PLDT

February 27, 2025

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR PARENT COMPANY FINANCIAL STATEMENTS

The management of PLDT Inc. (the Company) is responsible for the preparation and fair presentation of the parent company financial statements, including the schedules attached therein, as at December 31, 2024 and 2023, and for the years then ended, 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 parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible in assessing the Company'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 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 Company's 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.

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

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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Book No. I;
Series of 2025.

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1226 Makati City
Philippines

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Fax: (632) 8819 0872
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INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the parent company financial statements

Opinion

We have audited the parent company financial statements of PLDT Inc. (the Company), which comprise the parent company statements of financial position as at December 31, 2024 and 2023, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended 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 Parent Company Financial Statements* section of our report. We are independent of the Company 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 parent company 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.

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

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

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In preparing the parent company financial statements, management is responsible for assessing the Company'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.

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company 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 Company'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 Company'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 parent company 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 Company to cease to continue as a going concern.

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

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.

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Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 29 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of PLDT Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. 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.

PARENT COMPANY FINANCIAL STATEMENTS

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

AND

INDEPENDENT AUDITOR'S REPORT

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PLDT INC.

PARENT COMPANY 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)	**146,924**	144,554
Right-of-use assets (Note 10)	**7,983**	2,731
Investments in subsidiaries, associates, joint ventures and deposits (Notes 11 and 24)	**137,784**	134,887
Financial assets at fair value through profit or loss (Note 27)	**389**	336
Debt instruments at amortized cost – net of current portion (Note 12)	**230**	230
Investment properties (Note 13)	**3,097**	1,457
Intangible assets (Note 14)	**295**	426
Deferred income tax assets – net (Note 7)	**8,111**	11,310
Derivative financial assets	**239**	—
Prepayments and other nonfinancial assets – net of current portion (Notes 2, 18, 24 and 25)	**45,122**	45,279
Contract assets – net of current portion (Note 5)	**32**	28
Other financial assets – net of current portion (Note 27)	**359**	318
Total Noncurrent Assets	**350,565**	341,556
Current Assets		
Cash and cash equivalents (Note 15)	**2,597**	4,779
Short-term investments (Note 27)	**90**	92
Trade and other receivables (Note 16)	**37,722**	33,939
Inventories and supplies (Note 17)	**1,233**	1,173
Current portion of contract assets (Note 5)	**50**	44
Current portion of debt instruments at amortized cost (Note 12)	—	50
Current portion of prepayments and other nonfinancial assets (Notes 18 and 24)	**4,250**	5,665
Total Current Assets	**45,942**	45,742
TOTAL ASSETS	**396,507**	387,298
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)	**137,018**	137,018
Retained earnings (Note 19)	**35,306**	29,452
Other comprehensive loss (Note 6)	**(42,628)**	(41,517)
TOTAL EQUITY	**124,794**	120,051

See accompanying Notes to Parent Company Financial Statements.

PLDT INC.

PARENT COMPANY 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)	**160,027**	148,393
Lease liabilities – net of current portion (Note 10)	**6,447**	2,013
Derivative financial liabilities – net of current portion (Note 27)	**—**	12
Customers' deposits (Note 27)	**1,969**	2,166
Pension and other employee benefits (Note 25)	**3,128**	4,469
Deferred credits and other noncurrent liabilities (Note 21)	**8,042**	8,100
Total Noncurrent Liabilities	**179,613**	165,153
Current Liabilities		
Accounts payable (Note 22)	**36,908**	41,993
Accrued expenses and other current liabilities (Note 23)	**39,803**	46,146
Current portion of interest-bearing financial liabilities (Note 20)	**10,475**	7,479
Current portion of lease liabilities (Note 10)	**2,046**	957
Dividends payable (Notes 27 and 28)	**1,994**	1,893
Current portion of derivative financial liabilities (Note 27)	**90**	523
Income tax payable	**784**	3,103
Total Current Liabilities	**92,100**	102,094
TOTAL LIABILITIES	**271,713**	267,247
TOTAL EQUITY AND LIABILITIES	**396,507**	387,298

See accompanying Notes to Parent Company Financial Statements.

PLDT INC.

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

	2024	2023
REVENUES FROM CONTRACTS WITH CUSTOMERS		
Service revenues (Note 5)	**101,653**	102,429
Non-service revenues (Note 5)	**458**	392
Revenues from contracts with customers	**102,111**	102,821
Less share of other carriers	**912**	1,481
	101,199	101,340
EXPENSES		
Depreciation and amortization (Notes 9, 10 and 18)	**25,015**	26,992
Selling, general and administrative expenses (Note 5)	**42,060**	44,799
Asset impairment (Note 5)	**6,066**	3,580
Cost of sales and services (Note 5)	**1,847**	1,601
	74,988	76,972
	26,211	24,368
OTHER INCOME – NET (Note 5)	**6,512**	6,862
INCOME BEFORE INCOME TAX	**32,723**	31,230
PROVISION FOR INCOME TAX (Note 7)	**6,069**	3,394
NET INCOME (Note 8)	**26,654**	27,836
Earnings Per Share Attributable to Common Equity Holders of PLDT (Note 8)		
Basic	**149.26**	122.91
Diluted	**149.26**	122.91

See accompanying Notes to Parent Company Financial Statements.

PLDT INC.

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

	2024	2023
NET INCOME (Note 8)	**26,654**	27,836
OTHER COMPREHENSIVE INCOME (LOSS) – NET OF TAX (Note 6)		
Net transactions on cash flow hedges:	**(1,218)**	(943)
Net fair value losses on cash flow hedges (Note 27)	**(1,624)**	(1,257)
Income tax related to fair value adjustments charged directly to equity	**406**	314
Net other comprehensive loss to be reclassified to profit or loss in subsequent years	**(1,218)**	(943)
Revaluation increments on investment properties:	**1,560**	—
Revaluation increments taken to Retained Earnings	**2,080**	—
Income tax related to revaluation increments charged directly to equity	**(520)**	—
Actuarial loss on defined benefit obligations:	**(1,453)**	(5,490)
Remeasurement in actuarial losses on defined benefit obligations (Note 25)	**(1,937)**	(7,320)
Income tax related to remeasurement adjustments	**484**	1,830
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent years	**107**	(5,490)
Total Other Comprehensive Loss – Net of Tax	**(1,111)**	(6,433)
TOTAL COMPREHENSIVE INCOME	**25,543**	21,403

See accompanying Notes to Parent Company Financial Statements.

PLDT INC.

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

	Preferred Stock	Common Stock	Treasury Stock	Capital in Excess of Par Value	Retained Earnings	Other Comprehensive Loss	Total
Balances as at January 1, 2024	**510**	**1,093**	**(6,505)**	**137,018**	**29,452**	**(41,517)**	**120,051**
Cash dividends (Note 19)	—	—	—	—	(20,800)	—	(20,800)
Total comprehensive income (loss):	—	—	—	—	26,654	(1,111)	25,543
Net income (Note 8)	—	—	—	—	26,654	—	26,654
Other comprehensive loss (Note 6)	—	—	—	—	—	(1,111)	(1,111)
Balances as at December 31, 2024	**510**	**1,093**	**(6,505)**	**137,018**	**35,306**	**(42,628)**	**124,794**
Balances as at January 1, 2023	510	1,093	(6,505)	137,018	25,009	(35,084)	122,041
Cash dividends (Note 19)	—	—	—	—	(23,393)	—	(23,393)
Total comprehensive income (loss):	—	—	—	—	27,836	(6,433)	21,403
Net income (Note 8)	—	—	—	—	27,836	—	27,836
Other comprehensive loss (Note 6)	—	—	—	—	—	(6,433)	(6,433)
Balances as at December 31, 2023	510	1,093	(6,505)	137,018	29,452	(41,517)	120,051

See accompanying Notes to Parent Company Financial Statements.

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PLDT INC.

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

	2024	2023
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Income before income tax	**32,723**	31,230
Adjustments for:		
Depreciation and amortization (Notes 9, 10 and 18)	**25,015**	26,992
Interest on loans and other related items – net (Note 5)	**6,592**	6,352
Asset impairment (Note 5)	**6,066**	3,580
Pension benefit costs (Notes 5 and 25)	**1,139**	1,172
Foreign exchange (gains) losses – net (Notes 5 and 27)	**839**	(187)
Incentive plan (Notes 5 and 25)	**664**	486
Accretion on lease liabilities (Notes 5 and 10)	**566**	208
Accretion on financial liabilities (Notes 5 and 20)	**219**	190
Amortization of intangible assets (Notes 5 and 14)	**131**	139
Losses (gains) on disposal of property and equipment (Notes 5 and 9)	**10**	(430)
Write-down on noncurrent assets	**—**	8,350
Income from prescription of preferred shares redemption liability (Notes 5 and 19)	**(71)**	—
Interest income (Notes 5 and 15)	**(108)**	(185)
Gains on derivative financial instruments – net (Notes 5 and 27)	**(2,588)**	(1,083)
Dividend income (Notes 5 and 11)	**(8,319)**	(17,700)
Others	**(131)**	1,725
Operating income before changes in assets and liabilities	**62,747**	60,839
Decrease (increase) in:		
Contract assets	**(15)**	5
Inventories and supplies	**(37)**	1,049
Current portion of prepayments and other nonfinancial assets	**(1,667)**	4,238
Trade and other receivables	**(5,442)**	(2,939)
Increase (decrease) in:		
Customers' deposits	**(197)**	16
Pension and other employee benefits	**(3,091)**	(4,597)
Accounts payable	**(4,583)**	(7,356)
Accrued expenses and other current liabilities	**(8,451)**	(5,713)
Other noncurrent liabilities	**1**	(10)
Net cash flows generated from operations	**39,265**	45,532
Income taxes paid	**(1,221)**	(255)
Net cash flows from operating activities	**38,044**	45,277
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Dividends received	**7,282**	17,140
Interest received	**109**	186
Proceeds from:		
Disposal of property and equipment	**168**	718
Redemption of investment in debt securities (Note 12)	**50**	—
Maturity of short-term investments	**—**	100
Disposal of investments (Note 11)	**—**	5
Payments for:		
Purchase of short-term investments	**—**	(92)
Interest capitalized to property and equipment (Notes 5 and 9)	**(1,498)**	(921)
Purchase of investments – net of cash acquired	**(3,003)**	—
Purchase of property and equipment	**(26,591)**	(31,895)
Increase in prepayments, advances and refundable deposits – net of current portion	**(52)**	(25)
Net cash flows used in investing activities	**(23,535)**	(14,784)

See accompanying Notes to Parent Company Financial Statements.

PLDT INC.

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

	2024	2023
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from:		
Availments of long-term debt (Notes 20 and 28)	**20,800**	22,500
Collections of derivative financial instruments (Notes 27 and 28)	**281**	—
Refund of preferred shares redemption liability fund	**71**	—
Payments for:		
Notes payable	**—**	(8,000)
Derivative financial instruments (Notes 27 and 28)	**—**	(262)
Debt issuance costs (Notes 20 and 28)	**(144)**	(128)
Obligations under lease liabilities (Notes 10 and 28)	**(3,038)**	(3,372)
Interest – net of capitalized portion (Notes 5 and 28)	**(6,381)**	(6,198)
Long-term debt (Notes 20 and 28)	**(7,662)**	(15,198)
Cash dividends (Notes 19 and 28)	**(20,700)**	(23,300)
Net cash flows used in financing activities	**(16,773)**	(33,958)
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**82**	(118)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(2,182)**	(3,583)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR (Note 15)	**4,779**	8,362
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 15)	**2,597**	4,779

See accompanying Notes to Parent Company Financial Statements.

PLDT INC.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

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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*.

The Parent Company's registered office address is Ramon Cojuangco Building, Makati Avenue, Makati City, Philippines. Information on the Parent Company's structure is provided in *Note 2 – Summary of Material Accounting Policies.* Information on the Parent Company's other related party relationships is provided in *Note 24 – Related Party Transactions*.

The Parent Company's financial statements as at and for the years ended December 31, 2024 and 2023 were approved and authorized for issuance by the Board of Directors on February 27, 2025 as reviewed by the Audit Committee on February 25, 2025.

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2. Summary of Material Accounting Policies

Basis of Preparation

The Parent Company's financial statements have been prepared in accordance with Philippine Financial Reporting Standards Accounting Standards, or PFRS Accounting standards, as issued by the Financial and Sustainability Reporting Standards Council, or FSRSC.

The Parent Company's financial statements have been prepared under the historical cost basis, except for derivative financial instruments, financial instruments at fair value through profit or loss, or FVPL, investment properties and pension that are measured at fair values.

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

The Parent Company's financial statements provide comparative information in respect of the previous period.

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

In March 2024, the Parent Company 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 initiative. 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 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.

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

Investment in Radius Telecom, Inc., or Radius

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

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 Parent Company 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 financial statements of the Parent Company.

- 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 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 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 Parent Company's financial statements.

Summary of Material Accounting Policies

The following is the summary of material accounting policies applied by the Parent Company in preparing its financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Investments in Associates

Investments in associates are accounted for using the cost method and are carried in the Parent Company financial statements at cost, less any impairment in value. The cost of the investments includes directly attributable transaction costs. The details of the Parent Company's investments in associates are disclosed in *Note 11 – Investments in Subsidiaries, Associates, Joint Ventures and Deposits – Investments in Associates*.

Joint Arrangements

Where necessary, adjustments are made to bring the accounting policies of the joint venture in line with its policies. The details of the Parent Company's investments in joint ventures are disclosed in *Note 11 – Investments in Subsidiaries, Associates, Joint Ventures and Deposits*.

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 the Parent Company's business model for managing the financial assets. The Parent Company classifies its 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 the Parent Company to identify the measurement of its 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 gives 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 the Parent Company's 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, the Parent Company determines 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

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

The Parent Company's business model refers to how it manages its financial assets in order to generate cash flows. The Parent Company's 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 the parent company 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 the parent company income statements.

The Parent Company's financial assets at amortized cost include debt instruments at amortized cost, cash and cash equivalents, 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 the parent company income statements as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the parent company income statements.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Parent Company 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 Parent Company, 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.

The Parent Company's financial assets at FVPL include 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 fair value through profit or loss, 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 the Parent Company retains continuing involvement;
- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate; and
- Contingent consideration recognized by an acquirer in accordance with PFRS 3.

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

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

Where a financial liability is designated at FVPL, the movement in fair value attributable to changes in the Parent Company's 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.

The Parent Company's 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.*

The Parent Company's other financial liabilities include interest-bearing financial liabilities, lease liabilities, customers' deposits, dividends payable, certain accounts payable and 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

The Parent Company reclassifies its 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.

The Parent Company does not reclassify its 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.

The Parent Company does not reclassify its financial liabilities.

Offsetting of Financial Instruments

Financial assets and liabilities are offset, and the net amount is reported in the Parent Company's 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. The Parent Company assesses 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 PLDT and all of the counterparties.

Impairment of Financial Assets

The Parent Company recognizes 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.

The Parent Company considers 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

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

- The asset is in 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 Parent Company to follow-up and collect the amount, hence the Parent Company has 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'. The Parent Company has 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) the Parent Company has transferred the rights to receive cash flows from the asset or has 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) the Parent Company has transferred substantially all the risks and rewards of the asset; or (b) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Parent Company has transferred the rights to receive cash flows from an asset or has entered into a "pass-through" arrangement and has 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 the Parent Company's 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 the Parent Company 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 the Parent Company's continuing involvement is the amount of the transferred asset that the Parent Company 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 the Parent Company's 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 the parent company income statements.

A 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 the parent company income statements.

Derivative Financial Instruments and Hedge Accounting

Initial recognition and subsequent measurement

The Parent Company uses derivative financial instruments, such as long-term currency swaps, foreign currency options, forward currency contracts and interest rate swaps to hedge its 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) – net – Gains (losses) on derivative financial instruments – net" in the parent company 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 the parent company 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 the parent company 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 the parent company 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 the parent company income statements.

Cash flow hedges

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

Amounts taken to other comprehensive income are transferred to the parent company income statement when the hedged transaction affects the parent company income statement, 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 the parent company income statement. 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.

The Parent Company uses an interest rate swap agreement to hedge its interest rate exposure and a long-term principal only-currency and long-term foreign currency options agreement to hedge its 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, the Parent Company recognizes such parts as individual assets with specific useful lives and depreciates 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 the Parent Company's property and equipment are disclosed in *Note 9 – Property and Equipment*.

The residual value 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 the parent company income statement 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 to the construction. Property under construction is not depreciated until such time that the relevant assets are completed and available for the Parent Company's 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.

Investments in Subsidiaries

Investments in subsidiaries of the Parent Company are accounted for at cost less any impairment in value.

Subsidiaries are all entities controlled by the Parent Company. The Parent Company controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity, generally accompanied by a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent Company controls another entity.

The details of the Parent Company's investments in subsidiaries are disclosed in *Note 11 – Investments in Subsidiaries, Associates, Joint Ventures and Deposits*.

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 the parent company income statements.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually either individually or at the cash-generating unit, or 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 the Parent Company's intangible assets are disclosed in *Note 14 – 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 the parent company 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 increment for that property, the decrease in recognized in other comprehensive income and reduces the revaluation increment 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 increment within equity. On subsequent disposal of the investment property, the revaluation increment included in equity may be transferred to retained earnings. The transfer from revaluation increment to retained earnings is not made through profit or loss.

Inventories and Supplies

Inventories and supplies, which include 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

The Parent Company assesses at each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when the annual impairment testing for an asset is required, the Parent Company makes 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 an account. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognized in the parent company income statements.

For assets, 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, the Parent Company makes 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 reversals is recognized in the parent company 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, the Parent Company also assesses for impairment on the basis of impairment indicators such as evidence of internal obsolescence or physical damage. For intangible assets with finite useful lives, the Parent Company assesses 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 – Intangible Assets* for further disclosures relating to impairment of non-financial assets.

