PHILIPPINE TELEGRAPH AND TELEPHONE CORPORATION
(incorporated in the Republic of the Philippines)

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

The date of this Prospectus is 21 July 2021

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GLOSSARY

3rd Telco	3rd Major Player in the Philippine Telecommunications Market
BPO	Business Process Outsourcing
Company / PT&T	Philippine Telegraph and Telephone Corporation
CPCN	Certificate of Public Convenience and Necessity
CSAT	Customer Satisfaction
DIA	Direct Internet Access
Dito Telecom	Dito Telecommunity Corporation
DOLE	Department of Labor and Employment
FRIA	Republic Act No. 10142 (An Act Providing for the Rehabilitation or Liquidation of Financially Distressed Enterprises and Individuals
FRIA Rules	A.M. No. 12-12-11-SC (2013 Financial Rehabilitation Rules of Procedure)
FTTH	Fiber to the Home
FTTx	Fiber to the X
FWA	Fiber Wireless Access
GDP	Gross Domestic Product
HFC	Hybrid Fiber Coaxial
HMO	Health Maintenance Organizations
ICT	Information and Communications Technology
IPL	International Private Line
ISP	Internet Service Provider
IT	Information Technology
LEC	Local Exchange Carrier
LEO	Low Earth Orbit
LGU	Local Government Unit+
NCR	National Capital Region
NPS	Net Promoter Score
NTC	National Telecommunications Commission
P&C Office	People and Culture Office
POC	Proof of Concept
PSE	Philippine Stock Exchange
PT&T Franchise	Republic Act No. 10894 (An Act Extending to Another Twenty-Five (25) Years the Franchise Granted to the Philippine Telegraph and Telephone Corporation (PT&T), to Establish, Install, Maintain and Operate Wire and/or Wireless Telecommunications Systems, Lines, Circuits and Stations, Throughout the Philippines for Public Domestic and International Communications under Republic Act No. 4161, As Amended
R.A. No. 7925	Republic Act No. 7925 (An Act to Promote and Govern the Development of Philippine Telecommunications and the Delivery of Public Telecommunications Services
Serial Redeemable Preferred Shares	Series “A”, “B”, and “C” Serial Redeemable Preferred Shares
SME	Small and Medium Enterprises
VAS	Value Added Services
WISP	Wireless Internet Service Provider

SUMMARY OF THE BUSINESS

The following summary is qualified in its entirety by, and is subject to, the more detailed information presented in this Prospectus, including our audited financial statements and the notes thereto, appearing elsewhere in this Prospectus.

Overview

Philippine Telegraph and Telephone Corporation (PT&T or the Company) is one of the major telecommunications services provider in the Philippines since its founding in 1962. The Company caters to corporate, small/medium business, and residential segments across the country.

PT&T continues to specialize in adapting its services to the needs of its enterprise and institutional end users. At present, PT&T's business activities are categorized into two major businesses: Connectivity and IT Services.

Connectivity business is focused on providing broadband high-speed internet or dedicated internet access using fiber optic cables, with speeds reaching up to 1 Gbps. Wireless connectivity options also available.

Apart from telecommunications, PT&T has a broader goal not just providing connectivity requirements, but also becoming a full suite digital services provider. Through its IT Services business, the Company now provides a wide range of offerings under Connectivity, Security and Availability, and Information Technology Solutions segments.

Company's Vision and Mission

We are the leading digital service provider of world-class solutions that enable Filipinos everywhere – to enrich their lives, connect communities, and contribute to nation-building.

