August 13, 2026

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

Attention: Atty. Johanne Daniel M. Negre
Head – Disclosure Department

**Securities & Exchange Commission**
7907 Makati Avenue, Salcedo Village,
Barangay Bel-Air, Makati City

Attention: Atty. Oliver O. Leonardo
Director – Markets and Securities Regulation Department

Dear All:

In compliance with Section 17(b) of the Securities Regulation Code and SRC Rule 17.3, we submit herewith PLDT Inc.'s SEC Form 17-Q with Management's Discussion and Analysis and accompanying unaudited consolidated financial statements for the six (6) months ended June 30, 2026.

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

Very truly yours,

**Mark David P. Martinez**
Assistant Corporate Secretary
PLDT Inc.

SEC Number PW-55
File Number

**PLDT Inc.**

(Company's Full Name)

**Ramon Cojuangco Building**
**Makati Avenue, Makati City**

(Company's Address)

(Telephone Number)

**Not Applicable**

(Fiscal Year Ending)
(month & day)

**SEC Form 17-Q**

Form Type

**Not Applicable**

Amendment Designation (if applicable)

**June 30, 2026**

Period Ended Date

**Not Applicable**

(Secondary License Type and File Number)

# COVER SHEET

| SEC Registration Number |
|---|
| P W - 5 5 |

**Company Name**

P L D T I N C .

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

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

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

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

## COMPANY INFORMATION

| Company's Email Address | Company's Telephone Number/s | Mobile Number |
|---|---|---|
| **gdgarcia@pldt.com.ph** | | |

| No. of Stockholders | Annual Meeting Month/Day | Fiscal Year Month/Day |
|---|---|---|
| **11,326 as at June 30, 2026** | **Every 2nd Tuesday in June** | **December 31** |

**CONTACT PERSON INFORMATION**

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

| Name of Contact Person | Email Address | Telephone Number/s | Mobile Number |
|---|---|---|---|
| **Gil Samson D. Garcia** | **gdgarcia@pldt.com.ph** | **(632) 8816-8056** | |

| Contact Person's Address |
|---|
| **5/F MGO Building, Dela Rosa corner Legaspi Sts., Makati City** |

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

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

1. For the quarterly period ended **June 30, 2026**

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

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

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

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

6. Industry Classification Code: (SEC Use Only)

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

8. Registrant's telephone number, including area code

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

10. Securities registered pursuant to Sections 8 of the SRC

| Title of Each Class | Number of Shares of Common Stock Outstanding |
|---|---|
| **Common Capital Stock, Php5 par value** | **216,055,775 shares as at June 30, 2026** |

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

    Yes [ **X** ] No [ ]

12. Check whether the registrant

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

    Yes [ **X** ] No [ ]

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

    Yes [ **X** ] No [ ]

## TABLE OF CONTENTS

**PART I – FINANCIAL INFORMATION**

**Item 1. Consolidated Financial Statements**

*Our consolidated financial statements as at June 30, 2026 (unaudited) and December 31, 2025 (as revised) and for the six months ended June 30, 2026 and 2025 (unaudited) and related notes (pages F-1 to F-122) are filed as part of this report on Form 17-Q.*

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

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

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

*The financial information appearing in this report and in the accompanying unaudited consolidated financial statements are stated in Philippine Peso. Unless otherwise indicated, in this report and in the accompanying unaudited consolidated financial statements, the exchange rate used to convert the U.S. Dollar amounts into the Philippine Peso was Php61.29 to US$1.00, the Philippine Peso-U.S. Dollar exchange rate as quoted through the Bankers Association of the Philippines as at June 30, 2026.*

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

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

## Financial Highlights and Key Performance Indicators

| | Six Months Ended June 30, | | Increase (Decrease) | |
|---|---|---|---|---|
| | 2026 | 2025 | Amount | % |
| **(amounts in million Php, except for Adjusted EBITDA margin and earnings per common share)** | | | | |
| **Consolidated Income Statement** | | | | |
| Revenues | 112,006 | 109,501 | 2,505 | 2 |
| Expenses | 84,884 | 81,237 | 3,647 | 4 |
| Other expenses – net | (5,842) | (5,473) | (369) | (7) |
| Income before income tax | 21,280 | 22,791 | (1,511) | (7) |
| Net income | 16,534 | 17,513 | (979) | (6) |
| Core income | 17,329 | 17,358 | (29) | — |
| Telco core income | 16,603 | 17,009 | (406) | (2) |
| Adjusted EBITDA | 56,050 | 55,250 | 800 | 1 |
| Adjusted EBITDA margin[1] | 52% | 52% | | |
| Reported earnings per common share: | | | | |
| Basic | 75.99 | 80.73 | (4.74) | (6) |
| Diluted | 75.99 | 80.73 | (4.74) | (6) |
| Core earnings per common share[2]: | | | | |
| Basic | 80.07 | 80.20 | (0.13) | — |
| Diluted | 80.07 | 80.20 | (0.13) | — |

| | June 30, | December 31, | Increase (Decrease) | |
|---|---|---|---|---|
| | 2026 | 2025 | Amount | % |
| **(amounts in million Php, except for net debt to equity ratio)** | | | | |
| **Consolidated Statements of Financial Position** | | | | |
| Total assets | 638,278 | 634,979 | 3,299 | 1 |
| Property and equipment | 327,142 | 327,989 | (847) | — |
| Cash and cash equivalents and short-term investments | 11,906 | 11,876 | 30 | — |
| Total equity attributable to equity holders of PLDT | 133,816 | 127,252 | 6,564 | 5 |
| Long-term debt, including current portion | 297,925 | 295,048 | 2,877 | 1 |
| Net debt[3] to equity ratio | 2.15x | 2.24x | — | — |

[1] *Adjusted EBITDA margin for the period is measured as Adjusted EBITDA divided by service revenues.*
[2] *Core earnings per common share (EPS) for the period is measured as core income divided by the weighted average number of outstanding common shares for the period.*
[3] *Net debt is derived by deducting cash and cash equivalents, short-term investments and debt instruments at amortized cost from total interest-bearing financial liabilities (principal amount of long-term debt, including current portion i.e., excluding debt issuance cost).*

| | Six Months Ended June 30, | | Change | |
|---|---|---|---|---|
| | 2026 | 2025 | Amount | % |
| **(amounts in million Php, except for operational data)** | | | | |
| **Consolidated Statements of Cash Flows** | | | | |
| Net cash from operating activities | 45,776 | 46,705 | (929) | (2) |
| Net cash used in investing activities | (23,272) | (32,470) | 9,198 | 28 |
| *Payment for purchase of property and equipment, including capitalized interest* | *(23,736)* | *(34,078)* | *10,342* | *30* |
| Net cash used in financing activities | (22,603) | (13,324) | (9,279) | (70) |
| **Operational Data** | | | | |
| Total number of subscribers | 68,089,663 | 66,809,371 | 1,280,292 | 2 |
| Number of mobile subscribers: | 60,088,208 | 59,095,304 | 992,904 | 2 |
| *Prepaid* | *57,684,768* | *56,781,384* | *903,384* | *2* |
| *Postpaid* | *2,403,440* | *2,313,920* | *89,520* | *4* |
| Number of broadband subscribers: | 4,368,227 | 4,019,145 | 349,082 | 9 |
| *Fixed Line broadband* | *3,933,307* | *3,573,691* | *359,616* | *10* |
| *Fixed Wireless broadband* | *434,920* | *445,454* | *(10,534)* | *(2)* |
| Number of fixed line voice subscribers | 3,633,228 | 3,694,922 | (61,694) | (2) |
| Number of employees: | 14,036 | 14,727 | (691) | (5) |
| Fixed Line | 10,348 | 10,696 | (348) | (3) |
| *LEC* | *9,159* | *9,492* | *(333)* | *(4)* |
| *Others* | *1,189* | *1,204* | *(15)* | *(1)* |
| Wireless | 3,688 | 4,031 | (343) | (9) |

| Exchange Rates – per US$ | Month end rates | Year-to-date weighted average rates |
|---|---|---|
| June 30, 2026 | 61.29 | 59.99 |
| December 31, 2025 | 58.79 | 57.51 |
| June 30, 2025 | 56.38 | 57.13 |
| December 31, 2024 | 57.85 | 57.28 |

**Performance Indicators**

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

*Adjusted EBITDA and Adjusted EBITDA Margin*

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

*Core Income and Telco Core Income*

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

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

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

**Overview**

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

As at June 30, 2026, we serve 68.1 million customers through the provision of mobile, fixed line and data services.

Our three business units are as follows:

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

- *Fixed Line* — We are the leading provider of fixed line telecommunications services throughout the Philippines, servicing retail, corporate and small and medium-sized enterprises (SME) clients. Our Fixed Line business segment offers data, voice, and miscellaneous services. We also offer secure data center, multi-cloud, cyber security, data and artificial intelligence (AI) solutions through ePLDT Inc. and VITRO Inc. ("VITRO"), our ICT subsidiaries.

- *Others* — Our Other business segment consists primarily of our interests in digital platforms and other technologies, including our interests in MIH and Kayana.

**Management's Financial Review**

We use Adjusted EBITDA, Adjusted EBITDA Margin, core income and telco core income to assess our operating performance. Set forth below is a reconciliation of our consolidated net income to our consolidated Adjusted EBITDA and Adjusted EBITDA Margin, and a reconciliation of our consolidated net income to our consolidated core income and consolidated telco core income for the six months ended June 30, 2026 and 2025.

The following table shows the reconciliation of our consolidated net income to our consolidated Adjusted EBITDA and Adjusted EBITDA Margin, by business segment, for the six months ended June 30, 2026 and 2025:

| | Wireless | Fixed Line | Others | Inter-segment and Consolidation Entries | Consolidated |
|---|---|---|---|---|---|
| | | | (amounts in million Php) | | |
| **For the six months ended June 30, 2026** | | | | | |
| **Consolidated net income** | **6,078** | **11,645** | **1,101** | **(2,290)** | **16,534** |
| Add (deduct) adjustments: | | | | | |
| Depreciation and amortization | 18,077 | 13,823 | — | (3,347) | 28,553 |
| Financing costs – net | 4,998 | 4,517 | — | (792) | 8,723 |
| Provision for income tax | 1,660 | 2,983 | — | 103 | 4,746 |
| Foreign exchange losses (gains) – net | (237) | 1,608 | (1) | (5) | 1,365 |
| Manpower rightsizing program (MRP) | 134 | 241 | — | — | 375 |
| Interest income | (252) | (80) | (2) | 2 | (332) |
| Gains on derivative financial instruments – net | (199) | (296) | — | — | (495) |
| Equity share in net income of associates and joint ventures | — | 183 | (1,098) | — | (915) |
| Others – net | (1,729) | (4,376) | (2) | 3,603 | (2,504) |
| Total adjustments | 22,452 | 18,603 | (1,103) | (436) | 39,516 |
| Consolidated Adjusted EBITDA | 28,530 | 30,248 | (2) | (2,726) | 56,050 |
| Service revenues | 49,155 | 65,760 | — | (6,183) | 108,732 |
| Adjusted EBITDA margin[(1)] | 58% | 46% | — | 44% | 52% |
| | | | | | |
| **For the six months ended June 30, 2025** | | | | | |
| **Consolidated net income (loss)** | **4,809** | **13,777** | **225** | **(1,298)** | **17,513** |
| Add (deduct) adjustments: | | | | | |
| Depreciation and amortization | 18,007 | 12,672 | — | (4,492) | 26,187 |
| Financing costs – net | 4,872 | 4,578 | — | (667) | 8,783 |
| Provision for (benefit from) income tax | 1,418 | 3,936 | (13) | (63) | 5,278 |
| Losses on derivative financial instruments – net | 479 | 844 | — | — | 1,323 |
| MRP | 12 | 787 | — | — | 799 |
| Equity share in net losses (income) of associates and joint ventures | — | 139 | (249) | (4) | (114) |
| Interest income | (300) | (83) | (6) | 9 | (380) |
| Foreign exchange losses (gains) – net | (459) | (948) | 32 | (31) | (1,406) |
| Gain on sale and leaseback of towers – net | (942) | — | — | — | (942) |
| Others | (909) | (3,032) | 5 | 2,145 | (1,791) |
| Total adjustments | 22,178 | 18,893 | (231) | (3,103) | 37,737 |
| Consolidated Adjusted EBITDA | 26,987 | 32,670 | (6) | (4,401) | 55,250 |
| Service revenues | 48,314 | 66,810 | — | (8,889) | 106,235 |
| Adjusted EBITDA margin[(1)] | 56% | 49% | — | 50% | 52% |

[(1)] *Adjusted EBITDA margin for the period is measured as Adjusted EBITDA divided by service revenues.*

The following table shows the reconciliation of our consolidated net income to our consolidated core income and telco core income, by business segment, for the six months ended June 30, 2026 and 2025:

| | Wireless | Fixed Line | Others | Inter-segment and Consolidation Entries | Consolidated |
|---|---|---|---|---|---|
| | | | (amounts in million Php) | | |
| **For the six months ended June 30, 2026** | | | | | |
| **Consolidated net income** | **6,078** | **11,645** | **1,101** | **(2,290)** | **16,534** |
| Add (deduct) adjustments: | | | | | |
| Foreign exchange losses (gains) – net | (237) | 1,608 | (1) | (5) | 1,365 |
| Accelerated depreciation and amortization | 514 | 154 | — | — | 668 |
| MRP | 134 | 241 | — | — | 375 |
| Write-down of noncurrent assets | — | 118 | — | — | 118 |
| Amortization of debt discount from debt modification | 56 | 25 | — | — | 81 |
| Other non-recurring expenses | — | 10 | — | — | 10 |
| Net income attributable to noncontrolling interests | (7) | (37) | — | (44) | (88) |
| Gains on derivative financial instruments – net, excluding hedge costs | (220) | (397) | — | — | (617) |
| Core income adjustment on equity share in net losses (income) of associates and joint ventures | — | 47 | (664) | — | (617) |
| Net tax effect of aforementioned adjustments | (62) | (437) | — | (1) | (500) |
| Total adjustments | 178 | 1,332 | (665) | (50) | 795 |
| Consolidated core income | 6,256 | 12,977 | 436 | (2,340) | 17,329 |
| Add (deduct) adjustments: | | | | | |
| Share in MIH income | — | — | (559) | — | (559) |
| Share in Kayana losses | — | — | 117 | — | 117 |
| Gain on asset sales, net of tax | (12) | (272) | — | — | (284) |
| Total adjustments | (12) | (272) | (442) | — | (726) |
| Telco core income (loss) | 6,244 | 12,705 | (6) | (2,340) | 16,603 |
| | | | | | |
| **For the six months ended June 30, 2025** | | | | | |
| **Consolidated net income (loss)** | **4,809** | **13,777** | **225** | **(1,298)** | **17,513** |
| Add (deduct) adjustments: | | | | | |
| Losses on derivative financial instruments – net, excluding hedge costs | 454 | 758 | — | — | 1,212 |
| MRP | 12 | 787 | — | — | 799 |
| Amortization of debt discount from debt modification | 56 | 28 | — | — | 84 |
| Core income adjustment on equity share in net income of associates and joint ventures | — | 52 | 24 | — | 76 |
| Net income attributable to noncontrolling interests | (8) | (30) | — | (3) | (41) |
| Gain on sale and leaseback of towers – net | (942) | — | — | — | (942) |
| Foreign exchange losses (gains) – net | (459) | (948) | 32 | (31) | (1,406) |
| Net tax effect of aforementioned adjustments | 219 | (156) | (8) | 8 | 63 |
| Total adjustments | (668) | 491 | 48 | (26) | (155) |
| Consolidated core income (loss) | 4,141 | 14,268 | 273 | (1,324) | 17,358 |
| Add (deduct) adjustments: | | | | | |
| Share in MIH income | — | — | (406) | — | (406) |
| Share in Kayana losses | — | — | 57 | — | 57 |
| Total adjustments | — | — | (349) | — | (349) |
| Telco core income (loss) | 4,141 | 14,268 | (76) | (1,324) | 17,009 |

## Results of Operations

The following table shows the contribution by each of our business segments to our consolidated revenues, expenses, other income (expense), income (loss) before income tax, provision for (benefit from) income tax, net income (loss)/segment profit (loss), Adjusted EBITDA, Adjusted EBITDA margin, core income (loss) and telco core income (loss) for the six months ended June 30, 2026 and 2025. In each of the six months ended June 30, 2026 and 2025, majority of our revenues are derived from our operations within the Philippines. Our revenues derived from outside the Philippines consist primarily of revenues from incoming international calls to the Philippines.

| | Wireless | Fixed Line | Others | Inter-segment and Consolidation Entries | Consolidated |
|---|---|---|---|---|---|
| | (amounts in million Php, except for Adjusted EBITDA margin) | | | | |
| **For the six months ended June 30, 2026** | | | | | |
| Revenues | 52,292 | 65,897 | — | (6,183) | 112,006 |
| Expenses | 41,973 | 49,713 | 2 | (6,804) | 84,884 |
| Other income (expenses) – net | (2,581) | (1,556) | 1,103 | (2,808) | (5,842) |
| Income before income tax | 7,738 | 14,628 | 1,101 | (2,187) | 21,280 |
| Provision for (benefit from) income tax | 1,660 | 2,983 | — | 103 | 4,746 |
| Net income (loss)/Segment profit (loss) | 6,078 | 11,645 | 1,101 | (2,290) | 16,534 |
| Adjusted EBITDA | 28,530 | 30,248 | (2) | (2,726) | 56,050 |
| Adjusted EBITDA margin[(1)] | 58% | 46% | — | — | 52% |
| Core income (loss) | 6,256 | 12,977 | 436 | (2,340) | 17,329 |
| Telco core income (loss) | 6,244 | 12,705 | (6) | (2,340) | 16,603 |
| **For the six months ended June 30, 2025** | | | | | |
| Revenues | 51,299 | 67,092 | — | (8,890) | 109,501 |
| Expenses | 42,331 | 47,881 | 6 | (8,981) | 81,237 |
| Other income (expenses) – net | (2,741) | (1,498) | 218 | (1,452) | (5,473) |
| Income (loss) before income tax | 6,227 | 17,713 | 212 | (1,361) | 22,791 |
| Provision for (benefit from) income tax | 1,418 | 3,936 | (13) | (63) | 5,278 |
| Net income (loss)/Segment profit (loss) | 4,809 | 13,777 | 225 | (1,298) | 17,513 |
| Adjusted EBITDA | 26,987 | 32,670 | (6) | (4,401) | 55,250 |
| Adjusted EBITDA margin[(1)] | 56% | 49% | — | — | 52% |
| Core income (loss) | 4,141 | 14,268 | 273 | (1,324) | 17,358 |
| Telco core income (loss) | 4,141 | 14,268 | (76) | (1,324) | 17,009 |
| **Increase (Decrease)** | | | | | |
| Revenues | 993 | (1,195) | — | 2,707 | 2,505 |
| Expenses | (358) | 1,832 | (4) | 2,177 | 3,647 |
| Other income (expenses) – net | 160 | (58) | 885 | (1,356) | (369) |
| Income (loss) before income tax | 1,511 | (3,085) | 889 | (826) | (1,511) |
| Provision for (benefit from) income tax | 242 | (953) | 13 | 166 | (532) |
| Net income (loss)/Segment profit (loss) | 1,269 | (2,132) | 876 | (992) | (979) |
| Adjusted EBITDA | 1,543 | (2,422) | 4 | 1,675 | 800 |
| Core income (loss) | 2,115 | (1,291) | 163 | (1,016) | (29) |
| Telco core income (loss) | 2,103 | (1,563) | 70 | (1,016) | (406) |

[(1)] *Adjusted EBITDA margin for the period is measured as Adjusted EBITDA divided by service revenues.*

## On a Consolidated Basis

### Consolidated

***Revenues***

We reported consolidated revenues of Php112,006 million for the six months ended June 30, 2026, an increase of Php2,505 million, or 2%, as compared with Php109,501 million in the same period in 2025, primarily due to higher consolidated revenues from data and voice services.

Our consolidated service revenues of Php108,732 million for the six months ended June 30, 2026, increased by Php2,497 million, or 2%, from Php106,235 million in the same period in 2025. Our consolidated non-service revenues of Php3,274 million for the six months ended June 30, 2026, increased by Php8 million from Php3,266 million in the same period in 2025.

Consolidated service revenues, net of interconnection costs of Php10,958 million, amounted to Php97,774 million for the six months ended June 30, 2026, an increase of Php726 million, or 1%, from Php97,048 million in the same period in 2025.

The following table shows the breakdown of our consolidated revenues by service for the six months ended June 30, 2026 and 2025:

| | Wireless | Fixed Line | Inter-segment and Consolidation Entries | Consolidated |
|---|---|---|---|---|
| | | (amounts in million Php) | | |
| **For the six months ended June 30, 2026** | | | | |
| Service Revenues | | | | |
| *Wireless* | *49,155* | | *(337)* | *48,818* |
| Mobile | 48,098 | | (310) | 47,788 |
| Fixed Wireless broadband | 1,030 | | — | 1,030 |
| Other services | 27 | | (27) | — |
| *Fixed Line* | | *65,760* | *(5,846)* | *59,914* |
| Voice[(1)] | | 17,908 | (556) | 17,352 |
| Data | | 47,829 | (5,290) | 42,539 |
| Home broadband | | 26,453 | (9) | 26,444 |
| Corporate data and ICT | | 21,376 | (5,281) | 16,095 |
| Miscellaneous | | 23 | — | 23 |
| Total Service Revenues | 49,155 | 65,760 | (6,183) | 108,732 |
| Non-Service Revenues | | | | |
| Sale of devices and accessories | 3,137 | 137 | — | 3,274 |
| Total Non-Service Revenues | 3,137 | 137 | — | 3,274 |
| Total Revenues | 52,292 | 65,897 | (6,183) | 112,006 |
| **For the six months ended June 30, 2025** | | | | |
| Service Revenues | | | | |
| *Wireless* | *48,314* | | *(349)* | *47,965* |
| Mobile | 47,384 | | (324) | 47,060 |
| Fixed Wireless broadband | 905 | | — | 905 |
| Other services | 25 | | (25) | — |
| *Fixed Line* | | *66,810* | *(8,540)* | *58,270* |
| Voice[(1)] | | 16,887 | (648) | 16,239 |
| Data | | 49,891 | (7,892) | 41,999 |
| Home broadband | | 26,528 | (8) | 26,520 |
| Corporate data and ICT | | 23,363 | (7,884) | 15,479 |
| Miscellaneous | | 32 | — | 32 |
| Total Service Revenues | 48,314 | 66,810 | (8,889) | 106,235 |
| Non-Service Revenues | | | | |
| Sale of devices and accessories | 2,985 | 282 | (1) | 3,266 |
| Total Non-Service Revenues | 2,985 | 282 | (1) | 3,266 |
| Total Revenues | 51,299 | 67,092 | (8,890) | 109,501 |

[(1)] *Consolidated voice service revenues include wholesale international voice of Php10,241 million and Php8,791 million, with corresponding costs of Php10,095 million and Php8,674 million, for the six months ended June 30, 2026 and 2025, respectively.*

The following table shows the breakdown of our consolidated revenues by business segment for the six months ended June 30, 2026 and 2025:

| | 2026 | % | 2025 | % | Change: Amount | Change: % |
|---|---|---|---|---|---|---|
| | | | (amounts in million Php) | | | |
| Wireless | 52,292 | 47 | 51,299 | 47 | 993 | 2 |
| Fixed Line | 65,897 | 59 | 67,092 | 61 | (1,195) | (2) |
| Inter-segment and Consolidation Entries | (6,183) | (6) | (8,890) | (8) | 2,707 | 30 |
| Consolidated | 112,006 | 100 | 109,501 | 100 | 2,505 | 2 |

***Expenses***

Consolidated expenses increased by Php3,647 million, or 4%, to Php84,884 million for the six months ended June 30, 2026 from Php81,237 million in the same period in 2025, primarily driven by higher depreciation and amortization, interconnection costs, and cost of devices, accessories and contract-specific services, partially offset by lower general operating costs and asset impairment.

The following table shows the breakdown of our consolidated expenses by business segment for the six months ended June 30, 2026 and 2025:

| | 2026 | % | 2025 | % | Change Amount | Change % |
|---|---|---|---|---|---|---|
| | | | (amounts in million Php) | | | |
| Wireless | 41,973 | 49 | 42,331 | 52 | (358) | (1) |
| Fixed Line | 49,713 | 59 | 47,881 | 59 | 1,832 | 4 |
| Others | 2 | — | 6 | — | (4) | (67) |
| Inter-segment and Consolidation Entries | (6,804) | (8) | (8,981) | (11) | 2,177 | 24 |
| Consolidated | 84,884 | 100 | 81,237 | 100 | 3,647 | 4 |

### *Other Income (Expenses) – Net*

Consolidated other expenses – net amounted to Php5,842 million for the six months ended June 30, 2026, an increase of Php369 million, or 7%, from Php5,473 million in the same period in 2025, primarily due to the combined effects of the following: (i) net foreign exchange losses of Php1,365 million in 2026 as against net foreign exchange gains of Php1,406 million in the same period in 2025; (ii) lower other miscellaneous income – net by Php229 million; (iii) net gains on derivative financial instruments of Php495 million in 2026 as against net losses on derivative financial instruments of Php1,323 million in 2025; and (iv) higher equity share in net earnings by Php801 million.

### *Net Income*

Consolidated net income decreased by Php979 million, or 6%, to Php16,534 million for the six months ended June 30, 2026 from Php17,513 million in the same period in 2025. The decrease was mainly due to the combined effects of the following: (i) higher consolidated expenses by Php3,647 million; (ii) higher consolidated other expenses – net by Php369 million; (iii) higher consolidated revenues by Php2,505 million; and (iv) lower provision for income tax by Php532 million. Our consolidated basic and diluted EPS decreased to Php75.99 for the six months ended June 30, 2026 from Php80.73 in the same period in 2025. Our weighted average number of outstanding common shares was approximately 216.06 million for each of the six months ended June 30, 2026 and 2025.

### *Adjusted EBITDA*

Our consolidated Adjusted EBITDA amounted to Php56,050 million for the six months ended June 30, 2026, an increase of Php800 million, or 1%, as compared with Php55,250 million in the same period in 2025.

The following table shows the breakdown of our consolidated Adjusted EBITDA by business segment for the six months ended June 30, 2026 and 2025:

| | 2026 | % | 2025 | % | Change Amount | Change % |
|---|---|---|---|---|---|---|
| | | | (amounts in million Php) | | | |
| Wireless | 28,530 | 51 | 26,987 | 49 | 1,543 | 6 |
| Fixed Line | 30,248 | 54 | 32,670 | 59 | (2,422) | (7) |
| Others | (2) | — | (6) | — | 4 | 67 |
| Inter-segment and Consolidation Entries | (2,726) | (5) | (4,401) | (8) | 1,675 | 38 |
| Consolidated | 56,050 | 100 | 55,250 | 100 | 800 | 1 |

### *Core Income*

Our consolidated core income amounted to Php17,329 million for the six months ended June 30, 2026, a decrease of Php29 million as compared with Php17,358 million in the same period in 2025, mainly on account of higher depreciation and amortization, partially offset by higher Adjusted EBITDA and equity share in net earnings of associates and joint ventures. Our consolidated basic and diluted core EPS decreased to Php80.07 for the six months ended June 30, 2026 from Php80.20 in the same period in 2025.

The following table shows the breakdown of our consolidated core income by business segment for the six months ended June 30, 2026 and 2025:

| | 2026 | % | 2025 | % | Change Amount | Change % |
|---|---|---|---|---|---|---|
| | | | (amounts in million Php) | | | |
| Wireless | 6,256 | 36 | 4,141 | 24 | 2,115 | 51 |
| Fixed Line | 12,977 | 75 | 14,268 | 82 | (1,291) | (9) |
| Others | 436 | 3 | 273 | 2 | 163 | 60 |
| Inter-segment and Consolidation Entries | (2,340) | (14) | (1,324) | (8) | (1,016) | (77) |
| Consolidated | 17,329 | 100 | 17,358 | 100 | (29) | — |

***Telco Core Income***

Our consolidated telco core income amounted to Php16,603 million for the six months ended June 30, 2026, a decrease of Php406 million, or 2%, as compared with Php17,009 million in the same period in 2025, mainly due to higher depreciation and amortization, partially offset by higher Adjusted EBITDA.

The following table shows the breakdown of our consolidated telco core income by business segment for the six months ended June 30, 2026 and 2025:

| | 2026 | % | 2025 | % | Change Amount | Change % |
|---|---|---|---|---|---|---|
| | | | (amounts in million Php) | | | |
| Wireless | 6,244 | 38 | 4,141 | 24 | 2,103 | 51 |
| Fixed Line | 12,705 | 76 | 14,268 | 84 | (1,563) | (11) |
| Others | (6) | — | (76) | — | 70 | 92 |
| Inter-segment and Consolidation Entries | (2,340) | (14) | (1,324) | (8) | (1,016) | (77) |
| Consolidated | 16,603 | 100 | 17,009 | 100 | (406) | (2) |

**On a Business Segment Basis**

**Wireless**

***Revenues***

We generated revenues of Php52,292 million from our Wireless business segment for the six months ended June 30, 2026, an increase of Php993 million, or 2%, from Php51,299 million in the same period in 2025.

The following table summarizes our total revenues by service from our Wireless business segment for the six months ended June 30, 2026 and 2025:

| | 2026 | % | 2025 | % | Increase (Decrease) Amount | Increase (Decrease) % |
|---|---|---|---|---|---|---|
| | | | (amounts in million Php) | | | |
| Service Revenues: | | | | | | |
| Mobile | 48,098 | 92 | 47,384 | 92 | 714 | 2 |
| Fixed Wireless broadband | 1,030 | 2 | 905 | 2 | 125 | 14 |
| Other services[1] | 27 | — | 25 | — | 2 | 8 |
| Total Wireless Service Revenues | 49,155 | 94 | 48,314 | 94 | 841 | 2 |
| Non-Service Revenues: | | | | | | |
| Sale of devices and accessories | 3,137 | 6 | 2,985 | 6 | 152 | 5 |
| Total Wireless Revenues | 52,292 | 100 | 51,299 | 100 | 993 | 2 |

[1] *Includes facility service fees.*

***Service Revenues***

Our wireless service revenues increased by Php841 million, or 2%, to Php49,155 million for the six months ended June 30, 2026 as compared with Php48,314 million in the same period in 2025, primarily due to higher revenues from mobile data and fixed wireless broadband services, partially offset by lower revenues from our legacy mobile voice services. As a percentage of our total wireless revenues, service revenues accounted for 94% in each of the six months ended June 30, 2026 and 2025.

Wireless service revenues, net of interconnection costs of Php768 million, amounted to Php48,387 million for the six months ended June 30, 2026, an increase of Php533 million, or 1%, from Php47,854 million in the same period in 2025.

*Mobile Services*

Our mobile service revenues amounted to Php48,098 million for the six months ended June 30, 2026, an increase of Php714 million, or 2%, from Php47,384 million in the same period in 2025. Mobile service revenues accounted for 98% of our wireless service revenues in each of the six months ended June 30, 2026 and 2025.

The following table shows the breakdown of our mobile service revenues for the six months ended June 30, 2026 and 2025:

| | | | | | Increase (Decrease) | |
|---|---|---|---|---|---|---|
| | **2026** | **%** | **2025[1]** | **%** | **Amount** | **%** |
| | | | **(amounts in million Php)** | | | |
| Mobile Services: | | | | | | |
| Data | 40,765 | 85 | 39,397 | 83 | 1,368 | 3 |
| Voice | 3,643 | 7 | 4,344 | 9 | (701) | (16) |
| SMS | 3,321 | 7 | 3,279 | 7 | 42 | 1 |
| Others[2] | 369 | 1 | 364 | 1 | 5 | 1 |
| Total | 48,098 | 100 | 47,384 | 100 | 714 | 2 |

[1] *Certain amounts for the six months ended June 30, 2025 were reclassified to conform with the current presentation.*
[2] *Refers to other non-subscriber-related revenues.*

*Data Services*

Mobile revenues from our data services, which include mobile internet, mobile broadband, and other data services, increased by Php1,368 million, or 3%, to Php40,765 million for the six months ended June 30, 2026 from Php39,397 million in the same period in 2025 mainly due to higher revenues from mobile internet and other data services, partially offset by lower mobile broadband revenues.

Data services accounted for 85% and 83% of our mobile service revenues for the six months ended June 30, 2026 and 2025, respectively.

The following table shows the breakdown of our mobile data service revenues for the six months ended June 30, 2026 and 2025:

| | | | | | Increase (Decrease) | |
|---|---|---|---|---|---|---|
| | **2026** | **%** | **2025** | **%** | **Amount** | **%** |
| | | | **(amounts in million Php)** | | | |
| Data Services: | | | | | | |
| Mobile internet[1] | 39,000 | 96 | 37,651 | 96 | 1,349 | 4 |
| Mobile broadband | 762 | 2 | 892 | 2 | (130) | (15) |
| Other data | 1,003 | 2 | 854 | 2 | 149 | 17 |
| Total | 40,765 | 100 | 39,397 | 100 | 1,368 | 3 |

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

*Mobile internet*

Mobile internet service revenues increased by Php1,349 million, or 4%, to Php39,000 million for the six months ended June 30, 2026 from Php37,651 million in the same period in 2025, primarily due to our mobile data offerings, such as Power All, Saya All, Magic Data and Unli 5G offers. Smart recently revamped the data offers of Power All and Saya All to cater to evolving data needs of Smart and TNT subscribers. Smart has deployed its hyper personalization capabilities to enable upsells and next best offers to drive usage. Smart continues to drive usage and top-ups via Smart App, the Smart Online Store, digital touchpoints and its retailer network. The increase in data traffic was driven by the 5G network expansion, growth of 5G devices, leading to higher 5G data usage.

Smart has also rolled out 5G offers and low-priced 5G phones to drive migration to 5G. Smart also launched iPhones on prepaid to drive 5G adoption in the prepaid category.

Mobile internet services accounted for 81% and 79% of our mobile service revenues for the six months ended June 30, 2026 and 2025, respectively.

*Mobile broadband*

Mobile broadband revenues generated from the use of pocket WiFi, amounted to Php762 million for the six months ended June 30, 2026, a decrease of Php130 million, or 15%, from Php892 million in the same period in 2025.

Mobile broadband services accounted for 2% of our mobile service revenues in each of the six months ended June 30, 2026 and 2025.

*Other data*

Revenues from our other data services, which include value-added services (VAS) and domestic leased lines, increased by Php149 million, or 17%, to Php1,003 million for the six months ended June 30, 2026 from Php854 million in the same period in 2025.

*Voice Services*

Mobile revenues from our voice services, which include all voice traffic, decreased by Php701 million, or 16%, to Php3,643 million for the six months ended June 30, 2026 from Php4,344 million in the same period in 2025, due to subscribers' shift to alternative calling options, digital teleconferencing solutions, and other OTT services. Nevertheless, Smart enhanced its voice services by enabling VoLTE to improve voice quality. Mobile voice services accounted for 7% and 9% of our mobile service revenues for the six months ended June 30, 2026 and 2025, respectively.

*SMS Services*

Mobile revenues from our SMS services, which include all SMS-related services, increased by Php42 million, or 1%, to Php3,321 million for the six months ended June 30, 2026 from Php3,279 million in the same period in 2025. Mobile SMS services accounted for 7% of our mobile service revenues in each of the six months ended June 30, 2026 and 2025.

*Other Mobile Services*

Mobile revenues from other services increased by Php5 million, or 1%, to Php369 million for the six months ended June 30, 2026 from Php364 million in the same period in 2025.

*Subscriber Base, ARPU and Churn Rates*

The following table shows our mobile subscriber base as at June 30, 2026 and 2025:

| | | | Increase (Decrease) | |
|---|---|---|---|---|
| | **2026** | **2025** | **Amount** | **%** |
| Mobile subscriber base[(1)] | | | | |
| Prepaid | 57,684,768 | 56,781,384 | 903,384 | 2 |
| *Smart* | *21,737,420* | *21,247,707* | *489,713* | *2* |
| *TNT* | *35,947,348* | *35,533,677* | *413,671* | *1* |
| Postpaid | 2,403,440 | 2,313,920 | 89,520 | 4 |
| Total | 60,088,208 | 59,095,304 | 992,904 | 2 |

*(1) Includes mobile broadband subscribers.*

In view of R.A. No. 11934, or the SIM Registration Act, we recognize a prepaid mobile subscriber as active upon registration of the SIM card. We consider a prepaid mobile subscriber as churned if the subscriber does not reload within 180 days after the full usage or expiry of the last reload.

The average monthly churn rates for Smart Prepaid subscribers were 3.0% and 2.7% for the six months ended June 30, 2026 and 2025, respectively, while the average monthly churn rates for TNT subscribers were 2.9% and 2.1% for the six months ended June 30, 2026 and 2025, respectively.

The average monthly churn rate for Postpaid subscribers was 1.0% and 1.1% for the six months ended June 30, 2026 and 2025, respectively.

The following table summarizes our average monthly ARPUs for the six months ended June 30, 2026 and 2025:

| | Gross(1) | | Increase (Decrease) | | Net(2) | | Increase (Decrease) | |
|---|---|---|---|---|---|---|---|---|
| | 2026 | 2025 | Amount | % | 2026 | 2025 | Amount | % |
| | (amounts in Php) | | | | | | | |
| Prepaid | | | | | | | | |
| *Smart* | *131* | *132* | *(1)* | *(1)* | *119* | *119* | *—* | *—* |
| *TNT* | *108* | *112* | *(4)* | *(4)* | *99* | *102* | *(3)* | *(3)* |
| Postpaid(3) | 737 | 730 | 7 | 1 | 694 | 683 | 11 | 2 |

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

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

*(3) Postpaid ARPU for the six months ended June 30, 2025 was revised to conform with the current presentation.*

*Fixed Wireless Broadband*

Revenues from our Fixed Wireless broadband services amounted to Php1,030 million for the six months ended June 30, 2026, an increase of Php125 million, or 14%, from Php905 million in the same period in 2025. Smart introduced Big Data offers with larger data allocations to cater to the shared data needs of families.

*Other Services*

Revenues from our other services amounted to Php27 million for the six months ended June 30, 2026, an increase of Php2 million, from Php25 million in the same period in 2025.

***Non-Service Revenues***

Our wireless non-service revenues consist of sale of mobile handsets, broadband data modems, devices and accessories. Our wireless non-service revenues increased by Php152 million, or 5%, to Php3,137 million for the six months ended June 30, 2026 from Php2,985 million in the same period in 2025, primarily due to higher number of mobile handsets and devices issued.

***Expenses***

Expenses associated with our Wireless business segment amounted to Php41,973 million for the six months ended June 30, 2026, a decrease of Php358 million, or 1%, from Php42,331 million in the same period in 2025. The decrease was mainly attributable to lower general operating costs, partially offset by higher cost of devices, accessories and contract-specific services, interconnection costs, depreciation and amortization, and asset impairment. As a percentage of our total wireless revenues, expenses associated with our Wireless business segment accounted for 80% and 83% for the six months ended June 30, 2026 and 2025, respectively.

The following table summarizes the breakdown of our total wireless-related expenses for the six months ended June 30, 2026 and 2025 and the percentage of each expense item in relation to the total:

| | | | | | Increase (Decrease) | |
|---|---|---|---|---|---|---|
| | 2026 | % | 2025 | % | Amount | % |
| | (amounts in million Php) | | | | | |
| General operating costs | 18,435 | 44 | 19,565 | 46 | (1,130) | (6) |
| Depreciation and amortization | 18,077 | 43 | 18,007 | 43 | 70 | — |
| Cost of devices, accessories and contract-specific services | 4,340 | 10 | 3,974 | 9 | 366 | 9 |
| Asset impairment | 353 | 1 | 325 | 1 | 28 | 9 |
| | 41,205 | 98 | 41,871 | 99 | (666) | (2) |
| Interconnection costs | 768 | 2 | 460 | 1 | 308 | 67 |
| Total | 41,973 | 100 | 42,331 | 100 | (358) | (1) |

General operating costs decreased by Php1,130 million, or 6%, to Php18,435 million for the six months ended June 30, 2026 from Php19,565 million in the same period in 2025, primarily due to lower expenses related to rent, taxes and licenses, professional and other contracted services, and selling and promotions, partially offset by higher expenses related to repairs and maintenance, and communication, training and travel.

Depreciation and amortization charges increased by Php70 million to Php18,077 million for the six months ended June 30, 2026 from Php18,007 million in the same period in 2025, mainly on account of accelerated depreciation recognized in 2026 for the modernization of certain technology equipment, and depreciation of newly capitalized property and equipment, partially offset by lower amortization of capitalized leases.

Cost of devices, accessories and contract-specific services increased by Php366 million, or 9%, to Php4,340 million for the six months ended June 30, 2026 from Php3,974 million in the same period in 2025, primarily due to higher number of units issued for mobile handsets, partially offset by lower SIM printing costs.

Asset impairment increased by Php28 million, or 9%, to Php353 million for the six months ended June 30, 2026 from Php325 million in the same period in 2025.

Interconnection costs increased by Php308 million, or 67%, to Php768 million for the six months ended June 30, 2026 from Php460 million in the same period in 2025, mainly due to higher interconnection costs on A2P transactions.

***Other Income (Expenses) – Net***

The following table summarizes the breakdown of our total wireless-related other income (expenses) – net for the six months ended June 30, 2026 and 2025:

| | | | Change | |
|---|---|---|---|---|
| | **2026** | **2025** | **Amount** | **%** |
| | | **(amounts in million Php)** | | |
| Other Income (Expenses) – Net: | | | | |
| Interest income | 252 | 300 | (48) | (16) |
| Foreign exchange gains – net | 237 | 459 | (222) | (48) |
| Gains (losses) on derivative financial instruments – net | 199 | (479) | 678 | 142 |
| Financing costs – net | (4,998) | (4,872) | (126) | (3) |
| Other income – net | 1,729 | 1,851 | (122) | (7) |
| Total | (2,581) | (2,741) | 160 | 6 |

Our Wireless business segment's other expenses – net amounted to Php2,581 million for the six months ended June 30, 2026, a decrease of Php160 million, or 6%, from Php2,741 million in the same period in 2025, primarily due to the combined effects of the following: (i) net gains on derivative financial instruments of Php199 million for the six months ended June 30, 2026 as against net losses on derivative financial instruments of Php479 million in the same period in 2025 mainly due to the depreciation of the Philippine peso relative to the U.S. dollar in 2026 as compared to the appreciation of the Philippine peso relative to the U.S. dollar in 2025; (ii) lower net foreign exchange gains by Php222 million; (iii) higher net financing costs by Php126 million; and (iv) lower other income – net by Php122 million.

