

April 15, 2026

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

Attention: Atty. Oliver O. Leonardo
Director – Markets and Securities Regulation 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 MANAGEMENT'S Discussion and Analysis and accompanying audited consolidated financial statements as at and for the year ended December 31, 2025.

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

Very truly yours,

DIGITAL TELECOMMUNICATIONS PHILS., INC. and SUBSIDIARIES


ATTY. ALEX ERLITO S. FIDER
Corporate Secretary

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	1	4	5	1	1	1
---	---	---	---	---	---	---	---	---	---

COMPANY NAME

D	I	G	I	T	A	L		T	E	L	E	C	O	M	M	U	N	I	C	A	T	I	O	N	S		P	H	I	
L	S	.	,		I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S		(A		
S	u	b	s	i	d	i	a	r	y		o	f		P	L	D	T		I	N	C	.)							

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

8	0	0	3	-	A		M	a	t	a	l	i	n	o		S	t	r	e	e	t	,								
D	i	l	i	m	a	n	,		Q	u	e	z	o	n		C	i	t	y	,										
M	e	t	r	o		M	a	n	i	l	a																			

Form Type

1	7	-	A
---	---	---	---

Department requiring the report

M	S	R	D
---	---	---	---

Secondary License Type, If
Applicable

N	A		
---	---	--	--

COMPANY INFORMATION

Company's Email Address

Digitel_phil@pldt.com.ph

Company's Telephone Number

—

Mobile Number

09285590433

No. of Stockholders

4,928
(as at December 31, 2025)

Annual Meeting (Month / Day)

May / Last Monday

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Jerone H. Tabanera

Email Address

jhtabanera@pldt.com.ph

Telephone Number/s

—

Mobile Number

0908-8867630

CONTACT PERSON'S ADDRESS

5th Floor, MGO Building, 100 Dela Rosa St., cor. Legaspi St., San Lorenzo, Makati City

NOTE 1: 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 0000145111
File Number _____

**DIGITAL TELECOMMUNICATIONS PHILS., INC.
and SUBSIDIARIES**

(Company's Full Name)

**8003-A Matalino Street, Diliman,
Quezon City, Metro Manila**

(Company's Address)

09285590433

(Telephone Number)

December 31, 2025

(Fiscal Year Ending
(month & day))

**SEC Form 17-A
(Annual Report)**

Form Type

Not Applicable

Amendment Designation (if applicable)

December 31, 2025

Period Ended Date

Not Applicable

(Secondary License Type and File Number)

TABLE OF CONTENTS

	<u>Page No.</u>
CERTAIN CONVENTIONS AND TERMS USED IN THIS ANNUAL REPORT.....	ii
PART I - BUSINESS AND GENERAL INFORMATION	
Item 1 Business.....	1
Item 2 Properties.....	6
Item 3 Legal Proceedings.....	6
Item 4 Submission of Matters to a Vote of Security Holders.....	6
PART II - OPERATIONAL AND FINANCIAL INFORMATION	
Item 5 Market for Registrant’s Common Equity and Related Stockholder Matters.....	7
Item 6 Management’s Discussion and Analysis or Plan of Operation.....	8
Item 7 Financial Statements.....	28
Item 8 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.....	28
PART III - CONTROL AND COMPENSATION INFORMATION	
Item 9 Directors and Executive Officers of the Registrant.....	28
Item 10 Executive Compensation.....	35
Item 11 Security Ownership of Certain Record and Beneficial Owners and Security Ownership of Management.....	35
Item 12 Certain Relationships and Related Transactions.....	36
PART IV - CORPORATE GOVERNANCE	
Item 13 Corporate Governance.....	37
PART V - EXHIBITS AND SCHEDULES	
Item 14 a. Exhibits.....	37
b. Reports on SEC Form 17-C.....	37
SIGNATURES.....	S-1
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES.....	A-1

CERTAIN CONVENTIONS AND TERMS USED IN THIS ANNUAL REPORT

Unless the context indicates or otherwise requires, references to “we”, “us”, “our” or “Digitel Group” in this annual report mean Digital Telecommunications Phils., Inc. and its consolidated subsidiaries, and references to “Digitel” or “Parent Company” mean Digital Telecommunications Phils., Inc., excluding consolidated subsidiaries.

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:

- BIR means Bureau of Internal Revenue;
- CDMA means code division multiple access;
- CEO means Chief Executive Officer;
- CMTS means cellular mobile telephone system;
- CPCN means Certificate of Public Convenience and Necessity;
- DICT means Department of Information and Communications Technology;
- DMPI means Digitel Mobile Philippines, Inc., a wholly-owned subsidiary of Digitel, that owns the *Sun* business;
- EBITDA means Earnings before Interest, Taxes, Depreciation and Amortization;
- FLA means Facility Lease Agreement;
- GAAP means generally accepted accounting principles;
- Globe means Globe Telecom, Inc.;
- GSM means global system for mobile communications;
- HSPA means high-speed packet access;
- IGF means international gateway facility;
- LEC means local exchange carrier;
- LTE means long-term evolution;
- GNC means Governance and Nomination Committee;
- NDD means national direct dialing;
- NGN means Next Generation Network;
- NTC means the National Telecommunications Commission of the Philippines;
- OTT means over-the-top;
- PFRS means Philippine Financial Reporting Standards;
- Philippine SEC means the Philippine Securities and Exchange Commission;
- PLDT means PLDT Inc.;
- PSE means the Philippine Stock Exchange, Inc.;
- SIM means subscriber identification module;
- Smart means Smart Communications, Inc., a wholly-owned subsidiary of PLDT;
- SMS means short messaging service;
- SRC means the Securities Regulation Code of the Philippines;
- VoIP means voice over internet protocol.

SECURITIES AND EXCHANGE COMMISSION

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, 2025
2. SEC Identification Number 0000145111 3. BIR Tax Identification No. 000-449-918-000
4. Exact name of registrant as specified in its charter: DIGITAL TELECOMMUNICATIONS PHILS., INC.
5. Republic of the Philippines
Province, Country or other jurisdiction of
incorporation or organization
6. _____ (SEC Use Only)
Industry Classification Code:
7. 8003-A Matalino Street, Diliman, Quezon City, Metro Manila
Address of principal office
- _____ 1104
Postal Code
8. 09285590433
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 Sec. 4 and 8 of the then Revised Securities Act.

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding</u>
Common stock, ₱0.10 par value	26,142,671,992 (as at December 31, 2025)

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

Yes [] No []

12. Check whether the registrant:

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

Yes [] No []

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

Yes [] No []

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Overview

Established in the Philippines on August 31, 1987, Digital Telecommunications Phils., Inc. (“Digitel”) was registered with the Philippine SEC and was enfranchised to provide domestic and international telecommunications services nationwide. On October 26, 2011, PLDT acquired a controlling stake in Digitel from JG Summit Holdings, Inc. and certain related parties of the latter and initiated a tender offer to acquire remaining non-controlling interest. As at December 31, 2025, PLDT owned approximately 99.6% of the outstanding common stock of Digitel.

Digitel ceased operating as a public telecommunications entity effective February 17, 2019 upon the expiration of its franchise under Republic Act No. 7678, entitled “An Act Granting The Digital Telecommunications Phils, Inc., A Franchise To Install, Operate And Maintain Telecommunications Systems Throughout The Philippines And For Other Purposes”.

Digital Telecommunications Phils., Inc and Subsidiaries (Digitel Group) operations are divided into two key business units: Wireless and Fixed Line.

We monitor the results of each business unit separately for purposes of making decisions about resource allocation and performance assessment. For a more detailed discussion, see *Note 4 – Operating Segment Information* to the accompanying audited consolidated financial statements in Item 7. “Financial Statements”.

Wireless

Our wireless arm, Digitel Mobile Phils., Inc. (DMPI), has consolidated its processes with Smart Communications, Inc. (Smart) to be able to provide better service to our subscriber base. Major processes were aligned with Smart to further enhance business partnering, maximize efficiencies in the current workforce and magnify the advantage of the combined networks.

On August 1, 2018, the BOD of Smart and DMPI approved the sale/transfer of DMPI’s trademark, subscriber base (both individual and corporate) including all of its assets, rights and obligations directly or indirectly connected to its postpaid cellular and broadband operations effective November 1, 2018. With the effectivity of the transfer, the remaining business of DMPI pertains to its prepaid mobile operation.

On October 21, 2020, Smart and DMPI entered into a Rebranding Agreement wherein Sun Prepaid subscribers were rebranded as Smart Prepaid subscribers. Post-rebranding, the ownership of Sun Prepaid subscribers remains under DMPI. Under the terms of the agreement, Smart settles a fixed fee representing DMPI’s proportionate share on the distributed subscriber revenues.

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

The brand consolidation under Smart aims to strengthen market position, achieve cost-efficiency and capitalize on Smart’s robust mobile data network to provide superior mobile data to all Sun subscribers.

The integrated wireless network that Smart and DMPI provide is 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 are primarily used to provide coverage whilst higher spectrum bands provide coverage and additional capacity. Our wireless broadband network supports HSPA+, LTE-Advanced, and 5G to provide an improved data experience for our customers.

Fixed Line

Fixed line business which offered voice, data and miscellaneous services, was carried by the Parent Company. Our fixed line subscribers were all migrated to the network of PLDT as of January 2018.

On July 1, 2013, Digitel entered into an agreement to sell its subscription assets to PLDT for a total cost of approximately ₱5.3 billion. The agreement covered the transfer, assignment and conveyance of Digitel’s subscription agreements and subscriber list and included a transition mechanism to ensure uninterrupted availability of services to the Digitel subscribers, until migration of said subscribers to the PLDT network was completed. The transaction was in line with the commitment to increase the level of quality of service for Digitel’s subscribers and to achieve synergies and operating efficiencies within the PLDT Group. Accordingly, a FLA was executed to cover PLDT’s continued use of Digitel’s network and facilities to ensure uninterrupted provision of the LEC services to subscribers who had yet to be migrated to the PLDT network. Following the migration of all our fixed line subscribers as of January 2018, the FLA with PLDT was terminated in November 2018.

Digitel ceased operating as a public telecommunications entity effective February 17, 2019.

Products and Services, Rates and Revenues

Wireless

We provide mobile and other services through our wireless business.

The following table summarizes key measures of our wireless business as at and for the years ended December 31, 2025, 2024 and 2023:

	2025	December 31, 2024	2023
Mobile service revenues (in millions)	₱6,138	₱6,333	₱7,106
Distributed subscriber revenues	5,239	5,301	5,520
Others	899	1,032	1,586
Percentage of wireless service revenues to total service revenues	100%	100%	100%

Mobile Services

Through Smart, we offer mobile communications services which include mobile data, voice, and SMS all over the country. With continuous and in-depth consumer understanding program, we commit to provide relevant products and cater to the communications, entertainment and service requirements of our target market segments.

The rebranding of *Sun Prepaid* to Smart, enables the subscribers to have access to expanded retail and customer care channels, and a wide array of data-centric offers. Following this development, rebranded subscribers can avail of Data bundles, including the newest offers, *Power All*, *All Data and Magic Data* to cater to the different lifestyles of subscribers, using Smart’s LTE and 5G network. *Sun Prepaid*’s top offers include *Call & Text Combo*, and *Unlimited Calls and Text* are still available for the rebranded subscribers.

The rebranding of *Sun Postpaid* to Smart enables the subscribers to enjoy the full range of available services such as robust Smart 5G speeds with Smart 5G network, simpler account management with the Smart App and easily upgrade to the Smart Signature experience.

Rates

Post-rebranding, all subscribers were migrated to Smart’s e-load and prepaid billing platforms and are allowed to avail of Smart load offers and promos. The rebranding agreement also includes Smart’s obligation to make all existing DMPI load offers and promos which were conceptualized, reviewed and approved by DMPI. Any changes to the existing DMPI offers and promos shall require DMPI’s prior consent.

Sun Prepaid subscribers may top up via Smart prepaid load cards which are sold in denominations of ₱100, ₱300 and ₱500.

Smart’s over-the-air reloads called Smart eLoad, which ranges from ₱10 to ₱1,000 are available through the Smart App, Smart online store, e-wallet providers such as Maya (formerly PayMaya), e-commerce platforms such as Lazada and Shopee and via Smart eLoad retailers nationwide. The stored value of a prepaid load card and eLoads remain valid for 365 days regardless of the denomination, pursuant to the Joint Memorandum Circular No. 05-12-2017 issued by the NTC and the Department of Information and Communications Technology (the “DICT”).

Smart also provides open-access data offers with its Magic Data, All Data and Power All services. These data packages provide access to any app or website and are priced from ₱50 to ₱499.

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

For international roaming, we offer various data roaming packages such as GigaRoam with up to 3GB for 10 days on popular travel destinations like Japan, South Korea, Thailand, USA and many more. Data roaming plans ranges from Php150 to Php4,899, and are open to both prepaid and postpaid subscribers.

Fixed Line

Until February 17, 2019, we provided LEC services, including international and domestic voice services, data 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, 2025, 2024 and 2023:

	December 31,		
	2025	2024	2023
Number of fixed line employees	1	1	1
Fixed line service revenues (in millions)	₱–	₱–	₱–
Miscellaneous	–	–	–
Percentage of fixed line service revenues to total service revenues	–	–	–

Infrastructure

Wireless Network Infrastructure

The acquisition of Digitel by PLDT offered an opportunity to strengthen DMPI's network by harmonizing the modernization program with Smart's network. To meet the growing demand for mobile services, Smart and DMPI have implemented an extensive deployment program for their GSM network covering substantially all of Metropolitan Manila and most of the other population centers in the Philippines.

Through Smart, DMPI has been continually extending its capacity and rolling out more physical sites to widen our coverage in order to sustain the demand for our services. Smart's network supports 5G, 4G and other technologies.

Licenses and Regulations

Licenses

Digitel provided its fixed line telecommunications services pursuant to its legislative franchise, R.A. 7678. A franchise holder is required to obtain operating authority from the NTC to provide specific telecommunications services. These approvals may take the form of CPCN, or, while an application for a CPCN is pending, a provisional authority to operate. Provisional authorities are typically granted for a period of 18 months.

Digitel operated its business pursuant to a number of provisional authorities and CPCNs. Under these CPCNs, Digitel provided services to: (a) install, operate, maintain and develop telecommunications facilities in Regions I to V; (b) install, operate and maintain telephone systems/networks/services in Quezon City, Valenzuela City and Malabon, Metro Manila and Tarlac; (c) install, operate and maintain an IGF in Binalonan, Pangasinan; (d) install, operate and maintain an IGF in Metro Manila; (e) operate and maintain a National Digital Transmission Network; (f) install, operate, and maintain a nationwide CMTS using GSM and/or CDMA technology; and (g) install, operate and maintain a cable landing station. Digitel was also granted provisional authorities to: (a) install, operate and maintain LEC services in the National Capital Region; and (b) install, operate and maintain LEC services in Visayas and Mindanao.

Digitel ceased operating as a public telecommunications entity providing fixed line services effective February 17, 2019, the expiration of its franchise granted under Republic Act No. 7678, entitled "An Act Granting The Digital Telecommunications Phils, Inc., A Franchise To Install, Operate And Maintain Telecommunications Systems Throughout The Philippines And For Other Purposes".

Wireless services are served by DMPI. On August 28, 2003, the NTC approved the assignment by Digitel of its authority to construct, install, operate and maintain a nationwide CMTS using GSM and/or CDMA technology to its wholly-owned subsidiary, DMPI. DMPI operates under the trade name *Sun* and is likewise a grantee of a 25-year legislative franchise under R.A. 9180, which will expire on April 1, 2028.

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

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

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

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

Competition

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.

Mobile Service

Currently, there are three major mobile operators, namely PLDT (which owns Smart and DMPI), Globe Telecom Inc (Globe) and Dito Telecommunity Corporation (DITO). Mobile market penetration in the Philippines was approximately 125% 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. Competition 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 revenues namely voice and SMS. 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 has been 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 and Converge ICT Solutions, Inc.. The principal bases of competition in the data services market are coverage, price, content, value for money, bundles or free gifts, user experience and customer service. PLDT, Digitel's ultimate parent, remains committed to compete in this segment by leveraging on its overall strategy to focus on customer centricity, maintain network leadership, broaden its distribution platform and increase its ability to deliver multimedia content.

Governmental Regulations

As a public utility, 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.

Compliance with Environmental Laws

We have not been subject to any material fines or legal or regulatory action involving noncompliance with environmental regulations of the Philippines. We are not aware of any noncompliance in any material respect with relevant environmental protection regulations.

Employees

The Digitel Group had 1 regular employee as at December 31, 2025.

	December 31,			
	2025	2024	2023	2022
Digitel Group	1	1	1	1
Wireless	-	-	-	-
Fixed	1	1	1	1

See *Note 17 - Income and Expenses* and *Note 18 – Employee Benefits* to the accompanying audited consolidated financial statements in Item 7 for further discussion on compensation and employee benefits.

Item 2. Properties

Digitel Group’s major properties, located in various areas consist of land and improvements currently held as Investment Properties.

For more information on these properties, see *Note 21 – Fair Value Measurement – Investment Properties* to the accompanying audited consolidated financial statements in Item 7. “Financial Statements”.

Item 3. Legal Proceedings

Except as disclosed in *Note 22 – Commitments and Contingencies* to the accompanying audited consolidated financial statements in Item 7 “Financial Statements”, neither Digitel nor any of its subsidiaries is a party to, and none of their respective properties is subject to, any pending legal proceedings that Digitel considers to be potentially material to Digitel Group’s business.

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 2025 covered by this annual report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Common Capital Stock

Stock Prices

On January 24, 2012, Digitel filed for voluntary delisting of its shares with the PSE, since its public ownership level had fallen below the minimum 10% required by the PSE. On February 22, 2012, the PSE granted the petition for voluntary delisting and accordingly ordered the delisting of the shares of Digitel from the Official Registry of the PSE effective March 26, 2012. The last trading date of Digitel shares was on March 20, 2012 which closed at ₱1.45 per share.

Top 20 Stockholders

As at December 31, 2025, there were 4,928 holders of record of Digitel’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 Digitel’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. PLDT	Filipino	26,041,239,903	₱2,604,123,990	99.60
2. Thorton Horton Holdings, Inc.	British	26,680,810	2,668,081	0.10
3. Chak Ching Chan	Filipino	11,614,000	1,161,400	0.04
4. Seven (7) R. Port Services, Inc.	Filipino	5,000,000	500,000	0.02
5. BPI Sec Corp Fao Charlie D. Misaghi	Filipino	2,759,000	275,900	0.01
6. Margarita Oppen	Filipino	1,830,000	183,000	0.01
7. PCD Nominee Corporation	Filipino	1,734,411	173,441	0.01
	Various	682,000	68,200	
8. De Tuazon Paz A.	Filipino	1,663,500	166,350	0.01
9. Michael S. Chua	Filipino	1,406,000	140,600	0.01
10. Alvin Rey C. Sia	Filipino	1,000,000	100,000	0.00
11. Lawrence C. Sia	Filipino	1,000,000	100,000	0.00
12. Anthony U. Que	Filipino	940,000	94,000	0.00
13. Ilene V. Acuna	Filipino	937,000	93,700	0.00
14. CBC as Investment Agent for IMA	Filipino	815,600	81,560	0.00
15. Ronald Arellano Vallar	Filipino	800,000	80,000	0.00
16. Ramesh Dargani &/or Geeta R. Dargani	Filipino	657,000	65,700	0.00
17. BPI Securities Corporation Fao Reynaldo C.	Filipino	609,000	60,900	0.00
18. Citibank Na Fao 1100050018	Hongkong	600,000	60,000	0.00
19. Leoncio Chungunco	Filipino	588,900	58,890	0.00
20. Choa Siu Tin	Filipino	500,000	50,000	0.00
		26,103,057,124	₱2,610,305,712	

Dividends

On December 5, 2023, the BOD of the Parent Company declared cash dividends amounting to ₱2,259 million (₱0.0864 per share) to all common shareholders of record as at December 15, 2023. The cash dividends to the minority shareholders was paid on January 5, 2024, while the cash dividends to the majority shareholder, PLDT Inc., was fully paid on December 5, 2024.

The Parent Company did not declare dividends in 2024 and 2025 as there were no sufficient available assets for distribution to stockholders.

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 audited consolidated financial statements and the related notes as at December 31, 2025 and 2024 and for each of the three years ended December 31, 2025, 2024 and 2023 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

(In millions, except EBITDA margin, basic/dilutive earnings per share and net debt-to-equity ratio)

	Years ended December 31,		
	2025	2024	2023
Income Statement Data:			
Revenues	₱6,138	₱6,333	₱7,106
Expenses	3,050	3,275	3,634
Other income	207	131	1,037
Income before income tax	3,295	3,189	4,509
Net income	2,741	2,628	3,777
Core income	2,736	2,593	3,215
EBITDA	3,421	3,359	3,781
EBITDA margin ⁽¹⁾	56%	53%	53%
Basic/dilutive earnings per common share	0.10	0.10	0.14
Other Data:			
Net cash provided by operating activities	236	2,341	2,676
Net cash provided by investing activities	190	220	824
<i>Capital expenditures</i>	–	–	–
Net cash used in financing activities	(419)	(2,604)	(3,500)
Operational Data:			
Number of employees	1	1	1
<i>Wireless</i>	–	–	–
<i>Fixed line</i>	1	1	1

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

Overview

Digitel was one of the major providers of wireline communication systems in Luzon Island. In September 2001, Digitel established a wholly-owned subsidiary, DMPI, to provide wireless telecommunication services in the Philippines. DMPI is one of the Philippines’ leading mobile telecommunications companies. We have organized our business into business units based on our products and services and have two reportable operating segments which serve as the basis for management’s decision to allocate resources and evaluate operating performance:

- *Wireless* - Wireless communication services are composed of distributed subscriber revenues and facility service fees. This consists of the Rebranding Agreement with Smart for fees representing DMPI’s proportionate share on the distributed subscriber revenues and reimbursement by Smart for certain network-related charges.; and
- *Fixed Line* - Fixed line segment is carried by the Parent Company. As at January 1, 2018, Digitel fully migrated its subscribers to the PLDT network.

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 including customer demands, behavior and satisfaction parameters; technological developments, network performance (speed, coverage, capacity), market share and profitability.

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, accretion expense of lease liabilities, gains (losses) on disposal of fixed assets, gains (losses) on sale of telecom towers, gains (losses) on fair value change on perpetual notes, interest income, rental income, provision for (benefit from) income tax, distribution income on perpetual notes and other income – net. EBITDA is monitored by the 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 Digitel and can assist them in their comparison of Digitel’s performance with those of other companies in the telecommunications sector. We also present EBITDA because it is used by some investors as a way to measure a company’s ability to incur and service debt, make capital expenditures and meet working capital requirements. Companies in the telecommunications sector have historically reported EBITDA as a supplement to financial measures in accordance with PFRS Accounting Standards. EBITDA should not be considered as an alternative to net income as an indicator of our performance, nor should EBITDA be considered 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 Accounting Standards. Unlike net income, EBITDA does not include depreciation 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, cash flows from operations and cash flow data. 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.

The following table shows the reconciliation of our consolidated EBITDA to our consolidated net income for the years ended December 31, 2025, 2024 and 2023:

	December 31,		
	2025	2024	2023
	(In millions)		
Consolidated net income	P2,741	P2,628	P3,777
Add (deduct) adjustments:			
Provision for income tax	554	561	732
Depreciation	333	301	309
Accretion expense on lease liabilities	40	51	60
Rental income	(5)	(4)	(5)
Gain on sale of telecom towers	(6)	(41)	(661)
Losses (gains) on fair value change on perpetual notes	(53)	24	(230)
Gains on disposal of fixed assets	–	(1)	(1)
Reversal of long outstanding accruals	–	(32)	–
Interest income	–	–	(2)
Distribution income on perpetual notes	(191)	(191)	(191)
Other income (expenses) – net	8	63	(7)
Total adjustments	680	731	4
Consolidated EBITDA	P3,421	P3,359	P3,781

Core Income

Core income for the year is measured as net income, excluding gain on sale of telecom towers, foreign exchange gains (losses) – net, and net tax effect of aforementioned adjustments, as applicable. Core income results are monitored by the management for each business unit separately for purposes of making decisions about resource allocation and performance assessment. Core income should not be considered as an alternative to income before income tax or net income determined in accordance with PFRS Accounting Standards as an indicator of our performance. Unlike net income, core income does not include gain on sale of telecom towers, foreign exchange gains and losses, and net tax effect of aforementioned adjustments. We compensate for these limitations by using core income 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 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.

The following table shows the reconciliation of our consolidated core income to our consolidated net income for the years ended December 31, 2025, 2024 and 2023:

	December 31,		
	2025	2024	2023
	(In millions)		
Consolidated net income	₱2,741	₱2,628	₱3,777
Add (deduct) adjustments:			
Gain on sale of telecom towers	(6)	(41)	(661)
Foreign exchange gains – net	–	–	(1)
Net tax effect of aforementioned adjustments	1	6	100
Total adjustments	(5)	(35)	(562)
Consolidated core income	₱2,736	₱2,593	₱3,215

The following table shows the reconciliation of our consolidated basic and diluted core earnings per share, or EPS, to our consolidated basic and diluted EPS attributable to common equity holders of Digitel for the years ended December 31, 2025, 2024 and 2023:

	December 31,		
	2025	2024	2023
Consolidated basic and diluted EPS attributable to common equity holders of Digitel	₱0.10	₱0.10	₱0.14
Add (deduct) adjustments:			
Gain on sale of telecom towers	–	–	(0.03)
Net tax effect of aforementioned adjustments	–	–	0.01
Consolidated basic and diluted core EPS	₱0.10	₱0.10	₱0.12

Results of Operations

The table shows the contribution by each of our business segments to our consolidated revenues, expenses, other income (expenses) – net, income (loss) before income tax, net income (loss), EBITDA, EBITDA margin and core income for the years ended December 31, 2025, 2024 and 2023. In each of the years ended December 31, 2025, 2024 and 2023, a majority of our revenues are derived from our operations within the Philippines.

