PLDT

Certification

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

1) That on behalf of PLDT Inc., I have caused this 2023 Annual Report (SEC Form 17-A) to be prepared;

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this MAR 22 2024 day of March, 2024.

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

SUBSCRIBED AND SWORN to before me on this MAR 22 2024 day of March 2024 at Makati City, affiant exhibiting to me his Passport No. P6003906B, valid until December 21, 2030 issued by the Philippine Department of Foreign Affairs, NCR East.

JOYCE A. SAPLA
Notary Public
Notary Public for the City of Makati
Notarial Commission valid until December 31, 2025
Appointment No. M-182
Roll of Attorneys No. 60429
IBP Lifetime No. 010874/RSM
PTR O.R. NO. 10077266 - 01/03/2024
9/F, MGO Bldg. Legazpi St. Legazpi Village, Makati City, MM

Doc. No. 386;
Page No. 79;
Book No. VIII;
Series of 2024.

PLDT

March 26, 2024

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

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge – Disclosure Department

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

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

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

Attention: Atty. Suzy Claire R. Selleza
Head – Issuer Compliance and Disclosure Department

Gentlemen:

In accordance with Section 17.1 (b) of the Securities Regulation Code ("SRC") and SRC Rule 17.3, we submit herewith copies of SEC Form 17-A with the Management's Discussion and Analysis and accompanying audited consolidated financial statements as at and for the year ended December 31, 2023 and Sustainability Report.

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.

COVER SHEET

SEC Registration Number

P	W		5	5						

Company Name

PLDT INC.

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

RAMON COJUANGCO BUILDING
MAKATI AVENUE MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	**MSRD**	

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
11,392 as at January 31, 2024	**Every 2nd Tuesday in June**	**December 31**

CONTACT PERSON INFORMATION

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

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

Contact Person's Address

11/F Ramon Cojuangco Bldg. Makati Ave., Makati City

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

SEC Number **PW-55**
File Number

PLDT INC.

(Company's Full Name)

Ramon Cojuangco Building
Makati Avenue, Makati City

(Company's Address)

(632) 82500254

(Telephone Number)

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

SEC Form 17-A
(Annual Report)

Form Type

Not Applicable

Amendment Designation (if applicable)

December 31, 2023
Period Ended Date

Not Applicable

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMSSION

SEC FORM 17-A

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

1. For the fiscal year ended December 31, 2023

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

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

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

6. (SEC Use Only)
Industry Classification Code:

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

8. (632) 8250-0254
Registrant's telephone number, including area code

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Capital Stock, Php5 par value	216,055,775 shares as at December 31, 2023

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

Yes [X] No [ ]

12. Check whether the registrant

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

Yes [X] No [ ]

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

Yes [X] No [ ]

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

Php274,822,945,800 (216,055,775 shares @ Php1,272 per share as at January 31, 2024)

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CERTAIN CONVENTIONS AND TERMS USED IN THIS ANNUAL REPORT

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

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

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

In this annual report, each reference to:

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

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

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Description of Business

Overview

We are one of the leading telecommunications and digital services providers in the Philippines, 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 December 31, 2023, we served 65.3 million users through the provision of mobile, fixed line and data services.

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

Our three business units are as follows:

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

Fixed Line. We are the leading provider of fixed line telecommunications services throughout the Philippines, servicing retail, corporate and SME clients. Our fixed line business group offers data, voice, data center, cloud, cyber security services, managed information and others.

Others. Our other business consists primarily of our interests in digital platforms and other technologies, including our interests in Maya Innovations Holdings, Pte. Ltd. (MIH), formerly Voyager Innovations Holdings, Pte. Ltd.

We had a market capitalization of approximately Php276,335 million as at December 31, 2023. We had total revenues of Php210,953 million and net income attributable to equity holders of PLDT of Php26,614 million for the year ended December 31, 2023.

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

Our principal executive offices are located at the Ramon Cojuangco Building, Makati Avenue, Makati City, Philippines and our telephone number is +(632) 8250-0254. Our website address is *www.pldt.com*. The contents of our website are not a part of this annual report.

Business Groups

As at December 31, 2023, our business activities were categorized into three business units: Wireless, Fixed Line and Others.

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

Wireless

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

We provide (i) mobile services, (ii) fixed wireless broadband services, and (iii) other services, through our wireless business, with mobile services contributing 98% of our 2023 wireless service revenues, and fixed wireless broadband and other services contributing the remaining 2% of our 2023 wireless service revenues. Mobile data usage has surged in the past several years and now accounts for 80% of our mobile service revenues. Wireless revenues, gross of intersegment transactions, contributed 49% of our consolidated revenues in 2023 as compared to 51% and 55% for the years ended December 31, 2022 and 2021, respectively.

Our mobile services, which accounted for 98% of our wireless service revenues for the year ended December 31, 2023, are provided through Smart and DMPI with 57,827,126 total subscribers as at December 31, 2023 as compared to 66,304,761 total subscribers as at December 31, 2022, and 71,221,952 total subscribers as at December 31, 2021, representing an estimated combined market share of 46%, 39% and 44% as at December 31, 2023, 2022 and 2021, respectively, based on corporate public disclosures.

As at December 31, 2023, approximately 96% of our mobile subscribers were prepaid service subscribers. The predominance of prepaid service reflects one of the distinguishing characteristics of the Philippine mobile market, allowing us to reduce billing and administrative costs, as well as to control credit risk.

Our mobile internet revenues, which primarily consist of our mobile data service revenues, increased by Php3,554 million, or 5%, to Php71,268 million in 2023 from Php67,714 million in 2022 primarily due to the increase in video streaming, gaming and social media data usage by our subscribers driven by the enhanced product offerings, marketing promotions and content partnerships. Migration initiatives also resulted in higher numbers of LTE and 5G device and data users. Our mobile internet revenues contributed 95% and 94% of our mobile data service revenues in 2023 and 2022, respectively.

Mobile data traffic on Smart's network grew from 12,932 Terabytes per day in December 2022 to 14,856 Terabytes per day in December 2023, an increase of 15% of 2022 level. Mobile data traffic on Smart's network increased from 3,337 petabytes in 2021 to 4,393 petabytes in 2022 and to 4,898 petabytes in 2023, 47% higher compared to 2021.

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

Fixed Line

We believe we are the leading provider of fixed line telecommunications services throughout the Philippines, servicing retail, corporate and small and medium-sized enterprises (SME) clients. Our fixed line business group offers (i) data services; (ii) voice services; and (iii) miscellaneous services.

We had 3,766,105 fixed line voice subscribers as at December 31, 2023, a decrease of 59,319, or 2%, from 3,825,424 subscribers as at December 31, 2022, while our fixed line broadband subscribers increased by 21,017, or 1%, to 3,268,996 as at December 31, 2023 from 3,247,979 as at December 31, 2022. Revenues, gross of intersegment transactions, from our fixed line business were 57%, 63% and 61% of our consolidated revenues for the years ended December 31, 2023, 2022 and 2021, respectively. Voice revenues have been declining largely due to a drop in call volumes as a result of the availability of alternative calling options and over-the-top (OTT) services, as well as subscribers' shift to mobile services. An increase in our data service revenues in recent years has mitigated such decline to a certain extent. Recognizing the growth potential of data services, we have put considerable emphasis on the development of new data-capable and IP-based networks.

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

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

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

Others

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

Historical Background

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

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

Recent Developments

Php1.0 billion Green Loan Facility from HSBC Philippines

On March 6, 2024, PLDT secured a 5-year Php1.0 billion Green Loan Facility from HSBC Philippines to partially fund the Company's ongoing nationwide modernization and expansion of its fiber network. The upgrade of the network to fiber and the resultant energy efficient operations support the PLDT Group's decarbonization roadmap and sustainability agenda.

Formation of a Digital Entity

On February 5, 2024, PLDT invested Php5,000 for 5,000 shares in Limitless Growth Ventures Inc., or Limitless, to serve as a digital entity that will harness the data assets of the MVP Group of Companies (MVP Group) and provide a platform for a Group-wide digitalization effort. This collaboration represents the first step in a collective effort to drive new opportunities for growth and value within the MVP Group.

Limitless will use a tech platform that can enable the MVP Group to scale up and achieve seamless integration of services and capabilities. Further, payments and rewards systems are expected to be catalysts to empower the overall user experience.

On March 1, 2024, PLDT further invested Php210 million in six million common shares or 60% equity interest in Limitless and a deposit for future stock subscription pending the Philippine SEC's approval of Limitless' proposed capital increase. On the same day, other companies within the MVP Group invested Php140 million in Limitless for the subscription of four million common shares and a deposit for future stock subscription.

Sale of Interest in Multisys

On January 5, 2024, PGIH entered into a Share Purchase Agreement for the sale of 227 common shares of Multisys, representing a 4.99% interest, for a total consideration of Php270 million. The sale transaction was completed on January 12, 2024. In accordance with the Third Restated Shareholders' Agreement that the parties signed on January 30, 2024, PGIH remains entitled to nominate three out of the five directors in Multisys who shall manage and control the operations of Multisys. Thus, the results of operations and financial position of Multisys will continue to be consolidated into the PLDT Group.

Proposed Investment in Radius Telecom, Inc. (Radius)

On January 30, 2024, the Board of Directors of PLDT approved the proposed investment of PLDT in Radius by subscribing to 2,491,516 shares of common stock, representing a 34.9% equity interest for a total consideration of approximately Php2,116 million. This proposed investment is a strategic move to fortify PLDT's market position and increase its market share through a harmonious integration of solution capabilities and market coverage. The closing of this transaction is subject to the satisfaction of closing conditions including completion of due diligence review and execution of definitive agreements.

Proposed Acquisition of Sky Cable Corporation (Sky)

On March 16, 2023, PLDT entered into a Sale and Purchase Agreement with Sky Vision Corporation, ABS-CBN Corporation and Lopez, Inc. for the proposed acquisition by PLDT of the broadband business and related assets of Sky through the purchase of 100% of Sky's total issued and outstanding capital stock. The aforesaid agreement was amended by the parties on January 12, 2024. The closing of the proposed transaction was subject to compliance with certain conditions precedent which included, among others, the termination or cessation of operations by Sky of its PayTV and cable business, obtaining all applicable government approvals and clearances, and obtaining all required consents and corporate actions.

On March 28, 2023, PLDT filed a Notification with the Philippine Competition Commission (PCC) regarding the purchase of Sky's broadband business. On February 22, 2024, the parties mutually decided not to proceed with the proposed acquisition. Thereafter, PLDT submitted to the PCC a Letter-Notice informing the PCC of the parties' decision not to proceed with the proposed transaction.

Investment in Class C2 Convertible Preference Shares

On December 13, 2023, PCEV, along with other existing shareholders Vision Investment Holdings Pte. Ltd., a holding company of Kohlberg Krans Roberts & Co., Inc. (KKR), Cerulean Investment Limited, a holding company of Tencent Holdings Limited (Tencent), Sai Global Singapore Fund I, LLC (SIG), Mercury Group of Companies, Inc (Mercury), First Pacific Ventures Limited (First Pacific Ventures) and Jumel Holdings Inc. (Jumel), entered into a new subscription agreement with MIH to subscribe to US$80 million Class C2 convertible preferred shares of MIH. On the first closing, PCEV paid a consideration of US$28 million or Php1,563 million for 12.3 million MIH class C2 convertible preferred shares, thereby increasing PCEV's ownership in MIH from 36.63% as at December 31, 2022 to 36.97% as at December 31, 2023.

Investment of PCEV in Maya Bank

Between February 17, 2023 and December 21, 2023, PCEV entered into four new subscription agreements with Voyager Finserve Corporation (VFC) and Paymaya Finserve Corporation (PFC) (collectively known as Bank Goldcos) to subscribe to a total of 19.6 million Common B shares each at a subscription price of Php0.10 per share, representing 60% voting rights and 1.48% economic interest in the Bank HoldCos.

On February 15, 2024, PCEV entered into additional subscription agreements with VFC and PFC to subscribe to 5.3 million Common B Shares each at a subscription price of Php0.10 per share, representing 60% voting rights and 1.48% economic interest in the Bank Holdcos.

Sale and Leaseback of Telecom Towers

In 2022 and 2023, Smart and DMPI signed sale and purchase agreements with tower companies (the TowerCos) in connection with the sale of telecom towers and related passive telecommunications infrastructure. Concurrent with the execution of the sale and purchase agreements, Smart has also entered into Master Service Agreements (MSA) with the TowerCos where Smart has agreed to leaseback the towers sold in the transaction for a period of 10 years. In addition to space, the TowerCos will also be responsible for providing operations and maintenance services as well as power to the sites. The sale and leaseback will be complemented by a new tower build commitment over the next few years. The agreements are closed on a staggered basis depending on the satisfaction of closing conditions.

The proceeds of the sales will be used to prepay debt or avoid new debt, fund working capital and capital expenditures, including payment of special dividends for the first tranche of towers sold.

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

See *Note 9 – Property and Equipment* and *Note 10 – Leases* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for updates on the above discussion.

Other Matters

For updates on matters relating to the (1) Class Action Suit against PLDT; (2) DOLE Compliance Order Issued Against PLDT; (3) Notice of Material Breach and Demand for Payment on DITO; and (4) Attys. Baquiran and Tecson vs. NTC, et al., see Item 3. Legal Proceedings and *Note 26 – Provisions and Contingencies* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements"; and (5) Petition against the PCC, see Item 3. Legal Proceedings and *Note 11 – Investment in Associates and Joint Ventures*, to the accompanying audited consolidated financial statements in Item 7. "Financial Statements".

Strategy

The key elements of our business strategy are:

- *Focus on the customer and improving customer experience.* One of the objectives of PLDT's on-going digital transformation is a greater focus on customer-centricity through the delivery of an improved customer experience. A key enabler of this is an advanced network quality that serves our customers' data and communication needs. In addition to investments in our network, we have also invested in platforms that support after-sales customer support, including call center capability, and data analytics. Our capabilities in the latter also allow us to better understand our customers and design products and plans that are tailored to their specific preferences.

- *Build on Our Strong Positions in the Fixed Line and Wireless Businesses.* We continue to leverage on our strong brand equity in the market to help grow and expand our fixed and wireless businesses. In addition, having an expanded on-ground distribution network of retailers, complemented by our store presence nationwide, allows us to reach existing and potential customers. With the growing adoption of e-commerce, we are expanding our distribution network to include digital channels. We will continue to leverage our unique position of being an integrated network operator to further extract operational efficiencies and economies of scale.

- *Capitalize on Our Strength as a Fully Integrated Telecommunications Service Provider.* We are committed to investing in our integrated fixed and wireless networks in the Philippines as we believe this is key to our ability to continue providing a differentiated experience and value proposition to our customers. We will primarily focus on improving our capacity, latency, coverage and reliability, areas in which we are market leaders, based on third party surveys. We intend to further enhance our leading position through strategic and synergetic investments in the network and IT platforms.

  We offer a broad range of telecommunications and ICT services. We plan to capitalize on this position to maximize revenue opportunities by cross-selling our products and services, and by developing convergent products that feature the combined benefits of voice and data, broadband, wireless, data center, cloud, managed services, and other products and services, such as our content portfolio which includes videos, streaming services, entertainment, music, shopping channels, and games.

- *Maintain a Strong Financial Position.* We are focused on growing profitability by complementing revenue growth with more effective cost management and operating efficiencies. We have a well spread out debt maturity profile, with 69% of debt maturing after 2027. We are focused on sequentially reduce our capital expenditure investments and capital intensity as we aim to attain positive free cash flow and maintain a leverage ratio of 2.0x net debt to EBITDA. We also have in place a dividend payout policy of 60% of core telecommunications income and regularly assess the return of capital to investors vis-à-vis the need to invest to grow the business.

- *Identifying new areas for growth.* As the digital space continues to evolve, PLDT continues to identify trends and evaluate business opportunities as possible sources of new growth, whether in the existing telco space or in adjacent businesses such as fintech, among others.

- *Commitment to sustainability.* PLDT recognizes that in order to ensure long-term profitability, it must do business responsibly. As such, PLDT is committed to embedding sustainability in the business, and aims to be a leading ESG telecommunications operator in the region. It recognizes its responsibility to identify risks and opportunities in the environmental, social and governance space, including the impact of climate change to the business, and will adopt the appropriate strategies in response. PLDT has a decarbonization roadmap that aims to reduce Scope 1 and 2 greenhouse gas emissions by 40% by 2030 against a 2019 baseline. It has also included sustainability targets in the organizational scorecard, including that of the CEO.

Subsidiaries

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

Wireless

Smart

Smart was incorporated in the Philippines in 1991 and was granted a legislative franchise under R.A. No. 7294, which took effect on April 15, 1992 to establish, install, maintain, lease and operate integrated telecommunications, computer, electronic services, and stations throughout the Philippines for public domestic and international telecommunications, and for other purposes.

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

On April 21, 2017, R.A. 10926, which effectively extends Smart's franchise until 2042, was signed into law by the President.

The following are the major subsidiaries of Smart:

Smart Broadband, Inc. or SBI

SBI was incorporated and registered with the Philippine SEC on July 11, 1996 and was granted a 25-year legislative franchise under R.A. No. 8337 to construct, install, establish, maintain, lease and operate wire and/or wireless telecommunications systems throughout the Philippines. On April 8, 2022, the Philippine president approved R.A. 11678, an act renewing for another 25 years the franchise granted to SBI from November 11, 2022 to November 11, 2047.

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

PCEV was incorporated on July 18, 1968. In April 2018, PCEV acquired 100% of MIH but subsequently lost control in November 2018. PCEV owns 36.97% of MIH as at December 31, 2023.

DMPI

On September 18, 2001, Digitel established its wholly-owned subsidiary, DMPI, to provide wireless telecommunications services in the country. It offered GSM technology, provisioning voice services (local, national, international calling), messaging services (short text or multi-messaging), outbound and inbound international roaming, and VAS. On December 11, 2002, R.A. No. 9180 was signed into law, and it granted DMPI a franchise to construct, install, establish, operate and maintain wired and/or wireless telecommunications systems throughout the Philippines. DMPI has operated its wireless services under the *Sun* mobile brand since March 29, 2003.

Fixed Line

PLDT Clark Telecom, Inc., or ClarkTel

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

Bonifacio Communications Corporation, or BCC

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

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

PLDT Global Corporation, or PLDT Global

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

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

Express Limited (a licensed remittance business company in UK) *and London Manila Express Cargo Limited* in 2017. Lastly, *PLDT Global Middle East FZ LLC* was set up offering management services and marketing of telecommunication and related products in the United Arab Emirates;

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

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

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

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

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

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

ePLDT Inc., or ePLDT

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

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

ePLDT's *VITRO* is the Philippines' premiere data center service provider operating the largest network of data centers in the country. *VITRO* boasts 10 state-of-the-art facilities located in key locations nationwide, with another one in Sta. Rosa, Laguna to be officially launched in the second quarter of 2024.

Others

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

See *Note 2 – Summary of Material Accounting Policies, Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions* and *Note 11 – Investments in Associates and Joint Ventures* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion of our subsidiaries.

Products and Services, Rates and Revenues

Wireless

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

The following table summarizes key measures of our wireless business as at and for the years ended December 31, 2023, 2022 and 2021:

	December 31,		
	2023	2022	2021
Systemwide mobile subscriber base	57,827,126	66,304,761	71,221,952
Prepaid	55,667,880	64,287,019	69,205,731
Postpaid	2,159,246	2,017,742	2,016,221
Fixed Wireless Broadband subscriber base[(1)]	439,815	742,110	955,633
Growth rate of mobile subscribers			
Prepaid	(13%)	(7%)	(2%)
Postpaid	7%	–	(6%)
Growth rate of Fixed Wireless Broadband subscribers	(41%)	(22%)	(22%)
Wireless service revenues (in millions)	Php95,677	Php95,852	Php99,639
Mobile	94,007	93,724	96,538
Fixed Wireless Broadband[(1)]	1,629	2,028	2,889
Other services	41	100	212
Percentage to wireless service revenues			
Mobile	98%	98%	97%
Fixed Wireless Broadband	2%	2%	3%
Other services	–	–	–
Percentage of wireless service revenues to total service revenues	47%	49%	54%

Mobile Services

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

- Prepaid

Smart continued its brand campaigns to boost data usage, anchored on third party awards for Best Network, Fastest Network and widest LTE coverage in 2023. In line with this, Smart introduced *Magic Data*, *Giga Power* and *Power All* data-packed promos for its Smart mobile prepaid services during the year. Smart's mass-based brand TNT, on the other hand, launched it's low-cash outlay *Affordaloads* and *Double Giga* offers to tackle the increasing impact of inflation amongst the Filipino masses.

Smart introduced the first prepaid eSIM in the country in July 2023 and introduced digital delivery of eSIMS in September 2023.

- Postpaid

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

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

Smart also offers enhanced postpaid *Signature Plans+*, a postpaid line that features unlimited 5G access for 12 months.

Fixed Wireless Broadband Services

Prepaid Home WiFi

PHW is a wireless internet service introduced to address the growing demand for affordable home broadband in the Philippines. It is a plug-and-play device powered by Smart's network that can simultaneously connect multiple WiFi-capable devices.

Wireless revenues are driven and influenced by the following key metrics: (i) growing data users and usages; (ii) mobile network quality and continuous roll-outs; and (iii) strategic brand building campaigns and product innovations.

(i) Growing data users and usages

Our active data users reached 39 million as of December 31, 2023, while mobile data traffic as of December 31, 2023 increased to 4,898 petabytes, higher by 11% from 2022. Data traffic on Smart's 5G network grew in the fourth quarter of 2023, increasing by 64% as compared to the fourth quarter of 2022. This growth was driven by aggressive 5G network roll-outs and 5G product offerings.

(ii) Mobile network quality and continuous roll-outs

Smart has more than 44,000 5G/4G/LTE base stations to sustain the growing data usages of our subscribers nationwide. Smart was cited by Open Signal as the Philippine's Best 5G Coverage and Availability during the third quarter of 2023.

(iii) Strategic brand building campaigns and product innovations

a. Aggressive 5G handset and usage offers for Postpaid

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

b. Smart App (formerly GigaLife app)

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

c. Live Epic Experiences

In the fourth quarter of 2022, Smart rebranded its Gigaplay App to Smart Live Stream to focus on its live content and anchor its offerings to deliver epic live experiences. The Smart LiveStream App provides subscription-free live streams of the PBA, PVL, UAAP and FIBA for Smart subscribers.

d. mWell Partnership

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

Rates for wireless services

Smart Prepaid data, call and text cards are sold in denominations of Php100, Php300 and Php500, while TNT Prepaid cards are sold in denominations of Php50, Php100 and Php300. Our eLoad's over-the-air reloads, which ranges from Php10 to Php1,000 are available through the Smart app, Smart and PLDT online stores, e-wallet providers such as Maya, e-commerce platforms such as Lazada and Shoppee and via Smart eLoad retailers nationwide. The stored value of a prepaid card and eLoads remain valid for 365 days regardless of the denomination, pursuant to the MC No. 05-12-2017 issued by the NTC and the DICT.

The Giga suite of products, such as Giga Video, Giga Games and Giga Stories, offer a selection of specially customized packages that are easily accessible and identifiable, designed with the help of extensive data analysis. Giga offers are priced from Php60 to Php349.

Smart also provides open-access data offers with its Giga Power, Magic Data, All Data and Power All services. These data packages provide access to any app or website and are priced from Php50 to Php499.

In view of the SIM Registration Act, we recognize a prepaid mobile subscriber as active upon registration of the SIM card. Beginning the fourth quarter of 2023, we consider a prepaid mobile subscriber as churn if the subscriber does not reload within 180 days after the full usage or expiry of the last reload and does not latch to the network within 180 days.

Smart postpaid "Signature" plans were further enhanced to provide higher data allocations with Unli 5G promo for 12 months, unlimited texts and calls to all networks including landline in the form of small, medium, large and extra-large plans, ranging from Php999 to Php2,499. Plans ranging from Php499 to 599 were also introduced with unlimited texts and calls to all networks including landline.These fixed monthly plans alleviate concerns of unwanted charges.

"Smart Infinity" is our premium mobile postpaid brand with plans ranging from Php3,500 to Php8,000. With "Smart Infinity", customers can enjoy local non-stop surf and uninterrupted local mobile services with the "Smart Infinity Limitless Plan". This plan comes with a premium mobile device bundled with exclusive lifestyle perks and privileges accessible through a dedicated concierge.

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

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

Our Smart Bro Home WiFi 4G devices start at Php599 with free unlimited WiFi valid for 30 days and connectivity of up to five devices, while Smart Bro Home WiFi 5G is offered at Php7,995 with 20GB open access data valid for seven days and connectivity of up to 10 devices.

Fixed Line

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

The following table summarizes key measures of our fixed line services as at and for the years ended December 31, 2023, 2022 and 2021:

	December 31,		
	2023	2022	2021
Systemwide fixed line voice subscriber base	3,766,105	3,825,424	3,619,372
Postpaid	3,763,206	3,803,234	3,596,019
Prepaid	2,899	22,190	23,353
Growth rate of fixed line subscribers	(2%)	6%	19%
Postpaid	(1%)	6%	19%
Prepaid	(87%)	(5%)	(8%)
Number of LEC employees	10,035	10,511	11,368
Number of LEC subscribers per employee	375	364	318
Systemwide broadband subscriber base	3,269,726	3,250,193	2,996,211
Fixed Line broadband	3,268,996	3,247,979	2,966,886
Fixed Wireless broadband[1]	730	2,214	29,325
Growth rate of broadband subscribers	1%	8%	(1%)
Fixed Line broadband	1%	9%	30%
Fixed Wireless broadband	(67%)	(92%)	(96%)
Fixed line service revenues (in millions)	Php120,336	Php127,214	Php115,458
Data	93,212	90,068	77,757
Voice	26,686	36,727	37,232
Miscellaneous	438	419	469
Percentage to fixed line service revenues			
Data	78%	71%	67%
Voice	22%	29%	32%
Miscellaneous	–	–	1%
Percentage of fixed line service revenues to total service revenues	60%	65%	63%

Data Services

Our data services revenues include charges for broadband, leased lines, Ethernet-based and IP-based services. These services are used for broadband internet and domestic and international private data networking communications. Our data services also include ICT portfolio with data center, cloud, cyber security and managed information technology offerings.

Recognizing the growth potential of data services, and in light of their importance to our business strategy, we have placed considerable emphasis on these service segments. Our data services segments registered the highest percentage growth in revenues among our fixed line services from 2021 to 2023.

Home Broadband Services

We believe that PLDT Home is the country's leading and fastest home broadband service provider, serving 3.1 million subscribers nationwide as at December 31, 2023.

We believe that PLDT Home is the Philippines' fastest fixed network providing broadband data services. PLDT's FTTH fixed line network has the most extensive transmission and distribution network infrastructure of over 1.1 million kilometers of fiber footprint that provide broadband availability to 17.5 million homes passed, as at December 31, 2023.

The number of homes passed refers to the approximate potential number of residences that could avail of broadband connectivity services provided through PLDT facilities.

PLDT's superior FTTH network enables customers to enjoy up to 10 Gbps of symmetrical internet speeds or equal upload and download speeds. To give customers the best digital experience at home, PLDT Home launched new Fiber Unli Plans with double the speed versus previous plans at the same price. The new PLDT Home Fiber Unli Plans can reach up to 600 Mbps for as low as Php2,699 monthly.

In 2023, PLDT has also achieved a five-peat win at the Ookla® Speedtest Awards™ 2022 - a first for PLDT, and for the Philippines. Global benchmarking company Ookla® announced that PLDT, the country's largest digital services provider, achieved a top speed score of 86.52 in 2022, affirming the telco's dominance and consistent performance in delivering the country's fastest Internet speeds for five consecutive years.

PLDT Home also introduced the Fiber Unli All plans, an all-in-one broadband service that gives subscribers unlimited access to the internet, Pay TV, and call-to-mobile services. The plans offer a bundled package that comes with unlimited fiber internet, entertainment from Cignal TV and unlimited calls to PLDT, Smart and TNT. The Fiber Unli All plans also come with a health pass from mWell, the Philippines' healthcare mega app, which gives subscribers access to online consultation, Emergency Quick Response by Lifeline, e-prescription, e-medical certificate, e-lab request, fitness and nutrition programs, and wellness recipe library at no cost.

As part of the PLDT Group's long-standing commitment to help the Philippines attain the United Nations Sustainable Development Goals (UNSDG) particularly SDG No. 9 – Industry, Innovation, and Infrastructure, PLDT Home relentlessly pushes its initiatives to provide connectivity for more households in the country. In 2023, PLDT rolled out its fiber-to-the-home services in key tourist islands in the country including the Island Garden City of Samal and Siargao Island.

PLDT Smart Home

Committed to fulfilling its customers' digital lifestyle needs, PLDT Home also gives access to a complete Smart Home ecosystem of relevant solutions and devices built on the following pillars: connectivity, entertainment, and security.

PLDT Home first offered the powerful WiFi Mesh Systems, the country's first smart home WiFi technology designed to cover the entire home with wireless connectivity, eliminating deadspots and making homes Smart-home ready. Leading its roster of mesh systems are top-of-the-line WiFi 6 solutions that gives a signicant boost in performance, speed, reliability. These systems are well-suited for homes with multiple devices, up to 150 devices simultaneously engaged in high bandwidth activities such as 4K streaming, online gaming and video conferencing. They can cover up to 7,500 square feet, ensuring strong WiFi connectivity anywhere within the home.

PLDT Home also aims to promote peace of mind and wellness for the whole family, with security as one of the top priorities in each household. PLDT Home introduced a comprehensive home security device line from Eufy and has also partnered with mWell, the country's first fully integrated health and wellness app designed to transform health care services for Filipinos.

In the Entertainment category, PLDT Home has strenghtened its broadband plans by bundling Cignal TV over Fiber for the Unli All 1399 and 1799 Plans, which consists of 72 channels with 12 high-definition channels. Availers have the option to upgrade to a higher Cignal postpaid plan to enjoy a greater variety of channels. PLDT Home is also dedicated to providing its subscribers with a diverse range of entertainment options through its partnerships with renowned global content providers, including HBO's video-on-demand service HBO Go, NBA through its live game subscription in NBA League Pass, PCCW's leading regional streaming service Viu, and Lionsgate Entertainment's subscription platform for streaming of motion picture, television series and Oscar and Emmy global awards in Lionsgate Play. PLDT Home customer were the first to experience Lionsgate Play for free as part of their broadband subscription for 1 year.

For all these digital services and device offering, PLDT Home customers can conveniently subscribe to and avail in installment, charged to their monthly billing.

Home Rewards

As a way of giving back to its valued subscribers, PLDT Home continues to reward subscribers with its loyalty program. With the Home Rewards program, subscribers can earn and use Crystals to pay for PLDT and Smart products and services, get bill rebates from Cignal, Maynilad and Easytrip, accumulate raffle entries and instantly avail of exclusive deals and discounts from various partner merchants.

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

Rates for home broadband services

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

Corporate Data and ICT

PLDT Enterprise is the preferred digital services partner of the B2B market. As the corporate business arm unit of the PLDT Group, its vision is to make a positive impact on every single business by simplifying the complex for various industries. Dedicated to delivering fixed line, wireless, and ICT solutions, PLDT Enterprise enables businesses to adapt to evolving technological needs, optimize efficiency, continuity, and connectivity, and enhance customer experience.

PLDT Enterprise's Fixed Line corporate data solutions cater to the internet and networking, and managed services requirements across various enterprise customers small, medium and large. These include (i) domestic data solutions, comprising managed SD-WAN, the latest and advanced wide area networking solution; Metro Ethernet, a reliable and high bandwidth wide area network solution; IP-VPN, an end-to-end managed IP-based data network solution; high-bandwidth optical services that serve low-latency and bandwidth-intensive traffic; and (ii) international data solutions, comprising of iGate, a managed dedicated internet access solution; international ethernet private line services, a resilient international private networking connectivity solution; and international IP VPN, a fully-managed IP solution for data, voice, video and multimedia applications supported over a single IP-based platform.

Included in this diverse portfolio of solutions are ICT solutions. The PLDT Group, through its ICT subsidiary, ePLDT Inc., provides digital transformation solutions through its data center and multi-cloud offerings, backed up with multi-layer cybersecurity components.

Across different industries, ePLDT's VITRO continues to be the preferred data center provider of choice for both local and multinational clients, as well as global hyper-scalers. It has also maintained its lead as the largest player with 65% data center market capacity share, heavily catering to banking and finance, real estate, electronics manufacturing, and national government accounts.

With data centers becoming an essential infrastructure to advance the country's digitalization efforts, ePLDT is undertaking multiple expansion projects. ePLDT expanded the capacity of its existing VITRO sites which anchored on customers' needs and its goal to strengthen market leadership vis-a-vis new data center market entrants. This also aligns with ePLDT's commitment to help promote inclusive economic growth and attract more investment post-pandemic.

ePLDT's 11th data center, VITRO Sta. Rosa (VSR), will be officially launched in Q2 2024. It will be the country's largest and first true hyperscale data center once fully operational with 4,500 racks and 50 MW power capacity. With the official launch of VSR, ePLDT will double its ultimate facility capacity to 99.5 MW further strengthening its leadership in the local data center market and the country's regional competitiveness.

VSR is a Rated-3 certified and Rated-4 ready facility designed with true telco diversity and neutrality in mind. As part of ePLDT's push to strengthen its telco ecosystem, ePLDT has formed strategic partnerships with connectivity providers including Eastern Communications, Radius Telecoms, Inc., PhilCom and InfiniVAN. These partnerships are expected to help enhance the hyperconnectivity, resilience, and scalability of VSR, providing local and international customers with reliable connectivity solutions once they collocate in the facility.

On the multi-cloud front, ePLDT's key focus is to deliver greater customer value by providing innovative solutions that address enterprises' unique business needs. Each of its full-suite of cloud solutions is envisioned to support the broader vision of customers as they go through their digital transformation journey – whether they need infrastructure-as-a-service (IaaS), software-as-a-service (SaaS), contact-center-as-a-service (CCaaS), disaster recovery-as-a-service (DRaas), or AI-driven offerings. ePLDT also offers Cloud and Cybersecurity Professional Services providing assessment, business consultancy, migration, and optimization to ensure that digitally transforming enterprises are able to manage their tech operating costs, boost workforce productivity, improve cybersecurity defenses, and allow them to focus on growing their core business.

Driven by the need to provide customers with higher value services, ePLDT consistently builds partnerships with global cloud brands, invests in expertise, and strengthens its homegrown capabilities. To cite key partnerships, ePLDT has partnered with Microsoft, Google, AWS, Salesforce, WIZ.AI, Alibaba, Huawei, and Palo Alto Networks, to develop and offer outcome-based cloud solutions that address customer pain points in addition to infrastructure and license-selling.

ePLDT is also on a continuous journey to ensure that its multi-cloud and cybersecurity portfolio will fundamentally address some of the most pressing challenges in the country. In 2023, ePLDT became the first Filipino corporation to offer a sovereign cloud in the country, with the launch of ePLDT Pilipinas Cloud (ePPC). This is a highly secure and compliant cloud infrastructure specifically tailored to meet the stringent requirements of hosting highly sensitive government data and applications. Ordinary Filipinos are also expected to benefit from this cloud infrastructure as it can also enhance the delivery of government services while safeguarding the integrity of their data and operations.

In terms of cyber-resilience, ePLDT recognizes that digital transformation heightens the importance of cybersecurity and thus, is committed to advancing digital safety to help customers protect, detect, and respond to cybersecurity threats. It emphasizes the integration of a cybersecurity strategy right at the solutions architecture design stage. By embedding cybersecurity in its multi-cloud and data center offerings at the onset, ePLDT safeguards digital assets, applications, and systems of customers, contributing to creating agile, secure, and future-ready digital ecosystems.

Rates for Corporate Data and ICT Services

Charges for our corporate data service vary by customer.

Voice Services

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

Local Exchange Service

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

Rates for local exchange service

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

International Service

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

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

Rates for international service

Our rates for outbound international calls are quoted in U.S. dollars and are billed in Philippine pesos. The Philippine peso amounts are determined at the time of billing. We charge a flat rate of US$0.40 per minute to retail customers, applicable to most destinations at any time on any day of the week.

Domestic Service

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

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

Rates for domestic service

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

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

Miscellaneous

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

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

Distributors and Dealers

We sell our fixed line and mobile services primarily through our regional and key account partners who generally have their own direct sales forces and retail networks. We have field sales distribution partners and key account partners for fixed line services, and exclusive regional and provincial distributors and key account partners for wireless services. A number of our trade partners are likewise major distributors of smartphones and devices that are retailed in their owned telecommunications outlets. Account managers from our sales force manage the distribution network and regularly update these business partners on upcoming marketing strategies, promotional campaigns and new products. Our distribution network encompasses approximately over one million retailers. With the prepaid reloading distribution network extended to corner store and individual retailer levels and minimum reloading denominations as low as Php10, Smart's prepaid service has become even more affordable and accessible to subscribers.

Retail Stores

Retail stores are the Company-owned PLDT and Smart Sales and Service Centers with over 200 branches that showcase our Company's products and services to customers nationwide. Our frontlines enable unique digital experiences through daily customer interaction. We offer enticing products and services based on the customer needs. We also cater to customers' after-sales requests and inquiries. Our stores also accept payment for bills, postpaid and prepaid sales.

Satellite branches are partner-owned Smart branded stores operating as auxiliary touchpoints for converged wired and wireless sales, aftersales and bills payment.

Enterprise Business

PLDT's Enterprise Business Group is responsible for the sales and marketing of fixed line, wireless products, corporate data and ICT products, solutions and services to corporate clients. Fixed line services include domestic data solutions, such as SD-WAN, Metro-Ethernet, IPVPN, High-Bandwidth Optical Services, and Beyond Fiber; and international data solutions, such as iGate, international ethernet private line, and international IP VPN. Wireless services include wireless products, such as Smart and Sun postpaid and broadband services that may be bundled with mobile phones, tablets, and other relevant devices. Additionally, our offerings cover Machine to Machine and Internet-of-Things platform solutions that enable the managed connectivity requirements of key verticals such as Utilities, Transport, and Fintech. Moreover, Smart Enterprise offers Bizload, a corporate loading service that allows companies to control and automate prepaid loading among its employees and Smart Messaging Suite, an application-to-person (A2P) messaging platform that allows companies to send high-volume SMS through an easy-to-use online account to broadcast advisories, marketing campaigns, one-time passwords, payment reminders and transactional notifications. Our ICT solutions span from colocation services, connectivity services adjacent to colocation such as VITRO Internet Access, VITRO Internet Exchange, VITRO Cloud Exchange to complement the basic inter and intra-rack connection. Additionally, ePLDT's Cloud and Cyber security solutions and Professional Services are made available to enterprises looking for innovative solutions that will help drive their digital transformation journeys.

Telesales

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

Online sales

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

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

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

Postpaid Field Sales (PFS)

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

Others

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

MIH, Maya Philippines, and Maya Bank

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

In December 2023, MIH announced a USD$80 million funding round, led by global investors including PLDT, KKR, Tencent, SIG Venture Capital, and First Pacific Company Ltd. This capital injection is earmarked to expand digital banking services, particularly credit, across the MIH platform.

In 2023, Maya's digital bank garnered three million bank depositors and disbursed nearly Php22 billion in loans, signifying strong demand for its efficient artificial intelligence-powered lending services. Maya's credit products, tailored for a range of needs, including consumers, micro-entrepreneurs, and SMEs, have played a pivotal role in this growth.

Infrastructure

Wireless Network Infrastructure

Mobile

Our mobile network supports 5G, 4G and other technologies. We continue to expand our LTE capacity, increase our 5G coverage, and roll out more physical sites to widen our coverage in order to sustain the growing demand for our services. As at December 31, 2023, Smart had more than 44,000 5G/4G/LTE base stations throughout the Philippines. We believe our mobile network covers 97% of the population and is present in 97% of the country's cities and municipalities, as at December 31, 2023.

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

To support our 5G capabilities, our data core network is being transformed into a virtualized network to instill it with new capabilities, such as automation, network slicing and improved resiliency, while supporting massive data traffic growth.

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

Fixed Line Network Infrastructure

Domestic

PLDT's fixed line infrastructure is comprised of the latest technologies, delivering voice, broadband and ICT services to home and corporate customers. We deliver voice and high-speed broadband to each home through our all-fiber network, FTTH, an IP-based platform. At present, FTTH is capable of delivering 2.5 Gbps and up to 10 Gbps, and we have deployed FTTH in all cities and in the majority of municipalities in the Philippines. We have already started retiring the legacy copper network, replacing it with FTTH to provide high speed broadband and improve customer experience. This network provides broadband availability to approximately 17.5 million homes passed, as at December 31, 2023.

PLDT provides enterprise and ICT services through its Carrier Ethernet Network (CEN). Carrier ethernet service is a global standard for secure, scalable, resilient, cost effective, and high bandwidth point-to-point or multi-point connectivity using the simple and ubiquitous Ethernet technology delivered through PLDT's MEF-certified CEN.

PLDT's CEN is based on Metro Ethernet Forum (MEF) 3.0, the latest standardized, carrier-class service and network. This highly reliable and resilient system provides high capacity and high-speed VPN services for all corporate customers. It supports enterprise requirements such as data storage, headquarter to branch connectivity, headquarter to disaster recovery site connectivity, cloud services and backhaul for mobile/LTE services. PLDT also uses the "Software Defined Wide Area Network" to deliver such enterprise services across different service providers and over the internet in a secured manner.

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

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

Both the DFON and IPBB serve as the common high bandwidth fiber optic cable-based backbone for the PLDT Group. DFON is part of the more than 900,000 total fiber kilometers of the PLDT Group, as at December 31, 2023. These networks are supported by SDN technology, which simplifies and automates network provisioning and operations.

International

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

For voice services, PLDT operates two IP voice gateways. As at December 31, 2023, PLDT's facilities allow the exchange of traffic with 77 foreign carriers from 35 countries and can reach almost 1,000 foreign destinations (including fixed and wireless network destination "breakouts", or specific areas within a country) worldwide.

As at December 31, 2023, the Company has five international internet gateways to fortify PLDT Group's infrastructure for internet and IP-based services, as well as connections of our fixed and wireless networks to content and internet services available from, and businesses connected to, the global internet. All these gateways employ high-capacity and high-performance routers. Together with ancillary facilities (such as security against network/service attacks), they provide premium and differentiated internet and/or IP services to all types of customers ranging from ordinary broadband to high bandwidth internet requirements of corporate customers, knowledge processing solution providers, internet service providers (ISPs) and even other service providers. As at December 31, 2023, PLDT also operates six offshore/ forward gateway routers in Hong Kong, Singapore, United States, and Japan to support optimized and direct access to content providers and businesses connected to the internet in Asia, as well as the continental U.S., which we expect to result in faster internet speed. All gateway routers utilize high capacity 100 Gbps interface and transmission facilities.

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

PLDT operates the Philippines' most extensive international submarine cable network. As at December 31, 2023, PLDT maintains and operates three international cable landing stations in La Union and Batangas for international cables coming from the West Philippine Sea, and in Daet in the east for international cables coming from the Pacific Ocean. In May 2023, NTC issued provisional authority to build new international cable landing stations in Baler, Aurora in the Northeast, and in Digos, Davao in the Southern coastal borders of the Philippines, which are targeted to be completed in 2025. These will provide telco carriers new alternative routes which do not traverse the usual West Philippine Sea Waters.

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

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

PLDT continues to work with major Asian carriers to implement the new Asia Direct Cable (ADC) to support the expected new fixed and mobile services requirements. ADC is estimated to be completed and ready for service within 2025.

PLDT is also working closely with other Asian carriers and Hyperscalers to build the Apricot Cable. The completion of the Apricot cable in 2026 will further augment PLDT's international capacity for data traffic particularly to the U.S. and across Asia and the Pacific and raise PLDT's total international capacity to more than 140Tbps once fully equipped.

PLDT's international automatic optical transport switching system and carrier ethernet network continues to provide effective redundancy and continuity of service to Hong Kong, Japan, Singapore, and the U.S. Mainland for premium enterprise clients. Additional dedicated submarine cable circuits were provisioned, and capacity of nodes upgraded, to support growing business requirements. Also, our Guam node, PLDT's 5th international point-of-presence (POP), is expected to be launched within 2024.