Connectivity Business

Since the new management took over in August 2017, PT&T has invested in and upgraded its network infrastructure to accelerate the growth of its broadband business. To improve growth in subscriber base, PT&T invested in ramping up sales and network personnel. As a result, from 2017 to 2020, there was a significant increase of 152% to 2,046 in subscriber count, and 187% to ₱438.7 million in revenues. In the first quarter of 2021, subscriber count increased to 2,080 translating to ₱99.9 million. Revenue growth slowed down compared to the same quarter last year at 4% due to the pandemic. The Company, however, expects continuous revenue growth due to the imperative need to bridge the technological gap of connectivity. The Company have expanded its network coverage to 14,000 poles equivalent to about 13,500 fiber kilometers from 9,000 kilometers three years ago. With access to an additional 46,000 poles via the Joint Pole Agreement, potential reach now runs to over 110,000 fiber kilometers. These extensive network assets are located in Metro Manila and Region IV-A, including the provinces of Cavite, Laguna, Batangas, and Rizal, considered as the country's highest growth areas that account for a combined 55% of the country's GDP and 40% of the total Philippine population. Hence, we see the need to initiate an immediate and massive expansion to address a still largely underserved demand in these core markets. More than its present operations base in Metro Manila and Region IV-A, however, PT&T remains to have regulatory franchise to operate data services across the Philippines. Along with PT&T's plans to build a nationwide fiber backbone, this allows PT&T to light up service presence in more areas in the future.

Despite the challenges of the pandemic, PT&T's subscriber base grew 15% in 2020, pushing its year-on-year revenue up 8% to ₱383 million. Revenue growth also slowed down compared to the same quarter last year at 4%. The Company, however, expects continuous revenue growth due to the imperative need to bridge the technological gap of connectivity.

While stringent lockdowns affected most SMEs as well as Micro SMEs, increased demand in connectivity to support work-from-home and online learning arrangements drove the Company's fixed broadband revenues to increase by 8%. A major growth driver is in Wholesale where PT&T supports the entry of new ISPs around the country targeting homes and small businesses especially in underserved areas. Moreover, its IT/Digital

Services business brought on a 6% revenue contribution, driven by several contracts closed in IT infrastructure and business application.

To date, PT&T sees a steady growth trajectory towards the end of 2021 as the country rolls out its vaccination program. It has meanwhile earmarked large capital expenditure projects to provide its customers with an improved network and quality of service.

Currently, PT&T has a network reach of 18,100 fiber kilometers in high-growth areas, with almost 40% coverage nationwide. It enters 2021 better equipped as a digital services provider while building a roadmap for recovery around the pillars of nation-building and customer-centricity.

Increasingly, the Company have found a niche in positioning itself as a second line or redundant link provider, even as the market remains competitive. And the Company believes there is further to go given our attractive price points, and especially as more enterprise accounts strengthen their network resiliency to ensure maximum uptime in their operations.

The year also saw strategic wins in the previously untapped large enterprise segment where connectivity was bundled with IT solutions. Working on saturating areas to improve port utilization geographically, we have been successful in closing numerous contracts with customers in the IT, Logistics, and Education industries. We began to offer IT services such as Microsoft 365, PT&T Cloud, eLearning, and other IT solutions to help businesses in their digital transformation journey.

Under the new management, PT&T has always focused on becoming a customer-centric brand in an industry where customer service is a common pain point. In line with this, we started conducting NPS and CSAT surveys for our service teams in end 2019.

As we look ahead into 2021, we started offering international connectivity services namely the IPL, and the premium DIA on top of existing domestic data services. Equipped with updated training and guidance, our account managers are ideally positioned to provide our customers with connectivity and IT solutions centered on exceptional customer experience.

Wholesale & Carrier Relations

PT&T has created in 2018 a Wholesale team to look after the needs of Cable Operators, Cooperatives, ISPs and VAS Resellers. From its kick-off in 2018, it has earned the Company a significant increase of 1,998% in 2019 and 1,076% in 2020. One of the largest contributors of this substantial surge are the WISPs. These are the clients who provide internet connection to their respective areas that utilize online learning, online business and Work-from-home arrangements which were embraced from a national standpoint when the pandemic surfaced towards the end of 2019. From 0% market share in 2019, PT&T now holds 8.5% of the WISP market share since 2020 and looking at 15% market share in 2021. The Wholesale team is looking at 510.81% of revenue growth in 2021 and optimistic to see progress within the next 10 years as these internet-dependent practices continue to develop locally and globally.

To improve network reach, PT&T also offers Fixed Wireless access solutions where fiber is not available. Moreover, with the efforts of the Carrier Relations team, we have collaborated and network-interfaced with other network service providers to utilize their last mile access facilities, be it fiber, wireless or satellite, for us to serve the Internet requirement of customers nationwide, thereby broadening the Company's capabilities to serve rural customers near or far.