Investments in subsidiaries, associates, joint ventures and deposits

The Parent Company determines at the end of each reporting period whether there is any objective evidence that its investments in subsidiaries, associates, joint ventures and deposits are impaired. If this is the case, the amount of impairment is calculated as the difference between the recoverable amount of the investments in subsidiaries, associates, joint ventures and deposits and its carrying amount. The amount of impairment loss is recognized in the parent company income statements. See *Note 11 – Investments in Subsidiaries, Associates, Joint Ventures and Deposits* 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 parent company 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 – Intangible Assets* for further disclosures relating to impairment of non-financial assets.

Fair Value Measurement

The Parent Company measures financial instruments such as derivatives, financial assets at FVPL, financial assets at FVOCI 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 the Parent Company.

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.

The Parent Company uses 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 the Parent Company 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 the Parent Company financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

The Parent Company determines 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 certain short-term investments and 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, the Parent Company analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per its accounting policies. For this analysis, the Parent Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Parent Company, in conjunction with the external valuers, also compares 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, the Parent Company has 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*.

The Parent Company's revenues are principally derived from providing the following telecommunications services: local exchange, international and national long distance and data and other network services.

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 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 the Parent Company recognizes 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.

   The Parent Company also considers recognizing revenue from the expected breakage or expiry of airtime load in proportion to the pattern of rights exercised by the customer if it expects to be entitled to that breakage amount. If the Parent Company does not expect to be entitled to a breakage amount based on historical experience with the customers, then it recognizes the expected breakage 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 the Parent Company's network is generally based on rates which vary with distance and type of service. Revenue from fixed line long distance calls is 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 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 the Parent Company sells the good or service separately to a customer. However, if goods or services are not currently offered separately, the Parent Company uses the adjusted market or cost-plus margin method to determine the stand-alone selling price to be used in the transaction price allocation. The Parent Company adjusts the transaction price for the effects of the time value of money if the timing of the payment and delivery of goods or services does 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 the Parent Company 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 a period of time on a straight-line basis over the contract period when the services are provided to subscribers.

Significant Financing Component

The non-service device component included in contracts with customers have significant financing component considering the period between the customer's payment of the price of the device and time of the transfer of control over the device and the customer's payment of the price of the 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. The Parent Company 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 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

The Parent Company operates customer engagement and loyalty programs which allows customers to accumulate crystal points when Home customers pay their bills on time and in full, purchase products or services, enrollment to electronic billing and auto payment scheme once registered to the program. Customers may sign-up or register to PLDT Home Rewards Program thru the MVP Rewards app/website or thru the PLDT Home Rewards website powered by MVP Rewards Solutions, Inc. Earned crystal points of members may be redeemed for bill credits, vouchers or load. This customer loyalty program is treated as a separate performance obligation, which is booked under contract liability when members earn crystal points and accordingly booked under revenue when redeemed and/or expired.

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 the Parent Company by other carriers are recorded under interconnection costs in the parent company income statements. Inbound revenue and outbound charges are based on agreed transit and termination rates with other foreign and local carriers.

Variable consideration

The Parent Company 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. The Parent Company also considers whether the contracts with carriers contain volume commitment or tiering arrangement whereby the rate being charged will change upon meeting certain volume of traffic. The Parent Company estimates the amount of variable consideration to which it is entitled and include 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 the Parent Company 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. The Parent Company acts as an agent for certain VAS arrangements.

Revenue from server hosting, co-location services and customer support services are recognized at point in time as the services are performed.

Subscriber Contract Costs

Cost 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 relate.

The amortization of cost to obtain and cost to fulfill are presented as part of selling general and administrative expenses, and depreciation and amortization, respectively, in the Parent Company 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

The Parent Company is covered under Republic Act No. 7641 otherwise known as "The Philippine Retirement Law".

Defined benefit pension plans

The Parent Company has a separate and distinct retirement plan for itself and majority 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 the parent company 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 the parent company 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 the Parent Company's creditors nor can they be paid directly to the Parent Company. 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.

Leases

The Parent Company assesses 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. The Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Parent Company recognizes lease liabilities to make lease payments and ROU assets representing the right to use assets to the underlying assets.

- ROU assets

The Parent Company recognizes 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 the Parent Company obtains 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 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, the Parent Company recognizes 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 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, the Parent Company uses 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 the Parent Company does 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 the parent company 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 the Parent Company transfers an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor, it accounts for the transfer contract and the lease by applying the requirements of PFRS 16. The Parent Company first apply the requirements for determining when a performance obligation is satisfied in PFRS 15 to determine whether the transfer of an asset is accounted for as a sale of that asset.

For transfer of an asset that satisfies the requirements of PFRS 15 to be accounted for as a sale of the asset, the Parent Company measures 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, the Parent Company recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

If the transfer of an asset does not satisfy the requirements of PFRS 15 to be accounted for as a sale of the asset, the Parent Company continues to recognize the transferred asset and recognize a financial liability equal to the transfer proceeds. The Parent Company accounts for the financial liability applying PFRS 9.

Income Taxes

Current income tax

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

Current income tax relating to items recognized directly in equity is recognized in equity and not in the parent company income statement. 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 the Parent Company financial statements. Unless the possibility of an outflow of resources embodying economic benefits is probable and measurable, they are disclosed in the notes to the Parent Company financial statements. On the other hand, contingent assets are not recognized in the parent company financial statements but are disclosed in the notes to Parent Company financial statements when an inflow of economic benefits is probable.

Segment Information

The Parent Company and its subsidiaries are organized into three business segments. Such business segments are the bases upon which the Parent Company reports its 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 year-end events up to the date of approval of the Parent Company's Board of Directors that provide additional information about the Parent Company's financial position at the end of the reporting period (adjusting events) are reflected in the Parent Company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the parent company 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 the Parent Company's statement of changes in equity and statements of financial position.
Treasury stocks are Parent Company's own equity instruments which are reacquired and recognized at cost and presented as reduction in equity. No gain or loss is recognized in the Parent Company income statements on the purchase, sale, reissuance or cancellation of the Parent Company's 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 the Parent Company's statement of changes in equity and statements of financial position.

Retained earnings represent the Parent Company's net accumulated earnings less cumulative dividends declared.

Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in the Parent Company income statement as required or permitted by PFRS.

Standards Issued But Not Yet Effective

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

Effective beginning on or after January 1, 2025

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

Effective beginning on or after January 1, 2026

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

Effective beginning on or after January 1, 2027

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

Deferred effectivity

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

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

The preparation of the Parent Company financial statements in conformity with PFRS requires the Parent Company to make judgments, estimates and assumptions that affect the reported amounts of its 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 annual Parent Company financial statements as discussed below:

Judgments

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

Revenue Recognition

Identifying performance obligations

The Parent Company identifies 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 Parent Company's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

Revenues earned from multiple element arrangements offered by the Parent Company 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 the Parent Company offers since this is the observable price it charges if the services are sold separately. The Parent Company accounts for customer contracts in accordance with PFRS 15 and have concluded that the service (telecommunication service) and non-service components (device or equipment) may be accounted for as separate performance obligations. The device or equipment is delivered first, followed by the telecommunication service (which is provided over the contract/lock-in period of generally two years). 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 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 voice 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

The Parent Company enters into contracts with its customers involving multiple deliverable arrangements. The Parent Company determined that it controls the goods before they are transferred to customers, and it has the ability to direct the use of the inventory. The following factors indicate that the Parent Company controls the goods before they are being transferred to customers.

- The Parent Company is primarily responsible for fulfilling the promise to provide the specified equipment;
- The Parent Company has inventory risk on its inventory before it has been transferred to the customer;

- The Parent Company has discretion in establishing the prices for the other party's goods or services and, therefore, the benefit that the entity can receive from those goods or services is not limited. It is incumbent upon to then Parent Company to the price of its services to be offered to its subscribers; and

Based on the foregoing, the Parent Company is considered the principal in its contracts with other service providers except for certain VAS arrangements. It has the primary obligation to provide the services to the subscriber.

Timing of revenue recognition

The Parent Company recognizes revenues from contracts with customers over time or at a point in time depending on its 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 the Parent Company provides 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

The Parent Company determines 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

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

In determining the interest to be applied to the amount of consideration, the Parent Company 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 the Parent Company and its customer at contract inception.

Estimation of stand-alone selling price

The Parent Company assessed that the service and non-service components represent separate performance obligations and 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 the Parent Company sells the good or service separately to a customer. However, if goods or services are not currently offered separately, the Parent Company uses 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, the Parent Company assessed that allocating the transaction price using the stand-alone selling prices of the services and devices will result in more revenue allocated to non-service component. The stand-alone selling price is based on the price in which the Parent Company regularly sells the non-service and service component in a separate transaction.

Financial Instruments

Evaluation of business models in managing financial instruments

The Parent Company determines its business model at the level that best reflects how the Parent Company manages groups of financial assets to achieve its business objective. Its 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 that 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 the Parent Company's 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 the Parent Company's original expectations, it does 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.

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

PFRS 9, however, emphasizes that if more than an infrequent number of sales are made out of a portfolio of financial assets carried at amortized cost, the entity 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

The Parent Company 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 the financial assets has disappeared because of financial difficulties;
d. Concessions have been granted by the Parent Company, 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 the Parent Company 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 the Parent Company's expected loss calculation.

Significant increase in credit risk

At each reporting date, the Parent Company assesses 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. The Parent Company considers 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 its judgment and, where possible, relevant historical experience, the Parent Company may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Parent Company considers 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 the Parent Company's 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 Parent Company.

Determination of functional currency

The functional currency of the Parent Company is the currency of the primary economic environment in which it operates. It is the currency that mainly influences the revenue from and cost of rendering products and services.

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

Upon adoption of PFRS 16, the Parent Company 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.

The Parent Company determines 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.

The Parent Company, as the lessee, has the option, under some of the lease agreements to lease the assets for additional terms. The Parent Company applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, the Parent Company considers all relevant factors that create an economic incentive to exercise the renewal. After the commencement date, the Parent Company reassesses the lease term if there is a significant event or change in circumstances that is within the Parent Company's control and affects its ability to exercise (or not to exercise) the option to renew or to terminate (e.g., a change in business strategy).

The Parent Company 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 its operations. These leases have a non-cancellable period (i.e., one to 30 years) and there will be a significant negative effect on the Parent Company's 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 amounted to Php2,655 million and Php3,026 million for the years ended December 31, 2024 and 2023, respectively. Total lease liabilities amounted to Php8,493 million and Php2,970 million as at December 31, 2024 and 2023, respectively. See *Note 2 – Summary of Significant Accounting Policies, Note 10 – Leases* and *Note 28 – Notes to the Statements of Cash Flows.*

Assessment of loss of control over Kayana

The Parent Company 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 the Parent Company 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 the Parent Company has less than majority of the voting rights or similar rights to an investee, the Parent 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.

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

The Parent Company 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 Subsidiaries, Associates, Joint Ventures and Deposits – Investments in Joint Ventures – Investments of PLDT in VTI, Bow Arken and Brightshare*. Based on the Memorandum of Agreement, the Parent Company 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 the Parent Company and Globe votes in favor of it.

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

Accordingly, the Parent Company 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 Subsidiaries, Associates, Joint Ventures and Deposits – Investment in Joint Ventures – Investments of PLDT in VTI, Bow Arken and Brightshare*.

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

The Parent Company assesses whether it has any uncertain tax position and applies significant judgment in identifying uncertainties over its income tax treatments. The Parent Company determined based on its assessment that it is probable that its income tax treatments 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 the Parent Company financial statements within the next financial year are discussed below. The Parent Company based its estimates and assumptions on parameters available when the Parent Company financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Parent Company. Such changes are reflected in the assumptions when they occur.

Subscriber contract costs

Subscriber contract costs are the 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 on a systematic basis consistent with the pattern of transfer of goods and services to which the assets relate.

We apply judgement to assess the net remaining amount of consideration that we expect to receive from the subscriber contract costs, less any direct cost. The difference between this amount and the carrying amount is recognized as impairment loss. In 2023, this assessment, prompted by changes in market conditions and subscriber behavior, led to the determination that an impairment loss was necessary to reflect the estimated net realizable value of the subscriber contract costs. As a result, despite that the assets were not physically retired or retrieved, the Company recognized in the profit or loss an impairment provision on subscriber contract costs to fulfill (i.e. installation and CPE costs) amounting to Php8,350 million based on the net book value (NBV) of these assets as of December 31, 2023.

See *Note 18 – Prepayment and Other Nonfinancial Assets.*

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

Leases – Estimating the incremental *borrowing rate, or IBR*

In calculating the present value of lease payments, the Parent Company uses 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.

The Parent Company uses benchmark rates from partner banks based on the tenor of the loan borrowings plus a spread adjustment based on the Parent Company's credit worthiness.

The Parent Company's lease liabilities amounted to Php8,493 million and Php2,970 million as at December 31, 2024 and 2023, respectively. See *Note 10 – Leases.*

Impairment of non-financial assets

Determining the recoverable amount of property and equipment, ROU assets, investments in subsidiaries, joint ventures and deposits, intangible assets, prepayments and other noncurrent assets, advances and refundable deposits, requires the Parent Company 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 the Parent Company to conclude that property and equipment, ROU assets, investments in subsidiaries, joint ventures and deposits, investment properties, intangible assets and other noncurrent assets, advances and refundable deposits associated with an acquired business are impaired. Any resulting impairment loss could have a material adverse impact on the Parent Company's financial position and financial performance.

The preparation of estimated future cash flows involves significant estimations and assumptions of future market conditions. While the Parent Company believes that its assumptions are appropriate and reasonable, significant changes in its assumptions may materially affect its assessment of recoverable values and may lead to future impairment charges under PFRS.

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

The carrying values of the Parent Company's property and equipment, ROU assets, investments in subsidiaries, associates, joint ventures and deposits, investment properties, intangible assets and prepayments, advances and refundable deposits are separately disclosed in *Note 9 – Property and Equipment, Note 10 – Leases, Note – 11 Investments in Subsidiaries, Associates, Joint ventures and Deposits, Note 13 – Investment Properties, Note 14 – Intangible Assets* and *Note 18 – Prepayments and Other Nonfinancial Assets* , respectively.

Estimating useful lives of property and equipment

The Parent Company estimates the useful lives of each item of its property and equipment based on the periods over which its assets are expected to be available for use. The estimation of the useful lives of its property and equipment is also based on its collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of each asset are reviewed 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 its assets. It is possible, however, that future results of operations could be materially affected by changes in the 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 any property and equipment would increase its recorded depreciation and decrease the carrying amount of the Parent Company's property and equipment.

In 2023, the Parent Company increased the estimated useful life of Information Technology assets due to technology advancement allowing extended warranty and Maintenance Agreement for hardware and services from vendor. Had the affected assets been depreciated using the original Estimated Useful Life, or EUL, the depreciation would have been higher by Php574 million for the year ended December 31, 2023.

The Parent Company further launched initiatives to continuously modernizing its property and equipment to enhance operational efficiencies and improve customer experience. As a result, despite that the assets are not physically retired and are still in service, the carrying amount of several legacy network system being transitioned to Transport Network Transformation and Core transformation, Operations Support Systems and Optical Line and Terminal Access equipment, were written-down to their recoverable values and Parent Company recognized additional expense amounting to Php2,898 million in the income statement for the year ended December 31, 2024.

The total depreciation and amortization of property and equipment amounted to Php14,912 million and Php23,966 million for the years ended December 31, 2024 and 2023, respectively. Total carrying values of property and equipment, net of accumulated depreciation and amortization, amounted to Php146,924 million and Php144,554 million as at December 31, 2024 and 2023, respectively. See *Note 4 – Operating Segment Information* and *Note 9 – Property and Equipment*.

Estimating useful lives of intangible assets with finite lives

Subscription assets and trademark acquired from Digitel and Smart Broadband, Inc., or SBI, are amortized over the expected useful life using the straight-line method of amortization. At a minimum, the amortization period and the amortization method for subscription assets 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 the Parent Company income statements.

The total amortization of intangible assets with finite lives amounted to Php131 million and Php139 million for the years ended December 31, 2024 and 2023, respectively. Total carrying values of intangible assets with finite lives amounted to Php295 million and Php426 million as at December 31, 2024 and 2023, respectively. See *Note 4 - Operating Segment Information*, *Note 5 – Income and Expenses – Selling, General and Administrative Expenses* and *Note 14 – 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 was based on a market approach valuation technique while 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. See *Note 13 – Investment Properties.*

Recognition of deferred income tax assets

The Parent Company reviews the carrying amounts of deferred income tax assets at the end of each reporting period and reduces 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. The Parent Company's 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 the Parent Company's past results and future expectations on revenues and expenses as well as future tax planning strategies. Based on this, management expects that the Parent Company will generate sufficient taxable income to allow all or part of the Parent Company's deferred income tax assets to be utilized.

Based on the above assessment, the Parent Company has no unrecognized deferred income tax assets as at December 31, 2024 and 2023. The Parent Company's total provision for deferred income tax amounted to Php3,569 million for the year ended December 31, 2024 while the total benefit from deferred income tax amounted to Php79 million for the year ended December 31, 2023. The Parent Company's total recognized net deferred income tax assets amounted to Php8,111 million and Php11,310 million as at December 31, 2024 and 2023, respectively. See *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 the Parent Company in accordance with the contract and the cash flows that it expects 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.

The Parent Company leverages existing risk management indicators (e.g. internal credit risk classification and restructuring triggers), credit risk rating changes and reasonable and supportable information which allows 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 refundable deposits*

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. The Parent Company considers the probability of its counterparty to default 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 the Parent Company's assessment, there is no significant increase in credit risk and the ECL for these financial assets under general approach are 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, the Parent Company use the simplified approach for calculating ECL. The Parent Company considered similarities in underlying credit risk characteristics and behavior in determining the groupings of various customer segments.

The Parent Company used historically observed default rates and adjusted these historical credit loss experience 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*

The Parent Company incorporated forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its 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 the Parent Company 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 condition.

The Parent Company has 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.

The Parent Company has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

Total provision for expected credit losses for trade and other receivables amounted to Php3,164 million and Php3,574 million for the years ended December 31, 2024 and 2023, respectively. Trade and other receivables, net of allowance for expected credit losses, amounted to Php37,722 million and Php33,939 million as at December 31, 2024 and 2023, respectively. See *Note 5 – Income and Expenses – Asset Impairment* and *Note 16 – Trade and Other Receivables*.