Cyber Security

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

We continuously deploy an endpoint advance security agent to all corporate workstations to detect and prevent attacks. Our fully operational 24x7 Cyber Security Incident and Response Team (CSIRT) enables the detection of and response to security incidents within less than one minute, on average. We continue to prevent attacks on our corporate websites through the use of our web application firewalls. We adopted an automated periodic user access management review as a cyber security protection practice for PLDT Group critical applications, databases and operating systems. To continuously enhance our predictive capability, we regularly conduct threat-hunting activities to update our threat intelligence database with the latest threats. We continue to improve our anti-distributed denial of service (Anti-DDoS) strategy to cover all layers of defenses (e.g. external, perimeter, internal, and people/process) in response to a significant increase in the number and frequency of DDoS attacks. We have established corporate governance processes around the procurement and deployment of Internet of Things (IoT) and hardening of customer-premises equipment through vulnerability assessment and penetration testing. For application and data security, we have an automated data visibility across the organization and across platforms and operationalized monitoring of sensitive data assets, alert threats and remediation, which are in compliance with local and global data protection laws and regulations. In terms of database security, we have full visibility of activities in all critical and sensitive databases to define the details of each transaction while being able to identify and/or block malicious activities/queries. For cloud and web security, we continue to boost our efforts to achieve full visibility of cloud assets and activities, secure shadow IT, obtain the ability to discover malicious activities through user and entity behavior analytics, and secure critical and sensitive data in the cloud. To further improve our investigation and response capabilities, we have a real-time dashboard and improved reporting and visualization, consolidated and standardized event logs from managed systems and devices across the network, sufficient data retention enabling backtracking and pattern visualization, while enhancing event processing capabilities for security incident investigations. To ensure continuous validation of our security controls, a cyber attack and breach simulation tool has been deployed to enable us to identify successful attack techniques and exploits and better prevent such attacks.

In terms of security infrastructure and application monitoring system, we utilize real-time visibility and alerting of security solutions' performance and utilization, automated pro-active monitoring to prevent unplanned disruptions, and ensuring higher availability/uptime of all CSOG security solutions. To measure the effectiveness of the existing policies and protocol's we conduct a cyber war crisis simulation quarterly with participation from all stakeholders, such as out IT team, network team, legal team and privacy office, as well as with third parties. In line with the Company's Child Safeguarding Policy to ensure the online protection of children and in compliance with regulatory requirements, we utilize our Child Protection Platform that can block URLs that involve online sexual abuse and exploitation of children (OSAEC) and child sexual abuse and exploitation materials (CSAEM).

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

Interconnection Agreements

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

As at December 31, 2023, PLDT has direct interconnection agreements with 77 foreign carriers from 35 countries. The average international termination rate for calls to PLDT fixed line was approximately US$0.1150 per minute in 2023. PLDT also carries international calls terminating to Smart and Sun networks where they have no direct interconnections.

Franchises, Licenses and Regulations

Franchises

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

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

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

Licenses

Pursuant to RA 7925, a franchise holder is required to obtain a Certificate of Public Convenience and Necessity (CPCN) / Provisional Authority (PA) from the National Telecommunications Commission (NTC) to provide specific telecommunications services authorized under its franchise. The NTC, an attached agency of the Department of Information and Communications Technology (DICT) regulates and supervises our business under the provisions of the Public Service Act (RA 11659, as amended), Executive Order (EO) Nos. 59 and 109, and RA 7925.

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

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

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

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

Material Effects of Regulation on our Business

Laws enacted by the Philippine Congress and issuances of certain Philippine Government Agencies regulate the manner in which we conduct our business, including:

- Executive Order No. 109, requiresoperators of international gateway facilities and mobile telephone operators to install a minimum number of local exchange lines. Smart and PCEV were required to install 700,000 and 400,000 rural lines, respectively, and each received a certificate of compliance from the NTC in 1999.

- Republic Act No. 11930, otherwise known as the Anti-Online Sexual Abuse or Exploitation of Children (OSAEC) and Anti-Child Sexual Abuse or Exploitation Materials (CSAEM) Act. Internet Service Providers are required to develop, establish and install mechanisms or measures designed to prevent, detect, respond or report violations of this Act.

- NTC Memorandum Circular No. 5-07-2009, issued on July 23, 2009, amends the mode of billing from per minute to per pulse such that the maximum units of billing shall be 6 seconds per pulse. On December 9, 2009, the NTC ruled that Smart violated the Memorandum Circular, but on appeal, the CA in its December 28, 2012, partially ruled in favor of Smart. Smart filed a Motion for Reconsideration, which was denied by the CA in its resolution dated January 19, 2012. The case is currently pending in the Supreme Court following a partial appeal by Smart on March 15, 2012.

- NTC Memorandum Order No. 07-07-2011, issued on July 15, 2011, prescribes a formula for computing service reliability and sets the minimum service reliability at 80% for fixed broadband/internet.

- NTC Memorandum Circular No. 07-08-2015, issued on August 13, 2015, sets the rules on the measurement of fixed broadband/internet speed.

- NTC Memorandum Order No. 10-12-2016, issued on December 13, 2016, sets out the rules for measuring mobile broadband and internet access service, including guidelines for testing mobile broadband and internet speed.

- NTC Memorandum Order No. 10-10-2017, issued on October 27, 2017, prescribes the migration of all existing seven-digit telephone numbers to eight-digit telephone numbers for local telephone service within the "02" local exchange area.

- Joint Memorandum Circular (JMC) No. 05-12-2017 jointly issued by NTC, DICT and Department of Trade and Industry, (DTI), on December 20, 2017, extends the validity of all prepaid load to one year from the date of the latest top-up. Prepaid loads purchased forpromotions and bucket of services with a specific period of use duly approvedby the DTI and/or NTC are excludedfrom the mandatory one-year validity period.

- Executive Order No. 56, issued by President Rodrigo Duterte on May 25, 2018, institutionalized the Emergency 911 Hotline as the nationwide emergency answering point and replaced Patrol 117.

- Memorandum No. 2018-055 issued by the National Electrification Administration (NEA) on August 15, 2018, sets the standard pole rental rate of electric cooperatives at Php420 per cable position per pole per annum.

- Memorandum Order No. 04, series of 2018 issued by the DICT on December 14, 2018 and NTC Memorandum Circular No 01-05-2019, issued on May 31, 2019, directed PTEs and/or wireless service providers who offer customers mobile phones and devices, free of charge or at a subsidized cost, in exchange for an agreed fixed lock-in period to provide their customers convenient sites, facilities and processes to unlock the mobile phones and devices of customers who wish to change between compatible wireless service providers, provided that such customers must have completed the applicable lock-in periods and have no outstanding obligations under their subscription agreement.

- Republic Act No. 11202 or the Mobile Number Portability (MNP) Act and NTC Memorandum Circular No. 03-06-2019 (the IRR of MNP Act, issued on June 11, 2019), allow qualified customers to retain their mobile numbers when they move from one mobile service provider (MSP) to another, or change the type of subscription from postpaid to prepaid or vice versa. MNP is completely free of charge.

- JMC No. 2019-001, series of 2019 (the IRR of the Ease of Doing Business Act), jointly issued by the Civil Service Commission, (CSC), Anti-Red Tape Authority (ARTA), and DTI on July 17, 2019, directs all agencies which provide Government service to reduce bureaucratic red tape and processing time, and to promote efficiency and simplicity of process.

- Rules on the Accelerated Roll-Out of Common Towers, issued by the DICT on May 24, 2019, provides for the speedy roll-out of common towers and/or conversion of common towers including hard-to-access areas.

- Department Circular No. 008 issued by the DICT on May 29, 2020, provides for the policy guidelines on the co-location and sharing of passive telecommunication tower infrastructure (PTTIs) for macro cell sites.

- JMC No. 01 or the "Streamlined Guidelines for the Issuance of Permits, Licenses, and Certificates for the Construction of Shared Passive Telecommunications Tower Infrastructure," jointly issued by the ARTA, Department of the Interior and Local Government (DILG), Department of Public Works and Highways (DPWH), Department of Human Settlements and Urban Development (DHSUD), Department of Transportation (DOTr), Civil Aviation Authority of the Philippines (CAAP), Department of Health (DOH), and the Food and Drug Administration (FDA) on July 23, 2020, streamlined the processes for the issuance of permits, licenses and clearances particularly with respect to shared PTTIs.

- Republic Act No. 11494 or the "Bayanihan to Recover as One Act," otherwise known as "Bayanihan 2," was signed into a law by President Rodrigo Duterte on September 11, 2020, and provided measures to accelerate the deployment of critical ICT infrastructure.

- "Revising and Expanding JMC No. 01, S. 2020 or the Streamlined Guidelines for the Issuance of Permits, Licenses, and Certificates for the Construction of Shared PTTIs," jointly issued by ARTA together with various key agencies on July 1, 2021, revised and expanded JMC No. 01, series of 2021, and harmonized the provisions of the original JMC No. 1 issued in 2020 and Bayanihan 2.

- JMC No. 01 or the "Streamlined Guidelines for the Issuance of Permits and Clearances for the Erection of Poles, Construction of Underground Fiber Ducts and Installation of Aerial and Underground Cables and Facilities to Accelerate the Roll Out of Telecommunications and Internet Infrastructure," jointly issued by the ARTA, in coordination with the DICT, DILG, DPWH, DHSUD, CAAP, NTC, Energy Regulatory Commission (ERC), NEAand the Philippine Competition Commission (PCC) on October 25, 2021, provided streamlined guidelines for fixed infrastructure roll-out of telecommunications companies.

- Department Order No. 29 series of 2021, issued by the DPWH on March 23, 2021, recognized the clear legal right of service providers to use government road right-of-way.

- Executive Order No. 32 ("Streamlining the Permitting Process for the Construction of Telecommunications and Internet Infrastructure") signed by President Ferdinand Marcos, Jr. on July 4, 2023, streamlined the permitting process for the construction of telecommunications and internet infrastructure.

- RA 11659 or the Amendment to the Public Service Act took effect on April 12, 2022, limits the definition of public utilities to the distribution and transmission of electricity, petroleum and petroleum products pipeline transmission systems, water pipeline distribution and wastewater pipeline systems, seaports and public utility vehicles. This law excludes telecommunications from the definition of public utility thereby allowing full foreign ownership in companies engaged in telecommunications.

- RA 11934 or the SIM Registration Act took effect on October 28, 2022. Under this law, all end-users are required to register their SIMs with PTEs as a pre-requisite to the activation thereof. On September 18, 2023, the NTC issued Memorandum Order No. 010-09-2023 providing for guidelines for PTEs in the conduct of processes to verify submitted information and data by end-users of SIMs under the SIM Registration Act and its IRR.

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

- On September 27, 2023, the NTC issued a Memorandum ordering Public Telecommunications Entities to block or deactivate person-to-person text messages with clickable domains, Uniform Resource Locators (URLs), URL shortening services links, Smart Links and/or QR Codes.

- NTC Memorandum Circular No. 006-010-2023, issued on October 20, 2023, provides for a Zero Spectrum User Fee (SUF) for the use of radio frequency bands 2400MHz to 2483.5MHz, 5150MHz-

5350MH, 5470MHz-5850MHz for wireless connectivity under: (a) Short-Range Devices; b) Wireless Data Networks (WDN); and c) Broadband Wireless Access (BWA).

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

Regulatory Tariffs

Interconnect access charges are paid by one carrier to another for calls originating from a carrier's network and terminating to another carrier's network. Pursuant to NTC Memorandum Circular No. 05-07-2018, effective on September 1, 2018, PLDT's interconnection charges for all calls is uniformly set at Php0.50 per minute.

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

By virtue of RA No. 11202 or the MNP Act, interconnection fees or charges are no longer imposed by MSPs for domestic calls and SMS made by subscribers. This provision does not cover interconnection fees charged by fixed-line operators. Thus, as of January 2, 2020, no interconnect fees are charged for mobile domestic calls and SMS.

Competition

Including us, there are five major local exchange carriers, seven major international gateway facility providers and three major mobile operators in the Philippines. Some new entrants into the Philippine telecommunications market have entered into strategic alliances with foreign telecommunications companies, which provide them with access to technological and funding support, as well as service innovations and marketing strategies. We need to make significant investments to refurbish and maintain our existing network infrastructure to comply with regulatory obligations and to remain competitive with respect to our services.

Mobile Services

Currently, there are three major mobile operators, namely us, Globe and DITO. As at December 31, 2023, mobile market penetration in the Philippines was approximately 114%, based on the number of SIM cards issued.

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

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

Data Services

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

Voice Services

Local Exchange

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

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

International

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

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

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

Domestic

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

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

Principal Competitor

The table below sets out our principal competitor's market share and other relevant information for 2023:

				Market Share	
				Subscriber base	
	Asset Base	Service Revenues	Core Income	Fixed Line(1)	Mobile
		(in millions)			
Globe(2)	611,628	162,333	18,916	17%	46%

(1) *Includes Fixed Line broadband.*
(2) *Based on Globe's 2023 audited consolidated financial statements filed with the Philippine SEC on February 28, 2024.*

Competitive Strengths

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

- *Exposure to Large and Attractive Markets.* Our mobile data and home broadband services are well positioned to serve markets with continuing growth potential. As data adoption continues to grow with greater smartphone ownership, with the increasing utility of data for everyday activities, and with around 67% of our mobile subscribers being active data users as at December 31, 2023, we believe that demand for mobile data will continue to grow meaningfully. Meanwhile, we believe there is still room to grow in the home broadband market. After the opening of the economy and increased mobility after the pandemic lockdowns, PLDT continues to significantly serve the market demand for connectivity and home broadband services which allow our customers to work, study, conduct business and enjoy entertainment.

- *Superior Integrated Networks.* With our extensive fixed and integrated telecommunications networks in the Philippines, we are able to offer a wide array of communications services. As part of our capital expenditure program, we continue to invest in upgrading our fixed network to an all IP-based next-generation network, expand the reach of our transmission and FTTH network and increasing our international bandwidth capacity. We also continue to invest in capacity and reach of our mobile network to serve the unabated growth in mobile data traffic and provide our customers with faster, more reliable services and a superior data experience. To supplement our current LTE network and to prepare our network for the future, we have started to rollout 5G base stations. Our network architecture and investments also increase the resiliency and robustness of the network to enable minimum disruption to network services. PLDT's domestic and international fiber optic networks connect to VITRO's network of data centers which enables the seamless transfer and secured hosting of massive data flowing in and out of the country.

- *Recognized Brands.* PLDT has a strong and diverse portfolio of brands, including PLDT Home, Smart, TNT, and PLDT Enterprise, among others, which are widely recognized brand names in the Philippines.

- *Diversified Revenue Sources.* We have a diverse portfolio of business lines across our wireless and fixed line business segments, serving a wide spectrum of customer segments, including individuals, households and enterprises. Revenue sources of our wireless business include mobile (mobile data, voice, SMS, and inbound roaming and other mobile services), wireless home broadband, and other services. The revenues from data services, particularly mobile data services, have increased steadily over the past several years and account for 87% of the segment revenues as at December 31, 2023. Our fixed line business derives service revenues from consumer data/broadband, with 88% of service revenues in 2023 attributable to fiber, voice (local exchange, international and domestic services) and miscellaneous services. The fixed line business revenues also include contribution from our enterprise business, which mainly comprises corporate data and ICT services such as data center, cloud and cybersecurity solutions which are considered as an emerging growth driver because of the country's rapid digital adoption.

- Innovative Products and Services. We launched consumer products that answer the needs for Connectivity, Entertainment, and E-Games such as the Smart App, formerly GigaLife App, our customer management app, Smart Live Stream, our video player app which houses the PBA, FIBA, NBA TV, UAAP and PVL, and Giga Arena, the online, e-sports tournament platform. Giga Videos, Giga Games, Giga Stories and Giga Work offers under the "Giga Life" brand platform were also introduced to enable customers to select offers and a mobile plan that suits their passions and priorities. To allow subscribers easy access to healthcare products and services, Smart has partnered with mWell for convenient access to online doctor consultations and other services via the mWell app, the Philippines' first fully integrated health app. Smart also partnered with Metro Pacific Tollways Corporation to introduce a simpler and easier way of reloading the Easytrip RFID using the country's first toll top-up via mobile load service. To support businesses in their journey towards digitalization and cloud, PLDT Enterprise offers a fully-managed Software-Defined Wide Area Networking (SD-WAN) solution which enables customers to securely connect their multiple offices and branches and Smart Internet of Things (IoT) and obtain full control, transparency, visibility, and self-management of their Smart IoT SIMs.

  We also create and launch platforms, services and solutions for emerging markets in the area of digital financial services through our associated companies MIH, Maya Philippines, Inc. and Maya Bank, which was awarded the sixth and last digital banking license in 2021.

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

Intellectual Property Rights

We do not own any material intellectual property rights apart from our brand names and logos. We are not dependent on patents, licenses or other intellectual property which are material to our business or results of operations, other than licenses to use the software that accompany most of our equipment purchases and licenses for certain contents used in VAS of our wireless business. See *Note 14 – Goodwill and Intangible Assets* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements".

Major Suppliers

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

The major suppliers for Smart for its LTE New Site Rollout and Expansion Program and 5G Deployments are Huawei Technologies, Co. Ltd., and Ericsson Telecommunications, Inc. Core network is also being expanded and replaced with Next Generation Cloud-based Core Network obtained from Nokia, Huawei Technologies, Co. Ltd., and Ericsson Telecommunications, Inc.

For mobile devices, Smart's principal suppliers are Apple South Asia and Samsung Electronics Co., Ltd.

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

For FTTH, principal suppliers for active equipment and passive components are Huawei Technologies, Co. Ltd., Fiberhome International Technology Co., Ltd., ZTE Philippines, Inc. and HXPT Philippines, Inc.

For Information Technology (IT), PLDT engaged the services of Amdocs, SalesForce, SAP, Amazon, Microsoft, Google and other global technology leaders to transform IT platforms, modernize IT infrastructure, including Cloud Transformation, and broaden its digital technologies adoption for consumer and employee engagements.

Governmental Regulations

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

Compliance with Environmental Laws

Environmental Management and Stewardship

As part of our drive towards sustainability and doing business responsibly, we integrate environmental management and stewardship into our decision-making and operations. These are aimed at helping address climate change as one of the PLDT Group's identified top risks.

Climate change poses various risks for us as a business that operates in the Philippines. The country remains most at risk and vulnerable to worsening impacts of climate change, including more frequent and extreme typhoons and weather disturbances. These increase the likelihood of damage to the Group's physical infrastructure and network equipment, which can consequently disrupt operations and delivery of services. Because we recognize the importance of connectivity to our customers and the impact of our operations on the broader community, we aim to mitigate the material adverse effects of climate change by integrating these nature-related risks and occurrences into our strategic planning, operational design, resource allocation, contingency measures, and supply chain management.

Aside from these physical impacts, climate change also shapes corresponding focus and requirements of local laws and regulations. The urgency of addressing climate change in the Philippines may lead to the enactment more stringent laws and regulations, which will further entail necessary investments, resources, and capacity-building efforts for PLDT to remain compliant and competitive in the industry.

Management Approach

Our management approach to Environmental Management is integrated in our Occupational Safety, Health, and Environmental Commitments, as approved by our President and CEO. This declaration of commitment provisions for the attainment of the highest standards in environmental performance in all facets of company operations. We also align and benchmark with relevant environmental principles and indicators of the United Nations Global Compact, Task Force for Climate-related Financial Disclosures, Taskforce on Nature-related Financial Disclosures, and CDP.

The PLDT Group commits to compliance with all national and environmental laws and regulations. Our Environment, Health, and Safety (EHS) and Property and Facilities Management (PFM) units spearhead the implementation of environmental management processes and mechanisms to mitigate our environmental footprint, as well as ensure regular monitoring of the performance of all facilities, equipment, and generator sets across the country. Our PFM and EHS teams also lead the creation of management plans covering strategies for facilities located in ecologically protected areas. EHS learning materials and various trainings are also made available to all employees on a periodic basis, as part of capacity-building efforts and initiatives to institutionalize understanding of the impact of workplace operations to the environment and in communities where it operates.

In addition, the PLDT Group has also designated Pollution Control Officers within each company facility to reinforce environmental performance review and report on operational progress on a quarterly basis to the Department of Environment and Natural Resources (DENR), the Laguna Lake Development Authority, and other national and local regulatory bodies. We also work with various contractors and service providers in regularly assessing and managing environmental impacts of new facilities.

The PLDT Group also puts importance on aligning our environmental management principles with our suppliers and service providers. As part of oursupplier accreditation and onboarding processes, the company enforces sustainability guidelines and EHS manuals that mandate suppliers to comply with and adhere to applicable environmental laws and regulations.

Operational Resource Efficiency

Aligning with the goals of the Paris Climate Agreement and the global ambition to achieve Net Zero by 2050, the PLDT Group developed a decarbonization roadmap that aims to reduce its Scope 1 and Scope 2 greenhouse gas emissions by 40% by 2030 against a 2019 baseline. Such target is underpinned by various initiatives that promote energy and operational resource efficiency, as well as the adoption of renewable energy and green technologies across our operations. These measures are also aimed at achieving cost-efficiencies and ensuring uninterrupted operations and delivery of services.

We have set up internal mechanisms to monitor our consumption of electricity, fuel, and water within our facilities and operations. Such mechanisms consequently facilitate the continuous implementation of solutions on energy efficiency and resource conservation.

For our building facilities, we have been shifting to newer and more energy efficient air conditioning units and chillers. We have been provisioning for building automation systems and utilizing Internet of Things-powered sensors for enhanced temperature and humidity monitoring and control.

In support of the Green Energy Option Program of the Department of Energy, the PLDT Group has also been switching strategic sites and facilities to solar energy use. We are also continuously expanding supply partnerships to further increase the share of renewables in our energy mix.

For our network facilities, we formed energy management teams that lead and implement energy efficiency initiatives such as the installation of direct current generator sets, solar panels, and photovoltaic cells, as well as battery storage systems to enable powering of assets during peak hours and storage of surplus energy during off-peak hours and for future use. These have been designed to enable us to ensure wireless network coverage in remote areas and reduce our dependence on diesel-fueled generators in cases of power failures and emergency situations.

The PLDT Group has also put in place a company-wide mechanism for fuel requests, as well as active tools to validate electricity use and improve resource consumption efficiency. To conserve water, we set up rainwater catchment systems in selected areas and developed a scheme to continuously expand these in all facilities across the country.

Waste Management and Circularity

Effective waste management and circularity are among the key focus areas of the PLDT Group's environmental management roadmap. We ensure the establishment of solid waste segregation and management mechanisms within our facilities nationwide, facilitating adherence with national and local government regulations and collection schemes. For our major facilities, we have built sewage treatment plants to ensure effective management of building effluent. Meanwhile, to manage hazardous waste from our facilities and value chain, we maintain partnerships with various DENR-accredited hazardous waste transporters and treaters, particularly for used lead acid batteries.

The PLDT Group also endeavors to continuously promote waste reduction and recycling through various programs and campaigns within our organization and stakeholder communities. In 2023, we have scaled up our program on responsible electronic waste (e-waste) management, with the goal of making e-waste collections and recycling solutions accessible and convenient to our employees and customers. We have forged various partnerships to turn its waste recycling proceeds into programs that help communities through shared value programs on education, livelihood, and environmental stewardship.

Employees and Labor Relations

As at December 31, 2023, we had 15,596 employees, with 11,373 and 4,223 employees in our fixed line and wireless businesses, respectively. PLDT had 10,004 employees as at December 31, 2023, of which 41% were rank and file employees, 51% were management/supervisory staff and 8% were executives.

PLDT has three employee unions, representing in the aggregate 8,137, or 52% of the employees of the PLDT Group. PLDT considers its relationship with our rank-and-file employees' union, our supervisors' union and our sales supervisors' union to be good.

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

	December 31,		
	2023	**2022**	**2021**
PLDT Group	15,596	17,579	18,822
Fixed Line	11,373	12,855	13,389
LEC	10,035	10,511	11,368
Others	1,338	2,344	2,021
Wireless	4,223	4,724	5,433
PLDT Only	10,004	10,480	11,336

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

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

The Supreme Court resolved the consolidated Petitions in a Decision promulgated on February 14, 2024. The Decision affirmed the Court of Appeals in setting aside the Secretary of Labor's orders for PLDT to regularize the 7,344 workers of its contractors, except those workers performing "installation, repair and maintenance" services, whose regularization is subject to a remand of proceedings before the Regional Director of the DOLE. The remand will require the Regional Director of DOLE to determine the appropriateness of regularization of employees of contractors engaged in installation, repair, and maintenance, by undertaking the following: (a) to review and properly determine the effects of the regularization of the workers performing installation, repair, and maintenance services; (b) to review, compute, and properly determine, the monetary award on the labor standards violation, to which PLDT, and the concerned contractors are solidarily liable; and (c) to conduct further appropriate proceedings, consistent with this Decision. Motions for Reconsideration may be filed by the parties, subject to their receipt of the Supreme Court decision by official service.

See Item 3. "Legal Proceedings" and *Note 26 – Provisions and Contingencies – DOLE Compliance Order to PLDT* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

Pension and Retirement Benefits

Defined benefit pension plans

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

Defined contribution plans

Smart's and certain of its subsidiaries' contributions to the plan are made based on the employees' years of tenure and range from 5% to 10% of the employee's monthly salary. Additionally, an employee has an option to make a personal contribution to the fund, at an amount not exceeding 10% of his monthly salary. The employer then provides an additional contribution to the fund ranging from 10% to 50% of the employee's contribution based on the employee's years of tenure. Although the plan has a defined contribution format, Smart and certain of its subsidiaries regularly monitor their compliance with Republic Act No. 7641. As at December 31, 2023 and 2022, Smart and certain of its subsidiaries were in compliance with the requirements of Republic Act No. 7641.

See *Note 2 – Summary of Material Accounting Policies – Retirement Benefits* and *Note 25 – Pension and Other Employee Benefits* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for a discussion of our defined benefit pension plans and defined contribution plans.

Item 2. Description of Property

As at December 31, 2023, the PLDT Group owns three office buildings located in Makati City and owns and operates 289 fixed line exchanges nationwide, of which 45 are located in Metro Manila. The remaining 244 exchanges are located in cities and small municipalities outside Metro Manila.

As at December 31, 2023, our principal properties, excluding property under construction, consisted of the following, based on net book values:

- 46% consisted of central office equipment and network facilities, including IGFs, pure national toll exchanges and combined local and toll exchanges;
- 37% consisted of cable, wire and mobile facilities, including our DFON, subscriber cable facilities, inter-office trunking and toll cable facilities and mobile facilities;
- 6% consisted of land and improvements and buildings and improvements, which we acquired to house our telecommunications equipment, personnel, inventory and/or fleet; and
- 11% consisted of other work equipment.

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

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

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

The PLDT Group has various lease contracts for periods ranging from one to thirty years covering various items of sites, buildings, leased circuits and poles used in our operations. For more information on the obligations relating to these properties and long-term obligations, see *Note 10 – Leases, Note 20 – Interest-bearing Financial Liabilities* and *Note 27 – Financial Assets and Liabilities* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements".

We expect that in 2024, cash from operating activities should enable us to increase the level of our capital expenditures for the continued expansion and upgrading of our network infrastructure. We expect to make additional investments in our core facilities to leverage existing technologies and increase capacity. Our current estimate for consolidated capital expenditures in 2024 will be between Php75 billion to Php78 billion. See Item 6. "Management's Discussion and Analysis of Financial Condition and Results of Operations – Plans" for further discussion on our capital expenditures.

Item 3. Legal Proceedings

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

Class Action Suit Against PLDT

On February 6, 2023, Sophia Olsson, an investor in PLDT American Depositary Shares ("ADSs"), filed a putative class action in the United States District Court for the Central District of California (the "Court") against PLDT and certain current and former directors and officers on behalf of herself and all other persons similarly situated who purchased or otherwise acquired ADSs between January 1, 2019 and December 19, 2022 ("U.S. Class Action"). On April 7, 2023, Ms. Olsson and another individual, Kevin Douglas, submitted separate motions to the Court to serve as lead plaintiff in the U.S. Class Action. On May 1, 2023, the Court granted Mr. Douglas's ("Plaintiff") motion to serve as the lead plaintiff.

On July 7, 2023, Plaintiff filed an amended complaint. The amended complaint alleges that PLDT and certain of its current and former directors and officers made materially false and misleading statements regarding PLDT's capital expenditures and internal controls (among other matters) during the period April 23, 2020 through December 19, 2022. On October 10, 2023, PLDT and defendants Manuel V. Pangilinan, Alfredo S. Panlilio, and Marilyn A. Victorio-Aquino (together, "Defendants") moved for dismissal of the amended complaint in its entirety.

On December 1, 2023, Defendants and Plaintiff notified the Court that they had reached an agreement in principle to settle the U.S. Class Action. The notification indicated that, accordingly, Defendants and Plaintiff jointly sought to vacate the schedule for further briefing on PLDT's pending motion to dismiss to allow the parties to finalize the settlement. On December 4, 2023, the Court granted the request to vacate the briefing schedule.

On February 16, 2024, PLDT entered into a Stipulation of Settlement to resolve the U.S. Class Action, and on the same day Plaintiff submitted a motion seeking preliminary approval of the proposed settlement. Under the proposed settlement, which is subject to approval by the Court following notice to the settlement class, the settlement class will receive payment of a settlement amount of $3,000,000. The proposed settlement agreement contains no admission of liability, fault or wrongdoing by the Company or any of the named defendants. On March 7, 2024, the Court entered an order preliminarily approving the proposed settlement and scheduling a hearing for August 5, 2024 to determine whether to finally approve the settlement. If finally approved by the Court, the settlement will resolve the U.S. Class Action in its entirety as against the Company and all other named defendants.

See *Note 26 – Provisions and Contingencies – Class Action Suit Against PLDT* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

Notice of Material Breach and Demand for Payment on DITO

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

On October 6, 2022, PLDT served on DITO a Notice of Material Breach and Demand for Payment due to DITO's refusal to pay the outstanding balance of Php430 million for contracted services provided by PLDT in relation to the building and provisioning of transmission facilities used by DITO to deliver telecommunication services to its subscribers. Upon DITO's request, PLDT agreed to limit the scope of work, resulting in a reduction of the outstanding balance to

Php280 million, which will be payable in three tranches. As of the date of this Annual Report, DITO has paid the first tranche amounting to Php84 million, with a remaining balance of Php196 million.

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

Following news reports on August 8, 2022 that DITO had filed a complaint with the PCC against Globe and Smart involving the same issue pending with the NTC on ISR, Smart received a subpoena duces tecum dated December 7, 2022 ("December Subpoena") from the PCC Competition Enforcement Office in relation to an ongoing full administrative investigation involving the telecommunications industry. The subpoena notified Smart that it was the subject of ongoing investigation pursuant to Section 2.9 of the 2017 PCC Rules of Procedure, involving allegations of violations by Smart of Section 14(b)(1), 15(b), 15(c) and 15(i) of the Philippine Competition Act. Smart was directed to submit its corporate documents, documents and information pertaining to its operations as a PTE and its relationship with other PTEs, and documents and information on ISR. To the PCC on January 23, 2023, followed by the submission of a supplemental submission on January 27, 2023.

On May 26, 2023, Smart received a subpoena ad testificandum from the PCC directing duly authorized representative(s) knowledgeable on: (i) Smart's operations, including but not limited to interconnection with other public telecommunications entities, products and services offered, and corporate structure; and (ii) submitted documents in relation to the December Subpoena, to appear before the PCC Enforcement Office on June 8, 2023. Accordingly, Smart representatives appeared before the PCC on said date for the clarificatory hearing. On July 4, 2023, Smart received a PCC Resolution setting another hearing and requiring representatives from the Consumer Business group, Marketing Department, Network Department, and Carrier Relations of Smart to appear and address pending matters on competitor information, market distinction between postpaid and prepaid services, network coverage, interconnection agreements, clarificatory questions on documents already submitted, and other related matters. Accordingly, representatives from these groups attended the clarificatory hearings before the PCC on July 20 and November 20, 2023. . Another clarificatory hearing was held on November 20, 2023. On January 19, 2024, DITO informed SMART that it had signed the Memorandum of Agreement (Cooperation Against Bypass Activity) and provided a fully-signed copy on said date. To date, Smart has not received any subsequent order or resolution from the PCC.

See *Note 26 – Provisions and Contingencies – Notice of Material Breach and Demand for Payment on DITO* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

DOLE Compliance Order Issued Against PLDT

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

The Supreme Court resolved the consolidated Petitions in a Decision promulgated on February 14, 2024. The Decision affirmed the Court of Appeals in setting aside the Secretary of Labor's orders for PLDT to regularize the 7,344 workers of its contractors, except those workers performing "installation, repair and maintenance" services, whose regularization is subject to a remand of proceedings before the Regional Director of the DOLE. The remand will require the Regional Director of DOLE to determine the appropriateness of regularization of employees of contractors engaged in installation, repair, and maintenance, by undertaking the following: (a) to review and properly determine the effects of the regularization of the workers performing installation, repair, and maintenance services; (b) to review, compute, and properly determine, the monetary award on the labor standards violation, to which PLDT, and the concerned contractors are solidarily liable; and (c) to conduct further appropriate proceedings, consistent with this Decision. Motions for Reconsideration may be filed by the parties, subject to their receipt of the Supreme Court decision by official service.

See *Note 26 – Provisions and Contingencies – DOLE Compliance Order to PLDT* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

Petition against the PCC

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

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

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

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

See *Note 26 – Provisions and Contingencies – Attys. Baquiran and Tecson vs. NTC, et al.* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

Arbitration with Eastern Telecommunications Philippines, Inc., or ETPI

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

See *Note 26 – Provisions and Contingencies – Arbitration with Eastern Telecommunications Philippines, Inc.* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

Local Business and Franchise Taxes

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

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

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

See *Note 26 – Provisions and Contingencies* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

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

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

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

Common Capital Stock and ADSs

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

The public ownership level of PLDT common shares listed on the PSE as at January 31, 2024 is 42.09%.

As at January 31, 2024, 9,882 stockholders were Philippine persons and held approximately 64.88% of PLDT's common capital stock. In addition, as at January 31, 2024, there were a total of approximately 15.232 million ADSs outstanding, substantially all of which PLDT believes were held in the United States by 217 holders.

For the period from January 1 to January 31, 2024, a total of 1.05 million shares of PLDT's common capital stock were traded on the PSE. During the same period, the volume of trading was 0.60 million ADSs on the NYSE.

High and low sales prices for PLDT's common shares on the PSE and ADSs on the NYSE for each of the full quarterly period during 2023 and 2022 and for the first three months of 2024 were as follows:

	Philippine Stock Exchange		New York Stock Exchange	
	High	Low	High	Low
2024				
First Quarter	1,425.00	1,255.00	30.39	22.07
January	1,306.00	1,260.00	23.58	22.07
February	1,313.00	1,255.00	23.48	22.17
Through March 20	1,425.00	1,276.00	30.39	22.59
2023				
First Quarter	1,547.00	1,240.00	27.98	22.63
Second Quarter	1,368.00	1,190.00	25.19	20.89
Third Quarter	1,349.00	1,094.00	24.30	19.02
Fourth Quarter	1,308.00	1,159.00	23.97	20.27
2022				
First Quarter	1,950.00	1,585.00	38.69	32.18
Second Quarter	1,984.00	1,670.00	39.00	30.18
Third Quarter	1,838.00	1,481.00	32.27	24.66
Fourth Quarter	1,752.00	1,130.00	30.64	20.20

Holders

As at January 31, 2024, there were 11,392 holders of record of PLDT's common shares. Listed below were the top 20 common shareholders, including their nationalities, the number of shares held, the amount of their holdings, and the approximate percentages of their respective shareholdings to PLDT's total outstanding common stocks:

	Name of Holder of Record	Nationality	Number of Shares Held	Amount of Holding	Approximate % to Total Outstanding Common Stock
1.	PCD Nominee Corporation	Various – Foreign	28,348,049	Php141,740,245	
		Various – Filipino	54,155,123	270,775,615	38.19
2.	Philippine Telecommunications Investment Corporation	Filipino	26,034,263	130,171,315	12.05
3.	JG Summit Holdings, Inc.	Filipino	24,255,732	121,278,660	11.23
4.	NTT DOCOMO, INC.	Japanese	22,796,902	113,984,510	10.55
5.	Metro Pacific Resources, Inc.	Filipino	21,556,676	107,783,380	9.98
6	NTT Communications Corporation	Japanese	12,633,487	63,167,435	5.85
.7	J. P. Morgan Hong Kong Nominees Limited	Chinese	11,514,602	57,573,010	5.33
8.	Social Security System, or SSS	Filipino	9,613,281	48,066,405	4.45
9.	James L. Go	Filipino	885,724	4,428,620	0.41
10.	Pan-Malayan Management & Inv Corp.	Filipino	781,124	3,905,620	0.36
11.	Malayan Insurance Co., Inc.	Filipino	288,000	1,440,000	0.13
12.	Manuel V. Pangilinan	Filipino	271,611	1,358,055	0.13
13.	Employees Compensation Fund	Filipino	134,700	673,500	0.06
14.	Alfonso T. Yuchengco	Filipino	118,458	592,290	0.05
15.	Albert F. &/or Margaret Gretchen V. del Rosario	Filipino	106,780	533,900	0.05
16.	JG Digital Equity Ventures, Inc.	Filipino	86,723	433,615	0.04
17.	Enrique T. Yuchengco, Inc.	Filipino	59,868	299,340	0.03
18.	Social Security System Assigned to Mandatory Provident	Filipino	50,100	250,500	0.02
19.	JDC Investment Realty Enterprises, Inc.	Filipino	47,708	238,540	0.02
20.	Hare & Company	American	34,511	172,555	0.02
			213,773,422	Php1,068,867,110	

Dividends

The following table shows the dividends declared to common shareholders from the earnings for the years ended December 31, 2021, 2022 and 2023:

	Date			Amount	
Earnings	Approved	Record	Payable	Per share	Total Declared (in millions)
2021	August 5, 2021	August 19, 2021	September 3, 2021	42	Php9,075
2021	March 3, 2022	March 17, 2022	April 4, 2022	42	9.075
				84	18,150
2022	August 4, 2022	August 18, 2022	September 5, 2022	47	10,155
2022	August 4, 2022	August 18, 2022	September 5, 2022	28	6,049
2022	March 23, 2023	April 11, 2023	April 21, 2023	45	9,722
2022	March 23, 2023	April 11, 2023	April 21, 2023	14	3,025
				134	28,951
2023	August 3, 2023	August 17, 2023	September 4, 2023	49	10,587
2023	March 7, 2024	March 21, 2024	April 5, 2024	46	9,939
				Php95	Php20,526

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes as at December 31, 2023 and 2022 and for each of the three years ended December 31, 2023, 2022 and 2021 included elsewhere in this Annual Report. This discussion contains forward-looking statements that reflect our current views with respect to future events and our future financial performance. These statements involve risks and uncertainties, and our actual results may differ materially from those anticipated in these forward-looking statements.

Selected Financial Data and Key Performance Indicators

	Years ended December 31,		
	2023	2022[(1)]	2021[(1)]
Income Statement Data:			
Revenues	210,953	204,362	192,186
Service revenues	201,832	195,344	184,680
Non-service revenues	9,121	9,018	7,506
Expenses	170,259	209,427	151,315
Other income (expenses) – net	(4,217)	19,097	(6,615)
Income before income tax	36,477	14,032	34,256
Net income	26,824	10,735	26,676
Continuing operations	26,865	11,335	26,797
Discontinued operations	(41)	(600)	(121)
Core income	32,421	30,152	29,937
Continuing operations	32,462	30,752	30,058
Discontinued operations	(41)	(600)	(121)
Telco core income	34,341	33,301	30,354
EBITDA	104,233	100,262	96,169
Continuing operations	104,297	100,588	96,182
Discontinued operations	(64)	(326)	(13)
EBITDA margin[(2)]	52%	51%	52%
Reported earnings per common share:			
Basic	122.91	48.26	121.76
Diluted	122.91	48.26	121.76
Reported earnings per common share from continuing operations:			
Basic	123.10	51.03	122.32
Diluted	123.10	51.03	122.32
Core earnings per common share:			
Basic	149.78	139.29	138.29
Diluted	149.78	139.29	138.29
Core earnings per common share from continuing operations:			
Basic	149.97	142.06	138.85
Diluted	149.97	142.06	138.85
Other Data:			
Net cash provided by operating activities	83,164	70,748	86,292
Net cash used in investing activities	(52,517)	(27,554)	(97,962)
Payment for purchase of property and equipment, including capitalized interest	*(75,834)*	*(90,099)*	*(98,299)*
Net cash used in financing activities	(39,418)	(42,304)	(4,904)
Operational Data			
Number of mobile subscribers	57,827,126	66,304,761	71,221,952
Prepaid	55,667,880	64,287,019	69,205,731
Postpaid	2,159,246	2,017,742	2,016,221
Number of fixed line voice subscribers	3,766,105	3,825,424	3,619,372
Number of broadband subscribers	3,709,541	3,992,303	3,951,844
Fixed Line broadband	3,268,996	3,247,979	2,966,886
Fixed Wireless broadband	440,545	744,324	984,958
Number of employees:	15,596	17,579	18,822
Fixed Line	11,373	12,855	13,389
LEC	*10,035*	*10,511*	*11,368*
Others	*1,338*	*2,344*	*2,021*
Wireless	4,223	4,724	5,433

(1) To be comparable with 2023, certain amounts for the years ended December 31, 2022 and 2021 have been reclassified to reflect the discontinued operations of certain ePLDT subsidiaries. See Note 2 – Summary of Material Accounting Policies – Discontinued Operations to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.
(2) EBITDA margin for the year is measured as EBITDA from continuing operations divided by service revenues.

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. See *Note 4 – Operating Segment Information* to the accompanying audited consolidated financial statements in Item 7. “Financial Statements” for further information on each of these segments.

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

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

Performance Indicators

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

EBITDA

EBITDA for the year is measured as net income excluding depreciation and amortization, amortization of intangible assets, asset impairment on noncurrent assets, financing costs – net, interest income, equity share in net earnings (losses) of associates and joint ventures, foreign exchange gains (losses) – net, gains (losses) on derivative financial instruments – net, provision for (benefit from) income tax, other income (expense) – net, manpower rightsizing program (MRP) and non-recurring income (expenses). EBITDA is monitored by management for each business unit separately for purposes of making decisions about resource allocation and performance assessment. EBITDA is presented because our management believes that it is widely used by investors in their analysis of the performance of PLDT and can assist them in their comparison of PLDT's performance with those of other companies in the technology, media and telecommunications sector. Companies in the technology, media and telecommunications sector have historically reported EBITDA as a supplement to financial measures in accordance with PFRS. EBITDA should not be considered as alternative to net income as an indicator of our performance, nor should EBITDA be considered as an alternative to cash flows from operating activities, as a measure of liquidity or as an alternative to any other measure determined in accordance with PFRS. Unlike net income, EBITDA does not include depreciation and amortization, or financing costs and, therefore, does not reflect current or future capital expenditures or the cost of capital. We compensate for these limitations by using EBITDA as only one of several comparative tools, together with PFRS-based measurements, to assist in the evaluation of operating performance. Such PFRS-based measurements include income before income tax, net income, and operating, investing and financing cash flows. We have significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, taxes and other non-recurring charges, which are not reflected in EBITDA. Our calculation of EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited. A reconciliation of our consolidated net income to our consolidated EBITDA for the years ended December 31, 2023, 2022 and 2021 is presented in Item 6. "Management's Discussion and Analysis of Financial Condition and Results of Operations – Management's Financial Review"

Core Income and Telco Core Income

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

Meanwhile, telco core income for the year is measured as net income attributable to equity holders of PLDT (net income less net income attributable to noncontrolling interests), excluding foreign exchange gains (losses) – net, gains (losses) on derivative financial instruments – net (excluding hedge costs), asset impairment on noncurrent assets, non-recurring gains (losses), net of tax effect of aforementioned adjustments, as applicable, and similar adjustments to equity share in net earnings (losses) of associates and joint ventures, adjusted for the effect of the share in Maya Innovations Holdings, Pte. Ltd., or MIH, (formerly Voyager Innovations Holdings Pte. Ltd.), 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 as an indicator of our performance. Unlike net income, core income and telco core income do not include certain items, among others, foreign exchange gains and losses, gains and losses on derivative financial instruments, impairment on non-current assets and non-recurring gains and losses. We compensate for these limitations by using core income and telco core income as a few of several comparative tools, together with PFRS-based measurements, to assist in the evaluation of operating performance. Such PFRS-based measurements include income before income tax and net income. Our calculation of core income may be different from the calculation methods used by other companies and, therefore, comparability may be limited. A reconciliation of our consolidated net income to our consolidated core income and consolidated telco core income for the years ended December 31, 2023, 2022 and 2021 is presented in Item 6. "Management's Discussion and Analysis of Financial Condition and Results of Operations – Management's Financial Review".

Management's Financial Review

We use our EBITDA and our core income to assess our operating performance. Set forth below is a reconciliation of our consolidated net income to our consolidated EBITDA and a reconciliation of our consolidated net income to our consolidated core income and consolidated telco core income for the years ended December 31, 2023, 2022 and 2021.