We are also teaming up with strategic partners for domestic backbone expansion covering Luzon, Visayas and Mindanao as well as international presence in the Asia and in the US.

IT Services Business

In January 2019, PT&T formed the IT Services as a new Business Unit to offer services beyond connectivity and to attract new clients to serve the needs of an untapped market.

At the moment, PT&T is not just a provider of 100% Fiber Connectivity Solutions – the Company now provides integrated IT solutions which can empower its customers and their business such as security solutions, data center, infrastructure and cloud services and soon, mobile/web applications and data analytics.

The initial objective of IT Services is to support PT&T's growth strategy in growing the business for broadband and high-speed internet connectivity. Initial IT Services offerings focused on Email and Web Hosting Services to complement the Company's connectivity offerings and help PT&T grab share from its competitors. Security and network solutions bundled with connectivity were also launched to address the growing needs of PT&T's customers to protect their business with the end in mind to grow wallet share and ARPU.

Since then, PT&T have expanded its portfolio by building strategic partnerships with leading information technology providers in the market to provide hardware, software and services to PT&T's customers. The mission and vision of IT Services since then has evolved from providing simple value-added services to driving customer value and competitive differentiation by serving as a Trusted Advisor for technologies and architecture choices for PT&T's customers. The Company's goal is to lead with business and architectural services that pull through its commercial products on-premises/in the cloud, and leverage best of breed technologies in order to deliver repeatable business outcomes.

Risks

The risks that the investing public should take into consideration are classified into three main categories: (i) risks related to the Company's business, (ii) risks relating to the Philippines, and (iii) risks relating to the Company's corporate rehabilitation.

These three main categories are composed of the following risk factors:

a. Risks relating to the Company's business:

a.1. changes in law and regulation,
a.2. competition,
a.3. rollout and maintenance of network,
a.4. failure to adapt to constantly evolving technologies,
a.5. inability to acquire or retain clients,
a.6. increased operating costs,
a.7. inability to secure loans and financing at favorable or reasonable terms,
a.8. security breach piracy, hacking, and similar acts affecting the network,
a.9. exchange rate,
a.10. loss of key personnel,
a.11. labor disputes, and
a.12. legal and other proceedings.

b. Risks relating to the Philippines:

b.1. political instability,
b.2. peace and order situation,
b.3. territorial disputes, and
b.4. public health crisis and the economy.
c. Risks relating to the Company's corporate rehabilitation:
c.1. adverse decision of the Supreme Court,
c.2. compliance with foreign ownership limitation, and
c.3. failure to comply with the provisions of the Rehabilitation Plan.

The foregoing risks are further discussed in the Risk Factors portion of this Prospectus.

SUMMARY OF FINANCIAL INFORMATION

The following tables present the summary of financial information and should be read in conjunction with the independent auditor's reports and our financial statement, including the notes there, included elsewhere in this Form, and the section titles "Management's Discussion and Analysis of Financial Condition and Results of Operations." The summary financial information as of and for the years ended December 31, 2019 and 2020 were derived from our audited financial statements, which were prepared in accordance with PFRS and were audited by Alas Oplas & Co. in accordance with PSA. Furthermore, the summary financial information is not necessarily indicative of the results of future operations.

	Audited		Interim unaudited	
	For the years ended December 31,		For interim period ended March 31,	
	2019	2020	2020	2021
	in Philippine pesos[1]			
SUMMARY STATEMENTS OF INCOME (LOSS)				
Revenues	396,043,723	408,344,053	107,064,612	110,169,789
Other Income				
Rent	1,578,240	687,258	237,258	-
Other income	7,066,274	29,687,103	73,650	186,432
	8,644,514	30,374,361	107,375,519	110,356,221
Cost and Expenses				
Selling, general and administrative expenses	301,072,936	311,965,734	86,061,913	83,531,866
Depreciation and amortization	43,731,398	53,885,207	11,329,680	17,654,211
Interest expenses	42,930,558	40,027,393	6,829,421	7,129,888
Upstream internet connectivity	34,636,552	34,569,447	10,588,802	7,905,597
Cost of sales	31,768,838	21,807,105	8,142,637	7,690,240
Penalty and surcharge	77,318	3,989,457	25,520	5,169
	454,217,600	466,244,343	122,977,973	123,916,971
Loss Before Income Tax	(49,529,363)	(27,525,929)	(15,602,454)	(13,560,750)
Income Tax	(2,873,472)	(3,794,603)		-
Net Loss	(52,402,835)	(31,320,532)	(15,602,454)	(13,560,750)
Basic Loss per Share	(0.03)	(0.02)	(0.01)	(0.01)