Total impairment losses for contract assets amounted to Php4 million and Php6 million for the years ended December 31, 2024 and 2023, respectively. Contract assets, net of allowance for expected credit losses, amounted to Php82 million and Php72 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 were considered as economic inputs such as the gross domestic product, or GDP, inflation rate, unemployment rates, export rates, 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 Parent Company to be statistically acceptable. Where sufficient information is not available internally, then the Parent Company has 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 consists, among other things, discount rates, rates of compensation increases and mortality rates. Further, the Parent Company's 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 the Parent Company believes that its assumptions are reasonable and appropriate, significant differences in the Parent Company's actual experience or significant changes in its assumptions may materially affect its cost for pension and other retirement obligations. All assumptions are reviewed every year-end.

Total Parent Company's net pension benefit costs amounted to Php1,139 million and Php1,172 million for the years ended December 31, 2024 and 2023, respectively. The accrued benefit costs amounted to Php3,128 million and Php3,197 million as at December 31, 2024 and 2023, respectively. See *Note 5 – Income and Expenses – Compensation and Employee Benefits, Note 18 - Prepayments and Other Nonfinancial Assets* and *Note 25 – Pension and Other Employee Benefits*.

Long-term Incentive Plan, LTIP

The ECC approved on December 23, 2021 the LTIP covering the years from 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 performance from period 2022 to 2024. Payout will be based on the achievement of performance targets. Cycle 2 covers performance from period 2025 and 2026 and is subject to the ECC's further evaluation and approval of the final terms.

This other 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 Php664 million and Php486 million for the years ended December 31, 2024 and 2023, respectively. The accrued incentive payable amounted to Php1,988 million and Php1,272 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 legal contingencies and tax assessment

The Parent Company is currently involved in various legal proceedings and tax assessments. The Parent Company's estimates of the probable costs for the resolution of these claims have been developed in consultation with counsel handling the defense in these matters and are based upon an analysis of potential results. The Parent Company currently does not believe these proceedings could materially reduce its revenues and profitability. It is possible, however, that future financial position and performance could be materially affected by changes in the Parent Company's estimates or effectiveness of its strategies relating to these proceedings and assessments. See *Note 26 – Provisions and Contingencies.*

Based on management's assessment, appropriate provisions were made; however, management has decided not to disclose further details of these provisions as they may prejudice the Parent Company's position in certain legal proceedings.

Determination of fair values of financial assets and financial liabilities

When the fair value of financial assets and financial liabilities recorded in the Parent Company 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 Php521 million and Php150,980 million, respectively, while the total fair values of noncurrent financial assets and noncurrent financial liabilities as at December 31, 2023 amounted to Php491 million and Php141,065 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 Digitel Mobile Philippines, Inc., or DMPI, our mobile service providers; SBI and Primeworld Digital Systems, Inc., or PDSI, our wireless broadband service providers; and certain subsidiaries of PLDT Global Corporation, or PLDT Global;

- Fixed Line – fixed line telecommunications services primarily provided by the Parent Company. The PLDT Group also provide fixed line services through Parent Company's subsidiaries, namely, PLDT Clark Telecom, Inc., or ClarkTel, Bonifacio Communications Corporation, or BCC and PLDT Global and certain subsidiaries; data center, cloud, cyber security services, managed information technology services and resellership through ePLDT, Inc., or ePLDT and its subsidiaries; distribution of Filipino channels and content through Pilipinas Global Network Limited, or PGNL and its subsidiaries; and software development and IT solutions provided by Multisys; and

- Others – PLDT Communications and Energy Ventures, or PCEV, PLDT Global Investments Holdings, Inc., or PGIH, PLDT Digital Investments Pte. Ltd., or PLDT Digital and its subsidiaries, our investment companies.

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.

The segment revenues, net income, and other segment information of the PLDT Group's reportable operating segments as at and for the years ended December 31, 2024 and 2023 are as follows:

	Wireless	Fixed Line	Others	Inter-segment Transactions	Consolidated
	(in million pesos, except for EBITDA margin)				
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 [1]	**40,767**	**37,294**	**185**	**–**	**78,246**

[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, 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	26,473	(2,270)	(14,901)	26,824
Continuing operations	17,522	26,514	(2,270)	(14,901)	26,865
Discontinued operations	—	(41)	—	—	(41)
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
Other segment information					
Capital expenditures, including capitalized interest [1]	36,797	48,286	—	—	85,083

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

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

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

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

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

The following tables show the reconciliation of fixed line segment amounts reflected in the PLDT Group's consolidated financial statements and the amounts reflected in the Parent Company financial statements as at and for the years ended December 31, 2024 and 2023:

	2024			2023		
	Fixed Line	**Other Fixed Line Subsidiaries[1]**	**Parent Company**	Fixed Line	Other Fixed Line Subsidiaries[1]	Parent Company
			(in million pesos)			
Total revenues	**126,490**	**24,379**	**102,111**	120,734	17,913	102,821
Net income (loss)	**32,392**	**5,738**	**26,654**	26,514	(1,322)	27,836
Total assets	**344,407**	**(52,100)**	**396,507**	314,199	(73,099)	387,298
Total liabilities	**288,036**	**16,323**	**271,713**	279,825	12,578	267,247
Capital expenditures	**37,294**	**10,023**	**27,271**	48,286	10,595	37,691

[1] *Includes PAS 27 adjustments.*

5. Income and Expenses

Revenues from Contracts with Customers

Disaggregation of Revenue

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

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

	2024	2023
	(in million pesos)	
Revenue Streams		
Type of good or service:		
Service revenue	**101,653**	102,429
Non-service revenue	**458**	392
Total revenues from contracts with customers	**102,111**	102,821
Timing of revenue recognition:		
Transferred over time	**101,653**	102,429
Transferred at a point time	**458**	392
Total revenues from contracts with customers	**102,111**	102,821

Remaining performance obligations are associated with the Parent Company's 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 Php39,017 million, of which the Parent Company expects to recognize approximately 48% in 2025 and 52% 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 Php31,456 million of which the Parent Company expects to recognize approximately 55% in 2024 and 45% 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)	**50,704**	46,489
Contract assets	**89**	79
Contract liabilities and unearned revenues (Notes 21 and 23)	**10,935**	15,787

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

	2024	2023
	(in million pesos)	
Balances at beginning of the year	**7**	11
Reversals	**—**	(4)
Balances at end of the year	**7**	7

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	**15,787**	19,671
Deferred during the year	**43,238**	52,788
Recognized as revenue during the year	**(48,090)**	(56,672)
Balances at end of the year	**10,935**	15,787

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

	2024	2023
	(in million pesos)	
Short-term advances for installation services	**5,408**	5,004
Leased facilities	**4,088**	4,460
Advance monthly services fees	**1,421**	6,297
Long-term advances from postpaid subscribers	**18**	20
Unearned revenues from prepaid contracts	**—**	6
Total contract liabilities and unearned revenues	**10,935**	15,787
Contract liabilities:		
Noncurrent (Note 21)	**1**	4
Current (Note 23)	**17**	16
Unearned revenues:		
Noncurrent (Note 21)	**7,996**	7,898
Current (Note 23)	**2,921**	7,869

Selling, General and Administrative Expenses

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

	2024	2023
	(in million pesos)	
Compensation and employee benefits	**16,440**	16,406
Repairs and maintenance	**13,457**	14,194
Professional and other contracted services	**4,729**	5,499
Selling and promotions	**2,303**	4,615
Rent	**1,679**	1,012
Taxes and licenses	**1,048**	963
Communication, training and travel	**765**	777
Insurance and security services	**738**	727
Amortization of intangible assets (Note 14)	**131**	139
Other expenses	**770**	467
Total selling, general and administrative expenses	**42,060**	44,799

Compensation and Employee Benefits

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

	2024	2023
	(in million pesos)	
Salaries and other employee benefits	**13,042**	13,058
Manpower rightsizing program, or MRP	**1,595**	1,690
Pension benefit costs (Note 25)	**1,139**	1,172
Incentive plan (Note 25)	**664**	486
Total compensation and employee benefits	**16,440**	16,406

Over the past several years, the Parent Company has been implementing the MRP in line with its continuing efforts to reduce the cost base of its business. The decision to implement the MRP was a result of challenges faced by its business as significant changes in technology, increasing competition, and shifting market preferences have reshaped the future of its business. 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 and 2023 consist of the following:

	2024	2023
	(in million pesos)	
Cost of services	**1,564**	1,264
Cost of computers, mobile handsets and broadband data modems	**283**	337
Total cost of sales and services	**1,847**	1,601

Asset Impairment

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

	2024	2023
	(in million pesos)	
Trade and other receivables (Note 16)	**3,164**	3,574
Property and equipment (Note 9)	**2,898**	—
Contract assets	**4**	6
Total asset impairment	**6,066**	3,580

Other Income (Expenses) – Net

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

	2024	2023
	(in million pesos)	
Dividend income (Note 11)	**8,319**	17,700
Gains on derivative financial instruments – net (Note 27)	**2,588**	1,083
Rental income	**1,127**	1,151
Interest income (Notes 12 and 15)	**108**	185
Foreign exchange gains (losses) – net (Note 27)	**(839)**	187
Financing costs – net	**(7,409)**	(6,810)
Write-down on noncurrent assets	**—**	(8,350)
Others – net (Notes 13 and 24)	**2,618**	1,716
Subsidiaries and affiliates	**552**	589
Income from prescription of preferred redemption liability	**71**	—
Net gains (loss) on sale of fixed assets	**(10)**	430
Others miscellaneous income	**2,005**	697
Total other income – net	**6,512**	6,862

Interest Income

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

	2024	2023
	(in million pesos)	
Interest income on cash and cash equivalents (Note 15)	**84**	167
Interest income arising from revenue contracts with customers	**11**	8
Interest income on financial instruments at amortized cost	**9**	9
Interest income – others	**4**	1
Total interest income	**108**	185

Financing Costs – Net

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

	2024	2023
	(in million pesos)	
Interest on loans and other related items	**8,090**	7,273
Accretion on lease liabilities (Note 10)	**566**	208
Accretion on financial liabilities (Note 20)	**219**	190
Financing charges	**32**	60
Capitalized interest (Note 9)	**(1,498)**	(921)
Total financing costs – net	**7,409**	6,810

6. Components of Other Comprehensive Loss

Changes in other comprehensive loss under equity of the Parent Company's statements of financial position for the years ended December 31, 2024 and 2023 are as follows:

	Net transactions on cash flow hedges – net of tax	**Revaluation increment on investment properties – net of tax**	**Actuarial losses on defined benefit plans – net of tax**	**Total other comprehensive loss – net of tax**
Balances as at January 1, 2024	**(3,412)**	**172**	**(38,277)**	**(41,517)**
Other comprehensive income (loss)	**(1,218)**	**1,560**	**(1,453)**	**(1,111)**
Balances as at December 31, 2024	**(4,630)**	**1,732**	**(39,730)**	**(42,628)**
Balances as at January 1, 2023	(2,469)	172	(32,787)	(35,084)
Other comprehensive loss	(943)	—	(5,490)	(6,433)
Balances as at December 31, 2023	(3,412)	172	(38,277)	(41,517)

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 the Parent Company's net deferred income tax assets recognized in the statements of financial position as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Net deferred income tax assets:		
Accumulated provision for expected credit loss	**3,213**	3,105
Unearned revenues	**2,729**	3,942
Lease liabilities	**2,123**	742
Pension and other employee benefits	**1,923**	1,696
Unamortized past service pension costs	**1,903**	2,622
Provisions for impairment of other assets	**1,874**	2,022
Unrealized foreign exchange gains	**1,189**	838
Accumulated write-down of inventories to net realizable values	**287**	302
Adjustments due to adoption of PFRS 15	**(16)**	(13)
Derivative financial instruments	**(56)**	115
Excess of fair value over cost of investment properties	**(702)**	(334)
Taxes and duties capitalized	**(167)**	(147)
Undepreciated capitalized interest charges	**(1,877)**	(1,656)
ROU assets	**(1,996)**	(682)

	2024	2023
	(in million pesos)	
Net deferred income tax assets:		
Others	**(2,316)**	(1,242)
Total deferred income tax assets – net	**8,111**	11,310

The components of the Parent Company's net deferred income tax assets (liabilities) for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Net deferred income tax assets – balances at beginning of the year	**15,384**	14,857
Net deferred income tax liabilities – balances at beginning of the year	**(4,074)**	(5,770)
Net balances at beginning of the year	**11,310**	9,087
Benefit from (provision for) deferred income tax (Note 3)	**(3,569)**	79
Movement charged directly to other comprehensive income	**370**	2,144
Net balances at end of the year	**8,111**	11,310
Net deferred income tax assets – balances at end of the year	**8,111**	11,310

The analysis of Parent Company's 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	**4,339**	9,584
Deferred income tax assets to be recovered within 12 months	**3,772**	1,726
Net deferred income tax assets	**8,111**	11,310

The Parent Company's provision for (benefit from) income tax for the years ended December 31, 2024 and 2023 consist of:

	2024	2023
	(in million pesos)	
Current	**2,500**	3,473
Deferred (Note 3)	**3,569**	(79)
	6,069	3,394

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

The reconciliation between the provision for income tax at the applicable statutory tax rates and the actual provision for corporate income tax for the years ended December 31, 2024 and 2023 consist of:

	2024	2023
	(in million pesos)	
Provision for income tax at the applicable statutory tax rate	**8,181**	7,807
Tax effects of:		
Nondeductible expenses	**5**	77
Income subject to final tax	**(37)**	(66)
Income not subject to income tax	**(2,080)**	(4,424)
Actual provision for corporate income tax	**6,069**	3,394

The Parent Company has no unrecognized deferred income tax assets and unutilized NOLCO as at December 31, 2024 and 2023.

The Parent Company's 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.

8. Earnings Per Common Share

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

	2024		2023	
	Basic	**Diluted**	Basic	Diluted
	(in million pesos)			
Parent Company's net income	**26,654**	**26,654**	27,836	27,836
Effect of PAS 27 adjustments	**5,653**	**5,653**	(1,222)	(1,222)
Consolidated net income attributable to common shares	**32,307**	**32,307**	26,614	26,614
Dividends on preferred shares (Note 19)	**(59)**	**(59)**	(59)	(59)
Consolidated net income attributable to common equity holders of PLDT	**32,248**	**32,248**	26,555	26,555
	(in thousands, except per share amounts which are in pesos)			
Weighted average number of common shares	**216,056**	**216,056**	216,056	216,056
EPS attributable to common equity holders of PLDT	**149.26**	**149.26**	122.91	122.91

Basic EPS amounts are calculated by dividing the consolidated net income for the year 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 exercise and convertible preferred shares are converted to common shares, and appropriate adjustments to 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 the 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 and from the mandatory tender offer for all remaining Digitel 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	Network facilities	Buildings	Vehicles, furniture, and other network equipment	Information origination and termination equipment	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	82,258	12,911	2,447	1,696	—	2,451	6,360	122	36,309	144,554
Additions	1	—	—	201	—	—	—	—	19,735	19,937
Disposals/Retirements	—	—	—	(182)	—	—	—	—	—	(182)
Transfers and others	16,905	12,589	408	34	—	68	927	60	(30,991)	—
Write-down	(867)	(1,340)	(206)	—	—	(28)	(451)	(6)	—	(2,898)
Reclassification	—	—	19	—	—	406	—	—	—	425
Depreciation and amortization (Note 3)	(9,182)	(2,681)	(681)	(605)	—	(76)	(1,648)	(39)	—	(14,912)
Net book value at end of the year	89,115	21,479	1,987	1,144	—	2,821	5,188	137	25,053	146,924
As at December 31, 2024										
Cost	277,050	111,301	18,258	21,382	—	3,307	14,257	439	25,053	471,047
Accumulated depreciation, impairment and amortization	(187,935)	(89,822)	(16,271)	(20,238)	—	(486)	(9,069)	(302)	—	(324,123)
Net book value	89,115	21,479	1,987	1,144	—	2,821	5,188	137	25,053	146,924
December 31, 2023										
Net book value at beginning of the year	77,711	12,431	2,994	2,360	34,781	2,508	2,659	59	22,550	158,053
Additions	5,066	1,299	13	213	7,944	211	399	—	28,514	43,659
Disposals/Retirements	—	—	—	(105)	—	(226)	—	—	—	(331)
Transfers and others	8,329	1,727	225	7	204	67	4,193	3	(14,755)	—
Write-down	—	—	—	—	(8,350)	—	—	—	—	(8,350)
Reclassification	—	—	—	—	(24,465)	—	—	—	—	(24,465)
Adjustment	—	—	(1)	—	(84)	(44)	—	83	—	(46)
Depreciation and amortization (Note 3)	(8,848)	(2,546)	(784)	(779)	(10,030)	(65)	(891)	(23)	—	(23,966)
Net book value at end of the year	82,258	12,911	2,447	1,696	—	2,451	6,360	122	36,309	144,554
As at December 31, 2023										
Cost	260,813	99,458	17,847	21,776	—	2,833	13,330	378	36,309	452,744
Accumulated depreciation, impairment and amortization	(178,555)	(86,547)	(15,400)	(20,080)	—	(382)	(6,970)	(256)	—	(308,190)
Net book value	82,258	12,911	2,447	1,696	—	2,451	6,360	122	36,309	144,554

The Parent Company's interest capitalized to property and equipment that qualified as borrowing costs amounted to Php1,498 million and Php921 million for the years ended December 31, 2024 and 2023, respectively. See *Note 5 – Income and Expenses – Financing Costs – Net* and *Note 28 – Notes to the Statements of Cash Flows.* The average interest capitalization rate used was approximately 5% and 4% for the years ended December 31, 2024 and 2023, respectively.

The Parent Company's net foreign exchange gains differences, which qualified as borrowing costs, amounted to Php426 million and Php40 million for the years ended December 31, 2024 and 2023, respectively.