***Provision for Income Tax***

Provision for income tax amounted to Php1,660 million for the six months ended June 30, 2026, an increase of Php242 million, or 17%, from Php1,418 million in the same period in 2025, mainly due to higher taxable income.

***Net Income***

As a result of the foregoing, our Wireless business segment's net income increased by Php1,269 million, or 26%, to Php6,078 million for the six months ended June 30, 2026 from Php4,809 million in the same period in 2025.

***Adjusted EBITDA***

Our Wireless business segment's Adjusted EBITDA increased by Php1,543 million, or 6%, to Php28,530 million for the six months ended June 30, 2026 from Php26,987 million in the same period in 2025. Adjusted EBITDA margin increased to 58% for the six months ended June 30, 2026 from 56% in the same period in 2025.

***Core Income***

Our Wireless business segment's core income increased by Php2,115 million, or 51%, to Php6,256 million for the six months ended June 30, 2026 from Php4,141 million in the same period in 2025, mainly on account of higher Adjusted EBITDA, partially offset by higher financing costs and provision for income tax.

## Fixed Line

***Revenues***

Revenues generated from our Fixed Line business segment amounted to Php65,897 million for the six months ended June 30, 2026, a decrease of Php1,195 million, or 2%, from Php67,092 million in the same period in 2025.

The following table summarizes our total revenues by service from our Fixed Line business segment for the six months ended June 30, 2026 and 2025:

| | | | | | Increase (Decrease) | |
|---|---|---|---|---|---|---|
| | **2026** | **%** | **2025** | **%** | **Amount** | **%** |
| | | | (amounts in million Php) | | | |
| Service Revenues: | | | | | | |
| Data | 47,829 | 73 | 49,891 | 75 | (2,062) | (4) |
| Voice | 17,908 | 27 | 16,887 | 25 | 1,021 | 6 |
| Miscellaneous | 23 | — | 32 | — | (9) | (28) |
| Total Fixed Line Service Revenues | 65,760 | 100 | 66,810 | 100 | (1,050) | (2) |
| Non-Service Revenues: | | | | | | |
| Sale of devices and accessories | 137 | — | 282 | — | (145) | (51) |
| Total Fixed Line Revenues | 65,897 | 100 | 67,092 | 100 | (1,195) | (2) |

***Service Revenues***

Our fixed line service revenues decreased by Php1,050 million, or 2%, to Php65,760 million for the six months ended June 30, 2026 from Php66,810 million in the same period in 2025, primarily due to lower revenues from our data services, partially offset by higher revenues from our voice services.

Fixed Line service revenues, net of interconnection costs of Php10,734 million, amounted to Php55,026 million for the six months ended June 30, 2026, a decrease of Php2,407 million, or 4%, from Php57,433 million in the same period in 2025.

*Data Services*

Our data services, which include Home broadband, corporate data, and ICT services, posted revenues of Php47,829 million for the six months ended June 30, 2026, a decrease of Php2,062 million, or 4%, from Php49,891 million in the same period in 2025, primarily due to lower revenues from corporate data and Home broadband services, partially offset by higher revenues from ICT services. The percentage contribution of this service segment to our fixed line service revenues accounted for 73% and 75% for the six months ended June 30, 2026 and 2025, respectively.

The following table shows information of our data service revenues for the six months ended June 30, 2026 and 2025:

| | | | | | Increase (Decrease) | |
|---|---|---|---|---|---|---|
| | **2026** | **%** | **2025** | **%** | **Amount** | **%** |
| | | | (amounts in million Php) | | | |
| Data Services: | | | | | | |
| Home broadband | 26,453 | 55 | 26,528 | 53 | (75) | — |
| Corporate data and ICT | 21,376 | 45 | 23,363 | 47 | (1,987) | (9) |
| Total | 47,829 | 100 | 49,891 | 100 | (2,062) | (4) |

*Home Broadband*

Home broadband data revenues amounted to Php26,453 million for the six months ended June 30, 2026, a decrease of Php75 million from Php26,528 million in the same period in 2025. Home broadband revenues accounted for 55% and 53% of our fixed line data service revenues for the six months ended June 30, 2026 and 2025, respectively.

*Corporate Data and ICT*

Corporate data services amounted to Php16,582 million for the six months ended June 30, 2026, a decrease of Php2,694 million, or 14%, as compared with Php19,276 million in the same period in 2025, mainly due to lower revenues from legacy data networking services. Corporate data revenues accounted for 35% and 39% of our total data service revenues for six months ended June 30, 2026 and 2025, respectively.

ICT revenues increased by Php707 million, or 17%, to Php4,794 million for the six months ended June 30, 2026 from Php4,087 million in the same period in 2025, mainly due to higher revenues from managed IT services, data center, and cloud services. The percentage contribution of this service segment to our total data service revenues accounted for 10% and 8% for the six months ended June 30, 2026 and 2025, respectively.

*Voice Services*

Revenues from our voice services increased by Php1,021 million, or 6%, to Php17,908 million for the six months ended June 30, 2026 from Php16,887 million in the same period in 2025, primarily due to higher revenues from wholesale international voice of PLDT Global driven by higher traffic volume. Excluding wholesale international voice revenues of Php10,408 million and Php8,970 million for the six months ended June 30, 2026 and 2025, respectively, our voice services decreased by Php417 million, or 5%, to Php7,500 million for the six months ended June 30, 2026 from Php7,917 million in the same period in 2025.

The percentage contribution of total voice service revenues to our fixed line service revenues accounted for 27% and 25% for the six months ended June 30, 2026 and 2025, respectively.

*Miscellaneous Services*

Miscellaneous service revenues decreased by Php9 million, or 28%, to Php23 million for the six months ended June 30, 2026 from Php32 million in the same period in 2025.

***Non-service Revenues***

Non-service revenues amounted to Php137 million for the six months ended June 30, 2026, a decrease of Php145 million, or 51%, from Php282 million in the same period in 2025, mainly due to lower sale of devices and accessories.

***Expenses***

Expenses related to our Fixed Line business segment totaled Php49,713 million for the six months ended June 30, 2026, an increase of Php1,832 million, or 4%, as compared with Php47,881 million in the same period in 2025. The increase was primarily due to higher interconnection costs, depreciation and amortization, cost of devices, accessories and contract-specific services, partly offset by lower general operating costs and asset impairment. As a percentage of our total fixed line revenues, expenses associated with our Fixed Line business segment accounted for 75% and 71% for the six months ended June 30, 2026 and 2025, respectively.

The following table shows the breakdown of our total fixed line-related expenses for the six months ended June 30, 2026 and 2025 and the percentage of each expense item in relation to the total:

| | | | | | Increase (Decrease) | |
|---|---|---|---|---|---|---|
| | **2026** | **%** | **2025** | **%** | **Amount** | **%** |
| | | | **(amounts in million Php)** | | | |
| General operating costs | 21,068 | 42 | 21,933 | 46 | (865) | (4) |
| Depreciation and amortization | 13,823 | 28 | 12,672 | 26 | 1,151 | 9 |
| Cost of devices, accessories and contract-specific services | 2,532 | 5 | 2,203 | 5 | 329 | 15 |
| Asset impairment | 1,556 | 3 | 1,696 | 3 | (140) | (8) |
| | 38,979 | 78 | 38,504 | 80 | 475 | 1 |
| Interconnection costs | 10,734 | 22 | 9,377 | 20 | 1,357 | 14 |
| Total | 49,713 | 100 | 47,881 | 100 | 1,832 | 4 |

General operating costs decreased by Php865 million, or 4%, to Php21,068 million for the six months ended June 30, 2026 from Php21,933 million in the same period in 2025, primarily due to lower expenses related to compensation and employee benefits, and selling and promotions, partially offset by higher expenses related to professional and other contracted services, taxes and licenses, and communication, training and travel.

Depreciation and amortization charges increased by Php1,151 million, or 9%, to Php13,823 million for the six months ended June 30, 2026 from Php12,672 million in the same period in 2025, mainly due to depreciation of newly capitalized property and equipment, accelerated depreciation recognized in 2026 for the modernization of certain technology equipment, and higher amortization of capitalized leases.

Cost of devices, accessories and contract-specific services increased by Php329 million, or 15%, to Php2,532 million for the six months ended June 30, 2026 from Php2,203 million in the same period in 2025, primarily due to higher cost of content and services from third-party vendors.

Asset impairment amounted to Php1,556 million for the six months ended June 30, 2026, a decrease of Php140 million, or 8%, from Php1,696 million in the same period in 2025.

Interconnection costs increased by Php1,357 million, or 14%, to Php10,734 million for the six months ended June 30, 2026 from Php9,377 million in the same period in 2025, primarily due to higher cost of wholesale international voice of PLDT Global driven by higher traffic volume.  Excluding cost of wholesale international voice of Php10,262 million and Php8,854 million for the six months ended June 30, 2026 and 2025, respectively, our interconnection costs decreased by Php51 million, or 10%, to Php472 million in 2026 from Php523 million in 2025.

***Other Income (Expenses) – Net***

The following table summarizes the breakdown of our total fixed line-related other income (expenses) – net for the six months ended June 30, 2026 and 2025:

| | 2026 | 2025 | Change Amount | Change % |
|---|---|---|---|---|
| | (amounts in million Php) | | | |
| Other Income (Expenses) – Net: | | | | |
| Gains (losses) on derivative financial instruments – net | 296 | (844) | 1,140 | 135 |
| Interest income | 80 | 83 | (3) | (4) |
| Equity share in net losses of associates and joint ventures | (183) | (139) | (44) | (32) |
| Foreign exchange gains (losses) – net | (1,608) | 948 | (2,556) | (270) |
| Financing costs – net | (4,517) | (4,578) | 61 | 1 |
| Other income – net | 4,376 | 3,032 | 1,344 | 44 |
| Total | (1,556) | (1,498) | (58) | (4) |

Our Fixed Line business segment's other expenses – net amounted to Php1,556 million for the six months ended June 30, 2026, a decrease of Php58 million from Php1,498 million in the same period in 2025, primarily due to the combined effects of the following: (i) net foreign exchange losses of Php1,608 million for the six months ended June 30, 2026 as against net foreign exchange gains of Php948 million in the same period in 2025 mainly on account of revaluation of net foreign currency-denominated liabilities; (ii) net gains on derivative financial instruments of Php296 million for the six months ended June 30, 2026 as against net losses on derivative financial instruments of Php844 million in the same period in 2025 mainly due to the depreciation of the Philippine peso relative to the U.S. dollar in 2026 as compared to the appreciation of the Philippine peso relative to the U.S. dollar in 2025; and (iii) higher other income – net by Php1,344 million mainly due to higher dividend income recognized from the subsidiaries of our Wireless business segment.

***Provision for Income Tax***

Provision for income tax amounted to Php2,983 million for the six months ended June 30, 2026, a decrease of Php953 million, or 24%, from Php3,936 million in the same period in 2025 mainly due to lower taxable income.

***Net Income***

As a result of the foregoing, our Fixed Line business segment registered a net income of Php11,645 million for the six months ended June 30, 2026, a decrease of Php2,132 million, or 15%, as compared with Php13,777 million in the same period in 2025.

*Adjusted EBITDA*

Our Fixed Line business segment's Adjusted EBITDA decreased by Php2,422 million, or 7%, to Php30,248 million for the six months ended June 30, 2026 from Php32,670 million in the same period in 2025. Adjusted EBITDA margin decreased to 46% for the six months ended June 30, 2026 from 49% in the same period in 2025.

*Core Income*

Our Fixed Line business segment's core income decreased by Php1,291 million, or 9%, to Php12,977 million for the six months ended June 30, 2026 from Php14,268 million in the same period in 2025, primarily due to lower Adjusted EBITDA and higher depreciation and amortization, partially offset by lower provision for income tax and higher other miscellaneous income.

## Others

*Revenues*

Revenues generated from our Other business segment amounted to nil for each of the six months ended June 30, 2026 and 2025.

*Expenses*

Expenses related to our Other business segment decreased by Php4 million, or 67%, to Php2 million for the six months ended June 30, 2026 from Php6 million in the same period in 2025.

*Other Income (Expenses) – Net*

The following table summarizes the breakdown of other income (expenses) – net for Other business segment for the six months ended June 30, 2026 and 2025:

| | | | Change | |
|---|---|---|---|---|
| | **2026** | **2025** | **Amount** | **%** |
| | **(amounts in million Php)** | | | |
| Other Income (Expenses) – Net: | | | | |
| Equity share in net earnings of associates and joint ventures | 1,098 | 249 | 849 | 341 |
| Interest income | 2 | 6 | (4) | (67) |
| Foreign exchange gains (losses) – net | 1 | (32) | 33 | 103 |
| Other income (expenses) – net | 2 | (5) | 7 | 140 |
| Total | 1,103 | 218 | 885 | 406 |

Our Other business segment's other income – net amounted to Php1,103 million for the six months ended June 30, 2026, an increase of Php885 million from Php218 million in the same period in 2025, primarily due to higher equity share in net earnings of MIH.

*Net Income*

As a result of the foregoing, our Other business segment registered a net income of Php1,101 million for the six months ended June 30, 2026, an increase of Php876 million from Php225 million in the same period in 2025.

*Core Income*

Our Other business segment's core income amounted to Php436 million for the six months ended June 30, 2026, an increase of Php163 million, or 60%, from Php273 million in the same period in 2025.

## Liquidity and Capital Resources

The following table shows our consolidated cash flows for the six months ended June 30, 2026 and 2025, as well as our consolidated capitalization and other consolidated selected financial data as at June 30, 2026 and December 31, 2025:

| | Six Months Ended June 30, | |
|---|---|---|
| | 2026 | 2025 |
| | (amounts in million Php) | |
| Cash Flows | | |
| Net cash flows from operating activities | 45,776 | 46,705 |
| Net cash flows used in investing activities | (23,272) | (32,470) |
| *Payment for purchase of property and equipment, including capitalized interest* | *(23,736)* | *(34,078)* |
| Net cash flows used in financing activities | (22,603) | (13,324) |
| Net increase (decrease) in cash and cash equivalents | 30 | 826 |

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| | (amounts in million Php) | |
| Capitalization | | |
| Long-term portion of interest-bearing financial liabilities – net of current portion: | | |
| Long-term debt | 267,008 | 278,868 |
| Current portion of interest-bearing financial liabilities: | | |
| Long-term debt maturing within one year | 30,917 | 16,180 |
| Total interest-bearing financial liabilities | 297,925 | 295,048 |
| Total equity attributable to equity holders of PLDT | 133,816 | 127,252 |
| | 431,741 | 422,300 |
| Other Selected Financial Data | | |
| Total assets | 638,278 | 634,979 |
| Property and equipment | 327,142 | 327,989 |
| Cash and cash equivalents | 11,896 | 11,866 |
| Short-term investments | 10 | 10 |

Our consolidated cash and cash equivalents and short-term investments totaled Php11,906 million as at June 30, 2026. Principal sources of consolidated cash and cash equivalents in 2026 were: (1) cash flows from operating activities amounting to Php45,776 million; (2) proceeds from availment of long-term debt of Php8,150 million; (3) collections from derivative financial instruments of Php514 million; and (4) interest received of Php305 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php23,736 million; (2) long-term debt principal and interest payments of Php7,063 million and Php6,374 million, respectively; (3) cash dividends paid of Php9,934 million; and (4) settlement of obligations under lease liabilities of Php7,835 million.

Our consolidated cash and cash equivalents and short-term investments totaled Php10,847 million as at June 30, 2025. Principal sources of consolidated cash and cash equivalents in 2025 were cash flows from operating activities amounting to Php46,705 million, proceeds from availment of long-term and short-term debt of Php18,900 million and Php1,022 million, respectively, proceeds from disposal of property and equipment of Php1,063 million, mainly proceeds from the sale and leaseback of telecom towers, interest received of Php361 million, and proceeds from maturity of short-term investments of Php126 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php34,078 million; (2) cash dividends paid of Php10,213 million; (3) long-term debt principal and interest payments of Php7,719 million and Php6,494 million, respectively; (4) settlement of obligations under lease liabilities of Php6,944 million; and (5) payment of short-term debt of Php1,022 million.

### *Operating Activities*

Our consolidated net cash flows from operating activities decreased by Php929 million, or 2%, to Php45,776 million for the six months ended June 30, 2026 from Php46,705 million in the same period in 2025 primarily due to lower level of collection of receivables and higher prepayments and inventories, partially offset by lower level of settlement of accounts payable and accrued expenses and other current liabilities, and higher operating income.

Cash flows from operating activities of our Wireless business segment increased by Php7,173 million, or 33%, to Php28,795 million for the six months ended June 30, 2026 from Php21,622 million in the same period in 2025, primarily due to lower prepayments and higher operating income, partially offset by higher inventories and higher level of settlement of accrued expenses and other current liabilities. Cash flows from operating activities of our Fixed Line business segment decreased by Php12,285 million, or 41%, to Php17,876 million for the six months ended June 30, 2026 from Php30,161 million in the same period in 2025, primarily due to lower level of collection of accounts receivables and higher prepayments, partially offset by lower level of settlement of accounts payable and accrued expenses and other current liabilities. Cash flows used in operating activities of our Other business segment amounted to Php93 million for the six months ended June 30, 2026, a decrease of Php163 million, or 64%, from Php256 million in the same period in 2025, primarily due to lower level of settlement of accounts payable.

***Investing Activities***

Consolidated net cash flows used in investing activities amounted to Php23,272 million for the six months ended June 30, 2026, a decrease of Php9,198 million, or 28%, from Php32,470 million in the same period in 2025, primarily due to the combined effects of the following: (1) lower payment for purchase of property and equipment, including capitalized interest, by Php10,342 million; (2) lower proceeds from disposal of property and equipment by Php669 million; (3) higher payments for purchase of investment in associates and joint ventures by Php155 million, mainly Smart's additional investment in Dream Fearlessly Technologies, Inc.; (4) proceeds from maturity of short-term investments of Php126 million in 2025; and (5) lower interest received by Php56 million.

Our consolidated payment for purchase of property and equipment, including capitalized interest, for the six months ended June 30, 2026 totaled Php23,736 million, a decrease of Php10,342 million, or 30%, as compared with Php34,078 million in the same period in 2025. Smart’s payment for purchase of property and equipment, including capitalized interest, decreased by Php1,096 million, or 8%, to Php13,123 million for the six months ended June 30, 2026 from Php14,219 million in the same period in 2025. PLDT’s payment for purchase of property and equipment, including capitalized interest, decreased by Php5,830 million, or 39%, to Php9,209 million for the six months ended June 30, 2026 from Php15,039 million in the same period in 2025. The balance represents other subsidiaries’ capital spending.

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

***Financing Activities***

On a consolidated basis, cash flows used in financing activities amounted to Php22,603 million for the six months ended June 30, 2026, an increase of Php9,279 million, or 70%, from Php13,324 million in the same period in 2025, primarily due to the combined effects of the following: (1) lower proceeds from availment of long-term debt by Php10,750 million; (2) higher settlement of obligations under capital lease by Php891 million; (3) lower interest paid by Php120 million; (4) lower cash dividends paid by Php279 million; (5) lower payment of long-term debt by Php656 million; and (6) collections from derivative financial instruments of Php514 million in 2026 as against settlements of derivative financial instruments of Php712 million in 2025.

*Debt Financing*

Proceeds from availment of long-term debt for the six months ended June 30, 2026 amounted to Php8,150 million from PLDT, Smart and Vitro’s drawings related to refinancing of maturing debt obligations and financing capital expenditure requirements. Payments of principal on our long-term debt amounted to Php7,063 million, while payments of interest on our total debt amounted to Php6,369 million for the six months ended June 30, 2026.

Our consolidated long-term and short-term debts increased by Php2,877 million, or 1%, to Php297,925 million as at June 30, 2026 from Php295,048 million as at December 31, 2025 primarily due to drawings from our long-term facilities and the revaluation of foreign currency-denominated debt, partially offset by debt amortization. As at June 30, 2026, PLDT’s long-term debt level increased by Php4,192 million, or 2%, to Php179,163 million from Php174,971 million as at December 31, 2025, Smart’s long-term debt level decreased by Php1,378 million, or 1%, to Php105,769 million as at June 30, 2026 from Php107,147 million as at December 31, 2025, VITRO's long-term debt level increased by Php63 million to Php12,693 million as at June 30, 2026 from Php12,630 million as at December 31, 2025, and Multisys' short-term debt of Php300 million as at June 30, 2026 and December 31, 2025.

See *Note 20 – Interest-bearing Financial Liabilities – Long-term Debt* to the accompanying unaudited consolidated financial statements for a more detailed discussion of our long-term and short-term debts.

*Debt Covenants*

PLDT's debt instruments contain restrictive covenants, including covenants that require us to comply with specified financial ratios tests, at relevant measurement dates, principally at the end of each quarterly period. Smart's debt instruments contain certain restrictive covenants that require Smart to comply with specified financial ratios and other financial tests at semi-annual measurement dates. VITRO's debt instruments contain certain restrictive covenants that require VITRO to comply with specified financial ratios and other financial tests at quarterly measurement dates.

As at June 30, 2026 and December 31, 2025, we are in compliance with all of our debt covenants.

See *Note 20 – Interest-bearing Financial Liabilities – Compliance with Debt Covenants* to the accompanying unaudited consolidated financial statements for a more detailed discussion of our debt covenants.

*Financing Requirements*

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

As part of our capital allocation strategy, we regularly assess the appropriateness of dividend payments in the context of operating cash flows and broader financial objectives.

The following table shows the dividends declared to shareholders for the six months ended June 30, 2026 and 2025:

| | Date | | | Amount | |
|---|---|---|---|---|---|
| **Class** | **Approved** | **Record** | **Payable** | **Per Share** | **Total** |
| | | | | **(in million Php, except per share amount)** | |
| For the six months ended June 30, 2026 | | | | | |
| Common | | | | | |
| Regular Dividend | February 26, 2026 | March 26, 2026 | April 16, 2026 | 46 | 9,939 |
| Preferred | | | | | |
| Series IV Cumulative Non-convertible Redeemable Preferred Stock[1] | January 27, 2026 | February 10, 2026 | March 15, 2026 | — | 12 |
| | May 14, 2026 | May 21, 2026 | June 15, 2026 | — | 12 |
| Voting Preferred Stock | February 26, 2026 | April 2, 2026 | April 15, 2026 | — | 2 |
| | June 9, 2026 | June 23, 2026 | July 15, 2026 | — | 3 |
| Charged to Retained Earnings | | | | | 9,968 |
| For the six months ended June 30, 2025 | | | | | |
| Common | | | | | |
| Regular Dividend | February 27, 2025 | March 13, 2025 | April 3, 2025 | 47 | 10,155 |
| Preferred | | | | | |
| Series IV Cumulative Non-convertible Redeemable Preferred Stock[1] | January 28, 2025 | February 11, 2025 | March 15, 2025 | — | 12 |
| | May 15, 2025 | May 22, 2025 | June 15, 2025 | — | 12 |
| Voting Preferred Stock | March 20, 2025 | April 3, 2025 | April 15, 2025 | — | 2 |
| | June 10, 2025 | June 24, 2025 | July 15, 2025 | — | 3 |
| Charged to Retained Earnings | | | | | 10,184 |

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

Our dividends declared after June 30, 2026 are as follows:

| | Date | | | Amount | |
|---|---|---|---|---|---|
| **Class** | **Approved** | **Record** | **Payable** | **Per Share** | **Total** |
| | | | | **(in million Php, except per share amount)** | |
| Common | | | | | |
| Regular Dividend | August 13, 2026 | August 28, 2026 | September 11, 2026 | 46 | 9,939 |
| Preferred | | | | | |
| Series IV Cumulative Non-convertible Redeemable Preferred Stock[1] | August 13, 2026 | August 25, 2026 | September 15, 2026 | — | 12 |
| Voting Preferred Stock | August 13, 2026 | September 14, 2026 | October 15, 2026 | — | 2 |
| Charged to Retained Earnings | | | | | 9,953 |

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

See *Note 19 – Equity* to the accompanying unaudited consolidated financial statements for further details.

## Changes in Financial Conditions

*Assets*

Our total assets amounted to Php638,278 million as at June 30, 2026, an increase of Php3,299 million, or 1%, from Php634,979 million as at December 31, 2025, primarily due to higher current assets by Php4,965 million, partially offset by lower noncurrent assets by Php1,666 million.

***Noncurrent Assets***

Property and equipment decreased by Php847 million mainly due to depreciation for the period, partially offset by capital expenditures.

Right-of-use assets decreased by Php463 million, or 1%, mainly due to depreciation for the period, partially offset by additional sites leased.

Investments in associates and joint ventures increased by Php1,093 million, or 2%, mainly due to equity share in net earnings in MIH.

Deferred income tax assets decreased by Php1,870 million, or 16%, mainly due to lower unamortized past service pension costs and unearned revenues.

Other noncurrent assets increased by Php421 million mainly due to higher investment properties and prepayments – net of current portion.

***Current Assets***

Cash and cash equivalents increased by Php30 million mainly due to the combined effects of cash flows from operating activities of Php45,776 million, cash flows used in investing activities of Php23,272 million, and cash flows used in financing activities of Php22,603 million.

Trade and other receivables increased by Php4,026 million, or 13%, mainly due to higher receivables from corporate subscribers, and dealer, agents and others.

Inventories and supplies increased by Php944 million, or 51%, mainly due to higher commercial inventories.

Other current assets decreased by Php35 million mainly due to lower current portion of prepayments and other non-financial assets, partially offset by higher current portion of debt instruments at amortized cost.

***Liabilities***

Our total liabilities amounted to Php503,157 million as at June 30, 2026, a decrease of Php3,376 million, or 1%, from Php506,533 million as at December 31, 2025, primarily due to lower noncurrent liabilities by Php12,396 million, partially offset by higher current liabilities by Php9,020 million.

Noncurrent and current interest-bearing financial liabilities increased by Php2,877 million, or 1%, primarily due to drawings from our long-term facilities and the revaluation of foreign currency-denominated debt, partially offset by debt amortizations.

Other noncurrent liabilities decreased by Php536 million, primarily due to lower lease liabilities – net of current portion.

Accounts payable decreased by Php3,034 million primarily due to lower payables to suppliers and contractors.

Other current liabilities decreased by Php2,683 million, or 3%, primarily due to lower accrued expenses and other current liabilities, partially offset by higher lease liabilities and income tax payable.

**Off-Balance Sheet Arrangements**

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

*Equity Financing*

The PLDT Board of Directors approved the amendment of our dividend policy on August 2, 2016, reducing our dividend payout rate to 60% of our core earnings per share as regular dividends. This was in view of our elevated capital expenditures to build-out a robust, superior network to support the continued growth of data traffic, plans to invest in new adjacent businesses that will complement the current business and provide future sources of profits and dividends, and management of our cash and gearing levels. We began basing our dividend payout on telco core income in 2019. In declaring dividends, we take into consideration the interest of our shareholders, as well as our working capital, capital expenditures and debt servicing requirements. The retention of earnings may be necessary to meet the funding requirements of our business expansion and development programs. Depending on business funding requirements and investment opportunities, we may consider the option of returning additional cash to our shareholders in the form of special dividends of up to the balance of our core earnings or to undertake share buybacks. We were able to pay out approximately 100% of our core earnings for seven consecutive years from 2007 to 2013, approximately 90% of our core earnings for 2014, 75% of our core earnings for 2015, 60% of our core earnings from 2016 to 2018, and 60% of our telco core income from 2019 to 2025. In addition, we paid special dividends of 28% of our telco core earnings in 2022, bringing the total payout ratio to 88% for that year. The accumulated equity in the net earnings of our subsidiaries, which form part of our retained earnings, are not available for distribution unless realized in the form of dividends from such subsidiaries. Dividends are generally paid in Philippine pesos. In the case of shareholders residing outside the Philippines, PLDT's transfer agent in Manila, Philippines, as the dividend-disbursing agent, converts the Philippine peso dividends into U.S. dollars at the prevailing exchange rate and remits the dollar dividends abroad, net of any applicable withholding tax and fees, in the case of the American Depositary Shares (ADS).

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

Consolidated cash dividend payments amounted to Php9,934 million for the six months ended June 30, 2026 as compared with Php10,213 million paid to shareholders in the same period in 2025.

**Contractual Obligations and Commercial Commitments**

*Contractual Obligations*

*Various Trade and Other Obligations*

PLDT Group has various obligations to suppliers for the acquisition of network equipment, contractors for services rendered on various projects, foreign administrations and domestic carriers for the access charges, shareholders for unpaid dividends distributions, employees for benefits and other related obligations, and various business and operational related agreements. Total obligations under these various agreements amounted to approximately Php104,587 million and Php110,977 million as at June 30, 2026 and December 31, 2025, respectively. See *Note 22 – Accounts Payable* and *Note 23 – Accrued Expenses and Other Current Liabilities* to the accompanying unaudited consolidated financial statements.

*Commercial Commitments*

*Major Network Vendors*

Significant commitment in respect of major network vendors, net of advances and deliveries, amounted to about Php9,500 million and Php19,700 million as at June 30, 2026 and December 31, 2025, respectively.

*Other Capital Expenditure Vendors*

Commitments related to non-major capital expenditure vendors, net of advances and deliveries, amounted to Php11,600 million and Php16,900 million as at June 30, 2026 and December 31, 2025, respectively.

We have no outstanding commercial commitments, in the form of letters of credit, as at June 30, 2026 and December 31, 2025.

**Quantitative and Qualitative Disclosures about Market Risks**

The main risks arising from our financial instruments are liquidity risk, foreign currency exchange risk, interest rate risk and credit risk. The importance of managing those risks has significantly increased in light of the considerable change and volatility in both the Philippine and international financial markets. Our Board of Directors reviews and approves policies for managing each of these risks. We also monitor the market price risk arising from all financial instruments.

For further discussions of these risks, see *Note 27 – Financial Assets and Liabilities* to the accompanying unaudited consolidated financial statements.

The following table sets forth the estimated consolidated fair values of our financial assets and liabilities recognized as at June 30, 2026 and December 31, 2025 other than those whose carrying amounts are reasonable approximations of fair values:

| | **Fair Values** | |
|---|---|---|
| | **June 30, 2026** | **December 31, 2025** |
| | **(amounts in million Php)** | |
| Noncurrent Financial Assets | | |
| Debt instruments at amortized cost | 110 | 349 |
| Other financial assets – net of current portion | 3,045 | 2,973 |
| Total noncurrent financial assets | 3,155 | 3,322 |
| Noncurrent Financial Liabilities | | |
| Interest-bearing financial liabilities | 260,762 | 272,011 |
| Customers' deposits | 804 | 837 |
| Deferred credits and other noncurrent liabilities | 1,307 | 1,372 |
| Total noncurrent financial liabilities | 262,873 | 274,220 |

The following table sets forth the amount of gains (losses) recognized for the financial assets and liabilities for the six months ended June 30, 2026 and the three months ended March 31, 2026:

| | **June 30, 2026** | **March 31, 2026** |
|---|---|---|
| | **(amounts in million Php)** | |
| Profit and Loss | | |
| Interest income | 332 | 161 |
| Gains on derivative financial instruments – net | 495 | 472 |
| Accretion on financial liabilities | (190) | (94) |
| Interest on loans and other related items | (7,574) | (3,755) |
| Other Comprehensive Income | | |
| Net fair value losses on cash flow hedges – net of tax | 131 | 64 |

## PART II – OTHER INFORMATION

***VITRO REIT Proposed Initial Public Offering***

On June 20, 2026, VITRO, a wholly owned subsidiary of ePLDT, filed with the Philippine Securities and Exchange Commission (SEC) its registration statement and Real Estate Investment Trust (REIT) Plan for its proposed initial public offering (IPO).

Subsequently, on July 22, 2026, VITRO filed its application for listing on the Main Board of the Philippine Stock Exchange (PSE) in connection with its proposed IPO. The PSE listing application follows VITRO filing of its registration statement and REIT Plan with the SEC. The proposed offering remains subject to regulatory approvals, market conditions, and other applicable approvals.

VITRO Inc. is in the process of changing its corporate name to VITRO REIT, subject to the approval of the SEC**.**

***Proposed Acquisition of the Remaining Interest in Radius***

On May 14, 2026, the Board of Directors of PLDT approved the proposed acquisition by PLDT of 4,647,494 common shares of Radius Telecoms (Radius), representing the remaining 65.1% equity interest in Radius, from Paragon Vertical Corporation, subject to the execution of definitive agreements and the satisfaction of applicable closing conditions (the "Proposed Acquisition").

PLDT currently owns 34.9% of the total issued and outstanding capital stock of Radius. Upon completion of the Proposed Acquisition, PLDT will own 100% of the total issued and outstanding capital of Radius.

***Others***

For updates on matters relating to the (1) Sale and Leaseback of Telecom Towers, see *Note 9 – Property and Equipment* and *Note 10 – Leases;* (2) DITO, PCC and NTC Complaints, see *Note 26 – Provisions and Contingencies*;
(3) Department of Labor and Employment (DOLE) Compliance Order to PLDT, and other pending cases, see *Note 26 – Provisions and Contingencies*; and (4) Petition against the Philippine Competition Commission, see *Note 11 – Investment in Associates and Joint Ventures*, to the accompanying unaudited consolidated financial statements.

### Related Party Transactions

For a detailed discussion of the related party transactions, see *Note 24 – Related Party Transactions* to the accompanying unaudited consolidated financial statements.

## ANNEX I – AGING OF ACCOUNTS RECEIVABLE

The following table shows the aging of our consolidated receivables as at June 30, 2026:

| Type of Accounts Receivable | Total | Current | 31-60 Days | 61-90 Days | Over 91 Days |
|---|---|---|---|---|---|
| | | | (amounts in million Php) | | |
| Corporate subscribers | 23,370 | 8,869 | 3,044 | 603 | 10,854 |
| Retail subscribers | 20,715 | 8,276 | 962 | 298 | 11,179 |
| Foreign administrations | 1,704 | 650 | 264 | 133 | 657 |
| Domestic carriers | 389 | 120 | 78 | 31 | 160 |
| Dealers, agents and others | 9,966 | 6,879 | 124 | 13 | 2,950 |
| Total | 56,144 | 24,794 | 4,472 | 1,078 | 25,800 |
| Less: Allowance for expected credit losses | 20,751 | | | | |
| Total Receivables – net | 35,393 | | | | |

## ANNEX II – FINANCIAL SOUNDNESS INDICATORS

The following table shows our financial soundness indicators as at June 30, 2026 and December 31, 2025:

| | 2026 | 2025 |
|---|---|---|
| Current Ratio[(1)] | 0.44:1.0 | 0.44:1.0 |
| Acid Test Ratio[(2)] | 0.28:1.0 | 0.27:1.0 |
| Solvency Ratio[(3)] | 0.31:1.0 | 0.32:1.0 |
| Net Debt to Equity Ratio[(4)] | 2.15:1.0 | 2.24:1.0 |
| Net Debt to Adjusted EBITDA Ratio[(5)] | 2.57:1.0 | 2.56:1.0 |
| Total Debt to Adjusted EBITDA Ratio[(6)] | 2.68:1.0 | 2.67:1.0 |
| Asset to Equity Ratio[(7)] | 4.77:1.0 | 5.00:1.0 |
| Total Debt to Equity Ratio[(8)] | 79:21 | 80:20 |
| Interest Coverage Ratio[(9)] | 3.27:1.0 | 3.35:1.0 |
| Net Profit Margin[(10)] | 13% | 14% |
| Return on Assets[(11)] | 5% | 5% |
| Return on Equity[(12)] | 22% | 25% |
| Adjusted EBITDA Margin[(13)] | 52% | 52% |

(1) *Current ratio is measured as current assets divided by current liabilities.*

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

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

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

(5) *Net Debt to Adjusted EBITDA ratio is measured as total debt (principal amount of long-term debt, including current portion, i.e., excluding debt issuance cost) less cash and cash equivalents, short-term investments and debt instruments at amortized cost divided by Adjusted EBITDA for the last 12 months.*

(6) *Total Debt to Adjusted EBITDA ratio is measured as total debt (principal amount of long-term debt, including current portion, i.e., excluding debt issuance cost) divided by Adjusted EBITDA for the last 12 months.*

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

(8) *Total debt to equity ratio is the ratio between total liabilities to total equity, including non-controlling interest.*

(9) *Interest coverage ratio is measured by EBIT, or earnings before interest and taxes for the last 12 months, divided by total financing cost less interest income for the last 12 months.*

(10) *Net profit margin is derived by dividing net income for the last 12 months with total revenues for the last 12 months.*

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

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

(13) *Adjusted EBITDA margin is measured as Adjusted EBITDA for the last 12 months divided by service revenues for the last 12 months.*

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

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report for the first half of 2026 to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: **PLDT Inc.**

Signature and Title: ______________________________

**MANUEL V. PANGILINAN**
Chairman, President and Chief Executive Officer

Signature and Title: ______________________________

**LEO I. POSADAS**
Senior Vice President and PLDT Group Treasurer
Officer-in-charge – Finance, Risk and Sustainability Group
(Principal Financial Officer)

Signature and Title: ______________________________

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

Date: August 13, 2026

**PLDT INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AS AT JUNE 30, 2026 (UNAUDITED) AND DECEMBER 31, 2025 (AS REVISED)**
**AND FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025 (UNAUDITED)**

## PLDT INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
### As at June 30, 2026 and December 31, 2025
### (in million pesos)

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (As Revised[1]) |
| **ASSETS** | | |
| **Noncurrent Assets** | | |
| Property and equipment (Note 9) | **327,142** | 327,989 |
| Right-of-use assets (Note 10) | **48,314** | 48,777 |
| Investments in associates and joint ventures (Note 11) | **53,518** | 52,425 |
| Financial assets at fair value through profit or loss (Note 27) | **1,041** | 1,030 |
| Debt instruments at amortized cost – net of current portion (Notes 12 and 27) | **110** | 350 |
| Investment properties (Note 13) | **8,042** | 7,789 |
| Goodwill and intangible assets (Note 14) | **64,339** | 64,421 |
| Deferred income tax assets – net (Note 7) | **9,591** | 11,461 |
| Derivative financial assets – net of current portion (Note 27) | **761** | 617 |
| Prepayments and other nonfinancial assets – net of current portion (Note 18) | **46,798** | 46,598 |
| Contract assets – net of current portion (Note 5) | **373** | 333 |
| Other financial assets – net of current portion (Note 27) | **3,711** | 3,616 |
| Total Noncurrent Assets | **563,740** | 565,406 |
| **Current Assets** | | |
| Cash and cash equivalents (Notes 15 and 27) | **11,896** | 11,866 |
| Short-term investments (Note 27) | **10** | 10 |
| Trade and other receivables (Note 16) | **35,393** | 31,367 |
| Inventories and supplies (Note 17) | **2,787** | 1,843 |
| Current portion of contract assets (Note 5) | **1,086** | 1,154 |
| Current portion of derivative financial assets (Note 27) | **229** | 203 |
| Current portion of debt instruments at amortized cost (Notes 12 and 27) | **340** | 20 |
| Current portion of prepayments and other nonfinancial assets (Note 18) | **15,869** | 16,351 |
| Current portion of other financial assets (Note 27) | **437** | 339 |
| | **68,047** | 63,153 |
| Assets classified as held-for-sale (Notes 9 and 10) | **6,491** | 6,420 |
| Total Current Assets | **74,538** | 69,573 |
| **TOTAL ASSETS** | **638,278** | 634,979 |
| **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 | **130,204** | 130,204 |
| Retained earnings | **43,796** | 37,318 |
| Other comprehensive loss (Note 6) | **(35,282)** | (35,368) |
| Total Equity Attributable to Equity Holders of PLDT | **133,816** | 127,252 |
| Noncontrolling interests | **1,305** | 1,194 |
| **TOTAL EQUITY** | **135,121** | 128,446 |

[1] *See Note 2 - Summary of Material Accounting Policies.*

*See accompanying Notes to Consolidated Financial Statements.*

## PLDT INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (*continued*)
### As at June 30, 2026 and December 31, 2025
### (in million pesos)

| | June 30, 2026 (Unaudited) | December 31, 2025 (As Revised[1]) |
|---|---|---|
| **Noncurrent Liabilities** | | |
| Interest-bearing financial liabilities – net of current portion (Notes 20 and 27) | **267,008** | 278,868 |
| Lease liabilities – net of current portion (Note 10) | **52,905** | 55,276 |
| Deferred income tax liabilities – net (Note 7) | **60** | 75 |
| Customers' deposits (Note 27) | **1,276** | 1,262 |
| Pension and other employee benefits (Note 25) | **4,025** | 3,810 |
| Deferred credits and other noncurrent liabilities (Note 21) | **9,291** | 7,670 |
| Total Noncurrent Liabilities | **334,565** | 346,961 |
| **Current Liabilities** | | |
| Accounts payable (Note 22) | **53,345** | 56,379 |
| Accrued expenses and other current liabilities (Note 23) | **68,965** | 73,381 |
| Current portion of interest-bearing financial liabilities (Note 20) | **30,917** | 16,180 |
| Current portion of lease liabilities (Note 10) | **10,187** | 8,897 |
| Dividends payable (Note 19) | **2,108** | 2,087 |
| Current portion of derivative financial liabilities (Note 27) | **92** | 77 |
| Income tax payable | **1,366** | 946 |
| | **166,980** | 157,947 |
| Liabilities associated with assets classified as held-for-sale (Note 10) | **1,612** | 1,625 |
| Total Current Liabilities | **168,592** | 159,572 |
| **TOTAL LIABILITIES** | **503,157** | 506,533 |
| **TOTAL EQUITY AND LIABILITIES** | **638,278** | 634,979 |

