entertainment content, as well as livelihood opportunities, all from the comfort of their homes. Through these, PLDT Home enables and contributes to SDGs 9, 10, 11, 12, 13, 16, and 17.	Access to digital connectivity and online platforms can expose users, including children, to various risks, such as cyber-attacks and harmful content, like child sexual abuse material Customers may also be targeted by unscrupulous actors and cybercriminals. The installation and operation of network facilities across the country, including those undersea, might pose potential risks and impacts on natural resources and ecological systems.	The PLDT Group has made significant investments in various cybersecurity and child protection platforms, integrating these systems into its digital infrastructure. Additionally, the Group proactively implements customer educational programs focused on Internet safety and child online protection. The PLDT Group adheres to internal protocols and mechanisms for environmental management to ensure compliance with relevant laws and regulations regarding environmental protection and conservation. Furthermore, it engages continuously with stakeholders and fosters alliances with industry and academic institutions to strengthen risk management measures and proactively identify opportunities for generating positive environmental value.

PLDT Enterprise	PLDT Enterprise offers connectivity and digital solutions to enterprises, national government agencies, local government units, and other private sector organizations. PLDT Enterprise solutions facilitate digital transformation and industrial development across various sectors, supporting the infrastructure of the Philippine economy. Commercial initiatives and community investments contribute to SDGs 9, 10, 11, 12, 13, 16, and 17.	Digital connectivity can expose users to various harms, abuses, and cyber-attacks. The deployment of network facilities, including undersea cables, can negatively impact natural resources and ecosystems. Data centers, without proper resource optimization, demand high power usage and produce significant greenhouse gas emissions.	The PLDT Group continues to implement various Cyber Security measures within its digital infrastructure to safeguard its Enterprise customers. The Group also conducts customer education programs focused on Internet safety. The PLDT Group adheres to protocols and mechanisms for environmental management to comply with relevant laws and regulations regarding environmental protection and conservation. It engages with stakeholders and forms alliances with industry and academic institutions to enhance risk management measures and identify opportunities for positive environmental impact. The PLDT Group is committed to energy efficiency and resource optimization initiatives aimed at reducing emissions and managing their environmental impact. The Group also explores new technologies to meet the high processing speed and energy efficiency requirements of its data centers.
Smart	Smart, the Group's wireless subsidiary, through mobile connectivity services, contributes to the development of the country's digital economy and offers customer services tailored to the growing digital lifestyle in the Philippines. Smart is aligned with SDGs 9, 10, 11, 12, 13, 16, and 17	Access to digital connectivity and online platforms poses potential risks of harm, abuse, cyber-attacks, and exposure to harmful content for users, including children. Customers are also at risk of exploitation by unscrupulous actors and cybercriminals. The physical deployment and operation of network facilities throughout the country, , may lead to potential risks and adverse	The PLDT Group has invested in various cybersecurity and child protection solutions, integrating these measures into its digital infrastructure. Additionally, the Group actively conducts customer educational programs on Internet safety and child online protection. The PLDT Group adheres to internal protocols and mechanisms for environmental management to ensure compliance with relevant laws and

		impacts on natural resources and ecological systems, including the indigenous people (IP)	regulations on environmental protection and conservation, including engagement with IPs Furthermore, the Group continuously engages with stakeholders and forms alliances with industry and academic institutions to enhance risk management strategies and proactively identify opportunities for creating positive environmental value.
ePLDT	ePLDT, the PLDT Group's ICT subsidiary, provides digital business solutions comprising cloud services, cybersecurity, data center facilities, and managed IT services. These services support connectivity, productivity, safety, and business continuity for various sectors and organizations. ePLDT's operations contribute to SDGs 9, 10, 11,13, and 16	The digital revolution has led to the emergence and expansion of cybercriminals who seek out and exploit vulnerabilities in the digital infrastructures of enterprises and organizations. This can result in cyber security breaches, reputational damage, and financial losses for both enterprises and individuals.	The PLDT Group continues to invest in developing a strategy, infrastructure, and capacity for cyber security. These efforts have enabled the Group to maintain secure services and safeguard its customers against cybercrimes and security breaches.
Vitro	Vitro provides data center solutions across the country that are secured and reliable Vitro's operations contributed to SDG 9 and 11	In the absence of adequate resource optimization measures, data centers demand high power consumption and consequently produce substantial greenhouse gas emissions.	Vitro is working on energy efficiency and resource optimization initiatives to reduce emissions and mitigate its environmental impact, including the addition of renewables in its energy mix. Its newest data center (Vitro Sta. Rosa) was designed according to LEED standards. It is exploring new technologies to meet the high processing speed and energy efficiency requirements of its data centers.