The following table shows the reconciliation of our consolidated net income to our consolidated EBITDA for the years ended December 31, 2023, 2022 and 2021:

	2023	2022[(1)]	2021[(1)]
		(in million pesos)	
Net income from continuing operations	26,865	11,335	26,797
Net loss from discontinued operations	(41)	(600)	(121)
Consolidated net income	26,824	10,735	26,676
Add (deduct) adjustments to continuing operations:			
Depreciation and amortization	58,441	98,631	52,072
Financing costs – net	13,755	11,759	10,402
Provision for income tax	9,612	2,697	7,459
Equity share in net losses of associates and joint ventures	2,806	3,304	1,101
Additional amortization of subscriber contract cost to obtain	2,135	—	—
MRP	2,021	5,028	269
Expenses related to the sale of telecom assets	785	1,289	—
Amortization of intangible assets	221	228	2,822
Impairment of non-current assets	—	283	—
Net loss (gain) on debt modification	—	295	(1,372)
Gain on dilution in MIH	—	(660)	(826)
Income from prescription of liability on redeemable preferred shares	—	(7,839)	—
Interest income	(1,016)	(653)	(655)
Foreign exchange losses (gains) – net	(1,149)	4,687	3,899
Gains on derivative financial instruments – net	(1,198)	(2,322)	(1,400)
Gain on sale and leaseback of telecom towers – gross of expenses	(7,777)	(25,852)	—
Others	(1,204)	(1,622)	(4,386)
Total adjustments	77,432	89,253	69,385
EBITDA from continuing operations	104,297	100,588	96,182
EBITDA from discontinued operations	(64)	(326)	(13)
Consolidated EBITDA	104,233	100,262	96,169

• *To be comparable with 2023, certain amounts for the years ended December 31, 2022 and 2021 have been reclassified to reflect the discontinued operations of certain ePLDT subsidiaries. See Note 2 – Summary of Material Accounting Policies – Discontinued Operations to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.*

The following table shows the reconciliation of our consolidated net income to our consolidated core income and telco core income for the years ended December 31, 2023, 2022 and 2021:

	2023	2022[(1)]	2021[(1)]
		(in million pesos)	
Net income from continuing operations	26,865	11,335	26,797
Net loss from discontinued operations	(41)	(600)	(121)
Consolidated net income	26,824	10,735	26,676
Add (deduct) adjustments to continuing operations:			
Depreciation and amortization due to change in accounting estimate[(2)]	13,924	51,204	1,110
MRP	2,021	5,028	269
Core income adjustment on equity share in net loss (income) of associates and joint ventures	466	(195)	(7)
Other non-recurring expenses	433	194	—
Net loss on debt modification – net of amortization of debt discount/premium	177	470	(1,339)
Impairment of investments	70	50	60
Impairment of non-current assets	—	283	—
Income from prescription of liability on redeemable preferred shares	—	(7,839)	—
Sun Trademark amortization	—	—	2,628
Losses from changes in fair value of financial assets at FVPL	—	—	174
CREATE Act impact for prior year deferred taxes	—	—	(355)
Net income attributable to noncontrolling interests	(210)	(250)	(309)
Foreign exchange losses (gains) – net	(1,152)	4,685	3,890
Gains on derivative financial instruments – net, excluding hedge costs	(1,436)	(2,572)	(1,651)
Gain on sale and leaseback of telecom towers – net of expenses	(6,992)	(24,563)	—
Net tax effect of aforementioned adjustments	(1,704)	(7,078)	(1,209)
Total adjustments	5,597	19,417	3,261
Core income from continuing operations	32,462	30,752	30,058
Core loss from discontinued operations	(41)	(600)	(121)
Consolidated core income	32,421	30,152	29,937
Core income from continuing operations	32,462	30,752	30,058
Add (deduct) adjustments:			
Share in MIH losses	2,175	3,239	1,981
Gain on dilution in MIH, net of tax	—	(660)	(702)
Gain on asset sales – net of tax	(296)	(30)	(983)
Total adjustments	1,879	2,549	296
Telco core income	34,341	33,301	30,354

(1) To be comparable with 2023, certain amounts for the years ended December 31, 2022 and 2021 have been reclassified to reflect the discontinued operations of certain ePLDT subsidiaries. See Note 2 – Summary of Material Accounting Policies – Discontinued Operations to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

(2) In 2023, depreciation and amortization includes subscriber contract cost to obtain of Php2,135 million and cost to fulfill of Php11,789 million.

The following table shows the reconciliation of our consolidated basic and diluted earnings per share, or EPS, attributable to common equity holders of PLDT to our consolidated basic and diluted core EPS for the years ended December 31, 2023, 2022 and 2021:

	2023		2022		2021	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
	(in Php)					
EPS from continuing operations	123.10	123.10	51.03	51.03	122.32	122.32
EPS from discontinued operations	(0.19)	(0.19)	(2.77)	(2.77)	(0.56)	(0.56)
Consolidated EPS attributable to common equity holders of PLDT	122.91	122.91	48.26	48.26	121.76	121.76
Add (deduct) adjustments:						
Depreciation and amortization due to change in accounting estimate	48.34	48.34	177.75	177.75	3.85	3.85
Manpower rightsizing program	7.02	7.02	17.46	17.46	1.02	1.02
Core income adjustment on equity share in net (income) losses of associates and joint ventures	2.16	2.16	(0.90)	(0.90)	(0.03)	(0.03)
Net loss/(gain) on debt modification	0.61	0.61	1.63	1.63	(4.65)	(4.65)
Impairment/derecognition of investments	0.32	0.32	0.23	0.23	0.28	0.28
Sun Trademark Amortization	—	—	—	—	9.12	9.12
Losses from changes in fair value of financial investments at FVPL	—	—	—	—	0.81	0.81
CREATE Act impact for prior year deferred taxes	—	—	—	—	(1.64)	(1.64)
Income from prescription of liability on redeemable preferred shares	—	—	(27.21)	(27.21)	—	—
Foreign exchange losses (gains) – net	(4.00)	(4.00)	16.26	16.26	13.50	13.50
Gains on derivative financial instruments – net, excluding hedge costs	(4.99)	(4.99)	(8.93)	(8.93)	(5.73)	(5.73)
Gain on sale and leaseback of telecom towers	(24.59)	(24.59)	(86.91)	(86.91)	—	—
Other non-recurring expenses	2.00	2.00	1.65	1.65	—	—
Total adjustments	26.87	26.87	91.02	91.02	16.53	16.53
Core EPS from continuing operations	149.97	149.97	142.05	142.065	138.86	138.86
Core EPS from discontinued operations	(0.19)	(0.19)	(2.77)	(2.77)	(0.56)	(0.56)
Consolidated core EPS	149.78	149.78	139.28	139.298	138.30	138.30

Results of Operations

The table below shows the contribution by each of our business segments to our consolidated revenues, expenses, other income (expenses), income (loss) before income tax, provision for (benefit from) income tax, net income (loss), segment profit (loss), EBITDA, EBITDA margin and core income for the years ended December 31, 2023, 2022 and 2021. In each of the years ended December 31, 2023, 2022 and 2021, the majority of our revenues was derived from our operations within the Philippines. Our revenues derived from outside the Philippines consist primarily of revenues from incoming international calls to the Philippines.

	Wireless	Fixed Line	Others	Inter-segment Transactions	Consolidated
			(in million)		
For the year ended December 31, 2023					
Revenues	104,401	120,734	—	(14,182)	210,953
Expenses	82,827	102,352	18	(14,938)	170,259
Other income (expenses) – net	1,485	12,147	(2,251)	(15,598)	(4,217)
Income (loss) before income tax	23,059	30,529	(2,269)	(14,842)	36,477
Provision for (benefit from) income tax	5,537	4,015	1	59	9,612
Net income (loss)/Segment profit (loss)	17,522	26,514	(2,270)	(14,901)	26,824
Continuing operations	*17,522*	*26,514*	*(2,270)*	*(14,901)*	*26,865*
Discontinued operations	—	—	—	—	*(41)*
EBITDA	56,505	56,966	(18)	(9,156)	104,233
Continuing operations	*56,505*	*56,966*	*(18)*	*(9,156)*	*104,297*
Discontinued operations	—	—	—	—	*(64)*
EBITDA margin[(1)]	59%	47%	—	—	52%
Core income	11,750	37,886	(2,110)	(15,064)	32,421
Continuing operations	*11,750*	*37,886*	*(2,110)*	*(15,064)*	*32,462*
Discontinued operations	—	—	—	—	*(41)*
Telco core income	11,750	37,590	65	(15,064)	34,341
For the year ended December 31, 2022[(2)]					
Revenues	104,274	127,810	—	(27,722)	204,362
Expenses	104,058	133,148	13	(27,792)	209,427
Other income (expenses) – net	18,681	21,002	(2,790)	(17,796)	19,097
Income (loss) before income tax	18,897	15,664	(2,803)	(17,726)	14,032
Provision for (benefit from) income tax	3,793	(1,102)	(134)	140	2,697
Net income (loss)/Segment profit (loss)	15,104	16,766	(2,669)	(17,866)	10,735
Continuing operations	*15,104*	*16,766*	*(2,669)*	*(17,866)*	*11,335*
Discontinued operations	—	—	—	—	*(600)*
EBITDA	52,215	55,051	(12)	(9,666)	100,262
Continuing operations	*52,215*	*55,051*	*(12)*	*(9,666)*	*100,588*
Discontinued operations	—	—	—	—	*(326)*
EBITDA margin[(1)]	58%	43%	—	—	51%
Core income	13,034	38,613	(2,958)	(17,937)	30,152
Continuing operations	*13,034*	*38,613*	*(2,958)*	*(17,937)*	*30,752*
Discontinued operations	—	—	—	—	*(600)*
Telco core income	13,034	38,135	69	(17,937)	33,301
For the year ended December 31, 2021[(2)]					
Revenues	106,619	115,992	—	(30,425)	192,186
Expenses	89,172	92,189	7	(30,053)	151,315
Other income (expenses) – net	(4,647)	6,548	121	(8,637)	(6,615)
Income (loss) before income tax	12,800	30,351	114	(9,009)	34,256
Provision for (benefit from) income tax	3,366	4,084	(270)	279	7,459
Net income (loss)/Segment profit (loss)	9,434	26,267	384	(9,288)	26,676
Continuing operations	*9,434*	*26,267*	*384*	*(9,288)*	*26,797*
Discontinued operations	—	—	—	—	*(121)*
EBITDA	60,971	46,019	(7)	(10,801)	96,169
Continuing operations	*60,971*	*46,019*	*(7)*	*(10,801)*	*96,182*
Discontinued operations	—	—	—	—	*(13)*
EBITDA margin[(1)]	61%	40%	—	—	52%
Core income (loss)	13,645	26,419	(666)	(9,340)	29,937
Continuing operations	*13,645*	*26,419*	*(666)*	*(9,340)*	*30,058*
Discontinued operations	—	—	—	—	*(121)*
Telco core income	13,645	25,857	192	(9,340)	30,354

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

(2) *To be comparable with 2023, certain amounts for the years ended December 31, 2022 and 2021 have been reclassified to reflect the discontinued operations of certain ePLDT subsidiaries. See Note 2 – Summary of Material Accounting Policies – Discontinued Operations to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.*

Years ended December 31, 2023 and 2022

On a Consolidated Basis

Revenues

We reported consolidated revenues of Php210,953 million in 2023, an increase of Php6,591 million, or 3%, as compared with Php204,362 million in 2022, primarily due to higher consolidated revenues from data services, partially offset by lower consolidated revenues from fixed wireless broadband and SMS services.

Our consolidated service revenues of Php201,832 million in 2023, increased by Php6,488 million, or 3%, from Php195,344 million in 2022. Our consolidated non-service revenues of Php9,121 million in 2023, increased by Php103 million, or 1%, from Php9,018 million in 2022.

Consolidated service revenues, net of interconnection costs of Php10,418 million, amounted to Php191,414 million in 2023, an increase of Php2,174 million, or 1%, from Php189,240 million in 2022.

The following table shows the breakdown of our consolidated revenues by service for the years ended December 31, 2023 and 2022:

	Wireless	Fixed Line	Inter-segment Transactions	Consolidated
		(amounts in million Php)		
For the year ended December 31, 2023				
Service Revenues				
Wireless	*95,677*		*(683)*	*94,994*
Mobile	94,007		(642)	93,365
Fixed Wireless broadband	1,629		—	1,629
Other services	41		(41)	—
Fixed Line		*120,336*	*(13,498)*	*106,838*
Voice		26,686	(1,526)	25,160
Data		93,212	(11,703)	81,509
Home broadband		50,876	(24)	50,852
Corporate data and ICT		42,336	(11,679)	30,657
Miscellaneous		438	(269)	169
Total Service Revenues	95,677	120,336	(14,181)	201,832
Non-Service Revenues				
Sale of phone units, mobile handsets, broadband data modems and devices	8,724	396	(1)	9,119
Point-product sales	—	2	—	2
Total Non-Service Revenues	8,724	398	(1)	9,121
Total Revenues	104,401	120,734	(14,182)	210,953
For the year ended December 31, 2022[(1)]				
Service Revenues				
Wireless	*95,852*		*(792)*	*95,060*
Mobile	93,724		(695)	93,029
Fixed Wireless broadband	2,028		—	2,028
Other services	100		(97)	3
Fixed Line[(1)]		*127,214*	*(26,930)*	*100,284*
Voice		36,727	(14,478)	22,249
Data		90,068	(12,179)	77,889
Home broadband		48,975	(31)	48,944
Corporate data and ICT		41,093	(12,148)	28,945
Miscellaneous		419	(273)	146
Total Service Revenues	95,852	127,214	(27,722)	195,344
Non-Service Revenues				
Sale of phone units, mobile handsets, broadband data modems and devices	8,422	495	—	8,917
Point-product sales	—	101	—	101
Total Non-Service Revenues	8,422	596	—	9,018
Total Revenues	104,274	127,810	(27,722)	204,362

(1) *To be comparable with 2023, certain amounts for the year ended December 31, 2022 have been reclassified to reflect the discontinued operations of certain ePLDT subsidiaries. See Note 2 – Summary of Material Accounting Policies – Discontinued Operations to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.*

The following table shows the breakdown of our consolidated revenues by business segment for the years ended December 31, 2023 and 2022:

	2023	%	2022	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	104,401	50	104,274	51	127	—
Fixed Line	120,734	57	127,810	63	(7,076)	(6)
Inter-segment transactions	(14,182)	(7)	(27,722)	(14)	13,540	49
Consolidated	210,953	100	204,362	100	6,591	3

Expenses

Consolidated expenses decreased by Php39,168 million, or 19%, to Php170,259 million in 2023 from Php209,427 million in 2022, primarily due to lower expenses related to depreciation and amortization, selling, general and administrative expenses, provisions, and asset impairment, partially offset by higher interconnection costs, and cost of sales and services.

The following table shows the breakdown of our consolidated expenses by business segment for the years ended December 31, 2023 and 2022:

	2023	%	2022	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	82,827	49	104,058	50	(21,231)	(20)
Fixed Line	102,352	60	133,148	63	(30,796)	(23)
Others	18	—	13	—	5	38
Inter-segment transactions	(14,938)	(9)	(27,792)	(13)	12,854	46
Consolidated	170,259	100	209,427	100	(39,168)	(19)

Other Income (Expenses) – Net

Consolidated other expenses – net amounted to Php4,217 million in 2023, a change of Php23,314 million as against consolidated other income – net of Php19,097 million in 2022, primarily due to the combined effects of the following: (i) lower other income – net from our Wireless business segment mainly on account of a lower gain on sale and leaseback of telecom towers, and from our Fixed Line business segment owing mainly to lower dividend income recognized from the subsidiaries of Wireless business segment, and the income from prescription of liability on redeemable preferred shares in 2022; (ii) higher net financing costs from our Fixed Line and Wireless business segments; (iii) lower net gains on derivative financial instruments from our Fixed Line and Wireless business segments; (iv) lower equity share in net losses mainly from our Other business segment; and (v) net foreign exchange gains from our Wireless and Fixed Line business segments in 2023 as against net foreign exchange losses in 2022.

The following table shows the breakdown of our consolidated other income (expenses) – net by business segment for the years ended December 31, 2023 and 2022:

			Change	
	2023	2022	Amount	%
	(amounts in million Php)			
Wireless	1,485	18,681	(17,196)	(92)
Fixed Line	12,147	21,002	(8,855)	(42)
Others	(2,251)	(2,790)	539	19
Inter-segment transactions	(15,598)	(17,796)	2,198	12
Consolidated	(4,217)	19,097	(23,314)	(122)

Net Income

Consolidated net income increased by Php16,089 million to Php26,824 million in 2023 from Php10,735 million in 2022. The increase was mainly due to the combined effects of the following: (i) higher consolidated revenues by Php6,591 million; (ii) lower consolidated expenses by Php39,168 million; (iii) consolidated other expenses of Php4,217 million in 2023 as against consolidated other income of Php19,097 million in 2022; (iv) higher provision for income tax by Php6,915 million; and (v) lower net loss from discontinued operations by Php559 million. Our consolidated basic and diluted EPS increased to Php122.91 in 2023 from Php48.26 in 2022. Our weighted average number of outstanding common shares was approximately 216.06 million for each of the years ended December 31, 2023 and 2022.

					Change	
	2023	%	2022	%	Amount	%
	(amounts in million Php)					
Wireless	17,522	65	15,104	141	2,418	16
Fixed Line	26,514	99	16,766	156	9,748	58
Others	(2,270)	(8)	(2,669)	(25)	399	15
Inter-segment transactions	(14,901)	(56)	(17,866)	(166)	2,965	17
Continuing operations	26,865	100	11,335	106	15,530	137
Discontinued operations	(41)	—	(600)	(6)	559	93
Consolidated	26,824	100	10,735	100	16,089	150

EBITDA

Our consolidated EBITDA amounted to Php104,233 million in 2023, an increase of Php3,971 million, or 4%, as compared with Php100,262 million in 2022.

The following table shows the breakdown of our consolidated EBITDA by business segment for the years ended December 31, 2023 and 2022:

					Change	
	2023	%	2022	%	Amount	%
	(amounts in million Php)					
Wireless	56,505	54	55,215	55	1,290	2
Fixed Line	56,966	55	55,051	55	1,915	3
Others	(18)	—	(12)	—	(6)	(50)
Inter-segment transactions	(9,156)	(9)	(9,666)	(10)	510	5
Continuing operations	104,297	100	100,588	100	3,709	4
Discontinued operations	(64)	—	(326)	—	262	80
Consolidated	104,233	100	100,262	100	3,971	4

Our EBITDA from continuing operations, excluding MRP and expenses related to the sale of our telecom assets, amounted to Php104,297 million in 2023, an increase of Php3,709 million, or 4%, as compared with Php100,588 million in 2022.

Core Income (Loss)

Our consolidated core income amounted to Php32,421 million in 2023, an increase of Php2,269 million, or 8%, as compared with Php30,152 million in 2022, mainly on account of higher EBITDA excluding MRP and expenses related to the sale of our telecom assets, lower equity share in net losses of associates and joint ventures, and lower depreciation and amortization expenses, partially offset by higher financing costs and provision for income tax. Our consolidated basic and diluted core EPS increased to Php149.78 in 2023 from Php139.29 in 2022.

The following table shows the breakdown of our consolidated core income by business segment for the years ended December 31, 2023 and 2022:

					Change	
	2023	%	2022	%	Amount	%
	(amounts in million Php)					
Wireless	11,750	36	13,034	43	(1,284)	(10)
Fixed Line	37,886	117	38,613	128	(727)	(2)
Others	(2,110)	(7)	(2,958)	(10)	848	29
Inter-segment transactions	(15,064)	(46)	(17,937)	(59)	2,873	16
Continuing operations	32,462	100	30,752	102	1,710	6
Discontinued operations	(41)	—	(600)	(2)	559	93
Consolidated	32,421	100	30,152	100	2,269	8

Telco Core Income

Our consolidated telco core income amounted to Php34,341 million in 2023, an increase of Php1,040 million, or 3%, as compared with Php33,301 million in 2022, mainly due to higher EBITDA excluding MRP and expenses related to the sale of our telecom assets, as well as lower depreciation and amortization expenses, partially offset by higher financing costs and provision for income tax.

The following table shows the breakdown of our consolidated telco core income by business segment for the years ended December 31, 2023 and 2022:

					Change	
	2023	**%**	**2022**	**%**	**Amount**	**%**
			(amounts in million Php)			
Wireless	11,750	34	13,034	39	(1,284)	(10)
Fixed Line	37,590	110	38,135	115	(545)	(1)
Others	65	—	69	—	(4)	(6)
Inter-segment transactions	(15,064)	(44)	(17,937)	(54)	2,873	16
Consolidated	34,341	100	33,301	100	1,040	3

On a Business Segment Basis

Wireless

Revenues

We generated revenues of Php104,401 million from our Wireless business segment in 2023, an increase of Php127 million from Php104,274 million in 2022.

The following table summarizes our total revenues by service from our Wireless business segment for the years ended December 31, 2023 and 2022:

					Increase (Decrease)	
	2023	**%**	**2022**	**%**	**Amount**	**%**
			(amounts in million Php)			
Service Revenues:						
Mobile	94,007	90	93,724	90	283	—
Fixed Wireless broadband	1,629	2	2,028	2	(399)	(20)
Other services[(1)]	41	—	100	—	(59)	(59)
Total Wireless Service Revenues	95,677	92	95,852	92	(175)	—
Non-Service Revenues:						
Sale of mobile handsets and broadband data modems	8,724	8	8,422	8	302	4
Total Wireless Revenues	104,401	100	104,274	100	127	—

(1) *Includes facility service fees.*

Service Revenues

Our wireless service revenues decreased by Php175 million to Php95,677 million in 2023 as compared with Php95,852 million in 2022, primarily due to lower revenues from fixed wireless broadband, and other services, partially offset by higher revenues from our mobile services. As a percentage of our total wireless revenues, service revenues accounted for 92% in each of 2023 and 2022.

Wireless service revenues, net of interconnection costs, amounted to Php94,843 million in 2023, a decrease of Php142 million from Php94,985 million in 2022.

Mobile Services

Our mobile service revenues amounted to Php94,007 million in 2023, an increase of Php283 million from Php93,724 million in 2022. Mobile service revenues accounted for 98% of our wireless service revenues in each of 2023 and 2022.

The following table shows the breakdown of our mobile service revenues for the years ended December 31, 2023 and 2022:

					Increase (Decrease)	
	2023	**%**	**2022**	**%**	**Amount**	**%**
			(amounts in million Php)			
Mobile Services:						
Data	74,990	80	72,169	77	2,821	4
Voice	11,387	12	14,268	15	(2,881)	(20)
SMS	5,724	6	5,900	6	(176)	(3)
Inbound roaming and others[(1)]	1,906	2	1,387	2	519	37
Total	94,007	100	93,724	100	283	—

(1) *Refers to other non-subscriber-related revenues consisting primarily of inbound international roaming fees and facility service fees.*

Data Services

Mobile revenues from our data services, which include mobile internet, mobile broadband and other data services, increased by Php2,821 million, or 4%, to Php74,990 million in 2023 from Php72,169 million in 2022 due to higher mobile internet revenues driven mainly by the continued strength of our mobile network, and promotion of data offers such as Power All, Double Giga and Magic Data, which cater to the needs of prepaid subscribers looking for data flexibility as consumers shift from working and studying from home to a more hybrid work and school environment, partially offset by lower mobile broadband and other data revenues.

Data services accounted for 80% and 77% of our mobile service revenues for the years ended December 31, 2023 and 2022, respectively.

The following table shows the breakdown of our mobile data service revenues for the years ended December 31, 2023 and 2022:

	2023	%	2022[1]	%	Increase (Decrease) Amount	%
			(amounts in million Php)			
Data Services:						
Mobile internet[2]	71,268	95	67,714	94	3,554	5
Mobile broadband	2,900	4	3,368	5	(468)	(14)
Other data	822	1	1,087	1	(265)	(24)
Total	74,990	100	72,169	100	2,821	4

(1) *Certain amounts for the year ended December 31, 2022 were reclassified to conform with the current year presentation.*
(2) *Includes revenues from web-based services, net of discounts and content provider costs.*

Mobile Internet

Mobile internet service revenues increased by Php3,554 million, or 5%, to Php71,268 million in 2023 from Php67,714 million in 2022, primarily due to the increase in mobility and new product offerings, such as Free Tiktok for All, Power All, Affordaloads, and the continued promotion of Smart Postpaid's Unli 5G plans.

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

Mobile internet services accounted for 76% and 72% of our mobile service revenues in 2023 and 2022, respectively.

Mobile Broadband

Mobile broadband revenues generated from the use of pocket WiFi, amounted to Php2,900 million in 2023, a decrease of Php468 million, or 14%, from Php3,368 million in 2022, primarily due to lower mobile broadband subscriber base.

Mobile broadband services accounted for 3% and 4% of our mobile service revenues in 2023 and 2022, respectively.

Other Data

Revenues from our other data services, which include value-added services (VAS) and domestic leased lines, decreased by Php265 million, or 24%, to Php822 million in 2023 from Php1,087 million in 2022. The decrease was primarily due to lower revenues from VAS via direct carrier billing, driven by the game publishers' shift to digital payment solutions.

Voice Services

Mobile revenues from our voice services, which include all voice traffic, decreased by Php2,881 million, or 20%, to Php11,387 million in 2023 from Php14,268 million in 2022, due to subscribers' shift to alternative calling options, digital teleconferencing solutions, and other OTT services. In view of these new digital solutions and to improve its voice service, Smart has been provisioning its mobile users for Voice over LTE (VoLTE) and Voice over Wifi (VoWiFi) services which routes the voice calls through digital channels. VoLTE and VoWifi offer better voice quality. Mobile voice services accounted for 12% and 15% of our mobile service revenues in 2023 and 2022, respectively.

Domestic voice service revenues decreased by Php2,418 million, or 19%, to Php10,489 million in 2023 from Php12,907 million in 2022, mainly due to lower traffic from domestic outbound voice services.

International voice service revenues decreased by Php463 million, or 34%, to Php898 million in 2023 from Php1,361 million in 2022 resulting from the declining trend of international inbound voice traffic due to subscribers' shift to application-based form of communications and other OTT services.

SMS Services

Mobile revenues from our SMS services, which include all SMS-related services, decreased by Php176 million, or 3%, to Php5,724 million in 2023 from Php5,900 million in 2022, mainly due to the decline in SMS volumes arising from the increased adoption of alternative messaging solutions such as OTT services, social media, and messenger application, partially offset by the increase in A2P service revenues. Mobile SMS services accounted for 6% of our mobile service revenues in each of 2023 and 2022.

Inbound Roaming and Others

Mobile revenues from inbound roaming and other services increased by Php519 million, or 37%, to Php1,906 million in 2023 from Php1,387 million in 2022 mainly due to higher revenues from inbound roaming services driven by the increase in international travel and higher revenues from other subscriber-related income.

Subscriber Base, ARPU and Churn Rates

In October 2022, R.A. No. 11934, or the SIM Registration Act, took effect which mandates that all SIMs be registered before activation. The law aims to address the proliferation of text scams in the country, as well as other crimes committed through text messages. Under the law, telecommunication companies are required to collect the full name, date of birth, complete address, gender, valid government IDs and the attestation of the end users. Smart officially launched its registration portal on December 27, 2022. The original deadline for mandatory SIM registration was April 26, 2023, which was subsequently extended until July 25, 2023. Smart registered over 52.5 million of Smart's subscribers as at July 30, 2023.

The following table shows our mobile subscriber base as at December 31, 2023 and 2022:

	2023	2022	Increase (Decrease) Amount	%
Mobile subscriber base[1]				
Prepaid	55,667,880	64,287,019	(8,619,139)	(13)
Smart	*21,530,993*	*24,394,379*	*(2,863,386)*	*(12)*
TNT	*34,136,887*	*39,892,640*	*(5,755,753)*	*(14)*
Postpaid	2,159,246	2,017,742	141,504	7
Total	57,827,126	66,304,761	(8,477,635)	*(13)*

[1] *Includes mobile broadband subscribers.*

In view of the SIM Registration Act, we recognize a prepaid mobile subscriber as active upon registration of the SIM card. Beginning the fourth quarter of 2023, we consider a prepaid mobile subscriber as churn if the subscriber does not reload within 180 days after the full usage or expiry of the last reload, and does not latch to the network within 180 days.

The average monthly churn rates for Smart Prepaid subscribers were 2.6% and 4.6% in 2023 and 2022, respectively, while the average monthly churn rates for TNT subscribers were 2.8% and 4.6% in 2023 and 2022, respectively.

The average monthly churn rates for Postpaid subscribers were 1.4% and 1.6% in 2023 and 2022, respectively.

Smart launched the prepaid eSim in July 2023. Smart is first to launch the prepaid eSim in the Philippines.

The following table summarizes our average monthly ARPUs for the years ended December 31, 2023 and 2022:

	Gross[1]		Increase (Decrease)		Net[2]		Increase (Decrease)	
	2023	2022	Amount	%	2023	2022	Amount	%
	(amounts in Php)							
Prepaid								
Smart	*135*	*123*	12	10	*119*	*105*	*14*	*13*
TNT	*110*	*97*	*13*	*13*	*99*	*85*	*14*	*16*
Postpaid	727	732	(5)	(1)	688	697	(9)	(1)

[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.*

Fixed Wireless Broadband

Revenues from our Fixed Wireless Broadband services amounted to Php1,629 million in 2023, a decrease of Php399 million, or 20%, from Php2,028 million in 2022 primarily due to lower subscriber base.

Other Services

Revenues from our other services amounted to Php41 million in 2023, a decrease of Php59 million, or 59%, from Php100 million in 2022.

Non-Service Revenues

Our wireless non-service revenues consist of sale of mobile handsets, broadband data routers, tablets and accessories. Our wireless non-service revenues increased by Php302 million, or 4%, to Php8,724 million in 2023 from Php8,422 million in 2022, primarily due to a higher sale of postpaid mobile handsets.

Expenses

Expenses associated with our Wireless business segment amounted to Php82,827 million in 2023, a decrease of Php21,231 million, or 20%, from Php104,058 million in 2022. The decrease was attributable to lower expenses related to depreciation and amortization, provisions, asset impairment, selling, general and administrative expenses, and interconnection costs, partially offset by higher cost of sales and services. As a percentage of our total wireless revenues, expenses associated with our Wireless business segment accounted for 79% and 100% in 2023 and 2022, respectively.

The following table summarizes the breakdown of our total wireless-related expenses for the years ended December 31, 2023 and 2022 and the percentage of each expense item in relation to the total:

					Increase (Decrease)	
	2023	%	2022	%	Amount	%
			(amounts in million Php)			
Selling, general and administrative expenses	37,829	46	37,872	36	(43)	—
Depreciation and amortization	31,498	38	52,660	51	(21,162)	(40)
Cost of sales and services	12,018	14	11,486	11	532	5
Interconnection costs	834	1	867	1	(33)	(4)
Provisions	648	1	1,077	1	(429)	(40)
Asset impairment	—	—	96	—	(96)	(100)
Total	82,827	100	104,058	100	(21,231)	(20)

Selling, general and administrative expenses decreased by Php43 million to Php37,829 million, primarily due to lower expenses related to compensation and employee benefits, selling and promotions, professional and other contracted services, insurance and security services, and rent, partially offset by higher expenses related to repairs and maintenance, and taxes and licenses.

Depreciation and amortization charges decreased by Php21,162 million, or 40%, to Php31,498 million, mainly on account of lower depreciation due to shortened life of 3G technology-related equipment in 2022 resulting from the migration to faster speed LTE and 5G technologies, partly offset by higher amortization of capitalized leases arising from the sale and leaseback of telecom towers.

Cost of sales and services increased by Php532 million, or 5%, to Php12,018 million, primarily due to SIM registration and higher SIM printing costs.

Interconnection costs decreased by Php33 million, or 4%, to Php834 million, primarily due to lower interconnection costs on A2P transactions and international voice services.

Provisions decreased by Php429 million, or 40%, to Php648 million, primarily due to lower provision for inventory obsolescence, and lower provision for expected credit losses arising from tightening of credit policies.

Asset impairment for PPE amounted to nil in 2023 as against Php96 million in 2022 due to impairment charges on certain network equipment damaged by Typhoon Odette.

Other Income (Expenses) – Net

The following table summarizes the breakdown of our total wireless-related other income (expenses) – net for the years ended December 31, 2023 and 2022:

			Change	
	2023	2022	Amount	%
		(amounts in million Php)		
Other Income (Expenses) – Net:				
Foreign exchange gains (losses) – net	981	(1,567)	2,548	163
Interest income	720	451	269	60
Gains on derivative financial instruments – net	114	530	(416)	(78)
Financing costs – net	(9,034)	(8,349)	(685)	(8)
Other income – net	8,704	27,616	(18,912)	(68)
Total	1,485	18,681	(17,196)	(92)

Our Wireless business segment's other income – net amounted to Php1,485 million in 2023, a decrease of Php17,196 million, or 92%, Php18,681 million in 2022, primarily due to the combined effects of the following: (i) lower other income – net by Php18,912 million mainly due to lower gain on sale and leaseback of telecom tower, which decreased by Php18,075 million to Php7,777 million in 2023 from Php25,852 million in 2022; (ii) higher net financing costs by Php685 million mainly due to accretion on lease liabilities and higher interest rates, partially offset by higher capitalized interest; (iii) lower net gains on derivative financial instruments by Php416 million; (iv) higher interest income by Php269 million; and (v) net foreign exchange gains of Php981 million in 2023 as against net foreign exchange losses of Php1,567 million in 2022 mainly on account of revaluation of net foreign currency-denominated liabilities due to the appreciation of the Philippine peso relative to the U.S. dollar in 2023 as compared to the depreciation of the Philippine peso relative to the U.S. dollar in 2022.

Provision for Income Tax

Provision for income tax amounted to Php5,537 million in 2023, an increase of Php1,744 million, or 46%, from Php3,793 million in 2022, mainly due to higher income before tax, lower optional standard deduction savings from Digitel Mobile Philippines, Inc. (DMPI) in 2023, and local tax deficiency settlement made by Smart Broadband Inc. in 2023 for which no tax benefit has been realized.

Net Income

As a result of the foregoing, our Wireless business segment's net income increased by Php2,418 million, or 16%, to Php17,522 million in 2023 from Php15,104 million in 2022.

EBITDA

Our Wireless business segment's EBITDA increased by Php1,290 million, or 2%, to Php56,505 million in 2023 from Php55,215 million in 2022. EBITDA margin increased to 59% in 2023 from 58% in 2022.

Core Income

Our Wireless business segment's core income decreased by Php1,284 million, or 10%, to Php11,750 million in 2023 from Php13,034 million in 2022, mainly on account of lower EBITDA, excluding MRP and expenses related to the sale of our telecom assets, and lower other miscellaneous income, partially offset by lower depreciation and amortization.

Fixed Line

Revenues

Revenues generated from our Fixed Line business segment amounted to Php120,734 million in 2023, a decrease of Php7,076 million, or 6%, from Php127,810 million in 2022.

The following table summarizes our total revenues by service from our Fixed Line business segment for the years ended December 31, 2023 and 2022:

					Increase (Decrease)	
	2023	**%**	**2022**	**%**	**Amount**	**%**
			(amounts in million Php)			
Service Revenues:						
Data	93,212	77	90,068	71	3,144	3
Voice	26,686	22	36,727	29	(10,041)	(27)
Miscellaneous	438	1	419	—	19	5
	120,336	100	127,214	100	(6,878)	(5)
Non-Service Revenues:						
Sale of phone units, point-product sales and devices	398	—	596	—	(198)	(33)
Total Fixed Line Revenues	120,734	100	127,810	100	(7,076)	(6)

Service Revenues

Our fixed line service revenues decreased by Php6,878 million, or 5%, to Php120,336 million in 2023 from Php127,214 million in 2022, primarily due to lower revenues from our voice services, partially offset by higher revenues from our data services.

Fixed Line service revenues, net of interconnection costs, amounted to Php109,206 million in 2023, an increase of Php1,735 million, or 2%, from Php107,471 million in 2022.

Data Services

Our data services, which include Home broadband, corporate data, and ICT portfolio with data center, cloud, cyber security, and managed IT offerings, posted revenues of Php93,212 million in 2023, an increase of Php3,144 million, or 3%, from Php90,068 million in 2022, primarily due to higher revenues from Home broadband and corporate data and leased lines, partially offset by lower ICT services, inclusive of intersegment transactions. The percentage contribution of this service segment to our fixed line service revenues accounted for 77% and 71% in 2023 and 2022, respectively.

The following table shows information of our data service revenues for the years ended December 31, 2023 and 2022:

	2023	2022	Increase Amount	%
	(amounts in million Php)			
Data service revenues	93,212	90,068	3,144	3
Home broadband	50,876	48,975	1,901	4
Corporate data and ICT	42,336	41,093	1,243	3

Home Broadband

Home broadband data revenues amounted to Php50,876 million in 2023, an increase of Php1,901 million, or 4%, from Php48,975 million in 2022. This growth is driven by increasing demand for broadband services, including fixed wired (PLDT Home Fibr), which the company is providing through the nationwide roll-out of its FTTH network. Home broadband revenues accounted for 54% of fixed line data service revenues in each of 2023 and 2022. PLDT's FTTH nationwide network roll-out has reached over 17.5 million homes passed as of December 31, 2023, while the number of ports has grown to about 6.3 million.

Corporate Data and ICT

Corporate data services amounted to Php35,204 million in 2023, an increase of Php1,422 million, or 4%, as compared with Php33,782 million in 2022, mainly due to the sustained demand for broadband internet and data networking services. Corporate data revenues accounted for 38% of our total data service revenues in each of 2023 and 2022.

ICT revenues decreased by Php179 million, or 2%, to Php7,132 million in 2023 from Php7,311 million in 2022, mainly due to lower intersegment revenues with our Wireless business. Excluding intersegment transactions, ICT services would have increased by Php699 million, or 15%, to Php5,327 million in 2023 from Php4,628 million in 2022. The percentage contribution of this service segment to our total data service revenues accounted for 8% in each of 2023 and 2022.

Voice Services

Revenues from our voice services decreased by Php10,041 million, or 27%, to Php26,686 million in 2023 from Php36,727 million in 2022, primarily due to lower revenues from international services of PLDT Global resulting from the transfer of load business to Wireless business segment. The percentage contribution of voice service revenues to our fixed line service revenues accounted for 22% and 29% in 2023 and 2022, respectively.

Miscellaneous Services

Miscellaneous service revenues are derived mostly from rentals and management fees. These service revenues increased by Php19 million, or 5%, to Php438 million in 2023 from Php419 million in 2022.

Non-service Revenues

Non-service revenues decreased by Php198 million, or 33%, to Php398 million in 2023 from Php596 million in 2022, primarily due to lower point-product sales, partially offset by higher sale of WiFi mesh.

Expenses

Expenses related to our Fixed Line business segment totaled Php102,352 million in 2023, a decrease of Php30,796 million, or 23%, as compared with Php133,148 million in 2022. The decrease was primarily due to lower depreciation and amortization, interconnection costs, selling, general and administrative expenses, provisions, cost of sales and services, and asset impairment. As a percentage of our total fixed line revenues, expenses associated with our Fixed Line business segment accounted for 85% and 104% in 2023 and 2022, respectively.

The following table shows the breakdown of our total fixed line-related expenses for the year ended December 31, 2023 and 2022 and the percentage of each expense item in relation to the total:

	2023	%	2022	%	Increase (Decrease) Amount	%
	(amounts in million Php)					
Selling, general and administrative expenses	47,469	46	49,229	37	(1,760)	(4)
Depreciation and amortization	36,855	36	55,707	42	(18,852)	(34)
Interconnection costs	11,130	11	19,743	15	(8,613)	(44)
Provisions	3,784	4	4,684	3	(900)	(19)
Cost of sales and services	3,114	3	3,599	3	(485)	(13)
Asset impairment	—	—	186	—	(186)	(100)
Total	102,352	100	133,148	100	(30,796)	(23)

Selling, general and administrative expenses decreased by Php1,760 million, or 4%, to Php47,469 million primarily due to lower expenses related to compensation and employee benefits on account of lower MRP, repairs and maintenance, insurance and security services, and other expenses. This is partly offset by higher expenses related to selling and promotions primarily due to additional amortization of subscriber contract cost to obtain, taxes and licenses, professional and other contracted services, and rent.

Depreciation and amortization charges decreased by Php18,852 million, or 34%, to Php36,585 million mainly driven by additional depreciation in 2022 due to change in estimated useful life of copper-based technology, resulting from the migration to FTTH, and the modernization of network equipment. This is partly offset by additional depreciation and amortization of subscriber contract cost to fulfill in 2023 due to the change in estimated useful life.

Interconnection costs decreased by Php8,613 million, or 44%, to Php11,130 million, primarily due to lower international interconnection costs of PLDT Global mainly due to the transfer of load business to Wireless business segment.

Provisions decreased by Php900 million, or 19%, to Php3,784 million, primarily due to lower provision for ECLs mainly due to improved collection rate and lower provision for inventory obsolescence.

Cost of sales and services decreased by Php485 million, or 13%, to Php3,114 million, primarily due to lower cost of services, mainly from ePLDT's lower cost of data center with our Wireless business.

Asset impairment for property and equipment amounted to nil in 2023 as compared with Php186 million in 2022 due to impairment on certain network equipment damaged by Typhoon Odette and impairment of property and equipment related to managed IT services of ePLDT.

Other Income (Expenses) – Net

The following table summarizes the breakdown of our total fixed line-related other income (expenses) – net for the years ended December 31, 2023 and 2022:

			Change	
	2023	2022	Amount	%
	(amounts in million Php)			
Other Income (Expenses) – Net:				
Gains on derivative financial instruments – net	1,084	1,792	(708)	(40)
Interest income	324	202	122	60
Foreign exchange gains (losses) – net	138	(3,230)	3,368	104
Equity share in net losses of associates and joint ventures	(595)	(253)	(342)	(135)
Financing costs – net	(6,824)	(6,100)	(724)	(12)
Other income – net	18,020	28,591	(10,571)	(37)
Total	12,147	21,002	(8,855)	(42)

Our Fixed Line business segment's other income – net amounted to Php12,147 million in 2023, a decrease of Php8,855 million, or 42%, from Php21,002 million in 2022, primarily due to the combined effects of the following: (i) lower other income – net by Php10,571 million mainly due to lower dividend income recognized from the subsidiaries of Wireless business segment, and PLDT's income from prescription of liability on redeemable preferred shares of Php7,839 million in 2022; (ii) higher net financing costs by Php724 million mainly due to higher interest rates and higher weighted average outstanding principal amounts, as well as lower capitalized interest; (iii) lower net gains on derivative financial instruments by Php708 million; (iv) higher equity share in net losses of associates by Php342 million; (v) higher interest income by Php122 million; and (vi) net foreign exchange gains of Php138 million in 2023 as against net foreign exchange losses of Php3,230 million in 2022 mainly on account of revaluation of net foreign currency-denominated liabilities due to the appreciation of the Philippine peso relative to the U.S. dollar in 2023 as compared to the depreciation of the Philippine peso relative to the U.S. dollar in 2022.

Provision for Income Tax

Provision for income tax amounted to Php4,015 million in 2023 as against benefit from income tax of Php1,102 million in 2022, mainly due to higher taxable income. Net income before tax in 2022 included significant non-taxable income from the dividends recognized from our Wireless subsidiaries.

Net Income

As a result of the foregoing, our Fixed Line business segment registered a net income of Php26,514 million in 2023, an increase of Php9,748 million, or 58%, as compared with Php16,766 million in 2022.

EBITDA

Our Fixed Line business segment's EBITDA increased by Php1,915 million, or 3%, to Php56,966 million in 2023 from Php55,051 million in 2022. EBITDA margin increased to 47% in 2023 from 43% in 2022.

Core Income

Our Fixed Line business segment's core income decreased by Php727 million, or 2%, to Php37,886 million in 2023 from Php38,613 million in 2022, primarily due to higher provision for income tax and lower other miscellaneous income, partially offset by higher EBITDA excluding MRP.

Others

Revenues

Revenues generated from our Other business segment amounted to nil for each of the years ended December 31, 2023 and 2022.

Expenses

Expenses related to our Other business segment increased by Php5 million, or 38%, to Php18 million in 2023 from Php13 million in 2022.