(1) *See Note 2 - Summary of Material Accounting Policies.*

*See accompanying Notes to Consolidated Financial Statements.*

## PLDT INC. AND SUBSIDIARIES

## CONSOLIDATED INCOME STATEMENTS
### For the six months ended June 30, 2026 and 2025
### (in million pesos, except earnings per common share amounts which are in pesos)

| | For the Six Months Ended June 30, | | Three Months Ended June 30, | |
|---|---|---|---|---|
| | **2026** | 2025 | **2026** | 2025 |
| | **(Unaudited)** | | **(Unaudited)** | |
| **REVENUES FROM CONTRACTS WITH CUSTOMERS** | | | | |
| Service revenues (Notes 4 and 5) | **108,732** | 106,235 | **53,827** | 52,942 |
| Non-service revenues (Notes 4 and 5) | **3,274** | 3,266 | **1,666** | 1,410 |
| | **112,006** | 109,501 | **55,493** | 54,352 |
| **EXPENSES** | | | | |
| General operating costs (Note 5) | **36,626** | 37,828 | **18,422** | 19,048 |
| Depreciation and amortization (Notes 9, 10, 14 and 18) | **28,553** | 26,187 | **14,273** | 13,115 |
| Cost of devices, accessories and contract-specific services (Note 5) | **6,838** | 6,014 | **3,394** | 2,643 |
| Asset impairment (Note 5) | **1,909** | 2,021 | **1,081** | 1,001 |
| Interconnection costs (Note 5) | **10,958** | 9,187 | **4,962** | 4,723 |
| | **84,884** | 81,237 | **42,132** | 40,530 |
| | **27,122** | 28,264 | **13,361** | 13,822 |
| | | | | |
| **OTHER EXPENSES — NET** (Note 5) | **5,842** | 5,473 | **3,338** | 2,354 |
| | | | | |
| **INCOME BEFORE INCOME TAX** | **21,280** | 22,791 | **10,023** | 11,468 |
| | | | | |
| **PROVISION FOR INCOME TAX** (Note 7) | **4,746** | 5,278 | **2,407** | 2,658 |
| | | | | |
| **NET INCOME** (Note 4) | **16,534** | 17,513 | **7,616** | 8,810 |
| **ATTRIBUTABLE TO:** | | | | |
| Equity holders of PLDT (Note 8) | **16,446** | 17,472 | **7,577** | 8,808 |
| Noncontrolling interests | **88** | 41 | **39** | 2 |
| | **16,534** | 17,513 | **7,616** | 8,810 |
| **Earnings Per Share Attributable to Common Equity Holders of PLDT** (Note 8) | | | | |
| Basic | **75.99** | 80.73 | **35.01** | 40.69 |
| Diluted | **75.99** | 80.73 | **35.01** | 40.69 |

*See accompanying Notes to Consolidated Financial Statements.*

## PLDT INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
### For the six months ended June 30, 2026 and 2025
### (in million pesos)

| | For the Six Months Ended June 30, | | Three Months Ended June 30, | |
|---|---|---|---|---|
| | **2026** | 2025 | **2026** | 2025 |
| | (Unaudited) | | (Unaudited) | |
| **NET INCOME** | **16,534** | 17,513 | **7,616** | 8,809 |
| **OTHER COMPREHENSIVE INCOME (LOSS) – NET OF TAX** (Note 6) | | | | |
| Foreign currency translation differences of subsidiaries | **13** | (28) | **(7)** | (14) |
| Net transactions on cash flow hedges: | **131** | 125 | **67** | 92 |
| Net fair value gains on cash flow hedges (Note 27) | **174** | 167 | **88** | 123 |
| Income tax related to fair value adjustments charged directly to equity | **(43)** | (42) | **(21)** | (31) |
| Net other comprehensive income to be reclassified to profit or loss in subsequent periods | **144** | 97 | **60** | 78 |
| Revaluation increment (decrement) on investment properties: | **1** | 1,380 | **—** | (54) |
| Revaluation increment in investment properties transferred from property and equipment (Note 13) | **1** | 1,840 | **—** | (72) |
| Income tax related to revaluation adjustments charged directly to equity | — | (460) | **—** | 18 |
| Share in the other comprehensive loss of associates and joint ventures accounted for using the equity method | **(76)** | (1) | **(72)** | (1) |
| Remeasurements of post-employment benefit obligations: | **40** | (141) | **1** | — |
| Remeasurement gains (losses) on post-employment benefit obligations | **54** | (191) | **2** | (1) |
| Income tax related to remeasurement adjustments | **(14)** | 50 | **(1)** | 1 |
| Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods | **(35)** | 1,238 | **(71)** | (55) |
| Total other comprehensive income – net of tax | **109** | 1,335 | **(11)** | 23 |
| **TOTAL COMPREHENSIVE INCOME** | **16,643** | 18,848 | **7,605** | 8,832 |
| **ATTRIBUTABLE TO:** | | | | |
| Equity holders of PLDT | **16,532** | 18,821 | **7,547** | 8,838 |
| Noncontrolling interests | **111** | 27 | **58** | (6) |
| | **16,643** | 18,848 | **7,605** | 8,832 |

*See accompanying Notes to Consolidated Financial Statements.*

# PLDT INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
## For the six months ended June 30, 2026 and 2025
## (in million pesos)

| | Preferred Stock | Common Stock | Treasury Stock | Capital in Excess of Par Value | Retained Earnings (As Revised[1]) | Other Comprehensive Income (Loss) (As Revised[1]) | Total Equity Attributable to Equity Holders of PLDT | Noncontrolling Interests | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balances as at January 1, 2026** | **510** | **1,093** | **(6,505)** | **130,204** | **37,318** | **(35,368)** | **127,252** | **1,194** | **128,446** |
| Cash dividends (Note 19) | **—** | **—** | **—** | **—** | **(9,968)** | **—** | **(9,968)** | **—** | **(9,968)** |
| Total comprehensive income - net: | **—** | **—** | **—** | **—** | **16,446** | **86** | **16,532** | **111** | **16,643** |
| Net income | **—** | **—** | **—** | **—** | **16,446** | **—** | **16,446** | **88** | **16,534** |
| Other comprehensive income (Note 6) | **—** | **—** | **—** | **—** | **—** | **86** | **86** | **23** | **109** |
| **Balances as at June 30, 2026 (Unaudited)** | **510** | **1,093** | **(6,505)** | **130,204** | **43,796** | **(35,282)** | **133,816** | **1,305** | **135,121** |
| | | | | | | | | | |
| Balances as at January 1, 2025 | 510 | 1,093 | (6,505) | 130,312 | 29,241 | (38,912) | 115,739 | 1,316 | 117,055 |
| Cash dividends (Note 19) | — | — | — | — | (10,184) | — | (10,184) | (50) | (10,234) |
| Total comprehensive income (loss) - net: | — | — | — | — | 17,472 | 1,349 | 18,821 | 27 | 18,848 |
| Net income | — | — | — | — | 17,472 | — | 17,472 | 41 | 17,513 |
| Other comprehensive loss (Note 6) | — | — | — | — | — | 1,349 | 1,349 | (14) | 1,335 |
| Acquisition and dilution of noncontrolling interests | — | — | — | — | — | — | — | (150) | (150) |
| Balances as at June 30, 2025 (Unaudited) | 510 | 1,093 | (6,505) | 130,312 | 36,529 | (37,563) | 124,376 | 1,143 | 125,519 |

*[1] See Note 2 - Summary of Material Accounting Policies.*

*See accompanying Notes to Consolidated Financial Statements.*

## PLDT INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS
### For the six months ended June 30, 2026 and 2025
### (in million pesos)

| | For the Six Months Ended June 30, | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | |
| **CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES** | | |
| Income before income tax | **21,280** | 22,791 |
| Adjustments for: | | |
| Depreciation and amortization (Notes 9, 10, 14 and 18) | **28,553** | 26,187 |
| Interest on loans and other related items – net (Note 5) | **6,304** | 6,544 |
| Accretion on lease liabilities (Notes 5 and 10) | **2,209** | 2,043 |
| Asset impairment (Note 5) | **1,909** | 2,021 |
| Foreign exchange losses (gains) – net (Notes 5 and 27) | **1,365** | (1,406) |
| Pension benefit costs (Notes 5 and 25) | **776** | 747 |
| Accretion on financial liabilities (Notes 5 and 20) | **190** | 186 |
| Gain on sale and leaseback of telecom towers (Notes 5 and 9) | **—** | (967) |
| Gains on disposal of property and equipment (Note 5) | **(235)** | (79) |
| Interest income (Note 5) | **(332)** | (380) |
| Losses (gains) on derivative financial instruments – net (Notes 5 and 27) | **(495)** | 1,323 |
| Equity share in net income of associates and joint ventures (Notes 5 and 11) | **(915)** | (114) |
| Others | **(495)** | 94 |
| Operating income before changes in assets and liabilities | **60,114** | 58,990 |
| Decrease (increase) in: | | |
| Contract assets | **(23)** | 119 |
| Prepayments | **(406)** | 2,248 |
| Inventories and supplies | **(957)** | 820 |
| Trade and other receivables | **(5,484)** | (1,353) |
| Other financial and non-financial assets | **105** | (566) |
| Increase (decrease) in: | | |
| Customers deposits | **12** | (40) |
| Pension and other employee benefits | **(619)** | (3,645) |
| Accounts payable | **(1,260)** | (2,934) |
| Accrued expenses and other current liabilities | **(2,814)** | (4,015) |
| Other noncurrent liabilities | **(15)** | 53 |
| Net cash flows generated from operations | **48,653** | 49,677 |
| Income taxes paid | **(2,877)** | (2,972) |
| Net cash flows from operating activities | **45,776** | 46,705 |

*See accompanying Notes to Consolidated Financial Statements.*

## PLDT INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS *(continued)*
## For the six months ended June 30, 2026 and 2025
## (in million pesos)

| | For the Six Months Ended June 30, | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | |
| **CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES** | | |
| Proceeds from: | | |
| Disposal of property and equipment (Note 9) | **394** | 1,063 |
| Disposal of investment properties | **47** | — |
| Maturity of short-term investments | **—** | 126 |
| Redemption of investment in debt securities (Note 12) | **—** | 25 |
| Interest received | **305** | 361 |
| Payments for: | | |
| Purchase of investment in debt securities (Note 12) | **(40)** | — |
| Acquisition of investments in associates and joint ventures (Note 11) | **(270)** | (115) |
| Interest capitalized to property and equipment (Notes 5 and 9) | **(1,270)** | (1,276) |
| Purchase of property and equipment (Note 9) | **(22,466)** | (32,802) |
| Decrease in other financial and non-financial assets | **28** | 148 |
| Net cash flows used in investing activities | **(23,272)** | (32,470) |
| **CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES** | | |
| Proceeds from: | | |
| Availments of long-term debt (Notes 20 and 28) | **8,150** | 18,900 |
| Collections from derivative financial instruments – net (Notes 27 and 28) | **514** | — |
| Availments of short-term debt (Notes 20 and 28) | **—** | 1,022 |
| Payments for: | | |
| Settlement of derivative financial instruments – net (Notes 27 and 28) | **—** | (712) |
| Short-term debt (Notes 20 and 28) | **—** | (1,022) |
| Debt issuance costs (Notes 20 and 28) | **(61)** | (142) |
| Interest – net of capitalized portion (Notes 5 and 28) | **(6,374)** | (6,494) |
| Long-term debt (Notes 20 and 28) | **(7,063)** | (7,719) |
| Obligations under lease liabilities (Notes 10 and 28) | **(7,835)** | (6,944) |
| Cash dividends (Notes 19 and 28) | **(9,934)** | (10,213) |
| Net cash flows used in financing activities | **(22,603)** | (13,324) |
| **NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS** | **129** | (85) |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | **30** | 826 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD (Note 15)** | **11,866** | 10,011 |
| **CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note 15)** | **11,896** | 10,837 |

*See accompanying Notes to Consolidated Financial Statements.*

**PLDT INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

## 1. Corporate Information

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

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

In 1998, certain subsidiaries of First Pacific Company Limited, or First Pacific, and its Philippine affiliates (collectively the First Pacific Group and its Philippine affiliates), acquired a significant interest in PLDT. On March 24, 2000, NTT DOCOMO Business, Inc., or NTT DOCOMO Business (formerly NTT Communications Corporation), 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 DOCOMO Business' 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 DOCOMO Business, 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 DOCOMO Business (both part of Nippon Telegraph and Telephone Corporation) to approximately 20.35% of PLDT's outstanding common stock as at June 30, 2026.

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 25.57% of PLDT's outstanding common stock as at June 30, 2026.

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. As at June 30, 2026, 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 (comprising of NTT DOCOMO and NTT DOCOMO Business), the First Pacific Group and its Philippine affiliates, and JG Summit Group to 12.01%, 15.09% and 6.65%, respectively, which still holds as at June 30, 2026. 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 at June 30, 2026, there were approximately 16 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 one of the leading telecommunications and digital services providers in the Philippines, serving the fixed line, wireless and broadband markets. Through our three principal business segments, Wireless, Fixed Line and Others, we offer a wide range of telecommunications and digital services across our extensive fiber optic backbone and wireless and fixed line networks. Our principal activities are discussed in *Note 4 – Operating Segment Information*.

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

Our consolidated financial statements as at June 30, 2026 and December 31, 2025, and for the six months ended June 30, 2026 and 2025 were approved and authorized for issuance by the Board of Directors on August 13, 2026, as reviewed by the Audit Committee on August 11, 2026.

**Enactment of Republic Act No. 12234 (Konektadong Pinoy Act)**

The Konektadong Pinoy Act (KP Act) took effect on September 14, 2025. The corresponding Implementing Rules and Regulations (IRR) became effective on December 16, 2025. The KP Act introduces an open-access regime in the data transmission sector, including removal of the legislative franchise requirement for data transmission services, mandatory infrastructure sharing for services included in the regulators' Access List, and a revised spectrum management framework providing for periodic review, potential recall, and reassignment of spectrum by the NTC and the Department of Information and Communications Technology (DICT).

These regulatory changes may increase competitive intensity, requiring the PLDT Group to provide access to certain infrastructure and services on fair and non-discriminatory terms, and subject spectrum holdings to periodic review under the new Spectrum Management Policy Framework. The implementation of performance standards, pricing transparency requirements, and other regulatory measures may also affect operating flexibility and margins.

This legislation marks a significant shift in the Philippine connectivity regulatory landscape aimed at accelerating digital connectivity and fostering a more competitive market environment. We continue to monitor further regulatory guidelines from the NTC and the DICT. Management does not expect any immediate material impairment of its existing assets, though it continues to evaluate the potential long-term impact of these regulatory developments on the competitive position and overall financial performance of the Company.

## 2. Summary of Material Accounting Policies

**Basis of Preparation**

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

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

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

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

**Revisions of Prior-Period Comparative Financial Statements**

An error was identified related to the hedge recycling gains associated with certain call spread option derivatives designated as cash flow hedges impacting the year ended December 31, 2025 and prior periods. The revisions described below reflect the errors identified to date.

Upon a subsequent detailed review of hedge effectiveness, the amounts previously recycled to profit or loss have exceeded the amount of fair value losses on cash flow hedges in other comprehensive loss.

In addition to the hedge accounting error described above, the revised prior-period financial information also reflects certain previously unrecorded adjustments identified in connection with audits of prior years' consolidated financial statements.

Accordingly, the PLDT Group has revised the comparative (i) statement of financial position as of December 31, 2025; (ii) income statement and statement of comprehensive income for the six months and three months ended June 30, 2025; (iii) statement of changes in equity and statement of cash flow for the six months ended June 30, 2025; (iv) and the related notes included herein.

Based on the information currently available, the revisions identified do not materially affect the Group’s total cash flows from/(used in) operations, investing, and financing activities, or key operating metrics, including EBITDA, EBIT, Telco Core income and Core income. The Company does not expect the revisions to affect the dividend payout to shareholders and management incentives, which are also computed based on our telco core income. The matter is technical in nature and does not trigger, nor is it subject to, any clawback or recovery provisions.

**Impact of the revision**

The following tables summarize the impact of the revisions on the PLDT Group's previously reported financial information for comparative periods presented:

**Consolidated balance sheet**

| | December 31, 2025 | | |
|---|---|---|---|
| | As reported | Reclassification | As revised |
| Total Assets | 634,828 | 151 | 634,979 |
| Non-current Assets | 565,415 | (9) | 565,406 |
| Prepayments and other nonfinancial assets – net of current portion | 46,486 | 112 | 46,598 |
| Deferred tax assets – net | 11,582 | (121) | 11,461 |
| Current Assets | 69,413 | 160 | 69,573 |
| Current portion of prepayments and other nonfinancial assets | 16,191 | 160 | 16,351 |
| | | | |
| Total Liabilities | 506,745 | (212) | 506,533 |
| Noncurrent Liabilities | 347,602 | (641) | 346,961 |
| Deferred credits and other noncurrent liabilities | 8,311 | (641) | 7,670 |
| | | | |
| Current Liabilities | 159,143 | 429 | 159,572 |
| Accrued expenses and other current liabilities | 72,952 | 429 | 73,381 |
| | | | |
| Total Equity Attributable to Equity Holders of PLDT | 126,889 | 363 | 127,252 |
| Total Equity | 128,083 | 363 | 128,446 |
| | | | |
| Total Liabilities and Equity | 634,828 | 151 | 634,979 |

**Consolidated balance sheet/Consolidated statement of changes in equity**

| | December 31, 2025 | | | January 1, 2025 | | |
|---|---|---|---|---|---|---|
| | As reported | Reclassification | As revised | As reported | Reclassification | As revised |
| Retained earnings | 43,328 | (6,010) | 37,318 | 33,901 | (4,660) | 29,241 |
| Other comprehensive loss | (41,741) | 6,373 | (35,368) | (43,892) | 4,980 | (38,912) |

**Consolidated income statements**

| | For the Six Months Ended June 30, 2025 | | | For the Three Months Ended June 30, 2025 | | |
|---|---|---|---|---|---|---|
| | As reported | Adjustment | As revised | As reported | Adjustment | As revised |
| Service revenues | 106,308 | (73) | 106,235 | 52,887 | 55 | 52,942 |
| Cost of devices, accessories and contract-specific services | 5,958 | 56 | 6,014 | 2,592 | 51 | 2,643 |
| Asset impairment | 1,868 | 153 | 2,021 | 1,001 | — | 1,001 |
| Other expenses – net | 4,868 | 605 | 5,473 | 1,944 | 410 | 2,354 |
| Income before income tax | 23,678 | (887) | 22,791 | 11,874 | (406) | 11,468 |
| Provision for income tax | 5,500 | (222) | 5,278 | 2,760 | (102) | 2,658 |
| Net income | 18,178 | (665) | 17,513 | 9,114 | (304) | 8,810 |
| Net income attributable to equity holders of PLDT | 18,137 | (665) | 17,472 | 9,112 | (304) | 8,808 |
| Earnings per share attributable to common equity holders of PLDT (Basic/Diluted) | 83.81 | (3.08) | 80.73 | 42.10 | (1.41) | 40.69 |

### Consolidated statements of comprehensive income

| | For the Six Months Ended June 30, 2025 | | | For the Three Months Ended June 30, 2025 | | |
|---|---|---|---|---|---|---|
| | As reported | Adjustment | As revised | As reported | Adjustment | As revised |
| Foreign currency translation differences of subsidiaries | (28) | — | (28) | (14) | — | (14) |
| Net transactions on cash flow hedges: | (329) | 454 | 125 | (216) | 308 | 92 |
| *Net fair value gains (losses) on cash flow hedges* | *(438)* | *605* | *167* | *(287)* | *410* | *123* |
| *Income tax related to fair value adjustments charged directly to equity* | *109* | *(151)* | *(42)* | *71* | *(102)* | *(31)* |
| Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent years | (357) | 454 | 97 | (230) | 308 | 78 |
| Total other comprehensive income (loss) – net of tax | 882 | 453 | 1,335 | (284) | 307 | 23 |

The matter has no impact to the total cash flows from/used in operations, investing, and financing activities within the consolidated statements of cash flows as the adjustments will offset among related accounts within the net cash flows from operating activities.

### Basis of Consolidation

Our consolidated financial statements include the financial statements of PLDT and the following subsidiaries (collectively, the "PLDT Group") as at June 30, 2026 and December 31, 2025:

| Name of Subsidiary | Place of Incorporation | Principal Business Activity | June 30, 2026 (Unaudited) Percentage of Ownership Direct | June 30, 2026 (Unaudited) Percentage of Ownership Indirect | December 31, 2025 (Audited) Percentage of Ownership Direct | December 31, 2025 (Audited) Percentage of Ownership Indirect |
|---|---|---|---|---|---|---|
| **Wireless** | | | | | | |
| Smart: | Philippines | Cellular mobile services | **100.0** | **—** | 100.0 | — |
| Smart Broadband, Inc., or SBI, and Subsidiary | Philippines | Internet broadband distribution services | **—** | **100.0** | — | 100.0 |
| Primeworld Digital Systems, Inc., or PDSI | Philippines | Internet broadband distribution services | **—** | **100.0** | — | 100.0 |
| I-Contacts Corporation[(a)] | Philippines | Operations support servicing business | **—** | **100.0** | — | 100.0 |
| Far East Capital Limited, or FECL[(a)] | Cayman Islands | Cost effective offshore financing and risk management activities for Smart | **—** | **100.0** | — | 100.0 |
| PH Communications Holdings Corporation[(a)] | Philippines | Investment company | **—** | **100.0** | — | 100.0 |
| Connectivity Unlimited Resource Enterprise, Inc.[(a)] | Philippines | Cellular mobile services | **—** | **100.0** | — | 100.0 |
| Francom Holdings, Inc.[(a)] | Philippines | Investment company | **—** | **100.0** | — | 100.0 |
| Chikka Holdings Limited, or Chikka, and Subsidiaries, or Chikka Group[(a)] | British Virgin Islands | Content provider, mobile applications development and services | **—** | **100.0** | — | 100.0 |
| Wifun, Inc.[(a)] | Philippines | Software developer and selling of WiFi access equipment | **—** | **100.0** | — | 100.0 |
| PLDT Global, Inc. | Philippines | Cross-border digital platforms and other allied services | **100.0** | **—** | 100.0 | — |
| ACeS Philippines Cellular Satellite Corporation, or ACeS Philippines[(a)] | Philippines | Satellite information and messaging services | **88.5** | **11.5** | 88.5 | 11.5 |
| Digitel Mobile Philippines, Inc., or DMPI, (a wholly-owned subsidiary of Digitel) | Philippines | Cellular mobile services | **—** | **99.6** | — | 99.6 |
| **Fixed Line** | | | | | | |
| PLDT Clark Telecom, Inc., or ClarkTel | Philippines | Telecommunications services | **100.0** | **—** | 100.0 | — |
| PLDT Subic Telecom, Inc., or SubicTel[(a)] | Philippines | Telecommunications services | **100.0** | **—** | 100.0 | — |
| PLDT Global Corporation, or PLDT Global, and Subsidiaries | British Virgin Islands | Telecommunications services | **100.0** | **—** | 100.0 | — |
| PLDT-Philcom, Inc., or Philcom, and Subsidiaries, or Philcom Group[(a)] | Philippines | Telecommunications services | **100.0** | **—** | 100.0 | — |
| Talas Data Intelligence, Inc.[(a)] | Philippines | Business infrastructure and solutions; intelligent data processing and implementation services and data analytics insight generation | **100.0** | **—** | 100.0 | — |
| Multisys Technologies Corporation, or Multisys[(b)] | Philippines | Software development and IT solutions services | **—** | **50.7** | — | 50.7 |

(a) *Ceased commercial operations.*
(b) *On April 2, 2025, PGIH entered into a share purchase agreement to buy 228 common shares of Multisys thereby increasing PGIH ownership from 45.73% to 50.74%.*

| Name of Subsidiary | Place of Incorporation | Principal Business Activity | **June 30, 2026** | | December 31, 2025 | |
|---|---|---|---|---|---|---|
| | | | **Percentage of Ownership** | | | |
| | | | **Direct** | **Indirect** | Direct | Indirect |
| ePLDT, Inc., or ePLDT: | Philippines | Information and communications infrastructure for internet-based services, e-commerce, customer relationship management and IT related services | **100.0** | **—** | 100.0 | — |
| IP Converge Data Services, Inc., or IPCDSI, and Subsidiary, or IPCDSI Group | Philippines | Information and communications infrastructure for internet-based services, e-commerce, customer relationship management and IT related services | **—** | **100.0** | — | 100.0 |
| Curo Teknika, Inc., or Curo[a] | Philippines | Managed IT outsourcing | **—** | **100.0** | — | 100.0 |
| ABM Global Solutions, Inc., or AGS, and Subsidiaries, or AGS Group[a] | Philippines | Internet-based purchasing, IT consulting and professional services | **—** | **100.0** | — | 100.0 |
| ePDS, Inc., or ePDS[a] | Philippines | Bills printing and other related value-added services, or VAS | **—** | **100.0** | — | 100.0 |
| netGames, Inc.[a] | Philippines | Gaming support services | **—** | **57.5** | — | 57.5 |
| MVP Rewards Loyalty Solutions, Inc., or MRSI[a] | Philippines | Full-services customer rewards and loyalty programs | **—** | **100.0** | — | 100.0 |
| VITRO REIT, Inc. (formerly VITRO, Inc) and Subsidiary, or VITRO REIT Group[c] | Philippines | Real estate investment trust (data center services) | **—** | **100.0** | — | 100.0 |
| VITRO REIT Property Managers, Inc., or VPMI[d] | Philippines | Property management services | **—** | **100.0** | — | — |
| VITRO REIT Fund Managers, Inc., or VFMI[d] | Philippines | Fund management services of real estate investment trust companies | **—** | **100.0** | — | — |
| VITRO Services, Inc., or VSI[d] | Philippines | Shared management services | **—** | **100.0** | — | — |
| ePLDT Capital Investment Pte. Ltd. or ePLDT Capital | Singapore | Investment holding and acquisition of companies | **—** | **100.0** | — | 100.0 |
| Digitel | Philippines | Telecommunications services | **99.6** | **—** | 99.6 | — |
| Digitel Information Technology Services, Inc.[a] | Philippines | Internet services | **—** | **99.6** | — | 99.6 |
| PLDT-Maratel, Inc., or Maratel[a] | Philippines | Telecommunications services | **98.0** | **—** | 98.0 | — |
| Bonifacio Communications Corporation, or BCC | Philippines | Telecommunications, infrastructure and related VAS | **75.0** | **—** | 75.0 | — |
| Pilipinas Global Network Limited, or PGNL, and Subsidiaries | British Virgin Islands | International distributor of Filipino channels and content | **64.6** | **—** | 64.6 | — |
| **Others** | | | | | | |
| PLDT Global Investments Holdings, Inc., or PGIH | Philippines | Investment company | **100.0** | **—** | 100.0 | — |
| PLDT Digital Investments Pte. Ltd., or PLDT Digital, and Subsidiaries | Singapore | Investment company | **100.0** | **—** | 100.0 | — |
| PLDT Communications and Energy Ventures, Inc., or PCEV | Philippines | Investment company | **—** | **99.9** | — | 99.9 |

[a] *Ceased commercial operations.*

[c] *On May 7, 2026, the BOD of ePLDT approved the change in corporate name of VITRO Inc. to VITRO REIT, Inc. and the amendment to the primary purpose of VITRO REIT to engage in the business of real estate investment trust, as provided under Republic Act No. 9586 (the Real Estate Investment Trust Act of 2009), including its implementing rules and regulations (the REIT Act), and other applicable laws. The BOD also approved the incorporation of VITRO Santa Rosa, Inc. (VSRI), which is currently a 100% subsidiary of VITRO REIT, Inc. VSRI will eventually house the VITRO Sta. Rosa site. The SEC approved the following: (i) amendments in VITRO REIT, Inc. on June 24, 2026; and (ii) incorporation of VSRI on June 8, 2026.*

[d] *On May 7, 2026, the BOD of ePLDT further approved the incorporation of the following entities: (i) VPMI, which will provide property management services; (ii) VFMI, which will provide fund management services of real estate trust companies; and (iii) VSI, which will provide shared management services. The SEC approved the incorporation of VPMI and VFMI on June 15, 2026 and the incorporation of VSI on June 8, 2026.*

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

**Investment in Multisys**

On April 2, 2025, PGIH entered into a Share Purchase Agreement for the purchase of 228 common shares of Multisys, representing a 5.01% interest, for a total consideration of Php257.5 million. The transaction was completed on April 5, 2025. Following this acquisition, PGIH owns 2,308 common shares representing 50.74% equity interest in Multisys. On April 16, 2025 and December 16, 2025, PGIH partially paid Php150 million and Php94.6 million, respectively, out of the total consideration. The balance of Php12.9 million remains outstanding as at June 30, 2026.

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

On September 1, 2025, Kayana entered into another share subscription agreement with its shareholders, wherein PLDT subscribed to additional common shares equivalent to Php594 million. PLDT's equity ownership in Kayana remained at 45%. As at June 30, 2026, the subscription remains unpaid.

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

| Date | Number of Shares Acquired |
|---|---|
| | (in millions) |
| March 24, 2024 | 754.5 |
| September 27, 2024 | 85.5 |
| September 30, 2024 | 46.5 |
| September 1, 2025 | 594.0 |
| | **1,480.5** |

As at June 30, 2026 and December 31, 2025, the carrying value of PLDT's investment in Kayana amounted to Php1,237 million and Php1,355 million, respectively.

**Proposed Acquisition of the Remaining Equity Interest in Radius**

On May 14, 2026, the Board of Directors of PLDT approved the proposed acquisition by PLDT of 4,647,494 common shares of Radius, representing the remaining 65.1% equity interest in Radius, from Paragon Vertical Corporation, subject to the execution of definitive agreements and the satisfaction of applicable closing conditions (the "Proposed Acquisition").

PLDT currently owns 34.9% of the total issued and outstanding capital stock of Radius. Upon completion of the Proposed Acquisition, PLDT will own 100% of the total issued and outstanding capital stock of Radius.

See *Note 11 – Investment in Associates and Joint Venture – Individually immaterial associates and joint ventures*

**New Standards, Interpretations and Amendments**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new amendments effective in 2026. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new amendments did not have a material impact on the consolidated financial statements of the PLDT Group.

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, Philippine Accounting Standards, or PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- 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*

- o Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
- o Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
- o Amendments to PAS 7, *Cost Method*

**Summary of Material Accounting Policies**

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

***Business Combinations and Goodwill***

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

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

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

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

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

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

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

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

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

***Investments in Associates***

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

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

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

***Joint Arrangements***

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

Adjustments are made in our consolidated financial statements to eliminate our share of unrealized gains and losses on transactions between us and our joint venture. Our investment in the joint venture is carried at equity method until the date on which we cease to have joint control over the joint venture.

Upon loss of joint control over the joint venture, we measure and recognize our retained investment at fair value. Any difference between the carrying amount of the former joint venture upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as an investment in an associate with no remeasurement.

***Foreign Currency Transactions and Translations***

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

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

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

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

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

***Assets Classified as Held-for-Sale***

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

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

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

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

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

***Financial Instruments***

***Financial Instruments – Initial recognition and subsequent measurement***

*Classification of financial assets*

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

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

*Contractual cash flows characteristics*

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

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

*Business model*

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

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

*Financial assets at amortized cost*

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

Our financial assets at amortized cost include debt instruments at amortized cost, cash and cash equivalents, short-term investments, trade and other receivables, and other financial assets as at June 30, 2026 and December 31, 2025. 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 not used for hedging, equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in our consolidated income statements as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in our consolidated income statements.

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

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

Our financial assets at FVPL include derivative financial assets not used for hedging and equity investments as at June 30, 2026 and December 31, 2025. See *Note 27 – Financial Assets and Liabilities.*

*Classification of financial liabilities*

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

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

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

- Financial liabilities measured at FVPL;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when we retain continuing involvement;
- Financial guarantee contracts;

- Commitments to provide a loan at a below-market interest rate; and
- Contingent consideration recognized by an acquirer in accordance with PFRS 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, changes in fair value attributable to our own credit quality which is calculated by determining the changes in credit spreads above observable market interest rates are recognized in other comprehensive income, unless this treatment would create or enlarge an accounting mismatch, in which case they are recognized in profit or loss.

Our financial liabilities at FVPL include derivative financial liabilities not used for hedging and liability from redemption of preferred stock as at June 30, 2026 and December 31, 2025. See *Note 19 – Equity – Redemption of Preferred Stock, Note 23 – Accrued Expenses and Other Current Liabilities* and *Note 27 – Financial Assets and Liabilities.*

Our financial liabilities at amortized costs include interest-bearing financial liabilities, lease liabilities, customers' deposits, dividends payable, certain accounts payable, certain accrued expenses and other current liabilities and certain deferred credits and other noncurrent liabilities, (except for statutory payables) as at June 30, 2026 and December 31, 2025. See *Note 10 – Leases, Note 20 – Interest-bearing Financial Liabilities, Note 21 – Deferred Credits and Other Noncurrent Liabilities, Note 22 – Accounts Payable, Note 23 – Accrued Expenses and Other Current Liabilities* and *Note 27 – Financial Assets and Liabilities.*

*Reclassifications of financial instruments*

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

We do not reclassify our financial assets when:

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

We do not reclassify our financial liabilities.

***Offsetting of Financial Instruments***

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

***Impairment of Financial Assets***

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

No ECL is recognized on financial assets at FVPL.

ECLs are measured in a way that reflects the following:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

*Stage 1: 12-month ECL – not credit-impaired*

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

*Stage 2: Lifetime ECL – not credit-impaired*

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

*Stage 3: Lifetime ECL – credit-impaired*

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

***Loss Allowances***

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

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

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

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

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

***Write-off Policy***

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

- The asset is past due for over 90 days, or is already an item-in-litigation with any of the following:

  a) No properties of the counterparty could be attached

b) The whereabouts of the client cannot be located

c) It would be more expensive for the Group to follow-up and collect the amount, hence we have ceased enforcement activity, and

d) Collections can no longer be made due to insolvency or bankruptcy of the counterparty;

- Expanded credit arrangement is no longer possible;
- Filing of legal case is not possible; and
- The account has been classified as 'Loss'.

***Simplified Approach***

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

***Derecognition of Financial Assets and Liabilities***

*Financial assets*

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

*Financial liabilities*

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

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

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

***Derivative Financial Instruments and Hedge Accounting***

*Initial recognition and subsequent measurement*

We use derivative financial instruments, such as foreign currency options and forward currency contracts to hedge its risk associated with foreign currency fluctuations. 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 foreign currency options and forward currency contracts is determined using applicable valuation techniques. See *Note 27 – Financial Assets and Liabilities*.

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

Cash flow hedges which meet the criteria for hedge accounting are accounted for as follows:

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

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

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

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

***Property and Equipment***

Property and equipment, except for land, is stated at cost less accumulated depreciation and any accumulated impairment losses. Land is stated at cost less any impairment in value. The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Such cost includes the cost of replacing component parts of the property and equipment when the cost is incurred, if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognized as expenses 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 commences once the property and equipment are available for their intended use and are calculated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives used in depreciating our property and equipment are disclosed in *Note 9 – Property and Equipment*.

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

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

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

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

***Borrowing Costs***

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

***Asset Retirement Obligations***

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

***Intangible Assets***

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

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

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

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

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

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

***Investment Properties***

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

For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

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

***Inventories and Supplies***

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

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

***Impairment of Non-Financial Assets***

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

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

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

The following assets have specific characteristics for impairment testing:

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

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

*Investments in associates and joint ventures*

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

*Goodwill*

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

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

*Intangible asset with indefinite useful life*

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

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

***Fair Value Measurement***

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

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

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

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

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

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

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

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

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

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

We, in conjunction with our external valuers, also compare the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. This includes a discussion of the major assumptions used in the valuations. For the purpose of fair value disclosures, we have determined the 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***

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

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

i. Single Performance Obligation (POB) Contracts

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

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

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

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

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

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

ii. Bundled Contracts

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

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

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

*Significant Financing Component*

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

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

*Customer Loyalty Program*

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

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

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

iii. International and Domestic Long Distance Contracts

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

*Variable consideration*

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

iv. Others

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

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

*Subscriber Contract Costs*

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

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

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

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*.

***Cost of Devices, Accessories and Contract-Specific Services***

*Cost of devices and accessories*

This refers to the cost of devices such as mobile handsets, phone units, and broadband and data modems sold to subscribers.

*Cost of contract-specific services*

This refers to the costs from third-party vendors that are directly identifiable and distinct to specific customer contracts where we are the principal, such as content, license, and maintenance/warranty costs. Costs not identifiable and distinct to specific customer contracts such as compensation and benefits, and equipment depreciation are excluded.

***Retirement Benefits***

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

*Defined benefit pension plans*

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

Retirement costs consist of the following:

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

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

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

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

*Defined contribution plans*

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

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

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

Remeasurements, comprising actuarial gains and losses, return on plan assets (excluding amounts included in net interest), and any change in the effect of the asset ceiling, are recognized immediately in other comprehensive income in the period in which they occur.

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

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

Employee benefit costs include current service cost, past service cost, and net interest on the net defined benefit obligation, which are recognized in profit or loss.  Remeasurements of the net defined benefit obligation, including actuarial gains and losses, are recognized immediately in other comprehensive income.

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

***Leases***

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

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

- ROU assets

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

- Lease liabilities

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

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

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

*Sale and Leaseback*. If we transfer an asset to another entity (the buyer-lessor) and lease that asset back from the buyer-lessor, we account for the transfer contract and the lease by applying the requirements of PFRS 16. We 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, we measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by us. Accordingly, we recognize only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

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

***Income Taxes***

*Current income tax*

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

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

*Deferred income tax*

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

Deferred tax liabilities are recognized for all taxable temporary differences, except (a) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax, however, is not recognized when (a) it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and (b) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

***Contingencies***

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

***Segment Information***

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

***Events After the End of the Reporting Period***

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

***Equity***

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

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

Change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction and any difference between the amount by which the NCI is adjusted and the fair value of the consideration paid or received is recognized directly in equity attributable to the owners of the parent in the consolidated statement of changes in equity.

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

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

**Standards Issued But Not Yet Effective**

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

*Effective beginning on or after January 1, 2027*

- PFRS Accounting Standards 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*

  The standard replaces PAS 1, *Presentation of Financial Statements*, introducing new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

  The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

  In addition, narrow-scope amendments have been made to PAS 7, *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

  PLDT Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements. The initial expected material impacts on PLDT Group's financial statements are, as follows:

  o Change in fair value of investment properties and share in profit or loss of associates and joint ventures will be classified in the investing category within the statement of profit or loss.

  o Foreign exchange difference will be classified in the same category where the related income and expense from the item giving rising to the foreign exchange difference.

  o New disclosure will be added: (a) management-defined performance measures; and (b) a reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying PFRS 18 and the amounts previously presented applying PAS 1.

  o Interest received and interest paid will be classified in the investing activities and financing activities, respectively, on the statement of cash flows.

- PFRS 19, Subsidiaries without Public Accountability
- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*
- Amendments to PAS 28, *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*

*Effective beginning on or after January 1, 2029*

- PFRS 20, *Regulatory Assets and Regulatory Liabilities*

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

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

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

### *Judgments*

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

*Revenue Recognition*

*Identifying performance obligations*

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

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

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

*Principal versus agent consideration*

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

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

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

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

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

*Timing of revenue recognition*

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

*Identifying methods for measuring progress of revenue recognized over time*

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

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

*Significant financing component*

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

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

*Estimation of stand-alone selling price*

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

*Financial Instruments*

*Evaluation of business models in managing financial instruments*

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

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

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

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

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

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

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

*Definition of default and credit-impaired financial assets*

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

- *Quantitative criteria*

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

- *Qualitative criteria*

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

a. The counterparty is experiencing financial difficulty or is insolvent;
b. The counterparty is in breach of financial covenant(s);
c. An active market for that financial asset has disappeared because of financial difficulties;
d. Concessions have been granted by us, for economic or contractual reasons relating to the counterparty's financial difficulty;
e. It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization; and
f. Financial assets are purchased or originated at a deep discount that reflects the credit losses incurred.

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

*Significant increase in credit risk*

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

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

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

As a backstop, we consider that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest due date elapsed 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 their origination, or where the deterioration remains within our investment grade criteria, or which are less than 30 days past due, are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the PLDT Group.

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

We apply a single recognition and measurement approach for all leases, except for short-term leases and leases of 'low-value' assets. See Section *Leases* for the accounting policy.

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

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

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

*Sale and Leaseback of Telecom Towers*

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

*Assets classified as held-for-sale*

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

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

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

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

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

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

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

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

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

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

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

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

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

*Material partly-owned subsidiaries*

Our consolidated financial statements include additional information about subsidiaries that have non-controlling interest, or NCI, that are material to us. See *Note 6 – Components of Other Comprehensive Loss*. We determined material partly-owned subsidiaries as those with balance of NCI greater than 5% of the total equity as at June 30, 2026 and December 31, 2025.

*Material associates and joint ventures*

Our consolidated financial statements include additional information about associates and joint ventures that are material to us. See *Note 11 – Investments in Associates and Joint Ventures*. We determined material associates and joint ventures are those investees where our carrying amount of investments is greater than 5% of the total investments in associates and joint ventures as at June 30, 2026 and December 31, 2025.

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

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

***Estimates and Assumptions***

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

*Subscriber contract costs*

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

We apply judgment to estimate the amortization period of subscriber contract costs. As at June 30, 2026 and December 31, 2025, the estimated useful lives of the subscriber contract costs would range from six to seven years. Further details on subscriber contract costs are disclosed in *Note 18 – Prepayments and Other Non-Financial Assets*.