SUMMARY STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	2019	2020	2020	2021
NET LOSS	(31,320,532)	(52,402,835)	(15,602,454)	(13,560,750)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss in subsequent periods				
Unrealized valuation gain (loss) on equity investments	60,192	(23,427)	-	-
Actuarial income (loss) on retirement benefits liability	2,583,951	(10,102,876)	-	-
	2,644,143	(10,126,303)	-	-
TOTAL COMPREHENSIVE LOSS	(28,676,389)	(62,529,138)	(15,602,454)	(13,560,750)

[1] Except for Basic Loss per Share.

SUMMARY STATEMENTS OF FINANCIAL POSITION

	Audited		Interim unaudited	
	For the years ended December 31,		For the period ended March 31	
	2019	2020	2020	2021
	in Philippine pesos		in Philippine pesos	
ASSETS				
Current Assets				
Cash	23,916,220	46,981,468	18,128,392	43,274,101
Receivables – net	73,685,408	60,499,438	67,497,841	56,932,560
Due from related parties	2,206,395	11,457,404	2,491,387	13,293,351
Other current assets	8,452,626	33,785,534	378,680,744	38,377,188
Non-current assets held for sale	378,680,744	368,594,244	11,394,251	368,594,244
Total Current Assets	**486,941,393**	**521,318,088**	**478,192,615**	**520,471,443**
Non-current Assets				
Land	–	–	–	–
Property and equipment at cost – net	156,422,917	151,010,894	152,341,329	152,830,941
Right-of-use assets – net	30,116,102	76,934,406	27,042,368	68,950,923
Investment properties at cost	225,708,208	212,100,808	225,708,208	204,957,808
Intangible assets at cost – net	–	2,343,583	–	2,224,833
Other non-current assets – net	42,718,611	48,726,539	41,637,343	61,851,772
Total Non-current Assets	**454,965,838**	**491,116,230**	**446,729,248**	**490,816,277**
TOTAL ASSETS	**941,907,231**	**1,012,434,318**	**924,921,863**	**1,011,287,720**
LIABILITIES AND CAPITAL DEFICIENCY				
Current Liabilities				
Trade and other payables	259,122,263	237,530,463	332,956,392	253,452,021
Statutory obligations	594,364,876	606,037,286	483,575,375	602,042,090
Accrued interests, expenses and other liabilities	245,106,464	270,680,964	293,186,624	270,035,451
Lease liabilities – current portion	11,223,922	26,901,555	7,699,561	21,152,584
Loans payable – current portion	667,583	1,214,441	363,238	952,150
Due to related parties	269,006,260	296,389,480	257,727,263	301,004,968
Income tax payable	9,257,523	9,257,523	9,257,523	9,257,523
Total Current Liabilities	**1,388,748,891**	**1,448,011,712**	**1,384,765,976**	**1,457,986,787**
Non-current Liabilities				
Lease liabilities – net of current portion	19,922,556	52,277,000	19,922,556	52,277,000
Loans payable – net of current portion	844,668	3,904,523	844,669	3,904,523
Deposit for subscription in accordance with the court-approved rehabilitation plan	130,000,000	130,000,000	130,000,000	130,000,000
Retirement benefits liability	133,313,602	136,707,747	135,913,602	139,146,823
Deferred tax liabilities	45,813,153	46,945,364	45,813,153	46,945,364
Total Non-current Liabilities	**329,893,979**	**369,834,634**	**332,493,980**	**372,273,710**
TOTAL LIABILITIES	**1,718,642,870**	**1,817,846,346**	**1,717,259,956**	**1,830,260,497**
Capital Deficiency				
Share capital	10,935,991,894	10,935,991,894	10,935,991,894	10,935,991,894
Revaluation surplus	102,102,000	102,102,000	102,102,000	102,102,000
Accumulated actuarial gain on retirement benefits	4,795,356	7,379,307	4,795,356	7,379,307
Unrealized valuation loss on equity investments	(330,372)	(270,180)	(330,372)	(270,180)
Deficit	(11,819,294,517)	(11,850,615,049)	(11,834,896,972)	(11,864,175,798)
Total Capital Deficiency	**(776,735,639)**	**(805,412,028)**	**(792,338,094)**	**(818,972,777)**
TOTAL LIABILITIES AND CAPITAL DEFICIENCY	**941,907,231**	**1,012,434,318**	**924,921,863**	**1,011,287,720**