Other Income (Expenses) – Net

The following table summarizes the breakdown of other income (expenses) – net for Other business segment for the years ended December 31, 2023 and 2022:

			Change	
	2023	2022	Amount	%
		(amounts in million Php)		
Other Income (Expenses) – Net:				
Interest income	7	14	(7)	(50)
Foreign exchange gains (losses) – net	(76)	1	(77)	(7,700)
Equity share in net losses of associates and joint ventures	(2,211)	(3,051)	840	28
Other income – net	29	246	(217)	(88)
Total	(2,251)	(2,790)	539	19

Our Other business segment's other expenses – net amounted to Php2,251 million in 2023, a decrease of Php539 million, or 19%, from Php2,790 million in 2022, primarily due to the combined effects of the following: (i) lower equity share in net losses of associates and joint ventures by Php840 million mainly due to lower equity share in net losses in MIH; (ii) lower interest income by Php7 million; (iii) net foreign exchange losses of Php76 million in 2023 as against net foreign exchange gains of Php1 million in 2022; and (iv) lower other income – net by Php217 million mainly due to gain on dilution in MIH in 2022, partially offset by the loss on acquisition of Multisys in 2022.

Net Loss

As a result of the foregoing, our Other business segment registered a net loss of Php2,270 million in 2023, a decrease of Php399 million, or 15%, from Php2,669 million in 2022.

Core Loss

Our Other business segment's core loss amounted to Php2,110 million in 2023, a decrease of Php848 million, or 29%, from Php2,958 million in 2022.

Years ended December 31, 2022 and 2021

On a Consolidated Basis

Revenues

We reported consolidated revenues of Php204,362 million in 2022, an increase of Php12,176 million, or 6%, as compared with Php192,186 million in 2021, primarily due to higher consolidated revenues from data services, partially offset by lower consolidated revenues from voice, SMS and fixed wireless broadband services.

Our consolidated service revenues of Php195,344 million in 2022, increased by Php10,664 million, or 6%, from Php184,680 million in 2021. Our consolidated non-service revenues of Php9,018 million in 2022, increased by Php1,512 million, or 20%, from Php7,506 million in 2021.

Consolidated service revenues, net of interconnection costs, amounted to Php189,240 million in 2022, an increase of Php8,258 million, or 5%, from Php180,982 million in 2021.

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

	Wireless	Fixed Line	Inter-segment Transactions	Consolidated
		(amounts in million Php)		
For the year ended December 31, 2022[1]				
Service Revenues				
Wireless	*95,852*		*(792)*	*95,060*
Mobile	93,724		(695)	93,029
Fixed Wireless broadband	2,028		—	2,028
MVNO and others	100		(97)	3
Fixed Line		*127,214*	*(26,930)*	*100,284*
Voice		36,727	(14,478)	22,249
Data		90,068	(12,179)	78,889
Home broadband		48,975	(31)	48,944
Corporate data and ICT		41,093	(12,148)	28,945
Miscellaneous		419	(273)	146
Total Service Revenues	95,852	127,214	(27,722)	195,344
Non-Service Revenues				
Sale of computers, phone units, mobile handsets and broadband data modems	8,422	495	—	8,917
Point-product sales	—	101	—	101
Total Non-Service Revenues	8,422	596	—	9,018
Total Revenues	104,274	127,810	(27,722)	204,362
For the year ended December 31, 2021[1]				
Service Revenues				
Wireless	*99,639*		*(1,127)*	*98,512*
Mobile	96,538		(919)	95,619
Fixed Wireless broadband	2,889		—	2,889
MVNO and others	212		(208)	4
Fixed Line		*115,458*	*(29,290)*	*86,168*
Voice		37,232	(17,010)	20,222
Data		77,757	(11,961)	65,796
Home broadband		40,181	(56)	40,125
Corporate data and ICT		37,576	(11,905)	25,671
Miscellaneous		469	(319)	150
Total Service Revenues	99,639	115,458	(30,417)	184,680
Non-Service Revenues				
Sale of computers, phone units, mobile handsets and broadband data modems	6,980	454	—	7,434
Point-product sales	—	80	(8)	72
Total Non-Service Revenues	6,980	534	(8)	7,506
Total Revenues	106,619	115,992	(30,425)	192,186

(1) *To be comparable with 2023, certain amounts for the years ended December 31, 2022 and 2021 have been reclassified to reflect the discontinued operations of certain ePLDT subsidiaries. See Note 2 – Summary of Material Accounting Policies – Discontinued Operations to the accompanying audited consolidated financial statements for further discussion.*

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

	2022	%	2021	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	104,274	51	106,619	56	(2,345)	(2)
Fixed Line	127,810	63	115,992	60	11,818	10
Inter-segment transactions	(27,722)	(14)	(30,425)	(16)	2,703	9
Consolidated	204,362	100	192,186	100	12,176	6

Expenses

Consolidated expenses increased by Php58,112 million, or 38%, to Php209,427 million in 2022 from Php151,315 million in 2021, primarily due to higher depreciation and amortization, selling, general and administrative expenses, interconnection costs, costs of sales and services, and provisions for expected credit losses and inventory obsolescence.

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

	2022	%	2021	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	104,058	50	89,172	59	14,886	17
Fixed Line	133,148	63	92,189	61	40,959	44
Others	13	—	7	—	6	86
Inter-segment transactions	(27,792)	(13)	(30,053)	(20)	2,261	8
Consolidated	209,427	100	151,315	100	58,112	38

Other Income (Expenses) – Net

Consolidated other income – net amounted to Php19,097 million in 2022, a change of Php25,712 million as against consolidated other expenses – net of Php6,615 million in 2021, primarily due to the combined effects of the following: (i) higher other income – net from our Wireless and Fixed Line business segments, owing mostly to the gain on sale and leaseback of telecom towers and the income from prescription of liability on redeemable preferred shares, respectively; (ii) higher gains on derivative financial instruments from our Fixed Line business segment; (iii) higher equity share in net losses from our Fixed Line and Other business segments; (iv) higher financing costs from our Wireless and Fixed Line business segments; and (v) higher foreign exchange losses from our Fixed Line and Wireless business segments.

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

	2022	2021	Change Amount	Change %
		(amounts in million Php)		
Wireless	18,681	(4,647)	23,328	502
Fixed Line	21,002	6,548	14,454	221
Others	(2,790)	121	(2,911)	(2,406)
Inter-segment transactions	(17,796)	(8,637)	(9,159)	(106)
Consolidated	19,097	(6,615)	25,712	389

Net Income (Loss)

Consolidated net income decreased by Php15,941 million, or 60%, to Php10,735 million in 2022 from Php26,676 million in 2021. The decrease was primarily due to the combined effects of the following: (i) higher consolidated expenses by Php58,112 million; (ii) higher net loss from discontinued operations by Php479 million; (iii) lower provision for income tax by Php4,762 million; (iv) higher consolidated revenues by Php12,176 million; and (v) consolidated other income of Php19,097 million in 2022 as against consolidated other expenses of Php6,615 million in 2021. Our consolidated basic and diluted EPS decreased to Php48.26 in 2022 from Php121.76 in 2021. Our weighted average number of outstanding common shares was approximately 216.06 million for each of the years ended December 31, 2022 and 2021.

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

	2022	%	2021	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	15,104	141	9,434	35	5,670	60
Fixed Line	16,766	156	26,267	99	(9,501)	(36)
Others	(2,669)	(25)	384	1	(3,053)	(795)
Inter-segment transactions	(17,866)	(166)	(9,288)	(35)	(8,578)	(92)
Continuing operations	11,335	106	26,797	100	(15,462)	(58)
Discontinued operations	(600)	(6)	(121)	—	(479)	(396)
Consolidated	10,735	100	26,676	100	(15,941)	(60)

EBITDA

Our consolidated EBITDA amounted to Php100,262 million in 2022, an increase of Php4,093 million, or 4%, as compared with Php96,169 million in 2021.

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

	2022	%	2021	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	55,215	55	60,971	63	(5,756)	(9)
Fixed Line	55,051	55	46,019	48	9,032	20
Others	(12)	—	(7)	—	(5)	(71)
Inter-segment transactions	(9,666)	(10)	(10,801)	(11)	1,135	11
Continuing operations	100,588	100	96,182	100	4,406	5
Discontinued operations	(326)	—	(13)	—	(313)	(2,408)
Consolidated	100,262	100	96,169	100	4,093	4

Our consolidated EBITDA, excluding MRP and expenses related to the sale of our telecom assets, amounted to Php100,588 million in 2022, an increase of Php4,406 million, or 5%, as compared with Php96,182 million in 2021.

Core Income

Our consolidated core income amounted to Php30,152 million in 2022, an increase of Php215 million, or 1%, as compared with Php29,937 million in 2021, mainly on account of higher EBITDA excluding MRP, and expenses related to the sale of our telecom assets, and lower depreciation and amortization, excluding depreciation of assets with reduced estimated useful life, partially offset by higher equity share in net losses of associates and joint ventures, and higher financing costs. Our consolidated basic and diluted core EPS increased to Php139.29 in 2022 from Php138.29 in 2021.

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

	2022	%	2021	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	13,034	43	13,645	45	(611)	(4)
Fixed Line	38,613	128	26,419	88	12,194	46
Others	(2,958)	(10)	(666)	(2)	(2,292)	(344)
Inter-segment transactions	(17,937)	(59)	(9,340)	(31)	(8,597)	(92)
Continuing operations	30,752	102	30,058	100	694	2
Discontinued operations	(600)	(2)	(121)	—	(479)	(396)
Consolidated	30,152	100	29,937	100	215	1

Telco Core Income

Our consolidated telco core income amounted to Php33,301 million in 2022, an increase of Php2,947 million, or 10%, as compared with Php30,354 million in 2021, mainly due to higher EBITDA excluding MRP, and expenses related to the sale of our telecom assets, and lower depreciation and amortization, excluding depreciation of assets with reduced estimated useful life, partially offset by higher financing costs and higher equity share in net losses of associates and joint ventures. Adjusted for the impact of Typhoon Odette, our consolidated telco core income would have been Php34,248 million, an increase of Php3,894 million, or 13% from the same period in 2021.

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

	2022	%	2021	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	13,034	39	13,645	45	(611)	(4)
Fixed Line	38,135	115	25,857	85	12,278	47
Others	69	—	192	1	(123)	(64)
Inter-segment transactions	(17,937)	(54)	(9,340)	(31)	(8,597)	(92)
Consolidated	33,301	100	30,354	100	2,947	10

On a Business Segment Basis

Wireless

Revenues

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

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

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

[(1)] *Includes facility service fees.*

Service Revenues

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

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

Mobile Services

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

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

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

[1] *Refers to other non-subscriber-related revenues consisting primarily of inbound international roaming fees and facility service fees.*

Data Services

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

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

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

	2022	%	2021	%	Increase (Decrease) Amount	%
			(amounts in million Php)			
Data Services:						
Mobile internet[1]	67,714	94	66,320	94	1,394	2
Mobile broadband	3,368	5	2,797	4	571	20
Other data	1,087	1	1,527	2	(440)	(29)
Total	72,169	100	70,644	100	1,525	2

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

Mobile Internet

Mobile internet service revenues increased by Php1,394 million, or 2%, to Php67,714 million in 2022 from Php66,320 million in 2021, primarily due to the increase in mobility and new product offerings, such as Free Tiktok for All, Power All, Affordaloads, and the continued promotion of Smart Postpaid's Unli 5G plans.

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

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

Mobile Broadband

Mobile broadband revenues amounted to Php3,368 million in 2022, an increase of Php571 million, or 20%, from Php2,797 million in 2021, primarily due to higher mobile broadband subscriber base.

In August 2021, Smart launched the Smart Bro Rocket SIM aimed at the heavy wireless broadband users. Smart Bro Rocket SIM provides unlimited data valid for 30 days at an introductory price of Php499. Smart increased the price of its Smart Bro UnliData from Php499 to Php599, which generated higher revenues from our mobile broadband service. Mobile broadband services accounted for 4% and 3% of our mobile service revenues in 2022 and 2021, respectively.

Other Data

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

Voice Services

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

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

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

SMS Services

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

Inbound Roaming and Others

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

Subscriber Base, ARPU and Churn Rates

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

			Increase (Decrease)	
	2022	**2021**	**Amount**	**%**
Mobile subscriber base[(1)]				
Prepaid	64,287,019	69,225,731	(4,918,712)	(7)
Smart	*24,394,379*	*26,665,974*	*(2,271,595)*	*(9)*
TNT	*39,892,640*	*42,539,757*	*(2,647,117)*	*(6)*
Postpaid	2,017,742	2,016,221	1,521	—
Total mobile subscribers	66,304,761	71,221,952	(4,917,191)	(7)

(1) *Includes mobile broadband subscribers.*

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

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

The average monthly churn rates for Postpaid subscribers were 1.6% and 1.9% in 2022 and 2021, respectively.

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

	Gross[(1)]		**Increase (Decrease)**		**Net[(2)]**		**Increase (Decrease)**	
	2022	**2021**	**Amount**	**%**	**2022**	**2021**	**Amount**	**%**
				(amounts in Php)				
Prepaid								
Smart	*123*	*123*	—	—	*105*	*104*	*1*	*1*
TNT	*97*	*98*	*(1)*	*(1)*	*85*	*84*	*1*	*1*
Postpaid	732	730	2	—	697	701	(4)	(1)

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

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

Fixed Wireless Broadband

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

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

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

Others

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

Non-Service Revenues

Our wireless non-service revenues consist of sale of mobile handsets, broadband data routers, tablets and accessories. Our wireless non-service revenues increased by Php1,442 million, or 21%, to Php8,422 million in 2022 from Php6,980 million in 2021, primarily due to a higher number of units issued for mobile handsets.

Expenses

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

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

					Increase (Decrease)	
	2022	**%**	**2021**	**%**	**Amount**	**%**
			(amounts in million Php)			
Depreciation and amortization	52,660	51	40,459	46	12,201	30
Selling, general and administrative expenses	37,872	36	36,748	41	1,124	3
Cost of sales and services	11,486	11	10,041	11	1,445	14
Provisions	1,077	1	1,093	1	(16)	(1)
Interconnection costs	867	1	683	1	184	27
Asset impairment	96	—	148	—	(52)	(35)
Total	104,058	100	89,172	100	14,886	17

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

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

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

Provisions decreased by Php16 million, or 1%, to Php1,077 million, primarily due to lower provisions for ECLs and contract assets, partly offset by higher provision for inventory obsolescence.

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

Asset impairment, decreased by Php52 million, or 35%, to Php96 million primarily due to lower impairment charges on certain network equipment damaged by Typhoon Odette.

Other Income (Expenses) – Net

The following table summarizes the breakdown of our total wireless-related other income (expenses) – net for the years ended December 31, 2022 and 2021:

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

Our Wireless business segment's other income – net amounted to Php18,681 million in 2022, a change of Php23,328 million from other expenses – net of Php4,647 million in 2021, primarily due to the combined effects of the following: (i) higher other income – net by Php24,076 million mainly due to the Php25,852 million gain on sale and leaseback of 4,665 telecom towers, representing the first five closings of tower sale and leaseback agreements; (ii) higher interest income by Php96 million; (iii) lower net gains on derivative financial instruments by Php20 million; (iv) higher net foreign exchange losses by Php26 million; and (v) higher net financing costs by Php798 million mainly due to higher weighted average principal amounts and accretion on lease liabilities.

Provision for Income Tax

Provision for income tax amounted to Php3,793 million in 2022, an increase of Php427 million, or 13%, from Php3,366 million in 2021, mainly due to higher taxable income, partially offset by the net unfavorable impact of CREATE adjustments for prior year deferred tax assets booked in the first quarter of 2021.

Net Income

As a result of the foregoing, our Wireless business segment's net income increased by Php5,670 million, or 60%, to Php15,104 million in 2022 from Php9,434 million in 2021.

EBITDA

Our Wireless business segment's EBITDA decreased by Php5,756 million, or 9%, to Php55,215 million in 2022 from Php60,971 million in 2021. EBITDA margin decreased to 58% in 2022 from 61% in 2021.

Core Income

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

<u>Fixed Line</u>

Revenues

Revenues generated from our Fixed Line business segment amounted to Php127,810 million in 2022, an increase of Php11,818 million, or 10%, from Php115,992 million in 2021.

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

					Increase (Decrease)	
	2022	%	2021	%	Amount	%
	(amounts in million Php)					
Service Revenues:						
Data	90,068	71	77,757	67	12,311	16
Voice	36,727	29	37,232	32	(505)	(1)
Miscellaneous	419	—	469	1	(50)	(11)
	127,214	100	115,458	100	11,756	10
Non-Service Revenues:						
Sale of computers, phone units and point-product sales	596	—	534	—	62	12
Total Fixed Line Revenues	127,810	100	115,992	100	11,818	10

Service Revenues

Our fixed line service revenues increased by Php11,756 million, or 10%, to Php127,214 million in 2022 from Php115,458 million in 2021, primarily due to higher revenues from our data services.

Fixed Line service revenues, net of interconnection costs, amounted to Php107,471 million in 2022, an increase of Php12,020 million, or 13%, from Php95,451 million in 2021.

Data Services

Our data services, which include Home broadband, corporate data, and ICT portfolio with data center, cloud, cyber security, and managed IT offerings, posted revenues of Php90,068 million in 2022, an increase of Php12,311 million, or 16%, from Php77,757 million in 2021, primarily due to higher revenues from home broadband, corporate data and leased lines, and ICT services. The percentage contribution of this service segment to our fixed line service revenues accounted for 71% and 67% in 2022 and 2021, respectively.

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

			Increase	
	2022	2021	Amount	%
		(amounts in million Php)		
Data service revenues	90,068	77,757	12,311	16
Home broadband	48,975	40,181	8,794	22
Corporate data and ICT	41,093	37,576	3,517	9

Home Broadband

Home broadband data revenues amounted to Php48,975 million in 2022, an increase of Php8,794 million, or 22%, from Php40,181 million in 2021. This growth is driven by increasing demand for broadband services, including fixed wired (PLDT Home Fiber), which the company is providing through the nationwide roll-out of its FTTH network. Home broadband revenues accounted for 54% and 52% of fixed line data service revenues in 2022 and 2021, respectively. PLDT's FTTH nationwide network roll-out has reached over 17.2 million homes passed as of December 31, 2022, while the number of ports, has grown to about 5.9 million.

Corporate Data and ICT

Corporate data services amounted to Php33,782 million in 2022, an increase of Php1,762 million, or 6%, as compared with Php32,020 million in 2021, mainly due to the sustained demand for broadband internet and data networking services. Corporate data revenues accounted for 38% and 41% of our total data service revenues in 2022 and 2021, respectively.

ICT revenues increased by Php1,755 million, or 32%, to Php7,311 million in 2022 from Php5,556 million in 2021, mainly due to higher revenues from data center and cloud services, partially offset by lower revenues from cyber security and managed IT services. The percentage contribution of this service segment to our total data service revenues accounted for 8% and 7% in 2022 and 2021, respectively.

Voice Services

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

Miscellaneous Services

Miscellaneous service revenues are derived mostly from rentals and management fees. These service revenues decreased by Php50 million, or 11%, to Php419 million in 2022 from Php469 million in 2021.

Non-service Revenues

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

Expenses

Expenses related to our Fixed Line business segment totaled Php133,148 million in 2022, an increase of Php40,959 million, or 44%, as compared with Php92,189 million in 2021. The increase was primarily due to higher depreciation and amortization, selling, general and administrative expenses, provisions, cost of sales and services, and asset impairment, partially offset by lower interconnection costs. As a percentage of our total fixed line revenues, expenses associated with our Fixed Line business segment accounted for 104% and 79% in 2022 and 2021, respectively.

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

					Increase (Decrease)	
	2022	%	2021	%	Amount	%
			(amounts in million Php)			
Depreciation and amortization	55,707	42	22,042	24	33,665	153
Selling, general and administrative expenses	49,229	37	43,434	47	5,795	13
Interconnection costs	19,743	15	20,007	22	(264)	(1)
Provisions	4,684	3	3,700	4	984	27
Cost of sales and services	3,599	3	3,006	3	593	20
Asset impairment	186	—	—	—	186	100
Total	133,148	100	92,189	100	40,959	44

Depreciation and amortization charges increased by Php33,665 million, or 153%, to Php55,707 million mainly on account of additional depreciation due to the shortened life of copper-based technology, resulting mainly from the migration to FTTH, as well as the additional depreciation recognized for the modernization of network equipment.

Selling, general and administrative expenses increased by Php5,795 million, or 13%, to Php49,229 million primarily due to higher expenses related to compensation and employee benefits on account of higher MRP, repairs and maintenance, communication, training and travel, selling and promotions, and other expenses, partly offset by lower expenses related to professional and other contracted services, taxes and licenses, and rent.

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

Provisions increased by Php984 million, or 27%, to Php4,684 million, primarily due to higher provision for ECLs, partly offset by lower provision for inventory obsolescence.

Cost of sales and services increased by Php593 million, or 20%, to Php3,599 million, primarily due to higher cost of services.

Asset impairment amounted to Php186 million in 2022 as against nil in 2021 primarily due to impairment charges on certain network equipment damaged by Typhoon Odette, and impairment of property and equipment related to managed IT services.

Other Income (Expenses) – Net

The following table summarizes the breakdown of our total fixed line-related other income (expenses) – net for the years ended December 31, 2022 and 2021:

			Change	
	2022	2021	Amount	%
		(amounts in million Php)		
Other Income (Expenses) – Net:				
Gains on derivative financial instruments – net	1,792	850	942	111
Interest income	202	274	(72)	(26)
Equity share in net earnings (losses) of associates	(253)	103	(356)	(346)
Foreign exchange losses – net	(3,230)	(2,442)	(788)	(32)
Financing costs – net	(6,100)	(6,017)	(83)	(1)
Other income – net	28,591	13,780	14,811	107
Total	21,002	6,548	14,454	221

Our Fixed Line business segment's other income – net amounted to Php21,002 million in 2022, an increase of Php14,454 million from Php6,548 million in 2021, primarily due to the combined effects of the following: (i) higher other income – net by Php14,811 million mainly due to higher dividend income from Smart and DMPI, and PLDT's income from prescription of preferred shares redemption liability in 2022, partially offset by the gain on sale of PHW subscribers in 2021; (ii) higher net gains on derivative financial instruments by Php942 million mainly due to the higher level of depreciation of the Philippine peso relative to the U.S. dollar in 2022 as compared with the same period in 2021; (iii) lower interest income by Php72 million; (iv) higher net financing costs by Php83 million; (v) equity share in net losses of associates of Php253 million in 2022 as against equity share in net earnings of associates of Php103 million in 2021; and (v) higher net foreign exchange losses by Php788 million mainly on account of revaluation of net foreign currency-denominated liabilities due to the higher level of depreciation of the Philippine peso relative to the U.S. dollar in 2022 as compared with the same period in 2021.

Provision for (Benefit from) Income Tax

Benefit from income tax amounted to Php1,102 million in 2022, a change of Php5,186 million, or 127%, from provision for income tax of Php4,084 million in 2021, mainly due to lower taxable income and the net favorable impact of 2020 income tax retroactive adjustment, per Revenue Regulations No. 5-2021, recognized in the first quarter of 2021.

Net Income

As a result of the foregoing, our Fixed Line business segment registered a net income of Php16,766 million in 2022, a decrease of Php9,501 million, or 36%, as compared with Php26,267 million in 2021.

EBITDA

Our Fixed Line business segment's EBITDA increased by Php9,032 million, or 20%, to Php55,051 million in 2022 from Php46,019 million in 2021. EBITDA margin increased to 43% in 2022 from 40% in 2021.

Core Income

Our Fixed Line business segment's core income increased by Php12,194 million, or 46%, to Php38,613 million in 2022 from Php26,419 million in 2021, primarily due to higher EBITDA excluding MRP, and other miscellaneous income, partially offset by higher depreciation and amortization, excluding depreciation of assets with reduced estimated useful life.

Others

Revenues

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

Expenses

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

Other Income (Expenses) – Net

The following table summarizes the breakdown of other income (expenses) – net for Other business segment for the years ended December 31, 2022 and 2021:

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

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

Net Income (Loss)

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

Core Loss

Our Other business segment's core loss amounted to Php2,958 million in 2022, an increase of Php2,292 million from Php666 million in 2021.

Capital Expenditure Plans

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

Our consolidated capital expenditures, net of additions subject to sale and leaseback from tower companies, totaled Php85,083 million, Php96,810 million and Php88,983 million for the years ended December 31, 2023, 2022 and 2021, respectively. Our capex spending was primarily focused on Wireless LTE (4G) coverage and capacity expansion, and rollout of new sites and 5G base stations in key business areas and dense communities nationwide, and Fixed Line's install, rollout, expansion and modernization of fiber optic transport network and backbone resiliency, and expansion of international submarine cable network. PLDT Group's capital expenditures were financed from internally generated funds, complemented by our borrowings and proceeds from sale of assets.

Our current estimate for our consolidated capital expenditures in 2024 will be between Php75 billion to Php78 billion, which is expected to be spent on network maintenance and expansion and IT projects, mainly to support the exponential rise in mobile data traffic, for broadband installations, and investments to support the growth of the corporate data and ICT businesses, including the data center. Our capital spending is focused on our objective of supporting the changing demand profile of our customers, allowing the delivery of a superior customer experience, and helping corporate customers to grow their businesses.

We plan to expand our LTE network in line with our intention to expand capacity in line with the growth in customer usage, and our desire to provide coverage to substantially all of the country's cities and municipalities by the end of 2024. We intend to expand and upgrade our national and domestic transport network for cable fortification and resiliency in various locations. We continue to invest to expand capacity and improve resiliency of our international cable network which is critical in connecting the Philippines to the world. The design of our integrated network architecture optimizes the ability of PLDT to deliver a diverse products and services offering to as wide a market as possible in the most cost-effective manner.

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

Our capital expenditure budget includes projects addressing the following objectives:

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

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

(3) Continuing investments to expand our LTE and 5G coverage;

(4) IT/Support Systems –upgrade of our IT and support systems, including investments to reinforce our cybersecurity platforms; and

(5) Investments to support the growth of our corporate data and ICT businesses, including the data center.

We expect to fund incremental capital expenditures from internally generated funds and debt financing.

We have adopted and implemented various operational enhancements to our policies, procedures and controls relating to our capital expenditure management processes, and we continue to review the same for any appropriate enhancements.

Liquidity and Capital Resources

The following table shows our consolidated cash flows for the years ended December 31, 2023, 2022 and 2021, as well as our consolidated capitalization and other consolidated selected financial data as at December 31, 2023 and 2022:

	2023	2022	2021
		(in millions)	
Cash Flows			
Net cash flows provided by operating activities	85,765	76,200	91,970
Net cash flows used in investing activities	(55,118)	(33,006)	(103,640)
Payment for purchase of property and equipment, including capitalized interest	*(78,435)*	*(95,551)*	*(103,977)*
Net cash flows provided by (used in) financing activities	(39,418)	(42,304)	(4,904)
Net increase (decrease) in cash and cash equivalents	(9,034)	1,304	(16,330)

	2023	2022
	(in millions)	
Capitalization		
Interest-bearing financial liabilities:		
Long-term financial liabilities:		
Long-term debt	Php243,152	Php217,288
Current portion of interest-bearing financial liabilities:		
Long-term debt maturing within one year	11,646	32,292
Total interest-bearing financial liabilities	254,798	249,580
Total equity attributable to equity holders of PLDT	105,218	108,727
	Php360,016	Php358.307
Other Selected Financial Data		
Total assets	Php609,519	Php624,162
Property and equipment	287,103	292,745
Cash and cash equivalents	16,177	25,211
Short-term investments	391	383

Our consolidated cash and cash equivalents and short-term investments totaled Php16,568 million as at December 31, 2023. Principal sources of consolidated cash and cash equivalents in 2023 were cash flows from operating activities amounting to Php85,765 million, proceeds from availment of long-term debt of Php38,000 million, proceeds from disposal of property of equipment of Php23,971 million, mainly proceeds from the sale and leaseback of telecom towers, interest received of Php973 million and proceeds from maturity of short-term investments of Php440 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php78,435 million; (2) cash dividends paid of Php23,328 million; (3) long-term debt principal and interest payments of Php22,611 million and Php9,715 million, respectively; (4) payment of short-term debt of Php10,000 million; (5) settlement of obligations under lease liabilities of Php10,707 million; (6) payment for acquisition of investment in associates and joint ventures of Php1,636 million, mainly PLDT Communications and Energy Ventures, Inc.'s (PCEV) additional investment in MIH's preferred shares; (7) settlement of derivative financial instruments of Php607 million; and (8) payment for purchase of short-term investments of Php449 million.

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

Operating Activities

Our consolidated net cash flows provided by operating activities increased by Php9,565 million, or 13%, to Php85,765 million in 2023 from Php76,200 million in 2022 primarily due to higher level of collection of receivables, higher operating income, lower income taxes paid and lower payment of pension and other employee benefits, partially offset by higher level of settlement of accounts payable and accrued expenses and other current liabilities.

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

Cash flows provided by operating activities of our Wireless business segment increased by Php27,426 million, or 69%, to Php66,959 million in 2023 from Php39,533 million in 2022, primarily due to lower prepayments, lower level of settlement of accrued expenses and other current liabilities, and lower income taxes paid, partially offset by higher settlement of accounts payable and lower operating income. Cash flows provided by operating activities of our Fixed Line business segment decreased by Php7,039 million, or 12%, to Php53,772 million in 2023 from Php60,811 million in 2022, primarily due to higher level of settlement of accrued expenses and other current liabilities, and higher prepayments, partially offset by higher operating income, lower level of settlement of accounts payable, higher level of collection of accounts receivable, and lower payment of pension and other employee benefits. Cash flows used in operating activities of our Other business segment amounted to Php133 million in 2023 as against cash flows provided by operating activities of Php2,787 million in 2022, primarily due to lower level of collection of receivables and higher level of settlement of accounts payable.

Cash flows provided by operating activities of our Wireless business segment decreased by Php23,320 million, or 37%, to Php39,533 million in 2022 from Php62,853 million in 2021, primarily due to lower operating income, higher level of settlement of accounts payable, and accrued expenses and other current liabilities, and higher income taxes paid, partially offset by lower prepayments. Cash flows provided by operating activities of our Fixed Line business segment increased by Php17,800 million, or 41%, to Php60,811 million in 2022 from Php43,011 million in 2021,primarily due to lower prepayments, and lower level of settlement of accrued expenses and other current liabilities, partially offset by higher level of settlement of accounts payable, lower level of collection of accounts receivables, and lower pension and other employee benefits. Cash flows provided by operating activities of our Other business segment amounted to Php2,787 million in 2022 as against cash flows used in operating activities of Php631 million in 2021, primarily due to lower level of settlement of accounts payable, partially offset by lower operating income.

Investing Activities

Consolidated net cash flows used in investing activities amounted to Php55,118 million in 2023, an increase of Php22,112 million, or 67%, from Php33,006 million in 2022, primarily due to the combined effects of the following: (1) lower proceeds from disposal of property and equipment by Php36,862 million, mainly lower proceeds from the sale and leaseback of telecom towers; (2) net payment for purchase of short-term investments of Php9 million in 2023 as against net proceeds from maturity of short-term investments of Php2,332 million in 2022; and (3) lower payment for acquisition of investments in associates and joint ventures by Php1,878 million, mainly PCEV's additional investment in MIH's preferred shares; and (4) lower payment for purchase of property and equipment, including capitalized interest, by Php17,116 million.

Consolidated net cash flows used in investing activities amounted to Php33,006 million in 2022, a decrease of Php70,634 million from Php103,640 million in 2021, primarily due to the combined effects of the following: (1) higher proceeds from disposal of property and equipment by Php59,616 million, mainly proceeds from the sale and leaseback of telecom towers in 2022; (2) lower payment for purchase of property and equipment, including capitalized interest, by Php8,426 million; (3) higher net proceeds from maturity of short-term investments by Php3,661 million; and (4) higher payment for acquisition of investments in associates and joint ventures by Php1,760 million, mainly PCEV's additional investment in VIH's preferred shares.

Our consolidated payment for purchase of property and equipment, including capitalized interest, in 2023 totaled Php78,435 million, a decrease of Php17,116 million, or 18%, as compared with Php95,551 million in 2022. Smart's payment for purchase of property and equipment, including capitalized interest, decreased by Php3,815 million, or 8%, to Php42,083 million in 2023 from Php45,898 million in 2022. Smart's capex spending was primarily focused on LTE (4G) coverage and capacity expansion, and rollout of new sites and 5G base stations in key business areas and dense communities nationwide. PLDT's payment for purchase of property and equipment, including capitalized interest, decreased by Php13,576 million, or 29%, to Php32,816 million in 2023 from Php46,392 million in 2022. PLDT's capex spending was used to finance fixed line install, rollout, expansion and modernization of fiber optic transport network and backbone resiliency, and expansion of our international submarine cable network. The balance represents other subsidiaries' capital spending.

Our consolidated payment for purchase of property and equipment, including capitalized interest, in 2022 totaled Php95,551 million, a decrease of Php8,426 million, or 8%, as compared with Php103,977 million in 2021. Smart's payment for purchase of property and equipment, including capitalized interest, decreased by Php3,319 million, or 7%, to Php45,898 million in 2022 from Php49,217 million in 2021. Smart's capex spending was primarily focused on LTE (4G) coverage and capacity expansion, and rollout of new sites and 5G base stations in key business areas and dense communities nationwide. PLDT's payment for purchase of property and equipment, including capitalized interest, decreased by Php6,447 million, or 12%, to Php46,392 million in 2022 from Php52,839 million in 2021. PLDT's capex spending was used to finance fixed line install, rollout, expansion and modernization of fiber optic transport network and backbone resiliency, and expansion of our international submarine cable network. The balance represents other subsidiaries' capital spending.

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 Php39,418 million in 2023, a decrease of Php2,886 million, or 7%, from Php42,304 million in 2022, primarily due to the combined effects of the following: (1) higher proceeds from availment of long-term debt by Php33,000 million; (2) lower cash dividends paid by Php1,907 million; (3) higher interest paid by Php702 million; (4) higher settlement of obligations under lease liabilities by Php2,376 million; (5) proceeds from the release of preferred shares redemption fund of Php7,839 million in 2022; and (6) payment of short-term debt of Php10,000 million in 2023 as against net proceeds from availment of short-term debt of Php10,000 million in 2022.

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

Debt Financing

Proceeds from availment of long-term debt for the year ended December 31, 2023 amounted to Php38,000 million mainly from PLDT, Smart and ePLDT's drawings related to financing of capital expenditure requirements. Payments of principal on long-term and short-term debts amounted to Php22,611 million and Php10,000 million, respectively, while payments of interest on our total debt amounted to Php9,596 million for the year ended December 31, 2023.

Proceeds from availment of long-term and short-term debt in 2022 amounted to Php5,000 million and Php16,000 million, respectively, mainly from PLDT's and Smart's drawings related to refinancing of maturing loan obligations and financing of capital expenditure requirements. Payments of principal, including prepayments of Php18,490 million, amounted to Php28,353 million while payments of interest on our total debt amounted to Php8,996 million in 2022.

Our consolidated long-term and short-term debts increased by Php5,218 million, or 2%, to Php254,798 million as at December 31, 2023 from Php249,580 million as at December 31, 2022 primarily due to drawings from our long-term facilities, partially offset by debt amortizations and the revaluation of foreign currency-denominated debt. As at December 31, 2023, PLDT's long-term and short-term debt level decreased by Php944 million, or 1%, to Php155,872 million from Php156,816 million as at December 31, 2022, Smart's long-term and short-term debt level increased by Php1,198 million, or 1%, to Php93,962 million from Php92,764 million as at December 31, 2022, and ePLDT's long-term debt level at Php4,964 million.

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

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

Debt Covenants

Our consolidated debt instruments contain restrictive covenants, including covenants that require us to comply with specified financial ratios, such as total debt to EBITDA and interest coverage ratio, at relevant measurement dates, principally at the end of each quarterly period. We have complied with all of our maintenance financial ratios as required under our loan covenants and other debt instruments.

As at December 31, 2023 and 2022, we are in compliance with all of our debt covenants.

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

Financing Requirements

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

The following table shows the dividends declared to common and preferred shareholders for the years ended December 31, 2023 and 2022:

	Date			Amount	
Class	Approved[1]	Record	Payable	Per share	Total Declared
				(amounts in million Php, except per share amount)	
2023					
Common Stock					
Regular Dividend	March 23, 2023	April 11, 2023	April 24, 2023	45	9,722
	August 3, 2023	August 17, 2023	September 4, 2023	49	10,587
Special Dividend	March 23, 2023	April 11, 2023	April 24, 2023	14	3,025
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[1]	January 31, 2023	February 27, 2023	March 15, 2023	—	12
	May 4, 2023	May 19, 2023	June 15, 2023	—	12
	August 3, 2023	August 19, 2023	September 15, 2023	—	13
	November 7, 2023	November 22, 2023	December 15, 2023	—	12
Voting Preferred Stock	March 2, 2023	March 17, 2023	April 15, 2023	—	3
	June 13, 2023	June 28, 2023	July 15, 2023	—	3
	August 29, 2023	September 13, 2023	October 15, 2023	—	2
	December 5, 2023	December 22, 2023	January 15, 2024	—	2
Charged to Retained Earnings					23,393
2022					
Common Stock					
Regular Dividend	March 3, 2022	March 17, 2022	April 4, 2022	42	9,075
	August 4, 2022	August 18, 2022	September 5, 2022	47	10,155
Special Dividend	August 4, 2022	August 18, 2022	September 5, 2022	28	6,049
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[1]	January 25, 2022	February 21, 2022	March 15, 2022	—	12
	May 5, 2022	May 20, 2022	June 15, 2022	—	13
	August 4, 2022	August 19, 2022	September 15, 2022	—	12
	November 3, 2022	November 18, 2022	December 15, 2022	—	12
Voting Preferred Stock	March 3, 2022	March 23, 2022	April 15, 2022	—	2
	June 14, 2022	June 30, 2022	July 15, 2022	—	2
	August 24, 2022	September 15, 2022	October 15, 2022	—	3
	December 15, 2022	December 29, 2022	January 15, 2023	—	3
Charged to Retained Earnings					25,338

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

Our dividends declared after December 31, 2023 are detailed as follows:

	Date			Amount	
Class	Approved	Record	Payable	Per Share	Total
				(in million Php, except per share amount)	
Common					
Regular Dividend	March 7, 2024	March 21, 2024	April 5, 2024	46	9,939
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[1]	January 30, 2024	February 14, 2024	March 15, 2024	—	12
Voting Preferred Stock	March 21, 2024	April 5, 2024	April 15, 2024	—	2
Charged to Retained Earnings					9,953

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

See Item 5. "Market for Registrant's Common Equity and Related Stockholder Matters – Dividends" and *Note 19 – Equity* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for a detailed discussion of our dividend payments.

Credit Ratings

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

PLDT's current credit ratings are as follows:

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

On May 26, 2023, Moody's affirmed PLDT's investment-grade rating at "Baa2", with stable outlook.

On March 31, 2023, S&P Global downgraded PLDT's long-term issuer credit rating from "BBB+" to"BBB", with a stable outlook, and downgraded PLDT's senior unsecured notes rating "BBB+" to "BBB". These ratings are considered as "investment grade."

On January 6, 2014, CRISP rated PLDT's inaugural peso retail bonds as "AAA" issuer rating with a "stable" outlook, the highest on the scale. CRISP cited PLDT's market leadership, strong historical financial performance and excellent management and governance as key considerations for providing their rating. As at March 21, 2024, there has been no change in the credit rating issued by CRISP.

Changes in Financial Conditions

Assets

Our total assets amounted to Php609,519 million as at December 31, 2023, a decrease of Php14,643 million, or 2%, from Php624,162 million as at December 31, 2022, primarily due to lower noncurrent assets by Php3,437 million, or 1%, and lower current assets by Php11,206 million, or 14%.

Noncurrent Assets

Property and equipment decreased by Php5,642 million, or 2%, mainly due to the reclassification of information origination and termination equipment to subscriber contract costs, depreciation, and disposal for the year including sale to tower companies, partly offset by capital expenditures.

Right-of-use assets increased by Php3,854 million, or 13%, mainly due to the leaseback of telecom assets sold to tower companies, partially offset by depreciation for the year.

Investments in associates and joint ventures decreased by Php1,238 million, or 2%, mainly due to equity share in net losses of MIH and other associates and joint ventures, partially offset by PCEV's additional investment in MIH's preferred shares.

Deferred income tax assets increased by Php536 million, or 3%, mainly due to higher deferred tax on provisions for impairment of other assets, partly offset by lower deferred tax on unearned revenues and provisions.

Goodwill and intangible assets decreased by Php214 million mainly due to amortization of franchise and other intangibles for the year.

Other noncurrent assets decreased by Php733 million, or 29%, mainly due to lower advances to suppliers and contractors, partially offset by the reclassification of subscriber contract costs from property and equipment.

Current Assets

Cash and cash equivalents decreased by Php9,034 million, or 36%, mainly due to the combined effects of cash flows provided by operating activities of Php85,765 million, cash flows used in investing activities of Php55,118 million, and cash flows used in financing activities of Php39,418 million.

Inventories and supplies decreased by Php228 million, or 6%, mainly due to net issuances of commercial inventories.

Other current assets decreased by Php1,944 million, or 4%, mainly due to lower current portion of prepayments.

Liabilities

Our total liabilities amounted to Php499,133 million as at December 31, 2023, a decrease of Php11,068 million, or 2%, from Php510,201 million as at December 31, 2022, primarily due to higher noncurrent liabilities by Php39,261 million, or 15%, partially offset by lower current liabilities by Php50,329 million, or 20%.

Noncurrent and current interest-bearing financial liabilities increased by Php5,218 million, or 2%, primarily due to drawings from our long-term facilities, partially offset by debt amortizations and the revaluation of foreign currency-denominated debt.

Other noncurrent liabilities increased by Php13,397 million, or 29%, primarily due to higher lease liabilities – net of current portion and pension and other employee benefits.

Accounts payable decreased by Php24,173 million, or 23%, primarily due to lower payables to suppliers and contractors.

Other current liabilities decreased by Php5,510 million, or 5%, primarily due to lower lease liabilities, accrued taxes and utilities, partially offset by higher 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 2023. 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 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 paid to shareholders amounted to Php23,328 million, Php25,235 million, and Php17,712 million as at December 31, 2023, 2022 and 2021, respectively.

Contractual Obligations and Commercial Commitments

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 Php151,062 million and Php178,246 million as at December 31, 2023 and 2022, respectively. See *Note 22 – Accounts Payable* and *Note 23 – Accrued Expenses and Other Current Liabilities* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements".

Commercial Commitments

Major Network Vendors

Since the last quarter of 2022, we have engaged in discussions with major network vendors regarding the status of the PLDT Group's capital expenditure commitments and related outstanding balances. These discussions resulted in a number of Settlement and Mutual Release Agreements, or SMRAs, signed between us and the vendors, taking into consideration our program priorities and current business requirements. The significant commitment in respect of major network vendors amounted to about Php33,000 million, net of advances, as a result of the signing of the SMRAs in March 2023. As at December 31, 2023, such commitment was reduced to Php13,700 million, net of advances and deliveries.

Moreover, new purchase orders issued in 2023 to the same major network vendors amounted to Php13,600 million, net of advances and deliveries.

Other Capital Expenditure Vendors

Commitments related to non-major capital expenditure vendors amounted to Php29,500 million, of which Php16,000 million represent the commitments for 2022 and prior years, net of advances and deliveries as of December 31, 2023.

We have no outstanding commercial commitments, in the form of letters of credit, as at December 31, 2023 and 2022.

Quantitative and Qualitative Disclosures about Market Risks

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

See *Note 27 – Financial Assets and Liabilities – Financial Risk Management Objectives and Policies* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for a detailed discussion.

Impact of Inflation and Changing Prices

Inflation can be a significant factor in the Philippine economy and we are continually seeking ways to minimize its impact. The average inflation rate in the Philippines for the years ended December 31, 2023 and 2022 were 6.0% and 5.8%, respectively. The BSP's latest estimates indicate that the average inflation will be at 2% to 4% in 2024. This is partly driven by the decline in global oil and non-oil prices. The risks to the inflation outlook are continuing constraints in the supply of key food items, the adverse impact of climate change on food and electricity prices, and the effects of potential increases in transport fares and minimum wages. Alternatively, a weaker global economic recovery may cause inflation for 2024 to be lower than the forecasts.

Risks and Uncertainties

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

Risks Relating to Us

Increased competition in the telecommunications sector may diminish our market share and profitability, while changes in the competitive and regulatory landscape could further exacerbate adverse effects on our business.

Increasing competition among telecommunications services providers, including from new operators, could significantly impact our business and prospects by, among other factors, necesssitating tariff reduction, hindering growth of customer base and reducing service usage of our services. Competition is intense in both mobile and fixed-line services, with factors such as network coverage, service quality, product offerings, and price as considerations for subscriber preference, potentially requiring increased capital expenditures for capacity and coverage expansion.