	Wireless	Fixed Line	Inter-segment Transactions	Consolidated
	(In millions)			
For the year ended December 31, 2025				
Revenues	₱6,138	₱–	₱–	₱6,138
Expenses	3,004	46	–	3,050
Other income	169	38	–	207
Income (loss) before income tax	3,303	(8)	–	3,295
Provision for (benefit from) income tax	554	(2)	2	554
Net income (loss)/ Segment profit (loss)	2,749	(6)	(2)	2,741
EBITDA	3,467	(46)	–	3,421
EBITDA margin ⁽¹⁾	56%	–	–	56%
Core income	2,744	(6)	(2)	2,736
For the year ended December 31, 2024				
Revenues	₱6,333	₱–	₱–	₱6,333
Expenses	3,218	57	–	3,275
Other income	66	65	–	131
Income before income tax	3,181	8	–	3,189
Provision for income tax	563	1	(3)	561
Net income / Segment profit	2,618	7	3	2,628
EBITDA	3,415	(56)	–	3,359
EBITDA margin ⁽¹⁾	54%	–	–	53%
Core income	2,583	7	3	2,593
For the year ended December 31, 2023				
	(In millions)			
Revenues	₱7,106	₱–	₱–	₱7,106
Expenses	3,547	88	(1)	3,634
Other income	981	57	(1)	1,037
Income before income tax	4,540	(31)	–	4,509
Provision for (benefit from) income tax	733	(1)	–	732
Net income (loss)/ Segment profit (loss)	3,807	(30)	–	3,777
EBITDA	3,869	(88)	–	3,781
EBITDA margin ⁽¹⁾	54%	–	–	53%
Core income	3,245	(30)	–	3,215

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

Years ended December 31, 2025 and 2024

On a Consolidated Basis

Revenues

We reported consolidated revenues of ₱6,138 million in 2025, a decrease of ₱195 million, or 3%, as compared with ₱6,333 million in 2024, due to lower revenues from our wireless business.

Expenses

Consolidated expenses decreased by ₱225 million, or 7%, to ₱3,050 million in 2025 from ₱3,275 million in 2024, largely as a result of lower repairs and maintenance, rent, taxes and licenses, professional and other contracted services, royalty expense, and asset impairment. This was partly offset by higher depreciation and other expenses.

The following table shows the breakdown of our consolidated expenses by business segment for the years ended December 31, 2025 and 2024:

	2025	%	2024	%	Change	
					Amount	%
	(In millions)					
Wireless	₱3,004	98	₱3,218	98	(₱214)	(7)
Fixed line	46	2	57	2	(11)	(19)
Consolidated	₱3,050	100	₱3,275	100	(₱225)	(7)

Other Income

Consolidated other income increased by ₱76 million, or 58%, to ₱207 million in 2025 from ₱131 million in 2024, primarily due to the combined effects of the following: (i) gain on fair value change on perpetual notes of ₱53 million as against loss on fair value change on perpetual notes of ₱24 million in 2024 (ii) lower gain on sale of telecom towers by ₱35 million; (iii) higher rental income by ₱1 million; (iv) gain on disposal of fixed asset of ₱1 million in 2024 as compared to nil in 2025; (v) lower accretion expense on lease liabilities by ₱11 million; (vi) reversal of long outstanding accruals of ₱32 million in 2024 as compared to nil in 2025; and (vii) lower other expenses – net of ₱55 million.

The following table shows the breakdown of our consolidated other income by business segment for the years ended December 31, 2025 and 2024:

	2025	%	2024	%	Change	
					Amount	%
	(In millions)					
Wireless	₱169	82	₱66	50	₱103	156
Fixed line	38	18	65	50	(27)	(42)
Consolidated	₱207	100	₱131	100	₱76	58

Net Income

We reported a consolidated net income of ₱2,741 million in 2025, an increase of ₱113 million, or 4%, from ₱2,628 million in 2024. The decrease was mainly due to the combined effects of the following: (i) lower consolidated revenues by ₱195 million; (ii) lower expenses by ₱225 million; (iii) lower provision for income tax by ₱7 million; and (iv) higher other income by ₱76 million. Our consolidated basic/dilutive earnings per share amounted to ₱0.10 each in 2025 and 2024.

The following table shows the breakdown of our consolidated net income by business segment for the years ended December 31, 2025 and 2024:

	2025	%	2024	%	Change	
					Amount	%
	(In millions)					
Wireless	₱2,749	100	₱2,618	100	₱131	5
Fixed line	(6)	–	7	–	(13)	(186)
Intersegment	(2)	–	3	–	(5)	(167)
Consolidated	₱2,741	100	₱2,628	100	₱113	4

EBITDA

We reported a consolidated EBITDA of ₱3,421 million in 2025, higher by ₱62 million, or 2%, from ₱3,359 million in 2024, primarily due to the decrease in expenses, partly offset by lower revenues.

The following table shows the breakdown of our consolidated EBITDA by business segment for the years ended December 31, 2025 and 2024:

	2025	%	2024	%	Change	
					Amount	%
	(In millions)					
Wireless	₱3,467	101	₱3,415	102	₱52	2
Fixed line	(46)	(1)	(56)	(2)	10	18
Consolidated	₱3,421	100	₱3,359	100	₱62	2

Core Income

Our consolidated core income increased by ₱143 million, or 6%, to ₱2,736 million in 2025 from ₱2,593 million in 2024 primarily due to higher core income from our wireless business segment partly offset by core loss from our fixed line business segment.

The following table shows the breakdown of our consolidated core income by business segment for the years ended December 31, 2025 and 2024:

	2025	%	2024	%	Change	
					Amount	%
	(In millions)					
Wireless	₱2,744	100	₱2,583	100	₱161	6
Fixed line	(6)	–	7	–	(13)	(186)
Intersegment	(2)	–	3	–	(5)	(167)
Consolidated	₱2,736	100	₱2,593	100	₱143	6%

On a Business Segment Basis

Wireless

Revenues

We generated revenues from our wireless business of ₱6,138 million in 2025, a decrease of ₱195 million, or 3%, from ₱6,333 million in 2024.

The following table summarizes our total revenues by service from our Wireless business segment for the years ended December 31, 2025 and 2024:

	2025	%	2024	%	Increase (Decrease)	
					Amount	%
	(In millions)					
Service Revenues:						
Distributed subscriber revenues	₱5,239	85	₱5,301	84	(₱62)	(1)
Others	899	15	1,032	16	(133)	(13)
Total Wireless Service Revenues	6,138	100	6,333	100	(195)	(3)

Service Revenues

Our wireless service revenues decreased by ₱195 million, or 3%, to ₱6,138 million in 2025 as compared with ₱6,333 million in 2024, due to the decrease in both the revenues from facility service fees and the distributed subscriber revenues.

Distributed Subscriber Revenues

In October 2020, Sun Prepaid subscribers were rebranded to Smart Prepaid. The brand consolidation under Smart aims to strengthen market position, achieve cost-efficiency and to provide superior mobile data service to all Sun subscribers. Post-rebranding, the ownership of Sun Prepaid subscribers remained under DMPI. Under the terms of the agreement, Smart settles a fixed fee representing our proportionate share on the distributed subscriber revenues.

Rebranded Sun subscribers now have access to a wider array of improved offers and services, previously available only to Smart prepaid subscribers, in addition to Sun Prepaid's existing offers. Subscribers were also able to retain their existing mobile identification number (MIN) after the rebranding.

The subscriber rebranding agreement gives rise to the recognition of distributed subscriber revenues. Total share in the distributed subscriber revenues amounted to ₱5,239 million in 2025, lower by ₱62 million from ₱5,301 million in 2024.

Other Service Revenues

Other service revenues mainly facility service fees amounted ₱899 million in 2025, a decrease of ₱133 million, or 13%, from ₱1,032 million in 2024. Other service revenues accounted for 15% and 16% of our wireless service revenues in 2025 and 2024, respectively.

Expenses

Expenses associated with our wireless business in 2025 amounted to ₱3,004 million, a decrease of ₱214 million, or 7%, from ₱3,218 million in 2024. A significant portion of the decline was attributable to lower repairs and maintenance, taxes and licenses, rent, professional and other contracted services, and royalty expense, partially offset by higher depreciation. As a percentage of our total wireless revenues, expenses associated with our wireless business accounted for 49% and 51% in 2025 and 2024, respectively.

The following table summarizes the breakdown of our total wireless-related expenses for the years ended December 31, 2025 and 2024 and the percentage of each expense item to the total:

	2025	%	2024	%	Increase (Decrease)	
					Amount	%
	(In millions)					
Professional and other contracted services	₱1,731	58	₱1,751	54	(₱20)	(1)
Repairs and maintenance	480	16	643	20	(163)	(25)
Royalty expense	335	11	339	11	(4)	(1)
Depreciation	333	11	301	9	32	11
Taxes and licenses	85	3	118	4	(33)	(28)
Rent	40	1	66	2	(26)	(41)
Total	₱3,004	100	₱3,218	100	(₱214)	(7)

⁽¹⁾ Includes salaries and employee benefits, and pension costs.

Professional and other contracted services decreased by ₱20 million, or 1%, to ₱1,731 million due to lower facility usage cost.

Repairs and maintenance expenses decreased by ₱163 million, or 25%, to ₱481 million mainly due to lower site electricity.

Royalty expenses decreased by ₱4 million, or 1%, to ₱335 million from ₱339 million in 2024 as a result of the decrease in distributed service revenue.

Depreciation charges increased by ₱32 million, or 11%, to ₱333 million in 2025 due to higher depreciation of right-of-use assets.

Taxes and licenses decreased by ₱33 million, or 28%, to ₱85 million primarily due to lower deficiency tax settlement.

Rent decreased by ₱26 million, or 41%, to ₱40 million primarily due to lower site rentals brought by the sale of towers.

Other Income - Net

The following table summarizes the breakdown of our total wireless-related net other income for the years ended December 31, 2025 and 2024:

	2025	2024	Increase (Decrease)	
			Amount	%
			(In millions)	
Other Income (Expenses):				
Distribution income on perpetual notes	₱191	₱191	₱–	–
Gains (losses) of fair value change in perpetual notes	53	(24)	77	321
Gain on sale of telecom towers	6	41	(35)	(85)
Rental income	5	4	1	25
Accretion expense on lease liabilities	(40)	(51)	11	22
Gain on sale on disposal of assets	–	1	(1)	(100)
Other income (expenses)	(46)	(96)	50	52
Total	₱169	₱66	₱103	156

Our wireless business' other income amounted to ₱169 million in 2025, an increase by ₱103 million, or 156%, from ₱66 million in 2024 primarily due to the combined effects of the following: (i) gain on fair value change in perpetual notes of ₱53 million as against loss on fair value change in perpetual notes of ₱24 million in 2024; (ii) lower gain on sale of telecom towers by ₱35 million; (iii) higher rental income by ₱1 million; (iv) lower accretion expense on lease liabilities by ₱11 million; (v) gain on sale of disposal of assets of ₱1 million in 2024 as against nil in 2025; and (vi) lower other expenses – net by ₱50 million.

Provision for Income Tax

Our wireless business recorded a provision for income tax amounting to ₱554 million in 2025, a decrease of ₱9 million, or 2%, from ₱563 million in 2024 primarily due to lower tax provision on the sale of telecom towers.

Net Income

As a result of the foregoing, our wireless business recorded a net income of ₱2,749 million in 2025, an increase of ₱131 million, or 5% from ₱2,618 million in 2024.

EBITDA

Our wireless business recorded an EBITDA amounting to ₱3,467 million, an increase of ₱52 million, or 2%, from ₱3,415 million in 2024 due to lower expenses excluding depreciation by ₱246 million, partially offset by lower revenues by ₱195 million. EBITDA margin increased to 56% in 2025 from 54% in 2024.

Core Income

Our wireless business segment's core income increased by ₱161 million, or 6%, to ₱2,744 million in 2025 from ₱2,583 million in 2024.

Fixed Line

Expenses

Expenses related to our fixed line business totaled ₱46 million in 2025, a decrease of ₱11 million, or 19%, as compared with ₱57 million in 2024. The decrease was primarily due to lower repairs and maintenance, rent and asset impairment, partially offset by higher taxes and licenses and other expenses.

The following table shows the breakdown of our total fixed line-related expenses for the years ended December 31, 2025 and 2024 and the percentage of each expense item to the total:

	2025	%	2024	%	Increase (decrease)	
					Amount	%
						(In millions)
Repairs and maintenance	₱32	70	₱40	70	(₱8)	(20)
Taxes and licenses	6	13	2	3	4	200
Professional and other contracted services	3	7	3	5	–	–
Rent	2	4	9	16	(7)	(78)
Compensation and employee benefits	1	2	1	2	–	–
Asset impairment	–	–	1	2	(1)	(100)
Other expenses	2	4	1	2	1	100
Total	₱46	100	₱57	100	(₱11)	(19)

Repairs and maintenance expenses decreased by ₱8 million, or 20%, to ₱32 million primarily due to lower facility repairs and electricity consumption costs.

Taxes and licenses increased by ₱4 million, or 200%, to ₱6 million due to higher real property taxes.

Professional and other contracted services remained flat at ₱3 million, which represents audit fees and other professional fees.

Rent expenses decreased by ₱7 million, or 78%, to ₱2 million due to lower pole rental and building rentals.

Compensation and employee benefits expenses remained at ₱1 million, which represents payroll costs.

Asset impairment decreased by ₱1 million, or 100%, mainly due to additional provision for uncollectible creditable withholding taxes in 2024.

Other expenses increased by ₱1 million, or 100%, due to higher bank charges.

Other Income - Net

The following table summarizes the breakdown of our total fixed line-related net other income for the years ended December 31, 2025 and 2024:

	2025	2024	Increase (Decrease)	
			Amount	%
				(In millions)
Other Income:				
Reversal of long outstanding accrual	₱–	₱32	(₱32)	(100)
Others	38	33	5	15
Total	₱38	₱65	(₱27)	(42)

Our fixed line business segment's other income – net amounted to ₱38 million in 2025, a decrease of ₱27 million, or 42%, from ₱65 million in 2024 primarily due to the combined effects of the following:

(i) reversal of long outstanding accruals of ₱32 million in 2024 compared to nil in 2025; and
(iv) increase in other income by ₱5 million;

Provision for (Benefit from) Income Tax

Benefit from income tax amounted to ₱2 million in 2025 as against provision for income tax of ₱1 million in 2024.

Net Income

As a result of the foregoing, our fixed line business recorded a net loss amounting to ₱6 million, a change of ₱13 million, or 186%, from a net income of ₱7 million in 2024.

EBITDA

Our fixed line business segment's negative EBITDA amounted to ₱46 million in 2025, lower by ₱10 million, or 18%, from ₱56 million in 2024 due to lower expenses excluding depreciation.

Core Income

Our fixed line business segment's core loss in 2025 amounted to ₱6 million, as against core income of ₱7 million in 2024, primarily due to lower other income.

Years ended December 31, 2024 and 2023

On a Consolidated Basis

Revenues

We reported consolidated revenues of ₱6,333 million in 2024, a decrease of ₱773 million, or 11%, as compared with ₱7,106 million in 2023, due to lower revenues from our wireless business.

Expenses

Consolidated expenses decreased by ₱359 million, or 10%, to ₱3,275 million in 2024 from ₱3,634 million in 2023, largely as a result of lower repairs and maintenance, taxes and licenses, royalty expense, depreciation, and professional and other contracted services. This was partly offset by higher rent.

The following table shows the breakdown of our consolidated expenses by business segment for the years ended December 31, 2024 and 2023:

	2024	%	2023	%	Change	
					Amount	%
			(In millions)			
Wireless	₱3,218	98	₱3,547	98	(₱329)	(9)
Fixed line	57	2	88	2	(31)	(35)
Intersegment	–	–	(1)	–	1	(100)
Consolidated	₱3,275	100	₱3,634	100	(₱359)	(10)

Other Income

Consolidated other income decreased by ₱906 million, or 87%, to ₱131 million in 2024 from ₱1,037 million in 2023, primarily due to the combined effects of the following: (i) loss on fair value change on perpetual notes of ₱24 million as against gain on fair value change on perpetual notes of

₱230 million in 2023 (ii) lower gain on sale of telecom towers by ₱621 million; (iii) lower rental income by ₱1 million; (iv) lower interest income by ₱2 million; (v) lower accretion expense by ₱9 million; (vi) reversal of long outstanding accruals of ₱32 million in 2024 as compared to nil in 2023; and (vii) other expenses – net of ₱63 million as against other income – net of ₱6 million in 2023.

The following table shows the breakdown of our consolidated other income by business segment for the years ended December 31, 2024 and 2023:

	2024	%	2023	%	Change	
					Amount	%
	(In millions)					
Wireless	₱66	50	₱981	95	(₱915)	(93)
Fixed line	65	50	57	5	8	14
Intersegment	–	–	(1)	–	1	100
Consolidated	₱131	100	₱1,037	100	(₱906)	(87)

Net Income

We reported a consolidated net income of ₱2,628 million in 2024, a decrease of ₱1,149 million, or 30%, from ₱3,777 million in 2023. The decrease was mainly due to the combined effects of the following: (i) lower consolidated revenues by ₱773 million; (ii) lower expenses by ₱359 million; (iii) lower provision for income tax by ₱171 million; and (iv) lower other income by ₱906 million. Our consolidated basic/dilutive earnings per share amounted to ₱0.10 and ₱0.14 in 2024 and 2023, respectively.

The following table shows the breakdown of our consolidated net income by business segment for the years ended December 31, 2024 and 2023:

	2024	%	2023	%	Change	
					Amount	%
	(In millions)					
Wireless	₱2,618	100	₱3,807	101	(₱1,189)	(31)
Fixed line	7	–	(30)	(1)	37	(123)
Intersegment	3	–	–	–	3	100
Consolidated	₱2,628	100	₱3,777	100	(₱1,149)	(30)

EBITDA

We reported a consolidated EBITDA of ₱3,359 million in 2024, lower by ₱422 million, or 11%, from ₱3,781 million in 2023, primarily due to lower revenues, partly offset by the decrease in expenses.

The following table shows the breakdown of our consolidated EBITDA by business segment for the years ended December 31, 2024 and 2023:

	2024	%	2023	%	Change	
					Amount	%
	(In millions)					
Wireless	₱3,415	102	₱3,869	102	(₱454)	(12)
Fixed line	(56)	(2)	(88)	(2)	32	(36)
Consolidated	₱3,359	100	₱3,781	100	(₱422)	(11)

Core Income

Our consolidated core income decreased by ₱622 million, or 19%, to ₱2,593 million in 2024 from ₱3,215 million in 2023 primarily due to lower core income from our wireless business segment partly offset by the increase in core income from our fixed line business segment.

The following table shows the breakdown of our consolidated core income by business segment for the years ended December 31, 2024 and 2023:

	2024	%	2023	%	Change	
					Amount	%
	(In millions)					
Wireless	₱2,583	100	₱3,245	101	(₱662)	(20)
Fixed line	7	–	(30)	(1)	37	123
Intersegment	3	–	–	–	3	100
Consolidated	₱2,593	100	₱3,215	100	(₱622)	(19)

On a Business Segment Basis

Wireless

Revenues

We generated revenues from our wireless business of ₱6,333 million in 2024, a decrease of ₱773 million, or 11%, from ₱7,106 million in 2023.

The following table summarizes our total revenues by service from our Wireless business segment for the years ended December 31, 2024 and 2023:

	2024	%	2023	%	Increase (Decrease)	
					Amount	%
	(In millions)					
Service Revenues:						
Distributed subscriber revenues	₱5,301	84	₱5,520	78	(₱219)	(4)
Others	1,032	16	1,586	22	(554)	(35)
Total Wireless Service Revenues	6,333	100	7,106	100	(773)	(11)

Service Revenues

Our wireless service revenues decreased by ₱773 million, or 11%, to ₱6,333 million in 2024 as compared with ₱7,106 million in 2023, as a result of the decrease in facility service fees and distributed subscriber revenues.

Distributed Subscriber Revenues

In October 2020, Sun Prepaid subscribers were rebranded to Smart Prepaid. The brand consolidation under Smart aims to strengthen market position, achieve cost-efficiency and to provide superior mobile data service to all Sun subscribers. Post-rebranding, the ownership of Sun Prepaid subscribers remained under DMPI. Under the terms of the agreement, Smart settles a fixed fee representing our proportionate share on the distributed subscriber revenues.

Rebranded Sun subscribers now have access to a wider array of improved offers and services, previously available only to Smart prepaid subscribers, in addition to Sun Prepaid's existing offers. Subscribers were also able to retain their existing mobile identification number (MIN) after the rebranding.

The subscriber rebranding agreement gives rise to the recognition of distributed subscriber revenues. Total share in the distributed subscriber revenues amounted to ₱5,301 million in 2024, lower by ₱219 million from ₱5,520 million in 2023.

Other Service Revenues

Other service revenues mainly facility service fees amounted ₱1,032 million in 2024, a decrease of ₱554 million, or 35%, from ₱1,586 million in 2023. Other service revenues accounted for 16% and 22% of our wireless service revenues in 2024 and 2023, respectively.

Expenses

Expenses associated with our wireless business in 2024 amounted to ₱3,218 million, a decrease of ₱329 million, or 9%, from ₱3,547 million in 2023. A significant portion of the decline was attributable to lower repairs and maintenance, taxes and licenses, royalty expense, depreciation, and professional and other contracted services and, partially offset by higher rent expense. As a percentage of our total wireless revenues, expenses associated with our wireless business accounted for 51% and 50% in 2024 and 2023, respectively.

The following table summarizes the breakdown of our total wireless-related expenses for the years ended December 31, 2024 and 2023 and the percentage of each expense item to the total:

	2024	%	2023	%	Increase (Decrease)	
					Amount	%
	(In millions)					
Professional and other contracted services	₱1,751	54	₱1,769	50	(₱18)	(1)
Repairs and maintenance	643	20	910	26	(267)	(29)
Royalty expense	339	11	353	9	(14)	(4)
Depreciation	301	9	309	9	(8)	(3)
Taxes and licenses	118	4	149	4	(31)	(21)
Rent	66	2	57	2	9	16
Total	₱3,218	100	₱3,547	100	(₱329)	(9)

⁽²⁾ Includes salaries and employee benefits, and pension costs.

Professional and other contracted services decreased by ₱18 million, to ₱1,751 million due to UBS fees in 2023 relating to the sale of telecom towers.

Repairs and maintenance expenses decreased by ₱267 million, or 29%, to ₱643 million mainly due to lower site electricity driven by lower average rate per kilowatt hour.

Royalty expenses decreased by ₱14 million, to ₱339 million from ₱353 million in 2023 as a result of the decrease in distributed service revenue.

Depreciation charges decreased by ₱8 million, or 3%, to ₱301 million in 2024 due to lower depreciation of right-of-use assets.

Taxes and licenses decreased by ₱31 million, or 21%, to ₱118 million primarily due to lower deficiency tax settlement.

Rent increased by ₱9 million, or 16%, to ₱66 million primarily due to higher accrual on site rentals.

Other Income - Net

The following table summarizes the breakdown of our total wireless-related net other income for the years ended December 31, 2024 and 2023:

	2024	2023 (In millions)	Increase (Decrease)	
			Amount	%
Other Income (Expenses):				
Distribution income on perpetual notes	₱191	₱191	₱-	-
Gain on sale of telecom towers	41	661	(620)	(94)
Rental income	4	6	(2)	(33)
Gain on sale on disposal of assets	1	1	-	-
Gains (losses) of fair value change in perpetual notes	(24)	230	(254)	(110)
Accretion expense on lease liabilities	(51)	(60)	(9)	(15)
Interest income	-	2	(2)	(100)
Foreign exchange gains – net	-	1	(1)	(100)
Other income (expenses)	(96)	(51)	45	88
Total	₱66	₱981	(₱915)	(93)

Our wireless business' other income amounted to ₱66 million in 2024, a decrease by ₱915 million, or 93%, from ₱981 million in 2023 primarily due to the combined effects of the following: (i) lower gain on sale of telecom towers by ₱620 million; (ii) loss on fair value change in perpetual notes of ₱24 million in 2024 as against gain on fair value change in perpetual notes of ₱230 million in 2023; (iii) lower rental income by ₱2 million; (iv) lower interest income by ₱2 million; (v) lower accretion expense by ₱9 million; (vi) foreign exchange gains of ₱1 million in 2023; and (vii) higher other expenses – net by ₱45 million.

Provision for Income Tax

Our wireless business recorded a provision for income tax amounting to ₱563 million in 2024, a decrease of ₱170 million, or 23%, from ₱733 million in 2023 primarily due to the decrease in income before tax due to lower gain on sale of telecom towers.

Net Income

As a result of the foregoing, our wireless business recorded a net income of ₱2,618 million in 2024, a decrease by ₱1,189 million, or 31% from ₱3,807 million in 2023.

EBITDA

Our wireless business recorded an EBITDA amounting to ₱3,415 million, a decrease of ₱454 million, or 12%, from ₱3,869 million in 2023 due to decrease in revenues by ₱773 million, partially offset by lower expenses excluding depreciation by ₱321 million. EBITDA margin remained at 54% in 2024.

Core Income

Our wireless business segment's core income decreased by ₱662 million, or 20%, to ₱2,583 million in 2024 from ₱3,245 million in 2023.

Fixed Line

Expenses

Expenses related to our fixed line business totaled ₱57 million in 2024, a decrease of ₱31 million, or 35%, as compared with ₱88 million in 2023. The decrease was primarily due to lower taxes and licenses, repairs and maintenance and rent, partially offset by higher asset impairment

The following table shows the breakdown of our total fixed line-related expenses for the years ended December 31, 2024 and 2023 and the percentage of each expense item to the total:

	2024	%	2023	%	Decrease	
					Amount	%
	(In millions)					
Repairs and maintenance	₱40	70	₱48	55	(₱8)	(17)
Rent	9	16	10	11	(1)	(10)
Professional and other contracted services	3	5	3	3	–	–
Taxes and licenses	2	3	25	29	(23)	(92)
Compensation and employee benefits	1	2	1	1	–	–
Asset impairment	1	2	–	–	1	100
Other expenses	1	2	1	1	–	–
Total	₱57	100	₱88	100	(₱31)	(35)

Repairs and maintenance expenses decreased by ₱8 million, or 17%, to ₱40 million primarily due to lower facility repairs and electricity consumption costs.

Rent expenses decreased by ₱1 million, or 10%, to ₱9 million due to lower building rentals.

Professional and other contracted services remained at ₱3 million, which represents audit fees and other professional fees.

Taxes and licenses decreased by ₱23 million, or 92%, due to deficiency tax settlement in 2023.

Compensation and employee benefits expenses remained at ₱1 million, which represents payroll costs.

Asset impairment increased by ₱1 million, or 100%, mainly due to additional provision for uncollectible creditable withholding taxes.

Other expenses remained at ₱1 million, which represents various business and fixed line operational-related expenses.