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

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

We use benchmark rates from partner banks based on the tenor of our loan borrowings plus a spread adjustment based on our credit worthiness. See *Note 10 – Leases* and *Note 21 – Deferred Credits and Other Noncurrent Liabilities.*

*Impairment of non-financial assets*

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

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

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

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

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

*Estimating useful lives of property and equipment*

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

In 2025, based on the internal technical evaluation and assessment of industry practice, PLDT reassessed the EUL of International and Domestic submarine cable systems from 15 years to 25 years, resulting in a reduction in depreciation expense amounting to Php748 million for the year ended December 31, 2025. Conversely, the EUL of certain submarine network cables decreased due to aging and performance issues, resulting in additional depreciation expense of Php237 million for the year ended December 31, 2025 and Php30 million for the six months ended June 30, 2026.

PLDT and Smart also recognized additional depreciation expense amounting to Php744 million and Php5,560 million respectively, for the year ended December 31, 2025, due to modernization of core network equipment and IT assets. For the six months ended June 30, 2026, additional depreciation expense of Php124 million and Php497 million, was recognized by PLDT and Smart, respectively.

Furthermore, Smart recognized additional depreciation expense of Php215 million upon the expiration of its lease in 2025 and the consequent termination of use of and move out from the related office premises. It also recognized additional depreciation, pertaining to some equipment that remained at the site, amounting to Php17 million for the six months ended June 30, 2026.

Overall, the total depreciation and amortization of property and equipment amounted to Php19,546 million and Php17,887 million for the six months ended June 30, 2026 and 2025, respectively. Total carrying values of property and equipment, net of accumulated depreciation and amortization, amounted to Php327,142 million and Php327,989 million as at June 30, 2026 and December 31, 2025, respectively. See *Note 4 – Operating Segment Information* and *Note 9 – Property and Equipment*.

*Investment Properties*

We carry our investment properties at fair value, with changes in fair value being recognized in the consolidated income statements and in other comprehensive income for transfers from owner-occupied property to investment property. The fair values of the investment properties have been determined based on appraisal performed by independent firms of appraisers, who are industry specialists in valuing these types of investment properties.

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

*Recognition of deferred income tax assets*

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

Based on the above assessment, our consolidated unrecognized deferred income tax assets amounted to Php918 million and Php934 million as at June 30, 2026 and December 31, 2025, respectively. Total consolidated provision for deferred income tax amounted to Php1,834 million and Php3,171 million for the six months ended June 30, 2026 and 2025, respectively. Total consolidated recognized net deferred income tax assets amounted to Php9,591 million and Php11,461 million as at June 30, 2026 and December 31, 2025, respectively. See *Note 4 – Operating Segment Information* and *Note 7 – Income Taxes*.

*Estimating allowance for ECLs*

*a. Measurement of ECLs*

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

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

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

*b. Inputs, assumptions and estimation techniques*

- *General approach for cash and cash equivalents, short-term investments, debt securities, and advances and other noncurrent assets*

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

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

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

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

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

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

- *Incorporation of forward-looking information*

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

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

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

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

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

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

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

Total provision for expected credit losses for trade and other receivables amounted to Php1,831 million and Php1,926 million for the six months ended June 30, 2026 and 2025. Trade and other receivables, net of allowance for expected credit losses, amounted to Php35,393 million and Php31,367 million as at June 30, 2026 and December 31, 2025, respectively. See *Note 5 – Income and Expenses* and *Note 16 – Trade and Other Receivables*.

Total impairment losses on contract assets amounted to Php56 million and Php69 million for the six months ended June 30, 2026 and 2025, respectively. Contract assets, net of allowance for expected credit losses, amounted to Php1,459 million and Php1,487 million as at June 30, 2026 and December 31, 2025, respectively. See *Note 5 – Income and Expenses – Contract Balances.*

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

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

Trade receivables – Groupings for collective measurement

a. Retail subscribers;

b. Corporate subscribers;

c. Foreign administrations and domestic carriers; and

d. Dealers, agents and others

The following credit exposures are assessed individually:

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

*Estimating pension benefit costs and other employee benefits*

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

The net consolidated pension benefit costs amounted to Php776 million and Php747 million for the six months ended June 30, 2026 and 2025, respectively. The prepaid benefit costs amounted to Php912 million and Php810 million as at June 30, 2026 and December 31, 2025, respectively. The accrued benefit costs amounted to Php4,025 million and Php3,810 million as at June 30, 2026 and December 31, 2025, respectively. See *Note 5 – Income and Expenses – Compensation and Employee Benefits, Note 18 – Prepayments* and *Note 25 – Pension and Other Employee Benefits*.

*Long-term Incentive Plan, LTIP*

The Executive Compensation Committee (ECC) of the PLDT Board of Directors approved the LTIP covering the years 2022 to 2026, on December 23, 2021. It covers two cycles and is intended to provide incentive compensation in the form of cash to key officers, executives and other eligible participants who are consistent performers, compliant with codes of conduct and contributors to our strategic and financial goals, with defined metrics based on the achievement of telco core income, customer experience and sustainability. The target metrics for sustainability are expected to capture the Company's performance in various ESG materiality areas, including but not limited to, climate action such as initiatives to reduce energy consumption and greenhouse gas (GHG) emissions, employee and customer welfare, diversity and inclusion, cybersecurity and data privacy, and business ethics. Cycle 1 covered the performance period from 2022 to 2024 and was settled in 2025 based on the achievement of performance targets. Cycle 2, which is intended to cover the performance period from 2025 to 2026, is still subject to the ECC's evaluation. Accordingly, there were no expense and incentive payable accrued as of June 30, 2026 and December 31, 2025. See *Note 25 – Pension and Other Employee Benefits – Other Long-term Employee Benefits.*

*Provision for asset retirement obligations*

Provision for asset retirement obligations is recognized in the period in which this is incurred if a reasonable estimate can be made. This requires an estimation of the cost to restore or dismantle on a per square meter basis, depending on the location, and is based on the best estimate of the expenditure required to settle the obligation at the future restoration or dismantlement date, discounted using a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risk specific to the liability. Total provision for asset retirement obligations amounted to Php901 million and Php868 million as at June 30, 2026 and December 31, 2025, respectively. See *Note 21 – Deferred Credits and Other Noncurrent Liabilities*.

*Provision for legal contingencies and tax assessments*

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

*Determination of fair values of financial assets and financial liabilities*

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

Other than those whose carrying amounts are reasonable approximations of fair values, total fair values of noncurrent financial assets and noncurrent financial liabilities as at June 30, 2026 amounted to Php3,155 million and Php262,873 million, respectively, while the total fair values of noncurrent financial assets and noncurrent financial liabilities as at December 31, 2025 amounted to Php3,322 million and Php274,220 million, respectively. See *Note 27 – Financial Assets and Liabilities*.

## 4. Operating Segment Information

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

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

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

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

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

The amounts of segment assets and liabilities and segment profit or loss are based on measurement principles that are similar to those used in measuring the assets and liabilities and profit or loss in our consolidated financial statements, which is in accordance with PFRS Accounting Standards. The segment revenues, net income, and other segment information of our reportable operating segments for the six months ended June 30, 2026 and 2025, and as at June 30, 2026 and December 31, 2025 are as follows:

| | Wireless | Fixed Line | Others | Intersegment and Consolidation Entries | Consolidated |
|---|---|---|---|---|---|
| | | | (in million pesos) | | |
| ***June 30, 2026 (Unaudited)*** | | | | | |
| **Revenues** | | | | | |
| External customers | **51,955** | **60,051** | **—** | **—** | **112,006** |
| Service revenues | ***48,818*** | ***59,914*** | **—** | **—** | ***108,732*** |
| Non-service revenues | ***3,137*** | ***137*** | **—** | **—** | ***3,274*** |
| Inter-segment transactions | **337** | **5,846** | **—** | **(6,183)** | **—** |
| Service revenues | **337** | **5,846** | **—** | **(6,183)** | **—** |
| Total revenues | **52,292** | **65,897** | **—** | **(6,183)** | **112,006** |
| | | | | | |
| Depreciation and amortization | **18,077** | **13,823** | **—** | **(3,347)** | **28,553** |
| Asset impairment | **353** | **1,556** | **—** | **—** | **1,909** |
| Interest income | **252** | **80** | **2** | **(2)** | **332** |
| Equity share in net income (losses) of associates and joint ventures | **—** | **(183)** | **1,098** | **—** | **915** |
| Financing costs – net | **4,998** | **4,517** | **—** | **(792)** | **8,723** |
| Provision for income tax | **1,660** | **2,983** | **—** | **103** | **4,746** |
| Net income / Segment profit | **6,078** | **11,645** | **1,101** | **(2,290)** | **16,534** |
| | | | | | |
| **Assets** | | | | | |
| Operating assets | **299,118** | **297,695** | **27,343** | **(63,520)** | **560,636** |
| Investments in associates and joint ventures | **551** | **43,051** | **9,916** | **—** | **53,518** |
| Investment properties | **1,294** | **7,353** | **—** | **(605)** | **8,042** |
| Deferred income tax assets – net | **4,918** | **4,131** | **91** | **451** | **9,591** |
| Assets classified as held for sale | **6,491** | **—** | **—** | **—** | **6,491** |
| Total assets | **312,372** | **352,230** | **37,350** | **(63,674)** | **638,278** |
| **Liabilities** | | | | | |
| Operating liabilities | **255,004** | **286,314** | **2,891** | **(42,724)** | **501,485** |
| Deferred income tax liabilities | **16** | **42** | **2** | **—** | **60** |
| Liabilities directly associated with the assets classified as held for sale | **1,612** | **—** | **—** | **—** | **1,612** |
| Total liabilities | **256,632** | **286,356** | **2,893** | **(42,724)** | **503,157** |
| | | | | | |
| **Other segment information** | | | | | |
| Capital expenditures, including capitalized interest (Note 9)[(1)(2)] | **8,510** | **12,225** | **—** | **—** | **20,735** |

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

| | Wireless | Fixed Line | Others | Intersegment and Consolidation Entries | Consolidated |
|---|---|---|---|---|---|
| | | | (in million pesos) | | |
| ***June 30, 2025 (Unaudited)*** | | | | | |
| **Revenues** | | | | | |
| External customers | 50,949 | 58,552 | — | — | 109,501 |
| Service revenues | 47,965 | 58,270 | — | — | 106,235 |
| Non-service revenues | 2,984 | 282 | — | — | 3,266 |
| Inter-segment transactions | 350 | 8,540 | — | (8,890) | — |
| Service revenues | 349 | 8,540 | — | (8,889) | — |
| Non-service revenues | 1 | — | — | (1) | — |
| Total revenues | 51,299 | 67,092 | — | (8,890) | 109,501 |
| | | | | | |
| Depreciation and amortization | 18,007 | 12,672 | — | (4,492) | 26,187 |
| Asset impairment | 325 | 1,696 | — | — | 2,021 |
| Interest income | 300 | 83 | 6 | (9) | 380 |
| Equity share in net income (losses) of associates and joint ventures | — | (139) | 249 | 4 | 114 |
| Financing costs – net | 4,872 | 4,578 | — | (667) | 8,783 |
| Provision for (benefit from) income tax | 1,418 | 3,936 | (13) | (63) | 5,278 |
| Net income / Segment profit | 4,809 | 13,777 | 225 | (1,298) | 17,513 |
| | | | | | |
| ***December 31, 2025 (Audited)*** | | | | | |
| **Assets** | | | | | |
| Operating assets | 298,438 | 290,072 | 24,919 | (56,545) | 556,884 |
| Investments in associates and joint ventures | 280 | 43,234 | 8,911 | — | 52,425 |
| Investment properties | 891 | 7,503 | — | (605) | 7,789 |
| Deferred income tax assets – net | 5,563 | 5,235 | 91 | 572 | 11,461 |
| Assets classified as held for sale | 6,420 | — | — | — | 6,420 |
| Total assets | 311,592 | 346,044 | 33,921 | (56,578) | 634,979 |
| **Liabilities** | | | | | |
| Operating liabilities | 252,955 | 282,828 | 1,020 | (31,970) | 504,833 |
| Deferred income tax liabilities | 16 | 57 | 2 | — | 75 |
| Liabilities directly associated with the assets classified as held for sale | 1,625 | — | — | — | 1,625 |
| Total liabilities | 254,596 | 282,885 | 1,022 | (31,970) | 506,533 |
| | | | | | |
| ***June 30, 2025 (Unaudited)*** | | | | | |
| **Other segment information** | | | | | |
| Capital expenditures, including capitalized interest (Note 9)[(1)(2)] | 15,458 | 11,957 | — | — | 27,415 |

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

The following table presents our revenues from external customers by category of products and services for the six months ended June 30, 2026 and 2025:

| | June 30, 2026 | June 30, 2025 |
|---|---|---|
| | (Unaudited) | |
| | (in million pesos) | |
| **Wireless revenues** | | |
| Service revenues: | | |
| Mobile | **47,788** | 47,060 |
| Fixed wireless broadband | **1,030** | 905 |
| | **48,818** | 47,965 |
| Non-service revenues — | | |
| Sale of devices and accessories | **3,137** | 2,984 |
| Total wireless revenues | **51,955** | 50,949 |
| **Fixed line revenues** | | |
| Service revenues: | | |
| Data | **42,539** | 41,999 |
| Voice and miscellaneous | **17,375** | 16,271 |
| | **59,914** | 58,270 |
| Non-service revenues — | | |
| Sale of phone units, devices and others | **137** | 282 |
| Total fixed line revenues | **60,051** | 58,552 |
| Total revenues | **112,006** | 109,501 |

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

There is no revenue transaction with a single external customer that accounted for 10% or more of our consolidated revenues from external customers for each of the six months ended June 30, 2026 and 2025.

## 5. Income and Expenses

### Revenues from Contracts with Customers

*Disaggregation of Revenue*

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

Set out is the disaggregation of PLDT Group's revenues from contracts with customers for the six months ended June 30, 2026 and 2025:

| Revenue Streams | Wireless | Fixed Line | Inter-segment Transactions | Consolidated |
|---|---|---|---|---|
| | (in million pesos) | | | |
| ***June 30, 2026 (Unaudited)*** | | | | |
| **Type of goods or services** | | | | |
| Service revenue | **49,155** | **65,760** | **(6,183)** | **108,732** |
| Non-service revenue | **3,137** | **137** | **—** | **3,274** |
| Total revenues from contracts with customers | **52,292** | **65,897** | **(6,183)** | **112,006** |
| **Timing of revenue recognition** | | | | |
| Transferred over time | **49,155** | **65,760** | **(6,183)** | **108,732** |
| Transferred at point in time | **3,137** | **137** | **—** | **3,274** |
| Total revenues from contracts with customers | **52,292** | **65,897** | **(6,183)** | **112,006** |
| *June 30, 2025 (Unaudited)* | | | | |
| **Type of goods or services** | | | | |
| Service revenue | 48,314 | 66,810 | (8,889) | 106,235 |
| Non-service revenue | 2,985 | 282 | (1) | 3,266 |
| Total revenues from contracts with customers | 51,299 | 67,092 | (8,890) | 109,501 |
| **Timing of revenue recognition** | | | | |
| Transferred over time | 48,314 | 66,810 | (8,889) | 106,235 |
| Transferred at point in time | 2,985 | 282 | (1) | 3,266 |
| Total revenues from contracts with customers | 51,299 | 67,092 | (8,890) | 109,501 |

Remaining performance obligations are associated with our wireless and fixed line subscription contracts. As at June 30, 2026, 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 Php42,383 million, of which we expect to recognize approximately 24% in 2026 and 76% in 2027 and onwards. As at December 31, 2025, 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 Php44,702 million, of which we expected to recognize approximately 52% in 2026 and 48% in 2027 and onwards.

*Contract Balances*

Contract balances as at June 30, 2026 and December 31, 2025 consist of the following:

| | June 30, 2026 (Unaudited) | December 31, 2025 (Audited) |
|---|---|---|
| | (in million pesos) | |
| Trade and other receivables (Note 16) | **56,144** | 50,264 |
| Contract assets | **1,502** | 1,529 |
| Contract liabilities and unearned revenues (Notes 21 and 23) | **16,446** | 15,085 |

Set out below is the movement in the allowance for expected credit losses of contracts assets for the six months ended June 30, 2026 and for the year ended December 31, 2025.

| | June 30, 2026 (Unaudited) | December 31, 2025 (Audited) |
|---|---|---|
| | (in million pesos) | |
| Balances at beginning of the period | **42** | 67 |
| Provisions | **1** | — |
| Reversals and reclassification | **—** | (25) |
| Balances at end of the period | **43** | 42 |

Changes in the contract liabilities and unearned revenues accounts for the six months ended June 30, 2026 and for the year ended December 31, 2025 are as follows:

| | June 30, 2026 (Unaudited) | December 31, 2025 (Audited) |
|---|---|---|
| | (in million pesos) | |
| Balances at beginning of the period | **15,085** | 16,741 |
| Deferred during the period | **55,734** | 110,987 |
| Recognized as revenue during the period | **(54,373)** | (112,643) |
| Balances at end of the period | **16,446** | 15,085 |

The contract liabilities and unearned revenues accounts as at June 30, 2026 and December 31, 2025 are as follows:

| | June 30, 2026 (Unaudited) | December 31, 2025 (Audited) |
|---|---|---|
| | (in million pesos) | |
| Unearned revenues from prepaid contracts | **6,272** | 6,312 |
| Leased facilities | **6,172** | 4,444 |
| Advance monthly service fees | **2,100** | 2,198 |
| Short-term advances for installation services | **1,866** | 2,098 |
| Long-term advances from equipment | **36** | 33 |
| Total contract liabilities and unearned revenues | **16,446** | 15,085 |
| | | |
| **Contract liabilities:** | | |
| Noncurrent (Note 21) | **1,927** | 521 |
| Current (Note 23) | **2,848** | 2,620 |
| | | |
| **Unearned revenues:** | | |
| Noncurrent (Note 21) | **4,917** | 4,690 |
| Current (Note 23) | **6,754** | 7,254 |

*General Operating Costs*

General operating costs for the six months ended June 30, 2026 and 2025 consist of the following:

| | June 30, | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | |
| | (in million pesos) | |
| Repairs and maintenance | **16,136** | 15,616 |
| Compensation and employee benefits | **10,725** | 11,669 |
| Professional and other contracted services | **3,483** | 3,533 |
| Selling and promotions (Note 18) | **2,103** | 2,320 |
| Taxes and licenses | **2,002** | 2,673 |
| Rent | **654** | 592 |
| Insurance and security services | **653** | 688 |
| Communication, training and travel | **577** | 506 |
| Other expenses | **293** | 231 |
| Total general operating costs | **36,626** | 37,828 |

*Compensation and Employee Benefits*

Compensation and employee benefits for the six months ended June 30, 2026 and 2025 consist of the following:

| | June 30, | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | |
| | (in million pesos) | |
| Salaries and other employee benefits | **9,574** | 10,123 |
| Pension benefit costs (Note 25) | **776** | 747 |
| Manpower Rightsizing Program (MRP) | **375** | 799 |
| Total compensation and employee benefits | **10,725** | 11,669 |

Over the past several years, we have been implementing the MRP in line with our continuing efforts to realize manpower and cost efficiencies as a result of technological and organizational changes, process improvements, and shifting market conditions that reshape the future of our businesses. The MRP is being implemented in compliance with the Labor Code of the Philippines and all other relevant labor laws and regulations in the Philippines.

*Cost of Devices, Accessories and Contract-Specific Services*

Cost of devices, accessories and contract-specific services for the six months ended June 30, 2026 and 2025 consist of the following:

| | June 30, | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | |
| | (in million pesos) | |
| Cost of devices and accessories | **4,159** | 3,890 |
| Cost of contract-specific services | **2,679** | 2,124 |
| Total cost of devices, accessories and contract-specific services | **6,838** | 6,014 |

*Asset Impairment*

Asset impairment for the six months ended June 30, 2026 and 2025 consists of the following:

| | June 30, | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | |
| | (in million pesos) | |
| Trade and other receivables (Note 16) | **1,831** | 1,926 |
| Contract assets | **56** | 69 |
| Inventories and supplies (Note 17) | **22** | 26 |
| Total asset impairment | **1,909** | 2,021 |

*Interconnection Costs*

Interconnection costs include wholesale international voice cost amounting to Php10,095 million and Php8,674 million for the six months ended June 30, 2026 and 2025, respectively.

*Other Expenses – Net*

Other expenses – net for the six months ended June 30, 2026 and 2025 consist of the following:

| | June 30, | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | |
| | (in million pesos) | |
| Equity share in net income of associates and joint ventures (Note 11) | **915** | 114 |
| Gains (losses) on derivative financial instruments – net (Note 27) | **495** | (1,323) |
| Interest income | **332** | 380 |
| Gains on disposal of property and equipment | **235** | 79 |
| Gains on sale and leaseback of telecom towers – gross of expenses (Note 9) | **—** | 967 |
| Foreign exchange gains (losses) – net (Note 27) | **(1,365)** | 1,406 |
| Financing costs – net | **(8,723)** | (8,783) |
| Others – net | **2,269** | 1,687 |
| Total other expenses – net | **(5,842)** | (5,473) |

*Interest Income*

Interest income for the six months ended June 30, 2026 and 2025 consists of the following:

| | June 30, | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | |
| | (in million pesos) | |
| Interest income arising from revenue contracts with customers | **199** | 264 |
| Interest income on cash and cash equivalents (Note 15) | **100** | 86 |
| Interest income on financial instruments at amortized cost | **26** | 21 |
| Interest income – others | **7** | 9 |
| Total interest income | **332** | 380 |

*Financing Costs – Net*

Financing costs – net for the six months ended June 30, 2026 and 2025 consist of the following:

| | June 30, | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | |
| | (in million pesos) | |
| Interest on loans and other related items | **7,574** | 7,820 |
| Accretion on lease liabilities (Note 10) | **2,209** | 2,043 |
| Accretion on financial liabilities | **190** | 186 |
| Financing charges | **20** | 10 |
| Capitalized interest (Note 9) | **(1,270)** | (1,276) |
| Total financing costs – net | **8,723** | 8,783 |

## 6. Components of Other Comprehensive Loss

Changes in other comprehensive loss under equity of our consolidated statements of financial position for the six months ended June 30, 2026 and 2025 are as follows:

| | Foreign currency translation differences of subsidiaries | Net transactions on cash flow hedges – net of tax | Revaluation increment on investment properties – net of tax | Remeasurements of post-employment benefit obligations -net of tax | Share in the other comprehensive loss of associates and joint ventures accounted for using the equity method | Total other comprehensive income (loss) attributable to equity holders of PLDT | Share of noncontrolling interests | Total other comprehensive income (loss) – net of tax |
|---|---|---|---|---|---|---|---|---|
| | (in million pesos) | | | | | | | |
| **Balances as at January 1, 2026** | **191** | **(1,008)** | **5,827** | **(40,348)** | **(30)** | **(35,368)** | **(58)** | **(35,426)** |
| Other comprehensive income (loss) | **(10)** | **131** | **1** | **40** | **(76)** | **86** | **23** | **109** |
| **Balances as at June 30, 2026 (Unaudited)** | **181** | **(877)** | **5,828** | **(40,308)** | **(106)** | **(35,282)** | **(35)** | **(35,317)** |
| | | | | | | | | |
| Balances as at January 1, 2025 | 274 | (1,175) | 1,740 | (39,722) | (29) | (38,912) | (50) | (38,962) |
| Other comprehensive income (loss) | (14) | 125 | 1,380 | (141) | (1) | 1,349 | (14) | 1,335 |
| Balances as at June 30, 2025 (Unaudited) | 260 | (1,050) | 3,120 | (39,863) | (30) | (37,563) | (64) | (37,627) |

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

## 7. Income Taxes

*Corporate Income Tax*

The major components of consolidated net deferred income tax assets (liabilities) recognized in our consolidated statements of financial position as at June 30, 2026 and December 31, 2025 are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (As Revised[1]) |
| | (in million pesos) | |
| Net deferred income tax assets | **9,591** | 11,461 |
| Net deferred income tax liabilities | **(60)** | (75) |
| Net balances at the end of the period | **9,531** | 11,386 |

[(1)] *See Note 2 - Summary of Material Accounting Policies.*

The components of our consolidated net deferred income tax assets (liabilities) as at June 30, 2026 and December 31, 2025 are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (As Revised[1]) |
| | (in million pesos) | |
| Net deferred income tax assets: | | |
| Accumulated provision for expected credit losses | **3,760** | 3,990 |
| Lease liability over ROU assets under PFRS 16[(2)] | **3,040** | 3,185 |
| Unearned revenues | **2,618** | 2,970 |
| Depreciation due to shortened estimated useful life of assets | **1,970** | 2,550 |
| Unrealized foreign exchange losses | **1,950** | 1,605 |
| Pension and other employee benefits | **1,681** | 1,680 |
| Unamortized past service pension costs | **902** | 1,439 |
| Accumulated write-down of inventories to net realizable values | **261** | 284 |
| Excess MCIT over RCIT | **22** | 13 |
| NOLCO | **8** | 13 |
| Taxes and duties capitalized | **(164)** | (176) |
| Derivative financial instruments | **(227)** | (185) |
| Customer list and trademark | **(442)** | (456) |
| Capitalized charges and others | **(5,788)** | (5,451) |
| Total deferred income tax assets – net | **9,591** | 11,461 |
| Net deferred income tax liabilities: | | |
| Investment property | **356** | 388 |
| Unrealized foreign exchange gains | **7** | 7 |
| Accumulated provision for expected credit losses | **(194)** | (194) |
| Others | **(109)** | (126) |
| Total deferred income tax liabilities – net | **60** | 75 |

[(1)] *See Note 2 - Summary of Material Accounting Policies.*

[(2)] *As at June 30, 2026 and December 31, 2025, the deferred tax asset on lease liability amounted to Php15,646 million and Php15,731 million, respectively while the deferred tax liability on right of use asset amounted to Php12,606 million and Php12,546 million, respectively.*

Changes in our consolidated net deferred income tax assets (liabilities) for the six months ended June 30, 2026 and for the year ended December 31, 2025 are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (As Revised[1]) |
| | (in million pesos) | |
| Net balances at beginning of the period | **11,386** | 14,476 |
| Movement charged directly to other comprehensive income (loss) | **(57)** | 649 |
| Provision for deferred income tax | **(1,834)** | (3,171) |
| Others | **36** | (568) |
| Net balances at end of the period | **9,531** | 11,386 |

[(1)] *See Note 2 - Summary of Material Accounting Policies.*

The analysis of our consolidated net deferred income tax assets as at June 30, 2026 and December 31, 2025 are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (As Revised[1]) |
| | (in million pesos) | |
| Deferred income tax assets: | | |
| Deferred income tax assets to be recovered after 12 months | **6,095** | 7,902 |
| Deferred income tax assets to be recovered within 12 months | **3,496** | 3,559 |
| Net deferred income tax assets | **9,591** | 11,461 |

(1) *See Note 2 - Summary of Material Accounting Policies.*

The analysis of our consolidated net deferred income tax liabilities as at June 30, 2026 and December 31, 2025 are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Deferred income tax liabilities: | | |
| Deferred income tax liabilities to be settled after 12 months | **83** | 123 |
| Deferred income tax liabilities to be settled within 12 months | **(23)** | (48) |
| Net deferred income tax liabilities | **60** | 75 |

Provision for income tax for the six months ended June 30, 2026 and 2025 consists of:

| | **June 30,** | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | (As Revised[1]) |
| | (in million pesos) | |
| Current | **2,912** | 2,107 |
| Deferred (Note 3) | **1,834** | 3,171 |
| | **4,746** | 5,278 |

(1) *See Note 2 - Summary of Material Accounting Policies.*

The reconciliation between the provision for income tax at the applicable statutory tax rate and the actual provision for corporate income tax for the six months ended June 30, 2026 and 2025 are as follows:

| | **June 30,** | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | (As Revised[1]) |
| | (in million pesos) | |
| Provision for income tax at the applicable statutory tax rate | **5,320** | 5,697 |
| Tax effects of: | | |
| Nondeductible expenses | **42** | 109 |
| Special deductible items and loss (income) subject to lower tax | **42** | (192) |
| Net movement in unrecognized deferred income tax assets and other adjustments | **(26)** | (63) |
| Income subject to final tax | **(69)** | (72) |
| Income not subject to income tax | **(121)** | (13) |
| Difference between Optional Standard Deduction (OSD) and itemized deductions | **(213)** | (160) |
| Equity share in net income of associates and joint ventures | **(229)** | (28) |
| Actual provision for income tax | **4,746** | 5,278 |

(1) *See Note 2 - Summary of Material Accounting Policies.*

The breakdown of our consolidated deductible temporary differences, carryforward benefits of unused tax credits from excess of MCIT over RCIT, and NOLCO (excluding those not recognized due to the adoption of the OSD method) for which no deferred income tax assets were recognized and the equivalent amount of unrecognized deferred income tax assets as at June 30, 2026 and December 31, 2025 are as follows:

| | June 30, 2026 (Unaudited) | December 31, 2025 (Audited) |
|---|---|---|
| | (in million pesos) | |
| Accumulated provision for expected credit losses | **2,046** | 2,001 |
| NOLCO | **684** | 718 |
| Provisions | **630** | 621 |
| Customer list and trademark | **334** | 365 |
| Lease liability over ROU assets under PFRS 16 | **49** | 21 |
| Accumulated write-down of inventories to net realizable values | **14** | 15 |
| Unearned revenues | **10** | 10 |
| Excess MCIT over RCIT | **7** | 6 |
| Derivative financial instruments | **3** | 56 |
| Pension and other employee benefits | **(14)** | (15) |
| Unrealized foreign exchange gains | **(114)** | (79) |
| | **3,649** | 3,719 |
| Unrecognized deferred income tax assets | **918** | 934 |

In 2025, DMPI and VITRO REIT availed the OSD method in computing their taxable income. This assessment is based on projected taxable profits at a level where it is favorable to use OSD method. These companies are also expected to avail of the OSD method in the foreseeable future. Thus, certain deferred income tax assets of DMPI and VITRO REIT totaling to Php47 million and Php82 million as at June 30, 2026 and December 31, 2025, respectively, were not recognized.

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

The breakdown of our consolidated excess MCIT and NOLCO as at June 30, 2026 are as follows:

| Date Incurred | Expiry Date | MCIT | NOLCO |
|---|---|---|---|
| | | (in million pesos) | |
| December 31, 2021[(1)] | December 31, 2026 | **—** | **41** |
| December 31, 2023 | December 31, 2026 | **1** | **575** |
| December 31, 2024 | December 31, 2027 | **13** | **54** |
| December 31, 2025 | December 31, 2028 | **18** | **97** |
| June 30, 2026 | December 31, 2029 | **16** | **38** |
| | | **48** | **805** |
| Consolidated tax benefits | | **48** | **201** |
| Consolidated unrecognized deferred income tax assets | | **(7)** | **(174)** |
| Consolidated recognized deferred income tax assets | | **41** | **27** |

*(1) Under R.A. 11494.*

The excess MCIT totaling Php48 million as at June 30, 2026 can be deducted against future RCIT liability. No excess MCIT was deducted against RCIT for the six months ended June 30, 2026 and 2025.

NOLCO totaling Php805 million as at June 30, 2026 can be claimed as deduction against future taxable income. The NOLCO claimed as deduction against taxable income amounted to Php57 million and Php707 million for the six months ended June 30, 2026 and 2025, respectively.

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

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

As part of mitigating the costs and losses stemming from the disruption of economic activities, Bayanihan II extended the carry-over of the NOLCO incurred in 2021 as deductions from gross income for the next five consecutive taxable years immediately following the year of the loss. Hence, NOLCO incurred in 2021 amounting to Php41 million, which ordinarily can be carried over until December 31, 2024, has been extended until December 31, 2026.

*Registration with Clark Special Economic Zone*

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

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

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

*BEPS 2.0 Pillar Two Impact Assessment*

The Organization for Economic Co-operation and Development (OECD) has issued the Global Anti-Base Erosion (GLoBE) Model Rules (Pillar Two), which establish a 15% minimum effective tax rate on a jurisdictional basis. The rules apply to Multinational Enterprise (MNE) Groups with consolidated annual revenues of at least Euro 750 million in at least two (2) of the four (4) fiscal years immediately preceding the tested fiscal year. The Group is within the scope of the Pillar Two Model Rules. For the period ended December 31, 2025, the Group has applied the amendment to PAS 12, Income Taxes, which provides a mandatory temporary exception from recognizing or disclosing deferred taxes related to Pillar Two.

The Pillar Two legislation has been enacted by some of the jurisdictions in which the Group operates effective for financial year beginning on or after January 1, 2025. The Group has performed assessment of its potential exposure based on the 2025 financial information for the constituent entities in the Group. There are a limited number of jurisdictions where the Pillar Two effective tax rate is close to 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

The Group continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two model rules, to evaluate the potential future impact on its consolidated results of operations, financial position and cash flows.

## 8. Earnings Per Common Share

The following table presents information necessary to calculate the EPS for the six months ended June 30, 2026 and 2025:

| | June 30, | | | |
|---|---|---|---|---|
| | **2026** | | 2025 | |
| | **(Unaudited)** | | | |
| | **Basic** | **Diluted** | Basic | Diluted |
| | (in million pesos) | | | |
| Consolidated net income attributable to common shares | **16,446** | **16,446** | 17,472 | 17,472 |
| Dividends on preferred shares (Note 19) | **(29)** | **(29)** | (29) | (29) |
| Consolidated net income attributable to common equity holders of PLDT | **16,417** | **16,417** | 17,443 | 17,443 |
| | (in thousands, except per share amounts which are in pesos) | | | |
| Outstanding common shares at beginning of period | **216,056** | **216,056** | 216,056 | 216,056 |
| Weighted average number of common shares | **216,056** | **216,056** | 216,056 | 216,056 |
| EPS attributable to common equity holders of PLDT | **75.99** | **75.99** | 80.73 | 80.73 |

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

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

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

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

## 9. Property and Equipment

Changes in property and equipment account for the six months ended June 30, 2026 and for the year ended December 31, 2025 are as follows:

| | Cable and wire facilities | Central equipment | Network facilities | Building and lease improvement | Vehicles, furniture and other network equipment | Land and land improvements | IT systems and platforms | Security platforms | Property under construction | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | (in million pesos) | | | | | |
| **June 30, 2026 (Unaudited)** | | | | | | | | | | |
| Net book value at beginning of the period | **102,817** | **154** | **116,181** | **13,780** | **1,993** | **3,806** | **19,610** | **840** | **68,808** | **327,989** |
| Additions (Note 4) | **16** | **—** | **6** | **3** | **167** | **—** | **422** | **—** | **18,122** | **18,736** |
| Disposals/retirements | **—** | **—** | **—** | **(1)** | **(16)** | **—** | **(27)** | **—** | **—** | **(44)** |
| Reclassification | **6,185** | **—** | **8,932** | **100** | **191** | **(1)** | **2,035** | **148** | **(17,588)** | **2** |
| Translation differences charged directly to cumulative translation adjustments | **3** | **—** | **2** | **—** | **—** | **—** | **—** | **—** | **—** | **5** |
| Depreciation and amortization (Note 3) | **(5,239)** | **(50)** | **(10,614)** | **(441)** | **(369)** | **(21)** | **(2,663)** | **(149)** | **—** | **(19,546)** |
| Net book value at end of the period | **103,782** | **104** | **114,507** | **13,441** | **1,966** | **3,784** | **19,377** | **839** | **69,342** | **327,142** |
| **As at June 30, 2026 (Unaudited)** | | | | | | | | | | |
| Cost | **332,734** | **513** | **392,868** | **35,266** | **35,043** | **4,300** | **68,554** | **2,337** | **69,342** | **940,957** |
| Accumulated depreciation, impairment and amortization | **(228,952)** | **(409)** | **(278,361)** | **(21,825)** | **(33,077)** | **(516)** | **(49,177)** | **(1,498)** | **—** | **(613,815)** |
| Net book value | **103,782** | **104** | **114,507** | **13,441** | **1,966** | **3,784** | **19,377** | **839** | **69,342** | **327,142** |
| December 31, 2025 (Audited) | | | | | | | | | | |
| Net book value at beginning of the period | 101,265 | 257 | 116,506 | 7,304 | 1,971 | 4,474 | 17,210 | 864 | 68,218 | 318,069 |
| Additions (Note 4) | 882 | — | 723 | 97 | 367 | — | 273 | — | 51,935 | 54,277 |
| Disposals/retirements | (6) | — | (4) | (3) | (68) | (1) | — | — | — | (82) |
| Reclassification | 11,158 | — | 23,581 | 7,141 | 448 | (614) | 6,977 | 258 | (51,345) | (2,396) |
| Translation differences charged directly to cumulative translation adjustments | 1 | — | 1 | — | — | — | — | — | — | 2 |
| Depreciation and amortization (Note 3) | (10,483) | (103) | (24,626) | (759) | (725) | (53) | (4,850) | (282) | — | (41,881) |
| Net book value at end of the period | 102,817 | 154 | 116,181 | 13,780 | 1,993 | 3,806 | 19,610 | 840 | 68,808 | 327,989 |
| As at December 31, 2025 (Audited) | | | | | | | | | | |
| Cost | 327,658 | 513 | 384,033 | 35,183 | 35,463 | 4,301 | 66,115 | 2,189 | 68,808 | 924,263 |
| Accumulated depreciation, impairment and amortization | (224,841) | (359) | (267,852) | (21,403) | (33,470) | (495) | (46,505) | (1,349) | — | (596,274) |
| Net book value | 102,817 | 154 | 116,181 | 13,780 | 1,993 | 3,806 | 19,610 | 840 | 68,808 | 327,989 |

Interest capitalized to property and equipment that qualified as borrowing costs amounted to Php1,270 million and Php1,276 million for the six months ended June 30, 2026 and 2025, respectively. See *Note 5 – Income and Expenses – Financing Costs – Net*. The average interest capitalization rate used was approximately 5% for each of the six months ended June 30, 2026 and 2025.

Our net foreign exchange gains, which qualified as borrowing costs, amounted to Php443 million and Php77 million for the six months ended June 30, 2026 and 2025, respectively.

As at June 30, 2026, the estimated useful lives of our property and equipment are as follows:

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

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

***Sale and Leaseback of Telecom Towers***

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

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

The following summarizes the completed sale of Smart and DMPI telecom towers as at June 30, 2026:

| Closing Date | Number of Tower Assets Sold | Cash Consideration | Gain on Sale and Leaseback |
|---|---|---|---|
| | | (in million pesos) | (in million pesos) |
| 2022 | 4,665 | 60,492 | 25,234 |
| 2023 | 1,705 | 22,465 | 7,467 |
| 2024 | 356 | 4,362 | 1,471 |
| 2025 | 89 | 1,068 | 859 |
| | 6,815 | 88,387 | 35,031 [(1)] |

[(1)] *Gross of related transaction costs.*

The remaining telecom towers with net book value of Php4,162 million as at June 30, 2026 and December 31, 2025, subject to sale and purchase agreement within one year, were reclassified from "Property and equipment" to "Assets classified as held-for-sale" under current assets in our consolidated statement of financial position.

## 10. Leases

### Group as a Lessee

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

Our consolidated estimated useful lives of ROU assets as at June 30, 2026 are as follows:

| | |
|---|---|
| Sites | 1 – 30 years |
| International leased circuits | 2 – 19 years |
| Poles | 2 – 12 years |
| Domestic leased circuits | 2 – 10 years |
| Office buildings | 1 – 25 years |
| Co-located sites | 4 – 7 years |

Our consolidated roll forward analysis of ROU assets for the six months ended June 30, 2026 and for the year ended December 31, 2025 are as follows:

| | Sites | International Leased Circuits | Poles | Domestic Leased Circuits | Office Buildings | Co-located Sites | Total |
|---|---|---|---|---|---|---|---|
| | | | | (in million pesos) | | | |
| **June 30, 2026 (Unaudited)** | | | | | | | |
| Costs: | | | | | | | |
| Balances at beginning of the period | **57,596** | **5,722** | **6,168** | **2,919** | **1,364** | **58** | **73,827** |
| Additions (Note 28) | **4,125** | **284** | **34** | **752** | **181** | **—** | **5,376** |
| Asset retirement obligation | **21** | **—** | **—** | **—** | **9** | **—** | **30** |
| Modifications | **(964)** | **(9)** | **58** | **4** | **22** | **—** | **(889)** |
| Terminations | **(361)** | **(116)** | **(114)** | **(24)** | **(33)** | **—** | **(648)** |
| Balances at end of the period | **60,417** | **5,881** | **6,146** | **3,651** | **1,543** | **58** | **77,696** |
| Accumulated depreciation and amortization: | | | | | | | |
| Balances at beginning of the period | **(16,755)** | **(2,710)** | **(2,530)** | **(1,999)** | **(1,014)** | **(42)** | **(25,050)** |
| Modifications | **(17)** | **—** | **—** | **—** | **(18)** | **—** | **(35)** |
| Terminations | **246** | **93** | **115** | **24** | **31** | **—** | **509** |
| Depreciation (Note 3) | **(3,299)** | **(472)** | **(598)** | **(272)** | **(160)** | **(5)** | **(4,806)** |
| Balances at end of the period | **(19,825)** | **(3,089)** | **(3,013)** | **(2,247)** | **(1,161)** | **(47)** | **(29,382)** |
| Net book value at the end of the period | **40,592** | **2,792** | **3,133** | **1,404** | **382** | **11** | **48,314** |
| December 31, 2025 (Audited) | | | | | | | |
| Costs: | | | | | | | |
| Balances at beginning of the period | 44,047 | 5,055 | 5,336 | 2,637 | 1,301 | 61 | 58,437 |
| Additions (Note 28) | 16,227 | 2,535 | 1,079 | 596 | 371 | — | 20,808 |
| Asset retirement obligation | 73 | — | — | — | 24 | — | 97 |
| Modifications | 8 | 96 | 164 | 4 | (6) | — | 266 |
| Terminations | (2,504) | (1,964) | (411) | (318) | (326) | (3) | (5,526) |
| Reclassification to ROU assets classified as held-for-sale | (255) | — | — | — | — | — | (255) |
| Balances at end of the period | 57,596 | 5,722 | 6,168 | 2,919 | 1,364 | 58 | 73,827 |
| Accumulated depreciation and amortization: | | | | | | | |
| Balances at beginning of the period | (11,608) | (3,110) | (1,739) | (1,810) | (1,010) | (49) | (19,326) |
| Modifications | 6 | — | — | — | 19 | — | 25 |
| Terminations | 1,321 | 1,307 | 405 | 231 | 305 | 18 | 3,587 |
| Depreciation (Note 3) | (6,419) | (907) | (1,196) | (420) | (328) | (11) | (9,281) |
| Reclassification to ROU assets classified as held-for-sale | (55) | — | — | — | — | — | (55) |
| Balances at end of the period | (16,755) | (2,710) | (2,530) | (1,999) | (1,014) | (42) | (25,050) |
| Net book value at the end of the period | 40,841 | 3,012 | 3,638 | 920 | 350 | 16 | 48,777 |

The following amounts are recognized in our consolidated income statements for the six months ended June 30, 2026 and 2025:

| | June 30, | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | |
| | (in million pesos) | |
| Depreciation expense of ROU assets | **4,806** | 4,186 |
| Interest expense on lease liabilities | **2,209** | 2,043 |
| Variable lease payments (included in general operating costs) | **429** | 318 |
| Expenses relating to short-term leases (included in general operating costs) | **225** | 274 |
| Total amount recognized in consolidated income statements | **7,669** | 6,821 |

Our consolidated roll forward analysis of lease liabilities six months ended June 30, 2026 and for the year ended December 31, 2025 are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Balances at beginning of the period | **64,173** | 54,038 |
| Additions (Note 28) | **5,376** | 20,800 |
| Accretion on lease liabilities (Note 5) | **2,209** | 4,579 |
| Foreign exchange gains – net | **128** | 33 |
| Reclassification to lease liabilities classified as held-for-sale | **—** | (20) |
| Termination | **(57)** | (1,216) |
| Lease modifications | **(902)** | 287 |
| Settlement of obligations | **(7,835)** | (14,328) |
| Balances at end of the period (Notes 3 and 28) | **63,092** | 64,173 |
| Less: Current portion of lease liabilities (Note 27) | **10,187** | 8,897 |
| Noncurrent portion of lease liabilities (Note 27) | **52,905** | 55,276 |

We had total cash outflows for leases of Php7,835 million and Php6,944 million for the six months ended June 30, 2026 and 2025, respectively. We had non-cash additions to ROU assets of Php5,376 million and Php20,808 million and lease liabilities of Php5,376 million and Php20,800 million for the six months ended June 30, 2026 and for the year ended December 31, 2025, respectively. The future cash outflows relating to leases that have not yet commenced are disclosed in *Note 28 – Notes to the Statements of Cash Flows*.