The mobile telecommunications industry has experienced intense price competition as operators have attempted to expand market share, especially in light of a maturing voice and SMS market. Competition has now pivoted to data services, prioritizing customer experience over pricing, while, our competitors, Globe, and Converge ICT Solutions, Inc. (Converge), a pure fixed line broadband provider, are heavily investing in the fiber home broadband space. The third major mobile player, DITO Telecommunity Corporation (DITO) is aggressively expanding its footprint.

Developments in law, regulations and/or Government initiatives may increase competition and cause us to lose customers. In 2022, the amendment to the Public Service Act was approved which effectively removed the 40% foreign ownership restriction on telecommunication companies which will result in increased competition. Prior to this, as part of its push to encourage competition within the telecommunications industry, the Philippine Government introduced various measures to facilitate and enable the operations of new players, including a tower sharing policy, MNP, the removal of mobile interconnect charges. We cannot guarantee you that in the future, there will not be similar changes in law, regulations or Government initiatives that may adversely affect our competitiveness.

Our ability to compete depends on factors like network coverage, service quality, pricing, product innovation, sales channels, and financial resources. To uphold our competitive stance, our success hinges on our ability to anticipate and respond to industry shifts, including techonological advancements, evolving consumer preferences, and economic trends. Failure to meet these challenges could adversely impact our business. In addressing the intense competition, we may need to adjust our pricing strategies and allocate resources to network upgrades, which could lead to lower revenues and higher costs. Moreover, the potential entry of new competitors and customer churn may require increasing marketing and capital expenditures, thereby impacting our overall profitability. We cannot assure you that the number of providers of telecommunications services will not increase in the future or that competition for customers will not result in the loss of customers, including due to our mobile and fixed line subscribers switching to other operators. Any of the foregoing events would result in a reduction in our profitability.

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

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

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

We may not be able to accurately predict further technological trends or successfully adopt or implement new technologies in our business. Some of our competitors may be more successful than us in the development and implementation of new technologies, including services and platforms based on artificial intelligence, to address customer demand or improve operations. If we are unable to adequately advance our capabilities in these areas, or do so at a slower pace than others in our industry, we may be at a competitive disadvantage. In addition, there could be legal or regulatory restraints on our introduction of new services. If our services fail to gain acceptance in the marketplace, or if costs associated with implementation and completion of the introduction of these services materially increase, our ability to retain and attract customers could be adversely affected.

Developments in Artificial Intelligence (AI) technologies, and its governing legal and regulatory frameworks, are rapidly evolving, and could significantly disrupt the telecommunications industry and subject us to increased competition, legal and regulatory risks and compliance costs, which could have a material adverse effect on our business, financial condition and results of operations. The full extent of risks related thereto is difficult to predict. We are in the process of adopting AI technology to our platform, such as deploying a smart voice AI solution to handle payment collections. Data in models that AI technologies utilize may contain a degree of inaccuracy and error, which could reduce the effectiveness of the technology and adversely impact us and our operations to the extent we rely on such technologies. Further, we may not have full control over how third party AI technologies that we choose to use are developed or maintained, or how data we input is used or disclosed, even where we have sought contractual protections with respect to these matters. The misuse or misappropriation of our data could adversely impact our reputation and subject us to legal and regulatory investigations and/or actions. Regulations relating to AI technologies may also impose on us certain obligations and costs related to monitoring and compliance. There is uncertainty around the regulation of AI technologies as the Philippines government is in the process of defining its own laws and policies amidst the creation of new AI-related laws in other jurisdictions. The Department of Trade and Industry has developed the National AI Strategy for the Philippines. A bill has been filed in Congress (HB No. 7396) proposing the creation of an Artificial Intelligence Development Authority and is pending with the Committee on Information and Communications Technology.

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

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

Our reliance on arrangements with technology vendors, other partnerships and/or joint ventures, and any disruptions to such arrangements may result in disruption to our business operations, adversely affect our supply of equipment and results of operations, financial condition, reputation and business prospects.

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

Due to our reliance on third party vendors, our business operations may be negatively impacted by global geopolitical and public health developments (such as COVID-19), which could cause supply chain disruptions and result in delays in the building of our networks, and consequently the delivery of our services. Any adverse changes in import policies, including increases in import duties and tariffs, or any embargo on imports from countries from which our vendors supply or from countries which supply our vendors, may also adversely impact our business, prospects, results of operations and cash flows. In particular, trade tensions between the United States and major trading partners continue to escalate following the introduction of a series of tariff measures by the United States and/or its trading partners. Economic and trade sanctions have been threatened and/or imposed by the U.S. government on a number of People's Republic of China (PRC)-based technology companies, including Huawei Technologies Co., Ltd. (Huawei), which is one of our major vendors for telecommunications equipment and software licenses, and with whom we have partnered with to develop and offer outcome-based cloud solutions. The United States has also in certain circumstances imposed and threatened to impose further sanctions, trade embargoes and other heightened regulatory requirements on the PRC and PRC-based technology companies. The United States government has brought enforcement actions against Huawei and companies who engaged in unauthorized transactions with Huawei. While our partnership with Huawei is not currently subject to such sanctions or trade embargoes, there is no assurance that the United States or other jurisdictions will not impose similar or more expansive restrictions that may materially and adversely affect or restrict our relationships or collaborations with our vendors, including Huawei and its designated entities, thereby adversely affecting our reputation, competitiveness and business operations.

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

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

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

The majority of our total revenues are currently derived from the provision of mobile services to customers in the Philippines. As a result, we depend on the continued development and growth of the mobile telecommunications industry in the Philippines. We believe the mobile penetration rate in the country, however, reached approximately 114% as at December 31, 2023, based on the number of SIM cards issued, and the industry may well be considered mature insofar as services such as SMS and domestic voice are concerned.

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

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

Amendment to the Public Service Act

In February 2022, the Philippine Congress approved the proposed amendments to the Public Service Act, which no longer considers telecommunication companies as "public utilities" but as "public service with critical infrastructure". Under the amendments, telecommunication companies are no longer subject to the 40% foreign ownership restriction under the Constitution, subject to certain reciprocity rules and with provisions limiting/disallowing state-owned enterprises to invest in telecommunication companies. While the amendment increases our access to foreign capital, it may also allow foreign nationals to make significant investments in other telecommunications companies/operators that can compete with us. Republic Act No. 11659 or "An Act Amending Commonwealth Act No. 146, otherwise known as the Public Service Act, as amended" (Amendment to the Public Service Act), was signed into law by the President on March 21, 2022. The Amendment to the Public Service Act was published in the Official Gazette on March 28, 2022 and took effect on April 12, 2022. On March 20, 2023, the National Economic and Development Authority (NEDA) released its Implementing Rules and Regulations (IRR). The IRR took effect on April 4, 2023.

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

Failure to renew franchise and CPCNs

We operate our businesses under separate franchises, each of which has a fixed term and is subject to amendment, termination or repeal by the Philippine Congress.

We also hold various provisional authorities and CPCNs, which have been granted by the NTC and will expire between now and 2028. Some of our CPCNs and provisional authorities have already expired, but applications for the renewal of these CPCNs and provisional authorities were filed prior to their expiry. Under Executive Order No. 292, otherwise known as the Philippine Revised Administrative Code of 1987 (Administrative Code), and Republic Act No. 11032, otherwise known as the Ease of Doing Business and Efficient Government Service Delivery Act of 2018 (Ease of Doing Business Act), CPCNs and provisional authorities for which renewal applications have been filed prior to expiry are deemed effective until the applications for renewal are finally decided upon by the regulator. Although we have filed applications for the extension of these CPCNs and provisional authorities, we cannot assure you that the NTC will grant the applications for renewal.

Failure to renew CPCNs can materially and adversely affect our ability to conduct the essential functions of our business, and therefore adversely affect our financial condition and results of operations. See Item 4. "Information on the Company – Franchises, Licenses and Regulations" for more information.

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

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

Republic Act No. 10926 provides an exemption from the public listing requirement if the grantee is wholly-owned by a company that has publicly listed at least 30% of its authorized capital stock.

PLDT and PCEV are publicly listed companies and therefore in compliance with this requirement. Meanwhile, Smart, as a wholly-owned subsidiary of PLDT, a publicly listed company, is not required to offer any of its shares to the public.

Meanwhile, DMPI takes the position that it has satisfied the public offering requirement under R.A. 7925 and Republic Act No. 9180 (R.A. 9180), or the legislative franchise of DMPI (DMPI's Franchise), by virtue of the fact that PLDT, a publicly listed company, holds a 99.6% equity interest in DMPI's parent company, Digitel Telecommunications Philippines, Inc. (DTPI), which in turn, holds a 100% equity interest in DMPI. However, there can be no assurance that the Philippine Congress will agree with this position. If DMPI is found to be in violation of the public offering requirement under R.A. 7925 and R.A.9180, DMPI's Franchise could be revoked by Congress, or a *quo warranto* case may be filed against it by the Office of the Solicitor General of the Philippines.

We cannot assure you that there will be no adverse changes in applicable public ownership requirements or interpretations or that none of our franchises, permits or licenses will be revoked in the future nor that any such changes or revocations would not have a material adverse effect on our business, financial conditions or prospects.

Our business is subject to extensive laws and regulations, including regulations in respect of our service rates, taxes and antitrust laws.

Our business is subject to extensive laws and regulations, including regulations in respect of our service rates, taxes and antitrust laws. Any adverse changes in applicable laws and regulations can have an adverse impact on our business, results of operations, financial condition and prospects.

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

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

We are subject to a number of national and local taxes, and regulatory fees imposed by LGUs through their respective ordinances. We cannot assure you that we will not be subject to new, increased and/or additional taxes or that we would be able to pass on such additional expenses to our customers. See *Note 26 – Provisions and Contingencies* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

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

Smart received a *subpoena duces tecum* dated December 7, 2022, from the PCC Competition Enforcement Office in relation to an ongoing full administrative investigation involving the telecommunications industry. In compliance with the subpoena, Smart submitted its corporate documents, documents and information pertaining to its operations as a PTE and its relationship with other PTCs, and documents and information on ISR to the PCC. As of the date of this report, Smart has not received any other notices from the PCC with regard to this investigation. See *Note 26 – Provisions and Contingencies* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for further discussion.

In 2022, the amendment to the Public Service Act was approved, effectively removing the 40% foreign ownership restriction on telecommunication companies and thereby increasing competition, including from foreign investors and telecommunications companies.

In 2023, Congress passed House Bill 9021, otherwise known as the Refund for Internet and Telecommunications Services Outages and Disruptions Act which requires public telecommunications entities (PTEs), including internet service providers (ISPs), to issue a refund or adjust a customer's bill if they experience a cumulative internet service outage or interruption lasting twenty-four (24) hours or more within a month. However, the bill provides exemptions in the case of scheduled maintenances (with a 48-hour advance notice and not exceeding 48 hours per month), fortuitous events, or acts of third parties or subscribers. The implementation of House Bill 9021 would require PLDT Group to rigorously monitor service quality on a per-customer basis. This may necessitate substantial adjustments to the operations, processes, and network infrastructure of the PLDT Group, which could require us to incur significant costs. We may not be able to effectively implement such adjustments within the transition period provided by the relevant government agencies, or may incur additional costs in ensuring compliance within the set timeframe.

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

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

Legislations such as Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012 (the "Data Privacy Act"), and its IRR regulate data privacy matters and impose penalties for any violations of the Data Privacy Act. The rules apply to the processing of personal data in the public and private sectors, as well as within or outside the Philippines. Pursuant to Republic Act No. 11934, otherwise known as the SIM Registration Act (the "SIM Registration Act"), we are required to maintain a SIM register of all of our end users, exposing us to heightened risks of data breaches and cybersecurity attacks. Any failure, or perceived failure, by us to comply with any privacy, data-retention or data-protection-related laws, regulations, orders or industry self-regulatory principles, including the Data Privacy Act, could result in proceedings or actions against us by governmental entities or affected parties, loss of user confidence, damage to the PLDT brands, or the loss of users or advertising partners, any of which could potentially have a material adverse effect on our business. Amendments to the Data Privacy Act have been filed with the Philippine Congress and is focused on a review of the penalties for criminal offenses, as well as the authority of the NPC to levy fines for administrative offenses. Any adverse amendments to the Data Privacy Act could increase our compliance costs and there is no assurance that we will be able to comply with any additional requirements imposed on us.

In addition, various foreign legislative or regulatory bodies continue to enact new or additional laws and regulations concerning privacy, data retention and data protection issues, including laws or regulations mandating disclosure to domestic or international law enforcement bodies, which could adversely impact our results of operations, businesses, brand or reputation with users.

Transfers of personal data across jurisdictions may subject us to regulation by foreign authorities, which may require us to incur additional costs in complying with such regulations. The interpretation and application of privacy, data protection and data retention laws and regulations in each jurisdiction may be subject to change and such laws and regulations may be interpreted and applied inconsistently from country to country and inconsistently with our current policies and practices, complicating long-term business planning decisions. If privacy, data protection or data retention laws are interpreted and applied in a manner that is inconsistent with our current policies and practices, we may be fined or ordered to change our business practices in a manner that adversely impacts our operating results. Complying with these varying international requirements could cause us to incur substantial costs or require us to change our business practices or operating platforms in a manner adverse to our business. While the PLDT Group periodically conducts compliance audits and regularly holds privacy and information security training and awareness campaigns, it cannot guarantee that personal data breaches resulting from failure of our personnel to comply with PLDT policies will not occur. Such breaches could result in litigation and/or regulatory actions and penalties against us, and adversely impact on our business operations and financial conditions.

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

The available radio frequency spectrum is one of the principal limitations on a wireless network's capacity, and there are limitations in the spectrum and facilities available to us to provide our services. The NTC grants provisional authority to mobile network operators (MNO), which specify the period, service area and essential frequencies for delivering the telecommunications service assigned to the MNO, and charges spectrum users' fees for use of the allocated spectrum Our future wireless growth will increasingly depend on our ability to offer relevant content and data services and a wireless network that has sufficient spectrum and capacity to support such services. Improvements in our service depend on many factors, including continued access to and deployment of adequate spectrum.

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

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

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

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

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

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

Given the nature of our business and our foray into the digital business, we have made investments in various start-up companies. For example, we hold an investment in MIH, an important player in the financial technology space and an integral part of our digital payments ecosystem. In accordance with IAS 28, *Investments in Associates and Joint Ventures*, we account for our investment in MIH using the equity method, whereby we recognize our proportionate share of MIH's losses, which amounted to Php2,277 million and Php3,032 million for the years ended December 31, 2023 and 2022, respectively. Credit ratings and the value of this investment and similar investments can be negatively impacted by liquidity, credit deterioration or losses, financial results, foreign exchange rates, or other factors. As a result, our investments could decline and result in a material impairment, which could have a material adverse effect on our financial condition and operating results.

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

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

- shortages of equipment, materials and labor;
- delays in the issuance of national and local government building permits;
- theft of telecommunication cables and equipment;
- work stoppages and labor disputes;
- interruptions resulting from man-made events (e.g., sabotage), outbreak of epidemics, pandemics or other public health crises, inclement weather and other natural disasters;
- rapid technological obsolescence;
- inability of vendors and/or suppliers to deliver on commitments;
- unforeseen engineering, environmental/climate-related and geological problems; and
- unanticipated cost increases.

Any of these factors could give rise to delays or cost overruns in the installation of new facilities or equipment or prevent us from deploying our networks and properly maintaining the equipment used in our networks, and hence affect our ability to maintain existing services and roll-out new services, for example, which could have a material adverse effect on our results of operations and financial condition.

Our business relies on secure network infrastructure and computer systems, and any cyber attacks against them, or the perception of such attacks, may materially adversely affect our operations, financial condition, results of operations and reputation.

We need to constantly upgrade our cybersecurity capabilities to support our business needs. We depend on information and digital services to run our business and deliver value. Our Company faces the following challenges in an era of connectivity, digital identity, decentralized decisions, information monetization, transparency, and variable trust:

- An increase in the variety of products and services that we provide to our customers (e.g. customer premise equipment, systems, devices, IoT, data and their dynamic relationships) exposes relevance issues, as well as scalability issues in our existing security control solutions;
- Our existing deterrence measures against cybersecurity breaches may become less effective. For instance, defensible gates and impermeable walls that are designed to secure our service and information infrastructure may have become less effective. While such tools and measures make it difficult to breach our system, these tools may not stop breaches altogether;
- The infrastructure underpinning the digitalization of consumer and enterprise services has become more complex;
- The consequences of a cybersecurity breach could be severe. Breaches resulting in leakage of our Company's and/or our customers' confidential commercial and/or personal information may result in irreparable damage to our reputation and brand. Moreover, leakage of sensitive personal customer information could, in some cases, result in a threat to personal safety, as well as legal and/or regulatory liability;
- Perpetrators are adopting more sophisticated technologies in their attempts to breach our defensive security measures; and
- While encrypted internet traffic protects private information, it inadvertently hampers cyber protection efforts. Perpetrators could abuse encrypted communication tools and use them in their efforts to breach into our systems, with less risk of such efforts being discovered by cyber security measures.

Our Cyber Security Operations Group (CSOG) is responsible for managing cyber threats and attacks. While the Company has been able to contain the effects of past cybersecurity attacks on its network and system performance, and such cybersecurity attacks did not have any material financial, legal, reputational or regulatory repercussions for the Company, there is no assurance that we will be able to successfully safeguard our systems against all cyber attacks, particularly as cyber attacks have become more sophisticated and prevalent. Any successful attack on our infrastructure could result in legal and/or regulatory liabilities, disruptions to our business operations, damage to our reputation, and financial losses.

Climate change could increase the impact of natural disasters and environmental legislation and regulations on our operations.

Climate change poses a number of potential risks for telecommunications operators like us, from both a physical and regulatory perspective. The ongoing global climate change may exacerbate the severity and frequency of natural disasters. The rising intensity and frequency of storms, heatwaves and earthquakes could increase the likelihood of damages to our infrastructure and failures of our wired and wireless networks caused by such natural disasters. Should severe natural disasters occur in quick succession, we may not have sufficient resources to repair and restore our infrastructure in a timely and cost-effective manner. Furthermore, climate change and severe weather conditions could also affect and disrupt our supply chain, resulting in delays in the delivery of our supplies. The increase in the likelihood of damages to our infrastructure and disruptions in our supply chain as a result of natural disasters could have a material adverse impact on our operations.

Climate change and the consequent impact to communities resulting from more severe and frequent natural disasters may affect the ability of our customers to afford our services.

In light of heightened awareness on climate change globally, the Philippine Government could introduce new and more stringent environmental legislation and regulations. If such legislation or regulations are enacted, we could incur increased energy, environmental and other costs and capital expenditures to comply. We cannot guarantee that we will at all times be in compliance with any new environmental legislation and regulations. The failure to comply with new environmental legislation and regulations could have a material adverse impact on our operations and financial conditions.

Our businesses require substantial capital investment, which we may not be able to finance.

Our projects under development and the continued maintenance and improvement of our networks and services, including Smart's projects, networks, platforms and services, require substantial ongoing capital investment. Our consolidated capital expenditures, net of additions subject to sale and leaseback from tower companies, totaled Php85,083 million, Php96,810 million and Php88,983 million for the years ended December 31, 2023, 2022 and 2021, respectively. In 2024, we will prioritize projects that support the growing demand from our customers, enhance our ability to deliver superior customer experience, and enable our corporate customers to grow their businesses.

Adverse changes in global financial markets could limit our ability to access capital or increase the cost of capital needed to fund our business operations. We have obtained and may seek external financing for a portion of our future capital expenditures. There can be no assurance that financing for new projects will be available on terms acceptable to us, or at all. If we cannot complete our development programs or other capital projects on time due to our failure to obtain the required financing, our growth, results of operations, financial condition and prospects could be materially and adversely affected. Furthermore, if we are unable to monetize our investments and generate the expected revenues, our cash flows and gearing may be negatively impacted.

If we face difficulties in funding our capital expenditures or if our capital expenditure commitments exceed our budget, we may opt to postpone our projects which may limit our ability to serve our customers or engage in negotiations with our vendors. Any cancellations or amendments of agreements with vendors may cause us to incur penalties and adversely affect our business, reputation and share prices. See Item 5. "*Contractual Obligations and Commercial Commitments*."

Our results of operations and our financial position could be materially and adversely affected if the Philippine peso significantly fluctuates against the U.S. dollar.

A substantial portion of our capital expenditures, a portion of our indebtedness and related interest expense and a portion of our operating expenses are denominated in U.S. dollars and other foreign currencies, whereas most of our revenues are denominated in Philippine pesos, with 8% of revenues denominated in U. S. dollars. Of our total consolidated debts, approximately 16% was denominated in U.S. dollars as at December 31, 2023.

A depreciation of the Philippine peso against the U.S. dollar would increase the amount of our U.S. dollar-denominated debt obligations, capital expenditures, and operating and interest expenses in Philippine peso terms. In the event that the Philippine peso depreciates against the U.S. dollar, we may be unable to generate enough funds through operations and other means to offset the resulting increase in our obligations in Philippine peso terms. Moreover, a depreciation of the Philippine peso against the U.S. dollar may result in our recognition of significant foreign exchange losses, which could materially and adversely affect our results of operations. A depreciation of the Philippine peso could also cause us not to be in compliance with the financial covenants imposed on us by our lenders under certain loan agreements and other indebtedness. Further, fluctuations in the Philippine peso value and of interest rates impact the mark-to-market gains/losses of certain of our financial debt instruments, which were designated as non-hedged items. While we have entered into hedging arrangements to hedge our exposure to foreign exchange fluctuations, such arrangements may not adequately protect us against a peso depreciation.

The Philippine peso may be subject to fluctuations due to a range of factors, including:

- political and economic developments affecting the Philippines, including the level of remittances from overseas Filipino workers;
- global economic and financial trends;
- the volatility of emerging market currencies;
- any interest rate increases by the Federal Reserve Bank of the United States and/or the BSP; and
- higher demand for U.S. dollars by both banks and domestic businesses to service their maturing U.S. dollar obligations or foreign exchange traders including banks covering their short U.S. dollar positions, among others.

Our debt instruments contain restrictive covenants which require us to maintain certain financial tests and our indebtedness could impair our ability to fulfill our financial obligations and service our other debt.

Our existing debt instruments contain covenants which, among other things, require PLDT to maintain certain financial ratios and other financial tests, calculated on the basis of IFRS at relevant measurement dates, principally at the end of each quarter period. In addition, PLDT's bonds contain covenants that limit our ability to take certain actions.

Our indebtedness and the requirements and limitations imposed by our debt covenants could have important consequences. For example, we may be required to dedicate a substantial portion of our cash flow to payments on our indebtedness, which could reduce the availability of our cash flow to fund working capital, capital expenditures and other general corporate requirements.

The principal factors that could negatively affect our ability to comply with these financial ratio covenants and other financial tests are the poor operating performance of PLDT and its subsidiaries, the depreciation of the Philippine peso relative to the U.S. dollar, the impairment or similar charges in respect of investments or other long-lived assets that may be recognized by PLDT and its subsidiaries, and increases in our interest expense. Interest expense may increase as a result of various factors including the issuance of new debt, the refinancing of lower cost indebtedness by higher cost indebtedness, the depreciation of the Philippine peso relative to the U.S. dollar, the lowering of PLDT's credit ratings or the credit ratings of the Philippines, the increase in reference interest rates, and general market conditions.

If we are unable to meet our debt service obligations or comply with our debt covenants, we may need to restructure or refinance our indebtedness, seek additional equity capital or sell assets. An inability to implement these measures successfully could result in a declaration of default and an acceleration of maturities of some or all of our indebtedness, which could have a material adverse effect on our business, results of operations and financial condition.

Our subsidiaries could be limited in their ability to pay dividends to us due to internal cash requirements and their creditors having superior claims over their assets and cash flows, which could materially and adversely affect our financial condition.

A significant part of our total revenues and cash flows from operating activities are derived from our subsidiaries, particularly Smart. Smart has significant internal cash requirements for debt service, capital expenditures and operating expenses and as a result, may be financially unable to pay any dividends to PLDT. Although Smart has been making dividend payments to PLDT regularly since December 2002, there can be no assurance that PLDT will continue to receive these dividends or other distributions, or otherwise be able to derive liquidity from Smart or any other subsidiary or investee in the future.

Creditors of our subsidiaries generally have priority claims over our subsidiaries' assets and cash flows. We and our creditors will effectively be subordinated to the existing and future indebtedness and other liabilities, including trade payables, of our subsidiaries, except that we may be recognized as a creditor with respect to loans we have made to subsidiaries. If we are recognized as a creditor of a subsidiary, our claim will still be subordinated to any indebtedness secured by assets of the subsidiary and any indebtedness of the subsidiary otherwise deemed superior to the indebtedness we hold.

We may have difficulty meeting our debt payment obligations if we do not continue to receive cash dividends from our subsidiaries and our financial condition could be materially and adversely affected as a result.

A significant number of shares of PLDT's voting stock are held by four shareholders, which may not act in the interests of other shareholders or stakeholders in PLDT.

As at January 31, 2024, the First Pacific and its Philippine affiliates (together, the "FP Parties"), NTT Communications and NTT DOCOMO and the JG Summit Group, collectively, beneficially own 57.20% in PLDT's outstanding common stock (representing 33.80% of our overall voting stock).

Additionally, all of PLDT's shares of voting preferred stock, which represent 40.98% of PLDT's total outstanding shares of voting stock as at January 31, 2024, are owned by a single stockholder, BTF Holdings, Inc. (BTFHI).

The FP Parties, NTT Communications, NTT DOCOMO, JG Summit Group and/or BTFHI may exercise their respective voting rights over certain decisions and transactions in a manner that could be contrary to the interests of other shareholders or stakeholders in PLDT. See *Note 1 – Corporate Information* to the accompanying audited consolidated financial statements in Item 7. “Financial Statements” for further discussion.

We are unionized and are vulnerable to work stoppages, slowdowns or increased labor costs.

As at December 31, 2023, PLDT has three employee unions, representing in the aggregate 8,137 employees, or 52%, of the employees of the PLDT Group. This unionized workforce could result in demands that may increase our operating expenses and adversely affect our profitability. For instance, PLDT experienced significant charges from its manpower rightsizing program in 2021, 2022 and 2023, mainly incurred in the fixed-line business. Each of our different employee groups require separate collective bargaining agreements. If PLDT and any of its unions are unable to reach an agreement on the terms of their collective bargaining agreement or if PLDT were to experience widespread employee dissatisfaction, PLDT could be subject to collective bargaining deadlocks, strikes, work slowdowns or stoppages. Any of these events would be disruptive to our operations and could have a material adverse effect on our business.

Additionally, on July 3, 2017, PLDT received a Compliance Order from the Department of Labor and Employment (DOLE), in connection with the non-payment of statutorily required monetary benefits, including the 13th month pay by certain PLDT contractors to their employees, as well as the regularization of 7,344 contractor employees. On July 31, 2018, the CA promulgated a decision granting PLDT’s request for an injunction against the Compliance Order and remanded the case back to the DOLE for further proceedings regarding the computation of the monetary awards, which amounted to Php51.8 million according to the regularization orders, and the determination of employees engaged in installation, repair and maintenance work who must be regularized. On April 5, 2019, PLDT filed a petition for review with the Supreme Court.

The Supreme Court resolved the consolidated Petitions in a Decision promulgated on February 14, 2024. The Decision affirmed the Court of Appeals in setting aside the Secretary of Labor's orders for PLDT to regularize the 7,344 workers of its contractors, except those workers performing "installation, repair and maintenance" services, whose regularization is subject to a remand of proceedings before the Regional Director of the DOLE. In setting aside the Secretary of Labor's orders, the Supreme Court ruled that the exercise of the Secretary's visitorial and enforcement powers is subject to the "basic tenets of appreciating evidence," and that it was improper to rely on the anecdotal evidence that was used as basis in the Secretary's orders because such evidence is "malleable and may be tailored to suit any narrative or conclusion." The remand will require the Regional Director of DOLE to determine the appropriateness of regularization of employees of contractors engaged in installation, repair, and maintenance, by undertaking the following: (a) to review and properly determine the effects of the regularization of the workers performing installation, repair, and maintenance services; (b) to review, compute, and properly determine, the monetary award on the labor standards violation, to which PLDT, and the concerned contractors are solidarily liable; and (c) to conduct further appropriate proceedings, consistent with this Decision. Motions for Reconsideration may be filed by the parties, subject to their receipt of the Supreme Court decision by official service. See Item 3. “Legal Proceedings” and Note 26 – Provisions and Contingencies to the accompanying audited consolidated financial statements in Item 7. “Financial Statements” for further discussion.

We cannot guarantee that PLDT or its subsidiaries will not be subject to similar proceedings or other labor-related regulatory activities, the results of which may have an adverse reputational and/or financial impact. While we believe that PLDT has a strong legal position in its pending labor cases, we note that labor tribunals are mandated to resolve cases in favor of employees in the case of any doubt.

The loss of key personnel or the failure to attract and retain highly qualified personnel could compromise our ability to effectively manage our business and pursue our growth strategy.

Our future performance depends on our ability to attract and retain highly qualified key technical, marketing, sales, and management personnel. The loss of key employees could result in significant disruptions to our business, and the integration of replacement personnel could be costly and time consuming, could cause additional disruptions to our business and could be unsuccessful. We cannot guarantee the continued employment of any of the members of our senior leadership team, who may depart our Company for any number of reasons, such as other business opportunities, differing views on our strategic direction or other personal reasons. Any inability to attract, retain or motivate our personnel could have a material adverse effect on our results of operations and prospects.

Adverse results of any pending or future litigation, internal or external investigations and/or disputes may impact PLDT’s cash flows, results of operations and financial condition.

We are currently involved in various legal proceedings. Our estimate of the probable costs for the resolution of these claims have been developed in consultation with our counsel and is based upon our analysis of potential results. See Item 3. “Legal Proceedings” and *Note 26 – Provisions and Contingencies* to the accompanying audited consolidated financial statements in Item 7. “Financial Statements” for further discussion. While PLDT believes that the positions it has taken in these cases have strong legal bases, the final outcome of these cases may prove to be different from its expectations. In addition, we cannot assure you that PLDT will not be involved in future litigation or other disputes, the results of which may materially and adversely impact its business and financial conditions. We may incur significant expenses defending such suits or government charges and may be required to pay amounts or otherwise change our operations in ways that could materially adversely affect our operations or financial results.

Our financial condition and operating results will be impaired if we experience high fraud rates related to device financing, credit cards, dealers, or subscriptions.

Our operating costs could increase substantially as a result of fraud, including device financing, customer credit card, subscription or dealer fraud. If our fraud detection strategies and processes are not successful in detecting and controlling fraud, whether directly or by way of the systems, processes, and operations of third parties such as customers, national retailers, dealers, and others, the resulting loss of revenue or increased expenses could have a material adverse effect on our financial condition and operating results.

RISKS RELATING TO THE PHILIPPINES

Political and social instability in the Philippines may have a negative effect on the general economic conditions in the Philippines which could have a material adverse impact on our results of operations and financial condition.

The Philippines has, from time to time, experienced political and military instability, including acts of political violence. In the last two decades, there has been political instability in the Philippines, including extra-judicial killings, alleged electoral fraud, impeachment proceedings against two former presidents and the chief justice of the Supreme Court of the Philippines, nullification of the appointment of another chief justice, hearings on graft and corruption issues against various government officials and public and military protests arising from alleged misconduct by the previous and current administrations. There can be no assurance that acts of election-related or other political violence will not occur in the future, and any such events could negatively impact the Philippine economy.

In addition, we may be affected by political and social developments in the Philippines and changes in the political leadership and/or government policies in the Philippines. Any major deviation from the policies of the previous administration or fundamental change of direction, including a change in the form of government, may lead to an increase in political or social uncertainty and instability. Such political or regulatory changes may include (but are not limited to) the introduction of new laws and regulations that could impact our business.

We cannot assure you that the political environment in the Philippines will be stable or that the current or future administration will adopt economic policies that are conducive to sustained economic growth or which do not materially and adversely impact the current regulatory environment for the telecommunications and other companies. An unstable political or social environment in the Philippines could negatively affect the general economic conditions and business environment in the Philippines which, in turn, could have a material and adverse impact on our business, financial position and financial performance.

Natural disasters, terrorist acts or acts of war could cause damage to our infrastructure and/or result in significant disruptions to our operations and financial condition.

Our business operations are subject to interruption by natural disasters, such as flooding, typhoons, hurricanes, pandemics and epidemics, terrorist or other hostile acts, and other events beyond our control. The Philippines is particularly susceptible to natural hazards, including tropical cyclones, earthquakes and volcanic risks. Any of the aforementioned events could cause significant damage to our infrastructure upon which our business operations rely, resulting in degradation or disruption of service to our customers. While we maintain insurance coverage for some of these events, the potential impact of damage or loss of assets to our financial condition as well as liabilities associated with these events could exceed the insurance coverage we maintain. Our system redundancy may be ineffective or inadequate, and our disaster recovery planning may be insufficient for all eventualities. These events could also damage the infrastructure of the suppliers that provide us with the equipment and services that we need to operate our business and provide products to our customers. A natural disaster or other event causing significant physical damage could cause us to experience substantial losses resulting in significant recovery time and additional expenditures to resume operations. In addition, these occurrences could result in lost revenues from business interruption as well as damage to our reputation.

The Philippines has been subject to a number of terrorist attacks in the past several years. The Philippine army has been in conflict with the Abu Sayyaf organization which has been identified as being responsible for kidnapping and terrorist activities in the Philippines, and is also alleged to have ties to the Al-Qaeda terrorist network and, along with certain other organizations, has been identified as being responsible for certain kidnapping incidents and other terrorist activities particularly in the southern part of the Philippines. Furthermore, the Government and the Armed Forces of the Philippines (the AFP) have been in conflict with members of several separatist groups seeking greater autonomy, including the Moro Islamic Liberation Front (the MILF), the MNLF and the New People's Army (the NPA). There have been numerous bombing incidents in Mindanao and elsewhere in the Philippines, which have resulted in death and injury to the civilian population as well as military and security personnel. An increase in the frequency, severity or geographic reach of these terrorist acts, violent crimes, bombings and similar events could have a material adverse effect on investment and confidence in, and the performance of, the Philippine economy. Any such destabilization could cause interruption to our business and materially and adversely affect our business, financial condition, and results of operations. These continued conflicts between the Government and separatist groups could lead to further injuries or deaths by civilians and members of the AFP, which could destabilize parts of the Philippines and adversely affect the Philippine economy. There can be no assurance that the Philippines will not be subject to further acts of terrorism or violent crimes in the future, which could have a material adverse effect on our business, financial condition, and results of operations.

Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

The Philippines, China and several Southeast Asian nations have been engaged in a series of longstanding territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. The Philippines maintains that its claim over the disputed territories is supported by recognized principles of international law consistent with the United Nations Convention on the Law of the Sea (UNCLOS). Despite efforts to reach a compromise, a dispute arose between the Philippines and China over a group of small islands and reefs known as the Scarborough Shoal. Actions taken by both sides have threatened to disrupt trade and other ties between the two countries, including a temporary ban by China on Philippine banana imports, a temporary suspension of tours to the Philippines by Chinese travel agencies and the rejection by China of the Philippines' request for arbitral proceedings administered in accordance with the UNCLOS to resolve the disputes.

Should territorial disputes between the Philippines and other countries in the region continue or escalate further, the Philippines and its economy may be disrupted and our operations could be adversely affected as a result. Such conflicts may impact the supply and prices of energy, food and other critical commodities, possibly resulting in delays in the delivery of supplies from our vendors, as well as the capital and financial markets, foreign currencies exchange, investments, and governmental or regulatory orders, which in turn, may impact our business. In particular, further disputes between the Philippines and China may lead both countries to impose trade restrictions on the other's imports.

There is no guarantee that tensions will not escalate further or that the territorial disputes among the Philippines and its neighboring countries, especially China, will cease. In an event of escalation, the Philippine economy may be disrupted and our business and financial standing may be adversely affected. Any such impact from these disputes could adversely affect the Philippine economy, and materially and adversely affect our business, financial condition, and results of operations.

If foreign exchange controls were to be imposed, our ability to meet our foreign currency payment obligations could be adversely affected.

In general, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. However, the Monetary Board of the BSP has statutory authority, with the approval of the President of the Philippines, during a foreign exchange crisis or in times of national emergency, to:

- suspend temporarily or restrict sales of foreign exchange;
- require licensing of foreign exchange transactions; or
- require the delivery of foreign exchange to the BSP or its designee banks for the issuance and guarantee of foreign currency-denominated borrowings.

The Philippine Government has, in the past, instituted restrictions on the conversion of the Philippine peso into foreign currencies and the use of foreign exchange received by Philippine companies to pay foreign currency-denominated obligations.

We cannot assure you that foreign exchange controls will not be imposed in the future. If imposed, these restrictions could materially and adversely affect our ability to obtain foreign currency to service our foreign currency obligations.

The credit ratings of the Philippines may restrict the access to capital of Philippine companies, including PLDT.

Historically, the Philippines' sovereign debt has been rated non-investment grade by international credit rating agencies. Since 2013, Moody's, S&P Global, and Fitch have maintained credit ratings for the Philippines of Baa2, BBB+ and BBB, respectively.

The Philippine Government's credit ratings directly affect companies domiciled in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that Fitch, Moody's, S&P Global, or any other international credit rating agency will not downgrade the credit ratings of the Philippine Government in the future and, therefore, Philippine companies, including PLDT. Any such downgrade could have a material adverse impact on the liquidity in the Philippine financial markets, on the ability of the Philippine Government and Philippine companies, including PLDT, to raise additional financing, and on the interest rates and other commercial terms at which such additional financing is available.

Developments outside of the Philippines, including U.S. policies related to global trade and tariffs could adversely affect our business, financial condition and results of operations.

The current international political environment, including existing and potential changes to U.S. policies related to global trade and tariffs, have resulted in uncertainty surrounding the future state of the global economy. Since 2018, the U.S. began to increase or impose tariffs on many products, particularly from China, including, but not limited to, solar panels, steel and aluminum products, consumer electronics, and industrial chemicals. In response, the European Union, China and other affected jurisdictions have introduced tariffs on U.S. goods. An escalating trade war may have material adverse effects on the power industry and our business may be impacted by these tariffs. Any further expansion in the types or levels of tariffs implemented has the potential to negatively impact our business, financial condition and results of operations. Additionally, there is a risk that the U.S. tariffs on imports are met with tariffs on U.S. produced exports and that a broader trade conflict could ensue, which has the potential to significantly impact global trade and economic conditions. Potential costs and any attendant impact on pricing arising from these tariffs and any further expansion in the types or levels of tariffs implemented could adversely affect our business, financial condition and results of operations. While there are ongoing discussions between the U.S. and China to reduce tariffs in phases, there is no certainty as to the timing and scale of the reduction in tariffs, and overall impact on global markets. Thus, economic disruption in other countries, even in countries in which we do not currently conduct business or have operations, could also adversely affect our businesses and results.

Item 7. Financial Statements

Our consolidated financial statements (pages F-1 to F-144) and supplementary schedules (pages S-1 to S-12) listed in the accompanying Index to Financial Statements and Supplementary Schedules on page 109 are filed as part of this annual report.

Item 8. Information on Independent Auditors and Other Related Matters

Independent Auditors' Fees and Services

The following table summarizes the fees paid or accrued for services rendered by SGV & Co., our independent auditors for the years ended December 31, 2023 and 2022:

	2023	2022
	(in millions)	
Audit Fees	Php50	Php66
Audit-Related Fees	10	5
Tax Fees	2	1
All Other Fees	5	1
Total	Php67	Php73

Audit Fees. This category includes the audit of our annual financial statements and services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements for those fiscal years. This category also includes fees with respect to our Sarbanes-Oxley 404 assessment in 2023 and 2022.

Audit-Related Fees. This category consists primarily of assurance services for our Sustainability Report and other audit-related fees.

Tax Fees. This category includes tax services for our Singapore-based subsidiaries and ePLDT.

All Other Fees. This category consists primarily of non-audit engagement fees with respect to our certain projects.

The fees presented above include out-of-pocket expenses incidental to our independent auditors' work, amount of which do not exceed 5% of the agreed-upon engagement fees. The fees and out-of-pocket expenses are exclusive of a 12% VAT.

Our Audit Committee (AC) pre-approved all audit and non-audit services as these are proposed or endorsed before these services are performed by our independent auditors.

Changes in and Disagreements with Independent Auditors on Accounting and Financial Disclosure

We have no disagreements with our independent auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Officers

The Board of Directors is principally responsible for PLDT's overall direction and governance. PLDT's Articles of Incorporation provide for 13 members of the Board, who shall be elected by the stockholders. At present, three of PLDT's 13 directors are independent directors. The Board holds office for a one-year period and until their successors are elected, and are qualified in accordance with the By-Laws.

The name, age and period of service, of each of the current directors, including independent directors, of PLDT as at January 31, 2024 are as follows:

Name	Age	Period during which individual has served as such
Manuel V. Pangilinan	77	November 24, 1998 to present
Marilyn A. Victorio-Aquino[(1)]	68	May 8, 2023 to present
Manuel L. Argel, Jr.[(2)]	74	January 28, 2020 to December 31, 2023
Helen Y. Dee	79	June 18, 1986 to present
Ray C. Espinosa	67	November 24, 1998 to present
James L. Go	84	November 3, 2011 to present
Kazuyuki Kozu	50	July 6, 2021 to present
Bernido H. Liu	61	September 28, 2015 to present
Rolando L. Macasaet[(3)]	63	January 30, 2024 to present
Retired Supreme Court Chief Justice Artemio V. Panganiban	87	April 23, 2013 to present
Alfredo S. Panlilio	60	June 8, 2021 to present
Bernadine T. Siy	64	June 8, 2021 to present
Naoki Wakai	58	August 26, 2021 to present
Marife B. Zamora	70	November 14, 2016 to present

(1) Atty. Marilyn A. Victorio-Aquino was elected as director of the Company to hold office on May 8, 2023 and shall serve the unexpired term of her predecessor in officer, the late Ambassador Albert F. del Rosario.

(2) Judge Manuel L. Argel, Jr. resigned as a member of the Board of Directors of the Company effective on January 1, 2024.

(3) Mr. Rolanda L. Macasaet was elected as the representative director of the Social Security System in the Company's Board of Directors effective January 30, 2024 and shall serve the unexpired term of his predecessor in office, Judge Manuel L. Argel, Jr,

The name, age, position and period of service of the executive officers of PLDT as at January 31, 2024 are as follows:

Name	Age	Position(s)	Period during which individual has served as such
Executive Officers:			
Manuel V. Pangilinan[(1)]	77	President and CEO	January 1, 2024 to present
Alfredo S. Panlilio[(2)]	60	President and CEO	June 8, 2021 to December 31, 2023
Marilyn A. Victorio-Aquino	68	Corporate Secretary	January 25, 2022 to present
		Chief Legal Counsel	December 1, 2018 to present
		Senior Vice President	January 1, 2019 to present
Victorico P. Vargas	71	Leadership Transition Officer	July 1, 2021 to present
		Business Transformation Office Head	January 1, 2016 to present
Danny Y. Yu	62	Senior Vice President	November 17, 2022 to present
		Chief Financial Officer	May 3, 2023 to present
		Chief Risk Management Officer	May 3, 2023 to present
		PLDT Group Controller	November 17, 2022 to May 3, 2023
Emmanuel Ramon C. Lorenzana[(3)]	59	Senior Vice President	January 1, 2023 to present
		Chief Transformation and Customer Officer	January 1, 2023 to present
Gina Marina P. Ordoñez	62	Chief People Officer	March 21, 2019 to present
		Senior Vice President	May 1, 2019 to present
Menardo G. Jimenez, Jr.	60	Senior Vice President	December 9, 2004 to present
		Network Head	January 15, 2024 to present
		Consumer Business - Home Head	July 31, 2019 to April 1, 2022
Alejandro O. Caeg[(4)]	63	Senior Vice President	January 1, 2012 to August 14, 2023
		Consumer Sales Head	July 31, 2019 to August 14, 2023
Jeremiah M. de la Cruz	46	Senior Vice President	April 1, 2022 to August 14, 2023
		Consumer Business - Home Head	January 15, 2024 to present
		Consumer Business Head	April 1, 2022 to January 14, 2024
Joseph Ian G. Gendrano	47	Senior Vice President	August 10, 2022 to present
		Enterprise Business Head	January 15, 2024 to present
		Chief Technology Officer	January 1, 2023 to January 14, 2024
		Enterprise Business Head	November 16, 2022 to December 31, 2022
Luis S. Reňon[(5)]	53	Senior Vice President	May 4, 2023 to present
		Internal Audit Head	July 1, 2018 to present
Leo I. Posadas	57	First Vice President	March 6, 2007 to present
		Treasurer	May 18, 2015 to present
Melissa V. Vergel De Dios	60	First Vice President	March 5, 2013 to present
		Chief Sustainability Officer	November 4, 2021 to present
		Investor Relations Head	March 6, 2007 to present
Gil Samson D. Garcia	52	First Vice President	November 8, 2018 to present
		Financial Controllership Head	May 31, 2022 to present

[(1)] Appointed as President and Chief Executive Officer effective January 1, 2024, concurrent to his role as Chairman of the Board.
[(2)] Retired as President and Chief Executive Officer effective December 31, 2023.
[(3)] Separated effective March 1, 2024.
[(4)] Separated effective August 15, 2023.
[(5)] Promoted to Senior Vice President effective May 4, 2023.