Other Income - Net

The following table summarizes the breakdown of our total fixed line-related net other income for the years ended December 31, 2024 and 2023:

	2024	2023	Increase (Decrease)	
			Amount	%
	(In millions)			
Other Income:				
Reversal of long outstanding accrual	₱32	₱–	₱32	100
Others	33	57	(24)	(42)
Total	₱65	₱57	₱8	14

Our fixed line business segment's other income amounted to ₱65 million in 2024, an increase of ₱8 million, or 14%, from ₱57 million in 2023 primarily due to the combined effects of the following: (i) reversal of long outstanding accruals of ₱32 million in 2024 compared to none in 2023; and (ii) lower other income by ₱24 million;

Provision for (Benefit from) Income Tax

Provision for income tax amounted to ₱1 million in 2024 as against benefit from income of ₱1 million in 2023.

Net Income

As a result of the foregoing, our fixed line business recorded a net income amounting to ₱8 million, a change of ₱38 million, or 127%, from a net loss of ₱30 million in 2023.

EBITDA

Our fixed line business segment's negative EBITDA amounted to ₱56 million in 2024, lower by ₱32 million, or 36%, from ₱88 million in 2023 due to lower expenses excluding depreciation.

Core Income

Our fixed line business segment's core income in 2024 amounted to ₱8 million, as against core loss of ₱30 million in 2023, primarily due to higher other income.

Plans

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

PLDT Group's capital expenditures in 2026 is expected to be substantially spent on network maintenance and expansion and IT projects, mainly to support delivery of diverse products and services and delivery of superior customer experience.

The Group plans to expand its LTE and 5G network in line with our desire to provide coverage to substantially all of the country's cities and municipalities by the end of 2026.

Furthermore, the company's capex investments, particularly in the transport network, aim to expand capacity and improve resiliency.

PLDT Group expects to fund incremental capital expenditures from internally generated funds and loan financing.

Liquidity and Capital Resources

The following table shows our consolidated cash flows for the years ended December 31, 2025, 2024 and 2023 as well as our consolidated capitalization and other consolidated selected financial data as at December 31, 2025 and 2024:

	Years ended December 31.		
	2025	2024	2023
	(In millions)		
Cash Flows			
Net cash provided by operating activities	₱236	₱2,341	₱2,676
Net cash provided by investing activities	190	220	824
Capital expenditures	–	–	–
Net cash used in financing activities	(419)	(2,604)	(3,500)
Net increase (decrease) in cash and cash equivalents	7	(43)	–
	2025	2024	
	(In millions)		
Capitalization			
Total equity attributable to equity holders of Digitel		(7,100)	(9,841)
		(₱7,100)	(₱9,841)
Other Selected Financial Data			
Total assets		₱8,098	₱5,660
Cash and cash equivalents		84	77

As at December 31, 2025, our consolidated cash and cash equivalents totaled ₱84 million. Principal sources of consolidated cash and cash equivalents in 2025 were cash flows provided from operations of ₱236 million, proceeds from the sale of telecom towers of ₱6 million, and proceeds from distribution of perpetual notes of ₱191 million. These funds were used principally for: (i) income tax payment of ₱577 million; (ii) payments for principal and interest of lease liability of ₱379 million and ₱40 million, respectively; and (iii) increase in advances and other noncurrent assets of ₱6 million.

As at December 31, 2024, our consolidated cash and cash equivalents totaled ₱77 million. Principal sources of consolidated cash and cash equivalents in 2024 were cash flows provided from operations of ₱2,341 million, proceeds from the sale of telecom towers of ₱41 million, and proceeds from distribution of perpetual notes of ₱191 million. These funds were used principally for: (i) payment of cash dividends of ₱2,183 million; (ii) income tax payment of ₱457 million; (iii) payments for principal and interest of lease liability of ₱370 million and ₱51 million, respectively; and (iv) increase in advances and other noncurrent assets of ₱12 million.

Operating Activities

Our consolidated net cash flows provided by operating activities amounted to ₱236 million in 2025, lower by ₱2,105 million, or 90%, from ₱2,341 million in 2024 primarily due to lower collection of trade and other receivables, higher settlement of trade and other payables, higher level of other current assets and higher income taxes paid, partly offset by higher operating income.

Our consolidated net cash flows provided by operating activities amounted to ₱2,341 million in 2024, lower by ₱335 million, or 13%, from ₱2,676 million in 2023 primarily due to lower operating income, lower collection of trade and other receivables, higher level of other current assets, lower income taxes paid, partially offset by lower settlement of trade and other payables.

Investing Activities

Consolidated net cash provided by investing activities amounted to ₱191 million in 2025, lower by ₱29 million, or 13%, from ₱220 million in 2024 primarily due to lower proceeds from disposal of fixed assets by ₱35 million.

Consolidated net cash provided by investing activities amounted to ₱220 million in 2024, lower by ₱604 million, or 73%, from ₱824 million in 2023 primarily due to lower proceeds from disposal of fixed assets by ₱620 million, and lower interest received by ₱2 million.

Financing Activities

On a consolidated basis, net cash used in financing activities amounted to ₱419 million in 2025, lower by ₱2,185 million, or 84% from ₱2,604 million in 2024 due primarily to cash dividends paid of ₱2,183 million in 2024, and lower payments for interest on lease liability by ₱11 million, partly offset by higher payments for principal of lease liability by ₱9 million.

On a consolidated basis, net cash used in financing activities amounted to ₱2,604 million in 2024, lower by ₱896 million, or 26% from ₱3,500 million in 2023 due primarily to lower cash dividends paid by ₱1,029 million, and lower payments for interest on lease liability by ₱9 million, partly offset by higher payments for principal of lease liability by ₱142 million.

Financing Requirements

We believe that our available cash, including cash flow from operations, will provide sufficient liquidity to fund our projected operating, investment, capital expenditures and debt service requirements for the next 12 months.

Changes in Financial Conditions

Assets

Our total assets amounted to ₱8,098 million as at December 31, 2025, an increase of ₱2,438 million, or 43%, from ₱5,660 million as at December 31, 2024, primarily due to higher current assets by ₱2,519 million, or 79%, partially offset by lower noncurrent assets by ₱81 million, or 3%.

Our total assets amounted to ₱5,660 million as at December 31, 2024, an increase of ₱439 million, or 8%, from ₱5,221 million as at December 31, 2023, primarily due to higher current assets by ₱543 million, or 20%, partially offset by lower noncurrent assets by ₱104 million, or 4%.

Noncurrent Assets

Our noncurrent assets decreased by ₱81 million or 3%, to ₱2,378 million in 2025 from ₱2,459 million in 2024 primarily due to the combined effects of the following:

Investment properties amounted to ₱55 million each as at December 31, 2025 and 2024, which represent land that is currently held for undetermined future use.

Right-of-use (ROU) assets decreased by ₱138 million, or 30%, due to depreciation and termination of ROU sites, partly offset by additional ROU sites during the period.

Investment in perpetual notes increased by ₱53 million, or 4%, primarily due to gain on fair value change on perpetual notes.

Net deferred income tax asset amounted to nil and ₱2 million as at December 31, 2025 and 2024.

Other noncurrent assets increased by ₱6 million, or 1%, primarily due to higher refundable security deposits.

Our noncurrent assets decreased by ₱104 million or 4%, to ₱2,459 million in 2024 from ₱2,563 million in 2023 primarily due to the combined effects of the following:

Investment properties amounted to ₱55 million each as at December 31, 2024 and 2023, which represent land that is currently held for undetermined future use.

Right-of-use (ROU) assets decreased by ₱93 million, or 17%, due to depreciation and termination of ROU sites, partly offset by additional ROU sites during the period.

Investment in perpetual notes decreased by ₱24 million, or 2%, primarily due to loss on fair value change on perpetual notes.

Net deferred income tax asset amounted to ₱2 million as at December 31, 2024.

Other noncurrent assets increased by ₱12 million, or 3%, primarily due to higher refundable security deposits.

Current Assets

Our current assets increased by ₱2,519 million or 79%, to ₱5,720 million in 2025 from ₱3,201 million in 2024 primarily due to the combined effects of the following:

Cash and cash equivalents increased by ₱7 million, or 9%, mainly due to the combined effects of cash flows from operating activities of ₱236 million, cash flows from investing activities of ₱190 million, and cash flows used in financing activities of ₱419 million.

Trade and other receivables increased by ₱2,501 million, or 89%, due mainly from additional receivables from related parties.

Other current assets decreased by ₱9 million, or 12%, primarily due to the lower prepaid taxes and prepaid repairs and maintenance.

Assets classified as held-for-sale increased by ₱20 million, or 9% from ₱227 million in 2024.

Our current assets increased by ₱543 million or 20%, to ₱3,201 million in 2024 from ₱2,658 million in 2023 primarily due to the combined effects of the following:

Cash and cash equivalents decreased by ₱43 million, or 36%, mainly due to the combined effects of cash flows from operating activities of ₱2,341 million, cash flows from investing activities of ₱220 million, and cash flows used in financing activities of ₱2,604 million.

Trade and other receivables increased by ₱547 million, or 24%, due mainly from additional receivables from related parties.

Other current assets decreased by ₱21 million, or 23%, primarily due to the higher prepaid fees and licenses and prepaid rent.

Assets classified as held-for-sale increased by ₱60 million, or 36% from ₱167 million in 2023.

Liabilities

Our total liabilities amounted to ₱15,198 million as at December 31, 2025, a decrease of ₱303 million, or 2%, from ₱15,501 million as at December 31, 2024, due to lower noncurrent liabilities by ₱100 million, or 20%, and lower current liabilities by ₱203 million, or 1%.

Net deferred income tax liability decreased by ₱4 million, or 24%, due to lower deferred income tax liabilities on pension and other employee benefits and ROU assets.

Other noncurrent portion liabilities decreased by ₱96 million, or 20%, due to lower lease liabilities – net of current portion, partly offset by increase in asset retirement obligation.

Trade and other payables decreased by ₱75 million, or 1%, due to settlement to related parties and lower trade payables and accrued expenses.

Other current liabilities decreased by ₱128 million, or 20%, due to lower lease liabilities, income tax payable and liabilities associated with assets held-for-sale.

Our total liabilities amounted to ₱15,501 million as at December 31, 2024, a decrease of ₱2,189 million, or 12%, from ₱17,690 million as at December 31, 2023, due to lower noncurrent liabilities by ₱55 million, or 10%, and lower current liabilities by ₱2,134 million, or 12%.

Net deferred income tax liabilities increased by ₱15 million, or 750%, due to lower deferred income tax asset on lease liability.

Other noncurrent portion liabilities decreased by ₱70 million, or 13%, due to lower lease liabilities – net of current portion, partly offset by increase in asset retirement obligation.

Trade and other payables decreased by ₱2,146 million, or 13%, due to settlement to related parties, partly offset by higher trade payables and accrued expenses.

Other current liabilities increased by ₱12 million, or 2%, due to higher income tax payable and liabilities associated with assets held-for-sale, partly offset by lower lease liabilities.

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.

Other Matters

- a. Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.
 - We are not aware of any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.
 - Digitel Group has not defaulted in paying its currently maturing obligations.
 - Digitel's current liabilities appear to be materially higher than its current assets, as indicated by the current ratio of 0.39:1 due to an outstanding payable to PLDT and other related parties amounting to ₱13.1 billion as at December 31, 2025. Without this portion in the current liabilities, the current ratio will improve to 3.29:1.
- b. Any events that will trigger direct or contingent financial obligation that is material to Digitel, including any default or acceleration of an obligation.
 - We are not aware of any events that will trigger direct or contingent financial obligation that is material to Digitel Group, including any default or acceleration of an obligation.
- c. Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures.
 - We have no material commitments for capital expenditures.
- d. Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
 - We are not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- e. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

- We are not aware of any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
- f. Any significant elements of income or loss that arise from issuer’s continuing operations.
- We are not aware of any significant elements of income or loss that arises from the issuer’s continuing operations.
- g. Seasonal aspects that have material effect on the FS.
- We are not aware of any seasonal aspects that have material effect on the FS.

Item 7. Financial Statements

The financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

Item 8. Changes in and Disagreements with Independent Auditors on Accounting and Financial Disclosure

Digitel has not changed and has no disagreements with its independent auditor on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

Audit and Audit-Related Fees

The expenses incurred by Digitel Group for Sycip Gorres and Velayo & Co.’s (SGV) examination and audit of financial statements amounted to ₱1.2 million for 2025 and 2024.

Our Audit Committee pre-approved all audit and non-audit services as these are proposed or endorsed before these services are performed by our independent auditor.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

The Board is principally responsible for Digitel’s overall direction and governance. Digitel’s Amended Articles of Incorporation provide for seven members of the Board, who are elected by the stockholders. At present, there are six directors, with one vacancy. Of the six directors, one is an independent director. The Board holds office for one year and until their successors are elected and qualified in accordance with the By-Laws.

The names, ages and periods of service, of each of the current directors, including independent directors, of Digitel as at April 13, 2026 are as follows:

<u>Name</u>	<u>Age</u>	<u>Period during which individual has served as such</u>
Manuel V. Pangilinan	79	October 26, 2011 to present
Alfredo S. Panlilio	62	June 12, 2019 to present
Danny Y. Yu	64	June 13, 2023 to present
Emerlinda R. Roman ⁽¹⁾	76	March 4, 2013 to present
Lorenzo V. Tan	62	January 27, 2014 to present
Marife B. Zamora	70	November 11, 2025 to present

(1) Independent director

The names, ages and periods of service, of each of the executive officers and all other officers of Digitel as at April 13, 2026 are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Period during which individual has served as such</u>
Manuel V. Pangilinan	79	Chairman of the Board – LEC/CMTS	October 26, 2011 to August 6, 2012 May 25, 2015 to present
		President and CEO – LEC/CMTS	January 1, 2024 to present
Jerone H. Tabanera	47	Chief Financial Officer – LEC	May 30, 2022 to present
Danny Y. Yu	64	Chief Financial Officer – CMTS	June 13, 2023 to present
Leo I. Posadas	59	Treasurer – LEC/CMTS	May 29, 2017 to present
Alex Erlito S. Fider	72	Corporate Secretary – LEC/CMTS	January 27, 2014 to present

The following is a brief description of the business experiences of each of our directors and executive officers for the last five years:

Mr. Manuel V. Pangilinan has been a director of Digitel since October 26, 2011 and is concurrently the Chairman of the Board of Directors and President and CEO since January 1, 2024. He is the Chairman of the Remuneration and Compensation Committee and Member of the Governance and Nomination Committee of the Board of Directors of Digitel. Mr. Pangilinan is currently the Chairman and President and Chief Executive Officer of PLDT and has been a director of PLDT since November 24, 1998. He also serves as Chairman of Metro Pacific Investments Corporation (“MPIC”), Chairman and CEO of Manila Electric Company (“Meralco”), and Chairman of PXP Energy Corporation and Philex Mining Corporation, and of several subsidiaries or affiliates of PLDT or MPIC, including, among others, Smart, Digitel Mobile Philippines, Inc. (“DMPI”), PLDT Communications & Energy Ventures, Inc., ePLDT, Inc. (“ePLDT”), 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), and Colinas Verdes Corporation (Cardinal Santos Medical Center). 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 Hong Kong 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 the Chairman Emeritus of the Samahang Basketbol ng Pilipinas, Inc. (“SBP”). 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.

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).

Mr. Alfredo S. Pantilio has been a director of Digitel since June 12, 2019. He served as President and CEO of PLDT from June 8, 2021 and of Smart from August 8, 2019, and held leadership positions in the various subsidiaries of PLDT and Smart, until his retirement as President and CEO of PLDT and Smart on December 31, 2023. Despite his retirement as President and CEO of PLDT and Smart, Mr.

Panlilio has remained as a Director of PLDT and Smart, and has continued to hold various leadership positions within the PLDT Group as Chairman of Maya Bank, Inc., Director of Multisys Technologies Corporation, Multipay Corporation and Trustee of Asian Carriers Conference Inc.. Mr. Panlilio was the Senior Vice President and Head of Customer Retail Services and Corporate Communications at Meralco from September 10, 2010 to June 30, 2019. He also held several leadership positions within the Meralco Group.

Mr. Panlilio is a Trustee of the Kapampangan Development Foundation and Philpop Musicfest Foundation. With PLDT as a longtime supporter of the Philippines' digital transformation, Mr. Panlilio is among the founding members under the Digital Infrastructure pillar of the Private Sector Advisory Council (PSAC), formed in July 2022. Mr. Panlilio sits as President of the MVP Sports Foundation, a Member of the FIBA Central Board, Second Vice President of FIBA Asia Central Board, First Vice President of the Philippine Olympic Committee and headed the FIBA Basketball World Cup 2023 local organizing committee. He is also the President of the Samahang Basketbol ng Pilipinas (SBP), the country's governing basketball federation, and is the Chairman of the National Golf Association of the Philippines (NGAP) and Director of the Philippine Badminton Association.

Mr. 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.

Mr. Danny Y. Yu, has been a director of Digitel since June 13, 2023. He is currently the PLDT Group Chief Financial Officer and Chief Risk Management Officer. He 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.

Dr. Emerlinda R. Roman has been an independent director of Digitel since March 4, 2013. She is the Chairman of the Audit Committee and a Member of the Governance and Nomination Committee and Remuneration and Compensation Committee of the Board of Directors of Digitel. She is currently the Chair of the Board of Advisers of Manila Tytana Colleges. She is also an independent director of PXP Energy Corporation and Smart Communications, Inc. and a director of One Meralco Foundation and Redondo Peninsula Energy. Dr. Roman was not only UP's Centennial president, serving from 2005 to 2011, but also its first woman president. She also served as chancellor of the UP Diliman campus from 1991 to 1993 and from 1999 to 2004, vice chancellor for administration, secretary of the university and of the Board of Regents, vice president for administration, and member of the Board of Regents representing the faculty. Dr. Roman obtained her Bachelor of Science Degree in Agriculture from the University of the Philippines, Los Baños in 1972 and her Master's Degree in Agribusiness Management and PhD in Business Administration from UP Diliman in 1977 and 1989, respectively.

Mr. Lorenzo V. Tan has been a director of Digitel since January 27, 2014. He is a Member of the Audit Committee of the Board of Directors of Digitel. Mr. Tan is currently the Vice-Chairman of Pan Malayan Management Inc., Director, President and Chief Executive Officer of House of Investments,

Inc., Chairman and President of Honda Cars Kalookan Inc., and Director and President of RCBC Realty Corporation. He is also a Director at Smart Communications, iPeople inc., Malayan Insurance Company Inc., Sunlife Grepa, Manila Memorial Park Cemetery Inc., Hi-Eisai Pharmaceutical Inc., and Board of Trustees at De La Salle Zobel, and Vice Chairman TOYM Foundation.

His past experiences include: Managing Director of Primeiro Partners. He was the Chief Executive Officer and President of Rizal Commercial Banking Corp. until May 2016. He served as Chairman of the Asian Bankers Association from 2012 to 2014, President of the Bankers Association of the Philippines (BAP) from 2013 to March 14, 2016. As BAP President, he leads the Association in representing the BAP in the ASEAN Bankers Association (ABA), composed of the national banking associations from the 10-member countries in the Association of Southeast Asian Nations (ASEAN). He was a former Director of Philrealty Holdings and Investment Corp.

Mr. Tan is a Certified Public Accountant in Pennsylvania, USA and in the Philippines. He graduated from De La Salle University with a Bachelor of Science degree in Accounting and Commerce, and holds a Master in Management degree from the J.L. Kellogg Graduate School of Management, Northwestern University.

Ms. Marife B. Zamora is a director of Digitel. She is the Chairman of the Board of Willis Towers Watson Insurance and Reinsurance Brokers, Inc. She also serves as a director of PLDT Inc. and MediaQuest Holdings, Inc. In addition, she is an Independent Board Member of Pru Life Insurance Corporation of U.K., Cemex Holdings Philippines Inc., SM Investments Corporation, and Smart Communications, Inc. She co-founded the Filipina CEO Circle. Previously, she was Chairman of Convergys Philippines; Managing Director for Asia Pacific, Europe, Middle East, and 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 Philippines. She also worked at IBM Philippines, where she held several 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 attended the University of the Philippines and the University of Pennsylvania.

(b) Executive Officers

The other officers of Digitel including their business experiences for the last five years are the following:

Mr. Jerone H. Tabanera is the Chief Financial Officer of LEC Business Unit since May 30, 2022 and is concurrently the Head of Financial Reporting of PLDT. Prior to joining PLDT in June 2011, he was a Manager at Punongbayan & Araullo (the Philippine member firm of Grant Thornton International Ltd.). Mr. Tabanera is a Certified Public Accountant and also passed the examination for Certified Internal Audit (CIA) and for Certified Information Systems Audit (CISA). He received his Bachelor of Science Degree in Accountancy from Holy Name University of Tagbilaran.

Mr. Leo I. Posadas is the Treasurer of LEC and CMTS Business Units since May 29, 2017 and is concurrently the Treasurer of the PLDT Group and concurrent Treasury Head of PLDT and Smart. He also handles the treasury management and treasury operations of several companies under the PLDT Group. He is a director and Chief Financial Officer of PLDT Global Corporation, a director and Treasurer of PLDT Global Investments Holdings, a director of PLDT Communication and Energy Ventures, a director of Philstar and Businessworld, a director and Vice President for Treasury of Mabuhay Investments Corporation, and the Treasurer of the Vega Telecom group. He is also the Treasurer of Smart, ePLDT, Digitel Mobile, PLDT-Smart Foundation and several other subsidiaries of PLDT and Smart. Prior to joining PLDT in September 2000, he served as Treasury Manager of Total Petroleum Philippines, and as Manager for Foreign Exchange Management of San Miguel Corporation. Mr. Posadas received his Bachelor of Arts Degree in Economics and Bachelor of

Science Degree in Commerce Major in Management of Financial Institutions from the De La Salle University.

Alex Erlito S. Fider is one of the founding partners of the Picazo Buyco Tan Fider Santos & Dee Law Offices. His legal experience spans over three decades of involvement in corporate transactions and projects. Recognized by the Asian Business Law Journal as among the top 100 Philippine lawyers, Atty. Fider's legal work extends to an array of corporate acquisitions and financing transactions of companies involved in public infrastructure, water, and power utilities, telecommunications, broadcast and mass media, and real estate development. He has been ranked as among the leading lawyers in mergers and acquisitions and corporate financing in the Philippines.

Atty. Fider is a Director or Corporate Secretary of several Philippine corporations, including Metro Pacific Tollways Corporation and its Subsidiaries, including NLEX Corporation, MPCALA Holdings Inc., and Cebu Cordova Link Expressway Corporation; Smart Communications, Inc.; Roxas Holdings, Inc.; Voyager group, including Voyager Innovations Inc. and Maya Bank Inc.; Cignal TV Inc., and Business World Publishing Corporation; and Maynilad Water Services, Inc. He is a member of the Board of Trustees of non-profit organizations such as the Metropolitan Manila Cathedral Basilica Foundation and Alagang Kapatid Foundation.

Atty. Fider graduated from the University of the Philippines with degrees in Economics and Law. He was admitted to the Philippine Bar in 1985 and undertook specialized courses in Strategic Business Economics and Corporate Governance in the Philippines and Australia, respectively.

Significant Employees

Digitel has no employee who is not an executive officer but is expected to make a significant contribution to the business.

Family Relationships

None of the Directors, key officers and advisors of Digitel has any family relationship up to the fourth civil degree either by consanguinity or affinity.

Legal Proceedings

Digitel 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 years:

- (a) any bankruptcy petition filed by or against any business of which a director/independent director or officer or person nominated for election as a director/independent director or officer 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 as a director/independent director or officer, 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 as a director/independent director or officer 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 as a director/independent director or officer, has violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Audit, Governance and Nomination, and Remuneration & Compensation Committees

Our board of directors is authorized under the by-laws to create committees, as it may deem necessary. We currently have three board committees, namely, the audit, governance and nomination and remuneration & compensation committees, the purpose of which is to assist our board of directors. 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 of directors.

Audit Committee (AC)

Our AC is composed of three members, majority of whom, including the chairperson are independent directors, namely, Dr. Emerlinda R. Roman (independent director) who chairs the committee, Ms. Marife B. Zamora and Mr. Lorenzo Tan. All of the members of our AC are financially literate. On April 4, 2023, the Board adopted a New Audit Committee Charter.

Further to our compliance with applicable corporate governance laws and rules, our AC confirmed in its report for 2025 that:

- Each voting member of the Audit Committee is an independent director as determined by the Board of Directors;
- The Audit Committee had eight (8) regular joint meetings with the Audit Committees of PLDT Inc. (PLDT) and Smart Communications, Inc. (Smart) during the year, including one (1) joint meeting conducted with the Risk Committee;
- The Audit Committee has reviewed and approved for retention the Audit Committee Charter, amended and adopted by the Board on December 2, 2025, until the next review in 2026;
- The Audit Committee has reviewed and approved the Internal Audit Group's risk-based annual plan for their regular audits, including updates thereto, and discussed the results of their reviews;
- Based on a review of SGV & Co.'s performance and qualifications, including consideration of Management's recommendation, the Audit Committee approved the appointment of SGV & Co. as the independent auditor;
- The Audit Committee have discussed with SGV & Co. the overall scope and plan for their integrated audit of Digitel Group's financial statements and internal controls over external financial reporting, and the results of their examinations;
- The Audit Committee have reviewed and approved the audit services provided by SGV & Co. to the Digitel Group, and the related fees for such services;
- The Audit Committee have discussed with SGV & Co. the matters required to be discussed by the prevailing applicable Auditing Standard, and they 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 Digitel Group's Management;

- The Audit Committee were apprised of updates on enterprise risk management and major risk exposures and mitigations through their attendance in the meetings of the Risk Committee, from which they are also members.
- The Audit Committee has 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.
- The Audit Committee has 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 oversight responsibilities, the Audit Committee reviewed and discussed the unaudited quarterly financial statements and reports in the first three quarters of 2025 and the audited financial statements as of and for the year ended December 31, 2025 with Management, which has the primary responsibility for the financial statements, and with SGV & Co., the Digitel Group's independent auditor, who is responsible for expressing an opinion on the conformity of the Digitel Group's audited financial statements with Philippine Financial Reporting Standards (PFRS Accounting Standards); and
- Based on the reviews and discussions referred to above, in reliance on Management and SGV & Co. and subject to the limitations of our role, the Audit Committee recommended to the Board of Directors and the Board has approved, the inclusion of the Digitel Group's audited financial statements as of and for the year ended December 31, 2025 in the Digitel Group's Annual Report to the Philippine Securities and Exchange Commission on Form 17-A.

Governance and Nomination Committee (GNC)

Our GNC is composed of Mr. Manuel V. Pangilinan and Dr. Emerlinda R. Roman (independent director), as members.

The principal functions and responsibilities of our GNC are:

1. To review and evaluate the qualifications of the persons nominated for election as directors (including independent directors) or other positions requiring board appointment;
2. To identify the qualified nominees and recommend that the board select and recommend such qualified nominees for election as directors/independent directors at the annual meeting of shareholders; and
3. To provide an assessment on our board's effectiveness in the process of replacing or appointing new directors or members of the board committees.