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

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

In 2022, 2023, 2024 and 2025, the MSAs covering the leaseback arrangements of 4,665, 1,705, 356 and 89 telecom towers, respectively, became effective. As a result, we recognized cumulative lease liability of Php40,824 million and cumulative ROU assets of Php24,759 million as at December 31, 2025.

The ROU assets relating to leasehold land with net book value of Php2,329 million and Php2,258 million, and the related lease liabilities amounting to Php1,612 million and Php1,625 million were respectively reclassified as "Assets classified as held-for-sale" under current assets and "Liabilities associated with assets classified as held-for-sale" under current liabilities, respectively in our consolidated statement of financial position as at June 30, 2026 and December 31, 2025, respectively.

***Common Tower Program Pilot, or CTP Pilot***

The CTP Pilot, established by Smart in January 2020 in partnership with several TowerCos duly accredited by the DICT aims to accelerate new site rollouts and reduce upfront the capital expenditures spending.

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

Upon the launch of the program, the original CTP Pilot commitment covered 200 sites.  Through subsequent service orders, or SOs issued under the program, the coverage site portfolio increased to 437 sites as of June 30, 2026.  As at June 30, 2026 and December 31, 2025, 437 and 433 sites, respectively, were classified as RFTI.

**Group as a Lessor**

We have entered into operating leases on our investment property portfolio consisting of certain office buildings and business offices.  See *Note 13 – Investment Properties*.  These leases have a term of five years.  All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.  The lessee is also required to provide a residual guarantee on the properties.  Rental income recognized amounted to nil and Php31 million for the six months ended June 30, 2026 and 2025, respectively.

Future minimum rentals receivable under non-cancellable operating leases expected within one year amounted to nil and Php62 million as at June 30, 2026 and December 31, 2025, respectively, and after one year but not more than five years amounted to nil each as at both June 30, 2026 and December 31, 2025.

## 11. Investments in Associates and Joint Ventures

As at June 30, 2026 and December 31, 2025, this account consists of:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Carrying value of investments in associates: | | |
| MediaQuest PDRs | **8,486** | 8,706 |
| MIH | **8,545** | 7,411 |
| Individually immaterial associates | **2,953** | 3,034 |
| | **19,984** | 19,151 |
| Carrying value of investments in joint ventures: | | |
| VTI, Bow Arken and Brightshare | **32,983** | 32,990 |
| Individually immaterial joint ventures | **551** | 284 |
| | **33,534** | 33,274 |
| Total carrying value of investments in associates and joint ventures | **53,518** | 52,425 |

Changes in the cost of investments for the six months ended June 30, 2026 and for the year ended December 31, 2025 are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Balances at beginning of the period | **68,092** | 68,010 |
| Additions | **270** | 779 |
| Disposals | **—** | (97) |
| Return of capital | **—** | (600) |
| Translation and other adjustments | **12** | — |
| Balances at end of the period | **68,374** | 68,092 |

Changes in the accumulated impairment losses for the six months ended June 30, 2026 and for the year ended December 31, 2025 are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Balances at beginning of the period | **2,763** | 2,763 |
| Balances at end of the period | **2,763** | 2,763 |

Changes in the accumulated equity share in net earnings (losses) of associates and joint ventures for the six months ended June 30, 2026 and for the year ended December 31, 2025 are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Balances at beginning of the period | **(12,904)** | (12,483) |
| Equity share in net earnings (losses) of associates and joint ventures: | **915** | (428) |
| *MIH* | ***1,228*** | *681* |
| *VTI, Bow Arken and Brightshare* | ***(7)*** | *(85)* |
| *MediaQuest PDRs* | ***(220)*** | *(480)* |
| *Individually immaterial associates and joint ventures* | ***(86)*** | *(544)* |
| Disposals | **—** | 9 |
| Translation and other adjustments | **(104)** | (2) |
| Balances at end of the period | **(12,093)** | (12,904) |

***Investments in Associates***

***Investment of ePLDT in MediaQuest PDRs***

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

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

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

ePLDT's aggregate value of investment in MediaQuest PDRs amounted to Php8,486 million and Php8,706 million as at June 30, 2026 and December 31, 2025, respectively. See *Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions – Accounting for investment in MediaQuest through PDRs*.

The table below presents the summarized financial information of Satventures/Cignal TV as at June 30, 2026 and December 31, 2025, and for the six months ended June 30, 2026 and 2025:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Statements of Financial Position: | | |
| Noncurrent assets | **23,414** | 22,546 |
| Current assets | **6,757** | 6,596 |
| Noncurrent liabilities | **1,789** | 1,350 |
| Current liabilities | **14,123** | 13,188 |
| Equity | **14,259** | 14,604 |
| Carrying amount of interest in Satventures/Cignal TV | **8,486** | 8,706 |
| Additional Information: | | |
| Cash and cash equivalents | **218** | 405 |
| Current financial liabilities(1) | **4,457** | 4,077 |
| Noncurrent financial liabilities(1) | **760** | 965 |

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

| | June 30, 2026 | June 30, 2025 |
|---|---|---|
| | **(Unaudited)** | |
| | (in million pesos) | |
| Income Statements: | | |
| Revenues | **2,880** | 3,963 |
| Depreciation and amortization | **776** | 715 |
| Interest income | **55** | 26 |
| Interest expense | **235** | 185 |
| Benefit from income tax | **(258)** | (32) |
| Net loss / Total comprehensive loss | **(345)** | (165) |
| Equity share in net losses of Satventures/Cignal TV | **(220)** | (106) |

The carrying amount of Satventures' investment as at June 30, 2026 and December 31, 2025 are as follows.

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Satventures'/Cignal TV's equity | **14,259** | 14,604 |
| Deposit for future stock subscription | **(1,000)** | (1,000) |
| Satventures'/Cignal TV's net equity | **13,259** | 13,604 |
| Satventures'/Cignal TV's noncontrolling interest | **64%** | 64% |
| Carrying amount of interest in Satventures/Cignal TV | **8,486** | 8,706 |

***Investment of PCEV in MIH***

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

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

PCEV's percentage equity interest in MIH stood at 37.66% as at June 30, 2026 and December 31, 2025.

The summarized financial information of MIH as at June 30, 2026 and December 31, 2025, and for the six months ended June 30, 2026 and 2025 is shown below:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Statements of Financial Position: | | |
| Noncurrent assets | **13,536** | 9,798 |
| Current assets | **21,171** | 30,261 |
| Noncurrent liabilities | **2,523** | 1,523 |
| Current liabilities | **20,677** | 29,499 |
| Equity | **11,507** | 9,037 |
| Carrying amount of interest in MIH | **8,545** | 7,411 |
| Additional Information: | | |
| Cash and cash equivalents | **4,119** | 7,375 |
| Current financial liabilities[(1)] | **20,102** | 29,194 |

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

| | June 30, 2026 | 2025 |
|---|---|---|
| | (Unaudited) | |
| | (in million pesos) | |
| Income Statements: | | |
| Revenues | **7,903** | 9,285 |
| Depreciation and amortization | **393** | 250 |
| Interest income | **93** | 94 |
| Provision for income tax | **472** | 77 |
| Net income/Total comprehensive income | **3,261** | 1,011 |
| Equity share in net income of MIH [1] | **1,228** | 381 |

[1] *2026 and 2025 amounts include impact of 2025 and 2024 audit adjusting entries, respectively.*

The carrying value of PCEV's investment in MIH as at June 30, 2026 and December 31, 2025 are as follows.

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| | (Unaudited) | (Audited) |
| | (in million pesos) | |
| MIH Equity[1] | **9,986** | 6,623 |
| PCEV's noncontrolling interests | **37.66%** | 37.66% |
| Share in net assets of MIH | **3,761** | 2,494 |
| Goodwill arising from acquisition | **4,784** | 4,917 |
| Carrying amount of interest in MIH | **8,545** | 7,411 |

[1] *Net of Php1,521 million and Php2,413 million Employee Share Stock Option in 2026 and 2025, respectively.*

***Investments in Joint Ventures***

***Investments of PLDT in VTI, Bow Arken and Brightshare***

The Company's acquisition of a 50% equity interest in the telecommunications business of San Miguel Corporation, or SMC, through the VTI, Bow Arken, and Brightshare Transactions (collectively, the SMC Transactions), was approved by the Board on May 30, 2016. Globe acquired the remaining 50%. PLDT and Globe executed separate Share Purchase Agreements to acquire the equity, outstanding advances, and assumed liabilities of these entities.

The total consideration of Php52.8 billion was paid in three tranches: 50% on May 30, 2016, 25% on December 1, 2016, and 25% on May 30, 2017. Under the agreements, PLDT and Globe, through VTI, Bow Arken, and Brightshare, also assumed liabilities amounting to Php17.2 billion from May 30, 2016, subject to a price adjustment mechanism. Following confirmatory due diligence, both parties paid the previous owners a net adjustment of Php2.6 billion on May 29, 2017.

As part of the SMC Transactions, PLDT and Globe also acquired certain outstanding advances from the previous owners, the largest of which amounted to Php11,359 million, comprising Php11,038 million from VTI and its subsidiaries, Php238 million from Bow Arken, and Php83 million from Brightshare.

PLDT and Globe each subscribed to preferred shares of VTI as follows: (a) February 28, 2017: 2.8 million preferred shares at Php4,000 per share (Php11,040 million per party), paid by applying assigned advances; (b) February 28, 2017: 800 thousand additional preferred shares at Php4,000 per share (Php3,200 million per party), with Php148 million paid in cash and the balance settled by year-end 2017; and (c) December 15, 2017: 600 thousand preferred shares at Php5,000 per share (Php3,000 million per party), partly paid in cash and the balance settled through conversion of advances.

All subscription payments were fully paid as at December 31, 2017.

The table below presents the summarized financial information of VTI, Bow Arken and Brightshare as at June 30, 2026 and December 31, 2025, and for the six months ended June 30, 2026 and 2025:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Statements of Financial Position: | | |
| Noncurrent assets | **77,173** | 77,344 |
| Current assets | **5,096** | 4,486 |
| Noncurrent liabilities | **9,444** | 9,448 |
| Current liabilities | **2,955** | 2,651 |
| Equity | **69,870** | 69,731 |
| Carrying amount of assets in VTI, Bow Arken and Brightshare | **32,983** | 32,990 |
| Additional Information: | | |
| Cash and cash equivalents | **1,931** | 2,006 |
| Current financial liabilities [1] | **133** | 122 |

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

| | **June 30,** | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | |
| | (in million pesos) | |
| Income Statements: | | |
| Revenues | **2,906** | 2,198 |
| Depreciation and amortization | **981** | 993 |
| Interest income | **35** | 71 |
| Provision for income tax | **52** | (14) |
| Net loss / Total comprehensive loss | **(15)** | (143) |
| Equity share in net loss of VTI, Bow Arken and Brightshare | **(7)** | (72) |

The carrying value of PLDT's investment in VTI, Bow Arken and Brightshare as at June 30, 2026 and December 31, 2025:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| VTI, Bow Arken and Brightshare equity | **69,870** | 69,731 |
| PLDT's share | **50%** | 50% |
| Share in net assets of VTI, Bow Arken and Brightshare | **34,935** | 34,866 |
| Share in adjustment based on liability and ETPI net cash balance | **442** | 442 |
| Reimbursements | **(396)** | (393) |
| Share in SMC's advances in VTI, Bow Arken and Brightshare | **(840)** | (840) |
| Non-controlling interests | **(1,050)** | (1,118) |
| Others | **(108)** | 33 |
| Carrying amount of interest in VTI, Bow Arken and Brightshare | **32,983** | 32,990 |

*Notice of Transaction filed with the PCC*

Prior to the closing of the transaction on May 30, 2016, PLDT, Globe, and SMC each submitted separate notices to the Philippine Competition Commission (PCC) covering the VTI, Bow Arken, and Brightshare transactions, respectively, pursuant to the Philippine Competition Act (PCA) and PCC Circular Nos. 16-001 and 16-002 (the "Circulars"). Under the Circulars, such transactions are deemed approved upon the PCC's receipt of complete and compliant notices.

On June 6 and 7, 2016, the PCC informed the parties that: (a) with respect to the VTI transaction, the notice was deficient in form and substance and therefore not deemed approved, as key terms were allegedly missing and certain agreements potentially prohibited; and (b) with respect to the Bow Arken and Brightshare transactions, compulsory notification under the Circulars was inapplicable, and in any case, the notices were also deemed deficient.

In its response dated June 10, 2016, PLDT maintained that its notice was complete, sufficient, and compliant, and that the VTI transaction was therefore deemed approved under Section 23 of the PCA and not subject to retroactive review. PLDT further stated that the parties had taken measures to prevent any substantial lessening of competition, including the relinquishment and co-use of certain frequencies among Smart, BellTel, and Globe. For transparency, PLDT and the other parties voluntarily furnished the PCC with copies of the Sale and Purchase Agreements.

Despite this response, the PCC, in a letter dated June 17, 2016, required the parties to submit additional documents relating to the co-use arrangements and other definitive agreements, and disregarded the transaction's deemed-approved status under the Circulars, indicating its intent to conduct a full review or investigation of the transaction.

*In the Matter of the Petition against the PCC*

PLDT's Petition for Certiorari and Prohibition before the Court of Appeals (CA) against the Philippine Competition Commission (PCC), which challenged the PCC's review of PLDT's and Globe's acquisition of SMC's telecommunications business (the "SMC Transactions"), was decided by the CA in October 2017 in favor of PLDT and Globe. The CA permanently enjoined the PCC from conducting any pre-acquisition review or investigation, set aside the PCC's letters directing such review, and declared the SMC Transactions "deemed approved" under the Philippine Competition Act and the PCC's transitory rules. The CA, however, clarified that the PCC retained authority to conduct post-acquisition reviews to address any anti-competitive conduct.

The PCC elevated the case to the Supreme Court via a Petition for Review on Certiorari, which was consolidated with an earlier PCC petition to annul the CA's writ of preliminary injunction. The Supreme Court proceedings have since involved multiple submissions and motions by the parties, and the consolidated petitions remain pending resolution.

The Supreme Court has not yet issued a final decision on the consolidated cases. The most recent action was the Court's February 8, 2021 Resolution, noting the Consolidated Reply filed by petitioners in a related docket (G.R. No. 242352). No further order or resolution has been promulgated since. As of the date of this report, the matter remains pending before the Supreme Court.

*Return of Capital from VTI*

On September 2, 2025, the Board of Directors of VTI authorized to partially redeem a portion of its issued and outstanding redeemable preferred shares issued to PLDT and Globe consisting of an aggregate of 265,420 preferred shares (132,710 shares per party) at a redemption price of Php4 thousand per share or an aggregate redemption price of Php1,062 million (Php531 million per party). Additionally, the Board of Directors of VTI agreed to return the deposits for future stock subscription in the amount of Php138 million (Php69 million per party) as it no longer desires to convert the said deposits into equity.

***Individually immaterial associates and joint ventures***

As at June 30, 2026 and December 31, 2025, following are the carrying values of individually immaterial associates and joint ventures:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Individually immaterial associates: | | |
| Radius | **1,716** | 1,679 |
| Kayana | **1,237** | 1,355 |
| | **2,953** | 3,034 |
| Individually immaterial joint ventures: | | |
| DFTI | **508** | 238 |
| Telecommunications Connectivity, Inc. | **43** | 42 |
| PFC/VFC | **—** | 4 |
| | **551** | 284 |
| Total individually immaterial associates and joint ventures | **3,504** | 3,318 |

The summarized financial information of individually immaterial associates and joint ventures as at June 30, 2026 and December 31, 2025, and for the six months ended June 30, 2026 and 2025 is shown below:

| | Associates | | Joint Ventures | |
|---|---|---|---|---|
| | **June 30, 2026** | December 31, 2025 | **June 30, 2026** | December 31, 2025 |
| | **(Unaudited)** | (Audited) | **(Unaudited)** | (Audited) |
| | (in million pesos) | | | |
| Statements of Financial Position: | | | | |
| Noncurrent assets | **7,960** | 8,259 | **5,782** | 4,848 |
| Current assets | **3,384** | 3,331 | **174** | 173 |
| Noncurrent liabilities | **214** | 863 | **5,000** | 2,960 |
| Current liabilities | **4,633** | 5,052 | **190** | 678 |
| Equity | **6,497** | 5,675 | **766** | 1,383 |
| Carrying amount of interest in individually immaterial associates and joint ventures | **2,953** | 3,034 | **551** | 284 |
| Additional Information: | | | | |
| Cash and cash equivalents | **1,072** | 1,517 | **95** | 54 |
| Current financial liabilities | **1,096** | 1,201 | **190** | 1,210 |
| Noncurrent financial liabilities | **—** | 385 | **5,000** | 2,346 |

| | Associates | | Joint Ventures | |
|---|---|---|---|---|
| | June 30, | | June 30, | |
| | **2026** | 2025 | **2026** | 2025 |
| | **(Unaudited)** | | **(Unaudited)** | |
| | (in million pesos) | | | |
| Income Statements: | | | | |
| Revenues | **1,576** | 1,373 | **8** | 8 |
| Depreciation and amortization | **446** | 512 | **1** | 1 |
| Interest income | **20** | 19 | **—** | — |
| Interest expense | **(12)** | (28) | **—** | — |
| Provision for income tax | **46** | 14 | **—** | — |
| Net income (loss) / Total comprehensive income (loss) | **(287)** | (365) | **(1,392)** | 212 |
| Equity share in net income (losses) of individually immaterial associates and joint ventures | **(81)** | (90) | **(5)** | 1 |

## 12. Debt Instruments at Amortized Cost

As at June 30, 2026 and December 31, 2025, this account consists of:

| | **June 30, 2026 (Unaudited)** | December 31, 2025 (Audited) |
|---|---|---|
| | (in million pesos) | |
| Retail Treasury Bonds | **340** | 340 |
| ASENSO Bonds | **100** | — |
| Fixed Rate Treasury Notes, or FXTN | **10** | 30 |
| | **450** | 370 |
| Less: Current portion of debt instrument at amortized cost (Note 27) | **340** | 20 |
| Noncurrent portion of debt instrument at amortized cost (Note 27) | **110** | 350 |

*Retail Treasury Bonds*

On December 2, 2021, PLDT and Smart purchased at par a 5.5-year Retail Treasury Bond Tranche 26 with face value of Php300 million maturing on June 2, 2027. The bond has a gross coupon rate of 4.6250% payable on a quarterly basis. Interest income, recognized on this investment amounted to Php5.55 million each for the six months ended June 30, 2026 and 2025. The carrying value of this investment amounted to Php300 million each as at June 30, 2026 and December 31, 2025.

On March 4, 2022, PLDT and Smart purchased at par a five-year Retail Treasury Bond Tranche 27 with face value of Php40 million maturing on March 4, 2027. The bond has a gross coupon rate of 4.8750% payable on a quarterly basis. Interest income, recognized on this investment amounted to Php780 thousand each for the six months ended June 30, 2026 and 2025. The carrying value of this investment amounted to Php40 million each as at June 30, 2026 and December 31, 2025.

*ASENSO Bonds*

On February 16, 2026, PLDT and Smart purchased at par a 1.5-year Landbank of the Philippines ASENSO Bonds Series B with face value of Php100 million maturing on August 16, 2027. The bond has a gross coupon rate of 5.1714% payable on a quarterly basis. Interest income, recognized on this investment amounted to Php1.55 million for the six months ended June 30, 2026. The carrying value of this investment amounted to Php100 million as at June 30, 2026.

*FXTN*

On June 3, 2022, Smart purchased at a discount a three-year FXTN 03-27 with face value of Php25 million which matured on April 7, 2025. The bond has a gross coupon rate of 4.25% payable on a semi-annual basis. Interest income, recognized on this investment amounted to nil and Php222 thousand for the six months ended June 30, 2026 and 2025, respectively.

On June 16, 2022, Smart purchased at a premium a seven-year FXTN 07-67 with face value of Php10 million maturing on May 19, 2029. The bond has a gross coupon rate of 6.5% payable on a semi-annual basis. Interest income, recognized on this investment amounted to Php260 thousand each for the six months ended June 30, 2026 and 2025. The carrying value of this investment amounted to Php10 million each as at June 30, 2026 and December 31, 2025.

On July 7, 2022, PLDT and Smart purchased at a premium a four-year FXTN 07-62 with face value of Php20 million which matured on February 14, 2026. The bond has a gross coupon rate of 6.25% payable on a semi-annual basis. Interest income, recognized on this investment amounted to Php111 thousand and Php492 thousand for the six months ended June 30, 2026 and 2025, respectively. The carrying value of this investment amounted to nil and Php20 million as at June 30, 2026 and December 31, 2025, respectively.

*ASEAN Sustainability Bonds*

On July 28, 2026, PLDT and Smart purchased at par a 1.5-year BDO Unibank Inc. Series 8 Tranche 1 ASEAN Sustainability Bonds with face value of Php100 million maturing on January 28, 2028. The bond has a gross coupon rate of 6.26% payable on a quarterly basis.

## 13. Investment Properties

Changes in investment properties account for the six months ended June 30, 2026 and for the year ended December 31, 2025 are as follows:

| | Land | Land Improvements | Building | Total |
|---|---|---|---|---|
| | | (in million pesos) | | |
| **June 30, 2026 (Unaudited)** | | | | |
| Balances at beginning of the period | **7,070** | **89** | **630** | **7,789** |
| Net gains from fair value adjustments charged to profit or loss | **314** | **129** | **7** | **450** |
| Transfers from property and equipment | **1** | **—** | **—** | **1** |
| Net loss from fair value adjustments charged to other comprehensive income | **—** | **1** | **—** | **1** |
| Disposals during the period | **(75)** | **(6)** | **(118)** | **(199)** |
| Balances at end of the period | **7,310** | **213** | **519** | **8,042** |
| December 31, 2025 (Audited) | | | | |
| Balances at beginning of the period | 2,882 | 12 | 106 | 3,000 |
| Net gains (losses) from fair value adjustments charged to other comprehensive income | 3,386 | (90) | 298 | 3,594 |
| Transfers from property and equipment – net | 464 | 168 | 219 | 851 |
| Net gains (losses) from fair value adjustments charged to profit or loss | 346 | (1) | 7 | 352 |
| Disposals during the period | (8) | — | — | (8) |
| Balances at end of the period | 7,070 | 89 | 630 | 7,789 |

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

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

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

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

Repairs and maintenance expenses related to investment properties that do not generate rental income amounted to Php52 million and Php55 million for the six months ended June 30, 2026 and 2025.

Rental income relating to investment properties that are being leased and included as part of other miscellaneous income amounted to nil and Php31 million for the six months ended June 30, 2026 and 2025, respectively. See *Note 10 – Leases*.

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

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

## 14. Goodwill and Intangible Assets

Changes in goodwill and intangible assets account for the six months ended June 30, 2026 and for the year ended December 31, 2025 are as follows:

| | Intangible Assets with Indefinite Life | Intangible Assets with Finite Life | | | | | | Total Intangible Assets with Finite Life | Total Intangible Assets | Goodwill | Total Goodwill and Intangible Assets |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Trademark | Franchise | Licenses | Customer List | Spectrum | Others | | | | |
| | | | | | | (in million pesos) | | | | | |
| **June 30, 2026 (Unaudited)** | | | | | | | | | | | |
| Costs: | | | | | | | | | | | |
| Balances at beginning of the period | **220** | **4,570** | **3,017** | **123** | **4,707** | **1,205** | **1,906** | **15,528** | **15,748** | **63,595** | **79,343** |
| Additions during the period | **—** | **—** | **—** | **—** | **—** | **—** | **58** | **58** | **58** | **—** | **58** |
| Translation and other adjustments | **—** | **2** | **—** | **—** | **—** | **—** | **8** | **10** | **10** | **—** | **10** |
| Balances at end of the period | **220** | **4,572** | **3,017** | **123** | **4,707** | **1,205** | **1,972** | **15,596** | **15,816** | **63,595** | **79,411** |
| Accumulated amortization and impairment: | | | | | | | | | | | |
| Balances at beginning of the period | **—** | **4,570** | **2,638** | **123** | **4,697** | **1,205** | **1,035** | **14,268** | **14,268** | **654** | **14,922** |
| Amortization during the period | **—** | **—** | **93** | **—** | **1** | **—** | **52** | **146** | **146** | **—** | **146** |
| Translation and other adjustments | **—** | **2** | **—** | **—** | **—** | **—** | **2** | **4** | **4** | **—** | **4** |
| Balances at end of the period | **—** | **4,572** | **2,731** | **123** | **4,698** | **1,205** | **1,089** | **14,418** | **14,418** | **654** | **15,072** |
| Net balances at end of the period | **220** | **—** | **286** | **—** | **9** | **—** | **883** | **1,178** | **1,398** | **62,941** | **64,339** |
| Estimated useful lives (in years) | **—** | **—** | **16** | **—** | **6** | **—** | **5-10** | **—** | **—** | **—** | **—** |
| Remaining useful lives (in years) | **—** | **—** | **2** | **—** | **4** | **—** | **3-10** | **—** | **—** | **—** | **—** |
| December 31, 2025 (Audited) | | | | | | | | | | | |
| Costs: | | | | | | | | | | | |
| Balances at beginning of the period | 220 | 4,565 | 3,017 | 135 | 4,703 | 1,205 | 1,689 | 15,314 | 15,534 | 63,595 | 79,129 |
| Additions during the period | — | — | — | — | 12 | — | 217 | 229 | 229 | — | 229 |
| Translation and other adjustments | — | 5 | — | (12) | (8) | — | — | (15) | (15) | — | (15) |
| Balances at end of the period | 220 | 4,570 | 3,017 | 123 | 4,707 | 1,205 | 1,906 | 15,528 | 15,748 | 63,595 | 79,343 |
| Accumulated amortization and impairment: | | | | | | | | | | | |
| Balances at beginning of the period | — | 4,565 | 2,451 | 135 | 4,703 | 1,205 | 952 | 14,011 | 14,011 | 654 | 14,665 |
| Amortization during the period | — | — | 186 | — | 2 | — | 82 | 270 | 270 | — | 270 |
| Translation and other adjustments | — | 5 | 1 | (12) | (8) | — | 1 | (13) | (13) | — | (13) |
| Balances at end of the period | — | 4,570 | 2,638 | 123 | 4,697 | 1,205 | 1,035 | 14,268 | 14,268 | 654 | 14,922 |
| Net balances at end of the period | 220 | — | 379 | — | 10 | — | 871 | 1,260 | 1,480 | 62,941 | 64,421 |
| Estimated useful lives (in years) | — | — | 16 | — | 6 | — | 5-10 | — | — | — | — |
| Remaining useful lives (in years) | — | — | 2 | — | 4 | — | 3-10 | — | — | — | — |

The consolidated goodwill and intangible assets of our reportable segments as at June 30, 2026 and December 31, 2025 are as follows:

| | **June 30, 2026** | | | December 31, 2025 | | |
|---|---|---|---|---|---|---|
| | **(Unaudited)** | | | (Audited) | | |
| | **Wireless** | **Fixed Line** | **Total** | Wireless | Fixed Line | Total |
| | | | (in million pesos) | | | |
| Franchise | **286** | **—** | **286** | 379 | — | 379 |
| Customer list | **—** | **229** | **229** | — | 230 | 230 |
| Others | **—** | **883** | **883** | — | 871 | 871 |
| Total intangible assets | **286** | **1,112** | **1,398** | 379 | 1,101 | 1,480 |
| Goodwill | **56,571** | **6,370** | **62,941** | 56,571 | 6,370 | 62,941 |
| Total goodwill and intangible assets | **56,857** | **7,482** | **64,339** | 56,950 | 7,471 | 64,421 |

The consolidated future amortization of intangible assets with finite life as at June 30, 2026 are as follows:

| **Year** | **(in million pesos)** |
|---|---|
| 2026[1] | **165** |
| 2027 | **301** |
| 2028 | **118** |
| 2029 | **112** |
| 2030 | **98** |
| 2031 and onwards | **384** |
| | **1,178** |

[1] *From July 1, 2026 to December 31, 2026*

***Impairment Testing of Goodwill***

The organizational structure of PLDT and its subsidiaries is designed to monitor financial operations based on fixed line and wireless segmentation. Management provides guidelines and decisions on resource allocation, such as continuing or disposing of assets and operations by evaluating the performance of each segment through review and analysis of available financial information on the fixed line and wireless segments. As at June 30, 2026, the PLDT Group's goodwill comprised of goodwill resulting from PGIH's acquisition of Multisys in 2022, ePLDT's acquisition of IPCDSI in 2012, PLDT's acquisition of Digitel in 2011, ePLDT's acquisition of ePDS in 2011, Smart's acquisition of PDSI and Chikka in 2009, SBI's acquisition of Airborne Access Corporation in 2008, and Smart's acquisition of SBI in 2004.

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

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

The recoverable amount of the Wireless and Fixed Line CGUs have been determined using the value-in-use approach calculated using cash flow projections based on the financial budgets approved by the Board of Directors. The post-tax discount rates applied to cash flow projections are 9.32% for the Wireless and Fixed Line CGUs. Cash flows beyond the projection period of three years are determined using a 2% growth rate for the Wireless and Fixed Line CGUs, which is the same as the long-term average growth rate for the telecommunications industry. Other key assumptions used in the cash flow projections include revenue growth rate and capital expenditures.

Based on the assessment of the VIU of the Wireless and Fixed Line CGUs, the recoverable amount of the Wireless and Fixed Line CGUs exceeded their carrying amounts. Hence, no impairment was recognized in relation to goodwill as at June 30, 2026 and December 31, 2025.

## 15. Cash and Cash Equivalents

As at June 30, 2026 and December 31, 2025, this account consists of:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Cash on hand and in banks (Note 27) | **5,139** | 10,497 |
| Temporary cash investments (Note 27) | **6,757** | 1,369 |
| Total | **11,896** | 11,866 |

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

Interest income earned from cash in banks and temporary cash investments amounted to Php100 million and Php86 million for the six months ended June 30, 2026 and 2025, respectively. See *Note 5 – Income and Expenses*.

## 16. Trade and Other Receivables

As at June 30, 2026 and December 31, 2025, this account consists of receivables from:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Corporate subscribers (Note 27) | **23,370** | 21,373 |
| Retail subscribers (Note 27) | **20,715** | 19,369 |
| Foreign administrations (Note 27) | **1,704** | 1,615 |
| Domestic carriers (Note 27) | **389** | 208 |
| Dealers, agents and others (Note 27) | **9,966** | 7,699 |
| | **56,144** | 50,264 |
| Less: Allowance for expected credit losses | **20,751** | 18,897 |
| | **35,393** | 31,367 |

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

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

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

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

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

The following table explains the changes in the allowance for expected credit losses as at June 30, 2026 and December 31, 2025:

| | Retail Subscribers | | Corporate Subscribers | | Foreign Administrations | | Domestic Carriers | | Dealers, Agents and Others | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 2 | Stage 3 | Stage 2 | Stage 3 | Stage 2 | Stage 3 | Stage 2 | Stage 3 | Stage 2 | Stage 3 | Stage 2 | Stage 3 | |
| | Lifetime ECL | | Lifetime ECL | | Lifetime ECL | | Lifetime ECL | | Lifetime ECL | | Lifetime ECL | | Total |
| | (in million pesos) | | | | | | | | | | | | |
| **June 30, 2026 (Unaudited)** | | | | | | | | | | | | | |
| Balances at beginning of the period | **723** | **10,529** | **2,873** | **3,816** | **18** | **66** | **—** | **—** | **153** | **719** | **3,767** | **15,130** | **18,897** |
| Provisions | **203** | **1,302** | **85** | **197** | **3** | **41** | **—** | **—** | **—** | **—** | **291** | **1,540** | **1,831** |
| Translation adjustments | **—** | **—** | **22** | **11** | **—** | **—** | **—** | **—** | **—** | **—** | **22** | **11** | **33** |
| Reclassifications and reversals | **22** | **35** | **10** | **(48)** | **(18)** | **18** | **—** | **—** | **(26)** | **(3)** | **(12)** | **2** | **(10)** |
| Balances at end of the period | **948** | **11,866** | **2,990** | **3,976** | **3** | **125** | **—** | **—** | **127** | **716** | **4,068** | **16,683** | **20,751** |
| December 31, 2025 (Audited) | | | | | | | | | | | | | |
| Balances at beginning of the period | 423 | 9,290 | 2,400 | 3,513 | 14 | 63 | — | — | 606 | 734 | 3,443 | 13,600 | 17,043 |
| Provisions | 384 | 2,926 | (83) | 764 | (6) | — | — | — | (1) | 7 | 294 | 3,697 | 3,991 |
| Translation adjustments | — | — | 9 | 5 | — | — | — | — | 12 | — | 21 | 5 | 26 |
| Write-offs | — | (1,760) | — | (446) | — | — | — | — | — | — | — | (2,206) | (2,206) |
| Reclassifications and reversals | (84) | 73 | 547 | (20) | 10 | 3 | — | — | (464) | (22) | 9 | 34 | 43 |
| Balances at end of the period | 723 | 10,529 | 2,873 | 3,816 | 18 | 66 | — | — | 153 | 719 | 3,767 | 15,130 | 18,897 |

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

## 17. Inventories and Supplies

As at June 30, 2026 and December 31, 2025, this account consists of:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Cost: | | |
| Commercial | **1,605** | 1,048 |
| Network | **1,820** | 1,716 |
| Others | **436** | 245 |
| | **3,861** | 3,009 |
| Allowance for inventory obsolescence and write-down: | | |
| Commercial | **230** | 308 |
| Network | **828** | 837 |
| Others | **16** | 21 |
| | **1,074** | 1,166 |
| Net realizable value: | | |
| Commercial | **1,375** | 740 |
| Network | **992** | 879 |
| Others | **420** | 224 |
| Net balances at the end of the period | **2,787** | 1,843 |

Changes in the allowance for inventory obsolescence and write-down for the six months ended June 30, 2026 and for the year ended December 31, 2025 are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Balances at beginning of the period | **1,166** | 1,220 |
| Provisions (Note 5) | **22** | 23 |
| Reversals | **—** | (1) |
| Cost of devices and accessories consumed, previously provided | **(9)** | (13) |
| Disposals and other adjustments | **(105)** | (63) |
| Balances at end of the period | **1,074** | 1,166 |

The cost of inventories and supplies recognized as expense for the six months ended June 30, 2026 and 2025 are as follows:

| | **June 30,** | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | |
| | (in million pesos) | |
| Cost of devices and accessories | **4,159** | 3,890 |
| Repairs and maintenance | **206** | 156 |
| Provision for inventory obsolescence | **22** | 26 |
| | **4,387** | 4,072 |

## 18. Prepayments and Other Non-Financial Assets

As at June 30, 2026 and December 31, 2025, this account consists of:

| | **June 30, 2026 (Unaudited)** | December 31, 2025 (As Revised[1]) |
|---|---|---|
| | (in million pesos) | |
| Advances to suppliers and contractors | **25,745** | 23,825 |
| Subscriber contract costs | **24,706** | 26,906 |
| Prepaid taxes | **4,380** | 5,228 |
| Prepaid fees and licenses | **2,090** | 1,947 |
| Prepaid repairs and maintenance | **1,386** | 541 |
| Prepaid benefit costs (Note 25) | **912** | 810 |
| Prepaid rent | **415** | 319 |
| Prepaid insurance | **76** | 145 |
| Other prepayments | **2,098** | 2,094 |
| Other non-financial assets | **859** | 1,134 |
| | **62,667** | 62,949 |
| Less current portion of prepayments and other nonfinancial assets | **15,869** | 16,351 |
| Noncurrent portion of prepayments and other nonfinancial assets | **46,798** | 46,598 |

*(1) See Note 2 - Summary of Material Accounting Policies.*

Subscriber contract costs consist of the cost to obtain and cost to fulfill a contract with subscribers. Cost to obtain amounted to Php4,389 million and Php4,533 million as at June 30, 2026 and December 31, 2025, respectively. Amortization of cost to obtain, which is presented under selling and promotions, amounted to Php750 million and Php694 million for the six months ended June 30, 2026 and 2025, respectively. Costs to fulfill amounted to Php20,317 million and Php22,373 million as at June 30, 2026 and December 31, 2025, respectively. Amortization of cost to fulfill, which is presented under depreciation and amortization in the Income Statement, amounted to Php4,055 million and Php3,970 million for the six months ended June 30, 2026 and 2025, respectively.

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

Prepaid taxes include creditable withholding taxes and input VAT.

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

## 19. Equity

PLDT's number of shares of subscribed and outstanding capital stock as at June 30, 2026 and December 31, 2025 are as follows:

| Capital Stock | Par Value per Share (Php) | Number of Shares | | | Amount | |
|---|---|---|---|---|---|---|
| | | Authorized | Subscribed | Outstanding | Subscribed | Outstanding |
| | | (in millions) | | | (in million pesos) | |
| Common Stock | **5** | 234 | 219 | 216 [1] | 1,093 | 1,080 |
| Non-Voting Preferred Stock [2] | **10** | 388 | 300 | 300 | 360 | 360 |
| Voting Preferred Stock | **1** | 150 | 150 | 150 | 150 | 150 |

*(1) Net of 2.7 million treasury stock shares or Php6,505 million as at June 30, 2026 and December 31, 2025.*
*(2) 300 million shares of Series IV Cumulative Non-Convertible Redeemable Preferred Stock subscribed for Php3 billion, of which Php360 million has been paid and with subscription payable amounting to Php2,640 million as at June 30, 2026 and December 31, 2025.*

There were no changes in PLDT's capital account for the six months ended June 30, 2026 and for the year ended December 31, 2025.

### *Preferred Stock*

*Non-Voting Serial Preferred Stock*

Pursuant to the PLDT Subscriber Investment Plan, the Board of Directors designated 50,000 shares of Non-Voting Serial Preferred Stock as Series JJ 10% Cumulative Convertible Preferred Stock on November 5, 2013, to be issued from January 1, 2013 to December 31, 2015, and 20,000 shares as Series KK on January 26, 2016, to be issued from

January 1, 2016 to December 31, 2020 on (collectively, "SIP Shares"). On June 8, 2015, PLDT issued 870 shares of Series JJ. SIP shares earn cumulative dividends at an annual rate of 10% and may be converted into Common Stock of PLDT at a price 10% below the average market price over 30 trading days, subject to a minimum of par value. The Board of Directors may, at its sole discretion, adjust the conversion price in the event of a reclassification, change in outstanding Common Stock, consolidation, or merger. PLDT, at its discretion, may redeem Series JJ and KK SIP Shares five years after issuance, at par value plus any accrued dividends.

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. This stock is non-voting, except as specifically provided by law, and is preferred in 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, or declared, 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 (comprising of NTT DOCOMO and NTT DOCOMO Business), First Pacific Group and its Philippine affiliates, and JG Summit Group was reduced to 12.01%, 15.09% and 6.65%, respectively, which still holds as at June 30, 2026. See *Note 1 – Corporate Information*.