At least three of our directors, namely, Retired Supreme Court Chief Justice Artemio V. Panganiban, Bernido H. Liu and Bernadine T. Siy, are independent directors who are neither officers nor employees of PLDT or any of its subsidiaries, and who are free from any business or other relationship with PLDT or any of its subsidiaries which could, or could reasonably be perceived to, materially interfere with the exercise of independent judgment in carrying out their responsibilities as independent directors. The independence standards/criteria are provided in our By-Laws and Corporate Governance Manual pursuant to which, in general, a director may not be deemed independent if such director is, or in the past five years had been, employed in an executive capacity by us or any company controlling, controlled by or under common control with us or he is, or within the past five years had been, retained as a professional adviser by us or any of our related companies, or he is not free from any business or other relationships with us which could, or could reasonably be perceived, to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

The following is a brief description of the business experiences of each of our directors, executive officers and advisors for at least the past five years:

Mr. Manuel V. Pangilinan, 77 years old, has been a director of PLDT since November 24, 1998. He was appointed as Chairman of the Board of Directors of PLDT after serving as its President and Chief Executive Officer from November 1998 to February 2004. He held the position of President and Chief Executive Officer of PLDT from January 1, 2016 until June 7, 2021, and served as President and Chief Executive Officer of Smart until August 7, 2019. Mr. Pangilinan is the Chairman of the Governance, Nomination and Sustainability, Executive Compensation, Technology Strategy, and Data Privacy and Information Security Committees of the Board of Directors of PLDT. He also serves as Chairman of MPIC, Meralco, PXP Energy Corporation and Philex Mining Corporation, and Vice Chairman of Roxas Holdings, Inc., all of which are PSE-listed companies, and of several subsidiaries or affiliates of PLDT or MPIC, including, among others, Smart, DMPI, Digitel, PLDT Communications & Energy Ventures, Inc., ePLDT, Inc., Beacon Electric Assets Holdings Inc., Philex Petroleum Corporation, Manila North Tollways Corporation, Maynilad Water Services Corporation, Landco Pacific Corporation, Metro Pacific Hospital Holdings, Inc., Medical Doctors Incorporated (Makati Medical Center), Colinas Verdes Corporation (Cardinal Santos Medical Center), Davao Doctors Incorporated, Riverside Medical Center Incorporated, Our Lady of Lourdes Hospital and Asian Hospital Incorporated. He is also the Chairman of MediaQuest Holdings Inc., TV5 Network, Inc. and PLDT-Smart Foundation.

Mr. Pangilinan founded First Pacific Company Limited (First Pacific), a Hongkong Stock Exchange-listed company, in 1981 and serves as its Executive Chairman, Managing Director and Chief Executive Officer. Within the First Pacific Group, he also holds the position of President Commissioner of P.T. Indofood Sukses Makmur Tbk, the largest food company in Indonesia.

Outside the First Pacific Group, Mr. Pangilinan is the Chairman of the Board of Trustees of San Beda College and Amateur Boxing Association of the Philippines, a governing body of amateur boxers in the country, and the Chairman Emeritus of the Samahang Basketbol ng Pilipinas. He is also the Chairman of Philippine Business for Social Progress, the largest private sector social action organization made up of the country's largest corporations and a Co-Chairman of the Philippine Disaster Resilience Foundation, Inc., a non-stock, non-profit foundation established to formulate and implement a reconstruction strategy to rehabilitate and rebuild areas devastated by floods and other calamities, and of the US-Philippine Business Society, a non-profit society which seeks to broaden the relationship between the United States and the Philippines in the areas of trade, investment, education, foreign and security policies and culture.

Mr. Pangilinan has received numerous prestigious awards including the Business Icon Gold Award for having greatly contributed to the Philippine economy through achievements in business and society by Biz News Asia magazine (2008), Global Filipino Executive of the Year for 2010 by Asia CEO Awards, and Philippines Best CEO for 2012 by Finance Asia.

Mr. Pangilinan graduated cum laude from the Ateneo de Manila University, with a Bachelor of Arts Degree in Economics. He received his Master's Degree in Business Administration from Wharton School of Finance & Commerce at the University of Pennsylvania, where he was a Procter & Gamble Fellow. He was conferred a Doctor of Humanities Degree (Honoris Causa) by the San Beda College (2002), Xavier University (2007), Holy Angel University (2009) and Far Eastern University (2010).

Atty. Marilyn A. Victorio-Aquino, 68 years old, Chief Legal Counsel, Head of Legal and Regulatory and Strategic Affairs Group, Head of Supply Chain, Head of Risk and Privacy and Corporate Secretary. She was elected in the Philippine Stock Exchange Board in June 2023. She joined First Pacific in 2012 as Assistant Director. She holds various positions in Philippine subsidiaries and affiliates of First Pacific and Metro Pacific Investments Corporation (an affiliate of First Pacific), including President of First Coconut Manufacturing Inc., and director of Philex Mining Corporation, PXP Energy Corporation and Lepanto Consolidated Mining Company, which are PSE-listed companies, Philex Gold Philippines, Inc., Silangan Mindanao Mining Company, Inc. and Maynilad Water Services, Inc.

Prior to joining First Pacific, Atty. Victorio-Aquino retired as a Senior Partner at SyCip Salazar Hernandez and Gatmaitan Law Offices (SyCipLaw). Atty. Victorio-Aquino graduated cum laude (class salutatorian) from the University of the Philippines with a Bachelor of Laws Degree in 1980, placed second in the Philippine Bar Examinations, and was admitted to the Philippine Bar in 1981. She obtained her Bachelor of Arts degree from the University of Santo Tomas. She is a member of the International Pacific Bar Association, Women Lawyers Circle, *Federacion International de Abogadas*, Philippine Bar Association, and Integrated Bar of the Philippines.

Ms. Helen Y. Dee, 79 years old, has been a director of PLDT since June 18, 1986. She is the Chairperson of House of Investments, Petro Energy Resources Corporation, Rizal Commercial Banking Corporation, all of which are PSE-listed companies. She is the Chairperson, Vice Chairperson or a director of several companies engaged in banking, insurance and real property businesses. Ms. Dee received her Master's Degree in Business Administration from De La Salle University.

Atty. Ray C. Espinosa, 67 years old, has been a director of PLDT since November 24, 1998, and is a member of the Technology Strategy and Data Privacy and Information Security Committees of the Board of Directors of PLDT. He was Senior Advisor to the President and CEO of PLDT from January 28, 2019 until June 8, 2021. He was PLDT's Chief Corporate Services Officer from December 2016 until January 28, 2019, and previously served as President and CEO of ePLDT Inc. and its subsidiaries from July 2000 until April 2010 and as President and CEO of TV5 Network Inc. and Cignal TV Inc. from December 2009 until May 2013. He was the Deputy Chief Executive Of Manila Electric Company from January 28, 2019 until May 27, 2019, and President and Chief Executive Officer from May 28, 2019 until May 31, 2023. He was the chairman of the Philstar Group of Companies from June 11, 2014 until August 17, 2023 and BusinessWorld Publication Corporation from September 16, 2013 until August 17, 2023. In June 2013, he joined First Pacific Company Limited as Associate Director.

Atty. Espinosa is a director of Roxas Holdings Inc., an independent director of Lepanto Consolidated Mining Company and chairman of its Audit Committee, and an independent director of Maybank Philippines Inc., chairman of its Related Party Transaction Committee and Vice chairman of its Corporate Governance Committee. He is a trustee of the PLDT-Smart Foundation Inc. and the Beneficial Trust Fund of PLDT.

He has a Master of Laws Degree from the University of Michigan School of Law and a Bachelor of Laws Degree from the Ateneo de Manila University School of Law, and is a member of the Integrated Bar of the Philippines. He was a partner at SyCip Salazar Hernandez & Gatmaitan from 1982 to 2000, a foreign associate at Covington and Burling (Washington, D.C.) from 1987 to 1988, and a law lecturer at the Ateneo de Manila University School of Law from 1983 to 1985 and 1989. He placed first in the 1982 Philippine Bar Examinations.

Mr. James L. Go, 84 years old, has been a director of PLDT since November 3, 2011. He is a member of the Technology Strategy and Risk Committees and Advisor of the Audit Committee of the Board of Directors of PLDT. He is the Chairman of JG Summit Holdings, Inc. and a Board Advisor of Cebu Air, Inc. since January 1, 2023, the Chairman and Chief Executive Officer of Oriental Petroleum and Minerals Corporation, and the Chairman Emeritus of Universal Robina Corporation, Robinsons Land Corporation, and JG Summit Olefins Corporation. He is the Vice Chairman of Robinsons Retail Holdings, Inc. and a Director of the Manila Electric Company. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc. Mr. Go obtained his Bachelor of Science Degree and Master of Science Degree in Chemical Engineering from Massachusetts Institute of Technology, USA.

Mr. Kazuyuki Kozu, 50 years old, has been a director of PLDT since July 6, 2021. He was the Director of Core Network Development Department of NTT DOCOMO, INC., Tokyo, Japan. Prior to that, he served as Senior Manager of Packet Network System Development Department of DOCOMO Technology, Inc., Tokyo, Japan from September 2016 to June 2020, Director of System Management Department of mmbi Inc., Tokyo, Japan from September 2013 to August 2016, and Senior Manager of Networking Research Group of DOCOMO Communications Laboratories, Munich, Germany from April 2010 to August 2013. He started his career in NTT DOCOMO INC., Tokyo, Japan, as Engineer from April 1997 to March 2002 then Manager from April 2002 to March 2010 of Core Network Development Department. He graduated with a Bachelor's Degree in Electrical Engineering and Computer Science from the Yokohama National University, Kanagawa, Japan and obtained his Master's Degree in Electrical Engineering and Computer Science from the same university.

Mr. Bernido H. Liu, 61 years old, has been an independent director of PLDT since September 28, 2015 and is an independent member of the Audit, Governance, Nomination and Sustainability, Executive Compensation, Risk, and Data Privacy and Information Security Committees of the Board of Directors of PLDT. Concurrently, he is the Chairman and Chief Executive Officer of GOLDEN ABC, Incorporated. ("GABC"), a fashion retail company which designs and sells its own clothing, personal care and accessory lines marketed and retailed under a dynamic portfolio of well-differentiated proprietary brands, namely Penshoppe, OXGN, ForMe, Memo, Regatta and BOCU. He is also the Group Chairman of LH Paragon Incorporated, a business holdings company which has under its management GABC and other companies in various industries, namely, Matimco Incorporated, Oakridge Realty Development Corporation, Keralty Prime, and Greentree Food Solutions, Inc.

Mr. Liu and GABC under his leadership have been recognized by different award-giving bodies. Awards include the Agora for Outstanding Achievement in Entrepreneurship from the Philippine Marketing Association, Ten Outstanding Young Men for Entrepreneurship from JCI Philippines, Global Retailer of the Year from the Philippine Retailers Association and the Department of Trade and Industry, and the ASEAN Business Awards' Priority Integration Sector Excellence Award for Retail. Mr. Liu graduated with a Bachelor of Science Degree in Architecture from the University of San Carlos, and completed the Executive Education Owner/President Management Program of the Harvard Business School.

Mr. Rolando Ledesma Macasaet, 63 years old, has been a director of PLDT since January 1, 2024. He assumed the post as the President and Chief Executive Officer of the Social Security System ("SSS") on January 5, 2023. As the highest Executive Officer in SSS, he oversees and supervises the general conduct of operations of the state pension fund and is responsible for carrying out the programs of the SSS. He is also the concurrent Vice-Chairperson of the Social Security Commission ("SSC"), the governing board of the SSS. He is a member of the following SSC committees: Executive, Governance, Risk Management and Investments, and Information Technology and Coverage Collection.

Aside from his present position, Mr. Macasaet is also a Director of Union Bank of the Philippines and is a member of the following committees: Executive, Trust, Corporate Governance, and Information Technology & Cybersecurity. He also served as a Director of Philex Mining Corporation and was a member of its Audit Committee until December 31, 2023.

Mr. Macasaet previously held the position of President and General Manager of the Government Service and Insurance System ("GSIS") from 2019 to 2022, and Chairperson of the GSIS' Board of Trustees in 2018.

Prior to joining the SSS, Mr. Macasaet had extensive experience in public service as he served as President and CEO in several government-owned and controlled corporations ("GOCCs") from 1988 to 2005, such as the Philippine National Construction Corporation, Dasmariñas Industrial Steel Corporation, Skyway Corporation, and Tierra Factors Corporation.

Moreover, he has more than two decades of professional experience in financial services, banking, and public-private partnerships. His work with the Philippine National Bank ("PNB") included postings overseas as Vice President and General Manager in Los Angeles, California, USA and as Regional Vice President-ASEAN in Singapore. His other stints in the banking sector included a two-year service as Corporate Account Manager at BMO Bank of Montreal, Vancouver, and President and Vice Chairman of the Philippine Postal Bank from 2005 to 2007. He also served as a Board Member of various companies such as San Miguel Corporation, Bank of Commerce, Private Infrastructure and Development Corporation, Bancard and PCI Bank, to name a few. He further served as Director of the Asian Infrastructure and Investment Bank ("AIIB") in Beijing (China's counterpart of the World Bank and Asian Development Bank).

Mr. Macasaet is an Outstanding Alumnus of the University of the Philippines and was recognized as an Atenean of the Year.

He holds a Bachelor of Science in Business Economics, cum laude, from the University of the Philippines and has earned a Master of Business Administration degree (Honors Program) from the same university. He also finished an Executive Program in Finance at Columbia University in New York and has a Diploma in Management Development at Harvard Business School in Boston, Massachusetts.

Retired Chief Justice Artemio V. Panganiban, 87 years old, has been an independent director of PLDT since April 23, 2013 and is serving as an independent member of the Audit, Governance, Nomination and Sustainability, and Executive Compensation Committees, and Chairman of the Risk Committee, of the Board of Directors of PLDT. He was appointed as Lead Independent Director effective March 21, 2019. He served as an independent member of the Advisory Board and an independent non-voting member of the Governance and Nomination Committee of the Board of Directors of PLDT from June 9, 2009 to May 6, 2013. Currently, he is also an independent director of Meralco, Petron Corporation, GMA Network, GMA Holdings, JG Summit Holdings, Inc. Asian Terminals, Inc. and RL Commercial REIT, Inc., and a non-executive director of Jollibee Foods Corporation, all of which are PSE-listed companies, as well as Senior Adviser of Metropolitan Bank and Trust Company, a member of the Advisory Council of the Bank of the Philippine Islands and an adviser of Double Dragon Properties Corp. and Merry Mart Consumer Corp. He is an Independent Advisor of Metro Pacific Investments Corporation, a large non-listed company, and Independent Director of several large non-listed companies such as Asian Hospital, Inc., Metro Pacific Tollways Corporation and Team Energy Corporation. He is also the Chairman of the Board of Trustees of the Foundation for Liberty and Prosperity, and of the Board of Advisers of Metrobank Foundation, Inc., a trustee of Tan Yan Kee Foundation and Claudio Teehankee Foundation, President of the Manila Metropolitan Cathedral-Basilica Foundation, a member of the Advisory Board of World Bank (Philippines), Chairman-Emeritus of the Philippine Dispute Resolution Center, Inc., Chairman Emeritus of the Philippine National Committee of the Asean Law Association and a column writer of the Philippine Daily Inquirer.

Hon. Panganiban served the Supreme Court of the Philippines for more than 11 years, first as Associate Justice (October 10, 1995 to December 20, 2005) and later, as Chief Justice (December 21, 2005 to December 6, 2006) during which he sat concurrently as Chairperson of the Presidential Electoral Tribunal, Judicial and Bar Council and Philippine Judicial Academy. He has received over 250 awards in recognition of his role as jurist, practicing lawyer, professor, civic leader, Catholic lay worker and business entrepreneur, including "The Renaissance Jurist of the 21st Century" given by the Supreme Court on the occasion of his retirement from the Court. Hon. Panganiban graduated cum laude from Far Eastern University with a Bachelor of Laws Degree in 1960, and was conferred a Doctor of Laws Degree (Honoris Causa) by the University of Iloilo (1997), Far Eastern University (2002), University of Cebu (2006), Angeles University (2006) and Bulacan State University (2006). He was co-founder and past president of the National Union of Students of the Philippines.

Mr. Alfredo S. Panlilio, 60 years old, has been the Director, President and Chief Executive Officer of PLDT, Inc. since June 8, 2021 and wireless subsidiary Smart Communications, Inc. since August 8, 2019. He is also an Advisor of the Data Privacy and Information Security Committee, Advisor of the Governance, Nomination and Sustainability Committee, and a Member of the Technology Strategy Committee of the PLDT Board of Directors.

Within the PLDT Group, Panlilio holds leadership positions as the Chairman, President and CEO of IP Converge Data Services, Inc., and Mabuhay Investments Corporation, Chairman and President of ABM Global Solutions, Inc., Curo Tecknika, Inc., ePDS, Inc., IPC Rack It Data Center, Inc., VITRO Inc., and ACeS Philippines Cellular Satellite Corporation, and Smart Broadband, Inc., Chairman of ePLDT, Inc., MayaBank, Bonifacio Communications Corporation, Telesat, Inc., PLDT Clark Telecom, Inc., PLDT Subic Telecom, Inc., PLDT-Maratel, Inc., and PLDT-Philcom, Inc, Director, President and CEO of Digitel Telecommunications, Inc., Digitel Mobile Philippines, Inc. (DMPI), Director and President of I-Contacts Corporation, Director of international business unit PLDT Global, President and CEO of Talas Data Intelligence, Inc., President of MVP Rewards and Loyalty Solutions, Inc. (MRSI), Airborne Access Corporation, PLDT Communications and Energy Ventures, Inc., and Primeworld Digital Systems, Inc., and Trustee of social outreach arm PLDT-Smart Foundation (PSF) and Asian Carriers Conference Inc.

With PLDT as a longtime supporter of the Philippines' digital transformation, Panlilio is among the founding members under the Digital Infrastructure pillar of the Private Sector Advisory Council (PSAC), formed in July 2022.

During Panlilio's previous tenure in PLDT before returning as its Chief Revenue Officer on July 1, 2019, he served as Senior Vice President from May 2001 to December 2010 and was the President of PLDT Global from June 2004 to December 2010.

Prior to returning to PLDT Group, Panlilio was the Senior Vice President and Head of Customer Retail Services and Corporate Communications at Manila Electric Company (Meralco) from September 10, 2010 to June 30, 2019. Within the Meralco Group, Panlilio served as Chairman of Radius Telecoms, Inc., e-Meralco Ventures Inc., Paragon Vertical Corporation, Powersource First Bulacan Solar, Inc. and Pure Meridian Hydropower Corporation. He was also a Vice Chairman of Aclara Meters Philippines, Inc., and Director of CIS Bayad Center Inc., Corporate Information Solutions, Inc., Customer Frontline Solutions, Inc., Meralco Energy, Inc., MRAIL Inc., Meralco Industrial Engineering Services Corporation, Comstech Integration Alliance, Inc. and MSpectrum, Inc. Panlilio was also a trustee of One Meralco Foundation, Inc. (OMFI) and Meralco Power Academy, and Associate Board Member of Semiconductor and Electronics Industries in the Philippines, Inc. (SEIPI).

A veteran executive who started his career with IBM Philippines and rose through the ranks, Panlilio also serves as Director of CignalTV, Inc., Asean Telecom Holdings Sdn. Bhd. (ATH), Chikka Holdings Limited, Connectivity Unlimited Resources Enterprises, Inc., Wifun, Inc., and Vega Group of Companies; Independent Director of CEMEX Holdings Philippines, Inc.; Board Member of Makati Central Estate Association, Inc. (MACEA); and Trustee of Kapampangan Development Foundation and Philpop Musicfest Foundation, Inc.

An advocate of the value of sports in maintaining a strong republic, Panlilio sits as President of the MVP Sports Foundation, Second Vice President of FIBA Asia Central Board, First Vice President of the Philippine Olympic Committee and heads the FIBA Basketball World Cup 2023 local organizing committee. He is also the President of Samahang Basketbol ng Pilipinas (SBP), the country's governing basketball federation, and is the Treasurer of the National Golf Association of the Philippines (NGAP) and Manila Golf Country Club, Inc.

Bearing testament to his achievements, Panlilio was named CEO of the Year by London-based award-giving body Total Telecom at the 2022 Asia Communication Awards. He was previously honored as CEO Excel Awardee of the International Association of Business Communicators Philippines in 2013, was one of seven finalists in the Rising Star (individual) category of the PLATTS Global Energy Awards 2015 held in New York, and has received multiple local and international awards for customer management and business communication excellence throughout his 38-year career.

A Member of the Management Association of the Philippines (MAP), Panlilio holds a Bachelor of Science Degree in Business Administration (Computer Information Systems) from San Francisco State University. He obtained his Master in Business Administration at J. L. Kellogg School of Management of Northwestern University and the Hongkong University of Science and Technology.

Ms. Bernadine T. Siy, 64 years old, is a director of Epicurean Partners Exchange Inc. (EPEI), and of Fil-Pacific Apparel Corporation (FPAC), both leading players in the food service and apparel industry. She previously served as President and Chief Executive Officer of EPEI Inc. from 1994 to 2011, and President and Chief Executive Officer of FPAC from 1987 to 1997 and again, from 2004 to 2013. She has been a trustee in the board of Ateneo de Manila University since 2014, and currently holds the position of board chair. She is currently an independent director of Cebu Air, Inc. having been appointed in March 2021. She is also a trustee in the board of the Foundation for Economic Freedom, an economic policy advocacy organization and a member of the Management Association of the Philippines. She was a Consultant to the Board of Directors of the Development Bank of the Philippines from November 2012 to June 2014. She obtained her Bachelor of Arts Degree in Economics, Magna Cum Laude from Ateneo de Manila University and a Master's Degree in Management from J.L. Kellogg Graduate School of Management of Northwestern University in Chicago, Illinois, USA.

Mr. Naoki Wakai, 58 years old, has been a director of PLDT since August 26, 2021. He is the Senior Vice President in charge of Global Business in Business Solution Division of NTT Communications Corporation (NTT Com). He joined Nippon Telegraph and Telephone Company (NTT) in 1989 and has been engaged in global telecoms and IT business for the past 28 years. Mr. Wakai was involved in the establishment of subsidiaries and branch offices in China, Taiwan and Korea, and played a major role in the construction of international submarine cable systems. After serving as Senior Manager of IP Transit Business at NTT Com Asia (Hong Kong) and Director of International Business at Verio (USA), he moved to NTT Com in Japan and became Head of Server Hosting Team in 2006, Head of Carrier Relations in 2008 and Vice President of Global IP Network in 2009. Mr. Wakai moved to London as Deputy Managing Director and COO of NTT Europe Limited in 2012. In 2017, he moved to Singapore to serve as President and CEO of NTT Singapore Pte. Limited. He graduated with a Bachelor's Degree in Political Science from Keio University in Tokyo, Japan, and holds a Master's Degree in International Relations from International University in Niigata, Japan.

Ms. Marife B. Zamora, 70 years old, has been a director of PLDT since November 14, 2016. She is the Chairman of the Board of Willis Towers Watson Insurance and Reinsurance Brokers, Inc., and a member of the Board of Trustees of the Asian Institute of Management. She is also an Independent Board Member of Pru Life Insurance Corporation of U.K and Cemex Holdings Philippines. She is also a Board Director of MediaQuest Holdings Inc. She co-founded the Filipina CEO Circle. She was Chairman of Convergys Philippines; Managing Director for Asia Pacific, Europe, Middle East, Africa for Convergys Corporation, and served as the first Country Manager of Convergys Philippines leading its growth as the country's largest private employer. Prior to this, Ms. Zamora served as Managing Director of Headstrong Phils. She was also with IBM Philippines where she held a number of sales, marketing and management positions during her 18-year tenure with the company. She is the 3rd woman President and the 68th President of the Management Association of the Philippines. Ms. Zamora received her Bachelor of Arts Degree (major in Mathematics & History) from the College of the Holy Spirit and studied in the University of the Philippines and the University of Pennsylvania.

Mr. Victorico P. Vargas, 71 years old, is presently the Head of Talent Culture and Cultivation - Office of the Chairman, PLDT Leadership Transition Officer, an Associate Director of First Pacific since January 2016, overseeing First Pacific Group businesses operating in the Philippines and its region, with particular focus on leading the Business Transformation of PLDT. He is a director of Smart Communications Inc., Meralco, MGen Global Business Power, Maya Bank, Inc., PLDT Global Corp., PLDT Subic Telecom, Inc., PLDT Clark Telecom, Inc., Beacon Electric Asset Holdings, Inc., Beacon PowerGen Holdings, Inc., MQuest Ventures, Inc., Cignal TV, Inc., TV5 Network, Inc. and Media5 Marketing Corporation. Chairman of Hastings Holdings Inc., Philstar Global, Inc., Pilipino Star Ngayon, Inc., Pilipino Star Printing, and Philstar Daily, Inc. President and Member of the Board of Trustees of the First Pacific Leadership Academy, Trustee of the MVP Sports Foundation, PLDT-Smart Foundation, Inc. and Ideaspace Foundation and President of the PhilPop Music Fest Foundation. Mr. Vargas is the immediate past President of the Philippine Olympic Committee and is currently a member of the Board of Trustees of the said organization. Mr. Vargas is the Chairman of the Association of Boxing Alliances in the Philippines and was a former member of the Executive Committee of the Asian Boxing Confederation. He is one of the Executive Board Members of World Boxing Council and Chairman of the Philippine Basketball Association for seasons 2017-present. He is also the Vice President of the Samahang Basketbol ng Pilipinas. Prior thereto, Mr. Vargas was the President and Chief Executive Officer of Maynilad Water Services, Inc. since August 2010. He joined PLDT in 2000 as its Human Resources Group Head and through his stay at PLDT got involved in managing the PLDT Business Transformation Office, Asset Protection and Management Group, and the PLDT International Carrier Business. He has worked in senior roles at Union Carbide, Pepsi Cola, Colgate Palmolive and Citibank, NA (both in Manila and in Southeast Asia). Mr. Vargas was educated at Ateneo de Manila and University of Santo Tomas with a Bachelor of Science Degree in Psychology.

Mr. Danny Y. Yu, 62 years old, Senior Vice President, Chief Financial Officer and Chief Risk Management Officer, served as the PLDT Group Controller from November 17, 2022 to May 3, 2023. He likewise served as Senior Vice President and Chief Financial Officer, Chief Governance Officer and Chief Risk Officer of Philex Mining Corporation from September 2013 to August 2019, Chief Finance Officer of Digital Telecommunications Philippines, Inc. and Digitel Mobile Philippines, Inc. (Sun Cellular) from November 2011 to July 2013, Chief Financial Officer of ePLDT, Inc. from November 2010 to December 2011, Chief Financial Officer of PLDT Global Corporation from June 2004 to November 2010, Chief Financial Officer of Mabuhay Satellite Philippines Corporation & Aces Satellite Philippines Corporation from March 1999 to May 2004, and Vice President for Corporate Development of Fort Bonifacio Development Corporation from March 1997 to March 1999. He started his career at SGV & Co. where he was a senior auditor. Mr. Yu graduated Magna Cum Laude from the University of San Carlos with a Bachelor of Science in Commerce, Major in Accounting and holds a Master in Management from the Asian Institute of Management. He is also a Certified Public Accountant. In 2016, he was awarded the ING-FINEX CFO of the Year.

Mr. Emmanuel Ramon C. Lorenzana, 59 years old, Chief Transformation and Customer Officer, has been the Chief Commercial and Customer Advisor of the Company since January 1, 2022. He is an Independent Director of ATRAM where he is a member of the Executive Committee and Chair of the Governance & Risk Committees and has been serving as such since 2018. He also served as President and Chief Executive Officer of MediaQuest from 2014-2016, Executive Vice President and Head of Consumer Wireless Business of Smart Communications, Inc. from 2012 to 2013, and President of NutriAsia Inc. from 2008 to 2011. He likewise held senior management positions in Unilever from 1988 to 2008, such as Chairman and Managing Director of Unilever Malaysia and Singapore, Managing Director of Unilever Philippines, Unilever Vice President for Oral Care (Asia, Africa and Latin America), Business Planning Director of Unilever Philippines, and Marketing Director of Unilever China. Mr. Lorenzana graduated with a Bachelors Degree in Chemical Engineering from the University of the Philippines, and completed the Blockchain Strategy Program of Said Business School, University of Oxford, Emerging Leadership of Innovation across Sectors and Internet-of-Things/Business Implications and Opportunities of MIT Sloan School of Management, and Advance Executive Program of Kellog School of Management

Ms. Gina Marina P. Ordoñez, 62 years old, is the Chief People Officer for PLDT, Inc. and its wireless subsidiary, Smart Communications, where she drives the strategic direction and execution of human capital initiatives, workplace design, and employee experience programs. By aligning people-centric strategies with business objectives, she aims to create a workplace where employees are empowered to do meaningful work and deliver organizational goals. She also contributed to the development and implementation of the PLDT Group Talent Management strategy, ensuring alignment with present and future business requirements. Throughout the pandemic, Gina served as Co-Chairperson of the MVP Group Vaccine Task Force, leading the planning and operations of COVID-19 vaccination efforts for employees and their families nationwide.

Gina has been with the PLDT Group for over eight years, initially joining the Business Transformation Office (BTO) in 2016 to oversee process and quality management. She transitioned to the role of Smart People Group Head before being appointed as Chief People Officer for both PLDT and Smart organizations in 2019.

Gina was formerly Vice President for Service Operations and Quality Management at Makati Medical Center where she implemented best practices in service quality throughout the hospital, enhancing service delivery, operational efficiency, and end-to-end processes to improve patient satisfaction. She also served as Head of Customer Experience for Consumer

Banking at Citi where she occupied several leadership roles over a span of 16 years. During her tenure, she attained a Six Sigma Black Belt certification.

Gina is a registered Corporate Coach and Quality Management consultant, holding membership in the International Coach Federation. With more than 23 years of extensive experience, she has held leadership roles in People, Process, Customer Experience and Quality Management.

Mr. Joseph Ian G. Gendrano, 47 years old, Enterprise Business Head. He has been in PLDT's service since May 2013. Prior to joining PLDT, he worked with Verizon Business, Cisco Systems and Goldman Sachs in the United States. He has held technical, sales, consulting and leadership roles in these organizations as well as gained industry experience in the global financial services vertical. He served as Vice President of Goldman Sachs' Network Voice and Multimedia Division and Chief Architect for Unified Communications platforms. Mr. Gendrano obtained his Bachelor of Science degree in Electronics and Communications Engineering from De La Salle University and Master of Science degree in Electrical Engineering, Major in Telecommunications and Networking from the University of Pennsylvania.

Mr. Luis S. Reňon, 53 years old, Senior Vice President, Internal Audit Group, joined PLDT in July 2018. Prior thereto, he was the Emerging Markets Chief Finance Officer of Pfizer Inc. handling teams across the Philippines, Thailand, Malaysia, Indonesia, Vietnam, and Pakistan. He started his professional career in the Audit and Business Advisory Division of Ernst & Young Manila and Singapore for six years. He then moved to Novartis Asia Pacific in Singapore as Regional Auditor and Team Leader, managing APAC auditors in conducting business review and compliance test of operations in Asia Pacific and Europe. He moved back to the Philippines in 2000 where he became the Head of Finance, Administration and Operations of Novartis' Animal Health Business Unit. He pursued a rewarding career in Wyeth Philippines and Pfizer, Inc., where he took on various roles with increasing responsibilities in Strategic Planning and Business Finance, as Pfizer's Country CFO in 2011 during the Pfizer-Wyeth integration and as Emerging Markets CFO in 2014. Mr. Reñon is a Certified Public Accountant. He completed his Bachelor's degree in Commerce, major in Accounting at Araullo University, and his Master's degree in Business Administration at the Ateneo de Manila University, where he garnered the Gold Medalist Award. He attended the Management Development Program of the Asian Institute of Management in 2005 and the Financial Excellence Program of Harvard Business School in 2002.

Mr. Jeremiah M. de la Cruz, 46 years old, Senior Vice President and Head of the Consumer Business–Home Group of PLDT Inc. Jeremiah is an accomplished strategic leader with solid experience in managing cross functional teams in delivering revenue and growth, he oversees day-to-day operations for the Home business covering product, marketing, sales, customer experience and field operations. Prior to joining PLDT Inc., Jeremiah has led enterprise-wide business transformation in various companies in the APAC region. He directed the Digital Strategy of Hoytz and handled senior leadership roles in Globe Telecoms, PT. XL Axiata Tbk, Optus and Vodafone. Jeremiah earned his Post Graduate Certificate in Management from the Australian Graduate School of Management.

Mr. Menardo G. Jimenez, Jr., 60 years old, Senior Vice President and Network Head, joined PLDT in December 2001 and served in various capacities as Corporate Communications and Public Affairs Group Head, Retail Business Group Head, Fixed Line Business Transformation Office Head, Human Resources Group Head, Fixed Line Business Transformation Office Head and Consumer Home Business Group Head. He holds directorships in several subsidiaries of PLDT. Prior to joining PLDT, he had a stint at GMA Network, Inc., where he served as head of a creative services and network promotions. Mr. Jimenez received his AB Economics degree from the University of the Philippines.

Mr. Leo I. Posadas, 57 years old, Treasurer of the PLDT Group, handles the treasury management and operations of several companies under the PLDT Group. He is a director and Chief Financial Officer of PLDT Global Corporation, a director of PLDT Global Investments Holdings, Mabuhay Investments Corporation, PLDT Communication and Energy Ventures, Philstar and Businessworld, and the Treasurer of the Vega Telecom group. He is also the Treasurer of PLDT-Smart Foundation and several other subsidiaries of PLDT and Smart. Prior to joining PLDT in September 2000, he served as Treasury Manager of Total Petroleum Philippines, and as Manager for Foreign Exchange Management of San Miguel Corporation. Mr. Posadas received his Bachelor of Arts Degree in Economics and Bachelor of Science degree in Commerce Major in Management of Financial Institutions from De La Salle University.

Ms. Melissa V. Vergel de Dios, 60 years old, Chief Sustainability Officer effective November 4, 2021 and concurrent Corporate Sustainability Office Head and Investor Relations Head. She has been in PLDT's service since May 2001 and served as Property Management Center Head until May 2003 and as Property and Facilities Management Center Head until September 2007. Prior to joining PLDT, she was the Chief Operating Officer of Wharton Credit Corp. and from June 2000 to May 2001 was the Group Chief Finance Officer of Global 3 Internet Holdings, Inc. She held various positions in San Miguel Group of Companies from 1984 to 2000. Ms. Vergel de Dios obtained her Bachelor of Science Degree in Marketing and Management and Bachelor of Arts degree in Economics from Assumption College.

Mr. Gil Samson D. Garcia, 52 years old, is the First Vice President & Head of Financial Controllership. He served as Group CFO of the ePLDT Group from May 2015 to August 2023, and MVP Rewards & Loyalty Solutions, Inc. (MRSI) from September 2018 to August 2023. He served as Controller of PCEV from June 2022 to June 2023. He holds directorships in several subsidiaries of ePLDT. Prior to joining PLDT, he was a Senior Director until January 2007 of the Business Risk Services Group of SGV & Co. / Ernst & Young, where he gained a wide range of experiences, here and abroad, in external audit and business process review and advisory including Sarbanes Oxley (SOX) 404 evaluation & consultancy, risk management, corporate governance, and business fraud investigation, and fraud prevention and detection, among others. He graduated Cum Laude from the University of Santo Tomas with a Bachelor of Science Degree in Commerce, Major in Accounting. He is a CPA and a globally Certified Internal Auditor (CIA) and Certified Fraud Examiner (CFE). He completed the Management Development Program in the Asian Institute of Management School of Executive Education in cooperation with PLDT & Smart in August 2016, and the High Potential Program / Leadership Talent Assessment facilitated by Development Dimensions International in October 2020. He was certified as Executive Coach Level 3 by the Global Learning Solutions Singapore in October 2023.

Below is a list of directorships in other private and public companies of the director named below. All directorships of our other director are included in their respective biographies in the preceding pages.

Name of Director	Names of Companies	
	Public	Private
Helen Y. Dee	House of Investments (Regular Director/Chairman) Petro Energy Resources Corporation (Regular Director/Chairman) Rizal Commercial Banking Corporation (Regular Director/Chairman)	A.T. Yuchengco, Inc. (Regular Director/Chairman) AY Foundation, Inc. (Regular Director/Chairman) AY Holdings, Inc. (Regular Director/Chairman) ET Yuchengco, Inc. (Regular Director/Chairman) Dee Yu Corporation (Regular Director/Chairman) GPL Holdings, Inc. (Regular Director/President) Hi-Eisai Pharmaceuticals, Inc. (Regular Director/Chairman) Honda Cars, Kaloocan (Regular Director) Honda Cars Philippines, Inc. (Regular Director) Isuzu Philippines, Inc. (Regular Director) La Funeraria Paz Sucat (Regular Director/Chairman) Landev Corp. (Regular Director/Chairman) Luis Miguel Foods (Regular Director) Luisita Industrial Park Corporation (Regular Director) Malayan Colleges Laguna, Inc. (Trustee) Malayan Colleges Mindanao Inc. (Regular Director/Chairman) Malayan Educational Systems, Inc. (Regular Director/Chairman) Malayan Insurance Co. Inc. (Regular Director/Chairman) Malayan High School of Science, Inc. (Regular Director/Chairman) Manila Memorial Park Cemetery, Inc. (Regular Director/Chairman) Mayahin Holdings Corporation (Regular Director/Chairman) MICO Equities, Inc. (Regular Director/Chairman) Mijo Holdings, Inc. (Regular Director/Chairman Pan Malayan Express, Inc. (Regular Director/Chairman) Pan Malayan Management and Investment Corporation (Regular Director/Chairman) Pan Malayan Realty Corporation (Regular Director/Chairman) Petrowind Energy, Inc. (Regular Director/ Chairman) Philippine Business for Education, Inc. (Regular Director/Trustee) Philippine Integrated Advertising Agency, Inc. (Regular Director) RCBC Land, Inc. (Regular Director) RCBC Leasing & Finance Corp (Regular Director/Chairman) RCBC Realty Corporation (Regular Director/Chairman) Shayamala Corporation (Regular Director/Chairman) Sunlife Grepa Financial, Inc. (Regular Director/Chairman) Xamdu Motors, Inc. (Regular Director/Chairman) YGC Corporate Services, Inc. (Regular Director/Chairman) Y Realty, Inc. (Regular Director) Yuchengco Center, Inc. (Regular Director/Chairman)

Terms of Office

The directors of PLDT are elected each year to serve until the next annual meeting of stockholders and until their successors are elected and qualified, except in case of death, resignation, disqualification or removal from office. The term of office of all officers is coterminous with that of the Board of Directors that elected or appointed them.

Family Relationships

None of the directors/independent directors and officers of the Company or persons nominated to such positions has any family relationships up to the fourth civil degree either by consanguinity or affinity, except Mr. Manuel V. Pangilinan (Chairman) and Ms. Gina Marina P. Ordoñez (Chief People Officer) who are relatives to the fourth civil degree by consanguinity.

Legal Proceedings

The Company is not aware, and none of the directors/independent directors and officers or persons nominated for election to such positions has informed the Company, of any of the following events that occurred during the past five (5) years and up to the date of this Information Statement: (a) any bankruptcy petition filed by or against any business of which a director/independent director or officer or person nominated for election to any of such positions, was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (b) any conviction by final judgment in a criminal proceeding, domestic or foreign, or any criminal proceeding, domestic or foreign, pending against any director/independent director or officer or person nominated for election to any of such positions, except as noted below; (c) any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director/independent director or officer or person nominated for election to any of such positions in any type of business, securities, commodities or banking activities; and (d) any finding by a domestic or foreign court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any director/independent director or officer or person nominated for election to any of such positions, has violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

The following is a description of the complaints in which our Chairman, Manuel V. Pangilinan, our directors Ray C. Espinosa, James L. Go, Artemio V. Panganiban, and Alfredo S. Panlilio are respondents:

1. Messrs. Manuel V. Pangilinan, Ray C. Espinosa, James L. Go and Artemio V. Panganiban and other members of the Board of Directors of Manila Electric Company (respectively the "Board" and "Meralco"), and the Commissioners of Energy Regulatory Board ("ERC") except former Chairman Agnes Devanadera, are respondents in a Complaint-Affidavit dated December 5, 2017 filed by the National Association of Electricity Consumers for Reforms, Inc. ("NASECORE") with the Office of the Ombudsman (OMB) and docketed as OMB-C-C-18-002 (the "Complaint").

   The Complaint charges the respondents with the crime of Syndicated Estafa under Section 1 of Presidential Decree No. 1689 ("PD 1689"), in relation to Article 315, par. 1(b) of the Revised Penal Code, for alleged misappropriation of the bill deposits made by customers of Meralco, and failure to accrue and credit interest on the said deposits. As directed in the OMB's Order dated January 22, 2018, the members of the Board of Meralco (the "Private Respondents") timely filed their Counter-Affidavits on February 9, 2018.

   In their Counter-Affidavits, the Private Respondents asserted that the case against them is without merit since the elements of Syndicated Estafa under PD 1689 and Article 315 paragraph 1(b) of the Revised Penal Code are not present. Private Respondents and Meralco cannot be considered as a syndicate. Neither are the elements of estafa present since the bill deposits are not received by Meralco or the Private Respondents in trust, on commission, or for administration, or with an obligation to return or make delivery of the exact same bills and coins. Nor was there any misappropriation or conversion of the bill deposits which caused damage to any person. Moreover, the bill deposits are fully accounted for in the audited financial statements and there are sufficient funds to refund the same, if necessary. There is likewise no conspiracy to commit a crime among the Private Respondents themselves, or the Private Respondents and the ERC Commissioners.

   In a Resolution dated May 18, 2018, the Complaint was dismissed for insufficiency of evidence. The case was however referred to the Commission on Audit for the conduct of audit on the Bill Deposits collected by Meralco from the public consumers and to inform the OMB of Compliance thereof.

   NASECORE filed a Motion for Partial Reconsideration of the Resolution dated May 18, 2018. On June 16, 2018, Meralco filed a Motion for Leave to File and Admit Comment/Opposition. The Ombudsman denied NASECORE's Motion for Reconsideration in an Order dated July 30, 2018. No appeal was made from the resolution dismissing the complaint against Meralco directors and officers. NASECORE filed an Urgent Motion for Immediate Execution dated September 21, 2018 praying that the Ombudsman issue a writ of execution to implement the Resolution dated May 18, 2018 which directed the Commission on Audit to conduct an audit. As at March 21, 2024, there has been no further action by the Ombudsman in this case. There has also been no action by the Commission on Audit on this matter.

2. Messrs. Manuel V. Pangilinan, Ray C. Espinosa, James L. Go and Artemio V. Panganiban and other members of the Board of Directors and the President and CEO of Manila Electric Company, and the Commissioners of Energy Regulatory Board ("ERC") except former Chairman Agnes Devanadera, are respondents in a Complaint-Affidavit dated January 22, 2018, filed by the NASECORE and Cellphone Owners and Users of the Philippines, Inc. ("COUP") with the OMB and docketed as OMB-C-C-18-0042 (the "Complaint").

   The Complaint charges the respondents with the crime of Syndicated Estafa under Section 1 of Presidential Decree No. 1689 in relation to Paragraph 2(a) of Article 315 of the Revised Penal Code and violation of Section 3 (e) of Republic Act No. 3019 (Anti-Graft and Corrupt Practices Act) in connection with the investments made by Meralco in its subsidiaries and affiliates and in its joint ventures with other corporations for businesses which are not related to Meralco's electric distribution business.

   The Complaint alleges that Meralco's investments, participations, business interests, and infusion of funds in other companies, either as parent corporation or as a joint venture, are violative of its legislative franchise (RA 9209) and the EPIRA Law (RA 9136). It further alleges that Meralco allegedly conspired with the four (4) ERC Commissioners in committing Syndicated Estafa and with violating Section 3(e) of Anti-Graft and Corrupt Practices Act, to make said prohibited investments, thereby resulting to over-charging and over-recoveries by Meralco against its customers.