Remuneration & Compensation Committee (RCC)

Our RCC is composed of Mr. Manuel V. Pangilinan who is the chairman of this committee and Dr. Emerlinda R. Roman (independent director) as members.

The principal functions and responsibilities of our RCC are:

1. To provide guidance to and assist our board of directors in developing a compensation philosophy or policy consistent with our culture, strategy and control environment;

2. To oversee the development and administration of our compensation programs; and
3. To review and approve corporate goals and objectives relevant to the compensation of our CEO, evaluate the performance of our CEO in light of those goals and objectives, and set the compensation level of our CEO based on such evaluation.

Item 10. Executive Compensation

The following table is the list of the key officers, including the chief executive officer, and directors of Digitel as at April 13, 2026:

<u>Name</u>	<u>Position</u>
Manuel V. Pangilinan	Chairman of the Board – CMTS/LEC
Alfredo S. Panlilio	Director – CMTS/LEC
Danny Y. Yu	Director – CMTS/LEC; Chief Financial Officer - CMTS
Marife B. Zamora	Director – LEC
Emerlinda R. Roman	Director – Independent - LEC
Lorenzo V. Tan	Director – CMTS/LEC
Jerone H. Tabanera	Chief Financial Officer –LEC
Leo I. Posadas	Treasurer – CMTS/LEC
Alex Erlito S. Fider	Corporate Secretary – CMTS/LEC

Each of the independent and non-management directors of the Parent Company is entitled to a director’s fee of ₱50,000 for each meeting of the Board of Directors attended. In addition, the independent directors and non-management directors who serve in the Audit Committee of the Board of Directors are entitled to a fee of ₱30,000 for each meeting attended. Regular directors are not entitled to a director’s fee.

There are no special arrangements for officers of the registrant. Officers are given the same compensation package as rank-and-file employees such as monthly salary and 13th month bonus.

There are no special employment contracts with executive officers. Hiring of corporate officers are conducted based on general policies on recruitment.

There is no compensatory act other than the legally mandated retirement plan under the Social Security Act.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Security Ownership of Management

A. Security Ownership of Certain Record and Beneficial Owners

Owner of more than 5% of Digitel’s securities, as of April 13, 2026 is as follows:

<u>Title of Class</u>	<u>Name and Address of Record Owner and Relationship with the Issuer</u>	<u>Name of Beneficial Owner and Relationship with Record Owner</u>	<u>Citizenship</u>	<u>Number of Shares Held Record</u>	<u>Percentage of Class</u>
Common	PLDT Inc. ¹ 12th Floor Ramon Cojuangco Bldg. Makati Avenue, Makati City	PLDT Inc.	Filipino	26,041,239,903	99.60

¹ PLDT is the parent company of Digitel. PLDT is the leading telecommunications provider in the Philippines. Through its three principal business segments – wireless, fixed line and others - PLDT offers a large and diverse range of telecommunications services across the Philippines’ most extensive fiber optic backbone and wireless and fixed line networks.

B. Security Ownership of Management

As of April 13, 2026, the security ownership of Directors and Executive officers of Digital follows:

Name of Record and Address	Citizenship	Title of Class	Number of shares	Amount of Holdings (Based on par value)	Percentage of Class
Manuel V. Pangilinan Chairman of the Board 7/F Ramon Cojuangco Bldg., Makati Avenue, Makati City	Filipino	Common	10	₱1	0.000000
Alfredo S. Panlilio Director 7/F Ramon Cojuangco Bldg., Makati Avenue, Makati City	Filipino	Common	10	1	0.000000
Dannv Y. Yu Director St. Francis Shangri-la Place Tower 2 St. Francis, Mandaluyong City	Filipino	Common	10	1	0.000000
Marife B. Zamora Director 19 Lakandula, Ayala Heights Village Quezon City	Filipino	Common	10	1	0.000000
Emerlinda R. Roman Director 41 Kalaw St. Manila Homes Congressional Ave., Quezon City	Filipino	Common	10	1	0.000000
Lorenzo V. Tan Director 46/F Yuchengco Tower, RCBC Plaza, Sen G.J. Puyat Ave., Makati City	Filipino	Common	10	1	0.000000

Item 12. Certain Relationships and Related Transactions

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

Settlement of outstanding balances of related party transactions at year-end are expected to be settled with cash. The Digital Group has not recorded any impairment of receivables relating to amounts owed by related parties as at December 31, 2025 and 2024. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

For a detailed discussion of material related party transactions, refer to *Note 19 – Related Party Transactions* to the accompanying audited consolidated financial statements in Item 7. “Financial Statements”.

PART IV- CORPORATE GOVERNANCE

Item 13. Corporate Governance

The level of compliance of Digitel to the provisions of the Code of Corporate Governance for Public Companies and Registered Issuers for the period beginning January 1 to December 31, 2025 will be reported in the Certification to be submitted to the SEC on or before June 30, 2026.

To improve the corporate governance of Digitel, the Company adopted a new Manual on Corporate Governance on June 9, 2020 which substantially adopted all of the recommendations under SEC Memorandum Circular No. 24, series of 2019, otherwise known as the Code of Corporate Governance for Public Companies and Registered Issuers (“CG Code for PCs and RIs”). A copy of the new Manual on Corporate Governance was submitted to the SEC on September 29, 2020. The Board of Directors also approved the following corporate governance policies: (a) Code of Business Conduct and Ethics (2024); (b) Conflict of Interest Policy; (c) Whistleblowing Policy; (d) Gifts, Entertainment and Sponsored Travel Policy; (e) Supplier/Contractor Relations Policy; and (f) Third-party Business Partners Corporate Governance Guidelines.

On November 9, 2018, the Board of Directors also approved the Policy on Gift-Giving Activities.

Digitel, through its Compliance Officer, continues to periodically benchmark its corporate governance with its peers in the industry.

PART V- EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

- (a) Exhibits - See accompanying Index to Exhibits.
- (b) Reports on SEC Form 17-C

We reported the following items on SEC Form 17-C in 2025:

Items Reported	Date Filed
I. Board meeting held on February 27, 2025	February 27, 2025
<ul style="list-style-type: none">• Approved to hold its Annual Meeting of Stockholders on May 26, 2025 via remote communication through Microsoft Teams (MS Teams) and set March 31, 2025 as the record date for the determination of stockholders entitled to notice and to vote during the Annual Meeting	
II. SEC granted the Company exemptive relief from Rule 68 of the Revised Securities Code	April 22, 2025
<ul style="list-style-type: none">• In a letter dated April 21, 2025, the Market and Securities Regulation Department of the Securities and Exchange Commission (the “SEC MSR”), granted the request of the Company for exemptive relief from the requirement under Rule 68 of the Revised Securities Regulation Code (“Revised SRC Rule 68”) which provides that the interim unaudited financial statements for the quarter ended March 31, 2025 (the “2025 Q1	


Report”) be attached to the Preliminary Information Statement and Definitive Information Statement (the “Information Statements”) for its 2025 Annual Stockholders’ Meeting (“ASM”) scheduled on May 26, 2025, the last Monday of May as provided for in the Company’s By-Laws.

- | | |
|---|--------------------|
| III. Annual Stockholders meeting held on May 26, 2025 | May 27, 2025 |
| <ul style="list-style-type: none">• Results of Annual Meeting of Shareholders• Results of Organizational Meeting of the Board of Directors including appointment of Chairpersons and Members of Board Committees and officers of the Company | |
| IV. Passing of Mr. Oscar J. Hilado, an independent director of the Company, on September 17, 2025 | September 19, 2025 |
| V. Election of Ms. Marife B. Zamora as director of the Company, vice Mr. Oscar J. Hilado, to hold office effective immediately for the unexpired term of her predecessor. | November 12, 2025 |

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed in behalf of the issuer by the undersigned, thereunto duly authorized, in Makati City on April 13, 2026.

DIGITAL TELECOMMUNICATIONS PHILS., INC.
Registrant

By:



Manuel V. Pangilinan
Chairman/President and Chief Executive Officer



Jerone H. Tabanera
Chief Finance Officer



Atty. Alex Erlito S. Fider
Corporate Secretary

SUBSCRIBED AND SWORN TO before me in this APR 15 2026 day of _____ 2026, 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
Jerone H. Tabanera	P8437236B	December 12, 2031	DFA, Manila
Atty. Alex Erlito S. Fider	P5654887A	January 16, 2028	DFA, Manila

Doc. No. 258
Page No. 5
Book No. VI
Series of 2026.


STEFFI MARTINA S. VALLE

Appointment No. M-317
Notary Public for Makati City
Until December 31, 2026
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 91591
PTR No. 10766613/Makati City/01-02-2026
IBP No. 536191/Iloilo City/12-23-2025
B.L.E. No. VIII-0032752/May 8, 2025

DIGITAL TELECOMMUNICATIONS PHILS., INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FINANCIAL STATEMENTS

- Statement of Management's Responsibility for Financial Statements
- Independent Auditors Report
- Statement of Financial Position as at December 31, 2025
(With Comparative Figures as at December 31, 2024)
- Statement of Comprehensive Income for the Year Ended December 31, 2025
(With Comparative Figures for the Years Ended December 31, 2024 and 2023)
- Statement of Changes in Equity for the Year Ended December 31, 2025
(With Comparative Figures for the Years Ended December 31, 2024 and 2023)
- Statement of Cash Flows for the Year Ended December 31, 2025
(With Comparative Figures for the Years Ended December 31, 2024 and 2023)
- Notes to Consolidated Financial Statements

SUPPLEMENTARY SCHEDULES

- Report of Independent Auditors on Supplementary Schedules
- A. Financial Assets
- B. Amounts Receivable from Directors, Officers, Employees,
and Principal Stockholders (Other than Related Parties)
- C. Amounts Receivable from Related Parties which are eliminated during the consolidation
of Financial Statements
- D. Intangible Assets (not applicable)
- E. Long-Term Debt (not applicable)
- F. Indebtedness to Related Parties
- G. Capital Stock
- H. Reconciliation of Retained Earnings Available for Dividend Declaration
- I. Map of Relationships of the Companies within the Group
- J. Financial Soundness Indicator
- K. Supplementary Schedule of External Auditor-Fee Related Information

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	1	4	5	1	1	1
---	---	---	---	---	---	---	---	---	---

COMPANY NAME

D	I	G	I	T	A	L		T	E	L	E	C	O	M	M	U	N	I	C	A	T	I	O	N	S		P	H	I
L	S	.	,		I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S		(A	
S	u	b	s	i	d	i	a	r	y		o	f		P	L	D	T		I	N	C	.)						

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

8	0	0	3	-	A		M	A	T	A	L	I	N	O		S	T	.										
D	I	L	I	M	A	N	,		Q	U	E	Z	O	N		C	I	T	Y									
M	E	T	R	O		M	A	N	I	L	A																	

Form Type
A A F S

Department requiring the report
S E C

Secondary License Type, If Applicable
N A

COMPANY INFORMATION

Company's Email Address Digitel_phil@pldt.com.ph	Company's Telephone Number -	Mobile Number 09285590433
No. of Stockholders 4,928	Annual Meeting (Month / Day) Last Monday of May	Fiscal Year (Month / Day) 12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person Jerone H. Tabanera	Email Address jhtabanera@pldt.com.ph	Telephone Number/s -	Mobile Number 0908-8867630
---	--	-------------------------	--------------------------------------

CONTACT PERSON'S ADDRESS

5th Floor, MGO Building, 100 Dela Rosa St., cor. Legaspi St., San Lorenzo, Makati City

NOTE 1 : 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.
2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.





DIGITAL TELECOMMUNICATIONS PHILIPPINES, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The management of Digital Telecommunications Phils., Inc. and Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

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

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

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

Signed under oath by the following:

[Signature of Manuel V. Pangilinan]

Manuel V. Pangilinan

Chairman/President and Chief Executive Officer

[Signature of Jerone H. Tabanera]

Jerone H. Tabanera

Chief Finance Officer

Signed this 13th day of April 2026

15 APR 2026

SUBSCRIBED AND SWORN to before me this 15 of 2026 affiants exhibiting to me their Passport, as follows:

Name	Passport No.	Date of Expiry	Place of Issue
Manuel V. Pangilinan	P9969361A	December 17, 2028	DFA, NCR East
Jerone H. Tabanera	P8437236B	December 12, 2031	DFA, Manila

Doc. No. 151 ;
Page No. 32 ;
Book No. X-AM1 ;
Series of 2026

MA. ESMERALDA B. CUYANAN
Notary Public for and in Makati City
Until December 31, 2027
Appt. No. M-046 (Ren) (2026-2027) Makati City
Attorney's Roll No. 34562
ICLE Compliance No. VIII-0009662/valid until 4-14-2028
PTR No. 10766011/1-2-2026/Makati City
IBP Lifetime Member No. 05413
3/F Dela Rosa Carpark I, Dela Rosa St.
Legaspi Village, Makati City

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Digital Telecommunications Phils., Inc. and Subsidiaries
8003-A Matalino St., Diliman
Quezon City, Metro Manila

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Digital Telecommunications Phils., Inc. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in capital deficiency and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

Other Information

The other information obtained at the date of the auditor's report is the SEC Form 17-A for the year ended December 31, 2025. Management is responsible for the other information.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audits, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

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

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

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

Auditor's Responsibilities for the Audit of Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



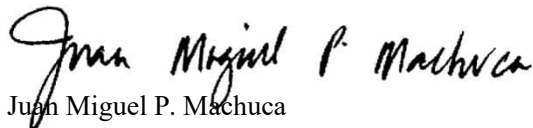
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion

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

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

The engagement partner on the audit resulting in this independent auditor's report is Juan Miguel P. Machuca.

SYCIP GORRES VELAYO & CO.



Juan Miguel P. Machuca
Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 116998-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements,
with extension up to audit of 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-140-2024, February 28, 2024, valid until February 27, 2027

PTR No. 10765073, January 2, 2026, Makati City

April 13, 2026



DIGITAL TELECOMMUNICATIONS PHILS., INC. AND SUBSIDIARIES
(A Subsidiary of PLDT Inc.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
	<i>(In millions)</i>	
ASSETS		
Noncurrent Assets		
Investment properties <i>(Note 21)</i>	₱55	₱55
Property and equipment <i>(Note 7)</i>	–	–
Right-of-use (ROU) assets <i>(Note 8)</i>	329	467
Investment in perpetual notes <i>(Notes 9, 19, 20 and 21)</i>	1,552	1,499
Deferred income tax assets – net <i>(Note 5)</i>	–	2
Other noncurrent assets <i>(Notes 10, 18, 20 and 21)</i>	442	436
Total Noncurrent Assets	2,378	2,459
Current Assets		
Cash and cash equivalents <i>(Notes 11, 20 and 21)</i>	84	77
Trade and other receivables <i>(Notes 12, 19, 20 and 21)</i>	5,320	2,819
Other current assets <i>(Note 13)</i>	69	78
	5,473	2,974
Assets classified as held-for-sale <i>(Note 8)</i>	247	227
Total Current Assets	5,720	3,201
TOTAL ASSETS	₱8,098	₱5,660
CAPITAL DEFICIENCY AND LIABILITIES		
Capital Deficiency		
Capital stock	₱2,614	₱2,614
Additional paid-in capital	2,201	2,201
Equity reserve	(1,831)	(1,831)
Deficit	(10,084)	(12,825)
Total Capital Deficiency <i>(Notes 1 and 14)</i>	(7,100)	(9,841)
Noncurrent Liabilities		
Deferred income tax liabilities – net <i>(Note 5)</i>	13	17
Lease liabilities – net of current portion <i>(Note 8)</i>	95	193
Asset retirement obligation <i>(Note 15)</i>	272	270
Total Noncurrent Liabilities	380	480
Current Liabilities		
Trade and other payables <i>(Notes 16, 19, 20 and 21)</i>	14,290	14,365
Lease liabilities <i>(Note 8)</i>	249	268
Income tax payable	136	217
	14,675	14,850
Liabilities associated with assets classified as held-for-sale <i>(Note 8)</i>	143	171
Total Current Liabilities	14,818	15,021
Total Liabilities	15,198	15,501
TOTAL CAPITAL DEFICIENCY AND LIABILITIES	₱8,098	₱5,660

See accompanying Notes to Consolidated Financial Statements.



DIGITAL TELECOMMUNICATIONS PHILS., INC. AND SUBSIDIARIES
(A Subsidiary of PLDT Inc.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Years Ended December 31		
	2025	2024	2023
	<i>(In millions, except earnings per share amounts)</i>		
REVENUES			
Revenues from contracts with customers <i>(Notes 17 and 19)</i>	₱6,138	₱6,333	₱7,106
COSTS AND EXPENSES			
Professional and other contracted services <i>(Note 19)</i>	1,734	1,754	1,772
Repairs and maintenance <i>(Notes 8, 15 and 19)</i>	513	683	958
Royalty expense <i>(Note 19)</i>	335	339	353
Depreciation <i>(Note 8)</i>	333	301	309
Taxes and licenses	91	120	174
Rent <i>(Notes 8, 19 and 22)</i>	41	75	66
Compensation and employee benefits <i>(Note 17)</i>	1	1	1
Asset impairment	–	1	–
Other expenses	2	1	1
	3,050	3,275	3,634
	3,088	3,058	3,472
OTHER INCOME (EXPENSES)			
Distribution income on perpetual notes <i>(Notes 9 and 19)</i>	191	191	191
Gains (losses) on fair value change on perpetual notes <i>(Note 9)</i>	53	(24)	230
Gain on sale of telecom towers <i>(Note 7)</i>	6	41	662
Rental income <i>(Note 19)</i>	5	4	5
Accretion expense on lease liabilities <i>(Notes 4 and 8)</i>	(40)	(51)	(60)
Reversal of long outstanding accruals <i>(Note 16)</i>	–	32	–
Gains on disposal of fixed assets	–	1	1
Interest income <i>(Note 11)</i>	–	–	2
Other income (expenses) – net <i>(Note 17)</i>	(8)	(63)	6
	207	131	1,037
INCOME BEFORE INCOME TAX	3,295	3,189	4,509
PROVISION FOR INCOME TAX <i>(Note 5)</i>	554	561	732
NET INCOME/ TOTAL COMPREHENSIVE INCOME <i>(Notes 1, 4 and 6)</i>	2,741	2,628	3,777
ATTRIBUTABLE TO:			
Equity holders of DGTL	2,730	2,617	3,762
Noncontrolling interests	11	11	15
	2,741	2,628	3,777
Earnings per Share <i>(Note 6)</i>	₱0.10	₱0.10	₱0.14

See accompanying Notes to Consolidated Financial Statements.



DIGITAL TELECOMMUNICATIONS PHILS., INC. AND SUBSIDIARIES

(A Subsidiary of PLDT Inc.)

CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

	Capital Stock <i>(Note 14)</i>	Additional Paid-in Capital <i>(Note 14)</i>	Equity Reserve <i>(Note 14)</i>	Deficit <i>(Note 14)</i>		Total Capital Deficiency <i>(Note 1)</i>
				Appropriated	Unappropriated	
<i>(In millions, except per share amounts)</i>						
Balances as at January 1, 2025	₱2,614	₱2,201	(₱1,831)	₱5,000	(₱17,825)	(₱9,841)
Net income/ Total comprehensive income	–	–	–	–	2,741	2,741
Balances as at December 31, 2025	₱2,614	₱2,201	(₱1,831)	₱5,000	(₱15,084)	(₱7,100)
Balances as at January 1, 2024	₱2,614	₱2,201	(₱1,831)	₱5,000	(₱20,453)	(₱12,469)
Net income/ Total comprehensive income	–	–	–	–	2,628	2,628
Balances as at December 31, 2024	₱2,614	₱2,201	(₱1,831)	₱5,000	(₱17,825)	(₱9,841)
Balances as at January 1, 2023	₱2,614	₱2,201	(₱1,831)	₱5,000	(₱21,971)	(₱13,987)
Net income/ Total comprehensive income	–	–	–	–	3,777	3,777
Cash dividends declared – ₱0.0864 per share <i>(Note 15)</i>	–	–	–	–	(2,259)	(2,259)
Balances as at December 31, 2023	₱2,614	₱2,201	(₱1,831)	₱5,000	(₱20,453)	(₱12,469)

See accompanying Notes to Consolidated Financial Statements.



DIGITAL TELECOMMUNICATIONS PHILS., INC. AND SUBSIDIARIES
(A Subsidiary of PLDT Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31		
	2025	2024	2023
	<i>(In millions)</i>		
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱3,295	₱3,189	₱4,509
Adjustments for:			
Depreciation <i>(Note 8)</i>	333	301	309
Accretion on:			
Lease liabilities <i>(Notes 4, 8, 17 and 23)</i>	40	51	60
Asset retirement obligation <i>(Notes 8, 15 and 17)</i>	9	5	5
Losses (gains) on:			
Lease modification <i>(Notes 8 and 17)</i>	25	29	8
Sale of telecom towers	(6)	(41)	(662)
Adjustment of asset retirement obligation <i>(Notes 15 and 17)</i>	(13)	(13)	(33)
Disposal of fixed assets	–	(1)	(1)
Foreign exchange	–	–	(1)
Fair value change on perpetual notes <i>(Note 9)</i>	(53)	24	(230)
Distribution income on perpetual notes <i>(Note 9)</i>	(191)	(191)	(191)
Asset impairment <i>(Notes 12, 13 and 17)</i>	–	1	–
Reversal of long outstanding accruals <i>(Note 16)</i>	–	(32)	–
Interest income <i>(Note 11)</i>	–	–	(2)
Others	–	2	(8)
Operating income before changes in assets and liabilities	3,439	3,324	3,763
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Trade and other receivables	(2,501)	(543)	3,103
Other current assets	(50)	(52)	(314)
Increase (decrease) in:			
Trade and other payables	(75)	69	(3,248)
Other noncurrent liabilities	–	–	(16)
Net cash flows generated from operations	813	2,798	3,288
Income taxes paid	(577)	(457)	(612)
Net cash flows provided by operating activities	236	2,341	2,676
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Distribution of perpetual notes <i>(Note 9)</i>	191	191	191
Disposal of fixed assets <i>(Note 7)</i>	6	41	661
Interest received	–	–	2
Payments for:			
Settlement of asset retirement obligation <i>(Note 15)</i>	(1)	–	–
Increase in advances and other noncurrent assets	(6)	(12)	(30)
Net cash flows provided by investing activities	190	220	824

(Forward)



	For the Years Ended December 31		
	2025	2024	2023
	<i>(In millions)</i>		
CASH FLOWS USED IN FINANCING ACTIVITIES			
Payments for:			
Interest charged on lease liabilities <i>(Notes 8, 17 and 23)</i>	(P40)	(P51)	(P60)
Principal portion of lease liabilities <i>(Note 8)</i>	(379)	(370)	(228)
Cash dividends <i>(Note 14)</i>	–	(2,183)	(3,212)
Net cash flows used in financing activities	(419)	(2,604)	(3,500)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7	(43)	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	77	120	120
CASH AND CASH EQUIVALENTS AT END OF THE YEAR <i>(Note 11)</i>	P84	P77	P120

See accompanying Notes to Consolidated Financial Statements.



DIGITAL TELECOMMUNICATIONS PHILS., INC. AND SUBSIDIARIES

(A Subsidiary of PLDT Inc.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Company Background

Digital Telecommunications Phils., Inc. (“Digitel” or the “Parent Company”) was incorporated in the Philippines on August 31, 1987 and registered with the Philippine Securities and Exchange Commission (Philippine SEC) and was enfranchised to provide domestic and international telecommunications services nationwide.

The Parent Company was granted a legislative franchise under Republic Act (RA) No. 7678 to install, operate and maintain telecommunications systems throughout the Philippines and for other purposes. The franchise expired on February 17, 2019 and was not renewed.

The Parent Company’s registered office address is located at 8003-A Matalino Street, Diliman, Quezon City. The Parent Company’s ultimate parent is PLDT, Inc. with 99.62% of ownership.

The consolidated financial statements include the accounts of the Parent Company and the following wholly-owned subsidiaries (collectively referred to as the “Group”):

- Digitel Mobile Phils., Inc. (DMPI), which was incorporated in the Philippines and enfranchised under Republic Act (RA) No. 9180 to construct, install, establish, operate and maintain wire and/or wireless telecommunications systems throughout the Philippines.
- Digitel Information Technology Services, Inc. (DITSI), which was incorporated in the Philippines to provide internet access and high-speed data transmission to corporate and individual customers. DITSI, however, became dormant following the decision of the Board of Directors (BOD) on March 12, 2002 to integrate its operations into the Parent Company. On March 5, 2012, the BOD approved the closure of DITSI through the shortening of its corporate life until June 30, 2013. The final dissolution will take place after the approval of DITSI’s application with the Philippine SEC. As at April 13, 2026, DITSI has yet to file with the Philippine SEC its application for dissolution.

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.

On August 28, 2003, the National Telecommunications Commission (NTC) approved the assignment and transfer to DMPI of the Provisional Authorities (PAs) granted to the Parent Company to construct, install, operate and maintain a nationwide Cellular Mobile Telephone System (CMTS) using Global System for Mobile (GSM) technology. On June 4, 2008, NTC granted DMPI a Certificates of Public Convenience and Necessity (CPCN) to operate and maintain a nationwide CMTS, for a period coterminous with the life of DMPI’s existing franchise under RA No. 9180.

On December 28, 2005, the NTC awarded a third generation (3G) frequency assignment to DMPI after finding it legally, financially and technically qualified to undertake 3G services. On January 3, 2006, DMPI confirmed its 3G bandwidth allocation with the NTC.



Sun Prepaid Rebranding to Smart Prepaid

On October 21, 2020, DMPI and Smart Communications, Inc. (Smart) entered into a Rebranding Agreement wherein the Sun Prepaid subscribers were rebranded as Smart Prepaid subscribers. The brand consolidation under Smart aims to strengthen market position, achieve cost-efficiency and capitalize on Smart's robust mobile data network to provide superior mobile data to all Sun subscribers. This agreement has been renewed for a period of three years from January 1, 2024, until December 31, 2026, thereby continuing the objectives set forth in the original agreement.

Post-rebranding, the ownership of Sun Prepaid subscribers remains under DMPI. Under the terms of the agreement, Smart settles a fixed fee representing DMPI's proportionate share on the distributed subscriber revenues. Other intercompany arrangements as a result of this arrangement are disclosed in *Note 19 – Related Party Transactions*.