RISK FACTORS

The risks discussed below does not purport to disclose all the risks and other significant aspects of investment in the Company. Additional risks and uncertainties not currently known to the Company may also materially and adversely affect its business, financial condition or results of operations. Current shareholders and potential investors are advised to conduct independent research before making any investment in the Company's securities. Investors may request publicly available information from the SEC or seek professional advice if the investor is uncertain of or has not understood any aspect of the Company's business, operations, or the risks involved in purchasing, holding, and trading of the Company's securities. Each investor should consult his or her own counsel, accountant, and other advisers as to the legal, tax, business, financial, and other related aspects before making any investment in the Company.

The risk factors discussed in this section are of equal importance and are separated into categories for ease of reference only. The order in which the risks are presented based on their importance and is not necessarily an indication or the likelihood of the risks actually materializing or of the scope of any potential harm to the Company's business, results of operations, financial condition and prospects.

RISKS RELATED TO THE COMPANY'S BUSINESS

Changes in law and regulation

The telecommunications business in the Philippines is highly regulated. The investing public shall expect changes in the rules and regulations issued by the government's primary regulatory authority, the NTC. The investing public shall also expect that changes in regulations can either be beneficial to the Company or might be adverse to the interest and operations of the Company bearing in mind that the NTC's primary objective is to protect the interest of the public.

Under R.A. 7925, an entity desiring to engage in public telecommunications business should first secure a congressional franchise. While the Company was able to secure the renewal of the PT&T Franchise last 2016 allowing it to operate until the year 2041, there is no assurance that the PT&T Franchise will be renewed upon its expiration. The investors should consider that the issuance or the renewal of a congressional franchise is subject to the sole and exclusive discretion of the Philippine Congress. As such, there is a possibility that the Company will not be able to renew its congressional franchise on the year 2041 and this will adversely affect the business and operations of the Company. In addition, the Philippine Congress has the authority to revoke the PT&T Franchise for any violation of the terms thereof and this risk should likewise be taken into consideration by the investors. To mitigate this risk, the Company shall commence the process in securing the renewal or extension of its congressional franchise at least four (4) years before its expiration. The Company is of the opinion that this is a reasonable period of time for the Company to be able to secure the extension or renewal of its congressional franchise. The Company is also of the opinion that the business initiatives that it will be implementing will lead to a successful business venture which will aid in convincing the Philippine Congress to extend or renew the congressional franchise of the Company.

Aside from the congressional franchise, the Company is also required to secure a CPCN from the NTC for it to be able to offer specific products and services to the public. The investor should consider the possibility that the NTC might not grant the CPCN applied for by the Company thereby affecting its business, product offerings, and operations. For instance, the NTC is tasked to assign various frequencies to telecommunications companies. Considering the limited number of frequencies, the NTC has the discretion to determine the manner of distributing the available frequencies to telecommunications companies. This might result to an inadequate frequency allocated to the Company which might adversely affect its products, services, operations, and finances. To mitigate this risk, the Company has already expanded the products under its IT Services business. The products and services under this business unit does not generally require the Company to first secure a CPCN from the NTC. What the Company is required to secure is a license to offer value-added services in addition to its existing license. The Company is of the opinion that securing a license for additional value-added services can be reasonably secured from the NTC since it is not entirely dependent on the use of frequencies.