As at December 31, 2024, the estimated useful lives of the Parent Company's property and equipment are as follows:

Cable and wire facilities	10 – 15 years
Network facilities	3 – 10 years
Buildings	25 years
Vehicles, furniture and other network equipment	3 – 5 years
Land improvements	10 years
IT systems and platforms	5 years
Security platforms	5 years
Leasehold improvements	3 – 5 years

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

10. Leases

Parent Company as a Lessee

The Parent Company has lease contracts for various items of sites, buildings, leased circuits and poles used in our operations. The Parent Company 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.

The Parent Company's estimated useful lives of its ROU assets as at December 31, 2024 are as follows:

Sites	2 – 30 years
International leased circuits(1)	1 – 19 years
Poles(2)	1 – 12 years
Domestic leased circuits(3)	2 – 7 years
Office buildings(4)	1 – 6 years
Co-located sites(5)	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 3-12 years.*
(3) *As at December 31, 2023, the estimated useful life ranges from 1-7 years.*
(4) *As at December 31, 2023, the estimated useful life ranges from 1-5 years.*
(5) *As at December 31, 2023, the estimated useful life ranges from 3-11 years.*

The Parent Company's rollforward analysis of ROU assets as at December 31, 2024 and 2023 are as follows:

	Site	International Leased Circuits	Poles	Domestic Leased Circuits (in million pesos)	Office Buildings	Co-located Sites	Total
As at December 31, 2024							
Costs:							
Balances at beginning of the year	**1,284**	**4,771**	**2,988**	**3,872**	**47**	**1,758**	**14,720**
Additions (Note 28)	**28**	**1,550**	**4,250**	**1,696**	**18**	**8**	**7,550**
Modifications	**1**	**222**	**173**	**(4)**	**—**	**—**	**392**
Termination	**—**	**(1,063)**	**(2,474)**	**(1,206)**	**(23)**	**—**	**(4,766)**
Balances at end of the year	**1,313**	**5,480**	**4,937**	**4,358**	**42**	**1,766**	**17,896**
Accumulated depreciation and amortization:							
Balances at beginning of the year	**(297)**	**(3,915)**	**(2,930)**	**(3,492)**	**(33)**	**(1,322)**	**(11,989)**
Termination	**—**	**1,029**	**2,474**	**1,205**	**23**	**–**	**4,731**
Depreciation (Note 3)	**(101)**	**(801)**	**(1,024)**	**(504)**	**(24)**	**(201)**	**(2,655)**
Balances at end of the year	**(398)**	**(3,687)**	**(1,480)**	**(2,791)**	**(34)**	**(1,523)**	**(9,913)**
Net book value at end of the year	**915**	**1,793**	**3,457**	**1,567**	**8**	**243**	**7,983**
As at December 31, 2023							
Costs:							
Balances at beginning of the year	1,296	4,638	3,830	3,931	128	2,020	15,843
Additions (Note 28)	26	232	2	97	32	56	445
Modifications	(38)	3	(844)	(156)	(113)	(318)	(1,466)
Termination	—	(102)	—	—	—	—	(102)
Balances at end of the year	1,284	4,771	2,988	3,872	47	1,758	14,720
Accumulated depreciation and amortization:							
Balances at beginning of the year	(236)	(3,074)	(2,335)	(2,842)	(108)	(1,332)	(9,927)
Termination	—	98	—	—	—	—	98
Modifications	38	—	277	124	110	317	866
Depreciation (Note 3)	(99)	(939)	(872)	(774)	(35)	(307)	(3,026)
Balances at end of the year	(297)	(3,915)	(2,930)	(3,492)	(33)	(1,322)	(11,989)
Net book value at end of the year	987	856	58	380	14	436	2,731

The following amounts are recognized in the Parent Company's income statements for the years ended December 31, 2024 and 2023:

	2024	2023
	(in million pesos)	
Depreciation expense of ROU assets	**2,655**	3,026
Expenses relating to short-term leases (included in general and administrative expenses)	**1,521**	915
Interest expense of lease liabilities	**566**	208
Variable lease payments (included in general and administrative expenses)	**158**	97
Total amount recognized in Parent company income statements	**4,900**	4,246

The Parent Company's rollforward 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	**2,970**	6,422
Additions (Note 28)	**7,550**	445
Accretion on lease liabilities (Note 5)	**566**	208
Foreign exchange losses – net	**89**	12
Termination	**(36)**	—
Lease modifications	**392**	(745)
Settlement of obligations	**(3,038)**	(3,372)
Balances at end of the year (Note 3)	**8,493**	2,970
Less current portion of lease liabilities (Note 27)	**2,046**	957
Noncurrent portion of lease liabilities (Note 27)	**6,447**	2,013

The Parent Company had total cash outflows for leases of Php3,038 million and Php3,372 million for the years ended December 31, 2024 and 2023, respectively. The Parent Company had non-cash additions to ROU assets of Php7,550 million and Php445 million as at December 31, 2024 and 2023, respectively. The Parent Company had non-cash additions to lease liabilities of Php7,550 million and Php445 million, 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*.

The Parent Company has entered into several lease contracts that include extension and termination options. These options are negotiated by the Parent Company to provide flexibility in managing the leased-asset portfolio and align with the Parent Company's 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.*

Parent Company as a Lessor

The Parent Company has entered into operating leases on its investment property portfolio consisting of certain office buildings and business offices. See *Note 13 – Investment Properties*. These leases have term of five years. All leases include a clause to enable upward revision of the rental charge on annual basis according to prevailing market conditions. The lessee is also required to provide a residual guarantee on the properties. Rental income recognized by the Parent Company each amounted to Php59 million as at December 31, 2024 and 2023.

Future minimum rentals receivable under non-cancellable operating leases as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Within one year	**64**	64
After one year but not more than five years	**272**	270
	336	334

11. Investments in Subsidiaries, Associates, Joint Ventures and Deposits

As at December 31, 2024 and 2023, investments in subsidiaries, associates, joint ventures and deposits consist of:

	2024	2023	**2024**	2023
	Ownership		**Amounts**	
			(in million pesos)	
Investments in subsidiaries:				
Digitel	**99.6%**	99.6%	**36,418**	36,418
Smart	**100.0%**	100.0%	**29,722**	29,722
ePLDT	**100.0%**	100.0%	**18,685**	18,685
PGIH	**100.0%**	100.0%	**12,323**	12,323
PLDT Digital	**100.0%**	100.0%	**1,594**	1,594
PLDT Subic Telecom, Inc., or SubicTel[a]	**100.0%**	100.0%	**643**	643
PLDT-Maratel, Inc., or Maratel[a]	**98.0%**	98.0%	**454**	454
PGNL	**64.6%**	64.6%	**300**	300
Talas Data Intelligence, Inc., or Talas[a]	**100.0%**	100.0%	**250**	250
ClarkTel	**100.0%**	100.0%	**180**	180
BCC	**75.0%**	75.0%	**93**	93
PLDT Global, Inc.	**100.0%**	100.0%	**86**	86
Philcom[a]	**100.0%**	100.0%	**75**	75
PLDT Global	**100.0%**	100.0%	**3**	3
ACeS Philippines Cellular Satellite Corporation, or ACeS Philippines[a]	**88.5%**	88.5%	—	—
Smart-NTT Multimedia, Inc.[a]	—	100.0%	—	106
			100,826	100,932
Investment in associates:				
Pacific Global One Aviation Company, or PG1	**47.6%**	47.6%	**211**	211
Radius	**34.9%**	—	**2,116**	—
Kayana	**45.0%**	—	**887**	—
			3,214	211
Investments in joint ventures:				
VTI, Bow Arken , and Brightshare	**50.0%**	50.0%	**33,522**	33,522
			33,522	33,522
Deposit for future stock subscriptions:				
Talas[a]			**245**	245
ePLDT			**50**	50
VTI, Bow Arken and Brightshare			**(73)**	(73)
			222	222
Total carrying value of investments in subsidiaries, associates, joint ventures and deposits			**137,784**	134,887

[a] *Ceased commercial operations.*

The above directly owned subsidiaries were all incorporated in the Philippines except for PLDT Global and PGNL, which were both incorporated in the British Virgin Islands and PLDT Digital which was incorporated in Singapore.

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

	2024	2023
	(in million pesos)	
Balances at beginning of the year	**137,917**	137,922
Acquisition of Radius	**2,116**	—
Acquisition of Kayana	**887**	—
Closing of SNMI books	**(106)**	—
Return of deposit for future stock subscription – Talas	**—**	(5)
Balances at end of the year	**140,814**	137,917

Accumulated impairment on investment in subsidiaries amounted to Php3,030 million as at December 31, 2024 and 2023 representing full provision of Php2,025 million as at December 31, 2024 and 2023 for investment in ACeS Philippines and Php1,005 million as at December 31, 2024 and 2023 for investment in MIC, respectively.

Dividends

The Parent Company's dividend income recognized from its subsidiaries amounted to Php8,319 million and Php17,700 million for the years ended December 31, 2024 and 2023, respectively, including the dividend of US$6.5 million, or Php369 million and US$3.5 million, or Php194 million, recognized in 2024 and 2023, respectively, from PLDT Global, a non-resident foreign corporation. See *Note 5 – Income and Expenses*.

On February 27, 2025, Smart declared cash dividends to the Parent Company amounting to Php1,100 million that is payable within one year.

Investment in Associates

Investment in PG1

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

As at December 31, 2024 and 2023, the carrying value of investment in PG1 amounted to Php211 million.

Investment in Kayana

In March 2024, the Parent Company 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 initiative. 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 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, the Parent Company 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 the Parent Company subscribed to additional shares valued at Php46.5 million. As a result, the Parent Company's equity ownership in Kayana reduced to 45%, leading the Parent Company to account for its remaining interest as an investment in associate. A gain on deconsolidation amounting to Php146 million was recognized.

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

Date Acquired	**Number of Shares**
	(in millions)
March 1, 2024	754.5
September 27, 2024	85.5
September 30, 2024	46.5

As at December 31, 2024, the Parent Company's investment in Kayana amounted to Php886.5 million, including subscription payable of Php10.5 million, with carrying value of 887 million.

Investment in Radius

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

As at December 31, 2024, the percentage equity interest in Radius remained at 34.9%.

Investment in Joint Ventures

Investments of PLDT in VTI, Bow Arken and Brightshare

The Parent 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 the 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 were 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 the Parent Company, to cover for the assumed liabilities and working capital requirements of the acquired companies, amounted to Php69 million each as at December 31, 2024 and 2023, respectively.

Summarized Financial Information

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, and 2023:

	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	**71,210**	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
	(in million pesos)	
Income Statements:		
Revenues	**4,708**	4,344
Depreciation and amortization	**1,973**	1,685
Interest income	**128**	111
Provision for income tax	**135**	186
Net income / Total comprehensive income	**52**	132
PLDT's share	**26**	66
Equity share in net income of VTI, Bow Arken and Brightshare	**26**	66

The carrying value of the Parent Company'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 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 Share 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 Supreme Court in a Resolution dated November 28, 2017.

During the intervening period, the CA rendered its Decision in 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.

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

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

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	**220**	220
Fixed Rate Treasury Notes, or FXTN	**10**	10
BDO Asean Bonds	**—**	50
	230	280
Less: Current portion of debt instrument at amortized cost (Note 27)	**—**	50
Noncurrent portion of debt instrument at amortized cost (Note 27)	**230**	230

Retail Treasury Bonds

On December 2, 2021, PLDT purchased at par a 5.5-year Retail Treasury Bond Tranche 26 with face value of Php200 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 Php7 million each for the years ended December 31, 2024 and 2023. The carrying value of this investment amounted to Php200 million each as at December 31, 2024 and 2023.

On March 4, 2022, PLDT purchased at par a five-year Retail Treasury Bond Tranche 27 with face value of Php20 million maturing on March 4, 2027. The bond has a gross coupon rate of 4.8750% payable on a quarterly basis. The bond is classified as debt instrument at amortized cost. Interest income, net of withholding tax, recognized on this investment amounted to Php780 thousand each for the years ended December 31, 2024 and 2023. The carrying value of this investment amounted to Php20 million each as at December 31, 2024 and 2023.

FXTN

On July 7, 2022, PLDT purchased at a premium a four-year FXTN 07-62 with face value of Php10 million maturing on February 14, 2026. The bond has a gross coupon rate of 6.25% payable on a semi-annual basis. The bond is classified as debt instrument at amortized cost. Interest income, net of withholding tax, recognized on this investment amounted to

Php500 thousand Php400 thousand each for the years ended December 31, 2024 and 2023, respectively. The carrying value of this investment amounted to Php10 million each as at December 31, 2024 and 2023.

BDO ASEAN Sustainable Bond

On January 28, 2022, PLDT purchased at par a two-year BDO Fixed Rate ASEAN Sustainability Bond Due 2024 with face value of Php50 million which subsequently matured on January 28, 2024. The bond has a gross coupon rate of 2.90% payable on a quarterly basis. The bond is classified as debt instrument at amortized cost. Interest income, net of withholding tax, recognized on this investment amounted to nil and Php1 million for the years ended December 31, 2024 and 2023, respectively. The carrying value of this investment amounted to nil and Php50 million as at December 31, 2024 and 2023.

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	**1,376**	**24**	**57**	**1,457**
Revaluation increment charged to OCI	**2,080**	—	—	**2,080**
Disposals during the year	**(15)**	—	—	**(15)**
Transfers to property and equipment, net	**(405)**	—	**(20)**	**(425)**
Balances at end of the year	**3,036**	**24**	**37**	**3,097**
December 31, 2023				
Balances at beginning of the year	1,270	3	79	1,352
Net gains (losses) from fair value adjustments charged to profit or loss[1]	79	19	(21)	77
Disposals during the year	(95)	—	(2)	(97)
Transfers from property and equipment	122	2	1	125
Balances at end of the year	1,376	24	57	1,457

[1] *Presented as part of "Other income – net" in the Parent Company's income statement.*

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.

The Parent Company has 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.

The Parent Company has no restrictions on the realizability of its 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 and Php129 million for the years ended December 31, 2024 and 2023, respectively.

Rental income relating to investment properties that are being leased and included as part of revenues each amounted to Php59 million for the years ended December 31, 2024 and 2023. See *Note 10 – Leases* and *Note 24 – Related Party Transactions*.

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.

Sale and Leaseback

The Parent Company was authorized by the Board of Directors to negotiate and enter into a contract for the sale of Smart Headquarters on January 28, 2020. The transaction is subject to the compulsory notification process of the Philippine Competition Commission, or PCC, pursuant to Sections 12(b) and 16 of the Philippine Competition Act.

After undertaking the compulsory notification process, on September 3, 2020, PLDT received the PCC Decision No. 16-M-013/2020 stating that the PCC resolves to take no further action on the transaction considering that it will not likely result in substantial lessening of competition due to the existence of sufficient competitive constraints.

The Parent Company signed the sale agreement with the buyer and received in full the consideration of Php5,500 million plus 12% VAT on October 5, 2020. The sale does not include the telecommunication assets owned or used by PLDT and Smart that are located in the Smart Headquarters. Smart, the current lessee of the property, continues to occupy the property pursuant to a new contract of lease with the buyer executed on October 5, 2020. The sale and leaseback resulted to a gain of Php3,275 million in 2020. The Parent Company recognized gain on sale and leaseback to the extent of rights transferred to the buyer. The new contract of lease is for a period of five years and stipulates that the lessee has the option to pre-terminate without penalty after the second-year subject to a 12-month notice.

14. Intangible Assets

The Board of Directors of the Parent Company and SBI, a PLDT subsidiary providing wireless broadband service, approved the sale and transfer of SBI's trademark and subscribers (both individual and corporate), and all of SBI's assets, rights and obligations directly or indirectly connected to its HOME Ultera and HOMEBRO Wimax businesses to PLDT on September 26, 2017. Subscription assets and trademark are amortized over two years and 10 years, respectively, using the straight-line method of accounting.

SBI's businesses are currently being managed by the Parent Company pursuant to the Operations Maintenance and Management Agreement between PLDT and SBI effective October 1, 2012. Subsequent to the transfer, SBI continues to provide broadband services to its existing Canopy subscribers using a portion of Smart's network. The transfer is in accordance with the said agreement and in order to achieve the expected benefits, as follows:

- Seamless upgrades of PLDT products;
- Flexibility for business in cross-selling of the Parent Company products; and
- Enhanced customer experience.