### *Redemption of Preferred Stock*

The Board of Directors approved the redemption, or the Redemption, of all outstanding shares of the following 10% Cumulative Convertible Preferred Stock as follows:

| Date of Board Approval | Series | Amount set aside for Redemption Price | Amount set aside for Unclaimed Dividends | Date of Redemption | Redemption Period |
|---|---|---|---|---|---|
| September 23, 2011 | A-FF | Php4,029 million | Php4,143 million | January 19, 2012 | January 19, 2012 to January 19, 2022 |
| May 8, 2012 | GG | Php236 thousand | Php74 thousand | August 30, 2012 | August 30, 2012 to August 30, 2022 |
| January 29, 2013 | HH (issued in 2007) | Php24 thousand | Php6 thousand | May 16, 2013 | May 16, 2013 to May 16, 2023 |
| January 28, 2014 | HH (issued in 2008) | Php2 thousand | Php1 thousand | May 16, 2014 | May 16, 2014 to May 16, 2024 |
| January 26, 2016 | II | Php4 thousand | — | May 11, 2016 | May 11, 2016 to May 11, 2026 |
| January 28, 2020 | JJ | — | — | May 12, 2020 | May 12, 2020 to May 12, 2030 |

PLDT set aside amounts required to fund the redemption price and unclaimed dividends for the Series A to JJ 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 JJ Shares, for a period of ten years from the date of redemption. After the said date, any and all remaining balance in the Trust Account shall be returned to PLDT and revert to its general funds. Any interest on the Redemption Trust Fund shall accrue for the benefit of, and be paid from time to time, to PLDT.

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

All balances in the Trust Account have been fully withdrawn by PLDT, representing total payments made in connection with the redemption. On June 14, 2013, PLDT amended its Articles of Incorporation to decrease the authorized capital stock for its Non-Voting Serial Preferred Stock from 807.5 million shares to 388 million shares. See related disclosures below under Non-controlling interests - Perpetual Notes and *Note 27 – Financial Assets and Liabilities*.

### *Common Stock/Treasury Stock*

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

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

### *Dividends Declared*

Our dividends declared for the six months ended June 30, 2026 and 2025 are detailed as follows:

**June 30, 2026 (Unaudited)**

| Class | Date | | | Amount | |
|---|---|---|---|---|---|
| | Approved | Record | Payable | Per Share | Total |
| | | | | (in million pesos, except per share amounts) | |
| **Cumulative Non-Convertible Redeemable Preferred Stock** | | | | | |
| Series IV [(1)] | **January 27, 2026** | **February 10, 2026** | **March 15, 2026** | **—** | **12** |
| | **May 14, 2026** | **May 21, 2026** | **June 15, 2026** | **—** | **12** |
| | | | | | **24** |
| **Voting Preferred Stock** | **February 26, 2026** | **April 2, 2026** | **April 15, 2026** | **—** | **2** |
| | **June 9, 2026** | **June 23, 2026** | **July 15, 2026** | **—** | **3** |
| | | | | | **5** |
| **Common Stock** | | | | | |
| Regular Dividend | **February 26, 2026** | **March 26, 2026** | **April 16, 2026** | **46.00** | **9,939** |
| | | | | | **9,939** |
| Charged to retained earnings | | | | | **9,968** |

(1) *Dividends were declared based on the total amount subscribed.*

June 30, 2025 (Unaudited)

| Class | Date Approved | Date Record | Date Payable | Amount Per Share | Amount Total |
|---|---|---|---|---|---|
| | | | | (in million pesos, except per share amounts) | |
| Cumulative Non-Convertible Redeemable Preferred Stock | | | | | |
| Series IV (1) | January 28, 2025 | February 11, 2025 | March 15, 2025 | — | 12 |
| | May 15, 2025 | May 22, 2025 | June 15, 2025 | — | 12 |
| | | | | | 24 |
| Voting Preferred Stock | March 20, 2025 | April 3, 2025 | April 15, 2025 | — | 2 |
| | June 10, 2025 | June 24, 2025 | July 15, 2025 | — | 3 |
| | | | | | 5 |
| Common Stock | | | | | |
| Regular Dividend | February 27, 2025 | March 13, 2025 | April 3, 2025 | 47.00 | 10,155 |
| | | | | | 10,155 |
| Charged to retained earnings | | | | | 10,184 |

(1) *Dividends were declared based on the total amount subscribed.*

Our dividends declared after June 30, 2026 are detailed as follows:

| Class | Date Approved | Date Record | Date Payable | Amount Per Share | Amount Total |
|---|---|---|---|---|---|
| | | | | (in million pesos, except per share amounts) | |
| **Cumulative Non-Convertible Redeemable Preferred Stock** | | | | | |
| Series IV (1) | **August 13, 2026** | **August 25, 2026** | **September 15, 2026** | **—** | **12** |
| | | | | | **12** |
| **Voting Preferred Stock** | **August 13, 2026** | **September 14, 2026** | **October 15, 2026** | **—** | **2** |
| | | | | | **2** |
| **Common Stock** | | | | | |
| Regular Dividend | **August 13, 2026** | **August 28, 2026** | **September 11, 2026** | **46.00** | **9,939** |
| | | | | | **9,939** |
| Charged to retained earnings | | | | | **9,953** |

(1) *Dividends were declared based on the total amount subscribed.*

## 20. Interest-bearing Financial Liabilities

As at June 30, 2026 and December 31, 2025, this account consists of the following:

| | **June 30, 2026 (Unaudited)** | December 31, 2025 (Audited) |
|---|---|---|
| | (in million pesos) | |
| **Long-term portion of interest-bearing financial liabilities –** | | |
| Long-term debt (Notes 27 and 28) | **267,008** | 278,868 |
| **Current portion of interest-bearing financial liabilities:** | | |
| Long-term debt maturing within one year (Notes 27 and 28) | **30,617** | 15,880 |
| Short-term debt (Notes 27 and 28) | **300** | 300 |
| | **30,917** | 16,180 |
| | **297,925** | 295,048 |

Unamortized debt discount, representing debt premium, debt issuance costs and any difference between the fair value of consideration given or received at initial recognition, included in our financial liabilities amounted to Php1,769 million and Php1,891 million as at June 30, 2026 and December 31, 2025, respectively.

The following table describes all changes to unamortized debt discount for the six months ended June 30, 2026 and for the year ended December 31, 2025:

| | June 30, 2026 (Unaudited) | December 31, 2025 (Audited) |
|---|---|---|
| | (in million pesos) | |
| Unamortized debt discount at beginning of the period | **1,891** | 1,989 |
| Additions | **61** | 271 |
| Revaluations | **7** | 3 |
| Accretion included as part of financing costs – net | **(190)** | (372) |
| Unamortized debt discount at end of the period | **1,769** | 1,891 |

The scheduled maturities of our consolidated outstanding long-term debt and short-term debt at nominal values as at June 30, 2026 are as follows:

| | U.S. Dollar Debt | | Php Debt | Total |
|---|---|---|---|---|
| Year | U.S. Dollar | Php | Php | Php |
| | (in millions) | | | |
| 2026[1] | **7** | **429** | **9,098** | **9,527** |
| 2027 | **14** | **858** | **27,138** | **27,996** |
| 2028 | **28** | **1,716** | **20,108** | **21,824** |
| 2029 | **—** | **—** | **26,743** | **26,743** |
| 2030 | **14** | **858** | **24,273** | **25,131** |
| 2031 and onwards | **600** | **36,774** | **151,699** | **188,473** |
| Total long-term debt (Note 27) | **663** | **40,635** | **259,059** | **299,694** |

[1] *From July 1, 2026 to December 31, 2026.*

## Long-term Debt

As at June 30, 2026 and December 31, 2025, long-term debt consists of:

| | | June 30, 2026 (Unaudited) | | December 31, 2025 (Audited) | |
|---|---|---|---|---|---|
| Description | Interest Rates | U.S. Dollar | Php | U.S. Dollar | Php |
| | | | (in millions) | | |
| U.S. Dollar Debts: | | | | | |
| Fixed Rate Notes | 2.5000% to 3.4500% in 2026 and 2025 | **592** | **36,291** | 591 | 34,779 |
| Term loan: | | | | | |
| Unsecured Term Loan: | SOFR + 1.31161 % in 2026 and 2025 | **63** | **3,849** | 70 | 4,100 |
| | | **655** | **40,140** | 661 | 38,879 |
| Philippine Peso Debts: | | | | | |
| Term Loans: | | | | | |
| Unsecured Term Loans | 4.0000% to 5.3500%; PHP BVAL + 0.4000% to 0.9000% in 2026; 4.0000% to 5.3500%; PHP BVAL + 0.4000% to 1.1250% (floor rate 4.5000% to 4.6250%) in 2025 | | **257,485** | | 255,869 |
| | | | **257,485** | | 255,869 |
| Total long-term debt (Notes 27 and 28) | | | **297,625** | | 294,748 |
| Less portion maturing within one year (Note 27) | | | **30,617** | | 15,880 |
| Noncurrent portion of long-term debt (Note 27) | | | **267,008** | | 278,868 |

| Loan Amount | Issuance Date | Trustee | Terms | Repurchase Amount Php | Repurchase Amount Dates | Paid in full on | Outstanding Amounts June 30, 2026 (Unaudited) U.S. Dollar | June 30, 2026 (Unaudited) Php | December 31, 2025 (Audited) U.S. Dollar | December 31, 2025 (Audited) 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** [2] | **18,231** [2] | 297 [2] | 17,468 [2] |
| US$300M | June 23, 2020 | The Bank of New York Mellon, London Branch | Non-amortizing, payable in full upon maturity on June 23, 2050 | — | — | — | **295** [2] | **18,060** [2] | 294 [2] | 17,311 [2] |
| | | | | | | | **592** | **36,291** | 591 | 34,779 |

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

| Loan Amount | Date of Loan Agreement | Lender(s) | Terms | Dates Drawn | Drawn Amount U.S. Dollar | Cancelled Undrawn Amount U.S. Dollar | Paid in full on | Outstanding Amounts June 30, 2026 (Unaudited) U.S. Dollar | June 30, 2026 (Unaudited) Php | December 31, 2025 (Audited) U.S. Dollar | December 31, 2025 (Audited) Php |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | (in millions) | | | (in millions) | | | |
| ***U.S. Dollar Debts*** | | | | | | | | | | | |
| ***Other Term Loans***[1] | | | | | | | | | | | |
| US$140M | March 4, 2020 | PNB | Quarterly amortization rates equivalent to: (a) 2.5% of the total amount drawn payable on the first interest payment date up to the 28th interest payment date; (b) 5% of the total amount drawn payable on the 29th interest payment date up to the 32nd interest payment date; and (3) 2.5% of the total amount drawn payable on the 37th interest payment date up to maturity on December 13, 2030 | December 14, 2020 | 140 | — | — | **63** [2] | **3,849** [2] | 70 [2] | 4,100 [2] |
| | | | | | | | | **63** | **3,849** | 70 | 4,100 |

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

| Loan Amount | Date of Loan Agreement | Lender(s) | Terms | Dates Drawn | Drawn Amount Php (in millions) | Outstanding Amounts June 30, 2026 (Unaudited) Php (in millions) | | Outstanding Amounts December 31, 2025 (Audited) Php (in millions) | |
|---|---|---|---|---|---|---|---|---|---|
| ***Term Loans*** | | | | | | | | | |
| ***Unsecured Term Loans***[(1)] | | | | | | | | | |
| Php8,000M | February 18, 2019 | Union Bank of the Philippines | With annual amortization up to 10 years | Various dates in 2019 | 8,000 | **7,666** | (2) | 7,689 | (2) |
| Php68,500M | Various dates in 2015 to 2024 | Bank of the Philippine Islands | With annual amortization up to 6, 10 and 11 years | Various dates in 2015 to 2025 | 68,500 | **56,074** | (2) | 56,443 | (2) |
| Php57,500M | Various dates in 2015 to 2025 | Metropolitan Bank and Trust Company[(3)] | With annual amortization up to 10 and 11 years | Various date in 2015 to 2026 | 55,000 | **38,825** | (2) | 42,635 | (2) |
| Php18,500M | Various dates in 2019 and 2023 | China Banking Corporation | With annual amortization up to 10 years | Various dates in 2019 and 2023 | 18,500 | **14,840** | (2) | 14,919 | (2) |
| Php14,000M | Various dates in 2016 and 2017 | Security Bank | With semi-annual amortization up to 10 years | Various dates in 2017 | 14,000 | **10,275** | (2) | 10,372 | (2) |
| Php42,970M | Various dates in 2016 to 2026 | Banco de Oro | With annual amortization up to 7 and 10 years | Various dates in 2016 to 2026 | 42,970 | **41,501** | (2) | 38,560 | (2) |
| Php8,500M | Various dates in 2016, 2017 and 2019 | Philippine National Bank | With annual amortization up to 7, 8 and 10 years | Various dates in 2017, 2018 and 2019 | 8,500 | **6,478** | (2) | 6,491 | (2) |
| Php45,500M | Various dates in 2016 to 2026 | Landbank of the Philippines | With annual amortization up to 10 years | Various dates in 2017 to 2026 | 45,500 | **42,852** | (2) | 39,131 | (2) |
| Php14,000M | Various dates in 2019 and 2021 | Development Bank of the Philippines | With annual amortization up to 8, 9 and 10 years | Various dates in 2019 and 2022 | 14,000 | **13,309** | (2) | 13,397 | (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 | **1,879** | (2) | 1,878 | (2) |
| Php15,000M | Various dates in 2020, 2021 and 2023 | Rizal Commercial Banking Corporation | With annual amortization up to 8, 10 and 11 years | Various dates in 2020, 2021 and 2023 | 15,000 | **14,301** | (2) | 14,324 | (2) |
| Php2,500M | March 30, 2020 | MUFG Bank, Ltd. | With semi-annual amortization up to 6 years | April 2, 2020 | 2,500 | **450** | (2) | 949 | (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 | **3,734** | (2) | 3,733 | (2) |
| Php3,000M | Various dates in 2024 | Hongkong and Shanghai Banking Corporation[(3)] | With annual amortization up to 5 years | Various dates in 2024 | 3,000 | **2,790** | (2) | 2,838 | (2) |
| Php2,530M | Various dates in 2024 and 2025 | Philippine Veterans Bank | With annual amortization up to 7 years | Various dates in 2024 and 2025 | 2,530 | **2,511** | (2) | 2,510 | (2) |
| | | | | | | **257,485** | | 255,869 | |

[(1)] *The purpose of this loan is to finance capital expenditure 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 November 4, 2025, Smart secured a Php2,000 million Green Loan Facility from Metropolitan Bank & Trust Company, to partially fund the expansion of its 5G network. Compared to previous technologies, 5G networks are more energy efficient per gigabyte of data and more reliable in delivering better speeds to end-users. 5G also enables shifting to low-energy mode and optimizes energy consumption based on actual network activity, facilitating reduction of greenhouse gas (GHG) emissions.

**Short-term Debt**

On January 3, 2025, PLDT and Smart availed of unsecured short-term debt amounting to Php787 million and Php235 million, respectively, with an interest rate of 6.43%, which were fully paid on March 21, 2025.

In 2025, Multisys availed a total of Php300 million unsecured short-term debt with an average interest rate of 6.16%.

As at June 30, 2026 and December 31, 2025, outstanding short-term debt amounted to Php300 million each with an average interest rate of 5.76% and 6.05, respectively.

**Subsequent Drawdown**

No subsequent drawdowns were made after June 30, 2026

**Compliance with Debt Covenants**

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

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

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

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

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

The principal factors that could negatively affect our ability to comply with these financial ratio covenants and other financial tests are poor operating performance of PLDT and its subsidiaries, depreciation of the Philippine Peso relative to the U.S. Dollar, impairment or similar charges in respect of investments or other long-lived assets that may be recognized by PLDT and its subsidiaries, and increases in our interest expense. Interest expense may increase as a result of various factors including issuance of new debt, the refinancing of lower cost indebtedness by higher cost indebtedness, depreciation of the Philippine Peso relative to the U.S. Dollar, the lowering of PLDT's credit ratings or the credit ratings of the Philippines, increase in reference interest rates, and general market conditions. Of our total consolidated debts (net of consolidated debt discount), approximately 13% was denominated in U.S. Dollars as at June 30, 2026 and December 31, 2025. Considering our consolidated outstanding derivatives, the unhedged portion of the PLDT's net debt amounts was approximately 6% (or 5%, net of our consolidated U.S. Dollar cash balances allocated for debt) as at June 30, 2026 and December 31, 2025. 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 June 30, 2026 and December 31, 2025, we were in compliance with all of our debt covenants. See *Note 27 – Financial Assets and Liabilities – Derivative Financial Instruments.*

## 21. Deferred Credits and Other Noncurrent Liabilities

As at June 30, 2026 and December 31, 2025, this account consists of:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (As Revised[1]) |
| | (in million pesos) | |
| Contract liabilities and unearned revenues - non-current | **6,844** | 5,211 |
| Provision for asset retirement obligations | **901** | 868 |
| Accrual of capital expenditures [2] | **1,480** | 1,526 |
| Others | **66** | 65 |
| | **9,291** | 7,670 |

[(1)] *See Note 2 - Summary of Material Accounting Policies.*

[(2)] *Represents expenditure related to the acquisition of Property and Equipment which are not due to be settled within one year.*

The following table summarizes the changes to provision for asset retirement obligations for the six months ended June 30, 2026 and for the year ended December 31, 2025:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (As Revised[1]) |
| | (in million pesos) | |
| Provision for asset retirement obligations at beginning of the period | **868** | 1,475 |
| Accretion expenses | **41** | 94 |
| Capitalized to ROU assets during the period | **31** | 103 |
| Reclassification to liabilities associated with assets classified as held-for-sale | **—** | (9) |
| Revaluation due to change in IBR | **—** | (52) |
| Settlement of obligations and others | **(2)** | (4) |
| Change in assumptions | **(37)** | (739) |
| Provision for asset retirement obligations at end of the period | **901** | 868 |

[(1)] *See Note 2 - Summary of Material Accounting Policies.*

## 22. Accounts Payable

As at June 30, 2026 and December 31, 2025, this account consists of:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Suppliers and contractors (Note 27) | **46,634** | 49,896 |
| Taxes (Note 26) | **2,639** | 3,559 |
| Carriers and others (Note 27) | **3,702** | 2,674 |
| Related parties | **370** | 250 |
| | **53,345** | 56,379 |

Certain suppliers entered into Trade Financing Arrangements (TFAs) to sell their receivables. The Purchaser will have exclusive ownership of the purchased receivables and all of its rights, title and interest. As at June 30, 2026 and December 31, 2025, the carrying amounts of liabilities entered into TFAs amounted to Php16,423 million and Php15,741 million, respectively. The same amounts were also received by the suppliers as at June 30, 2026 and December 31, 2025, respectively. These are presented as part of Accounts Payable – Suppliers and contractors.

Below are the range of payment terms:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| Liabilities that are part of the arrangement | **3 - 359 days after invoice due date** | 210-359 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 June 30, 2026 and December 31, 2025.

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

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

## 23. Accrued Expenses and Other Current Liabilities

As at June 30, 2026 and December 31, 2025, this account consists of:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (As Revised[1]) |
| | (in million pesos) | |
| Accrued utilities and related expenses (Notes 24 and 27) | **46,921** | 50,462 |
| Contract liabilities and unearned revenues - current portion | **9,602** | 9,874 |
| Accrued employee benefits and other provisions (Note 27) | **4,814** | 4,970 |
| Accrued interests and other related costs (Note 28) | **2,374** | 2,454 |
| Accrued taxes and related expenses (Note 26) | **2,168** | 2,349 |
| Others | **3,086** | 3,272 |
| | **68,965** | 73,381 |

[(1)] *See Note 2 - Summary of Material Accounting Policies.*

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

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

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

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

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

Other accrued expenses and other current liabilities are normally settled within a year. They pertain to other costs incurred for operation-related expenses pending receipt of invoice and statements of account from suppliers and are noninterest-bearing. They also include accruals related to acquisition of Property and Equipment which are due to be settled within a year.

## 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 or with interlocking directorship. 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 period-end are expected to be settled with cash.

The following table provides a summary of outstanding balances as at June 30, 2026 and December 31, 2025, and transactions for the six months ended June 30, 2026 and 2025 that have been entered into with related parties:

| Company Name | Particulars | Terms | Conditions | Statement of Financial Position Classification | June 30, 2026 (Unaudited) | December 31, 2025 (Audited) | Income Statement Classification | June 30, 2026 (Unaudited) | June 30, 2025 (Unaudited) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | (in million pesos) | | | (in million pesos) | |
| ***Transactions with major stockholders, directors and officers:*** | | | | | | | | | |
| 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 | **632** | 590 | Repairs and maintenance | **1,587** | 1,561 |
| | Pole attachment contracts, wherein Meralco leases its pole spaces to accommodate PLDT and Smart's cable network facilities | Upon depreciation or expiration of lease | Unsecured | ROU assets | **1,677** | 1,974 | Depreciation and amortization | **336** | 322 |
| | | 2026 – due after June 30, 2027; 2025 – due after December 31, 2026 | Unsecured | Lease liabilities - net of current portion | **833** | 1,552 | | | |
| | | 2026 – due after June 30, 2026; 2025 – due after December 31, 2025 | Unsecured | Current portion of lease liabilities | **708** | 645 | | | |
| 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 | **27** | 47 | Repairs and maintenance | **15** | 89 |

| Company Name | Particulars | Terms | Conditions | Statement of Financial Position Classification | June 30, 2026 (Unaudited) | December 31, 2025 (Audited) | Income Statement Classification | June 30, 2026 (Unaudited) | June 30, 2025 (Unaudited) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | (in million pesos) | | | (in million pesos) | |
| ***Transactions with major stockholders, directors and officers:*** | | | | | | | | | |
| NTT World Engineering Marine Corporation | Service agreement dated February 1, 2008, 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 | **269** | 217 | Repairs and maintenance | **72** | 66 |
| NTT DOCOMO Business | Advisory service agreement dated March 24, 2000, (as amended on March 31, 2003, March 31, 2005 and June 16, 2006), under which NTT DOCOMO Business provides PLDT with technical, marketing and other consulting services for various business areas of PLDT. | 30 days upon receipt of invoice; noninterest-bearing | Unsecured | Accrued expenses and other current liabilities | **27** | 29 | Professional and other contracted services | **54** | 63 |
| NTT DOCOMO | Advisory Services Agreement dated June 5, 2006, under which 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 | **30** | 16 | Professional and other contracted services | **50** | 58 |

| Company Name | Particulars | Terms | Conditions | Statement of Financial Position Classification | **June 30, 2026 (Unaudited)** | December 31, 2025 (Audited) | Income Statement Classification | **June 30, 2026 (Unaudited)** | June 30, 2025 (Unaudited) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | (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 | **13** | 20 | Rent | **103** | 125 |
| | PLDT Group's other transactions with JGSHI and subsidiaries mainly consist of electricity charges for collocated offices and business offices. | 30 days upon receipt of invoice; noninterest-bearing | Unsecured | Accrued expenses and other current liabilities | **25** | 51 | Repairs and maintenance | **5** | 7 |
| Malayan Insurance Co., Inc., or Malayan | PLDT and certain of its subsidiaries have insurance policies with Malayan covering directors, officers, liability to employees and material damage for buildings, building improvements, equipment and motor vehicles. The premiums are directly paid to Malayan. | Immediately upon receipt of invoice | Unsecured | Accounts payable and accrued expenses and other current liabilities | **9** | 9 | Insurance and security services | **77** | 34 |
| First Pacific Investment Management Limited, or FPIML | Advisory Services Agreement dated March 1, 2018 between Smart and FPIML effective for a period of one-year subject to a 12-month automatic renewal unless either party notifies the other party of its intent not to renew the agreement. FPIML provides advisory and related services in connection with the operation of Smart's business of providing mobile communications services, high-speed internet connectivity, and access to digital services and content. Since April 2021, Smart pays a monthly service fee amounting to $220 thousand per month. | | Unsecured | Accounts payable and accrued expenses and other current liabilities | **106** | 38 | Professional and other contracted services | **68** | 64 |

| Company Name | Particulars | Terms | Conditions | Statement of Financial Position Classification | **June 30, 2026 (Unaudited)** | December 31, 2025 (Audited) | Income Statement Classification | **June 30, 2026 (Unaudited)** | June 30, 2025 (Unaudited) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | (in million pesos) | | | (in million pesos) | |
| ***Other related parties:*** | | | | | | | | | |
| Various | PLDT and certain of its subsidiaries provide telephone, data communication and other services to various related parties including affiliates and directorship affiliations. | 30 days upon receipt of invoice | Unsecured | Trade and other receivables (Note 16) | **9,971** | 8,459 | Revenues | **1,348** | 1,254 |
| | PLDT and certain of its subsidiaries avail of lease and other services from various related parties including affiliates and directorship affiliations. | 2026 – due after June 30, 2027; 2025 – due after December 31, 2026 | Unsecured | Lease liabilities - net of current portion (Note 10) | **106** | 738 | Expenses | **1,114** | 2,161 |
| | | 2026 – due after June 30, 2026; 2025 – due after December 31, 2025 | Unsecured | Current portion of lease liabilities (Note 10) | **65** | 243 | | | |
| | | Upon depreciation or expiration of lease | Unsecured | ROU assets (Note 10) | **892** | 907 | | | |
| | | 30 days upon receipt of billing; noninterest-bearing | Unsecured | Accounts payable (Note 22) | **1,207** | 734 | | | |
| | | Immediately upon receipt of billing | Unsecured | Accrued expenses and other current liabilities (Note 23) | **71** | 66 | | | |

***Compensation of Key Officers***

The compensation of key officers of the PLDT by benefit type for the six months ended June 30, 2026 and 2025 are as follows:

| | June 30, | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | |
| | (in million pesos) | |
| Short-term employee benefits | **153** | 177 |
| Post-employment benefits | **6** | 8 |
| Total compensation of PLDT key officers | **159** | 185 |

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

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

Total fees paid for board meetings and board committee meetings amounted to Php28 million and Php30 million for the six months ended June 30, 2026 and 2025, respectively.

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

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

## 25. Pension and Other Employee Benefits

### Pension

*Defined Benefit Pension Plans*

PLDT has defined benefit pension plans, operating under the legal name "The Board of Trustees for the account of the Beneficial Trust Fund created pursuant to the Benefit Plan of PLDT Company." and covering all of our permanent and 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.

PLDT and certain of its subsidiaries' actuarial valuation is performed every year-end. There is no significant change in the fair value of plan assets for the six months ended June 30, 2026. Based on the latest actuarial valuation, the actual present value of accrued (prepaid) benefit costs as at June 30, 2026 and December 31, 2025, and net periodic benefit costs and average assumptions used in developing the valuation for the six months ended June 30, 2026 and 2025 are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Changes in the present value of defined benefit obligations: | | |
| Present value of defined benefit obligations at beginning of the period | **17,786** | 17,376 |
| Service costs | **560** | 1,101 |
| Interest costs on benefit obligation | **38** | 1,059 |
| Actuarial gains on obligations – experience | **—** | (35) |
| Actuarial gains on obligations – economic assumptions | **—** | (122) |
| Actual benefits paid/settlements | **(384)** | (1,686) |
| Curtailment and others | **(22)** | 93 |
| Present value of defined benefit obligations at end of the period | **17,978** | 17,786 |
| Changes in fair value of plan assets: | | |
| Fair value of plan assets at beginning of the period | **14,143** | 13,985 |
| Actual contributions | **341** | 1,533 |
| Interest income on plan assets | **437** | 984 |
| Actual benefits paid/settlements | **(383)** | (1,599) |
| Return on plan assets (excluding amount included in net interest) | **(397)** | (760) |
| Others | **(19)** | — |
| Fair value of plan assets at end of the period | **14,122** | 14,143 |
| Unfunded status – net | **(3,856)** | (3,643) |
| Accrued benefit costs | **4,025** | 3,810 |
| Prepaid benefit costs | **169** | 167 |

| | **June 30,** | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | |
| Components of net periodic benefit costs: | | |
| Service costs | **560** | 586 |
| Interest costs - net | **38** | 34 |
| Net periodic benefit costs | **598** | 620 |

Actual net gain on plan assets amounted to Php40 million and Php397 million for the six months ended June 30, 2026 and 2025, respectively.

Based on the latest actuarial valuation, our expected contribution to the defined benefit plan in 2026 will amount to Php4,676 million.

The following table sets forth the expected future settlements by the Plan of maturing defined benefit obligation as at June 30, 2026:

| | **(in million pesos)** |
|---|---|
| 2026[(1)] | **252** |
| 2027 | **312** |
| 2028 | **716** |
| 2029 | **647** |
| 2030 | **1,353** |
| 2031 and onwards | **12,167** |

(1) *From July 1, 2026 to December 31, 2026.*

The average duration of the defined benefit obligation at the end of the reporting period is 12.7 years.

The weighted average assumptions used to determine pension benefits for the six months ended June 30, 2026 and 2025 are as follows:

| | June 30, | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | (Audited) |
| | (in percentage) | |
| Rate of increase in compensation | **5.7** | 5.7 |
| Discount rate | **6.3** | 6.2 |

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at June 30, 2026 and December 31, 2025, assuming if all other assumptions were held constant:

| | **June 30, 2026** | | December 31, 2025 | |
|---|---|---|---|---|
| | **(Unaudited)** | | (Audited) | |
| | **Increase (Decrease)** | **Effect** | **Increase (Decrease)** | **Effect** |
| | (in percentage) | (in million pesos) | (in percentage) | (in million pesos) |
| Discount rate | **1** | **15,595** | 1 | 15,525 |
| | **(1)** | **(19,839)** | (1) | (19,744) |
| | | | | |
| Future salary increases | **1** | **19,831** | 1 | 19,730 |
| | **(1)** | **(15,576)** | (1) | (15,501) |

*PLDT's Retirement Plan*

The Board of Trustees, which manages the beneficial trust fund, is composed of: (i) a member of the Board of Directors of PLDT, who is not a beneficiary of the Plan; (ii) a member of the Board of Directors or a senior officer of PLDT, who is a beneficiary of the Plan; (iii) a senior member of the executive staff of PLDT; and (iv) two persons who are not executives nor employees of PLDT.

Benefits are payable in the event of termination of employment due to: (i) compulsory, optional, or deferred retirement; (ii) death while in active service; (iii) physical disability; (iv) voluntary resignation; or (v) involuntary separation from service. For a plan member with less than 15 years of credited services, retirement benefit is equal to 100% of final compensation for every year of service. For those with at least 15 years of service, retirement benefit is equal to 125% of final compensation for every year of service, with such percentage to be increased by an additional 5% for each completed year of service in excess of 15 years, but not to exceed a maximum of 200%. In the case of voluntary resignation after attainment of age 40 and completion of at least 15 years of credited service, benefit is equal to a percentage of his vested retirement benefit, in accordance with percentages prescribed in the retirement plan.

The Board of Trustees of the beneficial trust fund uses an investment approach with the objective of maximizing the long-term expected return of plan assets.

The majority of the Plan's investment portfolio consists of listed and unlisted equity securities while the remaining portion consists of passive investments like temporary cash investments and fixed income investments.

The plan assets are primarily exposed to financial risks such as liquidity risk and price risk.

Liquidity risk pertains to the plan's ability to meet its obligation to the employees upon retirement. To effectively manage liquidity risk, the Board of Trustees invests at least the equivalent amount of actuarially computed expected compulsory retirement benefit payments for the year to liquid/semi-liquid assets such as government securities, savings and time deposits with commercial banks.

Price risk pertains mainly to fluctuations in market prices of equity securities listed in the PSE. In order to effectively manage price risk, the Board of Trustees continuously assesses these risks by closely monitoring the market value of the securities and implementing prudent investment strategies.

The following table sets forth the fair values, which are equal to the carrying values, of PLDT's plan assets recognized as at June 30, 2026 and December 31, 2025:

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| | (Unaudited) | (Audited) |
| | (in million pesos) | |
| **Noncurrent Financial Assets** | | |
| Investments in: | | |
| Unquoted equity investments | **10,506** | 10,502 |
| Shares of stock | **2,186** | 2,288 |
| Mutual funds | **364** | 306 |
| Corporate bonds | **328** | 317 |
| Government securities | **4** | 4 |
| Total noncurrent financial assets | **13,388** | 13,417 |
| **Current Financial Assets** | | |
| Cash and cash equivalents | **465** | 459 |
| Receivables | **100** | 100 |
| Total current financial assets | **565** | 559 |
| Total PLDT's Plan Assets | **13,953** | 13,976 |
| Subsidiaries Plan Assets | **169** | 167 |
| Total Plan Assets of Defined Benefit Pension Plans | **14,122** | 14,143 |

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 June 30, 2026 and December 31, 2025, this account consists of:

| | June 30, 2026 | December 31, 2025 | June 30, 2026 | December 31, 2025 |
|---|---|---|---|---|
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| | (Percentage of Ownership) | | (in million pesos) | |
| MediaQuest | **100** | 100 | **6,970** | 6,970 |
| Tahanan Mutual Building and Loan Association, Inc., or TMBLA, (net of subscriptions payable of Php32 million) | **100** | 100 | **773** | 773 |
| BTFHI | **100** | 100 | **2,763** | 2,759 |
| | | | **10,506** | 10,502 |

*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 2026 financial budgets approved by MediaQuest's Board of Directors and calculated terminal value. Other key assumptions used in the cash flow projections include revenue growth rate, direct costs and capital expenditures. The post-tax discount rates applied to cash flow projections range from 11.15% to 11.36%. Cash flows beyond the five-year period are determined using 0.00% to 4.89% growth rates.

The Board of Trustees of PLDT Beneficial Trust Fund and the MediaQuest Board of Directors, on various dates in 2012 and 2013, approved the issuances of MediaQuest of PDRs comprising of underlying shares of stocks of 40% of Cignal TV (Cignal TV PDRs), 40% of Satventures (Satventures PDRs) and 70% of Hastings (Hastings PDRs). Satventures is a wholly-owned subsidiary of MediaQuest and the parent company of Cignal TV. Hastings, on the other hand, is also a wholly-owned subsidiary of MediaQuest, which holds all the print-related investments of MediaQuest, including equity interests in The Philippine Star and BusinessWorld.

ePLDT's Board of Directors approved on various dates in 2012 to 2015, the investment in the PDRs of MediaQuest as follows:

| | ePLDT's economic interest | Amount |
|---|---|---|
| | | (in million pesos) |
| Satventures PDRs | 40% of Satventures | 3,600 |
| Cignal TV PDRs | 40% of Cignal TV | 6,000 |
| Hastings PDRs | 70% of Hastings | 3,250 |

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. This provided PLDT Beneficial Trust with 100% economic interest in Hastings.

As at June 30, 2026 and December 31, 2025, the PLDT Beneficial Trust Fund's economic interests in Cignal TV (through Satventures) and Hastings were at 36% and 100%, respectively.

*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 Php654 million as at June 30, 2026 and December 31, 2025.

*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.

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.

Total cash dividend income amounted to Php4 million for the six months ended June 30, 2026 and 2025. Dividend receivables amounted to Php2 million as at June 30, 2026 and December 31, 2025.

***Shares of Stocks***

As at June 30, 2026 and December 31, 2025, this account consists of:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Common shares | | |
| PSE | **1,337** | 1,388 |
| PLDT | **30** | 34 |
| Others | **459** | 506 |
| Preferred shares | **360** | 360 |
| | **2,186** | 2,288 |

Dividends earned on PLDT common shares amounted to Php1 million each for the six months ended June 30, 2026 and 2025.

Preferred shares represent 300 million unlisted preferred shares of PLDT at Php10 par value, net of subscription payable of Php2,640 million each as at June 30, 2026 and December 31, 2025. These shares, which bear a 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 Php25 million for the six months ended June 30, 2026 and 2025.

***Corporate Bonds***

Investment in corporate bonds includes debt securities and other various long-term peso and dollar denominated bonds amounting to Php328 million, with maturities ranging from July 2026 to July 2035 and fixed interest rates from 3.36% to 7.53% per annum.

***Mutual Funds***

Investment in mutual funds amounting to Php364 million includes UITF, bond and equity funds, which aims to out-perform benchmarks in various indices as part of its investment strategy.

***Government Securities***

Investments in government securities include Retail Treasury Bonds and FXTN bearing interest rates ranging from 3.9% to 4.8% per annum. These securities are fully guaranteed by the government of the Republic of the Philippines.

The allocation of the fair value of the assets for the PLDT pension plan as at June 30, 2026 and December 31, 2025 are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in percentage) | |
| Investments in listed and unlisted equity securities | **91** | 92 |
| Temporary cash investments | **3** | 3 |
| Debt and fixed income securities | **2** | 2 |
| Mutual funds | **3** | 2 |
| Receivables and other assets | **1** | 1 |
| | **100** | 100 |

*Defined Contribution Plans*

Smart's and certain subsidiaries' contributions to the plan are made based on the employees' years of tenure and range from 5% to 10% of the employee's monthly salary. Additionally, an employee has the option to make a personal contribution to the fund, at an amount not exceeding 10% of his monthly salary. The employer then provides an additional contribution to the fund ranging from 10% to 50% of the employee's contribution based on the employee's years of tenure. Although the plan has a defined contribution format, Smart and certain of its subsidiaries regularly monitor their compliance with Republic Act No. 7641. As at June 30, 2026 and December 31, 2025, Smart and certain subsidiaries were in compliance with the requirements of Republic Act No. 7641.

Smart's and certain subsidiaries' actuarial valuation is performed every year-end. There is no significant change in the fair value of plan assets for the six months ended June 30, 2026. Based on the latest actuarial valuation, the actual present value of prepaid benefit costs as at June 30, 2026 and December 31, 2025, and net periodic benefit costs and average assumptions used in developing the valuation as at and for the six months ended June 30, 2026 and 2025 and for the year ended December 31, 2025 are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Changes in the present value of defined contribution obligations: | | |
| Present value of defined contribution obligations at beginning of the period | **3,602** | 3,235 |
| Contribution costs | **178** | 262 |
| Interest costs on contribution obligation | **—** | 219 |
| Actuarial losses on obligations – economic assumptions | **—** | 1 |
| Actuarial gains on obligations – experience | **—** | (10) |
| Actual benefits paid/settlements | **—** | (380) |
| Curtailment and others | **(202)** | 275 |
| Present value of defined contribution obligations at end of the period | **3,578** | 3,602 |
| Changes in fair value of plan assets: | | |
| Fair value of plan assets at beginning of the period | **4,245** | 4,053 |
| Actual contributions | **189** | 246 |
| Interest income on plan assets | **—** | 260 |
| Return on plan assets (excluding amount included in net interest) | **—** | 42 |
| Actual contribution paid/settlements | **(113)** | (356) |
| Fair value of plan assets at end of the period | **4,321** | 4,245 |
| Funded status – net | **743** | 643 |
| Prepaid contribution costs | **743** | 643 |

| | **June 30,** | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | |
| Components of net periodic contribution costs: | | |
| Service costs | **178** | 127 |
| Net periodic contribution costs | **178** | 127 |

Actual net income on plan assets amounted to nil each for the six months ended June 30, 2026 and 2025.

Based on the latest actuarial valuation, Smart and certain subsidiaries expect to contribute the amount of approximately Php302 million to the plan in 2026.

The following table sets forth the expected future settlements by the Plan of maturing defined contribution obligation as at June 30, 2026:

| | **(in million pesos)** |
|---|---|
| 2026[1] | **121** |
| 2027 | **153** |
| 2028 | **245** |
| 2029 | **271** |
| 2030 | **337** |
| 2031 and onwards | **2,524** |

[1] *From July 1, 2026 to December 31, 2026.*

The average duration of the defined contribution obligation at the end of the reporting period is 10 years.

The weighted average assumptions used to determine pension benefits for the six months ended June 30, 2026 and 2025 are as follows:

| | **June 30,** | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | (Audited) |
| | (in percentage) | |
| Rate of increase in compensation | **5.0** | 5.0 |
| Discount rate | **6.0** | 6.3 |

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined contribution obligation as at June 30, 2026 and December 31, 2025, assuming if all other assumptions were held constant:

| | June 30, 2026 (Unaudited) | | December 31, 2025 (Audited) | |
|---|---|---|---|---|
| | **Increase (Decrease)** | **Effect** | **Increase (Decrease)** | **Effect** |
| | (in percentage) | (in million pesos) | (in percentage) | (in million pesos) |
| Discount rate | **1** | **3,499** | 1 | 3,499 |
| | **(1)** | **(3,508)** | (1) | (3,508) |
| | | | | |
| Future salary increases | **(1)** | **(3,508)** | (1) | (3,508) |
| | **1** | **3,499** | 1 | 3,499 |

*Smart's Retirement Plan*

The fund is being managed and invested by BPI Asset Management and Trust Corporation, as Trustee, pursuant to an amended trust agreement dated February 21, 2012.

The plan's investment portfolio seeks to achieve regular income, long-term capital growth and consistent performance over its own portfolio benchmark. In order to attain this objective, the Trustee's mandate is to invest in a diversified portfolio of bonds and equities, both domestic and international. The portfolio mix is kept at 66% and 34% for fixed income securities and equity securities, respectively.

The following table sets forth the fair values, which are equal to the carrying values, of Smart's plan assets recognized as at June 30, 2026 and December 31, 2025:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| **Noncurrent Financial Assets** | | |
| Investments in: | | |
| Domestic fixed income | **2,523** | 2,479 |
| International equities | **1,114** | 1,042 |
| Philippine foreign currency bonds | **897** | 892 |
| Domestic equities | **937** | 813 |
| International fixed income | **307** | 306 |
| Total noncurrent financial assets | **5,778** | 5,532 |
| **Current Financial Assets** | | |
| Cash and cash equivalents | **244** | 311 |
| Total current financial assets | **244** | 311 |
| Total plan assets | **6,022** | 5,843 |
| Less: Employee's share, forfeitures and mandatory reserve account | **1,701** | 1,598 |
| **Total Plan Assets of Defined Contribution Plans** | **4,321** | 4,245 |

***Domestic Fixed Income***

Investments in domestic fixed income include Philippine Peso denominated bonds, such as government securities and corporate debt securities, with fixed interest rates from 3.36% to 10.13% per annum.

***International Equities***

Investments in international equities include iShares Core MSCI World UCITS ETF, Invesco QQQ Trust Series, VanEck Gold Miners ETF and Odyssey Asia Pacific High Dividend Equity Feeder Fund.