Status of Operations

The Parent Company's legislative franchise to install, operate and maintain telecommunications systems throughout the Philippines and for other purposes has expired on February 17, 2019 and was not renewed due to the full migration of its subscribers to PLDT in January 2018 by virtue of the terms of the sale of subscription assets executed with PLDT on July 1, 2013. The Financial Lease Agreement (FLA) which was also executed to cover PLDT's use of the Parent Company's network was terminated in November 2018. Management is currently assessing the business direction of the Parent Company moving forward. Meanwhile, PLDT has committed to provide financial support to Parent Company to discharge its liabilities and as the need arises. On the other hand, DMPI's legislative franchise is still in effect up to April 1, 2028. The Group will continue to operate its Wireless business under DMPI.

The Group has incurred capital deficiency of ₱7,100 million and ₱9,841 million as at December 31, 2025 and 2024, respectively (see *Note 14– Equity*). The Group's capital deficiency is the result of the following noncash and one-off events, which have no material adverse impact on the underlying business and prospects of the Group:

- a. Net loss amounting to ₱64,833 million in 2011, as restated, due to the effect of one-time, nonrecurring charges amounting to ₱59,947 million comprised of the following: (i) the impairment of network assets arising from the impact of fast-paced technology advances on current replacement costs; (ii) accelerated depreciation for certain specific network assets for decommissioning and for upgrade to newer technology; (iii) provisions; and (iv) losses arising from the modification of convertible and exchangeable bonds.
- b. Net loss amounting to ₱1,945 million in 2015 due to the effect of the impairment of property and equipment amounting to ₱5,789 million, which pertains to the net book value of network assets affected by the network convergence program between DMPI and Smart.

The Group is working together with PLDT and Smart, to extend the network coverage and improve operating efficiencies that would translate into more relevant and cost-effective service offerings to the Group's wireless subscribers.

In 2025, 2024 and 2023, the Group also reported net income amounting to ₱2,741 million, ₱2,628 million and ₱3,777 million, respectively, arising primarily from the prepaid cellular operations of the wireless business. Management continues to adopt the following measures to address the capital deficiency: (i) review of business portfolio to enhance earnings streams, (ii) application of cost-saving measures to reduce operating costs; and (iii) implementation of operating synergy with Smart.



Notwithstanding the Group's capital deficiency as at December 31, 2025 and 2024, the Group's current liabilities exceeded its current assets by ₱9,098 million and ₱11,820 million as at December 31, 2025 and 2024, respectively. The major existing liabilities as at December 31, 2025 and 2024 are the advances due to PLDT amounting to ₱13,082 million and ₱13,102 million, respectively (see *Note 19 – Related Party Transactions*). PLDT has committed to provide financial support to the Parent Company to discharge its liabilities as the need arises.

The accompanying consolidated financial statements have been prepared on a going concern basis on the assumption that the assets can be realized, and liabilities can be settled in the normal course of business.

Authorization to Issue Consolidated Financial Statements

The accompanying consolidated financial statements were approved and authorized for issuance by the BOD on April 13, 2026.

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

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

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

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

2. **Summary of Material Accounting Policies**

Statement of Compliance and Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards Accounting Standards, or PFRS Accounting Standards. The Parent Company files its separate financial statements with the Philippine SEC and Bureau of Internal Revenue (BIR). The consolidated financial statements of the Group have been prepared under the historical cost basis except for the financial instruments at fair value through profit or loss, or FVPL.

The financial statements of the Group are presented in Philippine Peso (₱) and all values are rounded to the nearest million, except when otherwise indicated. The functional and presentation currency of the Parent Company and its subsidiaries is the Philippine Peso (₱).



The consolidated financial statements provide comparative information in respect of the previous periods.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its wholly-owned subsidiaries as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtained control, and continue to be consolidated until the date that such control ceases. The Group controls an investee when the Group is exposed, or has rights, to variable returns from their involvement with the investee and when the Group has the ability to affect those returns through the Group's power over the investee.

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except the Group has adopted the following new and amended standards starting January 1, 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these amendments did not have material impact on the Group's financial position or performance.

- Amendments to PAS 21, *Lack of Exchangeability*

Summary of Material Accounting Policies

The following is the summary of material accounting policies the Group applied in preparing the group's consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Foreign Currency Transactions and Translations

The functional and presentation currency of the Group is the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Group operates. This is also the currency that mainly influences the revenue from and cost of rendering products and services. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by entities under the Group at the respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange prevailing at the end of the reporting period. All differences arising on settlement or translation of monetary items are recognized in the consolidated statement of comprehensive income except for foreign exchange differences that qualify as capitalizable borrowing costs for qualifying assets.

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

Investment Properties

Investment properties are measured initially at cost, including direct transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time the cost is incurred, if the recognition are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at cost less any impairment in value.



Property and Equipment

Property and equipment, is stated at cost less accumulated depreciation and any accumulated impairment losses. The initial cost of property and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Such cost includes the cost of replacing component parts of the property and equipment, if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, the cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally recognized as expense in the year such costs are incurred. In situations when it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of the property and equipment.

Depreciation commences once the property and equipment are available for use and are calculated on a straight-line basis over the estimated useful lives of the assets.

Leasehold improvements (included in “Buildings and improvements” account above) are amortized over three years or the corresponding lease term, whichever is shorter.

The residual values estimated useful lives, and methods of depreciation are reviewed at least at each financial year-end to ensure that the periods and methods of depreciation are consistent with the expected pattern of transfer of economic benefits from the items of property and equipment and adjusted prospectively, if appropriate.

Fully depreciated assets are retained in the accounts until these are no longer in use and no further depreciation is credited or charged to operations. The residual values estimated useful lives, and methods of depreciation are reviewed at least at each financial year-end and adjusted prospectively, if appropriate.

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

Property under construction is stated at cost less any accumulated impairment losses. This includes cost of construction, capitalizable borrowing costs, and other direct costs associated to construction. Property under construction is not depreciated until such time that the relevant property and equipment are completed and available for their intended use.

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



Leases

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

As a Lessee

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

ROU assets

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term ending within 12 months or less from the commencement date and do not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below ₱250 thousand over the contract period). Lease payments on short-term leases and leases of low-value assets are recognized as expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the least term and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct cost incurred in negotiating and arranging an



operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the bases as rental income.

Asset Retirement Obligations

The Group is legally required under various lease agreements to dismantle the installation in the leased sites and restore such sites to their original condition at the end of the lease contract term. The Group recognizes the liability measured at the present value of the estimated costs of these obligations and capitalizes such costs as part of the balance of the related item of property and equipment. The amount of asset retirement obligation is accreted, and such accretion is recognized as expense. The estimated future costs of dismantling are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the costs of the related item of property and equipment, provided that the amount deducted from the cost of the asset shall not exceed its carrying amount, otherwise the excess shall be recognized in the Group's consolidated statement of comprehensive income.

The present value of the estimated costs of these obligations for new lease agreements are capitalized as part of the balance of the related ROU assets. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the costs of the related ROU asset, provided that the amount deducted from the cost of the asset shall not exceed its carrying amount, otherwise the excess shall be recognized in the Group's consolidated statement of comprehensive income

Other Noncurrent Assets

Other noncurrent assets comprise mostly of refundable security deposits, which represent deposits made on leases arising from normal business activities of the Group that are refundable at the end of the lease term.

Impairment of Non-financial Assets

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

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

For assets excluding goodwill and other intangible asset with indefinite useful life, an assessment is made at each reporting period to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group makes an estimate of the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive



income. After such reversal, the depreciation charges are adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining economic useful life.

The following assets have specific characteristics for impairment testing:

Investment properties, property and equipment and ROU assets

The Group assesses for impairment on the basis of impairment indicators such as evidence of internal obsolescence or physical damage and significant changes with an adverse effect on the Group in the extent to which, or manner in which, an item of investment properties and property and equipment is used or is expected to be used (see *Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions – Impairment of Non-financial Assets, Note 7 – Property and Equipment and Note 8 – Leases* for further disclosures).

Assets classified as Held-for-Sale and related Liabilities

The Group classifies assets as assets classified as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. The criteria for held-for-sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn.

Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held-or-sale. Assets and liabilities classified as held for sale and related liabilities are presented separately as current items in the consolidated statement of financial position. Additional disclosures are provided in *Note 7 – Property and Equipment – Sale of Telecom Towers* and *Note 8 – Leases*. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Financial Instruments

Financial Instruments – Initial recognition and subsequent measurement

Classification of financial assets

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group business model for managing the financial assets.

The Group classifies financial assets into the following measurement categories:

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

Contractual cash flows characteristics

In order for the Group to identify the measurement of its debt financial assets, a solely payments of principal and interest (SPPI) test needs to be initially performed in order to determine whether the contractual terms of the financial asset give rise on specified dates to cash flows that are solely



payments of principal and interest on the principal amount outstanding. Once a debt financial asset passed the SPPI test, business model assessment, which identifies the Group's objective of holding the financial assets – hold to collect or hold to collect and sell, will be performed. Otherwise, if the debt financial asset failed the test, such will be measured at FVPL.

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

Business model

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

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, collecting contractual cash flows and selling financial assets or neither.

Financial assets at amortized cost

A financial asset is measured at amortized cost if: (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Interest income" account in the Group's consolidated statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (i) purchased or originated credit-impaired financial assets and (ii) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in "Asset impairment" account in the Group's consolidated statements of comprehensive income.

The Group's financial assets at amortized cost include cash and cash equivalents, trade and other receivables and refundable security deposits as at December 31, 2025 and 2024 (see *Note 10 – Other Noncurrent Assets*, *Note 11 – Cash and Cash Equivalents*, *Note 12 – Trade and Other Receivables*, *Note 13 – Other Current Assets* and *Note 19 – Related Party Transactions*).

Financial assets at FVPL

A financial asset at FVPL is measured at fair value. Included in this classification are derivative financial assets, equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of



comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income.

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

The Group's investment in perpetual notes is classified under this category (see *Note 9 – Investment in Perpetual Notes*).

The Group has no financial assets at FVOCI as at December 31, 2025 and 2024.

Classification of financial liabilities

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

- financial liabilities measured at FVPL;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in accordance with PFRS 3, *Business Combination*.

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

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

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

The Group has no financial liability at FVPL as at December 31, 2025 and 2024.

Other Financial Liabilities

Financial liabilities are classified in this category if they are not held for trading or not designated at FVPL upon the inception of the liability. Other financial liabilities are initially recognized at fair value of the consideration received less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any related issue costs, discount or premium. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the amortization process.

The Group's other financial liabilities include trade and other payables (except for accrued taxes and licenses, unearned income and statutory payables), and lease liabilities as at December 31, 2025 and 2024 (see *Note 8 – Leases*, *Note 16 – Trade and Other Payables* and *Note 19 – Related Party Transactions*).



Reclassifications of financial instruments

The Group reclassifies financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial liabilities.

The Group does not reclassify its financial assets when:

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

Offsetting of Financial Instruments

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

Impairment of Financial Assets

The Group recognizes ECL for debt instruments that are measured at amortized cost and FVOCI. No ECL is recognized on equity investments.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents and refundable security deposits, the Group applies a general approach which measures ECL on either a 12-month or lifetime basis depending on whether a significant increase in credit risks has occurred once initial recognition on whether an asset is considered to be credit-impaired, adjusted for the effects of collateral, forward-looking factors and time value of money.

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.



The Group considers a financial asset in default when contractual payments are 30 to 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of Financial Assets and Liabilities

Financial Assets

A financial asset (or where applicable, as part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset has expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either: (i) the Group has transferred substantially all the risks and rewards of the asset; or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a “pass-through” arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, a new asset is recognized to the extent of the Group’s continuing involvement in the asset.

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

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

Financial Liabilities

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

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

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



Fair Value Measurement

The fair values of financial instruments measured at amortized cost are disclosed in *Note 21 – Fair Value Measurement*.

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above (see *Note 21 – Fair Value Measurement*).

The Group recognizes transfers into and transfers out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer.

Other Current Assets

This account includes input value-added tax (VAT) recognized on ordinary purchases of the Group. It also includes prepayments of various expenditures such as taxes, fees and licenses, rent, insurance, advertisements and promotions, and other expenses related to normal business activities of the Group. Prepayments are initially recognized at cost and amortized over the expected period of utilization.

Capital Stock

Capital stock is measured at par value for all shares issued.



Additional Paid-in Capital (APIC)

When the Parent Company issues shares in excess of par, the excess is recognized as APIC. Incremental costs incurred directly attributable to the issuance of new shares are treated as reduction of APIC.

Equity Reserve

Intercompany balances that are in the nature of equity are accounted for as equity transactions. Adjustments in the carrying amount of these equity advances resulting from common contract transactions are recognized under “Equity reserve” account in the consolidated statements of financial position.

Other Comprehensive Income

Other comprehensive income (loss) comprises income and expense, including reclassification adjustments that are not recognized in profit or loss as required or permitted by other PFRS Accounting Standards.

Deficit

Deficit represents cumulative net income less cumulative dividends declared, if any.

Earnings per Share (EPS)

Basic earnings per share amounts are calculated by dividing net income for the period by the weighted average number of common shares issued and outstanding during the period and adjusted to give retroactive effect to any stock dividends declared during the period.

For the purpose of computing diluted EPS, the net income for the period and the weighted average number of issued and outstanding common shares are adjusted for the effects of all potential dilutive common shares, if any.

The Group has no material dilutive potential common shares outstanding for the years ended December 31, 2025, 2024 and 2023; therefore, basic EPS is equal to the diluted EPS.

Revenue Recognition

Revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the Group expects to be entitled to in exchange for those goods or services. PFRS 15, *Revenue from Contracts with Customers*, prescribes a five-step model to be followed in the recognition of revenue, wherein the Group takes into consideration the performance obligations which need to perform in the agreements the Group has entered into with the customers. Revenue is measured by allocating the transaction price, which includes variable considerations, to each performance obligation on a relative stand-alone selling price basis, taking into account contractually defined terms of payment and excluding VAT, or overseas communication tax, or OCT, where applicable. Transaction prices are adjusted for the effects of a significant component if the Group expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for that good or service will be more than one year.

When allocating the total contract transaction price to the identified performance obligations, a portion of the total transaction price may relate to service performance obligations which were not satisfied or are partially satisfied as of the end of the reporting period.

When determining the performance obligations, the Group assesses its revenue arrangements against specific criteria to determine if the Group is acting as principal or agent. The Group considers both the legal form and the substance of its agreement, to determine each party’s respective roles in the



agreement. The Group is acting as a principal when the Group has control over the specified goods or services before transferring or rendering those to customers. The Group is a principal and record revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and will need to record revenue at the net amount that it retains for its agency services.

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

Service revenues

The Group's service revenues will be derived from settlement of a share in subscriber revenues of Smart. These are recognized monthly and are based on a fixed amount agreed upon by both parties. Such amount is presented as "Revenues from contracts with customers" in the consolidated statements of comprehensive income.

▪ Contract Balances

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Other Income

Rental Income

Revenue is recognized on a straight-line-basis over the lease term.

Interest Income

Interest income is recognized as it accrues on a time proportion basis taking into account the principal amount outstanding and the EIR.

Other Income

Other income is recognized when there is an incidental economic benefit, outside the normal course of business that will flow to the Group and can be measured reliably. This includes reversal of accruals, reimbursements from related parties, reversal of impairment on investment, gain on adjustment of asset retirement obligation, loss on lease modifications, foreign exchange gain and other miscellaneous income.

Cost and Expense Recognition

Costs and expenses are recognized in the period these are incurred.

VAT

Revenues, expenses and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When input VAT exceeds output VAT, the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Other current assets" or "Trade and other payables" account in the consolidated statements of financial position, as applicable.



Pension and Other Benefits

Defined benefit pension plan

The net defined benefit asset or liability is comprised of the present value of the defined benefit obligation (using a discount rate based on government bonds, net of the fair value of plan assets out of which the obligations are to be settled directly. Plan assets are assets held by a long-term employee benefit fund or qualifying insurance policies and are not available to the Group's creditors nor can they be paid directly to the Group. Fair value is based on market price information and in the case of quoted securities, the published bid price. The value of any defined benefit asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan (see *Note 18 – Employee Benefits*).

Income Taxes

Current Income Tax

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

Deferred Income Tax

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

Provisions

Provisions are recognized when the Group has a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursements. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Segment Information

The Parent Company and its subsidiaries are organized into two business segments. Such business segments are the bases upon which Digitel Group reports its primary segment information. Financial information on business segments is presented in *Note 4 – Operating Segment Information*.



Events after the end of the Reporting Period

Post year-end events up to the date of approval of the BOD that provide additional information about the Group's financial position as at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements if material.

Standards Issued But Not Yet Effective

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

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards—Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

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

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

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

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

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.



- PFRS 19, *Subsidiaries without Public Accountability*
- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

Deferred effectivity

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

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

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

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

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

Judgments

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

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

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

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

The Group entered into several lease contracts that include an initial non-cancellable lease period of 17 years plus automatic extension options from year to year unless modified in writing by both the lessor and the Group. However, management did not impute the renewal period in the assessment of the lease terms of these contracts since said renewal period is not yet reasonably estimable at the time of transition or commencement date of the lease due to the relatively long-time horizon until the expiration of the initial non-cancellable lease period.



Assets classified as held-for-sale

The criteria for held-for-sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. DMPI entered into sale and purchase agreements with certain tower companies in connection with the sale of telecom towers and related passive telecom infrastructure. The closing of the agreements will be on a staggered basis depending on the satisfaction of closing conditions based on the number of towers transferred and is expected to be completed within the year. With this agreement, management believes that certain conditions were met that qualified the related assets to be reclassified as held-for-sale (see *Note 7 – Property and Equipment* and *Note 8 – Leases*).

Determination of whether the Group is acting as a principal or an agent

The Group assesses its revenue arrangements against specific criteria to determine whether it is acting as a principal or an agent. The Group considers both the legal form and substance of the agreement between the Group and its business partners to determine each party's respective roles in the agreement.

In evaluating whether the Group acts as a principal in a transaction, the Group determines whether it controls the services before they are transferred to customers, and that it has the ability to direct the use of the service. The following factors indicate that the Group has control over the service before they are transferred to customers. Therefore, the Group determined that it is a principal in these contracts.

- The Group has primary responsibility for fulfilling the promise to provide the specified service;
- The Group has inventory risk before the service has been transferred to the customer;
- The Group has discretion in establishing prices for the other party's services and, therefore, the benefit that the Group can receive from those services is not limited. It is incumbent upon the Group to establish the price of the services to be offered to its customers; and
- The Group's consideration in these contracts is the entire consideration billed to the customer.

If the Group has determined that it is acting as a principal, the Group recognizes revenue on a gross basis with the amount remitted to the other party being accounted for as part of costs and expenses.

If the Group has determined that it is acting as an agent, only the net amount retained is recognized as revenue.

The Group is considered the principal in its arrangements with Smart. (see *Note 17 – Income and Expenses*).

Financial Instruments

Definition of default and credit-impaired financial assets

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

- *Quantitative criteria*

For trade receivables and all other financial assets subject to impairment, default occurs when the receivable becomes 90 days past due. .



▪ *Qualitative criteria*

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

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

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

Significant increase in credit risk

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

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

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

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

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

Perpetual Notes

Based on the contractual terms and conditions, the investment in perpetual notes is classified as an equity instrument in accordance with PAS 32, *Financial Instruments: Presentation*, as the instrument has no fixed maturity date and the issuer has the unconditional right, at its sole discretion, to defer the payment of cumulative interest indefinitely. The instrument does not satisfy the solely payments of



principal and interest (SPPI) criterion under PFRS 9, *Financial Instruments*. Accordingly, in the absence of an irrevocable election upon initial recognition to present subsequent changes in fair value in other comprehensive income, the investment is measured at fair value through profit or loss.

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

The Group assessed whether it has any uncertain tax positions and applies significant judgment in identifying uncertainties over its income tax treatments. The Group determined based on its assessment that it is probable that its income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the consolidated financial statements of the Group.

Estimates and Assumptions

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

Leases – Estimating the IBR

In calculating the present value of lease payments, the Group uses the IBR at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that a lessee would have to pay to borrow over a similar term, similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The Group estimates the IBR using observable inputs when available such as market interest rates based on the term of the Group's lease agreements plus a spread adjustment based on the Group's credit worthiness using benchmark rates from partner banks.

Total lease obligations amounted to ₱344 million and ₱461 million as at December 31, 2025 and 2024, respectively (see *Note 8 – Leases*).

Impairment of non-financial assets

PFRS Accounting Standards requires that an impairment review be performed when certain impairment indicators are present.

Determining the recoverable amount of investment properties, property and equipment, ROU assets and other current and noncurrent non-financial assets requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. This requires the Group to make estimates and assumptions that can materially affect its consolidated financial statements. Future events could cause the Group to conclude that other noncurrent assets with an acquired business are impaired. Any resulting impairment loss could have a material adverse impact on the Group's financial condition and financial performance. The preparation of estimated future cash flows involves significant estimations and assumptions of future market conditions. While the Group believes that its assumptions are appropriate and reasonable, significant changes in its assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment charges under PFRS Accounting Standards.

For property and equipment, the Group undertakes impairment reviews when internal and external impairment indicators such as evidence of obsolescence or physical damage exist.



No impairment loss for property and equipment was recognized for each of the years ended December 31, 2025, 2024 and 2023 (see *Note 7 – Property and Equipment*).

The Group impaired its creditable withholding taxes amounting to ₱1 million for the year ended December 31, 2024. Based on the Group’s assessment, it will not be able to utilize its tax credits. The Group will re-assess the recoverability of these tax credits in the next reporting period. No impairment on creditable withholding taxes was recognized for the years ended December 31, 2025 and 2023 (see *Note 13 – Other Current Assets*, and *Note 17 – Income and Expenses*).

The balances of the Group’s non-financial assets, net of accumulated depreciation and accumulated provisions for impairment losses as at December 31, 2025 and 2024 are as follows:

	2025	2024
	<i>(In millions)</i>	
ROU assets (<i>Note 8</i>)	₱329	₱467
Other current assets ⁽¹⁾ (<i>Note 13</i>)	61	70
Investment properties (<i>Note 21</i>)	55	55
Advances to suppliers and contractors (<i>Note 10</i>)	9	9

⁽¹⁾Excludes refundable deposits

Provision for asset retirement obligation

Asset retirement obligation is recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made. This requires an estimation of the cost to restore/dismantle on a per square meter basis, depending on the location, and is based on the best estimate of the expenditure required to settle the obligation at the future restoration or dismantlement date, discounted using a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risk specific to the liability. Assumptions used to compute provision for asset retirement obligation are reviewed and updated at the end of each financial year.

The Group updated its assumptions on the timing of settlement and estimated cash outflows arising from provision for asset retirement obligation on its leased premises. As a result of the changes in estimates, the Group recorded a favorable adjustment in its provision for asset retirement obligation amounting to ₱13 million, ₱13 million and ₱33 million for the years ended December 31, 2025, 2024 and 2023, respectively, presented as “Gain on adjustment of asset retirement obligation” under “Other income – net” account in the consolidated statements of comprehensive income (see *Note 15 – Asset Retirement Obligation* and *Note 17 – Income and Expenses*).

The carrying amount of the Group’s asset retirement obligation amounted to ₱272 million and ₱270 million as at December 31, 2025 and 2024, respectively (see *Note 15 – Asset Retirement Obligation*).

Recognition of deferred income tax assets

The Group reviews the carrying amounts of deferred income tax assets at the end of each reporting period and reduces the deferred income tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized. The Group’s assessment on the recognition of deferred income tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting periods. This forecast is based on past results and future expectations on revenues and expenses.



The Group recognized deferred income tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. The Group's deferred income tax assets that were recognized as at December 31, 2025 and 2024 amounted to ₱78 million and ₱102 million, respectively (see *Note 5 – Income Tax*).

The amount of deductible temporary differences, net operating loss carry over (NOLCO) and minimum corporate income tax (MCIT) for which no deferred income tax assets were recognized, amounted to ₱2,121 million and ₱2,242 million as at December 31, 2025 and 2024, respectively (see *Note 5 – Income Tax*).

Legal contingencies and tax assessments

The Group is currently involved in various legal proceedings and tax assessments. The estimate of the probable costs for the resolution of these claims and assessments have been developed in consultation with the counsels handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material adverse effect on its consolidated financial statements. It is possible, however, that future financial performance could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings and assessments (see *Note 22 – Commitments and Contingencies*).

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

Determination of fair values of financial assets and financial liabilities

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

Other than those whose carrying amounts are reasonable approximations of fair values, total fair values of noncurrent financial assets as at December 31, 2025 and 2024 amounted to ₱1,837 million and ₱1,779 million, respectively (see *Note 21 – Fair Value Measurement*).

4. Operating Segment Information

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

For management's purposes, the Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.



The Group's reportable segments are as follows:

- Wireless

Wireless communication services are composed of distributed subscriber revenues and facility service fees. This consists of the Rebranding Agreement with Smart for fees representing DMPI's proportionate share on the distributed subscriber revenues and reimbursement by Smart for certain network related charges.

- Fixed Line

Fixed line segment is carried by the Parent Company. As at January 1, 2018, Digitel fully migrated its subscribers to PLDT network.

Transfer prices between operating segments are on an arm's length basis similar to transactions with third parties. Segment revenues, segment expenses and segment results include transfers between operating segments. These transfers are eliminated in full upon consolidation.

The amounts of segment assets and liabilities, and segment profit or loss are based on the measurement principles that are similar to those used in measuring the assets, liabilities and profit or loss in the consolidated financial statements, which are in accordance with PFRS Accounting Standards.