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

	Customer List	Trademark	Total
		(in million pesos)	
December 31, 2024			
Cost:			
Balances at beginning of the year	**5,615**	**186**	**5,801**
Balances at end of the year	**5,615**	**186**	**5,801**
Accumulated amortization:			
Balances at beginning of the year	**(5,242)**	**(133)**	**(5,375)**
Amortization during the year	**(118)**	**(13)**	**(131)**
Balances at end of the year	**(5,360)**	**(146)**	**(5,506)**
Net balances at end of the year	**255**	**40**	**295**
December 31, 2023			
Cost:			
Balances at beginning of the year	5,615	131	5,746
Additions	—	55	55
Balances at end of the year	5,615	186	5,801
Accumulated amortization:			
Balances at beginning of the year	(5116)	(65)	(5,181)
Amortization during the year	(126)	(13)	(139)
Adjustments	—	(55)	(55)
Balances at end of the year	(5,242)	(133)	(5,375)
Net balances at end of the year	373	53	426

The Parent Company's future amortization of subscription assets as at December 31, 2024 is as follows:

Year	(in million pesos)
2025	**146**
2026	**120**
2027	**29**
	295

15. Cash and Cash Equivalents

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

	2024	2023
	(in million pesos)	
Cash on hand and in banks (Note 27)	**2,597**	3,079
Temporary cash investments (Note 27)	**—**	1,700
	2,597	4,779

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 the Parent Company's immediate cash requirement 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 the Parent Company's temporary cash investments. See *Note 27 – Financial Assets and Liabilities.*

Interest income earned from cash in banks and temporary cash investments amounted to Php84 million and Php167 million for the years ended December 31, 2024 and 2023, 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)	
Retail subscribers (Note 27)	**13,898**	14,173
Related parties (Notes 24 and 27)	**22,944**	19,645
Corporate subscribers (Note 27)	**12,732**	8,378
Domestic carriers (Note 27)	**199**	2,793
Foreign administrations (Note 27)	**448**	1,016
Dealers, agents and others (Note 27)	**483**	484
	50,704	46,489
Less allowance for expected credit losses	**12,982**	12,550
	37,722	33,939

Receivables from foreign administrations and domestic carriers represent receivables based on interconnection agreements with other telecommunications carriers. The aforementioned amounts of receivables are shown net of related payables to the same telecommunications carriers where a legal right of offset exist 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 Parent Company, 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 – Credit Risk* on credit risk of trade receivables to understand how the Parent Company manages and measures 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:

	2024																
	Retail Subscribers		Corporate Subscribers		Domestic Subscribers		Foreign Administrations		Related Parties		Dealers, Agents and Others		Total			
	Stage 2	Stage 3	Stage 2	Stage 3	Stage 2	Stage 3	Stage 2	Stage 3	Stage 1	Stage 3	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
	Lifetime ECL		Lifetime ECL		Lifetime ECL		Lifetime ECL		12-Month ECL	Lifetime ECL	Lifetime ECL		12-Month ECL	Lifetime ECL		Total
	(in million pesos)																
December 31, 2024																	
Balances as at beginning of the year	**884**	**7,702**	**430**	**2,827**	—	—	**1**	**4**	**72**	**2**	—	**628**	**72**	**1,315**	**11,163**	**12,550**
Provisions and reversals (Note 5)	**(488)**	**3,015**	**225**	**403**	—	—	**6**	—	—	—	—	**3**	—	**(257)**	**3,421**	**3,164**
Write-offs	—	**(2,486)**	—	**(285)**	—	—	—	**(1)**	—	—	—	—	—	—	**(2,772)**	**(2,772)**
Reclassifications and other adjustments	—	—	—	**100**	—	—	—	—	—	—	—	**(102)**	—	—	**(2)**	**(2)**
Others	—	**42**	—	—	—	—	—	—	—	—	—	—	—	—	**42**	**42**
Balances at end of the year	**396**	**8,273**	**655**	**3,045**	—	—	**7**	**3**	**72**	**2**	—	**529**	**72**	**1,058**	**11,852**	**12,982**
December 31, 2023																
Balances as at beginning of the year	1,314	4,285	214	2,451	—	—	1	8	71	2	1	629	71	1,530	7,375	8,976
Provisions and reversals (Note 5)	(430)	3,417	216	376	—	—	—	(4)	1	—	(1)	(1)	1	(215)	3,788	3,574
Balances at end of the year	884	7,702	430	2,827	—	—	1	4	72	2	—	628	72	1,315	11,163	12,550

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 were 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	**575**	444
Network	**1,628**	1,588
Others	**176**	344
Total	**2,379**	2,376
Allowance for inventory obsolescence and write-down		
Commercial	**178**	246
Network	**884**	817
Others	**84**	140
Total	**1,146**	1,203
Net realizable value		
Commercial	**397**	198
Network	**744**	771
Others	**92**	204
Total	**1,233**	1,173

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

	2024	2023
	(in million pesos)	
Repairs and maintenance	**407**	734
Cost of sales	**101**	217
	508	951

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	**1,203**	1,536
Cost of sales	**(6)**	(27)
Disposals and other adjustments	**(13)**	(54)
Reversals	**(38)**	(252)
Balances at end of the year	**1,146**	1,203

18. Prepayments and Other Nonfinancial Assets

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

	2024	2023
	(in million pesos)	
Subscriber contract costs	**28,813**	28,921
Advances to suppliers and contractors	**16,813**	16,682
Prepaid taxes	**1,782**	4,613
Prepaid repairs and maintenance (Note 24)	**226**	202
Prepaid insurance (Note 24)	**80**	99
Prepaid rent	**58**	61
Prepaid fees and licenses	**—**	27
Other prepayments	**1,101**	323
Other non-financial assets	**499**	16
	49,372	50,944
Less current portion of prepayments and other nonfinancial assets	**4,250**	5,665
Noncurrent portion of prepayments and other nonfinancial assets	**45,122**	45,279

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

Subscriber contract costs consist of 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 in 2024 and Php3,147 million in 2023. Costs to fulfill amounted to Php24,365 million and Php24,465 million as at December 31, 2024 and 2023, respectively. Amortization of cost to fulfill, which is presented under depreciation and amortization in the income statement, amounted to Php7,448 million and Php3,439 million for the years ended December 31, 2024 and 2023, respectively.

Prepaid taxes include creditable withholding taxes and input VAT.

19. Equity

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

	2024	2023
	(in million pesos)	
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 the Parent Company'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, earns 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 7%, respectively, as at December 31, 2022. 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 interests 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 interests 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. PLDT's obligation to pay the trust amounts for Series A to FF has also prescribed, resulting in the recognition of income in 2022 for the same amount as the unclaimed Trust Account that RCBC returned to PLDT.

PLDT has withdrawn Php13 thousand and Php354 thousand from the Trust Account, representing total payments on redemption for the years ended December 31, 2024 and 2023, 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.

Since 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

The Parent Company's dividends declared for the years ended December 31, 2024 and 2023 are detailed as follows:

December 31, 2024

Class	Approved	Date Record	Payable	Amount Per Share	Total
				(in million pesos, except per share amounts)	
Cumulative Non-Convertible Redeemable Preferred Stock					
Series IV*	**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 3, 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**

* *Dividends were declared based on total amount paid up.*

December 31, 2023

Class	Approved	Date Record	Payable	Amount Per Share	Total
				(in million pesos, except per share amounts)	
Cumulative Non-Convertible Redeemable Preferred Stock					
Series IV*	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 4, 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 4, 2023	April 24, 2023	14.00	3,025
					23,334
Charged to retained earnings					23,393

* *Dividends were declared based on total amount paid up.*

The Parent Company's dividends declared after December 31, 2024 are detailed as follows:

Class	Approved	Date Record	Payable	Amount Per Share	Total
				(in million pesos, except per share amounts)	
Cumulative Non-Convertible Redeemable Preferred Stock					
Series IV*	**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**

* *Dividends were declared based on total amount paid up.*

Retained Earnings Available for Dividend Declaration

The following table shows the reconciliation of the Parent Company's retained earnings available for dividend declaration as at December 31, 2024:

	(in million pesos)
Parent Company's unappropriated retained earnings available for dividends at beginning of the year	**29,452**
Adjustments: Unrealized gains in prior years	
Fair value adjustments of investment property resulting to gain	**(1,385)**
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)	**(6,626)**
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:	
Fair value adjustments (mark-to-market gains)	**(2,070)**
	24,584
Less: Cash dividends declared during the year	
Preferred stock (Note 8)	**(59)**
Common stock	**(20,741)**
	(20,800)
Parent Company's unappropriated retained earnings available for dividends as at December 31, 2024	**20,439**

20. Interest-bearing Financial Liabilities

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

	2024	2023
	(in million pesos)	
Long-term portion of interest-bearing financial liabilities:		
Long-term debt (Notes 27 and 28)	**160,027**	148,393
Current portion of interest-bearing financial liabilities:		
Long-term debt maturing within one year (Notes 27 and 28)	**10,475**	7,479
	170,502	155,872

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 the financial liabilities amounted to Php1,186 million and Php1,199 million as at December 31, 2024 and 2023, respectively. See *Note 27 – Financial Assets and Liabilities*.

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	**1,199**	1,236
Additions during the year	**145**	127
Revaluations	**9**	(2)
Accretion during the year included as part of financing costs – net	**(167)**	(162)
Unamortized debt discount at end of the year	**1,186**	1,199

Long-term Debt

The scheduled maturities of the Parent Company's outstanding long-term at nominal values as at December 31, 2024 are as follows:

	U.S. Dollar Debt		Php Debt	Total
Year	In U.S. Dollar	In Php	In Php	In Php
		(in millions)		
2025	—	—	**10,643**	**10,643**
2026	—	—	**6,188**	**6,188**
2027	—	—	**18,668**	**18,668**
2028	—	—	**10,728**	**10,728**
2029	—	—	**14,593**	**14,593**
2030 and onwards	**600**	**34,708**	**76,160**	**110,868**
Total long-term debt (Note 27)	**600**	**34,708**	**136,980**	**171,688**

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

		2024		2023	
Description	Interest Rates	U.S. Dollar	Php	U.S. Dollar	Php
			(in millions)		
U.S. Dollar Debts:					
Fixed Rate Notes	2.500% to 3.450% in 2024 and 2023	**591**	**34,177**	590	32,691
Term Loans	SOFR + 1.47826%	—	—	25	1,385
		591	**34,177**	615	34,076
Philippine Peso Debts:					
Fixed Rate Retail Bonds	5.2813% in 2024 and 2023		—		2,599
Unsecured Term Loans	4.000% - 5.350%; PHP BVAL + 0.50%-0.80% (floor rate 4.5% - 4.625%) in 2024; 4.000% to 5.3500%; PHP BVAL +.60% - .80% (floor rate of 4.5% to 4.625%) in 2023		**136,325**		119,197
			136,325		121,796
Total long-term debt (Notes 27 and 28)			**170,502**		155,872
Less portion maturing within one year (Note 27)			**10,475**		7,479
Noncurrent portion of long-term debt (Note 27)			**160,027**		148,393

Loan Amount	Issuance Date	Trustee	Terms	Repurchase Amount Php	Repurchase Amount Dates	Paid in full on	Outstanding Amounts 2024 U.S. Dollar	Outstanding Amounts 2024 Php	Outstanding Amounts 2023 U.S. Dollar	Outstanding Amounts 2023 Php
				(in millions)			(in millions)			
Fixed Rate Notes[1]										
US$300M	June 23, 2020	The Bank of New York Mellon, London Branch	Non-amortizing, payable in full upon maturity on January 23, 2031	—	—	—	**297** (*)	**17,155** (*)	296 (*)	16,400 (*)
US$300M	June 23, 2020	The Bank of New York Mellon, London Branch	Non-amortizing, payable in full upon maturity on June 23, 2050	—	—	—	**294** (*)	**17,022** (*)	294 (*)	16,291 (*)
							591	**34,177**	590	32,691

(*) Amounts are net of unamortized debt discount/premium and/or debt issuance cost.
(1) The purpose of this loan is to refinance the debt maturing in 2021, prepay outstanding loans and partially finance capital expenditures.

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 2024 U.S. Dollar	Outstanding Amounts 2024 Php	Outstanding Amounts 2023 U.S. Dollar	Outstanding Amounts 2023 Php
					(in millions)			(in millions)			
U.S. Dollar Debts											
Other Term Loans[1]											
US$25M	January 31, 2017	NTT TC Leasing	Non-amortizing, payable upon maturity on March 27, 2024	March 30, 2017	25	—	March 27, 2024	—	—	25(*)	1,385(*)
								—	—	25	1,385

(*) Amounts are net of unamortized debt discount/premium and/or debt issuance cost.
(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.

Loan Amount	Date of Loan Agreement	Paying Agent	Terms	Date of Issuance/ Drawdown	Payments Amount Php	Payments Date	Outstanding Amounts 2024 Php	Outstanding Amounts 2023 Php
					(in millions)		(in millions)	
Fixed Rate Retail Bonds[1]								
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 (*)

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

Loan Amount	Date of Loan Agreement	Lender(s)	Terms	Dates Drawn	Drawn Amount Php	Outstanding Amounts December 31, 2024 Php	December 31, 2023 Php
					(in millions)	(in millions)	
Term Loans							
Unsecured Term Loans[(1)]							
Php9,500M	Various dates in 2014 and 2019	Union Bank	With annual amortization up to 7and 10 years	Various dates in 2014, and 2019	9,500	**7,811** [(2)]	9,298 [2)]
Php53,300M	Various dates in 2015 to 2023	BPI	With annual amortization up to 7, 10 and 11 years	Various dates in 2015 to 2023	53,300	**39,789** [(2)]	40,140 [(2)]
Php21,000M	Various date in 2015 to 2024	Metrobank[(3)]	With annual amortization up to 7, 10 and 11 years	Various date in 2015 to 2024	21,000	**14,231** [(2)]	10,367 [(2)]
Php10,000M	Various dates in 2016 and 2017	Security Bank	With semi-annual amortization up to 10 years	Various dates in 2017	10,000	**8,721** [(2)]	8,897 [(2)]
Php16,970M	Various dates in 2020 and 2023 and 2024	BDO	With annual amortization up to 7 and 10 years	Various dates in 2020 and 2024	15,470	**15,131** [(2)]	4,775 [(2)]
Php2,000M	July 1, 2019	PNB	With annual amortization up to 7 years	September 6, 2019	2,000	**1,896** [(2)]	1,914 [(2)]
Php25,500M	Various dates in 2016 to 2023	LBP	With annual amortization up to 10 years	Various dates in 2017 to 2023	25,500	**24,150** [(2)]	24,356 [(2)]
Php2,000M	April 11, 2019	Bank of China (Hong Kong) Limited, Manila Branch	With annual amortization up to 7 years	September 6, 2019	2,000	**1,896** [(2)]	1,914 [(2)]
Php15,000M	Various dates in 2020, 2021 and 2023	RCBC	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	March 30, 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	HSBC[(3)]	With annual amortization up to 5 years	Various dates in 2024	3,000	**2,986** [(2)]	—
Php530M	September 30, 2024	PVB	With annual amortization up to 7 years	October 30, 2024	530	**530** [(2)]	—
						136,325	119,197

[(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 supports 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).

U.S. Dollar Fixed Rate Notes

PLDT issued on June 30, 2020 a US$300 million 10-year and US$300 million 30-year senior unsecured fixed-rate notes with coupon rate of 2.50% and 3.45%, respectively, with maturity date of January 23, 2031 and June 23, 2050, respectively. Proceeds from the issuance of these notes have been used to refinance maturing debt obligations, prepay outstanding loans and partially finance capital expenditures.

Short-term Debt

In March and April 2022, PLDT availed unsecured short-term debt from various banks amounting to Php6,000 million with an interest rate of 2.60%. In July 2022, PLDT prepaid its outstanding short-term debt amounting to Php2,000 million. In November 2022, PLDT availed unsecured short-term debt amounting to Php4,000 million 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 paid the remaining short-term debt amounted Php4,000 million.

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]					
Php11,000M	December 13, 2024	BPI	With annual amortization up to 10 years	January 2, 2025	1,500
Short-term Loans					
Unsecured Term Loans[1]					
Php787M		BPI	77 days promissory note	January 3, 2025	787

(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

The Parent Company'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.

The Parent Company's debt instruments contain a number of other negative covenants that, subject to certain exceptions and qualifications, restrict the Parent Company'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 the Parent Company; 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 the Parent Company.

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.

The principal factors that could negatively affect the Parent Company's 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 its 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 PLDT's total debts (net of debt discount), approximately 20% and 22% were denominated in U.S. Dollars as at December 31, 2024 and 2023, respectively. Considering PLDT's outstanding hedges and U.S. Dollar cash balances allocated for debt, the unhedged portion of the PLDT's net debt amounts was approximately 10% (or 9%, net of Parent Company's U.S. Dollar cash balances allocated for debt) and 7% (or 7%, net of Parent Company's U.S. Dollar cash balances allocated for debt) as at December 31, 2024 and 2023, respectively. 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, the Parent Company was in compliance with all of its 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 (Note 5)	**7,997**	7,902
Accrual of capital expenditures under long-term financing[1]	**44**	198
Others	**1**	—
	8,042	8,100

[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 Parent Company's contract liabilities and unearned revenues as at December 31, 2024 and 2023 consist of:

	2024	2023
	(in million pesos)	
Short-term advances for installation services	**5,408**	5,004
Leased facilities	**4,088**	4,460
Advance monthly service fees	**1,421**	6,297
Long-term advances from equipment	**18**	20
Unearned revenues from prepaid contracts	**—**	6
	10,935	15,787
Contract liabilities and unearned revenues to be amortized within a year:		
External customers	**2,920**	3,035
Related parties	**18**	4,850
Long-term portion of contact liabilities and unearned revenues	**7,997**	7,902

22. Accounts Payable

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

	2024	2023
	(in million pesos)	
Suppliers and contractors (Note 27)	**28,923**	37,086
Related parties	**2,114**	2,838
Carriers and others (Note 27)	**3,293**	1,897
Taxes	**2,578**	172
	36,908	41,993

Certain suppliers entered into Trade Financing Arrangements (TFAs) to sell a portion of 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	**12,596**	16,349
– of which suppliers have received payment	**4,634**	7,453

Range of payment due dates

	2024	2023
Liabilities that are part of the arrangement	**270-300 days after invoice due date**	270-300 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 Parent Company'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)	**29,981**	33,626
Accrued employee benefits and other provisions (Notes 24 and 27)	**4,721**	2,493
Contract liabilities and unearned revenues:		
External customers (Note 21)	**2,920**	3,035
Related parties (Notes 21 and 24)	**18**	4,850
Accrued interests and other related costs (Note 28)	**1,516**	1,304
Accrued taxes and related expenses (Note 26)	**645**	627
Others	**2**	211
	39,803	46,146

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 statement of accounts from suppliers. These liabilities are noninterest-bearing and are normally settled within a year.

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

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

Accrued interests and other related costs 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.