***Philippine Foreign Currency Bonds***

Investments in Philippine foreign currency bonds include U.S. Dollar denominated fixed income instruments issued by the Philippine government and local corporations with fixed interest rates from 2.38% to 9.50% per annum.

*Domestic Equities*

Investments in domestic equities include direct equity investments in common shares listed in the PSE. These investments earn on stock price appreciation and dividend payments. This includes investment in PLDT shares with fair value of Php218 million and Php72 million as at June 30, 2026 and December 31, 2025, respectively.

*International Fixed Income*

Investments in international fixed income include PIMCO Global Investors Series US Short term Fund, PIMCO Global Investors Series Income Fund, iShares US Treasury Bond ETF and iShares International Treasury Bond ETF.

*Cash and Cash Equivalents*

This pertains to the fund's excess liquidity in Philippine Peso and U.S. Dollars including investments in time deposits, money market funds and other deposit products of banks with duration or tenor less than a year.

The asset allocation of the Plan is set and reviewed from time to time by the Plan Trustees taking into account the membership profile, the liquidity requirements of the Plan and risk appetite of the Plan sponsor. This considers the expected benefit cash flows to be matched with asset durations.

The plan assets are primarily exposed to financial risks such as liquidity risk and price risk.

Liquidity risk pertains to the Plan's ability to meet its obligation to the employees upon retirement. To effectively manage liquidity risk, the Plan Trustees invest a portion of the fund in readily tradeable and liquid investments which can be sold at any given time to fund liquidity requirements.

Price risk pertains mainly to fluctuations in market prices of equity securities listed in the PSE. In order to effectively manage price risk, the Plan Trustees continuously assess these risks by closely monitoring the market value of the securities and implementing prudent investment strategies.

The allocation of the fair value of Smart and certain subsidiaries' pension plan assets as at June 30, 2026 and December 31, 2025 are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in percentage) | |
| Investments in debt and fixed income securities and others | **66** | 68 |
| Investments in listed and unlisted equity securities | **34** | 32 |
| | **100** | 100 |

*Other Long-term Employee Benefits*

*LTIP*

The ECC approved on December 23, 2021 the LTIP covering the years 2022 to 2026, covering two cycles, based on the achievement of telco core income targets, with additional performance metrics on Customer Experience and Sustainability to impact the LTIP payout. Cycle 1 covered the performance period from 2022 to 2024 and was settled in 2025 based on the achievement of performance targets. Cycle 2 covers the performance period from 2025 and 2026 and is subject to the ECC's further evaluation and approval of the final terms. Accordingly, there were no expense and incentive payable accrued as at June 30, 2026 and December 31, 2025.

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

## 26. Provisions and Contingencies

*PLDT's Local Business and Franchise Tax Assessments*

As at June 30, 2026, PLDT has no contested LGU assessments for franchise taxes based on gross receipts received or collected for services within its respective territorial jurisdiction.

*Smart's Local Business and Franchise Tax Assessments*

Province of Cagayan

The Province of Cagayan, or the Province, issued a tax assessment against Smart in 2016 for alleged local franchise tax covering the years 2011 to 2015. Smart appealed the assessment to the Regional Trial Court, or RTC, on the ground that Smart cannot be held liable for local franchise tax mainly because it has no sales office within the Province pursuant to Section 137 of the Local Government Code (Republic Act No. 7160). The RTC rendered its Decision on November 29, 2021 dismissing the appeal of Smart for lack of jurisdiction without prejudice. Subsequently, a motion for reconsideration was filed. On April 25, 2023, the RTC ruled in favor of the Province and denied Smart's subsequent Motion for Reconsideration. On May 24, 2023, Smart filed its Petition for Review before the Court of Tax Appeals. On March 12, 2025, Smart received a Decision from the Court of Tax Appeals Second Division. The Court of Tax Appeals Second Division ruled in favor of Smart and cancelled the assessment. On June 19, 2026, the Court of Tax Appeals promulgated that their Ruling is final and executory. Entry of Judgment was issued. Therefore, the local franchise tax assessment issued to Smart was cancelled and set aside permanently by the Court of Tax Appeals.

*Digitel's Local Government Unit, or LGU, Assessments*

Digitel is discussing with various LGUs as to the settlement of its local taxes.

*DMPI vs. City of Trece Martires*

DMPI petitioned in 2010 to declare void the City of Trece Martires' ordinance of imposing tower fee of Php150 thousand for each cell site every year. Application for the issuance of a preliminary injunction by DMPI is pending resolution as of the date of this report.

*Arbitration with Eastern Telecommunications Philippines, Inc., or ETPI*

PLDT and Eastern Telecommunications Philippines, Inc. (ETPI) have been involved in disputes since 1990 concerning interconnection and traffic exchange arrangements. The issues include, among others, ETPI's alleged uncompensated bypass of PLDT's systems, unpaid access charges, and non-payment of applicable rates for Off-Net and On-Net traffic from 1998 to 2003. ETPI, in turn, claims traffic shortfalls, under-reporting of revenues, and lost revenues arising from the blocking of incoming traffic and circuit migration during the same period.

Although the parties executed Compromise Agreements in 1990 and 1999, these did not fully resolve their differences. To avoid protracted litigation and preserve their business relationship, PLDT and ETPI entered into an Arbitration Settlement Agreement on April 16, 2008, submitting their respective Statements of Claims and Answers. Each party asserted claims of approximately Php2.8 billion to Php2.9 billion, and the arbitration proceedings were subsequently suspended by mutual agreement.

In connection with PLDT's and Globe's acquisition of San Miguel Corporation's telecommunications business, the parties further agreed to cause the dismissal with prejudice of Eastern Telecommunications Philippines, Inc. v. Philippine Long Distance Telephone Company (Civil Case No. 17694) and all related or incidental proceedings, including the voluntary arbitration. As of the date of this report, there have been no changes in the status of the arbitration proceedings.

*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, partly affirmed by the DOLE Secretary in resolutions dated January 10 and April 24, 2018, the DOLE directed PLDT to regularize 7,344 workers from 38 third-party service contractors. PLDT questioned these "regularization orders" before the CA, which, in a Decision dated July 31, 2018, granted PLDT's prayer for injunction and set aside the DOLE orders insofar as they declared labor-only contracting in several functions, including janitorial, clerical, IT, back-office, call center, sales, and professional services. The CA remanded to the DOLE only the determination of workers performing installation, repair, and maintenance (IRM) functions and the computation of Php51.8 million in monetary awards.

The CA held that the DOLE Secretary's regularization order was tainted with grave abuse of discretion for failure to meet the substantial-evidence standard and for misapplying the legal tests of "control over means and methods" versus "control over results." PLDT thereafter filed a Motion for Partial Reconsideration on August 20, 2018, arguing that the remand exceeded the DOLE's visitorial powers, as the fact-finding required could not be performed in the normal course of a labor inspection. PLDT also maintained that not all IRM work is necessarily regular, as some may be project-based or seasonal in nature, and proposed that the NLRC, with broader fact-finding authority, should determine such issues. The DOLE and the PLDT rank-and-file union MKP likewise sought reconsideration.

In a Resolution dated February 14, 2019, the CA denied all motions for reconsideration and affirmed its earlier decision. PLDT elevated the case to the Supreme Court through a Petition for Review filed on April 5, 2019, questioning only the CA's remand order on IRM functions. The petitions of the DOLE and MKP were later consolidated with PLDT's petition, and PLDT filed its Comment and Reply between February and December 2020.

On March 20, 2024, PLDT received the Supreme Court Decision dated February 14, 2024, which dismissed all petitions and affirmed the CA's July 31, 2018 Decision. The Supreme Court upheld the modification of the DOLE Secretary's resolutions and set aside the regularization orders for all contractor workers except those performing IRM services, who may be declared regular employees of PLDT subject to further proceedings. The Court remanded the case to the DOLE–NCR Regional Office to (a) determine the effects of regularization of IRM workers; (b) review and compute monetary awards for labor-standards violations, for which PLDT and the concerned contractors are solidarily liable; and (c) conduct further proceedings consistent with the Decision.

PLDT filed a Motion for Partial Reconsideration on April 4, 2024, and received MKP's separate motion on April 16, 2024.

The Supreme Court, First Division, in its Resolution dated November 05, 2025, which was received by counsel on February 24, 2026, resolved to deny with finality the motions for partial reconsideration filed by PLDT and MKP and held that no further pleadings, motions, letters, or other communications will be entertained. On July 8, 2026, PLDT received the Entry of Judgment certifying that the Decision of the Supreme Court became final and executory on November 5, 2025. Accordingly, the Decision of the Supreme Court to remand the case stands.

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

This Petition for Mandamus filed before the Supreme Court against the NTC, PCC, Liberty, BellTel, Globe, PLDT, and Smart concerns the 700 MHz frequency band and related frequencies originally assigned to Liberty and subsequently covered by the Co-Use Agreement among Globe, PLDT, and Smart. The petition questions the constitutionality and validity of the NTC's assignments of the Subject Frequencies, the transfer from Liberty to BellTel, and the Co-Use Agreement itself, and also seeks to compel the NTC and PCC to revoke the Co-Use Agreement and conduct a full review of the Vega Telecom acquisition.

PLDT and Smart filed their Comment on January 17, 2019, arguing that the requisites for judicial review and mandamus were not met, that congressional approval was not required for Liberty's assignment of the Subject Frequencies to BellTel, and that the Co-Use Agreement was valid and duly approved by the NTC. BellTel and Globe likewise filed their respective comments, which the Supreme Court noted in a Resolution dated March 19, 2019.

In a Resolution dated June 18, 2019, the Supreme Court ordered the consolidation of this case with G.R. No. 230798 (PCC v. CA [Twelfth Division] and PLDT; Globe, intervenor) and G.R. No. 234969 (PCC v. PLDT and Globe), assigning the consolidated cases to the division handling the lowest-numbered docket.

On September 17, 2024, PLDT received a Notice of Resolution dated August 6, 2024, directing the parties to move in the premises within ten (10) days from notice. PLDT, Liberty, and Globe thereafter filed their respective compliances.

As of the date of this report, the consolidated cases remain pending before the Supreme Court.

*DITO, PCC and NTC Complaints*

The NTC proceedings between Smart and DITO over interconnection capacity and bypass traffic have been largely overtaken by subsequent events. In 2024, Smart informed the NTC and PCC that it had provided DITO with additional interconnection capacity and that both parties had executed a Memorandum of Agreement on Bypass Activities, under which DITO acknowledged its ISR liabilities for 2021 to August 2023.

During 2023–2024, Smart representatives appeared before the PCC Competition Enforcement Office (PCC-CEO) in relation to an ongoing administrative investigation concerning alleged violations of the Philippine Competition Act. Smart submitted required documents and attended clarificatory hearings in June, July, and November 2023, and filed several Manifestations in 2024 confirming its agreement with DITO and subsequent compliance actions.

On March 18, 2025, Smart received another Subpoena Duces Tecum from the PCC-CEO, directing it to submit documents and information on or before April 11, 2025 pertaining to its operations as a PTE and its relationship with other PTEs for the period of March 2021 to December 2024. On April 11, 2025, Smart requested for an additional thirty (30) days to comply with the Subpoena. Thereafter, on May 13, 2025, Smart filed its Compliance to the PCC-CEO's Subpoena.

On May 30, 2025, Smart received a resolution from the PCC-CEO requiring it to clarify documents to be further submitted in relation to the March 18, 2025 Subpoena, and scheduling a videoconference on June 11, 2025. Smart, through its representatives then attended the June 11, 2025 clarificatory hearing via videoconference, and simultaneously filed its partial compliance with the Subpoena and a prayer that it be given a period of fifteen (15) days from June 11, 2025 or until June 26, 2025, to submit other information and documents required in the Subpoena. Accordingly, Smart filed its Compliance on June 25, 2025. Thereafter, the PCC-CEO issued a Resolution dated June 25, 2025, directing Smart to submit further documents in relation to the issues on or before July 07, 2025. In compliance therewith, Smart filed its Manifestation on July 07, 2025.

As of the date of this report, the PCC-CEO's investigation remains pending resolution.

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

We have various financial assets such as trade and non-trade receivables, cash and short-term deposits. Our principal financial liabilities, other than derivatives, comprise of bank loans, lease liabilities, trade and non-trade payables. The main purpose of these financial liabilities is to finance our operations. We also enter into derivative transactions, primarily forward foreign exchange contracts and options to manage the currency arising from our operations and sources of financing. Our accounting policies in relation to derivatives are set out in *Note 2 – Summary of Material Accounting Policies – Financial Instruments*.

The following table sets forth our consolidated financial assets and financial liabilities as at June 30, 2026 and December 31, 2025:

| | Financial instruments at amortized cost | Financial instruments at FVPL | Derivatives used for hedging | Total financial instruments |
|---|---|---|---|---|
| | | (in million pesos) | | |
| **Assets as at June 30, 2026 (Unaudited)** | | | | |
| ***Noncurrent:*** | | | | |
| Financial assets at fair value through profit or loss | — | 1,041 | — | 1,041 |
| Debt instruments at amortized cost – net of current portion | 110 | — | — | 110 |
| Derivative financial assets – net of current portion | — | — | 761 | 761 |
| Other financial assets – net of current portion | 3,711 [(1)] | — | — | 3,711 |
| ***Current:*** | | | | |
| Cash and cash equivalents | 11,896 | — | — | 11,896 |
| Short-term investments | 10 | — | — | 10 |
| Trade and other receivables | 35,393 | — | — | 35,393 |
| Current portion of derivative financial assets | — | 229 | — | 229 |
| Current portion of debt instruments at amortized cost | 340 | — | — | 340 |
| Current portion of other financial assets | 437 [(1)] | — | — | 437 |
| Total assets | 51,897 | 1,270 | 761 | 53,928 |
| | | | | |
| **Liabilities as at June 30, 2026 (Unaudited)** | | | | |
| ***Noncurrent:*** | | | | |
| Interest-bearing financial liabilities – net of current portion | 267,008 | — | — | 267,008 |
| Lease liabilities – net of current portion | 52,905 | — | — | 52,905 |
| Customers' deposits | 1,276 | — | — | 1,276 |
| Deferred credits and other noncurrent liabilities | 1,539 | — | — | 1,539 |
| ***Current:*** | | | | |
| Accounts payable | 50,645 | — | — | 50,645 |
| Accrued expenses and other current liabilities | 56,796 | 2 | — | 56,798 |
| Current portion of interest-bearing financial liabilities | 30,917 | — | — | 30,917 |
| Current portion of lease liabilities | 10,187 | — | — | 10,187 |
| Dividends payable | 2,108 | — | — | 2,108 |
| Current portion of derivative financial liabilities | — | — | 92 | 92 |
| Liabilities associated with assets classified as held-for-sale | 1,612 | — | — | 1,612 |
| Total liabilities | 474,993 | 2 | 92 | 475,087 |
| Net assets (liabilities) | (423,096) | 1,268 | 669 | (421,159) |

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

| | Financial instruments at amortized cost | Financial instruments at FVPL | Derivatives used for hedging | Total financial instruments |
|---|---|---|---|---|
| | | (in million pesos) | | |
| Assets as at December 31, 2025 (Audited) | | | | |
| ***Noncurrent:*** | | | | |
| Financial assets at fair value through profit or loss | — | 1,030 | — | 1,030 |
| Debt instruments at amortized cost – net of current portion | 350 | — | — | 350 |
| Derivative financial assets – net of current portion | — | — | 617 | 617 |
| Other financial assets – net of current portion | 3,616 (1) | — | — | 3,616 |
| ***Current:*** | | | | |
| Cash and cash equivalents | 11,866 | — | — | 11,866 |
| Short-term investments | 10 | — | — | 10 |
| Trade and other receivables | 31,367 | — | — | 31,367 |
| Current portion of derivative financial assets | — | 203 | — | 203 |
| Current portion of debt instruments at amortized cost | 20 | — | — | 20 |
| Current portion of other financial assets | 339 (1) | — | — | 339 |
| Total assets | 47,568 | 1,233 | 617 | 49,418 |
| | | | | |
| Liabilities as at December 31, 2025 (Audited) | | | | |
| ***Noncurrent:*** | | | | |
| Interest-bearing financial liabilities – net of current portion | 278,868 | — | — | 278,868 |
| Lease liabilities – net of current portion | 55,276 | — | — | 55,276 |
| Customers' deposits | 1,262 | — | — | 1,262 |
| Deferred credits and other noncurrent liabilities | 1,583 | — | — | 1,583 |
| ***Current:*** | | | | |
| Accounts payable | 52,755 | — | — | 52,755 |
| Accrued expenses and other current liabilities | 60,807 | 2 | — | 60,809 |
| Current portion of interest-bearing financial liabilities | 16,180 | — | — | 16,180 |
| Current portion of lease liabilities | 8,897 | — | — | 8,897 |
| Dividends payable | 2,087 | — | — | 2,087 |
| Current portion of derivative financial liabilities | — | — | 77 | 77 |
| Liabilities associated with assets classified as held-for-sale | 1,625 | — | — | 1,625 |
| Total liabilities | 479,340 | 2 | 77 | 479,419 |
| Net assets (liabilities) | (431,772) | 1,231 | 540 | (430,001) |

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

The following table sets forth our consolidated offsetting of financial assets and liabilities recognized as at June 30, 2026 and December 31, 2025:

| | Gross amounts of recognized financial assets and liabilities | Gross amounts of recognized financial assets and liabilities set-off in the consolidated statements of financial position | Net amount presented in the consolidated statements of financial position |
|---|---|---|---|
| | | (in million pesos) | |
| **June 30, 2026 (Unaudited)** | | | |
| **Current Financial Assets** | | | |
| Trade and other receivables | | | |
| Foreign administrations | **5,166** | **3,590** | **1,576** |
| Domestic carriers | **724** | **335** | **389** |
| Total | **5,890** | **3,925** | **1,965** |
| **Current Financial Liabilities** | | | |
| Accounts payable | | | |
| Suppliers and contractors | **46,770** | **136** | **46,634** |
| Carriers and others | **5,958** | **2,317** | **3,641** |
| Total | **52,728** | **2,453** | **50,275** |
| | | | |
| December 31, 2025 (Audited) | | | |
| Current Financial Assets | | | |
| Trade and other receivables | | | |
| Foreign administrations | 4,071 | 2,540 | 1,531 |
| Domestic carriers | 400 | 192 | 208 |
| Total | 4,471 | 2,732 | 1,739 |
| Current Financial Liabilities | | | |
| Accounts payable | | | |
| Suppliers and contractors | 50,024 | 128 | 49,896 |
| Carriers and others | 4,835 | 2,225 | 2,610 |
| Total | 54,859 | 2,353 | 52,506 |

There are no financial instruments subject to an enforceable master netting arrangement as at June 30, 2026 and December 31, 2025.

The following table sets forth our consolidated carrying values and estimated fair values of our financial assets and liabilities recognized as at June 30, 2026 and December 31, 2025 other than those whose carrying amounts are reasonable approximations of fair values: This includes financial assets and financial liabilities measured using Level 3 inputs, which are not based on observable market data:

| | Carrying Value | | Fair Value | |
|---|---|---|---|---|
| | **June 30, 2026** | December 31, 2025 | **June 30, 2026** | December 31, 2025 |
| | **(Unaudited)** | (Audited) | **(Unaudited)** | (Audited) |
| | (in million pesos) | | | |
| **Noncurrent Financial Assets** | | | | |
| Debt instruments at amortized cost | **110** | 350 | **110** | 349 |
| Other financial assets – net of current portion | **3,711** | 3,616 | **3,045** | 2,973 |
| Total | **3,821** | 3,966 | **3,155** | 3,322 |
| **Noncurrent Financial Liabilities** | | | | |
| Interest-bearing financial liabilities: | | | | |
| Long-term debt – net of current portion | **267,008** | 278,868 | **260,762** | 272,011 |
| Customers' deposits | **1,276** | 1,262 | **804** | 837 |
| Deferred credits and other noncurrent liabilities | **1,539** | 1,583 | **1,307** | 1,372 |
| Total | **269,823** | 281,713 | **262,873** | 274,220 |

Below is the list of our consolidated financial assets and liabilities carried at fair value that are classified using a fair value hierarchy as required for our complete sets of consolidated financial statements as at June 30, 2026 and December 31, 2025. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with those financial statements.

| | June 30, 2026 (Unaudited) | | | | December 31, 2025 (Audited) | | | |
|---|---|---|---|---|---|---|---|---|
| | **Level 1[(1)]** | **Level 2[(2)]** | **Level 3[(3)]** | **Total** | Level 1[(1)] | Level 2[(2)] | Level 3[(3)] | Total |
| | (in million pesos) | | | | | | | |
| **Noncurrent Financial Assets** | | | | | | | | |
| Financial assets at FVPL | — | **1,038** | **3** | **1,041** | — | 1,027 | 3 | 1,030 |
| Derivative financial assets | — | **761** | — | **761** | — | 617 | — | 617 |
| **Current Financial Assets** | | | | | | | | |
| Derivative financial assets | — | **229** | — | **229** | — | 203 | — | 203 |
| Total | — | **2,028** | **3** | **2,031** | — | 1,847 | 3 | 1,850 |
| **Current Financial Liabilities** | | | | | | | | |
| Accrued expenses and other current liabilities | — | **2** | — | **2** | — | 2 | — | 2 |
| Derivative financial liabilities | — | **92** | — | **92** | — | 77 | — | 77 |
| Total | — | **94** | — | **94** | — | 79 | — | 79 |

(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 June 30, 2026 and December 31, 2025, there were no transfers into and out of Level 3 and between Level 1 and Level 2 fair value measurements.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

*Long-term financial assets and liabilities:*

Fair value is based on the following:

| Type | Fair Value Assumptions | Fair Value Hierarchy |
|---|---|---|
| Noncurrent portion of advances and other noncurrent assets | Estimated fair value is based on the discounted values of future cash flows using the applicable zero-coupon rates plus counterparties' credit spread. | Level 3 |
| Fixed rate loans: U.S. Dollar notes | Quoted market price. | Level 1 |
| Investment in debt securities | Fair values were determined using quoted prices.<br>For non-quoted securities, fair values were determined using discounted cash flow based on market observable rates. | Level 1<br>Level 2 |
| Other loans in all other currencies | Estimated fair value is based on the discounted value of future cash flows using the applicable SOFR 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 and foreign currency options:* The fair values were computed as the present value of estimated future cash flows using market U.S. Dollar and Philippine Peso interest rates as at valuation date.

The valuation techniques considered various inputs including the credit quality of counterparties.

Due to the short-term nature of the transactions, the fair value of cash and cash equivalents, short-term investments, trade and other receivables, accounts payable, accrued expenses and other current liabilities and dividends payable approximate their carrying values as at the end of the reporting period.

Our derivative financial instruments are accounted for as either cash flow hedges or transactions not designated as hedges. Cash flow hedges refer to those transactions that hedge our exposure to variability in cash flows attributable to a particular risk associated with a recognized financial asset or liability and exposures arising from forecast transactions. Changes in the fair value of these instruments representing effective hedges are recognized directly in other comprehensive income until the hedged item is recognized in our consolidated income statements. For transactions that are not designated as hedges, any gains or losses arising from the changes in fair value are recognized directly to income for the period.

As at June 30, 2026 and December 31, 2025, we have taken into account the counterparties' credit risks (for derivative assets) and our own non-performance risk (for derivative liabilities) and have included a credit or debit valuation adjustment, as appropriate, by assessing the maximum credit exposure and taking into account market-based inputs which considers the risk of default occurring and corresponding losses once the default event occurs. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

The table below sets out the information about our consolidated derivative financial instruments as at June 30, 2026 and December 31, 2025:

| | | | | | | | June 30, 2026 (Unaudited) | | December 31, 2025 (Audited) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Original Notional Amount | Trade Date | Underlying Transaction in U.S. Dollar | Termination Date | Weighted Average Hedge Cost/ (Premium) | Weighted Average Foreign Exchange Rate | Notional Amount | Net Mark-to-market Gains (Losses) in Php | Notional Amount | Net Mark-to-market Gains (Losses) in Php |
| | (in millions) | | (in millions) | | | | | (in millions) | | |
| *Transactions not designated as hedges:* | | | | | | | | | | |
| **PLDT** | | | | | | | | | | |
| Forward foreign exchange contracts | US$303 | Various dates in October to December 2024 | U.S. Dollar Liabilities | Various dates in January to July 2025 | — | Php58.45 | — | — | — | — |
| | US$14 | Various dates in October to December 2024 | U.S. Dollar Revenues | Various dates in July to December 2025 | — | Php58.65 | — | — | — | — |
| | US$766 | Various dates in January to December 2025 | U.S. Dollar Liabilities | Various dates in March 2025 to May 2026 | — | Php57.75 | — | — | 243 | 165 |
| | US$38 | Various dates in June to December 2025 | U.S. Dollar Revenues | Various dates in December 2025 to December 2026 | — | Php58.37 | **22** | **(64)** | 37 | (27) |
| | US$22 | Various dates in December 2025 | U.S. Dollar Cash | January 2026 | — | Php58.70 | — | — | 22 | (2) |
| | US$353 | Various dates in January to June 2026 | U.S. Dollar Liabilities | Various dates in March to November 2026 | — | Php59.95 | **121** | **240** | — | — |
| | US$18 | Various dates in January to June 2026 | U.S. Dollar Revenues | Various dates in December 2026 to May 2027 | — | Php61.34 | **18** | **(11)** | — | — |
| | US$78 | Various dates in July to August 2026 | U.S. Dollar Liabilities | Various dates in August to September 2026 | — | Php61.40 | — | — | — | — |
| | US$24 | Various dates in July 2026 | U.S. Dollar Revenues | Various dates in June 2027 | — | Php62.50 | — | — | — | — |
| Short-term currency options[(a)] | US$10 | Various dates in September to December 2024 | U.S. Dollar Liabilities | Various dates in April 2025 | — | Php57.00 | — | — | — | — |
| | | | | | | Php57.59 | | | | |
| | | | | | | Php58.32 | | | | |
| | US$22 | Various dates in January to December 2025 | U.S. Dollar Liabilities | Various dates in April 2025 to April 2026 | — | Php56.71 | — | — | 6 | 10 |
| | | | | | | Php56.99 | | | | |
| | | | | | | Php58.74 | | | | |
| | US$23 | Various dates in January to June 2026 | U.S. Dollar Liabilities | Various dates in April to February 2027 | — | Php58.69 | **16** | **14** | — | — |
| | | | | | | Php58.99 | | | | |
| | | | | | | Php60.42 | | | | |
| | US$5 | Various dates in August 2026 | U.S. Dollar Liabilities | Various dates in February to March 2027 | — | Php60.03 | — | — | — | — |
| | | | | | | Php60.98 | | | | |
| | | | | | | Php61.98 | | | | |
| | | | | | | | | **179** | | 146 |
| **Smart** | | | | | | | | | | |
| Forward foreign exchange contracts | US$204 | Various dates in October to December 2024 | U.S. Dollar Liabilities | Various dates in January to June 2025 | — | Php58.18 | — | — | — | — |
| | US$5 | Various dates in October to November 2024 | U.S. Dollar Revenues | Various dates in July to November 2025 | — | Php58.48 | — | — | — | — |
| | US$550 | Various dates in January to December 2025 | U.S. Dollar Liabilities | Various dates in January 2025 to March 2026 | — | Php57.83 | — | — | 120 | 46 |
| | US$23 | Various dates in June to December 2025 | U.S. Dollar Revenues | Various dates in December 2025 to November 2026 | — | Php58.22 | **12** | **(37)** | 21 | (16) |
| | US$166 | Various dates in January to June 2026 | U.S. Dollar Liabilities | Various dates in March to September 2026 | — | Php59.93 | **39** | **78** | — | — |
| | US$13 | Various dates in January to June 2026 | U.S. Dollar Revenues | Various dates in December 2026 to May 2027 | — | Php61.31 | **13** | **(8)** | — | — |
| | US$11 | Various dates in July 2026 | U.S. Dollar Liabilities | Various dates in September 2026 | — | Php61.40 | — | — | — | — |
| | US$2 | Various dates in July 2026 | U.S. Dollar Revenues | Various dates in July 2027 | — | Php62.76 | — | — | — | — |
| Short-term currency options[(b)] | US$8 | Various dates in September to December 2024 | U.S. Dollar Liabilities | Various dates in January to April 2025 | — | Php57.01 | — | — | — | — |
| | | | | | | Php57.41 | | | | |
| | | | | | | Php58.63 | | | | |
| | US$58 | Various dates in January to December 2025 | U.S. Dollar Liabilities | Various dates in April 2025 to January 2027 | — | Php57.71 | — | — | 18 | 27 |
| | | | | | | Php58.03 | | | | |
| | | | | | | Php59.55 | | | | |
| | US$30 | Various dates in January to March 2026 | U.S. Dollar Liabilities | Various dates in May 2026 to January 2027 | — | Php58.45 | **19** | **17** | — | — |
| | | | | | | Php58.85 | | | | |
| | | | | | | Php60.14 | | | | |
| | US$2 | Various dates in August 2026 | U.S. Dollar Liabilities | Various dates in March 2027 | — | Php59.70 | — | — | — | — |
| | | | | | | Php60.70 | | | | |
| | | | | | | Php61.70 | | | | |
| | | | | | | | | **50** | | 57 |
| | | | | | | | | **229** | | 203 |

| | Original Notional Amount | Trade Date | Underlying Transaction in U.S. Dollar | Termination Date | Weighted Average Hedge Cost/ (Premium) | Weighted Average Foreign Exchange Rate | **June 30, 2026 (Unaudited)** Notional Amount | Net Mark-to-market Gains (Losses) in Php | December 31, 2025 (Audited) Notional Amount | Net Mark-to-market Gains (Losses) in Php |
|---|---|---|---|---|---|---|---|---|---|---|
| | (in millions) | | (in millions) | | | | | | (in millions) | |
| *Transactions designated as hedges:* | | | | | | | | | | |
| **PLDT** | | | | | | | | | | |
| Long-term foreign currency options[c] | US$225 | Various dates in July 2020 and February to March 2021 | 300M Notes 2031 | January 23, 2031 | 1.20% | Php49.58 | **US$219** | **374** | US$222 | 271 |
| | | | | | | Php55.27 | | | | |
| | US$109 | Various dates in July 2020 and July 2025 | 300M Notes 2031 | January 23, 2031 | 1.21% | Php49.67 | **US$107** | **169** | US$108 | 106 |
| | | | | | | Php55.35 | | | | |
| | US$10 | April 2026 | 300M Notes 2031 | January 23, 2031 | 1.48% | Php61.00 | **US$10** | **(5)** | — | — |
| | | | | | | Php70.00 | | | | |
| | US$130 | Various dates in April to June 2026 | 300M Notes 2031 | January 23, 2031 | 1.39% | Php60.93 | **US$130** | **(35)** | — | — |
| | | | | | | Php69.67 | | | | |
| | US$10 | July 2026 | 300M Notes 2031 | January 23, 2031 | 1.37% | Php61.00 | **US$10** | **—** | — | — |
| | | | | | | Php70.00 | | | | |
| | | | | | | | | **503** | | 377 |
| **Smart** | | | | | | | | | | |
| Long-term foreign currency options[d] | US$109 | February to April 2021 | US$140 PNB Loan | December 13, 2030 | 1.63% | Php48.00 | **US$50** | **166** | US$55 | 163 |
| | | | | | | Php53.34 | | | | |
| | | | | | | | | **166** | | 163 |
| | | | | | | | | **669** | | 540 |
| | | | | | | | | **898** | | 743 |

(a) If the Philippine Peso to U.S. dollar spot exchange rate on fixing date settles between Php57.59 to Php58.32, PLDT will purchase the U.S. Dollar for Php57.59. However, if on maturity, the exchange rate settles above Php58.32, PLDT will purchase the U.S. Dollar for Php57.59 plus the excess above Php58.32, and if the exchange rate is lower than Php57.59, PLDT will purchase the U.S. Dollar at the prevailing Philippine peso to U.S. Dollar spot exchange rate, subject to a floor of Php57.00.

If the Philippine Peso to U.S. dollar spot exchange rate on fixing date settles between Php56.99 to Php58.74, PLDT will purchase the U.S. Dollar for Php56.99. However, if on maturity, the exchange rate settles above Php58.74, PLDT will purchase the U.S. Dollar for Php56.99 plus the excess above Php58.74, and if the exchange rate is lower than Php56.99, PLDT will purchase the U.S. Dollar at the prevailing Philippine peso to U.S. Dollar spot exchange rate, subject to a floor of Php56.71.

If the Philippine Peso to U.S. dollar spot exchange rate on fixing date settles between Php58.99 to Php60.42, PLDT will purchase the U.S. Dollar for Php58.99. However, if on maturity, the exchange rate settles above Php60.42, PLDT will purchase the U.S. Dollar for Php58.99 plus the excess above Php60.42, and if the exchange rate is lower than Php58.99, PLDT will purchase the U.S. Dollar at the prevailing Philippine peso to U.S. Dollar spot exchange rate, subject to a floor of Php58.69.

(b) If the Philippine Peso to U.S. Dollar spot exchange rate on fixing date settles between Php57.41 to Php58.63, Smart will purchase the U.S. Dollar for Php57.41. However, if on maturity, the exchange rate settles above Php58.63, Smart will purchase the U.S. Dollar for Php57.41 plus the excess above Php58.63, and if the exchange rate is lower than Php57.41, Smart will purchase the U.S. Dollar at the prevailing Philippine Peso to U.S. Dollar spot exchange rate, subject to a floor of Php57.01.

If the Philippine Peso to U.S. Dollar spot exchange rate on fixing date settles between Php58.03 to Php59.55, Smart will purchase the U.S. Dollar for Php58.03. However, if on maturity, the exchange rate settles above Php59.55, Smart will purchase the U.S. Dollar for Php58.03 plus the excess above Php59.55, and if the exchange rate is lower than Php58.03, Smart will purchase the U.S. Dollar at the prevailing Philippine Peso to U.S. Dollar spot exchange rate, subject to a floor of Php57.71.

If the Philippine Peso to U.S. Dollar spot exchange rate on fixing date settles between Php58.85 to Php60.14, Smart will purchase the U.S. Dollar for Php58.85. However, if on maturity, the exchange rate settles above Php60.14, Smart will purchase the U.S. Dollar for Php58.85 plus the excess above Php60.14, and if the exchange rate is lower than Php58.85, Smart will purchase the U.S. Dollar at the prevailing Philippine Peso to U.S. Dollar spot exchange rate, subject to a floor of Php58.45.

(c) PLDT's long-term foreign currency option agreements outstanding as at June 30, 2026 and December 31, 2025 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 Php49.58 and Php55.27, PLDT will purchase the U.S. dollar at Php49.58.  However, if on fixing date, the exchange rate is beyond Php55.27, PLDT will purchase the U.S. dollar at the prevailing Philippine peso to U.S. dollar spot exchange rate minus a subsidy of Php5.69, and if the exchange rate is lower than Php49.58, PLDT will purchase the U.S. dollar at the prevailing Philippine peso to U.S. dollar spot exchange rate.

If the Philippine peso to U.S. dollar spot exchange rate on fixing date is between Php49.67 and Php55.35, PLDT will purchase the U.S. dollar at Php49.67.  However, if on fixing date, the exchange rate is beyond Php55.35, PLDT will purchase the U.S. dollar at the prevailing Philippine peso to U.S. dollar spot exchange rate minus a subsidy of Php5.68, and if the exchange rate is lower than Php49.67, PLDT will purchase the U.S. dollar at Php49.67.

If the Philippine peso to U.S. dollar spot exchange rate on fixing date is between Php61.00 and Php70.00, PLDT will purchase the U.S. dollar at Php61.00.  However, if on fixing date, the exchange rate is beyond Php70.00, PLDT will purchase the U.S. dollar at the prevailing Philippine peso to U.S. dollar spot exchange rate minus a subsidy of Php9.00, and if the exchange rate is lower than Php61.00, PLDT will purchase the U.S. dollar at Php61.00.

If the Philippine peso to U.S. dollar spot exchange rate on fixing date is between Php60.93 and Php69.67, PLDT will purchase the U.S. dollar at Php60.93.  However, if on fixing date, the exchange rate is beyond Php69.67, PLDT will purchase the U.S. dollar at the prevailing Philippine peso to U.S. dollar spot exchange rate minus a subsidy of Php8.74, and if the exchange rate is lower than Php60.93, PLDT will purchase the U.S. dollar at Php60.93.

The mark-to-market gains amounting to Php593 million and Php452 million were recognized in our consolidated statement of other comprehensive income for the six months ended June 30, 2026 and for the year ended December 31, 2025, respectively.  Hedge cost accrual on the long-term foreign currency option agreements amounting to Php90 million and Php75 million were recognized as at June 30, 2026 and December 31, 2025, 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 effective portion of the movements in the fair value amounting to Php141 million and Php144 million were recognized in our consolidated statement of other comprehensive income for the six months ended June 30, 2026 and 2025, respectively.

(d) Smart's long-term foreign currency option agreements outstanding as at June 30, 2026 and December 31, 2025 were designated as cash flow hedges, wherein the effective portion of the movements in fair value is recognized in our consolidated statements of other comprehensive income, while any ineffective portion is recognized immediately in our consolidated income statements.  Settlement of the foreign currency option agreements will depend on the spot exchange rate on the fixing date.  If the Philippine Peso to U.S. Dollar spot exchange rate on fixing date is between Php48.00 and Php53.34, Smart will purchase the U.S. Dollar at Php48.00.  However, if on fixing date the exchange rate is beyond Php53.34, Smart will purchase the U.S. Dollar for Php48.00 plus the excess above Php53.34, and if the exchange rate is lower than Php48.00, Smart will purchase the U.S. Dollar at the prevailing Philippine Peso to U.S. Dollar spot exchange rate.  The mark-to-market gains amounting to Php168 million and Php165 million were recognized in our consolidated statement of other comprehensive income for the six months ended June 30, 2026 and for the year ended December 31, 2025, respectively.  Hedge cost accrual on the long-term foreign currency option agreements amounting to Php2 million each was recognized as at June 30, 2026 and December 31, 2025.  The intrinsic value of the long-term foreign currency options recognized as other comprehensive income are transferred to profit or loss when the hedged loan is revalued for changes in the foreign exchange rate.  The effective portion of the movements in the fair value amounting to Php33 million and Php23 million were recognized in our consolidated statement of other comprehensive income for the six months ended June 30, 2026 and 2025, respectively.

Our derivative financial instruments as at June 30, 2026 and December 31, 2025 are presented in the statements of financial position as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| **Asset:** | | |
| Noncurrent assets | **761** | 617 |
| Current assets | **229** | 203 |
| **Liabilities:** | | |
| Current liabilities (Note 28) | **(92)** | (77) |
| Net assets | **898** | 743 |

Movements of our consolidated mark-to-market gains (losses) for the six months ended June 30, 2026 and for the year ended December 31, 2025 are summarized as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (As Revised[1]) |
| | (in million pesos) | |
| Net mark-to-market gains at beginning of the period | **743** | 318 |
| Gains on derivative financial instruments | **617** | 157 |
| Settlements, accretion and others | **(636)** | 45 |
| Net fair value gains on cash flow hedges charged to other comprehensive income | **174** | 223 |
| Net mark-to-market gains at end of the period | **898** | 743 |

(1) *See Note 2 - Summary of Material Accounting Policies.*

Our consolidated analysis of gains (losses) on derivative financial instruments for the six months ended June 30, 2026 and 2025 are as follows:

| | **June 30,** | |
|---|---|---|
| | **2026** | 2025 |
| | **(Unaudited)** | (As Revised[1]) |
| | (in million pesos) | |
| Gains (losses) on derivative financial instruments | **617** | (1,212) |
| Hedge costs | **(122)** | (111) |
| Gains (losses) on derivative financial instruments – net (Note 5) | **495** | (1,323) |

(1) *See Note 2 - Summary of Material Accounting Policies.*

**Financial Risk Management Objectives and Policies**

The main risks arising from our financial instruments are liquidity risk, foreign currency exchange risk, interest rate risk and credit risk. The importance of managing those risks has significantly increased in light of the considerable change and volatility in both the Philippine and international financial markets. Our Board of Directors reviews and approves policies for managing each of these risks, which are summarized below. We also monitor the market price risk arising from all financial instruments.

***Liquidity Risk***

Our exposure to liquidity risk refers to the risk that our financial requirements, working capital requirements and planned capital expenditures may not be met.

We manage our liquidity profile to be able to finance our operations and capital expenditures, service our maturing debts and meet our other financial obligations. To cover our financing requirements, we use internally generated funds and proceeds from debt and equity issues and sales of certain assets.

As part of our liquidity risk management program, we regularly evaluate our projected and actual cash flows, including our loan maturity profiles, and continuously assess conditions in the financial markets for opportunities to pursue fund-raising initiatives. These may include bank loans, export credit agency-guaranteed facilities, and issuances in the debt and equity markets.

Any excess funds are primarily invested in short-term and principal-protected bank products that provide flexibility of withdrawing the funds anytime. We also allocate a portion of our cash in longer tenor investments such as fixed income securities issued or guaranteed by the Republic of the Philippines, and Philippine banks and corporates and managed funds. We regularly evaluate available financial products and monitor market conditions for opportunities to enhance yields at acceptable risk levels. Our funding arrangements are designed to keep an appropriate balance between equity and debt and to provide financing flexibility while enhancing our businesses.

Our cash position remains sufficient to support our planned capital expenditure requirements and service our debt and financing obligations; however, we may be required to finance a portion of our future capital expenditures from external financing sources. We have cash and cash equivalents, and short-term investments amounting to Php11,896 million and Php10 million, respectively, as at June 30, 2026, which we can use to meet our short-term liquidity needs. See *Note 15 – Cash and Cash Equivalents.* As part of our liquidity management, we assess dividend declarations in light of operating cash flows, funding needs, and financial priorities.