As directed in the OMB's Order dated February 20, 2018, the members of the Board of Directors and the President and CEO of Meralco (the "Private Respondents") timely filed their Counter-Affidavits on March 12, 2018. In their Counter-Affidavits, the Private Respondents strongly denied the commission of any wrongdoing as Meralco's investment activities are allowed by and fully compliant with all applicable laws rules and regulations, and do not impact negatively on its operations or customers. They argued that its legislative franchise (RA 9209) and the EPIRA Law (RA 9136) do not prohibit, restrict or bar Meralco from making investments in other companies, including generation companies.

Meralco is likewise not required (pursuant to Section 26 of EPIRA) to plow back up to 50% of the net income derived from such investments in other companies since Meralco's investments in generation companies and other subsidiaries or entities do not constitute related business undertakings that utilize Meralco's rate base assets. Meralco's investments in other companies are not sourced from its revenues, but rather, from its net profits and retained earnings, and the disposition and use of such profits by Meralco are not subject to regulation by the ERC or any other agency.

Considering the foregoing, the elements of the crime of Syndicated Estafa are not present. No fraud was committed against Meralco customers since Meralco and/or Private Respondents or any of them never committed any fraudulent act, or employed false pretenses or fraudulent means to the prejudice or detriment of any party. There is no fraud or swindling whatsoever, there is also no syndicate to speak of, and Private Respondents did not participate in or agree to any criminal design with the ERC Commissioners.

On May 4, 2018, Meralco filed a Manifestation with Motion for Early Resolution of even date. Another Motion to Resolve and Dismiss was also filed by MERALCO on June 2, 2021. In a Joint Resolution dated February 22, 2022, the Ombudsman has dismissed the cases. As at March 21, 2024, there has been no appeal received.

3. Mr. Alfredo S. Panlilio and PLDT Inc. ("PLDT") are respondents in a Complaint-Affidavit dated September 29, 2022, filed by Mr. Edmon G. Fullante with the Office of the City Prosecutor - Quezon City ("OCP QC") and docketed as XV-03-INV-22I-07791 (the "Complaint").

   The Complaint charges PLDT and Mr. Panlilio for Quasi-Delict in connection with a motorcycle accident Mr. Fullante figured in involving a PLDT cable.The Complaint alleges that PLDT and Mr. Panlilio are responsible for the damages suffered by Mr. Fullante as a result of the accident. As directed in the OCP QC's Subpoena dated May 2, 2023, PLDT and Mr. Panlilio filed their Counter-Affidavits on May 29, 2023.

   During the preliminary investigation on May 29, 2023, Mr. Fullante executed and filed an Affidavit of Desistance with an attached Release, Waiver, and Quitclaim, alleging that the case was filed due to a misunderstanding, that he is voluntarily withdrawing the case, and that he is recanting all his allegations in the Complaint against PLDT and Mr. Panlilio.

   In a Resolution dated June 1, 2023, the OCP QC dismissed the Complaint. No motion for reconsideration or appeal has been received as of this date.

Audit; Governance, Nomination and Sustainability; Executive Compensation; Technology Strategy; Risk; and Data Privacy and Information Security Committees

Our Board of Directors (Board) is authorized under the By-Laws to create committees, as it may deem necessary, to assist in the effective performance of specific functions and responsibilities which may be delegated by the Board. We have six Board committees, namely, the Audit; Governance, Nomination and Sustainability; Executive Compensation; Technology Strategy; Risk; and Data Privacy and Information Security Committees. Each of these committees has a Board-approved written charter that provides for such committee's composition, membership qualifications, functions and responsibilities, conduct of meetings, and reporting procedure to the Board.

Audit Committee

Our Audit Committee (AC) is composed of three members, all of whom are independent directors, and three advisors. The AC members are Retired Supreme Court Chief Justice Artemio V. Panganiban, Mr. Bernido H. Liu and Ms. Bernadine T. Siy, who is the chairperson of this committee. The three AC advisors are Mr. Kazuyuki Kozu and Mr. James L. Go, who are non-independent directors, and Ms. Corazon S. de la Paz-Bernardo, a former member of our Board. All the members of our AC are financially literate. Ms. Siy holds a master's degree in Management with majors in Finance and Accounting from the J.L. Kellogg Graduate School of Management of Northwestern University in Chicago, Illinois, USA. Ms. Corazon S. de la Paz-Bernardo has expertise in accounting and financial management. She is a former Chairman and Senior Partner of Joaquin Cunanan & Company, now Isla Lipana & Co., a member firm of PricewaterhouseCoopers (PwC).

As provided in the AC charter, the primary purpose of the AC is to assist the Board in fulfilling its oversight responsibility for:

- the integrity of PLDT's accounting and financial reporting principles and policies, and system of internal controls, including the review of material related party transactions, and the integrity of PLDT's financial statements and the independent audit thereof;
- PLDT's compliance with legal and regulatory requirements and the audit process; and
- the Company's audit process and the performance of the internal audit organization and the external auditors (including the external auditors' qualifications and independence).

To carry out its direct responsibility for the appointment, setting of compensation, retention and removal of the external auditor, the AC has the following duties and powers:

- review and evaluate the qualifications, performance and independence of the external auditor and its lead audit partner;
- select and appoint, remove or replace the external auditor;
- review and approve, in consultation with the head of the internal audit organization and the head of the finance organization, all audit and non-audit services to be performed by the external auditor and the fees to be paid for such services, and ensure disclosure of any allowed non-audit services in PLDT's annual report;
- periodically review fees for non-audit services paid to the external auditor and disallow non-audit services that will conflict with the external auditor's duties to PLDT or pose a threat to the external auditor's independence;
- ensure that the external auditor prepares and delivers annually a statement as to its independence, discuss with the external auditor any relationships or services disclosed in such statement that may impact the objectivity, independence or quality of services of said external auditor and take appropriate action in response to such statement to satisfy itself of the external auditor's independence;
- based on the external auditor's statement submitted at least annually, review the external auditor's internal quality control procedures for any material issues raised by recent internal quality control review or peer review of the external auditor, or by any inquiry or investigation by government or professional authorities within the preceding five years, regarding one or more independent audits carried out by the external auditor and steps taken to deal with any such issues;
- ensure that the external auditor or its lead audit partner having the primary responsibility for the audit of PLDT's financial accounts is rotated at least once every five years or such shorter or longer period provided under applicable laws and regulations;
- advise the external auditor that it is expected to provide the AC a timely analysis of significant/critical financial reporting issues and practices;
- obtain assurance from the external auditor that the audit was conducted in a manner consistent with certain procedures to be followed in any audit of financial statements required under applicable rules; and
- resolve disagreements between management and the external auditor regarding financial reporting.

The AC has the authority to retain or obtain advice from special counsel or other experts or consultants in the discharge of its responsibilities without the need for Board approval.

Audit Committee Report

Further to our compliance with applicable corporate governance laws and rules, we confirm for 2023 that:

- Each voting member of the Audit Committee is an independent director as determined by the Board of Directors;
- We had nine regular joint meetings with the Audit Committees of Smart and Digitel during the year;
- We have reviewed and approved for retention the Audit Committee Charter, amended and adopted by the Board on March 21, 2022, until the next review in 2024;
- We have reviewed and approved the PLDT Internal Audit Group's risk-based annual plan for their regular audits, including updates thereto, and discussed the results of their examinations;
- Based on a review of SGV & Co.'s performance and qualifications, including consideration of Management's recommendation, we approved the appointment of SGV & Co. as the PLDT Group's independent auditor;
- We have discussed with SGV & Co. the overall scope and plan for their integrated audit of the PLDT and Subsidiaries', or PLDT Group's, financial statements and internal controls over external financial reporting, and the results of their examinations;
- We have reviewed and approved all audit and non-audit services provided by SGV & Co. to the PLDT Group, and the related fees for such services, and concluded that the non-audit fees are not significant to impair their independence;
- We have discussed with SGV & Co. the matters required to be discussed by the prevailing applicable Auditing Standard, and we have received written disclosures and the letter from SGV & Co. as required by the prevailing applicable Independence Standards (Statement as to Independence) and have discussed with SGV & Co. its independence from the PLDT Group and the PLDT Group's Management;
- We were apprised of updates on enterprise risk management and major risk exposures and mitigations through our attendance to meetings of the Risk Committee, from which we are also members;
- We have discussed with the Chief Legal Counsel, Regulatory and Tax Management Heads on the significant legal matters and updates on the Company's compliance with regulations and applicable laws;
- We have discussed with relevant Business Unit heads the status of their initiatives to address key audit observations, and other significant updates on their areas;
- In the performance of our oversight responsibilities, we have reviewed and discussed the unaudited consolidated quarterly financial statements and reports in the first three quarters of 2023 and the audited consolidated financial statements of the PLDT Group as of and for the year ended December 31, 2023 with the PLDT Group's Management, which has the primary responsibility for the financial statements, and with SGV & Co., the PLDT Group's independent auditor, who is responsible for expressing an opinion on the conformity of the PLDT Group's audited financial statements with PFRS; and
- Based on the reviews and discussions referred to above, in reliance on the PLDT Group's Management and SGV & Co. and subject to the limitations of our role, we recommended to the Board of Directors and the Board has approved, the inclusion of the PLDT Group's audited financial statements as of and for the year ended December 31, 2023 in the PLDT Group's Annual Report to the Stockholders and to the Philippine Securities and Exchange Commission on Form 17-A.

Governance, Nomination and Sustainability Committee

Our Governance, Nomination and Sustainability Committee (GNSC) is composed of five voting members, all of whom are members of our Board, two non-voting members, and an advisor. Three of the voting members are independent directors, namely, Retired Supreme Court Chief Justice Artemio V. Panganiban, Mr. Bernido H. Liu, and Ms. Bernadine T. Siy. The two other voting members are non-executive directors namely, Mr. Kazuyuki Kozu and Mr. Manuel V. Pangilinan[1] who is the chairman of this committee. The two non-voting members are the Chief People Officer, Ms. Gina Marina P. Ordoňez and the Chief Sustainability Officer, Ms. Melissa V. Vergel De Dios. The GNSC advisor is executive director, Mr. Alfredo S. Panlilio.[2]

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[1] On December 5, 2023 the PLDT Board appointed Mr. Manuel V. Pangilinan as President and CEO effective January 1, 2024, vice Mr. Alfredo S. Panlilio who retired effective December 31, 2023 due to health reasons.

[2] On December 5, 2023, the PLDT Board accepted the retirement of President and CEO, Mr. Alfredo S. Panlilio effective December 31, 2023 due to health reasons.

The primary purpose of the GNSC is to assist the Board in the performance of the following functions:

- establish the Company's corporate governance framework, principles and policies aligned with business objectives, and oversee their implementation and the implementation of continuing education and communication programs on good governance;
- develop and implement an evaluation process for the annual review of the performance of the Board, the Board Committees and the individual directors, including the President and CEO;
- implement a selection process and succession plan to ensure that the Board has an effective and balanced mix of knowledge, expertise, experience and diversity in terms of, among others, age, gender and ethnicity, and review the qualifications of the persons nominated to other positions requiring appointment by the Board;
- identify persons qualified to become members of the Board and/or the Board Committees;
- assess the effectiveness of the Company's nomination and selection process for the Board and Board Committees, which includes access to external sources;
- establish the Company's sustainability strategy, framework, program, policies and oversee their implementation; and
- oversee the Company's social investments and commitments to making meaningful impact to communities.

Executive Compensation Committee

Our Executive Compensation Committee (ECC) is composed of five voting members, all of whom are members of our Board of Directors, and one non-voting member. Three of the voting members are independent directors, namely, Retired Supreme Court Chief Justice Artemio V. Panganiban, Mr. Bernido H. Liu, and Ms. Bernadine T. Siy. The two other voting members are non-executive directors, Mr. Kazuyuki Kozu and Mr. Manuel V. Pangilinan,[3] who is the chairman of this committee. The non-voting member is the Chief People Officer, Ms. Gina Marina P. Ordoňez.

The primary purpose of the ECC is to assist the Board in the performance of the following functions:

- oversee the development of a compensation philosophy or policy consistent with the strategy, culture and control environment of PLDT;
- oversee the development and administration of PLDT's executive compensation programs, including long-term incentive plans and equity-based plans for officers and executives;
- oversee the development and administration of the Company's performance management framework to monitor and assess the performance of Management;
- oversee the succession plan for officers, including the CEO; and
- oversee the development and implementation of professional development programs for officers.

Risk Committee

Our Risk Committee (RC) is composed of five voting members, all of whom are members of our Board, and one non-voting member. Three of the voting members are independent directors, namely, Mr. Bernido H. Liu, Ms. Bernadine T. Siy, and Retired Supreme Court Chief Justice Artemio V. Panganiban, who is the chairman of this committee. The two other voting members are non-executive directors, namely, Mr. Kazuyuki Kozu and Mr. James L. Go. The non-voting member is the Chief Risk Management Officer, Mr. Danny Y. Yu, who was appointed as a non-voting member of the RC effective May 4, 2023.

The primary purpose of the RC is to assist the Board in fulfilling its governance functions relating to risk management, which include the following:

- oversee management's adoption and implementation of a system for identifying, assessing, monitoring and managing key risk areas;
- review management's reports on PLDT's major risk exposures; and
- review management's plans and actions to minimize, control or manage the impact of such risks.

[3] *Supra* note 1.

Technology Strategy Committee

Our Technology Strategy Committee ("**TSC**") is composed of five voting members and a non-voting member. The voting members are non-executive directors, Mr. Manuel V. Pangilinan,[4] who is the chairman of this committee, Atty. Ray C. Espinosa, Mr. James L. Go, Mr. Kazuyuki Kozu, and executive director, Mr. Alfredo S. Panlilio.[5] The non-voting member is Mr. Orlando B. Vea, a member of our Advisory Board/Committee.

The primary purpose of the TSC is to assist the Board in the performance of the following functions:

- review and approve the strategic vision for the role of technology in PLDT's overall business strategy, including the technology strategy and roadmap of PLDT;
- fulfill its oversight responsibilities for PLDT's effective execution of its technology-related strategies; and
- ensure the optimized use and contribution of technology to PLDT's business and strategic objectives and growth targets.

Data Privacy and Information Security Committee

Our Data Privacy and Information Security Committee ("**DPISC**") is composed of four voting members, all of whom are members of our Board, and an advisor. One of the voting members, Mr. Bernido H. Liu, is an independent director, and three are non-executive directors, namely, Atty. Ray C. Espinosa, Mr. Kazuyuki Kozu, and Mr. Manuel V. Pangilinan,[6] who is the chairman of this committee. Executive director, Mr. Alfredo S. Panlilio[7] is the advisor of the DPISC.

The primary purpose of the DPISC is to assist the Board in the performance of its oversight function and provide strategic direction to governance functions relating to data privacy and information security, including to:

- promote effective data privacy and information security governance;
- review and approve the Company's strategic plans on data privacy and information security;
- ensure accountability for compliance with regulatory standards and best practices on data privacy and information security;
- foster a culture of privacy and information security; and
- oversee management's adoption and implementation of a system for identifying, assessing, monitoring and managing enterprise-wide data privacy and information security risks.

Advisory Committee

Our Advisory Board/Committee is composed of Mr. Benny S. Santoso, Mr. Orlando B. Vea, Mr. Christopher H. Young and from August 3, 2023, Mr. Roberto C. Yap, S.J. The Advisory Board/Committee provides guidance and suggestions, as necessary, on matters deliberated upon during Board meetings.

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[4] *Ibid*.
[5] *Supra* note 2.
[6] *Supra* note 1.
[7] *Supra* note 2.

Item 10. Executive Compensation and Stock Option Plan

Executive Compensation

The following table is the list of the directors and executive officers, including the CEO, of PLDT as at January 31, 2024:

Name	Position(s)
Manuel V. Pangilinan[(1)]	Director, Chairman of the Board, President and Chief Executive Officer
Marilyn A. Victorio-Aquino[(2)]	Director, Senior Vice President, Chief Legal Counsel and Corporate Secretary
Manuel L. Argel, Jr. [(3)]	Director
Helen Y. Dee	Director
Ray C. Espinosa	Director
James L. Go	Director
Kazuyuki Kozu	Director
Bernido H. Liu	Independent Director
Rolando L. Macasaet [(4)]	Director
Retired Supreme Court Chief Justice Artemio V.	Independent Director
Alfredo S. Panlilio[(5)]	Director
Bernadine T. Siy	Independent Director
Naoki Wakai	Director
Marife B. Zamora	Director
Danny Y. Yu	Senior Vice President, Chief Financial Officer and Chief Risk Management Officer
Emmanual Ramon C. Lorenzana[(6)]	Senior Vice President, Chief Transformation and Customer Officer
Victorico P. Vargas	Leadership Transition Officer
Gina Marina P. Ordoñez	Senior Vice President, Chief People Officer
Menardo G. Jimenez, Jr. [(7)]	Senior Vice President, Network Head
Joseph Ian G. Gendrano[(8)]	Senior Vice President, Enterprise Busines Group Head
Jeremiah M. Dela Cruz	Senior Vice President, Consumer Business Group Head
Alejandro O. Caeg[(9)]	Senior Vice President, Consumer Sales Head
Luis S. Reñon[(10)]	Senior Vice President, Internal Audit Head
Leo I. Posadas	First Vice President and Treasurer
Melissa A. Vergel de Dios	First Vice President and Chief Sustainability Officer
Gil Samson D. Garcia	First Vice President, Financial Controllership

(1) *Appointed as President and Chief Executive Officer effective January 1, 2024 concurrent to his role as Chairman.*
(2) *Atty. Marilyn A. Victorio-Aquino was elected as director of the Company to hold office on May 8, 2023 and shall serve the unexpired term of her predecessor in office, the late Ambassador Albert F. Del Rosario.*
(3) *Judge Manuel L. Argel, Jr. resigned as a member of the Board of Directors of the Company effective on January 1, 2024.*
(4) *Mr. Rolando L. Macasaet was elected as the representative director of the Social Security System in the Company's Board effective on January 30, 2024 and shall serve the unexpired term of his predecessor in office, Judge Manuel L. Argel, Jr.*
(5) *Retired as President and Chief Executive Officer effective December 31, 2023.*
(6) *Separated effective March 1, 2024.*
(7) *The appointment of Mr. Menardo G. Jimenez, Jr. as Netwok Head effective January 15, 2024 was confirmed by the Board of Directors at its meeting held on January 30, 2024.*
(8) *The appointment of Mr. Joseph Ian G. Gendrano as Enterprise Business Head effective January 15, 2024 was confirmed by the Board of Directors at its meeting held on January 30, 2024.*
(9) *Separated effective August 15, 2023.*
(10) *Promoted to Senior Vice President effective May 4, 2023.*

The following table below sets forth the aggregate amount of compensation paid in 2023 and 2022 and estimated amount of compensation expected to be paid in 2024 to: (1) the President and CEO and four most highly compensated officers of PLDT, as a group, namely, Marilyn A. Victorio-Aquino, Jeremiah de la Cruz, Emmanuel Ramon C. Lorenzana and Gina Marina P. Ordoñez; and (2) all other executive officers, other officers and directors, as a group.

	2024	2023	2022
	Estimate	Actual	
		(in millions)	
President and CEO and four most highly compensated executive officers:			
Salary[(1)]	Php171	Php192	Php150
Bonus[(2)]	20	29	18
Other compensation[(3)]	62	233	349
	253	454	517
All other executive officers, other officers and directors as a group (excluding the President and CEO and four most highly compensated executive officers):			
Salary[(1)]	578	604	605
Bonus[(2)]	68	87	78
Other compensation[(3)]	200	539	990
	Php846	Php1,230	Php1,673

(1) *Basic monthly salary.*
(2) *Includes longevity pay, mid-year bonus, 13th month and Christmas bonus.*
(3) *Includes Variable Pay/Short-term Incentive Plan, or STIP, and other payments. Variable Pay/STIP is based on an annual incentive system that encourages and rewards both individual and group/team performance and is tied to the achievement of Corporate/Unit/Customer Satisfaction Objectives. It covers regular officers and executives of the Company and is based on a percentage of their Guaranteed Annual Cash Compensation. Included in the figure 2022 is the amount of award under the Transformation Incentive Plan (TIP)*

Each of the directors of the Company is entitled to a director's fee of Php250 thousand for each meeting of the Board of Directors attended. In addition, the directors who serve in the committees of the Board of Directors, namely, the Audit, Governance, Nomination and Sustainability, Executive Compensation, Technology Strategy, Risk and Data Privacy and Information Security Committees, are each entitled to a fee of Php125 thousand for each committee meeting attended.

Except for the fees mentioned above, the directors are not compensated, directly or indirectly, for their services as such directors. The aggregate amount of *per diems* paid to the directors for their attendance in Board and Board Committee meetings is included in other compensation in the above table. The total amount of *per diems* paid in 2023 and 2022 were approximately Php88 million and Php82 million, respectively. The total amount of *per diems* estimated to be paid in 2024 is approximately Php81 million.

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

Transformation Incentive Plan

As noted above, we have established the TIP to provide incentive compensation to key officers, executives and other eligible participants who are consistent performers and contributors to the Company's strategic and financial goals.

See *Note 3 – Management's Use of Judgments, Estimates and Assumptions*, *Note 5 – Income and Expenses, Note 23 – Accrued Expenses and Other Current Liabilities* and *Note 25 – Pension and Other Employee Benefits* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements" for related discussion.

Item 11. Security Ownership of Certain Beneficial Owners, Directors and Executive Officers

Security Ownership of Certain Record and Beneficial Owners

The following table sets forth the record owners and, to the best knowledge of the Board of Directors and Management of the Company, the beneficial owners of more than five percent of the Company's outstanding shares of Common Stock and Voting Preferred Stock, the number of shares owned by, and percentage of shareholdings of, each of them, as at January 31, 2024.

Title of Class	Name and Address of Record Owner and Relationship With Issuer	Citizenship	Name of Beneficial Owner and Relationship with Record Owner	Number of Shares Held	Percentage of Common Stock	Percentage of Voting Stock
Common	Philippine Telecommunications Investment Corporation[1] 10th Floor Net One Building, 26th Street Bonifacio Global City, Fort Bonifacio, Taguig City Major Stockholder	Philippine Corporation	Same as Record Owner	26,034,263[2]	12.05	7.11
Common	Metro Pacific Resources, Inc.[3] c/o Corporate Secretary Unit 10-3 and 10-4 10th Floor Net One Building, 26th Street corner 3rd Avenue,, Fort Bonifacio, Taguig City Major Stockholder	Philippine Corporation	Same as Record Owner	21,556,676[2]	9.98	5.89
Common	NTT DOCOMO, INC.[4] 11-1 Nagata-Cho, 2-Chome Chiyoda Ku, Tokyo 100-6150, Japan Major Stockholder	Japanese Corporation	See Footnote 7	22,796,902[5]	10.55	6.23
Common	NTT Communications Corporation[6] Otemachi Place West Tower 33F 2-3-1 Otemachi, Chiyoda-ku Tokyo 100-8019, Japan Major Stockholder	Japanese Corporation	See Footnote 7	12,633,487	5.85	3.45
Common	JG Summit Group[8] 43/F Robinsons Equitable Tower ADB Avenue corner Poveda Road, Ortigas Center, Pasig City Major Stockholder	Philippine Corporation	See Footnote 8	24,342,455	11.27	6.65
Common	Social Security System[9] 9/F SSS Building East Avenue, Quezon City Major Stockholder	Philippine Corporation	See Footnote 9	9,613,281	4.45	2.63
Common	PCD Nominee Corporation[10] 29/F BDO Equitable Tower 8751 Ayala Ave. cor. Paseo de Roxas St., Makati City 1226 Major Stockholder	Philippine Corporation	See Footnote 10	82,503,172	38.19	22.54
Common	J.P. Morgan Hongkong Nominees Limited[11] (various accounts) c/o HSBC Securities Services 7/F HSBC Centre 3058 5th Ave. West BGC, Taguig City Major Stockholder	Hong Kong Corporation	See Footnote 10	11,514,602	5.33	3.15
Voting	BTF Holdings, Inc. [12]	Philippine	Same as Record Owner	150,000,000	–	40.98

Preferred	Ramon Cojuangco Building, Makati Avenue, Makati City	Corporation	

(1) Based on a resolution adopted by the Board of Directors of Philippine Telecommunications Investment Corporation, or PTIC, the Chairman of the Board of PTIC, Mr. Manuel V. Pangilinan, has the continuing authority to represent PTIC at any and all meetings of the stockholders of a corporation in which PTIC owns of record or beneficially any shares of stock or other voting security, and to sign and deliver, in favor of any person he may deem fit, a proxy or other power of attorney, with full power of delegation and substitution, authorizing his designated proxy or attorney-in-fact to vote any and all shares of stock and other voting securities owned of record or beneficially by PTIC at any and all meetings of the stockholders of the corporation issuing such shares of stock or voting securities.

(2) In addition to the 26,034,263 and 21,556,676 common shares owned of record respectively by PTIC and Metro Pacific Resources, Inc., ("MPRI"), both of which are Philippine affiliates of First Pacific Company Limited, ("First Pacific"), 7,653,703 common shares representing approximately 3.54% of the outstanding common stock of PLDT, are owned by another Philippine affiliate of First Pacific and registered under the name of PCD Nominee Corporation. The common shares owned by PTIC, MPRI and the otherPhilippine affiliate of First Pacific (referred to herein as "First Pacific Group") collectively represents 25.57% of the outstanding common stock of PLDT as of January 31, 2024.

(3) Based on a resolution adopted by the Board of Directors of MPRI, Mr. Manuel V. Pangilinan has been appointed as proxy or duly authorized representative of MPRI to represent and vote the PLDT shares of common stock of MPRI in the Annual Meeting.

(4) Based on publicly available information, NTT DOCOMO, INC., ("NTT DOCOMO"), is a wholly-owned subsidiary of Nippon Telegraph and Telephone Corporation ("NTT"). Based on a certification signed by a duly authorized officer of NTT DOCOMO, Mr. Tetsunori Higashida and Mr. Hidetada Hayashi are authorized to execute for and on behalf of NTT DOCOMO, endorsements, transfers and other matters relating to the PLDT shares of common stock held by NTT DOCOMO.

(5) In addition to the 22,796,902 common shares owned on record by NTT DOCOMO, NTT DOCOMO also owns 8,533,253 ADSs whose underlying common shares represent approximately 3.95% of the outstanding common stock of PLDT. The common shares and the underlying common shares of the ADS owned by NTT DOCOMO collectively represents 14.50% of the outstanding common stock of PLDT as of January 31, 2024.

(6) Based on publicly available information, NTT Communications Corporation ("NTT Communications"), is a wholly-owned subsidiary of NTT. Based on a certification signed by a duly authorized officer of NTT Communications, Mr. Hisashi Fujishima or Mr. Takuma Mouri is authorized to execute for and on behalf of NTT Communications, endorsements, transfers and other matters relating to the PLDT shares of common stock held by NTT Communications.

(7) In publicly available reports filed by NTT Communications and NTT DOCOMO, it is stated that because of NTT's ownership of all the outstanding capital stock of NTT Communications and of NTT DOCOMO, NTT, NTT Communications and NTT DOCOMO may be considered to constitute a "group" within the meaning of Rule 18.1.5.C of the Amended Implementing Rules and Regulations of The Securities Regulation Code. Therefore, each of them may be deemed to have beneficial ownership of the 43,963,642 shares in aggregate held by NTT Communications and NTT DOCOMO, which collectively represents 20.35% of the outstanding common stock of PLDT as of January 31, 2024.

(8) The shareholders comprising the JG Summit Group are JG Summit Holdings, Inc. ("JGS") which owns of record 24,255,732 shares, and JG Digital Equity Ventures Inc. or JGDEV (formerly Express Holdings Inc.) which owns 86,723 shares or a total of 24,342,455 shares, representing 11.27% of the outstanding common stock of PLDT. Based on a certification signed by a duly authorized officer of JGS, under the By-Laws of JGS, each of the Chairman of JGS, Mr. James L. Go and President of JGS, Mr. Lance Y Gokongwei is authorized to vote the 24,255,732 common shares of PLDT owned by JGS and to appoint and/or sign proxies in behalf of JGS in connection with the Annual Meeting. Based on Section 2(d) of Article IV of the By-Laws of JGDEV, the Chairman and President, Mr. Lance Gokongwei is authorized to vote the PLDT common shares of JGDEV and to appoint and/or sign proxies in behalf of JGDEV.

(9) In addition to the 9,613,281 shares owned on record by the SSS, SSS also beneficially owned 1,697 738 shares of PLDT common stock held of record by PCD as at January 31, 2024. The total beneficial shareholdings of SSS is 11,311,019 shares of PLDT common stock representing 5.24% of the outstanding common stock of PLDT as at January 31, 2024. Based on a resolution adopted by the Board of Directors of the SSS, Mr. Rolando L. Macasaet, as Commissioner of the SSS, has been authorized to represent and vote the shares of PLDT common stock of SSS in the Annual Meeting of stockholders of PLDT.

(10) PCD Nominee Corporation ("PCD"), is the registered owner of shares held by participants in the Philippine Depository and Trust Co. ("PDTC), a private company organized to implement an automated book entry system of handling securities transactions in the Philippines. Under the PDTC procedures, when an issuer of a PDTC-eligible issue will hold a stockholders' meeting, the PDTC will execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients.

Based on available information, none of the owners of the PLDT common shares registered under the name of PCD, owned more than 5% of PLDT's outstanding common stock as of January 31, 2024, except for The Hongkong and Shanghai Banking Corporation Ltd. Clients Account, Citibank N.A. and Standard Chartered Bank., which owned approximately 8.34%, 5.53.% and 5.25 respectively, of PLDT's outstanding common stock as of such date. PLDT has no knowledge if any beneficial owner of the shares under The Hongkong and Shanghai Banking Corporation Ltd Clients Account and Citibank N.A. owned more than 5% of PLDT's outstanding common stock as of January 31, 2024.

This account also includes 7,653,703 PLDT common shares beneficially owned by a Philippine affiliate of First Pacific, and 1,697,738 shares of PLDT common stock beneficially owned by the Social Security System.

(11) J.P. Morgan Hong Kong Nominees Limited (formerly JP Morgan Asset Holdings (HK) Limited) holds shares as nominee of J.P. Morgan Chase Bank, successor depositary under the Common Stock Deposit Agreement, dated October 14, 1994, as amended on February 10, 2003, between J.P. Morgan Chase Bank and the holders of ADRs, evidencing ADSs, representing shares of common stock of PLDT (the "Deposit Agreement"). Under the Deposit Agreement, if the depositary does not receive voting instructions from a holder of ADRs, such holder will be deemed to have instructed the depositary to provide a discretionary proxy to a person designated by PLDT for the purpose of exercising the voting rights pertaining to the shares of common stock underlying the ADS of such holder of ADRs, except that no discretionary proxy will be given with respect to any matter as to which substantial opposition exists or which materially and adversely affects the rights of the holders of such ADRs.

This account also includes 8,533,253 PLDT common shares underlying ADS beneficially owned by NTT DOCOMO.

(12) A wholly-owned company of the Board of Trustees for the Account of the Beneficial Trust Fund Created Pursuant to the Benefit Plan of PLDT Co. Based on a resolution adopted by the Board of Directors of BTF Holdings, Inc., the Chairman of the Board of PLDT has been appointed as proxy or duly authorized representative of BTF Holdings, Inc. to represent and vote the PLDT shares of voting preferred stock of BTF Holdings, Inc. in the Annual Meeting.

Except as stated above and in the related footnotes, the Board of Directors and Management of the Company have no knowledge of any other person who, as at January 31, 2024, was directly or indirectly the beneficial owner of, or who has voting power with respect to, shares comprising more than five percent of the Company's outstanding Common

Stock and Voting Preferred Stock as of January 31, 2024.

As at January 31, 2024, approximately 79.27% of the outstanding voting stock and 88.61% of the outstanding capital stock of PLDT were owned by Philippine persons.

As a result of their respective stockholdings, the FP Parties and/or NTT Communications and/or NTT DOCOMO and/or BTFHI are able to influence our actions and corporate governance, including (i) elections of our directors; and (ii) approval of major corporate actions, which require the vote of holders of common and voting preferred stocks.

Additionally, the FP Parties, NTT Communications, NTT DOCOMO and PLDT entered into a Cooperation Agreement, dated January 31, 2006, pursuant to which, among other things, certain rights of NTT Communications under the Stock Purchase and Strategic Investment Agreement dated September 28, 1999, or the Strategic Agreement, and the Shareholders Agreement dated March 24, 2000, or the Shareholders Agreement, were extended to NTT DOCOMO. As a result of the Cooperation Agreement, NTT Communications and NTT DOCOMO, in coordination with each other, have contractual rights relating to a number of major decisions and transactions that PLDT could make or enter into.

Specifically, PLDT may not take any of the following actions described without the approval of NTT DOCOMO and NTT Communications, acting in coordination with each other (however, NTT DOCOMO and NTT Communications may not withhold their consent to such actions in circumstances where PLDT proposes to invest in a business that competes with Nippon Telegraph and Telephone Corporation and its subsidiaries and where the Board of Directors has among other things, approved the transaction):

- capital expenditures in excess of US$50 million;
- any investments, if the aggregate amount of all investments for the previous 12 months is greater than US$25 million in the case of all investments to any existing investees and US$100 million in the case of all investments to any new or existing investees, determined on a rolling monthly basis; or
- any investments in a specific investee, if the cumulative value of all investments made by us in that investee is greater than US$10 million in the case of an existing investee and US$50 million in the case of a new investee.

PLDT also may not issue common stock or stock that is convertible into common stock except where NTT Communications and NTT DOCOMO have first been offered the opportunity to purchase their pro rata portion of PLDT's shares of common stock.

PLDT is also aware that each of NTT Communications and NTT DOCOMO has agreed (pursuant to the Shareholders Agreement in the case of NTT Communications and pursuant to the Cooperation Agreement in the case of NTT DOCOMO) to use its best efforts to procure that PLDT not take the following actions without the consent of First Pacific and certain of its affiliates, as well as other parties bound by the provisions of the Shareholders Agreement:

- new business activities other than those we currently engage in;
- merger or consolidation;
- winding up or liquidation of PLDT; or
- applying to a court to order a meeting of creditors or to sanction any compromise or arrangement between creditors and shareholders of PLDT.

As PLDT is not a party to the Shareholders Agreement, the contractual rights held by NTT Communications, NTT DOCOMO, First Pacific and certain of First Pacific's affiliates are not directly enforceable against PLDT.

Pursuant to amendments effected by the Cooperation Agreement to the Stock Purchase and Strategic Investment Agreement and the Shareholders Agreement, upon NTT Communications and NTT DOCOMO and their respective subsidiaries owning in the aggregate 20% or more of PLDT's shares of common stock and for as long as they continue to own in the aggregate at least 17.5% of PLDT's shares of common stock then outstanding, NTT DOCOMO has additional rights under the Stock Purchase and Strategic Investment Agreement and Shareholders Agreement, including that:

- NTT DOCOMO is entitled to nominate one additional NTT DOCOMO nominee to the board of directors of each of PLDT and Smart;
- PLDT must consult NTT DOCOMO no later than 30 days prior to the first submission to the board of PLDT or certain of its committees of any proposal of investment in an entity that would primarily engage in a business that would be in direct competition or substantially the same business opportunities, customer base, products or services with business carried on by NTT DOCOMO, or which NTT DOCOMO has announced publicly an intention to carry on;
- PLDT must procure that Smart does not cease to carry on its business, dispose of all of its assets, issue common shares, merge or consolidate, or effect winding up or liquidation without PLDT first consulting

with NTT DOCOMO no later than 30 days prior to the first submission to the board of PLDT or Smart, or certain of its committees; and

- PLDT must first consult with NTT DOCOMO no later than 30 days prior to the first submission to the board of PLDT or certain of its committees for the approval of any transfer of Smart's common capital stock by any member of the PLDT Group to any person who is not a member of the PLDT Group.

Security Ownership of Directors and Executive Officers

The following are the number of PLDT common shares owned of record and/or beneficially by the directors/independent directors, CEO and other executive officers of PLDT as at January 31, 2024:

Name of Record and Address	Citizenship	Title of Class	Number of shares	Amount of Holdings (Based on par value)	Percentage of Class
Manuel V. Pangilinan[(1)] Chairman of the Board, President and Chief Executive Officer	Filipino	Common	311,911[(2)]	Php1,559,555	0.144366
Marilyn A. Victorio-Aquino[(3)] Director, Senior Vice President Chief Legal Counsel and Corporate Secretary	Filipino	Common	27,395[(2)]	136,975	0.012680
Manuel L. Argel, Jr.[(4)] Director	Filipino	Common	1	5	0.000000
Helen Y. Dee Director	Filipino	Common	53,735[(5)]	268,675	0.024871
Ray C. Espinosa Director	Filipino	Common	42,743[(2)]	213,715	0.019783
James L. Go Director	Filipino	Common	982,724[(2)]	4,913 ,620	0.454847
Kazuyuki Kozu Director	Japanese	Common	1	5	0.000000
Bernido H. Liu Independent Director	Filipino	Common	1	5	0.000000
Retired Supreme Court Chief Justice Artemio V. Panganiban Independent Director	Filipino	Common	7,771[(2)]	38,855	0.003597
Alfredo S. Panlilio[(6)] Director	Filipino	Common	33,505[(2)]	167,525	0.015508
Bernadine T. Siy Independent Director	Filipino	Common	1,500[(2)]	7,500	0.000694
Naoki Wakai Director	Filipino	Common	1	5	0.000000
Marife B. Zamora Director	Filipino	Common	60	300	0.000028
Victorico P. Vargas Leadership Transition Officer	Filipino	Common	17,085[(7)]	85,425	0.007908
Danny Y. Yu Senior Vice President Chief Financial Officer and Chief Risk Management Officer	Filipino	Common	-	-	-
Emmanuel Ramon C. Lorenzana[(8)] Senior Vice President Chief Transformation and Customer Officer	Filipino	Common	-	-	-
Gina Marina P. Ordoñez Senior Vice President Chief People Officer	Filipino	Common	5,141[(7)]	25,705	0.002379
Menardo G. Jimenez, Jr.[(9)] Senior Vice President, Network Head	Filipino	Common	8,044[(2)]	40,220	0.003723
Alejandro O. Caeg[(10)] Senior Vice President, Consumer Business – Sales	Filipino	Common	9,315[(11)]	46,575	0.004311

Name of Record and Address	Citizenship	Title of Class	Number of shares	Amount of Holdings	Percentage of Class
Joseph Ian G. Gendrano[12] Senior Vice President Enterprise Business Head	Filipino	Common	897[7]	4,485	0.00415
Jeremiah M. de la Cruz Senior Vice President	Filipino	Common	-	-	-
Leo I. Posadas First Vice President and Treasurer	Filipino	Common	9,705[13]	48,525	0.004492
Melissa V. Vergel De Dios First Vice President and Chief Sustainability Officer	Filipino	Common	4,025[7]	20,125	0.001863
Gil Samson D. Garcia First Vice President and Head - Financial Controllership	Filipino	Common	33[7]	165	0.000015

(1) *Appointed as President and Chief Executive Officer effective January 1, 2024 concurrent to his role as Chairman*
(2) *Includes PLDT common shares that have been lodged with the Philippine Depositary and Trust Co. ("PDTC").*
(3) *Atty. Marilyn A. Victorio-Aquino was elected as director of the Company to hold office on May 8, 2023 and shall serve the unexpired term of her predecessor in office, the late Ambassador Albert F. Del Rosario.*
(4) *Judge Manuel L. Argel, Jr. resigned as a member of the Board of Directors of the Company effective on January 1, 2024.*
(5) *Includes 25,227 shares held by Hydee Management and Resources Corporation, 26,260 shares thru RCBC Trust for the account of Michelle Y. Dee-Santos and 1,865 shares thru RCBC Trust for the account of Ms. Michelle Y. Dee &/or Ms. Johanna Y. Dee and/or ITF Mr. Luis Miguel Santos and 245 shares under the name of Helen Y. Dee. Except for 21,957 certificated shares held by Hydee Management Resources Corporation the rest are thru PCD Nominee Corporation.*
(6) *Retired as President and Chief Executive Officer effective December 31, 2023*
(7) *Lodged with the PDTC.*
(8) *Separated effective March 1, 2024.*
(9) *The appointment of Mr. Menardo G. Jimenez, Jr. as Network Head effective January 15, 2024 was confirmed by the Board of Directors at its meeting held on January 30, 2024.*
(10) *Separated effective August 15, 2023.*
(11) *As of date of separation. Lodged with PDTC.*
(12) *The appointment of Mr. Joseph Ian G. Gendrano as Enterprise Business Head effective January 15, 2024 was confirmed by the Board of Directors at its meeting held on January 30, 2024.*
(13) *Includes 140 shares for the account of Jose Antonio G. Posadas under PCD Nominee Corporation.*

The aggregate number of shares of common stock directly and indirectly owned by directors and executive officers listed above, as at January 31, 2024, was 1,515,649, or approximately 0.701508% of PLDT's outstanding shares of common stock.

Change in Control

There has been no change in control of the Company since the beginning of 2023 and the Board of Directors and Management of the Company are not aware of any existing, pending, or potential transaction which may result in such change in control.

Item 12. Certain Relationships and Related Party Transactions

Related Party Transactions

PLDT, in the ordinary course of business, engages in transactions with some of its stockholders, its subsidiaries and affiliates, and directors and officers and their close family members.

In 2019, PLDT adopted a Material Related Party Transactions (MRPT) Policy in accordance with the Company's Manual on Corporate Governance and in compliance with Philippine SEC Memorandum Circular No.10, Series of 2019 or the Rules on Material Related Party Transactions for Publicly-Listed Companies. A copy of the MRPT Policy is posted at https://pldt.com/docs/default-source/corporate-governance-files/policies/material-related-party-transactions-policy.pdf. This website does not form part of this annual report on Form 17-A.

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

For a detailed discussion of our material related party transactions, see *Note 24 – Related Party Transactions* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements".

Except for the transactions discussed in *Note 24 – Related Party Transactions* to the accompanying audited consolidated financial statements in Item 7. "Financial Statements", there were no other material related party transactions during the last three financial years, nor are there any material transactions currently proposed between PLDT and any: (i) director, officer, direct or indirect owner of 10% or more of the outstanding shares in PLDT; (ii) close family member of such director, officer or owner; (iii) associates of PLDT; (iv) enterprises controlling, controlled by or under common control with PLDT; or (v) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any director, officer or owner of 10% or more of the outstanding shares in PLDT or any close family member of such director, key officer or owner, or collectively, the Related Parties.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance: Structure, Policies and Processes

Our Corporate Governance framework defines how we strive to create sustainable value for the Company, fulfill our commitments to our stakeholders and develop a strong corporate culture. It is grounded on our core governance principles of integrity, accountability, transparency, and fairness, and embodied in the governance structure, policies, processes and standards set forth in PLDT's Articles of Incorporation, By-Laws, Manual on Corporate Governance ("CG Manual"), Code of Business Conduct and Ethics ("Code of Ethics") and Corporate Shared Value Statement ("CSV Statement").

The Company continuously seeks to raise the standards of its business conduct through its compliance with applicable governance rules and by benchmarking with international best practices. PLDT complies with governance and sustainability standards of the Philippines as a public company listed in the Philippine Stock Exchange ("PSE") and applicable rules and governance standards of the United States as a foreign private issuer with American Depositary Shares listed and traded in the New York Stock Exchange ("NYSE"). PLDT benchmarks with the governance standards of Hong Kong being an associated company of First Pacific Company Ltd., which is listed in the Hong Kong Stock Exchange.

<u>Governance Structure</u>

Board of Directors

Our Board of Directors ("Board") is composed of 13 members, with 11 non-executive directors, which include three independent directors, and two executive directors. All the directors are qualified and competent members with diverse and complementing skills, expertise, experience, and knowledge.

At least three of our directors, namely, Retired Supreme Court Chief Justice Artemio V. Panganiban, Mr. Bernido H. Liu and Ms. Bernadine T. Siy, are independent directors who are neither officers nor employees of PLDT or any of its subsidiaries, and who are free from any business or other relationship with PLDT or any of its subsidiaries which could, or could reasonably be perceived to, materially interfere with the exercise of independent judgment in carrying out their responsibilities as independent directors. The directors' independence standards/criteria are provided in our By-Laws and CG Manual. On June 13, 2023, the Board reappointed Retired Supreme Court Chief Justice Panganiban as PLDT's Lead Independent Director. The functions of the lead independent director include, among others, serving as an intermediary between the Chairman and the other directors, as needed, convening and leading meetings of the non-executive directors, and contributing to the performance evaluation of the Chairman, as may be required.