Accrued taxes and related expenses pertain to licenses, permits and other related business taxes, 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 operation-related expenses pending receipt of invoice and statement of accounts from suppliers. This account 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 and 2023 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
					(in million pesos)			(in million pesos)	
Indirect investment in joint ventures through PCEV:									
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	**342**	603	Repairs and maintenance	**990**	1,005
	Pole attachment contracts, wherein Meralco leases its pole spaces to accommodate PLDT's cable network facilities	Upon depreciation or expiration of lease	Unsecured	ROU assets	**2,600**	598	Depreciation and amortization	**652**	603
		2024 – due after December 31, 2025; 2023 – due after December 31, 2024	Unsecured	Lease liabilities - net of current portion	**2,191**	2			
		2024 – due on or before December 31, 2024; 2023 – due on or before 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	**3**	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
	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
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

Company Name	Particulars	Terms	Conditions	Statement of Financial Position Classification	2024	2023	Income Statement Classification	2024	2023
					(in million pesos)			(in million pesos)	
Transactions with major stockholders, directors and officers:									
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
	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
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

Company Name	Particulars	Terms	Conditions	Statement of Financial Position Classification	2024	2023	Income Statement Classification	2024	2023
					(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	**54**	125	Repairs and maintenance Communication, training and travel	**4**	3
		more than one year	Unsecured	Lease Liabilities-net of current portion	**—**	78			
		upon expiration/termination	Unsecured	ROU Assets	**—**	4			
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 damages for buildings, building improvements, equipment and motor vehicles. The premiums are directly paid to Malayan.	Immediately upon receipt of invoice	Unsecured	Prepayments, advances and refundable deposits	**—**	152	Insurance and security services	**131**	181
		Immediately upon receipt of invoice	Unsecured	Accounts payable and accrued expenses and other current liabilities	**5**	8			
Transactions with Subsidiaries:									
Digitel	In relation with PLDT's acquisition of the subscription assets of Digitel on July 1, 2013, PLDT entered into a Facilities Lease Agreement with Digitel in 2013, wherein PLDT will require continued use of Digitel's network and facilities to ensure uninterrupted availability of services to the Digitel subscribers for a period of 30 months or until migration to the PLDT network is completed. PLDT shall pay Digitel a monthly rental equivalent to the actual depreciation charges plus 5% markup and reimburse actual monthly charges incurred to repair and maintain the network facilities in good working condition plus 5% markup	30 days upon receipt of invoice	Unsecured	Accounts payable	**147**	147	Repairs and maintenance	**—**	14
ePLDT	On January 1, 2012, the Parent Company entered into a Sales and Sales-related Support Services Agreement with ePLDT under which the Parent Company shall render, undertake and perform sales and sales-related support services for the Corporate and Small and Medium Enterprise products and services of ePLDT either by including said services of ePLDT in its sales and sales-related support activities or performing such activities separately for ePLDT. The monthly service fee payable by ePLDT is equivalent to Php6.2 million. In the event, however, that the actual annual gross service revenues of ePLDT for the previous year is greater than the corresponding targeted annual gross service revenues of the same year, ePLDT shall pay an additional fee equivalent to 2% of the excess over the targeted annual gross service revenues.	30 days upon receipt of invoice	Unsecured; no impairment	Trade and other receivables	**97**	85	Services revenues	**12**	12

Company Name	Particulars	Terms	Conditions	Statement of Financial Position Classification	2024	2023	Income Statement Classification	2024	2023
					(in million pesos)			(in million pesos)	
Transactions with Subsidiaries:									
Smart	On March 1, 2009, the Parent Company entered into a Sales Support Services Outsourcing Agreement with Smart under which the Parent Company shall render, undertake and perform sales and sales-related support services for the Corporate and Small and Medium Enterprise products and services of Smart either by including said services of Smart in its sales and sales-related support activities or performing such activities separately for Smart. The monthly sales outsourcing fee payable by Smart is equivalent to 4% of the net subscriber revenues. In the event, however, that the actual annual net service revenues is greater than the corresponding targeted annual net service revenue of the same year, the sales outsourcing fee shall be adjusted to 5% of the actual annual net service revenues.	30 days upon receipt of invoice	Unsecured; no impairment	Trade and other receivables	**22**	23	Services revenues	**256**	269
ClarkTel	On January 1, 2009, the Parent Company entered into an Operations Maintenance and Management Agreement with ClarkTel under which the Parent Company shall perform operations maintenance, management and other services with respect to the general management, maintenance and the day-to-day operation of the facilities and the entire network infrastructure for the provision of local exchange, technical and other services, and make available to ClarkTel from time to time such resources and personnel it may deem necessary and desirable for the provision of the services. The monthly management fee payable by ClarkTel is Php180 per working line, excluding tax. The fee shall be subject to an annual escalation rate to be agreed upon by the parties.	30 days upon receipt of invoice	Unsecured; no impairment	Trade and other receivables	**2**	—	Services revenues	**14**	—
BCC	Effective January 1, 2004, BCC agreed to pay the Parent Company an interim fee for the provision of management and support services by the Parent Company in an amount equal to 25% of BCC's revenue.	30 days upon receipt of invoice	Unsecured; no impairment	Trade and other receivables	**9**	7	Services revenues	**23**	28

Company Name	Particulars	Terms	Conditions	Statement of Financial Position Classification	2024	2023	Income Statement Classification	2024	2023
					(in million pesos)			(in million pesos)	
Transactions with Subsidiaries:									
Others – various	Telecommunications carriers within the PLDT Group have existing intercompany agreements with PLDT, such as interconnection agreements and connectivity service agreements for leased lines, under terms similar with those agreed with other telecommunications providers outside the PLDT Group. Also, PLDT has intercompany advances and dividends receivable from its subsidiaries. These transactions are included in the summary of related party accounts and transactions with subsidiaries as presented under "Others – various".	30 days upon receipt of invoice	Unsecured; no impairment	Investments in subsidiaries, associates, joint ventures and deposits	**245**	245	Service revenues	**11,664**	12,648
							Share of other carriers	**594**	1,068
		30 days upon receipt of invoice	Unsecured	Prepayments, advances and refundable deposits	**—**	49	Professional and other contracted services	**657**	739
		30 days upon receipt of invoice	Unsecured; with impairment	Trade and other receivables	**21,352**	22,705	Rent	**1,809**	1,773
							Repairs and maintenance	**84**	140
		30 days upon receipt of invoice	Unsecured	Accounts payable	**3,253**	2,801	Communication, training and travel	**107**	—
							Selling and promotions	**—**	—
		30 days upon receipt of invoice	Unsecured	Accrued expenses and other current liabilities	**48**	4,888	Cost of sales	**—**	—
				Customer's deposit	**1**	1	Operating expenses	**493**	45
							Operating income – net	**8,075**	8,929
Various	The Parent Company provides telephone, data communication and other services to various related parties.	30 days upon receipt of invoice	Unsecured; no impairment	Trade and other receivables	**5,937**	5,193	Expenses	**2,131**	1,844
	The Parent Company 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	**159**	66			
		30 days non-interest-bearing; Immediately upon receipt of billing	Unsecured	Accounts payable	**196**	666			
		30 days upon receipt of invoice	Unsecured	Accrued expenses and other current liabilities	**470**	603			
		2024 – due on or before December 31, 2024; 2023 – due on or before December 31, 2023	Unsecured	Current portion of lease liabilities	**74**	42			
		Upon expiration of lease	Unsecured	ROU assets	**246**	148	Revenues	**1,641**	1,586

Material Related Party Transactions, or MRPT, Policy

The Board of Directors approved and adopted the MRPT Policy in compliance with the Philippine SEC Memorandum Circular No. 10, Series of 2019, or the Rules on MRPT for Publicly-Listed Companies on September 24, 2019.

This MRPT Policy applies to the PLDT Group and covers related party transactions that meet the Materiality Threshold of 10% of PLDT's total consolidated assets. It defines the processes, controls and safeguards for the proper handling, including review, approval and disclosure, of such related party transactions in accordance with applicable laws and regulations.

Related party transactions involving an amount below the Materiality Threshold shall be covered by our Guidelines on the Proper Handling of Related Party Transactions.

Compensation of Key Officers of the Parent Company

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

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

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, was 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 was 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 and Php88 million for the years ended December 31, 2024 and 2023, 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 the Parent Company and any of its key management personnel providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Parent Company's retirement and incentive plans.

25. Pension and Other Employee Benefits

Pension

Defined Benefit Pension Plans

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

The Parent Company's actuarial valuation is performed every year-end. Based on the latest actuarial valuation, the actual present value of accrued (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 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Changes in the present value of defined benefit obligations:		
Present value of defined benefit obligations at beginning of the year	**17,616**	15,507
Interest costs on benefit obligation	**1,034**	1,049
Service costs	**1,004**	987
Actuarial losses on obligations – experience	**434**	151
Curtailment and others	**177**	274
Actuarial losses (gains) on obligations – economic assumptions	**(492)**	2,264
Actual benefits paid/settlements	**(2,817)**	(2,616)
Present value of defined benefit obligations at end of the year	**16,956**	17,616
Changes in fair value of plan assets:		
Fair value of plan assets at beginning of the year	**14,419**	16,294
Actual contributions	**3,144**	4,507
Interest income on plan assets	**1,019**	1,138
Return on plan assets (excluding amount included in net interest)	**(1,937)**	(4,904)
Actual benefits paid/settlements	**(2,817)**	(2,616)
Fair value of plan assets at end of the year	**13,828**	14,419
Funded (unfunded) status – net	**(3,128)**	(3,197)
Accrued benefit costs – net	**3,128**	3,197
Prepaid benefit costs	**—**	—
Components of net periodic benefit costs:		
Service costs	**1,004**	987
Curtailment/settlement gains and other adjustments	**177**	274
Interest costs – net	**15**	(89)
Net periodic benefit costs (Note 5)	**1,196**	1,172

Actual net loss on plan assets amounted to Php918 million Php3,766 million for the years ended December 31, 2024 and 2023, respectively.

Based on the latest actuarial valuation, the 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	**218**
2026	**341**
2027	**367**
2028	**889**
2029	**823**
2030 to 2034	**11,864**

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 and 2023 are as follows:

	2024	2023
Rate of increase in compensation	**5.7%**	5.7%
Discount rate	**6.2%**	6.0%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2024 and 2023, assuming if all other assumptions were held constant:

	Increase (Decrease)	
	(in million pesos)	
Discount rate	**1%**	**15,114**
	(1%)	**(19,177)**
Future salary increases	**1%**	**19,163**
	(1%)	**(15,091)**

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 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	**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

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
	% 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 2021 financial budgets approved by the 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 11.4% to 11.8%. 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 the 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 an additional Php500 million investment in Hastings PDRs on February 19, 2014. On March 11, 2014, MediaQuest received from ePLDT an amount aggregating to Php300 million representing deposits for future PDRs subscription. 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 in 2019 and 2020, respectively, to fund MediaQuest's investment requirements. 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 the 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 years ended December 31, 2024 and 2023. 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 and 2023.

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 and 2023.

Corporate Bonds

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 interest 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

Investment in government securities includes Retail Treasury Bonds and FXTN bearing interest rates from 3.9% to 4.8% per annum. This security is 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

Other Long-term Employee Benefits

LTIP

The ECC approved on December 23, 2021 the LTIP covering the years from 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 performance from period 2022 to 2024. Payout will be based on the achievement of performance targets. Cycle 2 covers performance from period 2025 and 2026 and is subject to the ECC's further evaluation and approval of the final terms.

This other 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 LTIP amounted to Php664 million and P486 million for the years ended December 31, 2024 and 2023, respectively. The accrued incentive payable amounted to Php1,988 million and Php1,272 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 Note 5 – Income and Expenses – Compensation and Employee Benefits.*

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26. Provisions and Contingencies

PLDT's Local Business and Franchise Tax Assessments

As at December 31, 2023, PLDT has no contested LGU assessments for franchise taxes based on gross receipts received or collected for services within its respective territorial jurisdiction.

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.

On February 14, 2019, the CA issued a Resolution 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. On February 17, 2020, PLDT submitted 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. On September 10, 2020, PLDT filed 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). On December 23, 2020, PLDT filed its Reply to the Comment submitted by MKP and the DOLE Secretary. On March 11, 2021, PLDT received DOLE's Reply dated March 2, 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 VTI; (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 on-going claims, litigations and assessments. See *Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions – Provision for legal contingencies and tax assessments*.

27. Financial Assets and Liabilities

The Parent Company has various financial assets such as trade and non-trade receivables, cash and short-term deposits. The Parent Company's 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 the Parent Company's operations. The Parent Company also enters 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 its operations and sources of financing. The Parent Company's accounting policies in relation to derivatives are set out in *Note 2 – Summary of Material Accounting Policies – Financial Instruments*.

The following table sets forth the Parent Company's 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	—	**389**	**389**
Debt instruments at amortized cost	**230**	—	**230**
Derivative instrument	—	**239**	**239**
Other financial assets – net of current portion	**359** [1]	—	**359**
Current:			
Cash and cash equivalents	**2,597**	—	**2,597**
Short-term investments	**90**	—	**90**
Trade and other receivables	**37,722**	—	**37,722**
Total assets	**40,998**	**628**	**41,626**
Liabilities as at December 31, 2024			
Noncurrent:			
Interest-bearing financial liabilities – net of current portion	**160,027**	—	**160,027**
Lease liabilities – net of current portion	**6,447**	—	**6,447**
Customers' deposits	**1,969**	—	**1,969**
Deferred credits and other noncurrent liabilities	**45**	—	**45**
Current:			
Accounts payable	**34,330**	—	**34,330**
Accrued expenses and other current liabilities	**35,883**	**2**	**35,885**
Current portion of interest-bearing financial liabilities	**10,475**	—	**10,475**
Current portion of lease liabilities	**2,046**	—	**2,046**
Dividends payable	**1,994**	—	**1,994**
Current portion of derivative financial liabilities	—	**90**	**90**
Total liabilities	**253,216**	**92**	**253,308**
Net assets (liabilities)	**(212,218)**	**536**	**(211,682)**

[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	—	336	336
Debt instruments at amortized cost	230	—	230
Other financial assets – net of current portion	318 [(1)]	—	318
Current:			
Cash and cash equivalents	4,779	—	4,779
Short-term investments	92	—	92
Current debt instruments at amortized cost	50	—	50
Trade and other receivables	33,939	—	33,939
Total assets	39,408	336	39,744
Liabilities as at December 31, 2023			
Noncurrent:			
Interest-bearing financial liabilities – net of current portion	148,393	—	148,393
Lease liabilities – net of current portion	2,013	—	2,013
Derivative financial liabilities – net of current portion	—	12	12
Customers' deposits	2,166	—	2,166
Deferred credits and other noncurrent liabilities	198	—	198
Current:		—	
Accounts payable	41,821		41,821
Accrued expenses and other current liabilities	37,287	—	37,287
Current portion of interest-bearing financial liabilities	7,479	—	7,479
Current portion of lease liabilities	957	—	957
Dividends payable	1,893	—	1,893
Current portion of derivative financial liabilities	—	523	523
Total liabilities	242,207	535	242,742
Net liabilities	(202,799)	(199)	(202,998)

[(1)] *Includes refundable deposits and notes receivable.*

The following table sets forth the Parent Company's 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 statement of financial position	Net amount presented in the statement of financial position
		(in million pesos)	
December 31, 2024			
Current Financial Assets			
Trade and other receivables			
Domestic carriers	**299**	**100**	**199**
Foreign administrations	**1,797**	**1,359**	**438**
Total	**2,096**	**1,459**	**637**
Current Financial Liabilities			
Accounts payable			
Suppliers and contractors	**29,012**	**89**	**28,923**
Carriers and other customers	**9,118**	**5,825**	**3,293**
Total	**38,130**	**5,914**	**32,216**

	Gross amounts of recognized financial assets and liabilities	Gross amounts of recognized financial assets and liabilities set-off in the statement of financial position	Net amount presented in the statement of financial position
		(in million pesos)	
December 31, 2023			
Current Financial Assets			
Trade and other receivables			
Domestic carriers	2,938	145	2,793
Foreign administrations	4,490	3,479	1,011
Total	7,428	3,624	3,804
Current Financial Liabilities			
Accounts payable			
Suppliers and contractors	37,110	24	37,086
Carriers and other customers	4,248	2,351	1,897
Total	41,358	2,375	38,983

There are no financial instruments subject to an enforceable master netting arrangement as at December 31, 2024 and 2023.

The following table sets forth the carrying values and estimated fair values of the Parent Company's 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 costs	**230**	230	**225**	225
Other financial assets – net of current portion	**359**	318	**296**	266
Total	**589**	548	**521**	491
Noncurrent Financial Liabilities				
Interest-bearing financial liabilities – net of current portion	**160,027**	148,393	**149,698**	139,531
Customers' deposits	**1,969**	2,166	**1,243**	1,364
Deferred credits and other noncurrent liabilities	**45**	198	**39**	170
Total	**162,041**	150,757	**150,980**	141,065

Below is the list of Parent Company's financial assets and liabilities carried at fair value that are classified using a fair value hierarchy as required for complete sets of 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.

	2024				2023			
	Level 1[(1)]	**Level 2[(2)]**	**Level3[(3)]**	**Total**	Level 1[(1)]	Level 2[(2)]	Level3[(3)]	Total
				(in million pesos)				
Noncurrent Financial Assets								
Financial assets at FVPL	—	**389**	—	**389**	—	336	—	336
Derivative financial assets	—	**239**	—	**239**	—	—	—	—
Total	—	**628**	—	**628**	—	336	—	336
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	—	**90**	—	**90**	—	523	—	523
Total	—	**92**	—	**92**	—	535	—	535

[(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 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.

The Parent Company's 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 the Parent Company's 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 the Parent Company's income statement. 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, the Parent Company have taken into account the counterparties' credit risks (for derivative assets) and its 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 the Parent Company’s derivative financial instruments as at December 31, 2024 and 2023:

	Original Notional Amount	Trade Date	Underlying Transaction in U.S. Dollar	Termination Date	Weighted Average Hedge Cost	Weighted Average Foreign Exchange Rate	**2024** Notional Amount	**2024** Net Mark-to-market Gains (Losses) in Php	2023 Notional Amount	2023 Net Mark-to-market Gains (Losses) in Php
	(in millions)		(in millions)				(in millions)			
Transactions not designated as hedges:										
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 July to 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)
Transactions designated as hedges:										
Long-term foreign currency options[b]	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)
								149		(535)

(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, the Parent Company 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, the Parent Company 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, the Parent Company will purchase the U.S. Dollar for Php57.98. However, if on maturity, the exchange rate settles above Php59.48, the Parent Company 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, the Parent Company 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) The Parent Company'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, the Parent Company will purchase the U.S. dollar at Php49.61. However, if on fixing date, the exchange rate is beyond Php55.28, the Parent Company 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, the Parent Company 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.