The assets and liabilities, segment revenues, net income, and other segment information of the Group's reportable segments as at December 31, 2025 and 2024, and for the years ended December 31, 2025, 2024 and 2023 are as follows:

	December 31, 2025			
	Wireless	Fixed Line	Inter-segment Transactions	Consolidated
	<i>(In millions)</i>			
Revenues				
Revenues from contracts with external customers <i>(Note 17)</i>	P6,138	P-	P-	P6,138
Results				
Provision for (benefit from) income tax <i>(Note 5)</i>	P554	(P2)	P2	P554
Depreciation <i>(Notes 7 and 8)</i>	333	-	-	333
Accretion expense on lease liabilities <i>(Notes 8 and 17)</i>	40	-	-	40
Net income (loss)/segment profit (loss)	2,749	(6)	(2)	2,741
Assets and Liabilities				
Operating assets	6,437	38,890	(38,836)	6,491
Investment in perpetual notes <i>(Note 9)</i>	1,552	-	-	1,552
Investment properties <i>(Note 21)</i>	-	55	-	55
Total assets	P7,989	P38,945	(P38,836)	P8,098
Operating liabilities	P2,013	P13,209	(P37)	P15,185

	December 31, 2024			
	Wireless	Fixed Line	Inter-segment Transactions	Consolidated
	<i>(In millions)</i>			
Revenues				
Revenues from contracts with external customers <i>(Note 17)</i>	P6,333	P-	P-	P6,333
Results				
Provision for (benefit from) income tax <i>(Note 5)</i>	P563	P1	(P3)	P561
Depreciation <i>(Notes 7 and 8)</i>	301	-	-	301
Accretion expense on lease liabilities <i>(Notes 8 and 17)</i>	51	-	-	51
Asset impairment <i>(Note 17)</i>	-	1	-	1
Net income/segment profit	2,618	7	3	2,628

(Forward)



	December 31, 2024			
	Wireless	Fixed Line	Inter-segment	Consolidated
			Transactions	
<i>(In millions)</i>				
Assets and Liabilities				
Operating assets	₱4,048	₱38,881	(₱38,825)	₱4,104
Investment in perpetual notes (Note 9)	1,499	–	–	1,499
Investment properties (Note 21)	–	55	–	55
Total assets	₱5,547	₱38,936	(₱38,825)	₱5,658
Operating liabilities	₱2,267	₱13,241	(₱24)	₱15,484
	December 31, 2023			
	Wireless	Fixed Line	Inter-segment	Consolidated
			Transactions	
<i>(In millions)</i>				
Revenues				
External customers:				
Revenues from contracts with customers (Note 17)	₱7,106	₱–	₱–	₱7,106
Results				
Provision for (benefit from) income tax (Note 5)	₱733	(₱1)	₱–	₱732
Depreciation (Notes 7 and 8)	309	–	–	309
Accretion expense on lease liabilities (Notes 8 and 17)	60	–	–	60
Asset impairment	–	–	–	–
Net income (loss)/segment profit (loss)	3,807	(30)	–	3,777
Assets and Liabilities				
Operating assets	₱3,580	₱38,861	(₱38,799)	₱3,642
Investment in perpetual notes (Note 9)	1,523	–	–	1,523
Investment properties (Note 21)	–	55	–	55
Total assets	₱5,103	₱38,916	(₱38,799)	₱5,220
Operating liabilities	₱2,233	₱15,455	₱–	₱17,688

The revenue of the Group consists mainly of sales to external customers. No operating segments have been aggregated to form the above reportable segments.

The Group does not report its results based on geographical segments since most of the Group's revenues are derived from operations within the Philippines. Revenue from distributed subscriber revenues and facility service fees from Smart amounted to ₱6,138 million, ₱6,333 million and ₱7,106 million in 2025, 2024 and 2023, respectively, which accounted for more than 10% of the Group's revenue (see Note 17 – Income and Expenses and Note 19 – Related Party Transactions).

5. Income Tax

Provision for (benefit from) income tax for the years ended December 31, 2025, 2024 and 2023 consist of:

	2025	2024	2023
<i>(In millions)</i>			
Current	₱556	₱547	₱720
Deferred	(2)	14	12
	₱554	₱561	₱732



Reconciliation between provision for income tax at the applicable statutory tax rate and effective income tax of the Group for the years ended December 31, 2025, 2024 and 2023 are as follows:

	2025	2024	2023
		<i>(In millions)</i>	
Income before income tax (<i>Note 4</i>)	₱3,295	₱3,189	₱4,509
Provision at statutory income tax rate	824	797	1,127
Adjustments from the tax effects of:			
Nondeductible expenses and others	3	–	3
Changes in unrecognized deferred income tax assets	2	(4)	4
Net movement in deferred income tax assets not recognized due to Optional Standard Deduction (OSD)	(28)	10	(70)
Difference between OSD and itemized deduction	(247)	(242)	(331)
Income subject to final tax*	–	–	(1)
Provision for income tax (<i>Note 4</i>)	₱554	₱561	₱732

*In 2025 and 2024, no amounts extended due to rounding off amounts in millions

Components of the Group's consolidated net deferred income tax liabilities as at December 31, 2025 and 2024 are as follows:

	2025	2024
		<i>(In millions)</i>
Deferred income tax liabilities – net:		
Deferred income tax assets:		
Lease liability	₱73	₱95
Asset impairment	4	6
Interest on perpetual note	1	1
	78	102
Deferred income tax liabilities:		
Pension and other employee benefits	(4)	(13)
ROU assets	(87)	(104)
	(91)	(117)
	(₱13)	(₱15)

The Group recognized deferred income tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The Group's deferred income tax assets that were recognized as at December 31, 2025 and 2024 amounted to ₱78 million and ₱102 million, respectively.

DMPI opted to use the OSD method in computing its taxable income. DMPI's assessment is based on projected taxable profits which is at a level where it is favorable to use OSD method and DMPI is expected to avail of the OSD method in the foreseeable future. Thus, deferred income tax assets and liabilities, that do not have future tax consequences, were not recognized.



The following are the deductible temporary differences and OSD related expenses from DMPI as at December 31, 2025 and 2024, for which no deferred income tax assets were recognized in the consolidated statements of financial position.

	2025	2024
	<i>(In millions)</i>	
Loss on fair valuation adjustment on perpetual notes	₱1,648	₱1,701
Asset retirement obligation (<i>Note 15</i>)	272	270
Lease liability	195	253
Asset impairment	150	209
Allowance for refundable security deposits	144	116
NOLCO	19	11
Interest on perpetual notes	2	2
Allowance for inventory obsolescence	2	2
Unrealized foreign exchange loss	2	2
Accrued expenses	1	1
MCIT	1	1
Pension liability	(84)	(49)
ROU assets	(231)	(277)
	₱2,121	₱2,242

For the Parent Company, no DTAs were recognized as it is not probable that the future taxable income will be sufficient against which these can be utilized. For DMPI, these items will not be utilized/deductible for tax purposes under its OSD position.

The breakdown of the group's excess MCIT and NOLCO as at December 31, 2025 are as follows:

Date Incurred	Expiry Date	MCIT	NOLCO
		<i>(In millions)</i>	
December 31, 2023	December 31, 2026	₱-*	₱9
December 31, 2024	December 31, 2027	1	2
December 31, 2025	December 31, 2028	-*	8
		₱1	₱19
Consolidated tax benefits		1	5
Consolidated unrecognized deferred income tax assets		(1)	(5)
Consolidated recognized deferred income tax assets		-	-

(1) Under R.A. 11494

(*) No amounts extended due to rounding off amounts



Changes in the consolidated net deferred income tax assets (liabilities) as at December 31, 2025 and 2024 are as follows:

	2025	2024
	<i>(In millions)</i>	
Net deferred income tax assets – balances at beginning of the year	₱2	₱1
Net deferred income tax liabilities – balances at beginning of the year	(17)	(2)
Net balances at beginning of the year	(15)	(1)
Benefit from (provision for) deferred income tax	2	(14)
Movement charged directly to other comprehensive income	–	–
Net balances at end of the year	(13)	(15)
Net deferred income tax assets – balances at end of the year	–	2
Net deferred income tax liabilities – balances at end of the year	(₱13)	(₱17)

6. Earnings per Share

Basic EPS amounts are calculated by dividing the consolidated net income for the year by the weighted average number of common shares issued and outstanding during the year.

The Group's consolidated net income and weighted average number of common shares used in the basic EPS computation for the years ended December 31, 2025, 2024 and 2023 are as follows:

	2025	2024	2023
	<i>(In millions, except earnings per share amounts)</i>		
Consolidated net income (Notes 1 and 4)	₱2,741	₱2,628	₱3,777
Weighted average number of common shares (Note 14)	26,142	26,142	26,142
Earnings per share	₱0.10	₱0.10	₱0.14

The Group has no material dilutive potential common shares outstanding as at December 31, 2025 and 2024; therefore, basic EPS is equal to diluted EPS.

7. Property and Equipment

Changes in property and equipment account as at December 31, 2025 and 2024 are as follows:

	2025				
	Cable and Wire Facilities	Cellular Facilities	Buildings and Improvements	Vehicles, Furniture and Work Equipment	Total
Cost					
As at January 1, 2025	₱6,252	₱7,470	₱194	₱1,686	₱15,602
Disposals	(18)	(646)	–	(5)	(669)
As at December 31, 2025	6,234	6,824	194	1,681	14,933

(Forward)



2025					
	Cable and Wire Facilities	Cellular Facilities	Buildings and Improvements	Vehicles, Furniture and Work Equipment	Total
Accumulated Depreciation and Impairment					
As at January 1, 2025	₱6,252	₱7,470	₱194	₱1,686	₱15,602
Disposals	(18)	(646)	-	(5)	(669)
As at December 31, 2025	6,234	6,824	194	1,681	14,933
Net Book Value at end of the year	₱-	₱-	₱-	₱-	₱-
2024					
	Cable and Wire Facilities	Cellular Facilities	Buildings and Improvements	Vehicles, Furniture and Work Equipment	Total
Cost					
As at January 1, 2024	₱6,255	₱15,773	₱196	₱1,688	₱23,912
Disposals	(3)	(8,303)	(2)	(2)	(8,310)
As at December 31, 2024	6,252	7,470	194	1,686	15,602
Accumulated Depreciation and Impairment					
As at January 1, 2024	₱6,255	₱15,773	₱196	₱1,688	₱23,912
Disposals	(3)	(8,303)	(2)	(2)	(8,310)
As at December 31, 2024	6,252	7,470	194	1,686	15,602
Net Book Value at end of the year	₱-	₱-	₱-	₱-	₱-

Sale of Telecom Towers

On various dates in 2023 and 2022, Smart and DMPI signed Sale and Purchase Agreements, or SPAs, with Edotco Towers, Inc, EdgePoint, Towers, Inc., Unity Digital Infrastructure and Frontier Tower Associates Philippines, Inc. (the TowerCos), in connection with the sale of 7,569 telecom towers and related passive telecommunication infrastructure for ₱98,309 million.

DMPI shall recognize the sale of its tower assets as an ordinary sale in its separate financial statements, following the guidelines of PFRS 15. The closing of the agreements will be on a staggered basis depending on the satisfaction of closing conditions, according to the number of towers transferred.

The following summarizes the completed sale of telecom towers as at December 31, 2025.

	Number of Telecom Towers Sold	Cash Consideration
<i>(In Million Pesos)</i>		
For the year ended 2022	559	₱3,508
For the year ended 2023	86	662
For the year ended 2024	25	41
For the year ended 2025	4	6
	674	₱4,217

Telecom equipment subject to this sale agreement subsequent to December 31, 2025 and 2024 were reclassified from "Property and equipment" to "Assets classified as held-for-sale under current assets in the consolidated statements of financial position with a net book value of nil as at December 31, 2025 and 2024. The net book value of assets sold is nil in 2022 to 2025. The cash consideration received is equivalent to the gain recognized in the statements of comprehensive income for the three years ended December 31, 2025.



Following the completion of the initial transaction with tower companies, DMPI plans to proceed with the sale of additional telecom towers and related passive infrastructure within the year with other tower companies.

Impairment of Property and Equipment

No impairment loss for property and equipment was recognized for each of the years ended December 31, 2025 and 2024.

Total accumulated impairment loss on property and equipment amounted to ₱9,978 million as at December 31, 2025 and 2024.

Collaterals

The Group has no property and equipment that were used as collateral for loans as at December 31, 2025 and 2024.

Disposals and Retirement

The Group disposed, retired or reclassified to assets held for sale fully depreciated assets with cost amounting to ₱669 million and ₱8,310 million for the years ended December 31, 2025 and 2024, respectively.

8. Leases

Group as a lessee

The Group has lease contracts for various items of sites, office space, domestic leased circuits used in its operations. The Group considered in the lease term the non-cancellable period of the lease together with the periods covered by an option to extend and option to terminate the lease.

ROU assets

The estimated useful life of the Group's ROU assets as at December 31, 2025 and 2024 are estimated as follows:

Site	1 – 17 years
Domestic leased circuits	7 years
Office buildings	1 – 7 years

Changes in the ROU assets as at December 31, 2025 and 2024 are as follows:

	Site	Domestic Leased Circuits	Office Buildings	Total
	<i>(In millions)</i>			
Cost				
At January 1, 2025	₱1,374	₱36	₱131	₱1,541
Additions	260	–	–	260
Capitalized asset retirement obligation	7	–	–	7
Lease modification	1	–	–	1
Reclassification from (to) assets classified as held-for-sale ⁽²⁾	(15)	–	–	(15)
Termination ⁽¹⁾	(281)	–	–	(281)
As at December 31, 2025	1,346	36	131	1,513
Accumulated Depreciation				
At January 1, 2025	913	30	131	1,074
Depreciation and amortization ⁽³⁾	327	6	–	333
Lease modification	26	–	–	26
Reclassification from (to) assets classified as held-for-sale ⁽²⁾	7	–	–	7
Termination ⁽¹⁾	(256)	–	–	(256)
As at December 31, 2025	1,017	36	131	1,184
Net book value at end of the year	₱329	₱–	₱–	₱329

⁽¹⁾Includes retirement of asset retirement obligation of Php3 million.

⁽²⁾Netted by reclassifications to ROU assets when held-for-sale criteria were ceased to be met.

⁽³⁾Total depreciation expense in the consolidated statements of comprehensive income includes depreciation of asset retirement obligation amounting to Php49 million.



	Site	Domestic Leased Circuits	Office Buildings	Total
	<i>(In millions)</i>			
Cost				
At January 1, 2024	₱1,292	₱36	₱131	₱1,459
Additions	393	–	–	393
Termination ⁽¹⁾	(354)	–	–	(354)
Lease modification	6	–	–	6
Capitalized asset retirement obligation	68	–	–	68
Reclassification from (to) assets classified as held-for-sale ⁽²⁾	(31)	–	–	(31)
As at December 31, 2024	1,374	36	131	1,541
Accumulated Depreciation				
At January 1, 2024	743	25	131	899
Depreciation and amortization ⁽³⁾	296	5	–	301
Termination ⁽¹⁾	(157)	–	–	(157)
Reclassification from (to) assets classified as held-for-sale ⁽²⁾	31	–	–	31
As at December 31, 2024	913	30	131	1,074
Net book value at end of the year	₱461	₱6	₱–	₱467

⁽¹⁾Includes retirement of asset retirement obligation amounting to Php9 million.

⁽²⁾Netted by reclassifications to ROU assets when held-for-sale criteria were ceased to be met.

⁽³⁾Total depreciation expense in the consolidated statements of comprehensive income includes depreciation of asset retirement obligation amounting to Php17 million.

The following amounts are recognized in the consolidated statements of comprehensive income for the years ended December 31, 2025, 2024 and 2023:

	2025	2024	2023
	<i>(In millions)</i>		
Depreciation expense of ROU assets	₱333	₱301	₱308
Expenses relating to short-term leases	41	75	66
Accretion of lease liabilities	40	51	60
Losses on lease modification (<i>Note 17</i>)	25	29	8
Accretion of asset retirement obligation*	9	5	5
Total amount recognized in the consolidated statements of comprehensive income	₱448	₱461	₱447

*Amount included under "Repairs and maintenance" in the consolidated statements of comprehensive income.

Lease Liabilities

The following table summarizes all changes to lease liabilities as at December 31, 2025 and 2024:

	2025	2024
	<i>(In millions)</i>	
Lease liabilities at the beginning of the year	₱461	₱605
Additional lease liabilities recognized during the year	260	393
Accretion expenses (<i>Notes 4, 17 and 23</i>)	40	51
Termination	(25)	(64)
Lease modifications	1	(95)
Settlement of obligations and others	(419)	(421)
Reclassification to liabilities associated with the assets classified as held-for-sale	26	(8)
Lease liabilities at the end of the year	344	461
Less current portion of lease liabilities	249	268
Noncurrent portion of lease liabilities	₱95	₱193

The maturity analysis of undiscounted lease payments is disclosed in *Note 20 – Financial Risk Management Objectives and Policies*.



The Group has several lease contracts that include extension and termination options. These options are negotiated to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs, see *Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions – Determining the lease term of contracts with renewal and termination options – Company as a Lessee*.

Assets and Liabilities Held-for-Sale

In relation to the sale of telecom towers discussed in the *Note 7 – Property and Equipment*, the related ROU assets, lease liabilities, and asset retirement obligation of the remaining telecom towers subject to sale and purchase agreement within one year were reclassified to “Assets classified as held-for-sale” and “Liabilities associated with assets classified as held-for-sale” under current assets, and current liabilities, respectively, in the consolidated statements of financial position as at December 31, 2025 and 2024.

Details of accounts assets classified as held-for-sale and its related liabilities as at December 31, 2025 and 2024:

	2025	2024
	<i>(In Millions)</i>	
Assets classified as held-for-sale -		
ROU assets	₱247	₱227
Liabilities associated with the assets classified as held-for-sale:		
Lease liabilities	₱143	₱171

9. Investment in Perpetual Notes

On September 19, 2019, Smart issued perpetual notes to DMPI amounting to ₱4,700 million to partially finance Smart's capital expenditure requirements for 2019. The perpetual note is classified as FVPL and is subject to 5.97% interest. Any subsequent fair value changes will be recognized in profit or loss. Gain on fair value adjustment on its investment in perpetual notes amounting to ₱53 million and ₱230 million for the years ended December 31, 2025 and 2023, respectively, and loss on fair value adjustment on its investment in perpetual notes amounting to ₱24 million for the year ended December 31, 2024 and distribution income amounting to ₱191 million for each of the years ended December 31, 2025, 2024 and 2023, is recorded under “Other income (expenses)” account in the consolidated statements of comprehensive income.

On September 19, 2022, Smart made a partial redemption amounting to ₱1,500 million at an optional redemption price of 101.2% of the principal amount of the Perpetual Notes redeemed, with a prepayment penalty of ₱18 million.

The carrying amount of investment in perpetual notes amounted to ₱1,552 million and ₱1,499 million as at December 31, 2025 and 2024, respectively (See *Notes 19 – Related Party Transactions, Note 20 – Financial Risk Management Objectives and Policies and Note 21 – Fair Value Measurement*).



10. Other Noncurrent Assets

As at December 31, 2025 and 2024, this account consists of:

	2025	2024
	<i>(In millions)</i>	
Refundable security deposits – net <i>(Notes 20 and 21)</i>	₱333	₱327
Pension asset <i>(Note 18)</i>	100	100
Advances to suppliers and contractors	9	9
	₱442	₱436

Refundable Security Deposits – Net

Refundable security deposits relate to the Group’s deposits on its leased buildings, cell site lots and commercial spaces. These will be collected in full at the end of each respective lease term subject to adjustments by the lessor to cover any damages incurred on the properties.

The components of refundable security deposits – net as at December 31, 2025 and 2024 are as follows:

	2025	2024
	<i>(In millions)</i>	
Refundable security deposits <i>(Notes 20 and 21)</i>	₱450	₱444
Less allowance	117	117
Refundable security deposits – net	₱333	₱327

11. Cash and Cash Equivalents

As at December 31, 2025 and 2024, this account consists of:

	2025	2024
	<i>(In millions)</i>	
Cash on hand and in banks	₱84	₱77
Temporary cash investments*	–	–
	₱84	₱77

*No amounts extended due to rounding off of amounts in millions.

Cash in banks earn interest at the prevailing bank deposit rates. Temporary cash investments are made for varying periods of up to three months depending on the Group’s immediate cash requirements and earn interest at the prevailing temporary cash investment rates (see *Note 20 – Financial Risk Management Objectives and Policies*).

Interest income earned from cash in banks and temporary cash investments amounted to ₱0.1 million, ₱0.3 million and ₱2 million for the years ended December 31, 2025, 2024 and 2023, respectively, presented under “Interest income” account in the consolidated statements of comprehensive income.



12. Trade and Other Receivables

As at December 31, 2025 and 2024, this account consists of:

	2025	2024
	<i>(In millions)</i>	
Trade receivables (<i>Note 20</i>)		
Due from related parties (<i>Note 19</i>)	₱5,313	₱2,812
Dealers, agents and others	7	7
Total	5,320	2,819
Less allowance for impairment losses:		
Trade receivables (<i>Note 20</i>)		
Dealers, agents and others	—	—
	—	—
	₱5,320	₱2,819

Receivables from dealers, agents and others consist mainly of receivables from dealers and distributors, and credit card companies having collection arrangements with the Group, which are generally on terms of 30 days. It also includes down payment, advances to suppliers and contractors, and receivables from officers and employees, which are generally settled over a 30 to 120-day credit term.

The Group's allowance for impairment losses on trade and other receivables amounted to nil as at December 31, 2025 and 2024.

There are no receivables pledged as collateral for liabilities as at December 31, 2025 and 2024. Moreover, there are no impairment loss recognized in 2025, 2024 and 2023.

13. Other Current Assets

As at December 31, 2025 and 2024, this account consists of:

	2025	2024
	<i>(In millions)</i>	
Prepaid taxes	₱51	₱59
Prepayments for:		
Refundable security deposits – net (<i>Notes 20 and 21</i>)	8	8
Fees and licenses	7	7
Rent	3	3
Repairs and maintenance	—	1
	₱69	₱78

Prepaid Taxes

This account consists of input VAT, creditable withholding taxes and excess corporate income tax paid.

Input VAT comprises deferred input VAT arising from purchase of capital assets in excess of ₱1 million in a calendar month, which are credited against output VAT due within 12 months.



Input VAT is an indirect tax on the goods and services which the Group uses in its operations. The Group recovers input VAT by offsetting it against available output VAT as at the reporting period. Management believes that the amount is fully realizable in the future.

The Group impaired its creditable withholding taxes amounting to ₱1 million for the year ended December 31, 2024. Based on the Group's assessment, it will not be able to utilize its tax credits. No impairment losses on creditable withholding taxes were recognized for the year ended December 31, 2025 and 2023. The Group will re-assess the recoverability of these tax credits in the next reporting period (see *Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions*).

The allowance for impairment losses of creditable withholding taxes amounted to ₱165 million for each of the years ended December 31, 2025 and 2024.

Refundable Security Deposits

The Group did not recognize any provision for impairment for each of the years ended December 31, 2025, 2024 and 2023.

The allowance for impairment losses on refundable security deposits amounted to ₱27 million as at December 31, 2025 and 2024.

Prepaid Fees and Licenses

This account consists of unamortized prepayments for Spectrum Users' Fee, Radio Station Licenses and NTC supervisory and regulatory fees which normally cover one-year period.

Prepaid Rent

This account represents two to three months of advance rental that can be applied against future billings.

14. Equity

Capital Stock

The Parent Company's capital stock as at December 31, 2025 and 2024 is as follows:

	<i>(In millions)</i>
Authorized shares	29,500
Shares issued and outstanding	26,142
Par value per share	₱0.10

On November 28, 2011, the BOD of the Parent Company approved the increase in authorized capital stock from 9 billion shares to 25 billion shares with par value of ₱1 per share as a result of the Conversion Notice served by PLDT for the conversion of Digitel Bonds as well as the Exchange Notice for the partial conversion of Digitel Capital Philippines Ltd. (DCPL) Bonds.

On December 8, 2011, PLDT exercised the conversion option for 4.0 billion Parent Company common shares with stated value of ₱4.0 billion comprising 25% of the total amount of increase in Parent Company's authorized capital stock, which was paid through the assignment by PLDT to the Parent Company of: (i) the 2013 Convertible Bonds issued by Parent Company, based on its redemption value of US\$25.0 million (₱1.09 billion) as of the conversion date of December 8, 2011; and (ii) US\$30 million (15.58%) of its 2014 Exchangeable Bonds issued by DCPL, with redemption value of US\$66.0 million (₱2.91 billion) as of the exchange date of December 8, 2011. As a result of this partial conversion and exchange by PLDT of bonds into 4 billion Parent Company common



shares, PLDT's equity interest in the Parent Company increased from 51.55% to 70.25% of the enlarged outstanding common stock of Parent Company as at December 31, 2012.

On January 12, 2012, the Philippine SEC approved the Parent Company's application for increase in authorized capital stock and the Parent Company then issued 4,002 million shares as settlement for the conversion (including 2 million shares to be issued to third party bond holders) and partial exchange discussed above.

On February 7, 2012, PLDT's BOD authorized the exchange of 78.4% of DCPL Bonds due 2014 issued with redemption value of US\$340 million (₱14,641 million), for 14,641 million Parent Company common shares. As a result of the open market purchase of 72.3 million common shares of the Parent Company and the additional partial exchange by PLDT of bonds into 14,641 million Parent Company common shares, PLDT further increased its equity interest to 99.54% of the outstanding common stock of the Parent Company as at December 31, 2012.

In accordance with PSE Rules on Voluntary Delisting, on January 25, 2012, the Parent Company has filed for voluntary delisting of its shares with the PSE, as a result of the mandatory tender offer for the remaining Parent Company's shares, which reduced the public ownership below the minimum 10% required by the PSE. On February 22, 2012, the BOD of the PSE, granted the Petition for Voluntary Delisting and accordingly ordered the delisting of the shares of the Parent Company from the Official Registry of the Exchange (electronic board and ticker) effective March 26, 2012. Thus, the Parent Company's shares shall no longer be tradable effective March 26, 2012.

On April 12, 2012, the BOD approved the following:

- a. amendment of the Parent Company's Articles of Incorporation to increase its authorize capital stock from 25.0 billion shares to 29.5 billion shares with par value of ₱1 per share in preparation for the exchange of the remaining 2014 Zero Coupon Exchangeable Bonds issued by DCPL into the Parent Company common shares;
- b. exchange of the US\$11.5 million Zero Coupon Exchangeable Bonds due 2014, issued by DCPL to PLDT, with redemption value of US\$27.0 million (₱1.1 billion) into 1.1 billion common shares of the Parent Company, comprising 25.4% of the total amount of increase in Parent Company's authorized capital stock. On May 8, 2012, PLDT's BOD approved the proposal to serve notice of exchange of the remaining DCPL-issued bonds into Parent Company common shares. The carrying value of the bonds was ₱1.7 billion as of exchange date of May 15, 2012.
- c. implementation of an equity restructuring plan which involved the following:
 - i) the decrease in authorized capital stock through a reduction in par value from ₱1 per share to ₱0.10 per share or from ₱29.5 billion shares to ₱2.95 billion divided into 29.5 billion shares;
 - ii) the decrease in capital stock as a result of the above-described reduction in par value and the creation of additional paid-in capital (APIC); and
 - iii) the application of a portion of the adjusted APIC, comprised of the created APIC and the outstanding APIC, against the deficit of ₱34.5 billion as at April 30, 2012.

On June 28, 2012, the Parent Company's shareholders approved the increase in the number of authorized shares and the subsequent decrease in the authorized shares through reduction of par value of the Parent Company. On September 11, 2012, the Philippine SEC approved the above transactions.