Chairman of the Board

Our Chairman provides leadership for the Board and ensures that the Board works effectively and performs its duties responsibly. He presides and facilitates discussions in Board meetings focusing on strategic matters, risk management, key issues and governance concerns that will affect the business operations. The Chairman ensures that the lines of communication and the flow of information between Management and the Board are maintained and ensures that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions. On June 13, 2023, the Board appointed Mr. Manuel V. Pangilinan as its Chairman at the Organizational Board meeting following the adjournment of the Company's Annual Stockholders' Meeting.

Advisory Board/Committee

Our Board is supported by an Advisory Board/Committee composed of Mr. Benny S. Santoso, Mr. Orlando B. Vea, Mr. Christopher H. Young, and from August 3, 2023, Mr. Roberto C. Yap, S.J. The Advisory Board/Committee provides guidance and suggestions, as necessary, on matters deliberated upon during Board meetings.

The primary responsibility for ensuring good corporate governance in PLDT is vested in our Board. The Board has the authority and responsibility to exercise the corporate powers, conduct the business and control the properties of the Company. Directors are expected to perform their duties diligently and in good faith and devote sufficient time and attention for such purposes. The Board and the directors are bound to act in the best interest of the Company and for the common benefit of its stockholders and other stakeholders.

To ensure a high standard of governance for the Company, the Board performs the following functions and duties with the assistance of the Board Committees:

- *Corporate Governance.* The Board, with the assistance of the Governance, Nomination and Sustainability Committee, establishes the Company's corporate governance framework, principles and policies aligned with business objectives, and oversees their implementation and the implementation of continuing education and communication programs on good governance.

- *Determination and review of Company Vision, Mission, and strategic objectives.* The Board, in coordination with Management, determines the Vision, Mission and strategic objectives of the Company and reviews the same annually in relation to corporate performance in its annual strategic planning session with Management.

- *Management oversight.* The Board exercises oversight on Management in its execution of the strategic direction and implementation of the policies set by the Board. Included in the Board's annual assessment is an evaluation of the performance of Management led by the President and Chief Executive Officer ("CEO").

- *Sustainability, Corporate Shared Value and Stakeholder Engagement.* The Board, with the assistance of the Governance, Nomination and Sustainability Committee, establishes and oversees the implementation of the Company's sustainability strategy, framework, programs and policies, and oversees the Company's social investments and commitments to making meaningful impact to communities. It ensures that the Company has an investor relations program to engage with its shareholders and the investing community at large, as well as programs to interact and communicate with the communities where the Company operates. It oversees the Company's disclosure of material and reportable information regarding non-financial and sustainability matters, including those concerning the management of economic, environmental, social and governance aspects of the business.

- *Financial reporting, internal control, internal audit and independent audit.* The Board, with the assistance of the Audit Committee, carries out its oversight responsibilities for the Company's financial reporting, internal control system, internal audit and independent audit mechanisms, and reviews material related party transactions.

- *Enterprise risk management.* The Board, with the assistance of the Risk Committee, fulfills its oversight responsibilities for the Company's assessment and management of enterprise risks, and reviews and discusses with Management the Company's major risk exposures and the corresponding risk mitigation measures. The Board likewise reviews on an annual basis the Company's capital and debt structure and its compatibility with the Company's strategic goals and associated risk appetite.

- *Technology.* The Board, with the assistance of the Technology Strategy Committee, reviews and approves the Company's technology strategy and roadmap, and capital expenditures for network and technology.

- *Data Privacy and Information Security.* The Board, with the assistance of the Data Privacy and Information Security Committee, oversees data privacy and information security governance, reviews and approves the Company's strategic plans on data privacy and information security, oversees the adoption and implementation of a system for identifying, assessing, monitoring, and managing enterprise-wide data privacy and information security risks, including its framework, structure, policies, standards, and processes.

- *Succession planning, professional development, and executive compensation.* The Board, through its Executive Compensation Committee, reviews the criteria for employment, promotion, and professional development plans for Senior Management, keeps track of their performance, and evaluates their potential for other critical roles and leadership paths. A succession planning process is facilitated within the PLDT Group referred to as the critical talent program. The Board is assisted by the Executive Compensation Committee in developing the compensation philosophy or policy of the Company consistent with its strategy, culture, and control environment.

- *Selection process for directors and appointment of officers.* The Board, with the assistance of the Governance, Nomination and Sustainability Committee, implements a selection process and succession plan to ensure that the Board has an effective and balanced mix of knowledge, expertise, experience, and diversity in terms of, among others, age, gender, business and industry experience and ethnicity, and reviews the qualifications of officers to be appointed or promoted. External sources, such as professional search firms, director databases and/or other reputable sources are accessible and may be used, as appropriate, to further enhance the search for and widen the base of potential nominees.

- *Annual Board assessment.* The Board conducts an annual self-assessment to evaluate the performance of the Board as a whole, the Board Committees and the individual directors, including the President and CEO. Each Board Committee likewise conducts an annual self-assessment of its performance.

Board Committees

Audit Committee ("AC"). Our AC is composed of three members, all of whom are independent directors, and three advisors. The AC members are Retired Supreme Court Chief Justice Artemio V. Panganiban, Mr. Bernido H. Liu and Ms. Bernadine T. Siy, who is the chairperson of this committee. The three AC advisors are Mr. Kazuyuki Kozu and Mr. James L. Go, who are non-executive directors, and Ms. Corazon S. de la Paz-Bernardo, a former member of our Board of Directors. All the members of our AC are financially literate. Ms. Siy holds a master's degree in Management with majors in Finance and Accounting from the J.L. Kellogg Graduate School of Management of Northwestern University in Chicago, Illinois, USA. Ms. Corazon S. de la Paz-Bernardo has expertise in accounting and financial management. She is a former Chairman and Senior Partner of Joaquin Cunanan & Company, now Isla Lipana & Co., a member firm of Pricewaterhouse Coopers ("PwC"). The AC assists the Board in fulfilling its oversight responsibility for: (i) the integrity of the Company's accounting and financial reporting principles and policies, and system of internal controls, including the integrity of financial statements and the independent audit thereof; (ii) the Company's compliance with legal and regulatory requirements; and (iii) the Company's audit process and the performance of the internal audit organization and the external auditor (including the external auditor's qualifications and independence). For efficiency, the Board has determined that in lieu of creating a distinct Related Party Transaction Committee, the AC's functions shall include the review of material related party transactions and significant unusual transactions, in accordance with the materiality threshold set in the Material Related Party Transactions Policy and the Guidelines on the Proper Handling of Related Party Transactions or by the Board. The purposes, duties and powers of the AC are set forth in the AC Charter which is published on the website at https://cms.pldt.com/drupal/sites/default/files/corporategovernancedocs/2022-05/amended-ac-charter-mar22-2022.pdf .

Governance, Nomination and Sustainability Committee ("GNSC"). Our GNSC is composed of five voting members, all of whom are members of our Board of Directors, two non-voting members, and an advisor. Three of the voting members are independent directors, namely, Retired Supreme Court Chief Justice Artemio V. Panganiban, Mr. Bernido H. Liu, and Ms. Bernadine T. Siy, and two are non-executive directors, namely, Mr. Kazuyuki Kozu and Mr. Manuel V. Pangilinan,[8] who is the chairman of this committee. The two non-voting members are the Chief People Officer, Ms. Gina Marina P. Ordoňez and the Chief Sustainability Officer, Ms. Melissa V. Vergel De Dios. The GNSC advisor is executive director, Mr. Alfredo S. Panlilio.[9] The GNSC assists the Board in the performance of its functions to: (i) establish the Company's corporate governance framework, principles and policies aligned with business objectives, and oversee their implementation and the implementation of continuing education and communication programs on good governance; (ii) develop and implement an evaluation process for the annual review of the performance of the Board, the Board Committees and the individual directors, including the President and CEO; (iii) review and evaluate the qualifications of the persons nominated to the Board and to other positions requiring appointment by the Board; (iv) identify persons qualified to become members of the Board and/or the Board Committees; (v) assess the effectiveness of the Company's nomination and selection process for the Board and Board Committees, which includes access to external sources; (vi) establish the Company's sustainability strategy, framework, programs, and policies and oversee their implementation; and (vii) oversee the Company's social investments and commitments to making meaningful impact to communities. The purposes, duties, and powers of the GNSC are set forth in the GNSC Charter which is published on the website at https://pldt.com/docs/default-source/corporate-governance-files/committee-charter/gnsc-charter-nov5-2020.pdf.

Executive Compensation Committee ("ECC"). Our ECC is composed of five voting members, all of whom are members of our Board of Directors, and a non-voting member. Three of the voting members are independent directors, namely, Retired Supreme Court Chief Justice Artemio V. Panganiban, Mr. Bernido H. Liu and Ms. Bernadine T. Siy, and two are non-executive directors, namely, Mr. Kazuyuki Kozu and Mr. Manuel V. Pangilinan,[10] who is the chairman of this committee. The non-voting member is the Chief People Officer, Ms. Gina Marina P. Ordoňez. The ECC assists the Board in the performance of its functions to: (i) oversee the development of a compensation philosophy or policy consistent with the strategy, culture, and control environment of PLDT; (ii) oversee the development and administration of the Company's executive compensation programs, including long-term incentive plans and equity-based plans for officers and executives; (iii) oversee the development and administration of the Company's performance management framework to monitor and assess the performance of Management led by the CEO; (iv) oversee the succession plan for officers, including the CEO; and (v) oversee the development and implementation of professional development programs for officers. The purposes, duties, and powers of the ECC are set forth in the ECC Charter which is published on the website at https://cms.pldt.com/drupal/sites/default/files/corporategovernancedocs/2022-05/amended-ecc-charter-mar22-2022.pdf.

Risk Committee ("RC"). Our RC is composed of five voting members, all of whom are members of our Board of Directors, and a non-voting member. Three of the voting members are independent directors, namely, Mr. Bernido H. Liu, Ms. Bernadine T. Siy, and Retired Supreme Court Chief Justice Artemio V. Panganiban, who is the chairman of this committee. The two other voting members are non-executive directors, namely, Mr. Kazuyuki Kozu and Mr. James L. Go. The non-voting member is the Chief Risk Management Officer, Mr. Danny Y. Yu.[11] The RC assists the Board in the performance of its functions to: (i) oversee Management's adoption and implementation of a system for assessing, monitoring, and managing key risk areas; (ii) review Management's reports on the Company's major risk exposures; and

[8] *Supra* note 1.
[9] *Supra* note 2.
[10] *Supra* note 1.
[11] The Board appointed Chief Risk Management Officer, Mr. Danny Y. Yu, as a non-voting member of the RC effective May 4, 2023.

(iii) review Management's plans and actions to minimize, control or manage the impact of such risks. The purposes, duties and powers of the RC are set forth in the RC Charter which is published on the website at https://cms.pldt.com/drupal/sites/default/files/corporategovernancedocs/2022-05/amended-rc-charter-mar22-2022.pdf

Technology Strategy Committee ("TSC"). Our TSC is composed of five voting members and a non-voting member. The voting members are non-executive directors Mr. Manuel V. Pangilinan,[12] who serves as chairman, Atty. Ray C. Espinosa, Mr. James L. Go, Mr. Kazuyuki Kozu and executive director, Mr. Alfredo S. Panlilio.[13] The non-voting member is Mr. Orlando B. Vea who is a member of our Advisory Board/Committee. The TSC assists the Board in the performance of its functions to: (i) review and approve the strategic vision for the role of technology in PLDT's overall business strategy, including the technology strategy and roadmap of PLDT; (ii) fulfill its oversight responsibilities for PLDT's effective execution of its technology-related strategies; and (iii) ensure the optimized use and contribution of technology to PLDT's business and strategic objectives and growth targets. The purposes, duties, and powers of the TSC are set forth in the TSC Charter which is published on the website at https://cms.pldt.com/drupal/sites/default/files/corporategovernancedocs/2022-04/amended-tsc-charter-mar22-2022.pdf.

Data Privacy and Information Security Committee ("DPISC"). Our DPISC is composed of four voting members and an advisor. The four voting members are non-executive directors Mr. Manuel V. Pangilinan,[14] who serves as chairman, Atty. Ray C. Espinosa, Mr. Kazuyuki Kozu and independent director, Mr. Bernido H. Liu. Its advisor is executive director, Mr. Alfredo S. Panlilio.[15] The DPISC assists the Board in the performance of its function to oversee and provide strategic direction to governance functions relating to data privacy and information security, including to (i) promote effective data privacy and information security governance; (ii) review and approve the Company's strategic plans on data privacy and information security; (iii) ensure accountability for compliance with regulatory standards and best practices on data privacy and information security; (iv) foster a culture of privacy and information security; and (v) oversee Management's adoption and implementation of a system for identifying, assessing, monitoring and managing enterprise-wide data privacy and information security risks. The purposes, duties, and powers of the DPISC are set forth in the DPISC Charter which is published on the website at https://www.pldt.com/docs/default-source/corporate-governance-files/committee-charter/dpisc-charter-nov5-2020.pdf.

President & CEO and Management. The President and CEO has general care, management, and administration of the business operations of the Company. He ensures that the business and affairs of the Company are managed in a sound and prudent manner and that operational, financial, and internal controls are adequate and effective to ensure reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules, regulations, and contracts. He provides leadership for Management in developing and implementing business strategies, plans and budgets to the extent approved by the Board. To enable the members of the Board to properly fulfill their duties and responsibilities, the CEO provides the Board with a balanced and understandable account of the Company's performance, financial condition, results of operations and prospects on a regular basis. He directs Management to provide the Board/directors with adequate and timely information about the matters to be taken up in their Board meetings and, upon the request of any director or the Board, to make presentations on specific topics and respond to further inquiries in relation thereto during Board meetings. He ensures that the directors have independent access to Management. The President and CEO: (i) communicates and implements the Company's Vision, Mission, values and overall strategy and promotes the appropriate enhancement in the organization or its stakeholder engagement in relation to the same; and (ii) serves as the link between internal operations and external stakeholders. Management formulates, under the oversight of the Audit Committee, financial reporting and internal control systems, rules and procedures. On June 13, 2023, the Board appointed Mr. Alfredo S. Panlilio as President and CEO at the Organizational Board meeting following the adjournment of the Company's Annual Stockholders' Meeting.[16]

Corporate Secretary. The Corporate Secretary assists the Board in the conduct of its meetings, including the preparation of the schedule and agenda of Board meetings, and ensures that all Board procedures, rules and regulations are observed by the directors, and Management provides the Board with complete and accurate information necessary for judicious decision-making. The Corporate Secretary is responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and Board Committees, as well as other official records of the Company, and contributes to the flow of information between the Board and Management, the Board and its Committees, and the Board and the Company's stakeholders, including stockholders.

Internal Audit Organization. The internal audit organization determines whether the Company's structure of risk management, control and governance processes are adequate and functioning, and provides reasonable assurance that, among others, significant financial, management, and operating information are accurate, reliable, and timely, and employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.

It provides a systematic, disciplined, and risk-based approach in the evaluation and improvement of the effectiveness of risk management, control, and governance processes. Internal audit examinations cover, at the minimum, the evaluation of the adequacy and effectiveness of controls covering the Company's financial reporting, governance, operations, and information systems, including the reliability and integrity of financial and operational information, effectiveness and

[12] *Supra* note 1.
[13] *Supra* note 2.
[14] *Supra* note 1.
[15] *Supra* note 2.
[16] *Ibid*.

efficiency of operations, protection of assets, and compliance with laws, rules, regulations, and contracts. It also provides recommendations on revenue opportunities, cost savings, and operational improvements. The Chief Audit Officer/Internal Audit Head oversees and is responsible for the internal audit activities of the Company, including any portion thereof that is outsourced to a third-party service provider. He reports functionally to the AC and administratively to the President and CEO. The internal audit organization complies with the International Standards for the Professional Practice of Internal Auditing.

External Auditor. The Company's external auditor is appointed by the AC which reviews its qualifications, performance, and independence. To ensure objectivity in the performance of its duties, the external auditor, or its lead audit partner having the primary responsibility for the audit of PLDT's financial accounts, is subject to the rules on rotation and change, every five years, general prohibitions on hiring of staff of the external auditor, and full and appropriate disclosure to, and prior approval by, the AC of all audit and non-audit services and related fees. Approval of non-audit work by the external auditor is principally tested against the standard of whether such work will conflict with its role as an independent auditor or would compromise its objectivity or independence as such.

Chief Governance Officer. The Chief Governance Officer monitors compliance with the provisions and requirements of corporate governance laws, rules and regulations, reports violations and recommends the imposition of disciplinary actions for such violations, and the adoption of measures to prevent its repetition, subject to further review and approval by the Board. The Chief Governance Officer assists the Board and the GNSC in the performance of their governance functions, including the implementation of corporate governance rules and policies, proper onboarding of new directors, and conduct of corporate governance trainings for directors and officers, and collaborates with other responsible departments of the Company to: (i) monitor, review, evaluate and ensure compliance with relevant laws and regulations; (ii) ensure the integrity and accuracy of documentary submissions to regulatory agencies; and (iii) address compliance issues. Under the supervision and direction of the Chief Governance Officer, the Corporate Governance Office assists in the implementation of the corporate governance policies adopted by the Board.

Chief Financial Officer. Our Chief Financial Officer ("CFO") is responsible for overseeing the Company's financial operations and decision-making based on short and long term strategic financial objectives. The CFO works closely with the President and CEO in establishing best practices in the implementation and communication of finance functions, programs and operations covering business finance, financial controllership, tax management and advocacy, treasury, and revenue assurance and fraud risk management. The CFO likewise oversees asset management, strategic investor relations functions, compliance with relevant public disclosure requirements and financial standards, and the development of strategic plans to improve the Company's overall financial health and long-term viability.

Chief Risk Management Officer. The Chief Risk Management Officer ("CRMO") is tasked to: (i) plan the overall strategy of the different risk management units of the PLDT Group; (ii) review risk management activities and controls of the operational units; (iii) review internal and external factors that can negatively affect the PLDT Group risk profile; (iv) influence, and when necessary, challenge material risk decisions and initiatives; (v) monitor that risks are within the bounds of the risk appetite of the PLDT Group; and (vi) review and escalate critical risks to Management, the Risk Committee and the Board, as necessary, advising them on requisite actions.

Group Enterprise Risk Management Department. The Group Enterprise Risk Management Department ("GRMD") provides support to the CRMO by implementing an integrated risk management program with the goal of identifying, analysing and managing the PLDT Group's risks to an acceptable level so as to enhance opportunities, reduce threats, and sustain competitive advantage. The implementation of the enterprise risk management ("ERM") process ensures that critical risks are well understood and effectively managed across all functions and units within the PLDT Group. This is achieved through the operationalisation of the Enterprise Risk Management Framework ("ERMF"), a standardised approach to risk identification, assessment and management. The ERMF is aligned to the ISO 31000 Risk Management Standard, COSO's Enterprise Risk Management Framework, risk considerations found in the S&P Global Corporate Sustainability Assessment, and GRI Standards. The GRMD manages execution of the Three Lines of Defense Model to ensure that all layers of the organization contribute to managing enterprise risks through the implementation of identified controls and mitigation strategies. The GRMD likewise facilitates the risk assessment exercise of Management, implements activities to build an effective culture of risk management across the organization, and communicates and reports significant risk exposures, including business risks, control issues and risk mitigation plans to the Risk Committee. The GRMD Head supervises the ERM process and spearheads the development, implementation, and improvement of ERM processes and documentation, and communicates the top risks and status of implementation of risk management strategies and action plans to the CRMO, CEO, and the Risk Committee.

Chief Sustainability Officer. The Chief Sustainability Officer ("CSO") heads the Corporate Sustainability Office and assists the President and CEO and the Board in overseeing the Company's overall sustainability strategy. The CSO champions the enterprise-wide adoption of sustainability as part of business strategy, operational execution, and organizational culture, and works to ensure that the Company aligns with global best practices for Environmental, Social, and Governance ("ESG") and doing business responsibly.

Chief Data Privacy Officer. The Chief Data Privacy Officer ("CDPO") heads the Risk and Privacy Office and is tasked to: (i) ensure the PLDT Group's compliance with data privacy laws, regulations, and best practices; (ii) provide direction and coordinate closely with PLDT Group business units to ensure effective implementation of data privacy strategies including policies, procedures, processes, and compliance review; and (iii) collaborate with data privacy regulatory agencies on behalf of the PLDT Group. The Chief Data Privacy Officer shall likewise provide regulatory and technical support for data privacy-related matters and functions to the DPISC.

Chief Information Security Officer. The Chief Information Security Officer ("CISO") heads the Cyber Security Operations Group and is tasked to: (i) improve, develop and implement information and cyber security-related policies, processes and technologies; (ii) ensure compliance with applicable laws, regulations and standards; (iii) manage cybercrime-related cases; (iv) collaborate with government and other private entities in the campaign against cyber threats and/or cybercrimes; and (v) ensure alignment of all PLDT Group companies on information and cyber security-related practices. The Chief Information Security Officer shall likewise provide regulatory and technical support for information security related matters and functions to the DPISC.

Policies and Practices

The Company promotes a culture of good corporate governance through the implementation of its CG Manual, Code of Ethics, and related corporate governance policies.

CG Manual. Our CG Manual, which was approved and adopted by the Board on May 12, 2017, in accordance with the Code of Corporate Governance for Publicly Listed Companies ("CG Code for PLCs") issued under Securities and Exchange Commission ("SEC") Memorandum Circular ("MC") No. 19, Series of 2016, defines our corporate governance framework and structure. Together with PLDT's Articles of Incorporation and By-Laws, it assigns and delineates functions and responsibilities, and entrusts powers, authorities, and resources for the execution of such functions and responsibilities. The CG Manual provides, among other matters, the composition and responsibilities of the Board, the Company's duties towards its shareholders in general, its minority shareholders and its other stakeholders, and the Company's obligation to comply with applicable disclosure rules. A copy of the CG Manual is published on the website at https://pldt.com/docs/default-source/corporate-governance-files/cg-manual-/pldt-manual-on-corporate-governance.pdf.

Code of Ethics. Our Code of Ethics defines the Company's corporate governance principles of integrity, accountability, transparency, and fairness, which the Company shall observe in the conduct of its business. It sets the governance and ethical standards that shall govern and guide all business relationships of the Company, its directors, officers, and employees. A copy of the Code of Ethics is published on the website at https://pldt.com/docs/default-source/policies/pldt-code-of-business-conduct-and-ethics.pdf.

The implementation of the Code of Ethics is reinforced by enabling policies such as the Conflict of Interest Policy, Supplier/Contractor Relations Policy, Expanded Whistleblowing Policy, Gifts, Entertainment and Sponsored Travel Policy, as well as the Policy on Gift-Giving Activities which, in conjunction with the Code of Ethics, embody the Company's anti-corruption policy. The Company's Whistleblowing Hotline: +63 (2) 88888-CGO (246) is accessible to employees and external parties, including suppliers and contractors, to receive complaints involving illegal or unethical conduct and related concerns in the Company.

Material Related Party Transactions Policy. PLDT's Material Related Party Transactions ("MRPT") Policy was adopted in 2019 in accordance with the Company's CG Manual and in compliance with SEC MC No.10, Series of 2019 or the Rules on Material Related Party Transactions for Publicly Listed Companies. A copy of the MRPT Policy is published on the website at https://pldt.com/docs/default-source/corporate-governance-files/policies/material-related-party-transactions-policy.pdf.

The Company's CG policies, including the Code of Ethics, are reviewed at least once every two years to ensure that they are appropriate for PLDT, benchmarked with global best practices, and compliant with applicable laws and regulations.

PLDT's key subsidiaries have adopted corporate governance rules and policies similar in substance and form to the foregoing corporate governance policies and suited to their particular business environments and contexts. They have likewise appointed their respective corporate governance or compliance officers.

Training and Education. The Company provides orientation and continuous training for its Board, Management, and employees. At the start of the service of a new director, the Chairman, President and CEO, CFO, Corporate Secretary and Chief Governance Officer give a newly appointed director a briefing on the Company's structure, business and the responsibilities of the Board and its Committees and how each operates. The new director is also furnished with copies of all relevant information about the Company and policies applicable to directors, including the Company's Articles of Incorporation, By-Laws, Annual Report, CG Manual, Code of Ethics, and the Charters of the Board Committees. Updates on business and governance policies and requirements principally from the Philippine SEC, PSE, United States Securities and Exchange Commission ("US SEC"), and NYSE, and new laws applicable or relevant to the Company and its business, particularly on financial reporting and disclosures and corporate governance, are presented in Board meetings or furnished to the directors. The Company conducts an Annual In-House Corporate Governance Enhancement Session for its directors and officers that provides an opportunity for leadership to engage in discussion with international and local experts on relevant topics, including emerging trends and technologies, new laws, and best business practices. For employees, the Company conducts orientation and periodic training sessions on Company policies, including corporate governance policies, cyber security, data privacy, business continuity and resilience, sustainability, internal controls, diversity, leadership, skills-building, and wellness and development, supplemented with appropriate communication materials and feedback mechanisms.

Monitoring and Evaluation. PLDT monitors and evaluates the effectiveness of its corporate governance through the annual performance self-assessment conducted by the Board, Board Committees, and individual Directors, the periodic review of the effectiveness of the implementation of the Company's corporate governance policies, the annual compliance evaluation conducted by Management and other tools employed to monitor the implementation of corporate governance policies, including the entity level controls assessment.

(a) Evaluation system to determine compliance with the CG Code for PLCs and CG Manual

PLDT monitors and evaluates compliance with the CG Code for PLCs and CG Manual through a cross-functional evaluation system whereby the heads of the various business and support groups/units conduct an evaluation of their group/unit's compliance using an evaluation questionnaire consisting of the governance standards set forth in the CG Code for PLCs and CG Manual which are applicable and relevant to their respective functions. The results of the evaluation are consolidated as input to the Company's Integrated Annual Corporate Governance Report ("IACGR") submitted to the Philippine SEC and PSE. Based on the results of the evaluation, the Company undertakes appropriate measures to further improve its corporate governance standards and practices.

In 2023, PLDT was recognized by the Institute of Corporate Directors, in cooperation with the SEC and PSE, as a top performing Philippine Publicly Listed Company as it achieved the ACGS Three Golden Arrow Award based on standards and best practices in the ASEAN Corporate Governance Scorecard. The ASEAN Corporate Governance Scorecard measures the performance of companies in the areas of rights and equitable treatment of shareholders, engagement with stakeholders, transparency and accountability, and Board oversight, among other criteria.

(b) Measures undertaken to fully comply with adopted leading practices on good corporate governance

2023 Activities

In addition to the Company's governance structure, policies, and practices, the following governance activities were undertaken by the PLDT Board in 2023: (i) Board, Board Committee, and Individual Directors' performance assessment for 2022, including a review of the performance of Management headed by the President and Chief Executive Officer; (ii) review and screening of the qualifications of director/independent director nominees in preparation for the Annual Meeting of Stockholders; (iii) review of the qualifications of the PLDT Officers appointed/re-appointed at the Organizational Meeting of the Board following the Annual Meeting of Stockholders and thereafter, as appropriate; (iv) appointment of Advisory Board/Committee members, including Fr. Roberto C. Yap, S.J. with a PhD in Environmental Economics from University College London and a Master's Degree in Public Policy from the Kennedy School of Government, Harvard University; (v) adoption of the Incentive-based Compensation Clawback Policy effective October 2, 2023; (vi) adoption of the Company's Human Rights Policy on January 30, 2024; and (vii) review of the PLDT Group Top Risks as identified by Management. Additionally, the Company (viii) submitted its IACGR in accordance with SEC MC No. 15, Series of 2017; (ix) convened its Annual Stockholders' Meeting on June 13, 2023, with holders of 82.99% of the total shares of Common and Voting Preferred Stocks ("Voting Shares") as of the Record Date, April 14, 2023, present in person, through remote communication or represented by proxy in the meeting; (x) conducted its Annual In-House Corporate Governance Enhancement Session for PLDT's Board and Management on November 9, 2023 on the topics: *"Governance Imperatives, Opportunities, and Challenges in the Age of Artificial Intelligence ("AI")"* by Dr. Max Tegmark, President & Co-founder, Future of Life Institute, New York Times best-selling author of *"Life 3.0: Being Human in the Age of Artificial Intelligence"*, AI professor and Physics researcher, Massachusetts Institute of Technology's Institute for Artificial Intelligence & Fundamental Interactions and the Center for Brains, Minds and Machines, and "*Global Developments in AI Standards and Regulations"* by Atty. Anthony Edsel F. Tupaz, Data Privacy, Cybersecurity, AI Initiatives and Special Projects (Infrastructure) Head and Partner at Gorriceta Africa Cauton & Saavedra; (xi) conducted orientation and refresher training programs on Company policies, including corporate governance, diversity and inclusion and skills-building courses, and (xii) published the Company's Annual Report, which also contains the ERM Report, and the Sustainability Report for 2022.

(c) Compliance with the CG Manual

In compliance with the respective memorandum circulars of the SEC and the PSE, PLDT filed its IACGR on May 30, 2023, and confirmed its compliance with its CG Manual that contains relevant provisions of the CG Code for PLCs and certain corporate governance standards under the US Securities Exchange Act and NYSE Listed Company Manual.

(d) Plans to further improve the corporate governance standards of the Company

For 2024, the Company aims to continuously improve its governance standards and practices, including the strengthening of internal controls and benchmarking of its Code of Ethics, in accordance with the Recommendations of the CG Code for PLCs, the mandate of the Revised Corporation Code, the results and feedback obtained from the Company's monitoring and evaluation system, and by benchmarking with recognized best practices.

Sustainability Commitment

Tightly linked to the Company's corporate governance philosophy is its commitment to sustainability and doing business responsibly. The PLDT Group aspires to achieve industry leadership in its ESG performance by embedding sustainability in its strategy and operations. Such thrust reinforces the Company's purpose and is underpinned by the inclusion of sustainability and ESG targets in its performance and compensation program.

Driving its sustainability roadmap, the PLDT Group has identified twelve ESG material topics most important to stakeholders anchored on four pillars - Connection, Conservation, Concern, and Commitment. The Company also aligns with globally recognized standards and benchmarks for its sustainability reporting and periodic communication on ESG progress.

The PLDT Group endeavors to continuously use its industry leadership and influence to create lasting value, drive positive impact, and inspire action as stewards of the planet for the next generation.

Details of the PLDT Group's sustainability roadmap and information are set out in the Sustainability Report. The 2022 Sustainability Report is published on the website at https://cms.pldt.com/drupal/sites/default/files/irannualandsustainablereports/2022%20PLDT%20Sustainability%20Report.pdf.

Corporate Shared Value

The Corporate Shared Value ("CSV Statement") is the articulation of our belief that helping to deliver positive impact to the lives of the Filipino people is an integral part of our business. The CSV Statement enumerates the broad responsibilities that PLDT assumes as it operates and conducts its business. A copy of the CSV Statement is published on the website at https://main.pldt.com/corporate-governance-in-pldt/our-stakeholders. Pursuant to the CSV Statement, the PLDT Group's social programs leverage its technology and digital services and the volunteer spirit of its employees to implement programs on education, livelihood, disaster resilience, environment, agriculture, internet safety and sports that aim to enable digital inclusion of Filipinos and create meaningful connections among communities towards a sustainable future. The Company's CSV programs and activities are reported in the Company's Sustainability Report released annually since 2016.

Stakeholder Engagement

In fulfilling our commitments to our stakeholders, we are guided by the Company's General Practice on Stakeholder Engagement ("GP on Stakeholder Engagement"), CSV Statement and our Code of Ethics. The GP on Stakeholder Engagement aims to promote a culture of good governance by the observance of the Company's core principles of integrity, accountability, fairness and transparency in dealings with its stakeholders. Together with our Code of Ethics, the GP on Stakeholder Engagement is the articulation of our belief in empowering Filipinos across sectors through meaningful connections that can help improve their overall well-being. We believe that as we seek to enhance value for our shareholders, we have a responsibility to provide quality products and services for our customers, develop the talents and skills of our employees, work with our suppliers and business partners in an ethical and mutually beneficial manner, and enable our communities for nation-building.

Investors/Shareholders. PLDT fosters the values of transparency and fairness in its dealings with investors and shareholders. PLDT respects, promotes, and upholds shareholders' rights such as: the right to vote; pre-emptive right; the right to inspect corporate books and records, including minutes of Board meetings and stock registries, subject to certain conditions; right to timely receive relevant information, whether in printed or digital form; right to dividends; and appraisal right. We explore and implement steps to expand opportunities for stockholders to participate in annual and special stockholders' meetings, whether purely in-person, hybrid, or virtual-only, and for in-person meetings, reduce excessive or unnecessary costs to attend. We make timely disclosures of material information and transactions that could potentially affect the market price of the Company's shares.

PLDT regularly conducts quarterly analysts' and investors' briefings to discuss financial and operating results, podcasts of which are posted in the Investor Relations section of the PLDT website. In addition, the Company publishes on its website the appropriate reference materials, disclosures and press releases, among others, covering significant topics of interest to the Shareholders. As warranted, the Company conducts special briefings to discuss other important company developments. Our Investor Relations Center has regular engagements and meetings with fund managers, investors, and analysts which may include access to PLDT Group's Top Management. Shareholders who wish to raise matters or concerns relating to the business of the Company, their investments and rights, may elevate such matters to the Corporate Secretary, the Head - Investor Relations, or concerned members of PLDT's Management or the Board.

Customers. PLDT serves a broad range of customers from individuals, residential, micro, small and medium enterprise (SME) and large enterprise, including the public sector. We continuously endeavor to provide best-in-class experiences to fulfill our customers' needs and expectations on responsive products and services, quality of service, pricing, application, service provisioning process, repair and restoration service, and billing and payment services. We engage with our customers through various traditional and digital touchpoints and empower them to resolve their concerns through self-help channels with the end view of knowing and understanding their product and service needs, promptly addressing their concerns and identifying areas where we may further enhance customer experience.

Employees. PLDT respects the rights of its employees, among which are the right to self-organization, safe and healthy working conditions, professional development, and community-building social activities. We offer opportunities for leader-led, employee-owned, and digital-enabled people programs all aligned with our mission to deliver best-in-class employee experience. Career advancement opportunities are also adequately available within a performance and merit-based system. Compensation and incentives are determined based on performance and accomplishments, and dedicated staff, facilities, and digital or social platforms are made available to support the Company's training, development, and engagement programs.

Suppliers. PLDT maintains mutually beneficial relationships with like principled suppliers that uphold PLDT's core values of fairness, accountability, integrity, and transparency in their own business practices. Suppliers undergo an accreditation process before they engage in business with PLDT. Among the criteria for accreditation are financial and technical capability, compliance with applicable laws, including those pertaining to industrial relations, environment, health and safety, intellectual property rights, cyber security, data privacy and sustainability. The Company's purchases, as a rule, are made on the basis of competitive bidding among accredited and qualified suppliers. An overview of the Supplier Qualification Process and Supplier Code of Conduct are published on the website at: https://cms.pldt.com/drupal/sites/default/files/corporategovernancedocs/2023-07/pldt-group-supplier-qualification-process.pdf and https://cms.pldt.com/drupal/sites/default/files/corporategovernancedocs/2023-07/PLDT%20Group%20Supplier%20Code%20of%20Conduct.pdf, respectively.

Creditors. PLDT protects the rights of its creditors by publicly disclosing all material information, such as earnings results and risk exposures relating to loan covenants. Our disclosure controls and procedures also include periodic reports to our creditors such as our latest certified financial statements, no default certification, and certification on compliance with financial ratio limits. PLDT's credit has been rated at investment grade by two major international credit-rating agencies and rated with the highest issuer rating by a local credit-rating agency as of yearend 2023.

Communities. PLDT strives to engage local communities where it operates through corporate citizenship programs that support the business while contributing to nation-building and the achievement of the United Nations Sustainable Development Goals (UN SDGs). We uphold a community engagement strategy that is inclusive, collaborative, ethical and sustainable. Leveraging on core businesses and infrastructure, we act as enabler in the promotion of digital inclusion in communities in the areas of digital wellness, disaster resilience, education, and livelihood.

Regulators. PLDT operates within relevant legislative and regulatory frameworks and complies with the requirements thereunder which are applicable to it. We participate in public policy forums, conferences and hearings conducted by government and regulatory agencies on policies and regulations that have implications and affect the operations of the telecommunications industry. PLDT also participates in legislative hearings relative to initiatives and proposed legislation in the fields of ICT, corporate governance, cyber security, digital transformation, and labor-related matters. Our "Internet for All" advocacy and investments in network infrastructure and technologies to provide the widest coverage and superior quality of service at affordable prices are aligned with and support the Government's objectives set out in the Public Telecommunications Policy Act.

Enterprise Risk Management

PLDT Group Top Risks. The GRMD, under the leadership of the CRMO, promulgates and encourages the adoption of a standard risk evaluation process focused on the need to properly identify, analyse, evaluate, treat, and monitor risks that may affect the achievement of business objectives. This is achieved through the operationalisation of the Enterprise Risk Management Framework ("ERMF"), a standardised approach to risk identification, assessment and management. The ERMF is aligned to the ISO 31000 Risk Management Standard, COSO's Enterprise Risk Management Framework, risk considerations found in the S&P Global Corporate Sustainability Assessment, and GRI Standards. A risk assessment exercise was undertaken by Management to identify and prioritise the most important risks affecting the PLDT Group for 2023. The top risks, listed in no particular order of criticality, are: (i) ability to manage capital spending, (ii) complexities of competing, (iii) delivery of customer experience commitments, (iv) ability to scale transformation, (v) complex cyber landscape, (vi) evolving geopolitical and economic conditions, (vii) challenges in enforcing third-party accountabilities, (viii) evolving role of external partnerships, (ix) impact of climate change and geophysical movements, and (x) failure to integrate sustainability objectives with operations. Risk management activities are continuously monitored and reviewed to ensure that critical risks are appropriately addressed across the organization.

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

Exhibits

See Exhibit 1 – Sustainability Report.

Reports on SEC Form 17-C (Current Reports)

We reported the following items on SEC Form 17-C during the last two quarters of 2023:

Items Reported	Date Filed
1. Clarification of News Report – PLDT Inc.'s response to the Philippine Dealing and Exchange Corporation's letter dated July 20, 2023 wherein PLDT Inc. was requested to confirm the veracity of the news article entitled "PLDT gets NTC nod for two cable landing stations" as posted in BusinessWorld (Online Edition) on July 20, 2023.	July 26, 2023
2. Clarification of News Report – Reply to the Philippine Stock Exchange's letter dated July 26, 2023 requesting PLDT Inc. to clarify information and/or to provide relevant information in relation to the news article entitled "PLDT seen to reduce average spending by over 10%, raise P58B from more tower sales" as posted in BusinessWorld (Online Edition) on July 26, 2023.	July 26, 2023
3. Separation from service of Mr. Luis Gregorio D. Casas, a Vice President of the Company, effective on July 21, 2023.	July 27, 2023
4. Notice of Analysts' Briefing to discuss the First Half 2023 Financial and Operating Results.	July 28, 2023
5. PSE Form 4-30 Material Information/Transactions – PLDT's unaudited consolidated financial results for the six (6) months ended June 30, 2023.	August 3, 2023
6. Press release regarding the Company's unaudited consolidated financial results for the six (6) months ended June 30, 2023.	August 3, 2023
7. Cash dividend declaration on the Company's Common Stock payable on September 1, 2023 to the holders of record as of August 17, 2023.	August 3, 2023
8. Cash dividend declaration on the Company's Series IV Cumulative Non-Convertible Redeemable Preferred Stock payable on September 15, 2023 to the holders of record as of August 19, 2023.	August 3, 2023
9. Appoinment of Fr. Roberto C. Yap, S.J. as a member of the Advisory Committee effective August 3, 2023 and confirmation of appointment of several officers of the Company.	August 3, 2023
10. Presentation materials in connection with the teleconference to discuss the Company's Financial and Operating Results for the six months ended June 30, 2023.	August 3, 2023
11. PSE Form 4-30 Material Information/Transactions –PLDT and Radisys, a Jio Platforms company, explore more exciting and meaningful digital experiences for Filipinos.	August 7, 2023
12. Press release entitled "PLDT and Radisys, a Jio Platforms company, explore more exciting and meaningful digital experiences for Filipinos".	August 7, 2023
13. Separation of Mr. Alejandro O. Caeg, a Senior Vice President of PLDT Inc., due to his retirement from service, effective August 15, 2023.	August 15, 2023
14. Cash dividend of P2,437,500.00 on all of the outstanding shares of Voting Preferred Stock for the quarter ending October 15, 2023, payable on October 15, 2023 to the holder of record on September 13, 2023.	August 29, 2023
15. Amendment of the Declaration of Cash Dividend filed on September 1, 2023 to inform the holders of outstanding shares of Common Stock of PLDT Inc. (the "Company") who expect to receive the payment of the regular cash dividend declared by the Company on August 3, 2023 via Real Time Gross Settlement (RTGS) and PesoNet that the remittance of the cash dividend payable September 1, 2023, has been moved to Monday, September 4, 2023.	September 1, 2023
16. Separation from service of Atty. Abner Tito L. Alberto, a Vice President of the Company due to his availment of the Company's Manpower Reduction Program, effective September 1, 2023.	September 1, 2023
17. PSE Form 4-30 Material Information/Transactions –PLDT Group achieves first closing of sale and leaseback towers deal with Frontier.	October 5, 2023
18. Press release entitled "PLDT Group achieves first closing of sale and leaseback towers deal with Frontier".	October 5, 2023
19. Notice of Analysts' Briefing to discuss the Company's Nine Months 2023 Financial and Operating Results.	October 24, 2023
20. PSE Form 4-30 Material Information/Transactions –PLDT Inc.'s unaudited consolidated financial results for the nine (9) months ended September 30, 2023.	November 7, 2023
21. Press release regarding the Company's unaudited consolidated financial results for the nine (9) months ended September 30, 2023.	November 7, 2023

22.	Cash dividend declaration on the Company's Series IV Cumulative Non-Convertible Redeemable Preferred Stock payable on December 15, 2023 to the holders of record as of November 22, 2023.	November 7, 2023
23.	Confirmation of the appointment of officers, promotion of officers, and extension of the effective date of retirement of Atty. Marilyn A. Victorio-Aquino.	November 7, 2023
24.	Presentation materials in connection with the teleconference to discuss the Company's Financial and Operating Results for the nine months ended September 30, 2023.	November 7, 2023
25.	Retirement of Mr. Alfredo S. Panlilio, as President and Chief Executive Officer of PLDT Inc., with effect 31st December 2023, and the appointment of the incumbent Chairman, Mr. Manuel V. Pangilinan, as President and Chief Executive Officer, with effect 1st January 2024 concurrent to Mr. Pangilinan's role as Chairman.	December 5, 2023
26.	Cash dividend of Php2,437,500.00 on all of the outstanding shares of the Company's Voting Preferred Stock payable on January 15, 2024 to the holder of record as of December 22, 2023.	December 5, 2023
27.	Separation of Mr. Gene S. De Guzman, a Vice President of PLDT Inc. (the "Company"), due to his availment of the Company's Manpower Reduction Program, effective December 1, 2023.	December 6, 2023

PLDT

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code of the Philippines, this annual report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on March 21, 2024.

PLDT Inc.
Registrant

By:

MANUEL V. PANGILINAN
Chairman of the Board
Principal Executive Officer
Principal Operating Officer

MARILYN A. VICTORIO-AQUINO
Corporate Secretary and Chief Legal Counsel

DANNY Y. YU
Principal Financial Officer and
PLDT Group Chief Financial Officer

GIL SAMSON D. GARCIA
Principal Accounting Officer and
Head – Financial Controllership

SUBSCRIBED AND SWORN to before me this MAR 2 2 2024 day of March 2024, affiants exhibiting to me their Passports, as follows:

Name	Passport No.	Date of Expiry	Place of Issue
Manuel V. Pangilinan	P9969361A	December 17, 2028	DFA, NCR East
Marilyn A. Victorio-Aquino	P7750864A	June 29, 2028	DFA, Manila
Danny Y. Yu	P8373079A	August 15, 2028	DFA, Manila
Gil Samson D. Garcia	P6003906B	December 21, 2030	DFA, NCR East

JOYCE A. SAPLA Notary Public
Notary Public for the City of Makati
Notarial Commission valid until December 31, 2025
Appointment No. M-182
Roll of Attorneys No. 60429
IBP Lifetime No. 010874/RSM
PTR O.R. NO. 10077266 - 01/03/2024
9/F, MGO Bldg. Legazpi St. Legazpi Village, Makati City, MM

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