While the Company has existing CPCNs, the investor should be made aware that the same might not be applicable to the existing and current technologies in the telecommunications industry which might constrain the Company to apply for a new CPCN to mitigate this risk. Moreover, the CPCNs issued to the Company may be revoked by the NTC, subject to due process requirements, for any violation committed by the Company which will naturally affect the Company's business and financial condition. To mitigate this risk, the Company will ensure that it will fully comply with the terms and conditions imposed in its CPCNs. Should there be allegations of non-compliance, the Company will actively participate in the administrative proceedings with the NTC and will vigorously oppose the cancellation of the CPCN or the imposition of any form of penalty against the Company.

Recently, the House of Representatives passed a bill that would effectively allow foreign entities to fully own and operate a telecommunications business in the Philippines. The bill is intended to remove the 40% limit on foreign ownership in telecommunications business. The bill is currently pending before the Philippine Senate and the same has been certified as urgent by the current administration. Should the proposed bill become a law, the investing public are advised that the same might affect the Philippine telecommunications industry since the entry of foreign companies might pose a formidable threat in terms of competition given their financial strength and resources. To mitigate this risk, the Company will consider entering into joint venture agreements and indefeasible right of use agreements with other telecommunications companies. These agreements will allow the Company immediately expand its network and area coverage including its subscriber and customer base in anticipation of the challenges that foreign telecommunications companies might bring into the Philippine market.

No assurance can be given that the regulatory environment in the Philippines will remain consistent or open. Current or future policies may affect the business and operations of the Company and the shareholders and potential investors are advised to foresee or consider the possible and potential changes in regulatory policies. To mitigate this risk, the Company is actively participating in public hearings and consultation conducted either by the Philippine Congress or NTC on proposed bills and circulars. Through its active participation, the Company will be made aware of the possible changes in the regulations and this would allow the Company to prepare and make the necessary changes in its operations before the changes take effect. In addition, the Company will be submitting a position paper either on its own or as part of telecommunications organization stating the reasons why it is opposing or supporting a particular circular or proposed legislation.

Competition

The shareholders and potential investors should be made aware that the Philippines' telecommunications industry is controlled and dominated by two companies: Globe Telecom, Inc. and Smart Communications, Inc. / PLDT Inc. Given the dominance of these two companies, the investing public should be mindful on the inherent risks in mounting a challenge on the dominance of these companies.

Last 2019, the NTC declared Dito Telecom as the country's 3rd Telco. Subsequently, the NTC granted in favor of Dito Telecom the CPCNs necessary for its operations. The potential investors should take into consideration the fact that Dito Telecom might be a formidable player and competitor in the future having been declared as the country's 3rd Telco.

To mitigate this risk, the Company shall: ensure to offer products and services that are attractively priced, offer new products and services based on customer needs, provide excellent customer service, secure contracts with large enterprise clients, maintain relationships with existing clients and develop new relationship with prospective clients, and to be aware of the competitors' products, pricings, offerings, and other promotional activities.

Rollout and maintenance of network

To conduct its business, the Company is required to roll out its network to provide various products and services to the public. Depending on the location and purpose, the rollout of network involves excavation works, erecting towers or poles, attaching cables to towers or poles, and other similar activities. For the Company to be able to perform or complete the rollout, permits and licenses from various government agencies including LGUs are required to be secured. There is a risk that securing the required permits and licenses will be delayed which will consequently delay the Company's network rollout.

Public health crisis and natural calamities can likewise affect the rollout and maintenance of networks. The current pandemic proved that any planned rollout and maintenance activities on the network can be greatly hampered as a result of the imposition of different quarantine restrictions. The same situation can be expected in cases of natural calamities especially in areas where major infrastructures are damaged.

Once the rollout is complete, the Company will also be facing challenges in the maintenance and repair of its network due to wear and tear or due to adverse weather conditions. Depending on the maintenance work to be done, permits and licenses may be required by the LGUs or other government agencies and the processing and approval of which might be delayed thereby delaying the commencement and completion of maintenance works.

Any of the foregoing risks could materially and adversely affect the Company's business, operations, financial condition, and prospects.