The Parent Company's 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	**239**	—
Liabilities:		
Noncurrent liabilities	**—**	(12)
Current liabilities	**(90)**	(523)
Net assets (liabilities)	**149**	(535)

Movements of mark-to-market 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	**(535)**	(625)
Gains on derivative financial instruments	**2,760**	1,255
Settlements and interest expense	**(280)**	264
Net fair value losses on cash flow hedges charged to other comprehensive income	**(1,624)**	(1,257)
Others	**(172)**	(172)
Net mark-to-market losses at end of the year	**149**	(535)

Analysis of gains on derivative financial instruments for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Gains on derivative financial instrument	**2,760**	1,255
Hedge costs	**(172)**	(172)
Net gains on derivative financial instruments (Note 5)	**2,588**	1,083

Financial Risk Management Objectives and Policies

The main risks arising from the Parent Company's 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. The Parent Company's Board of Directors reviews and approves policies for managing each of these risks, which are summarized below. The Parent Company also monitors the market price risk arising from all financial instruments.

Liquidity Risk

The Parent Company's exposure to liquidity risk refers to the risk that the financial requirements, working capital requirements and planned capital expenditures will not be met.

The Parent Company manages its liquidity profile to be able to finance its operations and capital expenditures, service its maturing debts and meet other financial obligations. To cover the Parent Company's financing requirements, it uses internally generated funds and proceeds from debt and equity issues and sales of certain assets.

As part of the Parent Company's liquidity risk management program, it regularly evaluates its projected and actual cash flows, including its loan maturity profiles, and continuously assesses 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. The Parent Company also allocates a portion of its 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. The Parent Company regularly evaluates available financial products and monitor market conditions for opportunities to enhance yields at acceptable risk levels. The Parent Company's investments are also subject to certain restrictions contained in its debt covenants. The Parent Company's funding arrangements are designed to keep an appropriate balance between equity and debt and to provide financing flexibility while enhancing its businesses.

The Parent Company's cash position remains sufficient to support its planned capital expenditure requirements and service its debt and financing obligations; however, PLDT may be required to finance a portion of its future capital expenditures from external financing sources. The Parent Company has cash and cash equivalents, and short-term investments amounting to Php2,597 million and Php90 million, respectively, as at December 31, 2024, which the Parent Company can use to meet its short-term liquidity needs. See *Note 15 – Cash and Cash Equivalents.*

The following table summarizes the maturity profile of financial assets based on the Parent Company's 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:	***51,383***	***50,794***	***440***	—	***149***
Other financial assets	**359**	—	**210**	—	**149**
Debt instruments at amortized cost	**230**	—	**230**	—	—
Short-term investments	**90**	**90**	—	—	—
Retail subscribers	**13,898**	**13,898**	—	—	—
Corporate subscribers	**12,732**	**12,732**	—	—	—
Domestic carriers	**199**	**199**	—	—	—
Foreign administrations	**448**	**448**	—	—	—
Related parties	**22,944**	**22,944**	—	—	—
Dealers, agents and others	**483**	**483**	—	—	—
Financial instruments at FVPL:	***389***	—	—	—	***389***
Financial assets at fair value through profit or loss	**389**	—	—	—	**389**
Total	**51,772**	**50,794**	**440**	—	**538**
December 31, 2023					
Financial instruments at amortized cost:	*48,879*	*48,331*	*209*	*220*	*119*
Other financial assets	318	—	199	—	119
Debt instruments at amortized cost	280	50	10	220	—
Temporary cash investments	1,700	1,700	—	—	—
Short-term investments	92	92	—	—	—
Retail subscribers	14,173	14,173	—	—	—
Corporate subscribers	8,378	8,378	—	—	—
Domestic carriers	2,793	2,793	—	—	—
Foreign administrations	1,016	1,016	—	—	—
Related parties	19,645	19,645	—	—	—
Dealers, agents and others	484	484	—	—	—
Financial instruments at FVPL:	*510*	*174*	—	—	*336*
Financial assets at fair value through profit or loss	336	—	—	—	336
Short-term investments	174	174	—	—	—
Total	49,389	48,505	209	220	455

The following table summarizes the maturity profile of the Parent Company's financial liabilities based on its 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]:	***237,986***	***9,375***	***51,169***	***38,871***	***138,571***
Principal	**171,688**	**9,100**	**26,399**	**25,321**	**110,868**
Interest	**66,298**	**275**	**24,770**	**13,550**	**27,703**
Lease obligations	***15,271***	***8,004***	***4,271***	***2,036***	***960***
Various trade and other obligations:	***72,803***	***70,693***	***247***	***25***	***1,838***
Suppliers and contractors	**28,967**	**28,923**	**44**	—	—
Utilities and related expenses	**29,742**	**29,646**	**96**	—	—
Employee benefits	**4,721**	**4,721**	—	—	—
Customers' deposits	**1,969**	—	**106**	**25**	**1,838**
Carriers	**3,293**	**3,293**	—	—	—
Dividends	**1,994**	**1,994**	—	—	—
Others	**2,117**	**2,116**	**1**	—	—
Total contractual obligations	**326,060**	**88,072**	**55,687**	**40,932**	**141,369**
December 31, 2023					
Debt[1]:	*212,077*	*5,486*	*38,098*	*39,134*	*129,359*
Principal	157,071	5,350	18,465	28,740	104,516
Interest	55,006	136	19,633	10,394	24,843
Lease obligations	*10,937*	*7,554*	*1,518*	*791*	*1,074*
Various trade and other obligations:	*82,097*	*79,697*	*332*	*28*	*2,040*
Suppliers and contractors	37,284	37,086	194	4	—
Utilities and related expenses	33,314	33,278	36	—	—
Employee benefits	2,493	2,493	—	—	—
Customers' deposits	2,166	—	102	24	2,040
Carriers	1,897	1,897	—	—	—
Dividends	1,893	1,893	—	—	—
Others	3,050	3,050	—	—	—
Total contractual obligations	305,111	92,737	39,948	39,953	132,473

[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 the Parent Company's debt.

The Parent Company's future minimum lease commitments payable with non-cancellable operating leases as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(in million pesos)	
Within one year	**8,004**	7,554
After one year but not more than five years	**6,307**	2,309
More than five years	**960**	1,074
Total	**15,271**	10,937

Various Trade and Other Obligations

PLDT has various obligations to suppliers for the acquisition of phone and network equipment, contractors for services rendered on various projects, foreign administrations and domestic carriers for the access charges, shareholders for unpaid dividends distributions, employees for benefits and other related obligations, and various business and operational related agreements. Total obligations under these various agreements amounted to approximately Php72,803 million and Php82,097 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 Capital Expenditure Vendors

During the last quarter of 2022 up to the first quarter of 2023, we have engaged in discussions with the major capital expenditure vendors of the Parent Company regarding the status of the 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 capital expenditure vendors of the Parent Company amounted to about Php10,200 million, net of advances, as a result of the signing of the SMRAs in March 2023. Net of advances and deliveries, such commitment was reduced to nil as at December 31, 2024.

Moreover, new purchase orders relating to the major capital expenditure vendors issued in 2023 and 2024 amounted to Php9,900 million, net of advances and deliveries.

Other Capital Expenditure Vendors

Commitments related to non-major capital expenditure vendors amounted to Php4,000 million, net of advances and deliveries, as of December 31, 2024.

The Parent Company has no outstanding commercial commitments, in the form of letters of credit, as at December 31, 2024 and 2023.

Collateral

There are no pledges as collaterals with respect to its 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 the Parent Company's 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 the Parent Company's revenues are either linked to or denominated in U.S. Dollars, a substantial portion of its capital expenditures, a portion of its indebtedness and related interest expense and a portion of its 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 the Parent Company's foreign currency-denominated debts and the related interest expense, its foreign currency-denominated capital expenditures and operating expenses as well as its U.S. Dollar-linked and U.S. Dollar-denominated revenues. In addition, many of the Parent Company's financial ratios and other financial tests are affected by the movements in the Philippine Peso to U.S. Dollar exchange rate.

To manage the Parent Company's foreign exchange risks and to stabilize its cash flows in order to improve investment and cash flow planning, the Parent Company enters 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 its operating results and cash flows. Further details of the risk management strategy are recognized in the Parent Company's hedge designation documentation. The Parent Company uses forward foreign exchange purchase contracts, currency swap contracts and currency option contracts to manage the foreign currency risks associated with its foreign currency-denominated financial liabilities. The Parent Company accounted for these instruments as either cash flow hedges, wherein changes in the fair value are recognized in the Parent Company other comprehensive income until the hedged transaction affects the Parent Company's income statement 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 the Parent Company 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 the Parent Company Statements of Financial Position
	(in million pesos)		
As at December 31, 2024			
Long-term foreign currency options	**290**	**239**	Derivative financial assets – net of current portion
	290	**239**	
As at December 31, 2023			
Long-term foreign currency options	290	—	Derivative financial assets – net of current portion
	—	(12)	Derivative financial liabilities – net of current portion
	290	(12)	

The impact of the hedged items on the Parent Company 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)			
US$300M Notes Due 2031	**(6,169)**	**75**	(4,546)	75
	(6,169)	**75**	(4,546)	75

The effect of the cash flow hedge in the Parent Company statements of financial positions as at December 31, 2024 and 2023 are as follows:

	Total hedging loss recognized in OCI	Line item in the Parent Company Statements of Financial Positions
Year Ended December 31, 2024		
Long-term foreign currency options	**(6,169)**	Other comprehensive loss
	(6,169)	
Year Ended December 31, 2023		
Long-term foreign currency options	(4,546)	Other comprehensive loss
	(4,546)	

The following table shows the Parent Company's 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 assets	**4**	**239**	—	—
Total noncurrent financial assets	**4**	**239**	—	—
Current Financial Assets				
Cash and cash equivalents	**14**	**820**	29	1,616
Trade and other receivables – net	**54**	**3,133**	71	3,959
Total current financial assets	**68**	**3,953**	100	5,575
Total Financial Assets	**72**	**4,192**	100	5,575
Noncurrent Financial Liabilities				
Interest-bearing financial liabilities – net of current portion	**597**	**34,526**	597	33,064
Derivative financial liabilities – net of current portion	—	—	—	12
Total noncurrent financial liabilities	**597**	**34,526**	597	33,076
Current Financial Liabilities				
Accounts payable	**478**	**27,677**	623	34,503
Accrued expenses and other current liabilities	**168**	**9,699**	167	9,278
Current portion of interest-bearing financial liabilities	—	**(13)**	25	1,373
Current portion of derivative financial liabilities	**2**	**90**	9	523
Total current financial liabilities	**648**	**37,453**	824	45,677
Total Financial Liabilities	**1,245**	**71,979**	1,421	78,753

(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, the Parent Company's net foreign currency-denominated financial liabilities would have increased in Philippine Peso terms by Php35 million as at December 31, 2024.

Approximately 20% and 22% of the Parent Company's total debts (net of Parent Company's debt discount) were denominated in U.S. Dollars as at December 31, 2024 and 2023, respectively. The Parent Company's foreign currency-denominated debt increased to Php34,177 million as at December 31, 2024 from Php34,076 million as at December 31, 2023 due to weaker Philippine-U.S. Dollar exchange rate. See *Note 20 – Interest-bearing Financial Liabilities*. The aggregate notional amount of the Parent Company's outstanding long-term principal only-currency swap contracts, short-term forwards and long-term foreign currency options were US$315 million and US$408 million as at December 31, 2024 and 2023, respectively. Consequently, the unhedged portion of the Parent Company debt amounts was approximately 10% (or 9%, net of Parent Company's U.S. Dollar cash balances allocated for debt) and 7% (or 7%, net of Parent Company's U.S. Dollar cash balances allocated for debt) as at December 31, 2024 and 2023, respectively.

Approximately 22% and 17% of the Parent Company's service revenues was denominated in U.S. Dollars and/or were linked to U.S. Dollars for the years ended December 31, 2024 and 2023, respectively. Approximately 7% and 8% of the Parent Company's expenses were denominated in U.S. Dollars and/or linked to the U.S. Dollar for the years ended December 31, 2024 and 2023, respectively. In this respect, the higher weighted average exchange rate of the Philippine Peso against the U.S. Dollar increased the Parent Company's revenues and expenses, and consequently, affects its 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 the Parent Company's foreign currency exposure, PLDT is progressively refinancing its dollar-denominated debts in Philippine Pesos.

The Philippine Peso depreciated by 4% 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 the foreign exchange movements, as well as the amount of the Parent Company's outstanding net foreign currency financial assets and liabilities, the Parent Company recognized net foreign exchange loss amounted to Php839 million for the year ended December 31, 2024 and net foreign exchange gain amounted to Php187 million for the year ended December 31, 2023.

Management conducted a survey among the Parent Company's banks to determine the outlook of the Philippine Peso-U.S. Dollar exchange rate until December 31, 2024. The Parent Company's 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, Parent Company's profit after tax for the year 2024 and stockholders' equity as at year end 2024 would have been approximately Php1,618 million and Php155 million, respectively, lower/higher, mainly as a result of Parent Company's 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.

The Parent Company's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates.

The Parent Company's policy is to manage interest cost through a mix of fixed and variable rate debts. The Parent Company evaluates the fixed to floating ratio of its loans in line with movements of relevant interest rates in the financial markets. Based on the Parent Company's assessment, new financing will be priced either on a fixed or floating rate basis. The Parent Company enters into interest rate swap agreements in order to manage its exposure to interest rate fluctuations. Further details of the risk management strategy are recognized in the Parent Company's hedge designation documentation. The Parent Company makes use of hedging instruments and structures solely for reducing or managing financial risk associated with the Parent Company's debt obligations and not for trading purposes.

The hedge instruments, hedged items and cash flow hedge on the Parent Company's statement of financial position has no impact as at December 31, 2024 and 2023.

The following tables set out the carrying amounts, by maturity, of the Parent Company's 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							Discount/ Debt Issuance Cost	Carrying Value		
	Below 1 year	1-2 years	2-3 years	3-5 years	Over 5 years	Total	In Php	In Php	In Php	In U.S. Dollar	In Php
									(in millions)		
Assets:											
Investment in Debt Securities											
Philippine Peso	—	—	**4**	—	—	**4**	**230**	—	**230**	**4**	**225**
Interest rate	—	**6.2500%**	**4.625% to 4.875%**	—	—	—	—	—	—	—	—
Cash in Bank											
U.S. Dollar	**1**	—	—	—	—	**1**	**48**	—	**48**	**1**	**48**
Interest rate	**0.0500% to 0.1000%**	—	—	—	—	—	—	—	—	—	—
Philippine Peso	**24**	—	—	—	—	**24**	**1,376**	—	**1,376**	**24**	**1,376**
Interest rate	**0.0500% to 2.5000%**	—	—	—	—	—	—	—	—	—	—
Short-term Investments											
Philippine Peso	**1**	—	—	—	—	**1**	**90**	—	**90**	**1**	**90**
Interest rate	**6.0000% to 6.1000%**	—	—	—	—	—	—	—	—	—	—
	26	—	**4**	—	—	**30**	**1,744**	—	**1,744**	**30**	**1,739**

	In U.S. Dollars							Discount/ Debt Issuance Cost	Carrying Value	Fair Value	
	Below 1 year	1-2 years	2-3 years	3-5 years	Over 5 years	Total	In Php	In Php	In Php	In U.S. Dollar	In Php
									(in millions)		
Liabilities:											
Long-term Debt											
Fixed Rate											
U.S. Dollar Notes	—	—	—	—	**600**	**600**	**34,708**	**531**	**34,177**	**463**	**26,811**
Interest rate	—	—	—	—	**2.5000% to 3.4500%**	—	—	—	—	—	—
Philippine Peso	**157**	**99**	**306**	**170**	**158**	**890**	**51,505**	**462**	**51,043**	**828**	**47,887**
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											
Philippine Peso	—	**34**	**17**	**268**	**1,159**	**1,478**	**85,475**	**193**	**85,282**	**1,478**	**85,475**
Interest rate	—	**PHP BVAL + 0.50% - 0.75%, floor rate of 4.50% to 4.625%**	**PHP BVAL + 0.50% - 0.75%, floor rate of 4.50% to 4.625%**	**PHP BVAL + 0.50% - 0.75%, floor rate of 4.50% to 4.625%**	**PHP BVAL + 0.50% - 0.75%, floor rate of 4.50%**	—	—	—	—	—	—
	157	**133**	**323**	**438**	**1,917**	**2,968**	**171,688**	**1,186**	**170,502**	**2,769**	**160,173**

As at December 31, 2023

	In U.S. Dollars							Discount/ Debt Issuance Cost	Carrying Value		
	Below 1 year	1-2 years	2-3 years	3-5 years	Over 5 years	Total	In Php	In Php	In Php	In U.S. Dollar	In Php
									(in millions)		
Assets:											
Investment in Debt Securities											
Philippine Peso	1	—	—	4	—	5	280	—	280	5	275
Interest rate	2.9000%	—	—	4.625% to 4.875%	—	—	—	—	—	—	—
Cash in Bank											
U.S. Dollar	7	—	—	—	—	7	380	—	380	7	380
Interest rate	0.0500% to 0.1000%	—	—	—	—	—	—	—	—	—	—
Philippine Peso	39	—	—	—	—	39	2,187	—	2,187	39	2,187
Interest rate	0.0500% to 0.5000%	—	—	—	—	—	—	—	—	—	—
Temporary Cash Investments											
U.S. Dollar	18	—	—	—	—	18	1,000	—	1,000	18	1,000
Interest rate	4.9000% to 5.1250%	—	—	—	—	—	—	—	—	—	—
Philippine Peso	13	—	—	—	—	13	700	—	700	13	700
Interest rate	5.1000%	—	—	—	—	—	—	—	—	—	—
Short-term Investments											
Philippine Peso	2	—	—	—	—	2	92	—	92	2	92
Interest rate	6.1000%	—	—	—	—	—	—	—	—	—	—
	80	—	—	4	—	84	4,639	—	4,639	84	4,634

	In U.S. Dollars							Discount/ Debt Issuance Cost	Carrying Value	Fair Value	
	Below 1 year	1-2 years	2-3 years	3-5 years	Over 5 years	Total	In Php	In Php	In Php	In U.S. Dollar	In Php
									(in millions)		
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	203	94	495	167	1,031	57,095	596	56,499	982	54,439
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 5.0880%	—	—	—	—	—	—
Variable Rate											
U.S. Dollar	25	—	—	—	—	25	1,385	—	1,385	25	1,385
Interest rate	SOFR + 1.47826%	—	—	—	—	—	—	—	—	—	—
Philippine Peso	—	24	12	24	1,119	1,179	65,340	43	65,297	1,179	65,340
Interest rate	—	PHP BVAL + 0.60% - 0.80%, floor rate of 4.50% to 4.625%	PHP BVAL + 0.60% - 0.80%, floor rate of 4.50% to 4.625%	PHP BVAL + 0.60% - 0.80%, floor rate of 4.50% to 4.625%	PHP BVAL + 0.60% - 0.80%, floor rate of 4.50% to 4.625%	—	—	—	—	—	—
	97	227	106	519	1,886	2,835	157,071	1,199	155,872	2,652	147,009

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 floating rate financial instruments is mostly done on intervals of three months, or six months. Interest on fixed rate financial instruments is fixed until maturity of the particular instrument.