PLDT Global	PLDT Global delivers communications infrastructure and platforms to a worldwide network of carriers, Filipino migrant workers, enterprise clients, and distribution partners, facilitating their ability to establish international connections and access diverse markets across the globe. PLDT Global services contribute to SDGs 9, 10, 11, 12, 13, 16, and 17.	Access to digital connectivity and online platforms can potentially expose users to various harms, abuses, cyber-attacks, and harmful content. Additionally, customers may become targets for unscrupulous actors and cybercriminals.	The PLDT Group continues to make has made significant investments in various Cyber Security platforms, integrating these measures into its digital infrastructure. Additionally, the Group proactively implements customer educational programs focused on Internet safety.
Maya	Maya, is the fintech investment of PLDT, which operates a financial ecosystem that includes a mobile wallet, merchant acquisition, and a digital bank. Maya services contribute to SDG 8, 9, and 11	Customers are also at risk of exploitation by unscrupulous actors and cybercriminals that may try to steal their information and money.	Maya adheres to the Payment Card Industry Data Security Standard (PCI DSS), ensuring high security standards for their platform. They also partner with SHIELD, a premier risk intelligence platform specializing in fraud prevention and detection. Each transaction requires a one-time pin to make sure that each transaction is legitimate.

Corporate Citizenship

SDG 3: ***Good Health and Wellbeing***

SDG 4: ***Quality Education***

SDG 5: ***Gender Equality***

SDG 8: ***Decent Jobs and Economic Growth***

SDG 9: ***Industry, Innovation, and Infrastructure***

SDG 10: ***Reduced Inequalities***

SDG 11: ***Sustainable Cities and Communities***

SDG 16: ***Peace, Justice, and Strong Institutions***

SDG 17: ***Partnership for the Goals***

The PLDT Group implements shared value programs that drive business competitiveness and sustainability by leveraging its leading technology infrastructure and widest network reach.

These programs aim to address the economic and social concerns of stakeholders in the communities where the Group operates.

The Company promotes digital inclusion and optimized application of technology as an enabler of development and transformation. The Group pursues collaborations with partners to generate collective impact particularly in the areas of education, digital wellness, disaster resilience, education, livelihood, and food security. These are the elements of its Corporate Citizenship strategy that are anchored on the Connection, Concern, Conservation, and Commitment pillars of its Sustainability roadmap.

Internet Safety

The PLDT Group is a proactive advocate of Internet safety, data privacy, and cybersecurity for customers and end-users which aims to protect especially the most vulnerable segments like children and the youth. The Company strives to ensure that stakeholders have high-quality and affordable connectivity as well as a safe and secure digital experience.

PLDT and Smart equip individuals, including students, parents, teachers, MSMEs, farmers, and government workers, with essential knowledge to navigate the digital world safely and responsibly under its Be CyberSmart program. This initiative forms a key part of the companies' broader commitment to fostering a safe and inclusive digital environment. Complementing this effort is the Better Today for Kids program that highlights the Group's commitment to protecting children's rights and creating safer online spaces through tech-enabled community efforts.

In 2024, key Internet Safety initiatives and impact included:

- PLDT and Smart reached more than 16,000 individuals, including through the Be CyberSmart internet safety awareness program.
- PLDT and Smart reached more than 1,200 students, parents, and LGU staff through its Better Today for Kids Learning caravan on online sexual abuse and exploitation of children (OSAEC). PLDT and Smart trained over 200 football coaches on Psychological First Aid to help provide a holistic approach to fight OSAEC by including psychosocial support interventions.

Disaster Resilience

The PLDT Group champions disaster resilience and a culture of preparedness within its workforce and communities as a significant contribution as the Philippines gets regularly hit by typhoons, volcanic eruptions, and various natural and human-induced disasters. Communities can have essential support before, during, and after disasters through its enabling technology and infrastructure.