To mitigate these risks, the Company will ensure that all applications for permits to be filed with the LGUs are complete so as not to encounter any delay. Immediate response to clarifications of the LGUs is likewise imperative to prevent any delay. The Company will likewise avail of the benefits and privileges granted under Republic Act No. 11494 or Bayanihan to Recover as One Act to ensure fast and immediate rollout of its network. For the maintenance of its network, the Company has sufficient number of capable personnel in its engineering and technical group that can be deployed immediately for the purpose of conducting repair and maintenance work. The Company can also avail the services of third-party contractors to conduct the repair and maintenance activities should the same be necessary under the circumstances.

Failure to adapt to constantly evolving technologies

Telecommunications business is a capital-intensive business which usually requires substantial amount of capital to enable it to offer the latest technological products and services. The possibility that the Company shall incur losses should it fail to immediately adapt to the changes in technology is present and should be recognized by the investing public.

To mitigate these risks, the Company shall constantly monitor, anticipate, and react to changes in technology and in customer preferences. The Company will react in a timely manner to adapt to such changes thereby reducing or eliminating entirely the occurrence of the risk. The Company will also upgrade its network to adapt to changes in technology which could increase the Company's capital expenditure and operating costs. While this activity is necessary, it will also materially affect the Company's financial condition.

Inability to acquire or retain clients

The success of the Company's business is primarily based on its ability to acquire or retain clients who are willing to pay for the products and services of the Company. Failure of the Company to acquire or retain the existing clients will have an adverse impact on the Company's operations and financial position. To mitigate this risk, the Company will offer products and services at competitive prices, customize products and services to address the specific needs of a client, develop new products and services, monitor and develop relationships with corporate clients through the Company's relationship managers, and provide customer service that exceeds clients' expectations.

While the Company can implement various strategies to acquire or retain clients, client retention is likewise dependent on the ability of the clients themselves to maintain their business and operations. Thus, the closure or cessation of a client's business, while not the fault of the Company, will ultimately affect the Company's business, operations, and financial position.

Increased operating costs

Currently, the primary product being offered by the Company is broadband or internet service. To provide this service, the Company will transmit data through network lines leased by the Company from domestic and international third parties including electricity providers and other connectivity operators. For the Company to expand, it may rely on third-party bandwidth and lease lines domestically to offer broadband services in areas that are not within the reach of the Company's network.

Any increase in bandwidth and leased line costs or the inability of the Company to lease lines to access certain areas could possibly reduce the revenues and could materially and adversely affect the business and results of operations.

To mitigate this risk, the Company will enter into swap or reciprocal agreements with other telecommunications companies. Through these arrangements, the Company will be able to secure bandwidth and leased lines at reasonable rate thereby reducing operating costs and maintaining the cost of the products and services being offered to clients and subscribers.

Inability to secure loans and financing at favorable or reasonable terms

Telecommunications business is a capital-intensive business. As such, the Company should be able to secure loans to fund the needed expansion, restoration, or maintenance of the Company's network. If the Company will not be able to secure loans and financing under favorable or reasonable terms, the Company may be required to delay capital expenditures, monetize certain assets, restructure indebtedness, and forego capital-intensive opportunities which could adversely affect the Company's business and financial position. The Company's ability to arrange for and obtain financing will depend on numerous factors including interest rates and costs related to such financing, general economic and capital markets conditions, credit availability from banks or other lenders, investor confidence, and political and economic conditions in the Philippines.

If the Company will be able to secure the necessary loans and financing, there is no assurance that the Company will generate sufficient cash flows from operations to pay its debt when due or to fund the Company's other capital requirements or any operating losses. No assurance can be provided that the Company would be able to accomplish these alternatives on a timely basis or on satisfactory terms. Any failure to raise funds to make planned capital expenditures or meet working capital requirements on satisfactory terms, or at all, may have a material adverse effect on the business, results of operations, financial condition and prospects.

If the Company's future cash flows from operations and other capital resources are insufficient to pay its obligations or to fund its liquidity needs, the Company may be forced to reduce or delay business activities, sell assets, obtain additional debt or equity capital, restructure, or refinance all or part of the Company's debt on or before maturity, or forego opportunities such as acquisitions of other businesses.