Approximately 50% and 42% of the Parent Company's debts (net of debt discount) were variable rate debts as at December 31, 2024 and 2023, respectively. The Parent Company's variable rate debt increased to Php85,282 million as at December 31, 2024 from Php66,682 million as at December 31, 2023.

Management conducted a survey among the Parent Company's banks to determine the outlook of the U.S. Dollar and Philippine Peso interest rates until December 31, 2025. The Parent Company's outlook is that the U.S. Dollar and Philippine Peso interest rates may move 100 basis points, or bps, and 20 bps higher/lower respectively, as compared to levels as at December 31, 2024. If the U.S. Dollar interest rates had been 100 bps higher/lower as compared to market levels as at December 31, 2024, with all other variables held constant, Parent Company's profit after tax for the year 2024 and stockholders' equity as at year end 2024 would have been approximately Php9 million and Php27 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 20 bps higher/lower as compared to market levels as at December 31, 2024, with all other variables held constant, Parent Company's profit after tax for the year 2024 and stockholders' equity as at year end 2024 would have been approximately Php186 million and Php24 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 the Parent Company will incur a loss arising from its customers, clients or counterparties that fail to discharge their contracted obligations. The Parent Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The Parent Company trades only with recognized and creditworthy third parties. It is the Parent Company's 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 on-going basis to reduce the Parent Company's exposure to bad debts.

The Parent Company 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 the Parent Company's maximum exposure to credit risk as at December 31, 2024 and 2023 consist of financial assets at fair value through profit or loss amounting to Php389 million and Php336 million as at December 31, 2024 and 2023, respectively.

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 the Parent Company's 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 the Parent Company 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 the Parent Company 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.

	2024			
	Stage 1 12-Month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	(in million pesos)			
High grade	**3,239**	**5,978**	—	**9,217**
Standard grade	**37**	**3,671**	—	**3,708**
Substandard grade	—	**28,073**	—	**28,073**
Default	**72**	**1,058**	**11,852**	**12,982**
Gross carrying amount	**3,348**	**38,780**	**11,852**	**53,980**
Less allowance	**72**	**1,058**	**11,852**	**12,982**
Carrying amount	**3,276**	**37,722**	—	**40,998**

	2023			
	Stage 1 12-Month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	(in million pesos)			
High grade	5,412	4,756	—	10,168
Standard grade	57	6,946	—	7,003
Substandard grade	—	22,237	—	22,237
Default	246	1,315	11,163	12,724
Gross carrying amount	5,715	35,254	11,163	52,132
Less allowance	246	1,315	11,163	12,724
Carrying amount	5,469	33,939	—	39,408

Maximum exposure to credit risk after collateral held or other credit enhancement

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 the Parent Company 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.

The Parent Company's 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 the Parent Company during the year.

The Parent Company has not identified significant risk concentrations arising from the nature, type or location of collateral and other credit enhancements held against the Parent Company's credit exposures.

An analysis of the maximum exposure to credit risk for the components of the Parent Company statements of financial position, including derivative financial instruments as at December 31, 2024 and 2023:

	2024		
	Gross Maximum Exposure	**Collateral and Other Credit Enhancements***	**Net Maximum Exposure**
		(in million pesos)	
Financial instruments at amortized cost:	***40,998***	***13***	***40,985***
Other financial assets	**359**	—	**359**
Cash and cash equivalents	**2,597**	**13**	**2,584**
Short-term-investments	**90**	—	**90**
Debt instruments at amortized cost	**230**	—	**230**
Retail subscribers	**5,229**	—	**5,229**
Domestic carriers	**199**	—	**199**
Corporate subscribers	**9,032**	—	**9,032**
Foreign administrations	**438**	—	**438**
Related parties	**22,870**	—	**22,870**
Dealers, agents and others	**(46)**	—	**(46)**
Financial instruments at FVPL:	***628***	—	***628***
Financial assets at FVPL	**389**	—	**389**
Long-term foreign currency options	**239**	—	**239**
Total	**41,626**	**13**	**41,613**

* *Includes bank insurance, security deposits and customer deposits. The Parent Company has no collateral held as at December 31, 2024.*

	2023		
	Gross Maximum Exposure	Collateral and Other Credit Enhancements*	Net Maximum Exposure
		(in million pesos)	
Financial instruments at amortized cost:	*39,408*	*13*	*39,395*
Other financial assets	318	—	318
Cash and cash equivalents	4,779	13	4,766
Short-term-investments	92	—	92
Debt instruments at amortized cost	280	—	280
Retail subscribers	5,587	—	5,587
Domestic carriers	2,793	—	2,793
Corporate subscribers	5,121	—	5,121
Foreign administrations	1,011	—	1,011
Related parties	19,571	—	19,571
Dealers, agents and others	(144)	—	(144)
Financial instruments at FVPL:	*336*	—	*336*
Financial assets at FVPL	336	—	336
Total	39,744	13	39,731

* *Includes bank insurance, security deposits and customer deposits. The Parent Company has no collateral held as at December 31, 2023.*

The table below provides information regarding the credit quality by class of the Parent Company's financial assets according to its 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**	**Impaired**
			(in million pesos)		
December 31, 2024					
Financial instruments at amortized cost:	***53,980***	***9,217***	***3,708***	***28,073***	***12,982***
Other financial assets	**359**	**359**	—	—	—
Debt instruments at amortized cost	**230**	**230**	—	—	—
Cash and cash equivalents	**2,597**	**2,560**	**37**	—	—
Short-term investments	**90**	**90**	—	—	—
Retail subscribers	**13,898**	**3,667**	**203**	**1,359**	**8,669**
Corporate subscribers	**12,732**	**2,283**	**313**	**6,436**	**3,700**
Domestic carriers	**199**	—	**48**	**151**	**–**
Foreign administrations	**448**	**19**	**70**	**349**	**10**
Related parties	**22,944**	—	**3,029**	**19,841**	**74**
Dealers, agents and others	**483**	**9**	**8**	**(63)**	**529**
Financial instruments at FVPL:	***628***	***628***	—	—	—
Financial assets at FVPL	**389**	**389**	—	—	—
Long-term foreign currency options	**239**	**239**	—	—	—
Total	**54,608**	**9,845**	**3,708**	**28,073**	**12,982**
December 31, 2023					
Financial instruments at amortized cost:	*51,958*	*10,168*	*7,003*	*22,237*	*12,550*
Other financial assets	318	318	—	—	—
Debt instruments at amortized cost	280	280	—	—	—
Cash and cash equivalents	4,779	4,722	57	—	—
Short-term investments	92	92	—	—	—
Retail subscribers	14,173	4,239	230	1,118	8,586
Corporate subscribers	8,378	500	583	4,038	3,257
Domestic carriers	2,793	—	1,746	1,047	—
Foreign administrations	1,016	7	239	765	5
Related parties	19,645	—	4,129	15,442	74
Dealers, agents and others	484	10	19	(173)	628
Financial instruments at FVPL:	*510*	*336*	—	—	*174*
Financial assets at FVPL	336	336	—	—	—
Short-term investments	174	—	—	—	174
Total	52,468	10,504	7,003	22,237	12,724

[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 impaired	Past due but not credit impaired			Impaired
			1-60 days	61-90 days	Over 91 days	
			(in million pesos)			
December 31, 2024						
Financial instruments at amortized cost:	***53,980***	***12,925***	***4,831***	***894***	***22,348***	***12,982***
Other financial assets	**359**	**359**	—	—	—	—
Debt instruments at amortized cost	**230**	**230**	—	—	—	—
Cash and cash equivalents	**2,597**	**2,597**	—	—	—	—
Short-term investments	**90**	**90**	—	—	—	—
Retail subscribers	**13,898**	**3,870**	**960**	**231**	**168**	**8,669**
Corporate subscribers	**12,732**	**2,596**	**2,660**	**387**	**3,389**	**3,700**
Domestic carriers	**199**	**48**	**39**	**42**	**70**	–
Foreign administrations	**448**	**89**	**363**	**11**	**(25)**	**10**
Related parties	**22,944**	**3,029**	**793**	**217**	**18,831**	**74**
Dealers, agents and others	**483**	**17**	**16**	**6**	**(85)**	**529**
Financial instruments at FVPL:	***628***	***628***	—	—	—	—
Financial assets at FVPL	**389**	**389**	—	—	—	—
Long-term foreign currency options	**239**	**239**	—	—	—	—
Total	**54,608**	**13,553**	**4,831**	**894**	**22,348**	**12,982**
December 31, 2023						
Financial instruments at amortized cost:	*51,958*	*17,171*	*2,292*	*684*	*19,261*	*12,550*
Other financial assets	318	318	—	—	—	—
Debt instruments at amortized cost	280	280	—	—	—	—
Cash and cash equivalents	4,779	4,779	—	—	—	—
Short-term investments	92	92	—	—	—	—
Retail subscribers	14,173	4,469	892	197	29	8,586
Corporate subscribers	8,378	1,083	791	93	3,154	3,257
Domestic carriers	2,793	1,746	134	359	554	—
Foreign administrations	1,016	246	292	(8)	481	5
Related parties	19,645	4,129	165	41	15,236	74
Dealers, agents and others	484	29	18	2	(193)	628
Financial instruments at FVPL:	*510*	*336*	—	—	—	*174*
Financial assets at FVPL	336	336	—	—	—	—
Short-term investments	174	—	—	—	—	174
Total	52,468	17,507	2,292	684	19,261	12,724

Capital Management Risk

The Parent Company aims to achieve an optimal capital structure in pursuit of its business objectives which include maintaining healthy capital ratios and strong credit ratings, and maximizing shareholder value.

The Parent Company's approach to capital management focuses on balancing the allocation of cash and the incurrence of debt as it seeks new investment opportunities for new businesses and growth areas. On August 5, 2014, the Parent Company's Board of Directors approved an amendment to its dividend policy, increasing the dividend payout rate to 75% from 70% of the PLDT Group's consolidated core EPS as regular dividends. However, in view of the Parent Company's 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 the Parent Company's cash and gearing levels, the PLDT Board of Directors approved on August 2, 2016, the amendment of the Parent Company's dividend policy, reducing the regular dividend payout to 60% of core EPS. In declaring dividends, the Parent Company takes into consideration the interest of its shareholders, as well as its working capital, capital expenditures and debt servicing requirements. The retention of earnings may be necessary to meet the funding requirements of the Parent Company's business expansion and development programs.

As part of the dividend policy, in the event no investment opportunities arise, the Parent Company may consider the option of returning additional cash to the Parent Company shareholders in the form of special dividends or share buybacks. Philippine corporate regulations prescribe, however, that the Parent Company can only pay out dividends or make capital distribution up to the amount of the Parent Company's unrestricted retained earnings.

Some of the Parent Company's debt instruments contain covenants that impose maximum leverage ratios. In addition, the Parent Company's credit ratings from the international credit ratings agencies are based on its ability to remain within certain leverage ratios.

No changes were made in the Parent Company's objectives, policies or processes for managing capital during the years ended December 31, 2024 and 2023.

28. Notes to the Statements of Cash Flows

The following table shows the changes in the Parent Company's liabilities arising from financing activities as at December 31, 2024 and 2023:

	January 1, 2024	**Cash flows**	**Foreign exchange movement**	**Others**	**December 31, 2024**
			(in million pesos)		
Interest-bearing financial liabilities (Note 20)	**155,872**	**12,994**	**1,470**	**166**	**170,502**
Lease liabilities (Note 10)	**2,970**	**(3,038)**	—	**8,561**	**8,493**
Derivative financial liabilities	**535**	**281**	—	**(726)**	**90**
Accrued interest and other related costs (Note 23)	**1,304**	**(6,381)**	—	**6,593**	**1,516**
Dividends	**1,893**	**(20,700)**	—	**20,801**	**1,994**
	162,574	**(16,844)**	1,470	**35,395**	**182,595**

	January 1, 2023	Cash flows	Foreign exchange movement	Others	December 31, 2023
			(in million pesos)		
Interest-bearing financial liabilities (Note 20)	156,816	(826)	(281)	163	155,872
Lease liabilities (Note 10)	6,422	(3,372)	—	(80)	2,970
Derivative financial liabilities	625	(262)	—	172	535
Accrued interest and other related costs (Note 23)	1,164	(6,198)	—	6,338	1,304
Dividends	1,800	(23,300)	—	23,393	1,893
	166,827	(33,958)	(281)	29,986	162,574

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 the Parent Company's 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	**8,675**	36,048
Additions to ROU assets (Note 10)	**7,550**	445
Capitalization to property and equipment of inventories	**4,125**	3,883
Foreign exchange differences – net	**426**	40
Total	**20,776**	40,416

Non-cash Financing Activities

The following table shows the Parent Company's 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 (Note 10)	**7,550**	445

29. Revenue Regulations, or RR, No. 15-2010

Due to the amendment of certain provisions of RR No. 21-2002 on November 25, 2010, the Commissioner of Bureau of Internal Revenue, or BIR, issued RR No. 15-2010 that prescribes the additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying tax returns effective December 31, 2010.

Below are the additional disclosures applicable to the Parent Company, pursuant to RR No. 15-2010, for the year ended December 31, 2024:

VAT

The Output VAT declared amounted to Php12,487 million for the year ended December 31, 2024, which is based on gross VATable collections of Php104,058 million. The Output VAT payable is recorded as part of "Taxes" under the accounts payable in the parent company statement of financial position. The gross VATable collections mainly came from the following revenue streams: local exchange revenue, international long-distance revenue, national long-distance revenue, data and other network revenue and miscellaneous revenue.

Zero-rated receipts amounted to Php7,969 million include receipts from transactions subject to zero percent rate under Section 108(B) of the National Internal Revenue Code, or NIRC, as amended, while exempt transactions amounting to Php70 million include those receipts from transactions which are exempt from VAT under Section 109 of the NIRC as at December 31, 2024.

The Input VAT includes VAT paid on importation of goods or local purchase of goods, properties or services, including lease or use of property in the course of the Parent Company's trade or business. The details of the amount of Input VAT claimed for the year ended December 31, 2024 are as follows:

	(in million pesos)
Deferred input VAT at beginning of the year	**1,321**
Input VAT carried over from previous year	**607**
Current year's domestic purchases of goods and services:	
Purchase of services	**5,832**
Purchase of non-capital goods	**61**
Purchase of capital goods subject to amortization	**591**
Deferred input VAT at end of the year	**509**
	7,903

The landed cost of importations (capital and non-capital goods) amounted to Php1,663 million for the year ended December 31, 2024. The Parent Company is subject to zero-rated custom duties and tariff fees on telecommunication equipment pursuant to the Tariffs and Customs Code, as amended.

Withholding Taxes

The following table summarizes the withholding taxes recognized for the year ended December 31, 2024:

	Paid	Accrued	Total
		(in million pesos)	
Compensation and employee benefits	**1,828**	**64**	**1,892**
Final withholding taxes (including fringe benefits taxes)	**1,800**	**147**	**1,947**
Expanded withholding taxes	**1,289**	**209**	**1,498**
Total	**4,917**	**420**	**5,337**

Documentary Stamp Tax, or DST

The Parent Company is exempt from payment of DST by virtue of its legislative franchise as confirmed in BIR Ruling Delegated Authority No. 272-00 dated June 28, 2000. Notwithstanding, any DST charged to the Parent Company on loans and other agreements are included in the parent company income statement under "Financing costs – net".

Other Taxes and Licenses

The breakdown of other taxes and licenses recognized for the year ended December 31, 2024 are as follows:

	(in million pesos)
License and permit fees	**662**
Local taxes	**318**
Other fees	**36**
Total	**1,016**

License and permit fees include NTC supervision and license permit fees while local taxes consist of payments for real property taxes, local franchise taxes and other various local permit fees. Other fees contain amounts paid for various registration fees and others.

Deficiency Tax Assessments and Tax Cases

The Parent Company is under audit on all revenue taxes for the years 2016 to 2019, 2023, and on all internal revenue taxes except VAT for the year 2022. The Parent Company has no outstanding tax assessment as at December 31, 2024.

The Parent Company has no outstanding tax cases in any other court or bodies outside of the BIR as at December 31, 2024.

Excise Tax

The Parent Company had no transaction subject to excise tax for the year ended December 31, 2024.

PLDT INC.
Annex I. Retained Earnings Available for Dividends Declaration
December 31, 2024

	(in million pesos)
Parent Company's unappropriated retained earnings available for dividends at beginning of the year	29,452
Adjustments: Unrealized gains in prior years	
Fair value adjustments of investment property resulting to gain	(1,385)
Unrealized foreign exchange gains – net (except those attributable to cash and cash equivalents)	(2,590)
Net movement of DTA - others	(2,196)
Fair value adjustments (mark-to-market gains)	(6,626)
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: 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**