Also, on the same date, the BOD of both the Parent Company and DMPI approved the Conversion of Parent Company's deposit for future stock subscriptions and a portion of Parent Company's receivable from DMPI into additional DMPI shares of stock at a premium, and the implementation of equity restructuring to wipe out DMPI's deficit. On June 19, 2012, the Philippine SEC approved this transaction.

Other Comprehensive Loss

The Group's other comprehensive loss pertaining to net cumulative actuarial losses from defined benefit plan amounted to nil as at December 31, 2025 and 2024.

Deficit

On December 5, 2023, the BOD of the Parent Company declared cash dividends amounting to ₱2,259 million (₱0.0864 per share) to all common shareholders of record as at December 15, 2023. The cash dividends to the minority shareholders was paid on January 5, 2024, while the cash dividends to the majority shareholder, PLDT Inc., was fully paid on December 5, 2024.

On December 15, 2022, the BOD of the Parent Company declared cash dividends amounting to ₱3,137 million (₱0.12 per share) to all common shareholders of record as at December 31, 2022. The cash dividends to the minority shareholders was paid on January 13, 2023, while the cash dividends to the majority shareholder, PLDT Inc., was fully paid on December 13, 2023

On November 7, 2019, the BOD of the Parent Company approved appropriation of retained earnings amounting to ₱5,000 million intended for the partial settlement of its outstanding shareholders advances from PLDT. As of April 13, 2026, the Parent Company has not settled any advances.

The Parent Company's retained earnings available for dividend declaration as at December 31, 2025 based on the guidelines set forth in the Memorandum Circular 16 issued by the Philippine SEC on September 19, 2023 is ₱15,921 million. The Parent Company plans to declare cash dividends out of the remaining retained earnings as funds become available.

The following table shows the reconciliation of the Parent Company's retained earnings available for dividend declaration as at December 31, 2025 (amount presented in millions):

Unappropriated Retained Earnings as at January 1, 2025	₱15,877
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	—
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	—
Unappropriated Retained Earnings, as adjusted	15,877
Add: Net income for the current year	44
Total Retained Earnings, end of the reporting period available for dividend	₱15,921

Capital Management Risk

The Group aims to achieve an optimal capital structure in pursuit of the business objectives which includes maintaining healthy capital ratios and strong credit ratings and maximizing shareholder value. The Group manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of advances from the ultimate Parent



Company through deposits for future stock subscription or issue capital securities. No changes have been made in the objective, policies and processes as they have been applied in previous periods.

The Group will continue to adopt measures to address the capital deficiency which include: (i) review of business portfolio to enhance earnings streams; (ii) application of cost-saving measures to reduce operating costs; (iii) implementation of operating synergy with Smart; and (iv) impact of Konektadong Pinoy.

15. Asset Retirement Obligation

The rollforward analysis of the Group's provision for asset retirement obligation for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
	<i>(In millions)</i>	
Balance at beginning of the year	P270	P210
Accretion expenses ⁽¹⁾	9	5
Capitalized to ROU assets	7	10
Change in assumptions	–	58
Settlement of obligation	(1)	–
Gain on adjustment of asset retirement obligation (Note 17)	(13)	(13)
Balance at end of the year	P272	P270

⁽¹⁾Presented as "Repairs and maintenance" in Statements of Comprehensive Income.

16. Trade and Other Payables

As at December 31, 2025 and 2024, this account consists of:

	2025	2024
	<i>(In millions)</i>	
Due to related parties (Note 19)	P13,082	P13,102
Accrued expenses	654	700
Trade payables	525	534
Payables to connecting carriers – net (Note 20)	28	28
Others	1	1
	P14,290	P14,365

Due to related parties

Terms and conditions of transactions with related parties are disclosed in *Note 19 – Related Party Transactions*.

Accrued Expenses

Accrued expenses are non-interest bearing and are normally settled within a year. These refer to operation-related expenses pending receipt of billings and statement of accounts from suppliers.



As at December 31, 2025 and 2024, this account consists of:

	2025	2024
	<i>(In millions)</i>	
Maintenance and others	₱431	₱405
Rent	88	83
Taxes and licenses	47	125
Selling and promotions	32	31
Insurance and security services	22	22
Professional and other contracted services	21	21
Salaries and other employee benefits	1	1
Other operating costs	12	12
	₱654	₱700

The Group recognized reversal of long outstanding accruals amounting to ₱32 million for the year ended December 31, 2024. This was presented as part of “Other income (expenses) - net” account in the consolidated statements of comprehensive income.

Trade Payables

This account mainly includes unpaid billings from various suppliers and contractors which are noninterest bearing and are normally settled within one year.

Payables to Connecting Carriers – net

This account pertains to interconnection charges due to other carriers and roaming partners for voice and/or data transmission of the Group’s subscribers to the subscribers of other carriers and roaming partners. Payables to connecting carriers and roaming partners are presented net of the receivables from the same carrier and roaming partner due to the presence of currently enforceable right to offset the recognized amounts and the intention to settle on a net basis.

17. Income and Expenses

Disaggregation of Revenue

The Group derived its revenue from contracts with customers from the transfer of goods and services over time and at a point in time. Set out is the disaggregation of the Group’s revenue from contracts with customers for the years ended December 31, 2025, 2024 and 2023:

	2025	2024	2023
	<i>(In millions)</i>		
Type of goods or services:			
Service revenues:			
Distributed subscriber revenues (<i>Note 19</i>)	₱5,239	₱5,301	₱5,520
Revenues from facility service fees (<i>Note 19</i>)	899	1,032	1,586
Total revenues from contracts with customers	6,138	6,333	7,106
Timing of revenue recognition:			
Transferred over time	6,138	6,333	7,106
Total revenues from contracts with customers	₱6,138	₱6,333	₱7,106



Contract Balances

Contract balances as at December 31, 2025 and 2024 consist of the following:

	2025	2024
	<i>(In millions)</i>	
Trade receivables, including due from Smart <i>(Notes 12 and 19)</i>	₱5,318	₱2,817

The amount being charged by Smart is being offset against the amount demandable by the Group to Smart in relation to facility services. The increase in trade receivables, including amounts due from Smart for unpaid facility service fees, was due to lower collection from related party receivables (See Note 19 – Related Party Transactions).

Compensation and Employee Benefits

This account consists of Salaries and other employee benefits amounting to ₱1 million for each of the years ended December 31, 2025, 2024 and 2023.

Asset Impairment

Asset impairment for the years ended December 31, 2025, 2024 and 2023 consist of the following:

	2025	2024	2023
	<i>(In millions)</i>		
Creditable withholding tax <i>(Notes 3 and 13)</i>	₱–	₱1	₱–

Other Income (Expense) – net

Other income – net for the years ended December 31, 2025, 2024 and 2023 consists of the following:

	2025	2024	2023
	<i>(In millions)</i>		
Reimbursements from related parties <i>(Note 19)</i>	₱42	₱46	₱74
Gain on adjustment of asset retirement obligation <i>(Note 15)</i>	13	13	33
Loss on lease modifications	(25)	(29)	(8)
Foreign exchange gains – net <i>(Note 20)</i>	–	–	1
Others	(38)	(93)	(94)
	(₱8)	(₱63)	₱6

Reimbursements from related parties pertain to charges by the Group for network related expenditures such as rent, maintenance and depreciation (see Note 19 – Related Party Transactions).

18. Employee Benefits

Pension Liability

The Parent Company and DMPI, prior to its conversion to defined contribution plan effective January 1, 2018, have separate and distinct funded, noncontributory, defined benefit retirement plan covering substantially all of its regular employees. The benefits are based on years of service and compensation on the last year of employment.



Effective January 1, 2018, DMPI transitioned its defined benefit plan to a defined contribution format wherein the DMPI's obligation is limited to specified contributions to the Plan.

Although the Plan has a defined contribution format, DMPI monitors compliance with RA No. 7641. As at December 31, 2020, DMPI is in compliance with the minimum requirements of RA No. 7641. All DMPI's employees have been transferred to Smart effective March 31, 2021.

The rollforward of present value of defined benefit obligation, fair value of plan assets, and reconciliation of consolidated net unfunded status as at December 31, 2025 and 2024 are as follows:

	2025	2024
	<i>(In millions)</i>	
Present value of defined benefit obligations:		
Balances at end of the year	₱2	₱2
Fair value of plan assets:		
Balances at beginning of the year	102	102
Benefits paid from plan assets	-	-
Balances at end of the year	102	102
Consolidated net funded status	₱100	₱100

As at March 31, 2021, all DMPI's employees and related liabilities were transferred to Smart. Hence, DMPI has no outstanding defined benefit obligation as at December 31, 2025 and 2024.

Under the existing regulatory framework, RA No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The major categories of the Group's plan assets are as follows:

	2025	2024
	<i>(In millions)</i>	
Noncurrent financial assets:		
Investments in:		
Domestic fixed income	₱40	₱40
Domestic equities	9	9
Total noncurrent financial assets	49	49
Current financial assets		
Cash and cash equivalents	53	53
Total plan assets of defined contribution plan	₱102	₱102
Plan assets attributable to:		
Company's share	₱102	₱102
Employee's share	-	-
Total plan assets of defined contribution	₱102	₱102



19. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Terms and Conditions of Transactions with Related Parties

The services provided to and by related parties are made at terms equivalent to those that prevail in arms' length transactions. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and receivables/payables are on demand. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2025 and 2024, the Group has not recorded any impairment of receivables relating to amounts owed by the related parties. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

The following table provides the outstanding balances as at December 31, 2025 and 2024:

Category	Classifications	2025	2024
<i>(In millions)</i>			
<i>Ultimate Parent Company</i>			
PLDT	Due to related parties	₱13,082	₱13,102
<i>Subsidiaries of PLDT</i>			
Smart	Due from related parties	5,311	2,810
	Investment in perpetual notes	1,552	1,499
ePDS, Inc. (ePDS)	Due from related parties	2	2

The following table provides the summary of transactions that have been entered into with related parties for the years ended December 31, 2025, 2024 and 2023 in relation with the table above:

Category	Classifications	2025	2024	2023
<i>(In millions)</i>				
<i>Ultimate Parent Company</i>				
PLDT	Rent and other expenses	₱49	₱55	₱60
	Intercompany charges	28	28	43
	Rental income	4	4	4
<i>Subsidiaries of PLDT</i>				
Smart	Distributed subscriber's revenue	₱5,239	₱5,301	₱5,520
	Professional and other contracted services	1,645	1,749	1,766
	Revenues from facility service fees	899	1,032	1,586
	Royalty expense	335	339	353
	Distribution income on perpetual notes	191	191	191
	Repairs and maintenance	10	11	12
	Intercompany charges	10	14	27

Transactions with PLDT

- a) The Group has an outstanding payable to PLDT amounting to ₱13,082 million and ₱13,102 million as at December 31, 2025 and 2024, respectively, which were presented as "Trade and other payables account in the consolidated statements of financial position. A portion



of this balance amounting to ₱12,706 million as of December 31, 2025 and 2024 relates to the Enterprise Assets acquired by PLDT from JG Summit Holdings Inc. in 2011.

- b) The Group entered into agreements with PLDT whereby the latter will provide services such as rental, professional and communications among others. Expenses under these services, which are presented in the consolidated statements of comprehensive income, amounted to ₱49 million, ₱55 million and ₱60 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Another agreement was entered into with PLDT allowing the ultimate parent company to co-locate with the Group's base station facilities. Rental income recognized under this agreement amounting to ₱4 million for each of the years ended December 31, 2025, 2024 and 2023, included under "Rental income" account in the consolidated statements on comprehensive income.

Transactions with Smart

- a. The Group was reimbursed by Smart for certain network related charges which amounted to ₱899 million, ₱1,032 million and ₱1,586 million for the years ended December 31, 2025, 2024 and 2023, respectively, included under "Revenues from contracts with customers" account in the consolidated statements of comprehensive income.

Furthermore, additional reimbursements were received from Smart for compensation and benefits to support the group's network transformation and long-term sustainability strategy amounting to nil, ₱3 million and ₱14 million for the years ended December 31, 2025, 2024 and 2023, respectively, included under "Other income – net" account in the consolidated statements of comprehensive income.

In October 2013, DMPI entered into a Management and Services Agreement (MSA) with Smart whereby Smart will provide various management support services relating to network facilities, marketing and sales distribution, retail, corporate and administrative support. An amendment to this agreement was executed, effective from January 1, 2024, and may be reviewed depending on the applicability of the charging rates. In, 2024, with the renewed rebranding agreement, DMPI updated the charging rates taking into consideration the latest cost to deliver and traffic data for the network costs.

Total expenses under this agreement amounted to ₱1,645 million, ₱1,749 million and ₱1,766 million for the years ended December 31, 2025, 2024 and 2023, respectively, which was presented as part of "Professional and other contracted services" account in the consolidated statements of comprehensive income.

- b. The Group entered into agreements with Smart whereby the latter will provide services such as rental, repairs and maintenance and professional services among others. Expenses under these services which were presented in the statements of comprehensive income under "Repairs and maintenance" amounted to ₱10 million, ₱11 million and ₱12 million for the years ended December 31, 2025, 2024 and 2023, respectively. On the other hand, the Group provides various services to Smart recorded under "Other income (expenses) – net" account in the statements of comprehensive income amounted to ₱10 million, ₱11 million and ₱13 million for the years ended December 31, 2025, 2024 and 2023, respectively
- c. Terms and conditions of investment in perpetual notes issued by Smart are disclosed in *Note 9 – Investment in Perpetual Notes*.



The distribution income amounting to ₱191 million for each of the years ended December 31, 2025, 2024 and 2023, respectively, are recorded as “Distribution income on perpetual notes” account in the consolidated statements of comprehensive income.

- d. In October 2020, DMPI entered into a rebranding agreement with Smart whereby Sun Prepaid subscribers were rebranded as Smart Prepaid subscribers. Under the terms of the agreement, Smart settles a fixed fee representing DMPI’s proportionate share on the distributed subscriber revenues. The agreement has been renewed for another three years from January 1, 2024 to December 31, 2026.

Total share in distributed subscribers’ revenues recognized for this agreement amounted to ₱5,239 million, ₱5,301 million and ₱5,520 million for the years ended December 31, 2025, 2024, and 2023, respectively, which was presented as part of “Revenues from contracts with customers” account in the consolidated statements of comprehensive income.

Under the terms of the rebranding agreement, DMPI entered into a trademark license agreement with Smart to cover the use of Smart’s owned marks. By virtue of the agreement, DMPI recognizes royalty expense while Smart will recognize royalty income. Royalty expense is based on 8% of distributed service revenue per rebrand agreement. Similar to the amendment of the Management Service Agreement, the amended trademark license agreement has taken effect from January 1, 2024, and will be periodically reviewed to assess its applicability.

Total royalty expense recognized under this agreement amounted to ₱335 million, ₱339 million and ₱353 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Transactions with Other Related Parties

- a) Various related parties such as ePDS provide services to the Group. The services include bill printing and enveloping services, ancillary services and other professional services.

Compensation of Key Management Personnel

The short-term employee benefits of the Group’s key management personnel (included under “Compensation and employee benefits” account in the consolidated statements of comprehensive income) is nil for each of the years ended December 31, 2025, 2024 and 2023 since the Group’s management and administrative functions are being handled by PLDT and Smart.

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment.

20. Financial Risk Management Objectives and Policies

The Group’s principal financial instruments comprise cash and cash equivalents, trade and other receivables/payables, and investment in perpetual notes. The main purpose of these financial instruments is to finance the Group’s operations and capital expenditures. The Group has various other financial assets and financial liabilities such as trade and other receivables, trade and other payables (excluding statutory payables) and refundable security deposits which arise directly from its operations.

Financial Risk Management Objectives and Policies

The main risks arising from the use of financial instruments are credit risk and liquidity risk. The Group’s policies for managing the aforementioned risks are summarized below.



The BOD of the Group and the ultimate Parent Company, review and approve policies for managing each of these risks.

There were no changes in the financial risk management objectives and policies of the Group as at December 31, 2025 and 2024.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts.

The Group established a credit quality review process to provide regular identification of changes in the creditworthiness of counterparties. Counterparty limits are established and reviewed periodically based on latest available financial data on the Group's counterparties' credit ratings, capitalization, asset quality and liquidity. The Group's credit quality review process allows the management to assess the potential loss as a result of the risks to which the Group is exposed and allow the management to take corrective actions.

The table below shows the analysis of the maximum exposure to credit risk for the components of the consolidated statements of financial position as at December 31, 2025 and 2024.

	2025			2024		
	Gross Maximum Exposure	Collateral and Other Credit Enhancements	Net Maximum Exposure	Gross Maximum Exposure	Collateral and Other Credit Enhancements	Net Maximum Exposure
			<i>(In millions)</i>			
Cash and cash equivalents*	₱84	₱7	₱77	₱77	₱7	₱70
Trade and other receivables:						
Trade receivables:						
Due from related parties	5,313	–	5,313	2,812	–	2,812
Dealers, agents and others	7	–	7	7	–	7
Refundable security deposits	485	–	485	479	–	479
Investment in perpetual notes	1,552	–	1,552	1,499	–	1,499
	₱7,441	₱7	₱7,434	₱4,874	₱7	₱4,867

*Excluding cash on hand amounting P.3 each as at December 31, 2025 and 2024.

The maximum exposure is shown gross before both the effect of mitigation through use of master netting and collateral arrangements. The extent to which collateral and other credit enhancements mitigate the maximum exposure to credit risk is described in the footnotes to the table.

Collateral held as security for financial assets depends on the nature of the instrument. Debt investment securities are generally unsecured. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are regularly updated according to internal lending policies and regulatory guidelines. Generally, collateral is not held over loans and advances to the Group except for reverse repurchase agreements. Collateral usually is not held against investment securities, and no such collateral was held as at December 31, 2025 and 2024.

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group during the year.

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



For financial assets recognized on the consolidated statements of financial position, the Group's gross exposure to credit risk equals their carrying amount as at December 31, 2025 and 2024.

The table below provides information regarding the credit quality by class of the Group's financial assets according to credit ratings of counterparties as at December 31, 2025 and 2024:

	2025			
	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Total
		<i>(In millions)</i>		
High grade	₱84	₱5,309	₱-	₱5,393
Standard grade	333	16	-	349
Substandard grade	-	3	-	3
Default	117	27	-	144
Gross Carrying Amount	534	5,355	-	5,889
Less allowance	117	27	-	144
Carrying Amount	₱417	₱5,328	₱-	₱5,745

	2024			
	Lifetime ECL			
	Stage 1	Stage 2	Stage 3	Total
		<i>(In millions)</i>		
High grade	₱77	₱2,810	₱-	₱2,887
Standard grade	327	14	-	341
Substandard grade	-	3	-	3
Default	117	27	-	144
Gross Carrying Amount	521	2,854	-	3,375
Less allowance	117	27	-	144
Carrying Amount	₱404	₱2,827	₱-	₱3,231

High Grade. Pertains to counterparty who is not expected by the Group to default in settling its obligations, thus, credit risk exposure is minimal. This counterparty normally includes banks, related parties and customers who pay on or before due date.

Standard Grade. Pertains to counterparty with tolerable delays in settling its obligations to the Group and new clients for which sufficient credit history has not been established.

Substandard Grade. This includes medium risk and average paying customer accounts with no overdue accounts as at report date, and new customer accounts for which sufficient credit history has not been established; and deposits or placements to counterparties not classified as High/Standard Grade; and non-listed shares of stock.

Set out below is the information about the credit risk exposure on the Group's trade and other receivables using a provision matrix as at December 31, 2025 and 2024:

	2025					
	Total	Current	Days past due			Impaired
			1 to 60 Days	61 to 90 Days	Over 90 Days	
			<i>(In millions)</i>			
December 31, 2025						
<i>Financial Instruments at Amortized Cost:</i>						
Expected credit loss rate (%)	-	-	-	-	-	
Trade and other receivables:						
Due from related parties	₱5,313	₱5,313	₱-	₱-	₱-	
Dealers, agents and others	7	-	-	-	7	
Expected credit loss	-	-	-	-	-	
	₱5,320	₱5,313	₱-	₱-	₱7	



	2024					Impaired
	Total	Current	Days past due			
			1 to 60 Days	61 to 90 Days	Over 90 Days	
<i>(In millions)</i>						
December 31, 2024						
<i>Financial Instruments at Amortized Cost:</i>						
Expected credit loss rate (%)	-	-	-	-	-	-
Trade and other receivables:						
Due from related parties	₱2,812	₱2,812	₱-	₱-	₱-	₱-
Dealers, agents and others	7	-	-	-	7	-
Expected credit loss	-	-	-	-	-	-
	₱2,819	₱2,812	₱-	₱-	₱7	₱-

Liquidity Risk

The Group's exposure to liquidity risk refers to the risk that its financial liabilities are not reviewed in a timely manner and that its working capital requirements and planned capital expenditures are not met.

The Group seeks to manage its liquidity profile to be able to finance the Group's operations and capital expenditures, and service its maturing debts and other financial obligations. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations.

As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans. PLDT has committed to provide financial support to the Parent Company to discharge its liabilities as the need arises.

Any excess funds are primarily invested in short-term and principal-protected bank products that provide flexibility of withdrawing the funds anytime.

The table below summarizes the maturity profile of the Group's financial assets and liabilities based on undiscounted contractual obligations outstanding as at December 31, 2025 and 2024.

	2025				
	Total	Less than	1 to 3 Years	3 to 5 Years	More than
		1 Year			5 Years
<i>(In millions)</i>					
December 31, 2025					
<i>Financial Instruments at Amortized Cost:</i>					
Cash equivalents	₱-	₱-	₱-	₱-	₱-
Trade and other receivables:					
Due from related parties	5,313	5,313	-	-	-
Dealers, agents and others	7	7	-	-	-
Refundable security deposits ⁽¹⁾	485	35	-	450	-
<i>Financial Instruments at FVPL –</i>					
Investment in perpetual notes	1,552	-	-	-	1,552
	₱7,357	₱5,355	₱-	₱450	₱1,552
Accounts payable ⁽²⁾ :					
Suppliers and contractors	₱329	₱329	₱-	₱-	₱-
Due to related parties	13,082	13,082	-	-	-
Carriers	28	28	-	-	-
Others	8	8	-	-	-
Accrued expenses ⁽³⁾	607	607	-	-	-
Long-term lease obligations – operating lease	526	266	135	55	70
	₱14,580	₱14,580	₱135	₱55	₱70

(1) Gross of allowance amounting to Php144 million as at December 31, 2025.

(2) Excludes taxes payable and nonfinancial liabilities which amounted to ₱189 million as at December 31, 2025 (see Note 16 – Trade and other payables).

(3) Excludes taxes and other nonfinancial liabilities amounting to ₱47 million as at December 31, 2025 (see Note 16 – Trade and other payables).



	2024				
	Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
<i>(In millions)</i>					
December 31, 2024					
<i>Financial Instruments at Amortized Cost:</i>					
Cash equivalents	P-	P-	P-	P-	P-
Trade and other receivables:					
Due from related parties	2,812	2,812	-	-	-
Dealers, agents and others	7	7	-	-	-
Refundable security deposits ⁽¹⁾	479	35	-	444	-
<i>Financial Instruments at FVPL –</i>					
Investment in perpetual notes	1,499	-	-	-	1,499
	P4,797	P2,854	P-	P444	P1,499
Accounts payable ⁽²⁾ :					
Suppliers and contractors	P260	P260	P-	P-	P-
Due to related parties	13,102	13,102	-	-	-
Carriers	28	28	-	-	-
Others	8	8	-	-	-
Accrued expenses ⁽³⁾	575	575	-	-	-
Long-term lease obligations – operating lease	685	301	260	59	65
	P14,658	P14,274	P260	P59	P65

⁽¹⁾ Gross of allowance amounting to Php144 million as at December 31, 2024.

⁽²⁾ Excludes taxes payable and nonfinancial liabilities which amounted to P267 million as at December 31, 2024 (see Note 16 – Trade and other payables).

⁽³⁾ Excludes taxes and other nonfinancial liabilities amounting to P125 million as at December 31, 2024 (see Note 16 – Trade and other payables).

21. Fair Value Measurement

Investment Properties

In 2018, the Parent Company reclassified its land amounting to P55 million from property and equipment to investment properties due to the completion of the migration of postpaid subscribers to PLDT network in the same year. The land is currently held for undetermined future use and qualifies as investment properties.

The fair value of investment properties based on the valuation prepared as at December 31, 2025 and 2024 amounted to P149 million and P89 million, respectively. The fair value represents the amount at which the assets can be exchanged between a knowledgeable, willing seller and a knowledgeable, willing buyer in an arm's length transaction at the date of valuation.

The valuation for land was based on Market Data Approach using price per square meter.

Market Data Approach is an appraisal method which involves the comparison of the land to those that are subject to recent sales and offerings. The comparison is based on such factors as location, size, shape, utility, desirability and time element.

The fair value of investment properties is categorized under Level 3 since the valuation is based on unobservable inputs.

The Group has no restriction on the realizability of its investment properties, and no obligation to either purchase, construct or develop or for repairs, maintenance and enhancements.



Financial Instruments

The table below presents the comparison of the carrying amount and fair value of the Group's financial assets and liabilities, other than those with carrying amounts that are reasonable approximation of fair value, as at December 31, 2025 and 2024:

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<i>(In millions)</i>				
Financial Assets				
Financial assets at FVPL –				
Investment in perpetual notes	₱1,552	₱1,552	₱1,499	₱1,499
Financial Instruments at Amortized Cost –				
Refundable security deposits	341	285	335	280
Total Financial Asset – Net	₱1,893	₱1,837	₱1,834	₱1,779

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and Cash Equivalents, Short Term Investments, Trade and Other Receivables, and Trade and Other Payables.

Carrying amounts approximate their fair values due to the relatively short-term maturity of these financial instruments.

Long-term Financial Assets and Liabilities

Type	Fair Value Assumptions	Fair Value Hierarchy
Refundable security deposits	Estimated fair value is based on the discounted values of future cash flows using the applicable zero-coupon rates plus counterparties' credit spread.	Level 3
Investment in perpetual notes	Estimated fair value is based on the discounted values of future cash flows using the applicable zero-coupon rates plus counterparties' credit spread.	Level 3

The following table sets forth the consolidated offsetting of financial assets and liabilities recognized as at December 31, 2025 and 2024.