The following table summarizes the maturity profile of our financial assets based on our consolidated undiscounted claims outstanding as at June 30, 2026 and December 31, 2025:

| | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
|---|---|---|---|---|---|
| | | | (in million pesos) | | |
| **June 30, 2026 (Unaudited)** | | | | | |
| *Financial instruments at amortized cost:* | ***67,782*** | ***63,688*** | ***3,866*** | ***3*** | ***225*** |
| Debt instruments at amortized cost | **450** | **340** | **110** | — | — |
| Other financial assets | **4,421** | **437** | **3,756** | **3** | **225** |
| Temporary cash investments | **6,757** | **6,757** | — | — | — |
| Short-term investments | **10** | **10** | — | — | — |
| Retail subscribers | **20,715** | **20,715** | — | — | — |
| Corporate subscribers | **23,370** | **23,370** | — | — | — |
| Foreign administrations | **1,704** | **1,704** | — | — | — |
| Domestic carriers | **389** | **389** | — | — | — |
| Dealers, agents and others | **9,966** | **9,966** | — | — | — |
| *Financial instruments at FVPL:* | ***1,041*** | — | — | — | ***1,041*** |
| Financial assets at fair value through profit or loss | **1,041** | — | — | — | **1,041** |
| Total | **68,823** | **63,688** | **3,866** | **3** | **1,266** |
| | | | | | |
| December 31, 2025 (Audited) | | | | | |
| *Financial instruments at amortized cost:* | *56,238* | *52,002* | *4,005* | *3* | *228* |
| Debt instruments at amortized cost | 370 | 20 | 340 | — | 10 |
| Other financial assets | 4,225 | 339 | 3,665 | 3 | 218 |
| Temporary cash investments | 1,369 | 1,369 | — | — | — |
| Short-term investments | 10 | 10 | — | — | — |
| Retail subscribers | 19,369 | 19,369 | — | — | — |
| Corporate subscribers | 21,373 | 21,373 | — | — | — |
| Foreign administrations | 1,615 | 1,615 | — | — | — |
| Domestic carriers | 208 | 208 | — | — | — |
| Dealers, agents and others | 7,699 | 7,699 | — | — | — |
| *Financial instruments at FVPL:* | *1,030* | — | — | — | *1,030* |
| Financial assets at fair value through profit or loss | 1,030 | — | — | — | 1,030 |
| Total | 57,268 | 52,002 | 4,005 | 3 | 1,258 |

The following table summarizes the maturity profile of our financial liabilities based on our consolidated contractual undiscounted obligations outstanding as at June 30, 2026 and December 31, 2025:

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
| | | | (in million pesos) | | |
| **June 30, 2026 (Unaudited)** | | | | | |
| *Debt* | ***394,622*** | ***28,103*** | ***79,637*** | ***97,025*** | ***189,857*** |
| Principal [(1)] | **299,694** | **27,155** | **39,062** | **75,691** | **157,786** |
| Interest | **94,928** | **948** | **40,575** | **21,334** | **32,071** |
| *Lease obligations* | ***87,913*** | ***19,564*** | ***24,047*** | ***20,263*** | ***24,039*** |
| *Various trade and other obligations:* | ***104,587*** | ***101,818*** | ***1,559*** | ***17*** | ***1,193*** |
| Suppliers and contractors | **46,673** | **46,634** | **39** | — | — |
| Utilities and related expenses | **41,042** | **41,040** | **2** | — | — |
| Carriers and others | **3,641** | **3,641** | — | — | — |
| Employee benefits and other provisions | **4,920** | **4,814** | — | — | **106** |
| Customer's deposits | **1,276** | — | **172** | **17** | **1,087** |
| Dividends | **2,108** | **2,108** | — | — | — |
| Others | **4,927** | **3,581** | **1,346** | — | — |
| Total contractual obligations | **587,122** | **149,485** | **105,243** | **117,305** | **215,089** |
| | | | | | |
| December 31, 2025 (Audited) | | | | | |
| *Debt* | *396,013* | *12,663* | *95,634* | *73,945* | *213,771* |
| Principal [(1)] | 296,939 | 12,240 | 53,872 | 51,676 | 179,151 |
| Interest | 99,074 | 423 | 41,762 | 22,269 | 34,620 |
| *Lease obligations* | *84,816* | *18,256* | *23,318* | *18,516* | *24,726* |
| *Various trade and other obligations:* | *110,977* | *107,856* | *2,026* | *18* | *1,077* |
| Suppliers and contractors | 49,980 | 49,896 | 84 | — | — |
| Utilities and related expenses | 44,787 | 44,786 | 1 | — | — |
| Carriers and others | 2,610 | 2,610 | — | — | — |
| Employee benefits and other provisions | 4,970 | 4,970 | — | — | — |
| Customers' deposits | 1,262 | — | 167 | 18 | 1,077 |
| Dividends | 2,087 | 2,087 | — | — | — |
| Others | 5,281 | 3,507 | 1,774 | — | — |
| Total contractual obligations | 591,806 | 138,775 | 120,978 | 92,479 | 239,574 |

[(1)] *Consists of long-term debt including current portion, gross of unamortized debt discount/premium and debt issuance costs.*

*Debt*

See *Note 20 – Interest-bearing Financial Liabilities – Long-term Debt* for a detailed discussion of our debt.

Our consolidated future minimum lease commitments payable with non-cancellable leases as at June 30, 2026 and December 31, 2025 are as follows:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Within one year | **14,080** | 12,929 |
| After one year but not more than five years | **44,309** | 41,834 |
| More than five years | **24,039** | 24,727 |
| Total | **82,428** | 79,490 |

*Various Trade and Other Obligations*

PLDT Group has various obligations to suppliers for the acquisition of network equipment, contractors for services rendered on various projects, foreign administrations and domestic carriers for the access charges, shareholders for unpaid dividends distributions, employees for benefits and other related obligations, and various business and operational related agreements. Total obligations under these various agreements amounted to approximately Php104,587 million and Php110,977 million as at June 30, 2026 and December 31, 2025, respectively. See *Note 22 – Accounts Payable* and *Note 23 – Accrued Expenses and Other Current Liabilities*.

***Commercial Commitments***

*Major Network Vendors*

Significant commitment in respect of major network vendors, net of advances and deliveries, amounted to about Php9,500 million and Php19,700 million as at June 30, 2026 and December 31, 2025, respectively.

*Other Capital Expenditure Vendors*

Commitments related to non-major capital expenditure vendors, net of advances and deliveries, amounted to Php11,600 million and Php16,900 million as at June 30, 2026 and December 31, 2025, respectively.

We have no outstanding commercial commitments, in the form of letters of credit, as at June 30, 2026 and December 31, 2025.

***Collateral***

There are no pledges as collaterals with respect to our financial liabilities as at as at June 30, 2026 and December 31, 2025.

***Foreign Currency Exchange Risk***

Foreign currency exchange risk refers to the potential impact of exchange rate fluctuations on the fair value and future cash flows of financial instruments.

The revaluation of our foreign currency-denominated financial assets and liabilities as a result of the appreciation or depreciation of the Philippine Peso is recognized as foreign exchange gains or losses as at the end of the reporting period. The extent of foreign exchange gains or losses is largely dependent on the amount of foreign currency denominated financial assets and liabilities. While a certain percentage of our revenues are either linked to or denominated in U.S. Dollars, a substantial portion of our capital expenditures, a portion of our indebtedness and related interest expense and a portion of our operating expenses are denominated in foreign currencies, mostly in U.S. Dollars. As such, a strengthening or weakening of the Philippine Peso against the U.S. Dollar will decrease or increase in Philippine Peso terms both the principal amount of our foreign currency-denominated debts and the related interest expense, our foreign currency-denominated capital expenditures and operating expenses as well as our U.S. Dollar-linked and U.S. Dollar-denominated revenues. In addition, many of our financial ratios and other financial tests are affected by the movements in the Philippine Peso to U.S. Dollar exchange rate.

To manage our foreign exchange risks and to stabilize our cash flows in order to improve investment and cash flow planning, we enter into forward foreign exchange contracts, currency option contracts and other hedging products aimed at reducing and/or managing the adverse impact of changes in foreign exchange rates on our operating results and cash flows. Further details of the risk management strategy are recognized in our hedge designation documentation. We use forward foreign exchange purchase contracts, currency swap contracts and currency option contracts to manage the foreign currency risks associated with our foreign currency-denominated financial liabilities. We accounted for these instruments as either cash flow hedges, wherein changes in the fair value are recognized in our consolidated other comprehensive income until the hedged transaction affects our consolidated income statements or transactions not designated as hedges, wherein changes in the fair value are recognized directly as income or expense for the year.

The impact of the hedging instruments on our consolidated statements of financial position as at June 30, 2026 and December 31, 2025 are as follows:

| | Notional Amount (U.S. Dollar) | Carrying Amount (Php) | Line item in our Consolidated Statements of Financial Position |
|---|---|---|---|
| | (in million pesos) | | |
| **June 30, 2026 (Unaudited)** | | | |
| Long-term foreign currency options | **515** | **761** | Derivative financial assets – net of current portion |
| | **515** | **761** | |
| December 31, 2025 (Audited) | | | |
| Long-term foreign currency options | 385 | 617 | Derivative financial assets – net of current portion |
| | 385 | 617 | |

The impact of the hedged items on our consolidated statements of financial position as at June 30, 2026 and December 31, 2025 are as follows:

| | **June 30, 2026 (Unaudited)** | | December 31, 2025 (As Revised[1]) | |
|---|---|---|---|---|
| | **Cash flow hedge reserve** | **Cost of hedging reserve** | Cash flow hedge reserve | Cost of hedging reserve |
| | (in million pesos) | | | |
| **PLDT:** | | | | |
| US$300M Notes 2031 | **(1,054)** | **90** | (1,196) | 75 |
| | **(1,054)** | **90** | (1,196) | 75 |
| **Smart:** | | | | |
| US$140M PNB | **(115)** | **2** | (148) | 2 |
| | **(115)** | **2** | (148) | 2 |

[1] *See Note 2 - Summary of Material Accounting Policies.*

The effect of the cash flow hedge on our consolidated statements of financial position as at June 30, 2026 and December 31, 2025 are as follows:

| | Total hedging loss recognized in OCI | Line item in our Consolidated Statements of Financial Position |
|---|---|---|
| | (in million pesos) | |
| **June 30, 2026 (Unaudited)** | | |
| Long-term foreign currency options | **(1,169)** | Other comprehensive loss |
| | **(1,169)** | |
| December 31, 2025 (As Revised[1]) | | |
| Long-term foreign currency options | (1,344) | Other comprehensive loss |
| | (1,344) | |

[1] *See Note 2 - Summary of Material Accounting Policies.*

The following table shows our consolidated foreign currency-denominated monetary financial assets and liabilities and their Philippine Peso equivalents as at June 30, 2026 and December 31, 2025:

| | **June 30, 2026** | | December 31, 2025 | |
|---|---|---|---|---|
| | **(Unaudited)** | | (Audited) | |
| | **U.S. Dollar** | **Php[(1)]** | U.S. Dollar | Php[(2)] |
| | | (in millions) | | |
| **Noncurrent Financial Assets** | | | | |
| Derivative financial assets – net of current portion | **13** | **761** | 10 | 617 |
| Total noncurrent financial assets | **13** | **761** | 10 | 617 |
| **Current Financial Assets** | | | | |
| Cash and cash equivalents | **123** | **7,538** | 63 | 3,704 |
| Trade and other receivables – net | **142** | **8,738** | 112 | 6,593 |
| Derivative assets | **4** | **229** | 4 | 203 |
| Current portion of other financial assets | **—** | **7** | — | 7 |
| Total current financial assets | **269** | **16,512** | 179 | 10,507 |
| Total Financial Assets | **282** | **17,273** | 189 | 11,124 |
| **Noncurrent Financial Liabilities** | | | | |
| Interest-bearing financial liabilities – net of current portion | **646** | **39,606** | 653 | 38,395 |
| Other noncurrent liabilities | **1** | **32** | 1 | 33 |
| Total noncurrent financial liabilities | **647** | **39,638** | 654 | 38,428 |
| **Current Financial Liabilities** | | | | |
| Accounts payable | **343** | **21,041** | 594 | 34,932 |
| Accrued expenses and other current liabilities | **123** | **7,517** | 190 | 11,182 |
| Current portion of interest-bearing financial liabilities | **14** | **844** | 14 | 809 |
| Current portion of derivative financial liabilities | **1** | **92** | 1 | 77 |
| Total current financial liabilities | **481** | **29,494** | 799 | 47,000 |
| Total Financial Liabilities | **1,128** | **69,132** | 1,453 | 85,428 |

(1) *The exchange rate used to convert the U.S. Dollar amounts into Philippine Peso was Php61.29 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 June 30, 2026.*
(2) *The exchange rate used to convert the U.S. Dollar amounts into Philippine Peso was Php58.79 to US$1.00, the Philippine Peso-U.S. Dollar exchange rate as quoted through the BAP as at December 31, 2025.*

As at August 12, 2026, the Philippine Peso-U.S. Dollar exchange rate was Php61.32 to US$1.00. Using this exchange rate, our consolidated net foreign currency-denominated financial liabilities would have increased in Philippine Peso terms by Php2,143 million as at June 30, 2026.

Approximately 13% of our total consolidated debts (net of consolidated debt discount) was denominated in U.S. Dollars as at June 30, 2026 and December 31, 2025, respectively. Our consolidated foreign currency-denominated debt increased to Php40,140 million as at June 30, 2026 from Php38,879 million as at December 31, 2025, primarily due to the depreciation of the Philippine peso relative to the U.S. dollar. See *Note 20 – Interest-bearing Financial Liabilities*. The aggregate notional amount of our consolidated outstanding derivatives allocated for debt were US$350 million and US$345 million as at June 30, 2026 and December 31, 2025, respectively. Consequently, the unhedged portion of our consolidated debt amounts were 6% (or 5%, net of consolidated U.S. Dollar cash balances allocated for debt) as at June 30, 2026 and December 31, 2025.

Approximately 17% and 16% of our consolidated revenues were denominated in U.S. Dollars and/or were linked to U.S. Dollars for the six months ended June 30, 2026 and 2025, respectively. Approximately 19% and 16% of our consolidated expenses were denominated in U.S. Dollars and/or linked to the U.S. Dollar for the six months ended June 30, 2026 and 2025, respectively, respectively. In this respect, the higher weighted average exchange rate of the Philippine Peso against the U.S. Dollar increased our revenues and expenses, and consequently, affects our cash flow from operations in Philippine Peso terms. In view of the anticipated continued decline in dollar-denominated/dollar-linked revenues, which provide a natural hedge against our foreign currency exposure, we are progressively refinancing our dollar-denominated debts in Philippine Pesos.

The Philippine Peso depreciated by 4% against the U.S. Dollar to Php61.29 to US$1.00 as at June 30, 2026 from Php58.79 to US$1.00 as at December 31, 2025. As a result of our consolidated foreign exchange movements, as well as the amount of our consolidated outstanding net foreign currency financial assets and liabilities, we recognized net consolidated foreign exchange losses of Php1,365 million and net consolidated foreign exchange gains of Php1,406 million for the six months ended June 30, 2026 and 2025, respectively.

Management conducted a survey among our banks to determine the outlook of the Philippine Peso-U.S. Dollar exchange rate until June 30, 2026. Our outlook is that the Philippine Peso-U.S. Dollar exchange rate may either weaken or strengthen by 2.38% as compared to the exchange rate of Php61.29 to US$1.00 as at June 30, 2026. If the Philippine Peso-U.S. Dollar exchange rate had weakened or strengthened by 2.38% as at June 30, 2026, with all other variables held constant, consolidated profit after tax for the six months ended June 30, 2026 and stockholders' equity as at June 30, 2026 would have been approximately Php924 million and Php148 million, respectively, lower/higher, mainly as a result of consolidated foreign exchange gains and losses on conversion of U.S. Dollar-denominated net assets/liabilities and mark-to-market valuation of derivative financial instruments.

***Interest Rate Risk***

Interest rate risk arises from fluctuations in market interest rates that may impact the fair value or future cash flows of financial instruments.

Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with floating interest rates.

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

There are no outstanding interest rate hedges as at June 30, 2026 and December 31, 2025.

The following tables set out the carrying amounts, by maturity, of our financial instruments that are expected to have exposure to interest rate risk as at June 30, 2026 and December 31, 2025. Financial instruments that are not subject to interest rate risk were not included in the table.

**As at June 30, 2026 (Unaudited)**

| | In U.S. Dollars | | | | | | | | | Fair Value | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Below 1 year | 1-2 years | 2-3 years | 3-5 years | Over 5 years | Total | In Php | Discount/ Debt Issuance Cost In Php | Carrying Value In Php | In U.S. Dollar | In Php |
| | | | | | | | | | (in millions) | | |
| **Assets:** | | | | | | | | | | | |
| *Debt Instruments at Amortized Cost* | | | | | | | | | | | |
| Philippine Peso | 6 | 2 | — | — | — | 8 | 450 | — | 450 | 8 | 450 |
| Interest rate | 4.6250% - 4.8750% | 5.1714% | 6.5800% | — | — | | | | | | |
| *Cash in Bank* | | | | | | | | | | | |
| U.S. Dollar | 21 | — | — | — | — | 21 | 1,309 | — | 1,309 | 21 | 1,309 |
| Interest rate | 0.0500% - 0.5000% | — | — | — | — | | | | | | |
| Philippine Peso | 48 | — | — | — | — | 48 | 2,940 | — | 2,940 | 48 | 2,940 |
| Interest rate | 0.0500% - 3.0000% | — | — | — | — | | | | | | |
| *Temporary Cash Investments* | | | | | | | | | | | |
| U.S. Dollar | 91 | — | — | — | — | 91 | 5,555 | — | 5,555 | 91 | 5,555 |
| Interest rate | 3.4000-4.0000% | — | — | — | — | | | | | | |
| Philippine Peso | 19 | — | — | — | — | 19 | 1,202 | — | 1,202 | 19 | 1,202 |
| Interest rate | 0.3000% - 5.0000% | — | — | — | — | | | | | | |
| *Short-term Investments* | | | | | | | | | | | |
| Philippine Peso | — | — | — | — | — | — | 10 | — | 10 | — | 10 |
| Interest rate | 2.0000% - 6.0000% | — | — | — | — | | | | | | |
| | 185 | 2 | — | — | — | 187 | 11,466 | — | 11,466 | 187 | 11,466 |
| **Liabilities:** | | | | | | | | | | | |
| *Long-term Debt* | | | | | | | | | | | |
| Fixed Rate | | | | | | | | | | | |
| U.S. Dollar Notes | — | — | — | 300 | 300 | 600 | 36,774 | 483 | 36,291 | 482 | 29,532 |
| Interest rate | — | — | — | 2.5000 % | 3.4500 % | | | | | | |
| Philippine Peso | 378 | 246 | 47 | 180 | — | 851 | 52,144 | 324 | 51,820 | 838 | 51,371 |
| Interest rate | 4.2500% to 5.3500% | 4.2589% to 5.2000% | 4.9540% to 5.1560% | 5.0880% - 5.1560% | | | | | | | |
| Variable Rate | | | | | | | | | | | |
| U.S. Dollar Loans | — | 35 | 14 | 14 | — | 63 | 3,861 | 12 | 3,849 | 63 | 3,861 |
| Interest rate | — | SOFR+ 1.31161% | SOFR+ 1.31161% | SOFR+ 1.31161% | | | | | | | |
| Philippine Peso | 61 | 156 | 139 | 741 | 2,274 | 3,371 | 206,615 | 950 | 205,665 | 3,371 | 206,615 |
| Interest rate | PHP BVAL + 0.75% | PHP BVAL + 0.40% to 0.90% | PHP BVAL + 0.40% to 0.90% | PHP BVAL + 0.40% to 0.90% | PHP BVAL + 0.40% to 0.90% | | | | | | |
| *Short-term Debt* | | | | | | | | | | | |
| Notes Payable | | | | | | | | | | | |
| Philippine Peso | 5 | — | — | — | — | 5 | 300 | — | 300 | 5 | 300 |
| Interest rate | 5.6080% to 5.9695% | | | | | | | | | | |
| | 444 | 437 | 200 | 1,235 | 2,574 | 4,890 | 299,694 | 1,769 | 297,925 | 4,759 | 291,679 |

## As at December 31, 2025 (Audited)

| | In U.S. Dollars | | | | | | | | | Fair Value | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Below 1 year | 1-2 years | 2-3 years | 3-5 years | Over 5 years | Total | In Php | Discount/ Debt Issuance Cost In Php | Carrying Value In Php | In U.S. Dollar | In Php |
| | | | | | | | | | (in millions) | | |
| **Assets:** | | | | | | | | | | | |
| *Debt Instruments at Amortized Cost* | | | | | | | | | | | |
| Philippine Peso | — | 6 | — | — | — | 6 | 370 | — | 370 | 6 | 369 |
| Interest rate | 6.2500% | 4.6250% - 4.8750% | — | 6.5000% | — | | | | | | |
| *Cash in Bank* | | | | | | | | | | | |
| U.S. Dollar | 20 | — | — | — | — | 20 | 1,177 | — | 1,177 | 20 | 1,177 |
| Interest rate | 0.0100% - 0.5000% | — | — | — | — | | | | | | |
| Philippine Peso | 91 | — | — | — | — | 91 | 5,355 | — | 5,355 | 91 | 5,355 |
| Interest rate | 0.0500% - 4.5000% | — | — | — | — | | | | | | |
| *Temporary Cash Investments* | | | | | | | | | | | |
| U.S. Dollar | 10 | — | — | — | — | 10 | 584 | — | 584 | 10 | 584 |
| Interest rate | 3.6100-3.9000% | — | — | — | — | | | | | | |
| Philippine Peso | 14 | — | — | — | — | 14 | 785 | — | 785 | 14 | 785 |
| Interest rate | 0.2500% - 6.0000% | — | — | — | — | | | | | | |
| *Short-term Investments* | | | | | | | | | | | |
| Philippine Peso | — | — | — | — | — | — | 10 | — | 10 | — | 10 |
| Interest rate | 2.0000% - 6.0000% | — | — | — | — | | | | | | |
| | 135 | 6 | — | — | — | 141 | 8,281 | — | 8,281 | 141 | 8,280 |
| **Liabilities:** | | | | | | | | | | | |
| *Long-term Debt* | | | | | | | | | | | |
| Fixed Rate | | | | | | | | | | | |
| U.S. Dollar Notes | — | — | — | — | 600 | 600 | 35,274 | 495 | 34,779 | 490 | 28,819 |
| Interest rate | — | — | — | — | 2.5000% - 3.4500% | | | | | | |
| Philippine Peso | 203 | 344 | 198 | 238 | 77 | 1,060 | 62,345 | 423 | 61,922 | 1,021 | 60,052 |
| Interest rate | 4.6500% - 5.3500% | 4.0000% to 5.2000% | 4.0000% to 5.2000% | 4.0000% to 5.1560% | 4.0000% | | | | | | |
| Variable Rate | | | | | | | | | | | |
| U.S. Dollar Loans | — | 28 | 28 | 14 | — | 70 | 4,115 | 15 | 4,100 | 70 | 4,115 |
| Interest rate | — | SOFR+ 1.31161% | SOFR+ 1.31161% | SOFR+ 1.31161% | SOFR+ 1.31161% | | | | | | |
| Philippine Peso | — | 176 | 142 | 627 | 2,370 | 3,315 | 194,905 | 958 | 193,947 | 3,315 | 194,905 |
| Interest rate | | PHP BVAL + 0.4000% to 0.7500% | PHP BVAL + 0.4000% to 0.7500% | PHP BVAL + 0.4000% to 0.7500% | PHP BVAL + 0.4000% to 0.7500% | | | | | | |
| *Short-term Debt* | | | | | | | | | | | |
| Notes Payable | | | | | | | | | | | |
| Philippine Peso | 5 | — | — | — | — | 5 | 300 | — | 300 | 5 | 300 |
| Interest rate | 6.0249% to 6.0790% | | | | | | | | | | |
| | 208 | 548 | 368 | 879 | 3,047 | 5,050 | 296,939 | 1,891 | 295,048 | 4,901 | 288,191 |

Fixed rate financial instruments are subject to fair value interest rate risk while floating rate financial instruments are subject to cash flow interest rate risk.

Repricing of our regular floating rate financial instruments is done on intervals of one month, three months and six months while repricing of our structured floating rate instruments is done every one year or up to five years. Interest on fixed rate financial instruments is fixed until maturity of the particular instrument.

Approximately 70% and 67% of our consolidated debts (net of consolidated debt discount) were variable rate debts as at June 30, 2026 and December 31, 2025, respectively. Our consolidated variable rate debt amounted to Php209,814 million and Php198,347 million as at June 30, 2026 and December 31, 2025, respectively.

Management conducted a survey among our banks to determine the outlook of the U.S. Dollar and Philippine Peso interest rates until June 30, 2026. Our outlook is that the U.S. Dollar and Philippine Peso interest rates may move 50 basis points, or bps, and 125 bps higher/lower, respectively, as compared to levels as at June 30, 2026. If the U.S. Dollar interest rates had been 50 bps higher/lower as compared to market levels as at June 30, 2026, with all other variables held constant, consolidated profit after tax for the six months ended June 30, 2026 and stockholders' equity as at June 30, 2026 would have been approximately Php1 million and Php71 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 125 bps higher/lower as compared to market levels as at June 30, 2026, with all other variables held constant, consolidated profit after tax for the six months ended June 30, 2026 and stockholders' equity as at June 30, 2026 would have been approximately Php195 million and Php146 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 arises from the possibility that customers, clients and counterparties may default on their contractual obligations, resulting in financial loss.

We manage and control credit risk by setting limits on the amount of risk we are willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to reduce our exposure to bad debts.

We established a credit quality review process to provide regular identification of changes in the creditworthiness of counterparties. Our credit quality review process allows us to assess the potential loss as a result of the risks to which we are exposed and allow us to take corrective actions.

*Maximum exposure to credit risk of financial assets not subject to impairment*

The gross carrying amount of financial assets not subject to impairment also represents our maximum exposure to credit risk as at June 30, 2026 and December 31, 2025 are as follows:

| | **June 30, 2026 (Unaudited)** | December 31, 2025 (Audited) |
|---|---|---|
| | (in million pesos) | |
| Financial assets at fair value through profit or loss | **1,041** | 1,030 |
| Derivative financial assets – net of current portion | **761** | 617 |
| Current portion of derivative financial assets | **229** | 203 |
| Total | **2,031** | 1,850 |

*Maximum exposure to credit risk of financial assets subject to impairment*

The table below shows the maximum exposure to credit risk for the components of our consolidated statements of financial position, including derivative financial instruments as at June 30, 2026 and December 31, 2025. The maximum exposure is shown gross before both the effect of mitigation through use of master netting and collateral arrangements. The extent to which collateral and other credit enhancements mitigate the maximum exposure to credit risk is described in the footnotes to the table.

For financial assets recognized on our consolidated statements of financial position as at June 30, 2026 and December 31, 2025, the gross exposure to credit risk equal their carrying amount.

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.

| | June 30, 2026 (Unaudited) | | | |
|---|---|---|---|---|
| | **Stage 1 12-Month ECL** | **Stage 2 Lifetime ECL** | **Stage 3 Lifetime ECL** | **Total** |
| | (in million pesos) | | | |
| High grade | **15,562** | **11,077** | **—** | **26,639** |
| Standard grade | **938** | **10,207** | **—** | **11,145** |
| Substandard grade | **4** | **14,109** | **—** | **14,113** |
| Default | **273** | **4,068** | **16,683** | **21,024** |
| Gross carrying amount | **16,777** | **39,461** | **16,683** | **72,921** |
| Less allowance | **273** | **4,068** | **16,683** | **21,024** |
| Carrying amount | **16,504** | **35,393** | **—** | **51,897** |

| | December 31, 2025 (Audited) | | | |
|---|---|---|---|---|
| | Stage 1 12-Month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
| | (in million pesos) | | | |
| High grade | 14,980 | 11,128 | — | 26,108 |
| Standard grade | 1,215 | 7,914 | — | 9,129 |
| Substandard grade | 6 | 12,325 | — | 12,331 |
| Default | 270 | 3,767 | 15,130 | 19,167 |
| Gross carrying amount | 16,471 | 35,134 | 15,130 | 66,735 |
| Less allowance | 270 | 3,767 | 15,130 | 19,167 |
| Carrying amount | 16,201 | 31,367 | — | 47,568 |

*Maximum exposure to credit risk after collateral held or other credit enhancements*

Collateral held as security for financial assets depends on the nature of the instrument. Debt investment securities are generally unsecured. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are regularly updated according to internal lending policies and regulatory guidelines. Generally, collateral is not held over loans and advances to us. Collateral usually is not held against investment securities, and no such collateral was held as at June 30, 2026 and December 31, 2025.

Our policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by us during the year.

We have not identified significant risk concentrations arising from the nature, type or location of collateral and other credit enhancements held against our credit exposures.

An analysis of the maximum exposure to credit risk for the components of our consolidated statements of financial position, including derivative financial instruments as at June 30, 2026 and December 31, 2025:

| | June 30, 2026 (Unaudited) | | |
|---|---|---|---|
| | **Gross Maximum Exposure** | **Collateral and Other Credit Enhancements[1]** | **Net Maximum Exposure** |
| | (in million pesos) | | |
| *Financial instruments at amortized cost:* | ***51,897*** | ***486*** | ***51,411*** |
| Debt instruments at amortized cost | **450** | **—** | **450** |
| Other financial assets | **4,148** | **—** | **4,148** |
| Cash and cash equivalents | **11,896** | **152** | **11,744** |
| Short-term investments | **10** | **—** | **10** |
| Corporate subscribers | **16,404** | **294** | **16,110** |
| Retail subscribers | **7,901** | **40** | **7,861** |
| Foreign administrations | **1,576** | **—** | **1,576** |
| Domestic carriers | **389** | **—** | **389** |
| Dealers, agents and others | **9,123** | **—** | **9,123** |
| *Financial instruments at FVPL:* | ***1,270*** | **—** | ***1,270*** |
| Financial assets at FVPL | **1,041** | **—** | **1,041** |
| Forward foreign exchange contracts | **198** | **—** | **198** |
| Short-term foreign currency options | **31** | **—** | **31** |
| *Derivatives used for hedging:* | ***761*** | **—** | ***761*** |
| Long-term foreign currency options | **761** | **—** | **761** |
| Total | **53,928** | **486** | **53,442** |

*[1] Includes bank insurance, security deposits and customer deposits. We have no collateral held as at June 30, 2026.*

| | December 31, 2025 (Audited) | | |
|---|---|---|---|
| | Gross Maximum Exposure | Collateral and Other Credit Enhancements[1] | Net Maximum Exposure |
| | | (in million pesos) | |
| *Financial instruments at amortized cost:* | *47,568* | *410* | *47,158* |
| Debt instruments at amortized cost | 370 | — | 370 |
| Other financial assets | 3,955 | 2 | 3,953 |
| Cash and cash equivalents | 11,866 | 129 | 11,737 |
| Short-term investments | 10 | — | 10 |
| Corporate subscribers | 14,684 | 240 | 14,444 |
| Retail subscribers | 8,117 | 39 | 8,078 |
| Foreign administrations | 1,531 | — | 1,531 |
| Domestic carriers | 208 | — | 208 |
| Dealers, agents and others | 6,827 | — | 6,827 |
| *Financial instruments at FVPL:* | *1,233* | — | *1,233* |
| Financial assets at FVPL | 1,030 | — | 1,030 |
| Forward foreign exchange contracts | 166 | — | 166 |
| Short-term foreign currency options | 37 | — | 37 |
| *Derivatives used for hedging:* | *617* | — | *617* |
| Long-term foreign currency options | 617 | — | 617 |

*[1] Includes bank insurance, security deposits and customer deposits. We have no collateral held as at December 31, 2025.*

The table below provides information regarding the credit quality by class of our financial assets according to our credit ratings of counterparties as at June 30, 2026 and December 31, 2025:

| | | **Neither past due nor credit impaired** | | **Past due but not credit impaired** | |
|---|---|---|---|---|---|
| | **Total** | **Class A[1]** | **Class B[2]** | | **Impaired** |
| | | | (in million pesos) | | |
| **June 30, 2026 (Unaudited)** | | | | | |
| ***Financial instruments at amortized cost:*** | ***72,921*** | ***26,639*** | ***11,145*** | ***14,113*** | ***21,024*** |
| Debt instruments at amortized cost | **450** | **450** | — | — | — |
| Other financial assets | **4,421** | **3,770** | **374** | **4** | **273** |
| Cash and cash equivalents | **11,896** | **11,332** | **564** | — | — |
| Short-term investments | **10** | **10** | — | — | — |
| Retail subscribers | **20,715** | **5,170** | **286** | **2,445** | **12,814** |
| Corporate subscribers | **23,370** | **4,853** | **3,277** | **8,274** | **6,966** |
| Foreign administrations | **1,704** | **95** | **555** | **926** | **128** |
| Domestic carriers | **389** | **—** | **121** | **268** | **—** |
| Dealers, agents and others | **9,966** | **959** | **5,968** | **2,196** | **843** |
| ***Financial instruments at FVPL:*** | ***1,270*** | ***1,264*** | ***6*** | **—** | **—** |
| Financial assets at FVPL | **1,041** | **1,035** | **6** | **—** | **—** |
| Forward foreign exchange contracts | **198** | **198** | — | **—** | **—** |
| Short-term foreign currency options | **31** | **31** | — | **—** | **—** |
| ***Derivatives used for hedging:*** | ***761*** | ***761*** | **—** | **—** | **—** |
| Long-term foreign currency options | **761** | **761** | — | **—** | **—** |
| Total | **74,952** | **28,664** | **11,151** | **14,113** | **21,024** |
| December 31, 2025 (Audited) | | | | | |
| *Financial instruments at amortized cost:* | *66,735* | *26,108* | *9,129* | *12,331* | *19,167* |
| Debt instruments at amortized cost | 370 | 370 | — | — | — |
| Other financial assets | 4,225 | 3,617 | 332 | 6 | 270 |
| Cash and cash equivalents | 11,866 | 10,983 | 883 | — | — |
| Short-term investments | 10 | 10 | — | — | — |
| Retail subscribers | 19,369 | 5,472 | 256 | 2,389 | 11,252 |
| Corporate subscribers | 21,373 | 4,412 | 3,404 | 6,868 | 6,689 |
| Foreign administrations | 1,615 | 117 | 482 | 932 | 84 |
| Domestic carriers | 208 | — | 137 | 71 | — |
| Dealers, agents and others | 7,699 | 1,127 | 3,635 | 2,065 | 872 |
| *Financial instruments at FVPL:* | *1,233* | *1,227* | *6* | — | — |
| Financial assets at FVPL | 1,030 | 1,024 | 6 | — | — |
| Forward foreign exchange contracts | 166 | 166 | — | — | — |
| Short-term foreign currency options | 37 | 37 | — | — | — |
| *Derivatives used for hedging:* | *617* | *617* | — | — | — |
| Long-term foreign currency options | 617 | 617 | — | — | — |
| Total | 68,585 | 27,952 | 9,135 | 12,331 | 19,167 |

[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 June 30, 2026 and December 31, 2025 are as follows:

| | Total | Neither past due nor credit impaired | Past due but not credit impaired 1-60 days | 61-90 days | Over 91 days | Impaired |
|---|---|---|---|---|---|---|
| | | | (in million pesos) | | | |
| **June 30, 2026 (Unaudited)** | | | | | | |
| *Financial instruments at amortized cost:* | ***72,921*** | ***37,784*** | ***4,123*** | ***819*** | ***9,171*** | ***21,024*** |
| Debt instruments at amortized cost | **450** | **450** | — | — | — | — |
| Other financial assets | **4,421** | **4,144** | — | — | **4** | **273** |
| Cash and cash equivalents | **11,896** | **11,896** | — | — | — | — |
| Short-term investments | **10** | **10** | — | — | — | — |
| Retail subscribers | **20,715** | **5,456** | **1,556** | **256** | **633** | **12,814** |
| Corporate subscribers | **23,370** | **8,130** | **2,111** | **411** | **5,752** | **6,966** |
| Foreign administrations | **1,704** | **650** | **261** | **133** | **532** | **128** |
| Domestic carriers | **389** | **121** | **78** | **31** | **159** | **—** |
| Dealers, agents and others | **9,966** | **6,927** | **117** | **(12)** | **2,091** | **843** |
| *Financial instruments at FVPL:* | ***1,270*** | ***1,270*** | **—** | **—** | **—** | **—** |
| Financial assets at FVPL | **1,041** | **1,041** | **—** | **—** | **—** | **—** |
| Forward foreign exchange contracts | **198** | **198** | **—** | **—** | **—** | **—** |
| Short-term foreign currency options | **31** | **31** | **—** | **—** | **—** | **—** |
| *Derivatives used for hedging:* | ***761*** | ***761*** | **—** | **—** | **—** | **—** |
| Long-term foreign currency options | **761** | **761** | **—** | **—** | **—** | **—** |
| Total | **74,952** | **39,815** | **4,123** | **819** | **9,171** | **21,024** |
| December 31, 2025 (Audited) | | | | | | |
| *Financial instruments at amortized cost:* | *66,735* | *35,237* | *3,695* | *1,275* | *7,361* | *19,167* |
| Debt instruments at amortized cost | 370 | 370 | — | — | — | — |
| Other financial assets | 4,225 | 3,949 | — | — | 6 | 270 |
| Cash and cash equivalents | 11,866 | 11,866 | — | — | — | — |
| Short-term investments | 10 | 10 | — | — | — | — |
| Retail subscribers | 19,369 | 5,728 | 2,028 | 326 | 35 | 11,252 |
| Corporate subscribers | 21,373 | 7,816 | 1,315 | 788 | 4,765 | 6,689 |
| Foreign administrations | 1,615 | 599 | 269 | 138 | 525 | 84 |
| Domestic carriers | 208 | 137 | 57 | 9 | 5 | — |
| Dealers, agents and others | 7,699 | 4,762 | 26 | 14 | 2,025 | 872 |
| *Financial instruments at FVPL:* | *1,233* | *1,233* | — | — | — | — |
| Financial assets at FVPL | 1,030 | 1,030 | — | — | — | — |
| Forward foreign exchange contracts | 166 | 166 | — | — | — | — |
| Short-term foreign currency options | 37 | 37 | — | — | — | — |
| *Derivatives used for hedging:* | *617* | *617* | — | — | — | — |
| Long-term foreign currency options | 617 | 617 | — | — | — | — |
| Total | 68,585 | 37,087 | 3,695 | 1,275 | 7,361 | 19,167 |

### *Capital Management Risk*

We aim to achieve an optimal capital structure in pursuit of our business objectives which include maintaining healthy capital ratios and strong credit ratings and maximizing shareholder value.

Our approach to capital management focuses on balancing the allocation of cash and the incurrence of debt as we seek new investment opportunities for new businesses and growth areas. On August 5, 2014, the PLDT Board of Directors approved an amendment to our dividend policy, increasing the dividend payout rate to 75% from 70% of our core EPS as regular dividends. However, in view of our elevated capital expenditures to build-out a robust, superior network to support the continued growth of data traffic, plans to invest in new adjacent businesses that will complement the current business and provide future sources of profits and dividends, and management of our cash and gearing levels, the PLDT Board of Directors approved on August 2, 2016, the amendment of our dividend policy, reducing the regular dividend payout to 60% of core EPS. Starting 2019, we base our dividend payout on telco core income. In declaring dividends, we take into consideration the interest of our shareholders, as well as our working capital, capital expenditures and debt servicing requirements. The retention of earnings may be necessary to meet the funding requirements of our business expansion and development programs.

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

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

No changes were made in our objectives, policies or processes for managing capital during the six months ended June 30, 2026 and 2025.

## 28. Notes to the Statements of Cash Flows

The following table shows the changes in liabilities arising from financing activities for the six months ended June 30, 2026 and for the year ended December 31, 2025:

| | **January 1, 2026** | **Cash flows** | **Foreign exchange movement** | **Others** | **June 30, 2026** |
|---|---|---|---|---|---|
| | **(Audited)** | | | | **(Unaudited)** |
| | | | (in million pesos) | | |
| Interest-bearing financial liabilities | **295,048** | **1,026** | **1,661** | **190** | **297,925** |
| Lease liabilities | **64,173** | **(7,835)** | **128** | **6,626** | **63,092** |
| Derivative financial liabilities | **77** | **514** | **—** | **(499)** | **92** |
| Accrued interests and other related costs | **2,454** | **(6,374)** | **—** | **6,294** | **2,374** |
| Dividends payable | **2,087** | **(9,934)** | **—** | **9,955** | **2,108** |
| | **363,839** | **(22,603)** | **1,789** | **22,566** | **365,591** |

| | January 1, 2025 | Cash flows | Foreign exchange movement | Others | December 31, 2025 |
|---|---|---|---|---|---|
| | (Audited) | | | | (Audited) |
| | | | (in million pesos) | | |
| Interest-bearing financial liabilities | 281,586 | 12,467 | 623 | 372 | 295,048 |
| Lease liabilities | 54,038 | (14,328) | 33 | 24,430 | 64,173 |
| Derivative financial liabilities | 97 | (243) | — | 223 | 77 |
| Accrued interests and other related costs | 2,426 | (13,233) | — | 13,261 | 2,454 |
| Dividends payable | 2,005 | (20,590) | — | 20,672 | 2,087 |
| | 340,152 | (35,927) | 656 | 58,958 | 363,839 |

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 dividend declarations.

### Non-cash Investing Activities

The following table shows our significant non-cash investing activities and corresponding transaction amounts for the six months ended June 30, 2026 and for the year ended December 31, 2025:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Acquisition of property and equipment on account | **9,497** | 21,158 |
| Additions to ROU assets | **5,376** | 20,808 |
| Capitalization to property and equipment of: | | |
| Inventories | **1,354** | 2,196 |
| Foreign exchange differences – net | **443** | 308 |
| Additional interest in investment in associates | **—** | 594 |
| Transfers from property and equipment | **1** | 851 |
| | **16,671** | 45,915 |

**Non-cash Financing Activities**

The following table shows our significant non-cash financing activities and corresponding transaction amounts for the six months ended June 30, 2026 and for the year ended December 31, 2025:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | (in million pesos) | |
| Additions to lease liabilities | **5,376** | 20,800 |