In 2024, key Disaster Resilience initiatives and impact of the PLDT Group included:

- PLDT and Smart distributed 7,867 relief packs to communities affected by disasters. 23 emergency communications stations such as *Libreng Tawag, Libreng* Charging, and *Libreng* WiFi were set up in calamity-hit areas.
- PLDT and Smart deployed 4 *Ligtas* Kits to LGUs in hazard-prone areas and trained their representatives on emergency communications. The *Ligtas* Kit is a portable, all-in-one package that contains tools and devices to provide emergency communications to communities vital before, during, and after disasters.
- To advance the development of the national Emergency Communications Plan (NECP), PLDT and Smart, working with the Philippine Disaster Resilience Foundation (PDRF), conducted an NECP Workshop for the regional offices of the Department of Information and Communications Technology.
- PLDT and Smart showcased their leadership in network resilience and disaster response at the GSMA Humanitarian Connectivity Chapter Asia-Pacific workshop held on January 24-25, 2024. They shared best practices and highlighted their early adoption of cutting-edge technologies, emphasizing their status as a global leader and Asian pioneer in emergency cell broadcast systems (ECBS). Smart was the first Philippine telco to deploy ECBS in March 2017.

Education

The PLDT Group is an enabler of the education sector's digital transformation, providing connectivity and ICT solutions for schools and academic institutions and helping address student needs for access to learning platforms and content, remote learning systems, and social connectivity.

The Company pursued partnerships in support of quality education through the promotion of technology-enabled access to education resources, capacity-building programs for the academic community, community-based innovations, and inclusive learning solutions.

In 2024, the PLDT Group Education initiatives and impact included:

- School-in-a-Bag portable digital classroom: PLDT and Smart reached 1,059 basic education teachers and students in last-mile areas
- CVIF-Dynamic Learning Program: a strategy of teaching endorsed by the Department of Education and supported by PLDT and Smart, where 15,688 teachers were trained on disaster- and pandemic-resilient pedagogy that aims to develop independent learners
- Innovation Generation Season 4: launched by PLDT and Smart which welcome 96 teams composed of 388 students and 96 teachers from various schools from Luzon, Visayas, and Mindanao
- TechnoLab Tours: PLDT and Smart provided a unique educational opportunity by hosting 278 students from eight (8) SWEEP schools. These tours offered students a firsthand look at emerging technologies. The TechnoLab facility serves as a sandbox for developing and testing revolutionary communication solutions that aim to improve customer experience. Innovations under development include Open Radio Access Network (ORAN), network disaggregation, extended reality, and advancements in cloud and home connectivity.

Livelihood

PLDT recognizes its key role in enabling the national digital economy that could contribute to alleviating poverty, developing human capital, arresting hunger, and spurring economic progress among Filipinos as the Philippines' largest fully integrated telecommunications company.

Leveraging technology and industry resource expertise, the PLDT Group promotes digital inclusion that is focused on enhancing livelihood for the country's farmers and micro, small, and medium enterprises.

In 2024, key Livelihood initiatives and impact included:

- e-BizNovation Program: PLDT and Smart trained 10,835 representatives of MSMEs and cooperatives on digital entrepreneurship and e-commerce
- Digital Farmers Program: PLDT and Smart supported 2,962 smallholder farmers through digital literacy training in partnership with the Department of Agriculture–Agricultural Training Institute (DA-ATI)
- FarmTech: PLDT and Smart deployed 44 packages to farm organizations to support their digitalization journey
- Distribution of 1,202 planting kits by PLDT and Smart to communities to help jumpstart their edible gardens

Inclusion, Diversity, Equity

PLDT and Smart continued to advocate for digital inclusion of people with disabilities and promote the rights of IP groups. Under the program Inclusion, Diversity, Equity, and Advocacy through Technology (IDEATe) Program, the following milestones were achieved:

- Trained 259 people with orthopedic disabilities on digital skills for entrepreneurship
- Trained 42 people with visual impairment on Android accessibility to enable independent living
- Provided cultural sensitivity orientation to 185 PLDT and Smart employees and external contractors

Note: A more detailed version of this Sustainability Report, highlighting the impacts of our ESG material topics and subjected to limited assurance by an independent third party, will be available by June this year. Differences between this report and the final report, if any, will mainly be due to the review in connection with the assurance process.

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