	2025		
	Gross Amounts of Recognized Financial Assets and Liabilities	Gross Amounts of Recognized Financial Assets and Liabilities Set-off in the Consolidated Statement of Financial Position	Net Amount Presented in the Consolidated Statement of Financial Position
<i>(In millions)</i>			
Current Financial Liabilities			
Payables to connecting carriers <i>(Note 16)</i>	₱186	₱158	₱28



	2024		
	Gross Amounts of Recognized Financial Assets and Liabilities	Gross Amounts of Recognized Financial Assets and Liabilities Set-off in the Consolidated Statement of Financial Position	Net Amount Presented in the Consolidated Statement of Financial Position
<i>(In millions)</i>			
Current Financial Liabilities			
Payables to connecting carriers (Note 16)	₱186	₱158	₱28

There were no financial instruments subject to an enforceable master netting arrangement that were not set-off in the consolidated statements of financial position as at December 31, 2025 and 2024.

22. Commitments and Contingencies

Lease Commitments

Lease Commitments - Group as a Lessee

The Group leases certain premises for some of its telecommunication facilities and equipment and for most of its business centers and cell sites. The lease agreements are for periods ranging from 1 to 10 years from the date of the contracts and are renewable under certain terms and conditions. Certain leases include a clause to enable upward revision of the annual rental charge ranging from 2% to 20%.

The Group's rentals incurred on these leases amounted to ₱41 million, ₱75 million and ₱66 million for the years ended December 31, 2025, 2024 and 2023, respectively, which were presented as "Rent" account in the consolidated statements of comprehensive income (see *Note 3 – Management's Use of Accounting Judgments, Estimates and Assumptions – Operating Leases, Note 8 – Leases and Note 19 – Related Party Transactions*).

The future minimum lease commitments payable with non-cancellable operating leases as at December 31, 2025 and 2024 are as follows:

	2025	2024
<i>(In millions)</i>		
Within one year	₱266	₱301
More than one year but less than five years	191	319
More than five years	69	65
	₱526	₱685

Smart and DMPI

In December 2017, Smart prepaid the reimbursable network charges amounting to ₱1,645 million exclusive of VAT to partially cover the Group's lease commitment and depreciation of network related assets in 2018 (see *Note 16 – Trade and Other Payables and Note 19 – Related Party Transactions*).

On October 21, 2020, DMPI and Smart entered into a Rebranding Agreement wherein the Sun Prepaid subscribers were rebranded as Smart Prepaid subscribers. Under the terms of the agreement, Smart will settle a fixed fee representing DMPI's proportionate share on the distributed subscriber revenues. The agreement was renewed for another three years from January 1, 2024 to December 31, 2026. Other intercompany agreements as a result of this arrangement are disclosed in *Note 19 – Related Party Transactions*.



Contingencies

Except as disclosed in the following paragraphs, the Group is not a party to, and no property of the Group is subject to, any other pending material legal proceedings.

Local Tower Fee Assessments

Local tower fee ordinance is being imposed by Local Governments upon all telecommunication companies with sites located in their area.

DMPI vs. City of Trece Martires

In 2010, DMPI petitioned to declare void the City of Trece Martires ordinance of imposing tower fee of ₱150 thousand for each cell site annually. Application for the issuance of a preliminary injunction by DMPI is pending resolution as of date.

Franchise Tax Assessment and Real Property Tax Assessment

As at April 13, 2026, the Parent Company is currently in discussions with various local government units for the settlement of its franchise tax and real property tax liabilities within their respective jurisdiction pursuant to the above decision of the Supreme Court.

Others

The Group has other contingent liabilities arising in the ordinary conduct of business which are either pending decision by the courts, under arbitration or being contested, the outcome of which are not presently determinable.

The information normally required by PAS 37, *Provisions, Contingent Liabilities, and Contingent Assets* is not disclosed in accordance with the provisions of this standard, on the ground that it may prejudice the outcome of these ongoing lawsuits, claims, arbitration and assessments.

23. Notes to Statement of Cash Flows

Changes in Liabilities Arising from Financing Activities

Details of the movements in cash flows from financing activities in 2025, 2024 and 2023 are as follows:

	January 1, 2025	Cash flows	Non-cash changes				December 31, 2025
			Dividends declared	Addition to ROU assets	Interest	Others	
Lease liabilities (Notes 2 and 8)	₱461	(₱419)	₱-	₱260	₱40	₱2	₱344

	January 1, 2024	Cash flows	Non-cash changes				December 31, 2024
			Dividends declared	Addition to ROU assets	Interest	Others	
Lease liabilities (Notes 2 and 8)	₱605	(₱421)	₱-	₱393	₱51	(₱167)	₱461
Dividends payable (Note 16)	2,183	(2,183)	-	-	-	-	-
Total liabilities from financing activities	₱2,788	(₱2,604)	₱-	₱393	₱51	(₱167)	₱461

	January 1, 2023	Cash flows	Non-cash changes				December 31, 2023
			Dividends declared	Addition to ROU assets	Interest	Others	
Lease liabilities (Notes 2 and 8)	₱381	(₱288)	₱-	₱632	₱60	(₱180)	₱605
Dividends payable (Note 16)	3,137	(3,212)	2,258	-	-	-	2,183
Total liabilities from financing activities	₱3,518	(₱3,500)	₱2,258	₱632	₱60	(₱180)	₱2,787

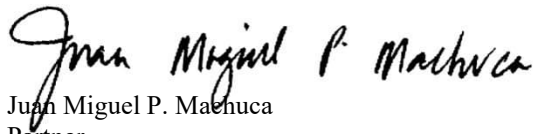


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Digital Telecommunications Phils., Inc.
8003-A Matalino St., Diliman
Quezon City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Digital Telecommunications Phils., Inc. and its subsidiaries (the "Group") as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 13, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Juan Miguel P. Mañuca
Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 116998-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements,
with extension up to audit of 2025 financial statements

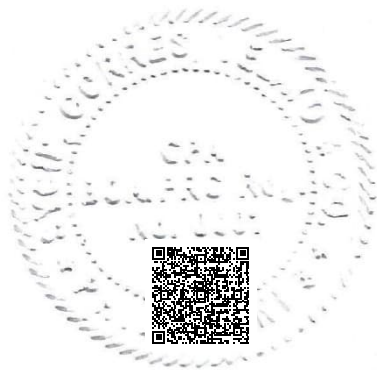
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-140-2024, February 28, 2024, valid until February 27, 2027

PTR No. 10765073, January 2, 2026, Makati City

April 13, 2026

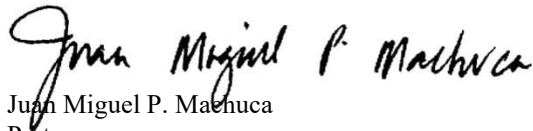


INDEPENDENT AUDITOR'S REPORT COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Digital Telecommunications Phils., Inc.
8003-A Matalino St., Diliman
Quezon City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Digital Telecommunications Phils. Inc. and its subsidiaries (the "Group") as of December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 13, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as of December 31, 2025, and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Juan Miguel P. Mañuca
Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 116998-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements,
with extension up to audit of 2025 financial statements

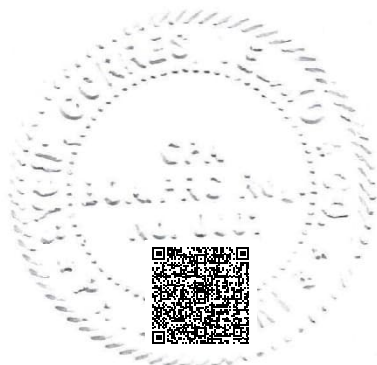
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-140-2024, February 28, 2024, valid until February 27, 2027

PTR No. 10765073, January 2, 2026, Makati City

April 13, 2026



CASTUERA, Catherine M.

From: PADIZ, Ofelia O.
Sent: Friday, May 15, 2026 11:18 AM
To: CASTUERA, Catherine M.; TABANERA, Jerone H.; DELA CRUZ-CALMA, Jovilyne (Jovy) D.
Subject: Fw: [EXTERNAL]Your BIR AFS eSubmission uploads were received

Get [Outlook for Android](#)

From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Friday, May 15, 2026 9:50:52 AM
To: PADIZ, Ofelia O. <oportiz@pldt.com.ph>
Cc: PADIZ, Ofelia O. <oportiz@pldt.com.ph>
Subject: [EXTERNAL]Your BIR AFS eSubmission uploads were received

CAUTION: This email originated from outside of the organization. Do not act on instructions, click links or open attachments unless you recognize the sender and know the content is authentic and safe.

Hi DIGITAL TELECOMMUNICATIONS PHILS., INC.,

Valid files

- EAFS000449918ITRTY122025.pdf
- EAFS000449918TCRTY122025-04.pdf
- EAFS000449918TCRTY122025-03.pdf
- EAFS000449918AFSTY122025.pdf
- EAFS000449918TCRTY122025-02.pdf
- EAFS000449918OTHTY122025.pdf
- EAFS000449918RPPTY122025.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-N1MP1PMV04MV3VSZMNSRSR1NW0QWN2V11N**

Submission Date/Time: **May 15, 2026 09:50 AM**

Company TIN: **000-449-918**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;

- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

DIGITAL TELECOMMUNICATIONS PHILS., INC. AND SUBSIDIARIES

Schedule A. Financial Assets

December 31, 2025

Name of Issuing Entity and Associaton on each issue	Number of Shares	Amount Shown in the Balance Sheet	Value based on Market Quotation at Balance Sheet Date	Income received and accrued
			<i>(In millions)</i>	
Smart	N/A	₱1,552	N/A	₱191
		₱1,552		₱191

DIGITAL TELECOMMUNICATIONS PHILS., INC. AND SUBSIDIARIES
Schedule B. Amounts Receivable from Directors, Officers, Employees,
Principal Stockholders (other than Related Parties)
December 31, 2025

	Balance at Beginning of Period	Additions	Amounts Collected	Balance at End of Period
	<i>(In millions)</i>			
Dalipe, M.	₱1.3	₱0.2	₱-	₱1.5
	₱1.3	₱0.2	₱-	₱1.5

DIGITAL TELECOMMUNICATIONS PHILS., INC. AND SUBSIDIARIES
Schedule C. Amounts Receivable from Related Parties
which are eliminated during the consolidation of Financial Statements
December 31, 2025

	Balance at Beginning of Period	Additions	Amounts Collected	Balance at End of Period
			<i>(In millions)</i>	
Digitel Mobile Philippines., Inc.	P-	P37	P-	P37

DIGITAL TELECOMMUNICATIONS PHILS., INC. AND SUBSIDIARIES
Schedule F. Indebtedness to Related Parties
December 31, 2025

	Balance at Beginning of Period	Balance at End of Period
	<i>(In millions)</i>	
PLDT Inc.	₱13,102	₱13,082
Smart Communications Inc.	-	-
ePDS, Inc.	-	-
	₱13,102	₱13,082

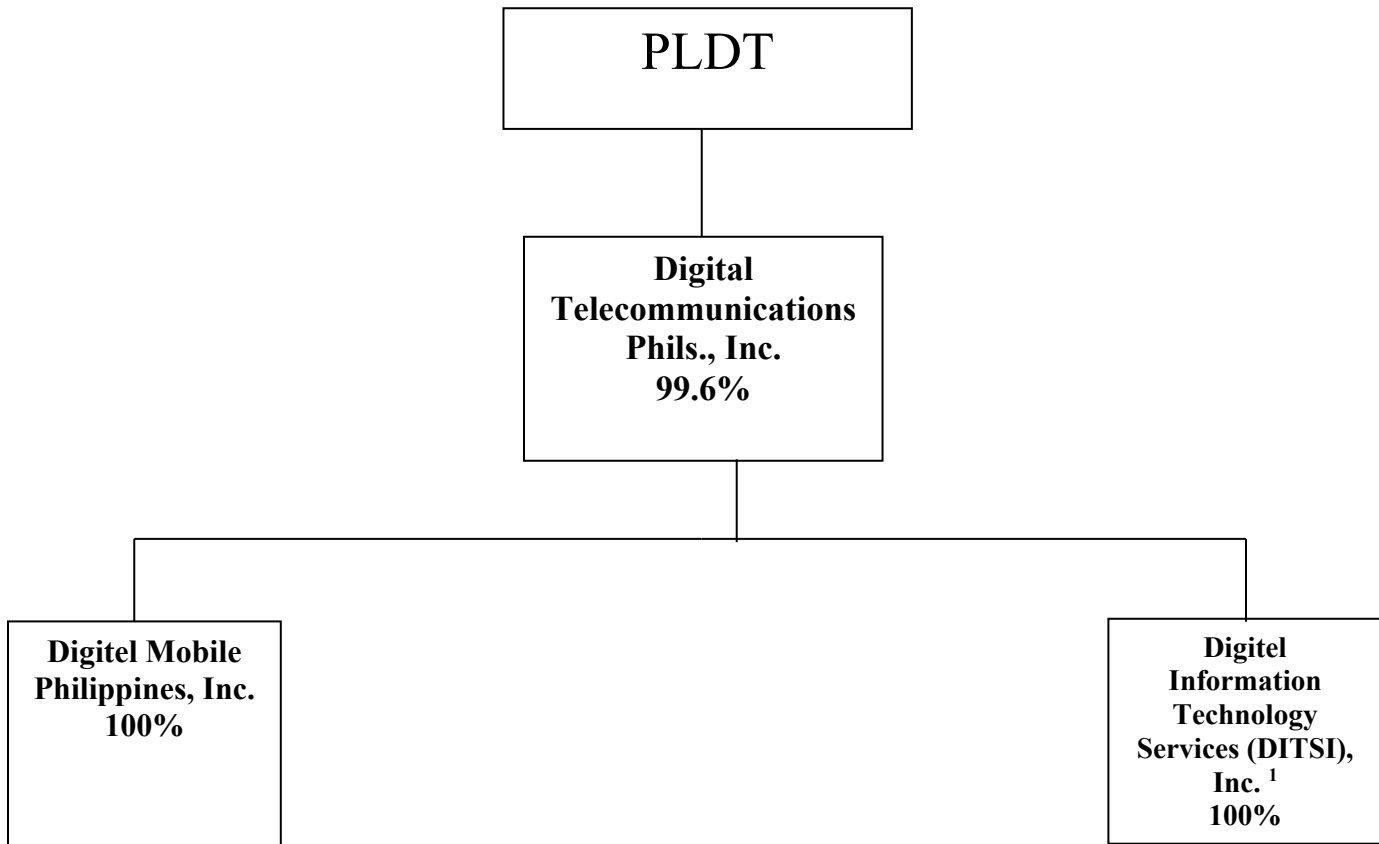
DIGITAL TELECOMMUNICATIONS PHILS., INC. AND SUBSIDIARIES
Schedule G. Capital Stock
December 31, 2025

Title of Issue	Number of Shares Authorized	Shares Issued and Outstanding	Number of Shares Held By		
			Related Parties	Directors, Officers and Employees	Others
			<i>(In millions)</i>		
Common Shares	29,500	26,142	26,043	–	99

DIGITAL TELECOMMUNICATIONS PHILS., INC. AND SUBSIDIARIES
Schedule H. Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2025

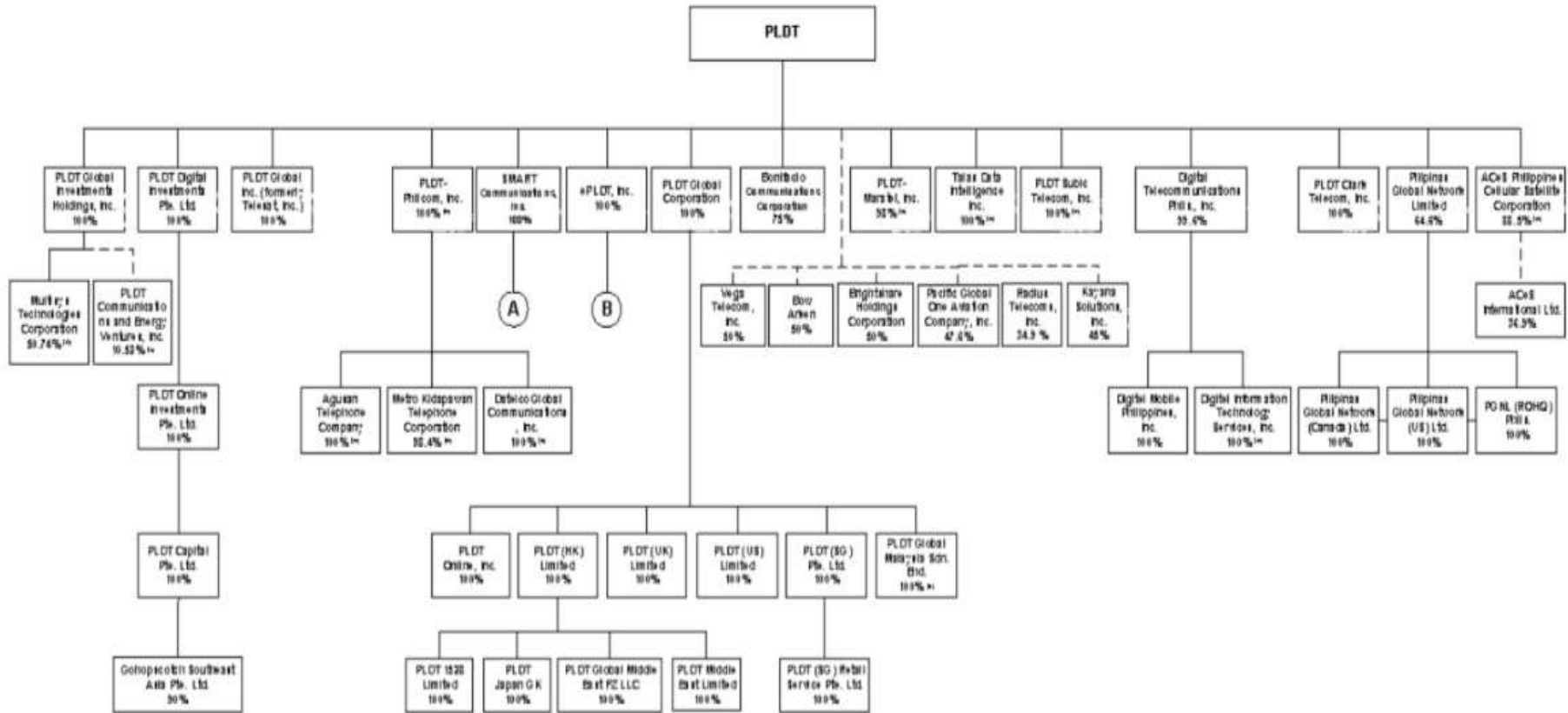
<u>Unappropriated Retained Earnings as at January 1, 2025</u>	<u>₱15,877</u>
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	–
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	–
<u>Unappropriated Retained Earnings, as adjusted</u>	<u>15,877</u>
Add: Net income for the current year	44
<u>Total Retained Earnings, end of the reporting period available for dividend</u>	<u>₱15,921</u>

DIGITAL TELECOMMUNICATIONS PHILS., INC. AND SUBSIDIARIES
Schedule I. Map of Relationships of the Companies within the Group
December 31, 2025



¹ On March 5, 2012, the BOD approved the closure of DITSI through the shortening of its corporate life until June 30, 2013.

**Map of Relationships of the Companies within the PLDT Group (Ultimate Parent)
December 31, 2025**



Legend

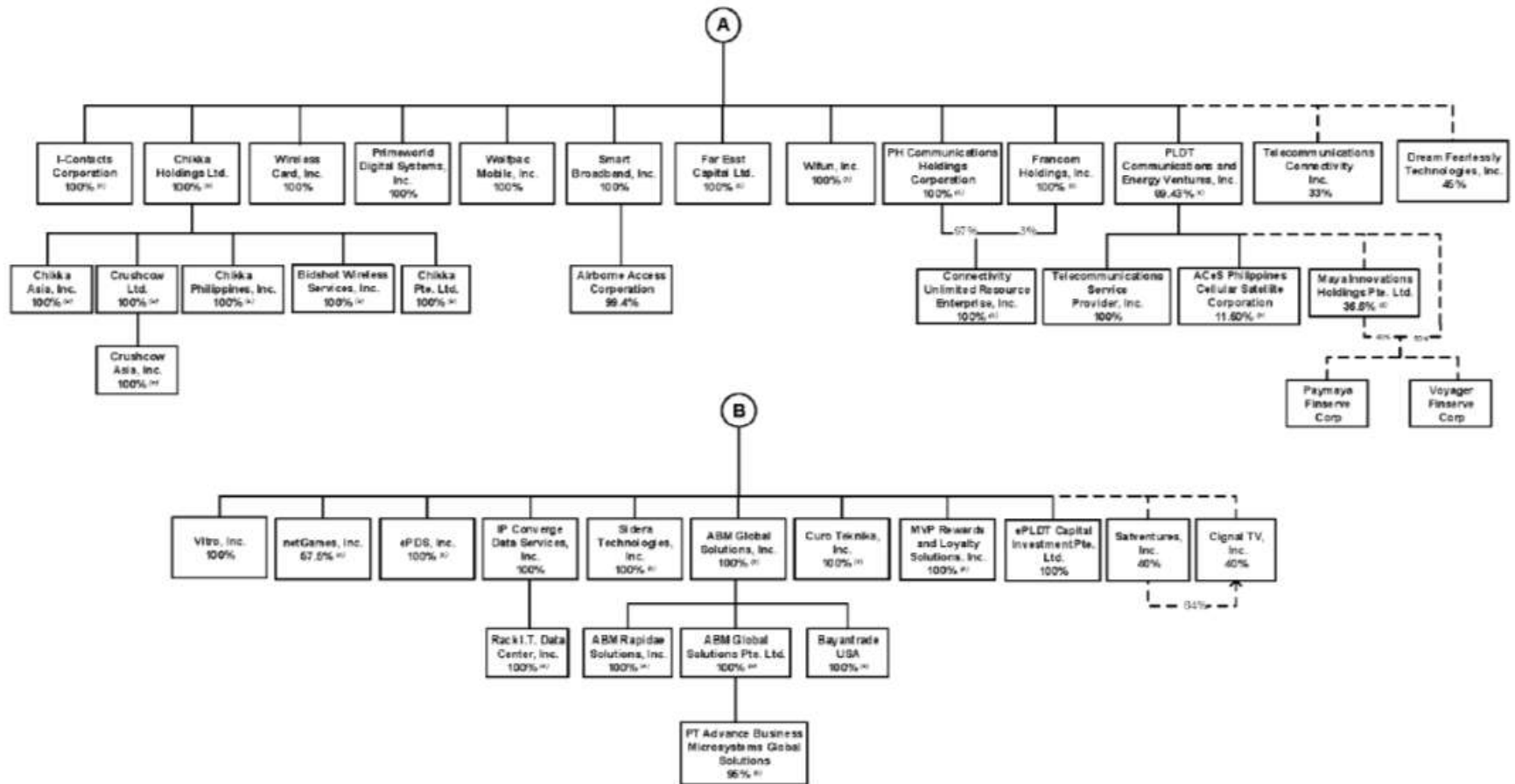
--- Joint Ventures and Associates

^(*) Ceased commercial operations.

^(**) On January 5, 2024 PLDT Global Investments Holdings, Inc. sold 227 common shares of Multi-Tech Corporation, thereby decreasing its ownership from 50.74 to 45.73. On April 2, 2025, PGCH entered into a share purchase agreement to buy 228 common shares thereby increasing its ownership from 45.73% to 50.74%.

^(***) On February 16, 2024 SEC has approved PLDT Communications and Energy Ventures, Inc.'s application for increase in capital stock between Smart Communications, Inc. and PLDT Global Investments Holdings, Inc. which decreases Smart's ownership interest to 89.43% and increase PGCH's ownership interest of 10.52%.

^(****) Dissolved on July 16, 2025.



Legend:

----- Joint Ventures and Associates

⁽¹⁾ Ceased commercial operations.

⁽²⁾ On February 16, 2024 SEC has approved PLDT Communications and Energy Ventures, Inc's application for increase in capital stock between Smart Communications, Inc and PLDT Global Investments Holding, Inc, which decreases Smart's ownership interest to 89.43% and increase PG&I's ownership interest of 10.52%.

⁽⁴⁾ On May 16, 2023, Accounting and Corporate Regulatory Authority (ACRA) Singapore approved the change in business name of Voyager Innovations Holdings Pte. Ltd. to Maya Innovations Holdings Pte. Ltd.

DIGITAL TELECOMMUNICATIONS PHILS., INC. AND SUBSIDIARIES
Schedule J. Financial Soundness Indicators
December 31, 2025 and 2024

	2025	2024
Current Ratio ⁽¹⁾	0.39:1.0	0.21:1.0
Net Cash to Equity Ratio ⁽²⁾	0.01:1.0	0.01:1.0
Asset to Equity Ratio ⁽³⁾	(1.14):1.0	(0.57):1.0
Interest Coverage Ratio ⁽⁴⁾	83.38:1.0	63.55:1.0
Profit Margin Ratio ⁽⁵⁾	45%	41%
Return on Assets ⁽⁶⁾	34%	46%
EBITDA Margin ⁽⁷⁾	56%	53%

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

⁽²⁾ Net cash to equity ratio is measured as total debt (long-term debt, including current portion and notes payable) less cash and cash equivalent and short-term investments divided by total equity.

⁽³⁾ Asset to equity ratio is measured as total assets divided by total equity.

⁽⁴⁾ Interest coverage ratio is measured by EBIT, or earnings before interest and taxes, divided by total financing cost

⁽⁵⁾ Profit margin ratio is derived by dividing net income with total revenues.

⁽⁶⁾ Return on assets is derived by dividing net income with total assets.

⁽⁷⁾ EBITDA margin is measured as EBITDA divided by service revenues. EBITDA is measured as net income excluding depreciation, financing cost, interest income, foreign exchange gains (losses) – net, provision for (benefit from) income tax and other income – net.

DIGITAL TELECOMMUNICATIONS PHILS., INC. AND SUBSIDIARIES
Schedule K. Supplementary Schedule of External Auditor-Fee Related Information
December 31, 2025 and 2024

	2025	2024
	<i>(In millions)</i>	
Total Audit Fees	P1.2	P1.2
Non audit service fees:	-	-
Other Assurance Services	-	-
Tax Services	-	-
All other services	-	-
Total Non-audit fees	-	-
Total Audit and Non-audit fees	P1.2	P1.2



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



The following document has been received:

Receiving: DONNA ENCARNADO

Receipt Date and Time: May 15, 2026 01:07:26 PM

Company Information

SEC Registration No.: 0000145111

Company Name: DIGITAL TELECOMMUNICATIONS PHILS., INC.

Industry Classification: D32400

Company Type: Stock Corporation

Document Information

Document ID: OST105152026811382685

Document Type: ANNUAL_REPORT

Document Code: SEC_Form_17-A

Period Covered: December 31, 2025

Submission Type: Original Filing

Remarks: WITH FS-C

Acceptance of this document is subject to review of forms and contents