To mitigate these risks, the Company may pursue any or a combination of the foregoing activities to raise the needed funds: disposition of some of the Company's assets, obtain additional equity or capitalization, and restructure or refinance existing debts. These mitigating actions are not exclusive and the Company may pursue other activities as may be deemed necessary.

Security breach, piracy, hacking, and similar acts affecting the network

While the Company will deploy various security measures, its network may still be vulnerable to physical, remote, or electronic break-ins, hacking, and other similar problems. Failure of the Company's security measures to prevent these problems could affect its image and reputation as an internet and broadband provider which might result to clients' loss of trust and confidence. This might ultimately result to loss of clients which would materially affect the Company's business and financial condition. To mitigate this risk, the Company will continuously improve the defenses of its network and other facilities from various vulnerabilities through the installation of the necessary software or installation of equipment designed to prevent hackings, electronic break-ins and other similar acts.

Exchange Rate

Fluctuations in the exchange rates between the Philippine Peso and any foreign currency will affect the price of the Company's securities especially those listed and traded with the PSE and the Philippine Peso proceeds received by investors in the sale of securities. Fluctuations of exchange rates will also affect the Philippine

Peso value of the Company's assets and liabilities. To mitigate this risk, the Company will refrain, as far as practicable, from entering into transactions whose payments are denominated in foreign currency.

Loss of key personnel

Any loss of key personnel, inability to replace such personnel, and failure to train replacement personnel could materially and adversely affect the ability of the Company to provide products and services to its clients. Continued resignation of trained personnel could also result in the Company incurring additional expenses in hiring and training replacement personnel in a competitive job market and it may take time for these new personnel to reach the level of technical skill and expertise of the personnel being replaced. In addition, the Company will continue to rely on the continued individual and collective contributions of its senior management team. If any key personnel are unable or unwilling to continue in their present positions, the Company may not be able to replace them easily and its business may be significantly disrupted. Any of the foregoing could have a material adverse effect on the business and financial condition of the Company.

To mitigate this risk, the Company shall ensure that the compensation and other benefits it provides to its personnel are at par or better than the industry standard. Aside from offering competitive salary and benefits, the Company will continue to provide training and other career enhancement activities to ensure retention of key personnel.

Labor disputes

While the Company will endeavor to maintain a good relationship with its employees, there is no guarantee that the Company will not experience disruptions in its operations due to labor disputes or other employee related issues. These kinds of disputes and issues can materially and adversely affect the Company's operations and financial condition. To mitigate these risks, the Company shall ensure compliance to all legally mandated employment standards and maintain an open communication between the employees and the Company's People and Culture Office.

In the course of its operations, the Company may also be engaging the services of independent contractors. It is also a possibility that the Company may be involved in a labor dispute between the independent contractor and its own employees. To mitigate this risk, the Company shall ensure that the independent contractors it will be engaging are duly registered with DOLE to avoid the risk of being accused of engaging in "labor-only contracting" scheme. Despite these precautions, the Company may still be as party in a labor case or dispute against the independent contractors.

Legal and other proceedings

The Company may, from time to time, be involved in disputes with various parties in the operations of its businesses, including those relating to commercial or contractual matters and may be subject to investigations by regulatory and administrative bodies. Regardless of the outcome, these disputes and investigations may lead to legal or other proceedings and may result in substantial costs and the diversion of resources and management's attention. See the Legal Proceedings section for a more detailed discussion on the legal proceedings involving the Company.

To mitigate these risks, the Company has been implementing a policy of requiring its business units to ask the Company's Legal Department to review contracts, agreements, and other proposed transactions to make sure that these are in accordance with law and that the interest of the Company are protected.

RISKS RELATING TO THE PHILIPPINES

Political instability

The Philippines has experienced political, social, and military instability in the past 40 years. In February 1986, an uprising ended the 21-year rule of President Ferdinand Marcos and installed Corazon Aquino as President of the Philippines. During Corazon Aquino's presidency, she was threatened with various coup attempts which resulted to the death of several civilians and soldiers and destruction to property.

Joseph Estrada's term as President from 1998 to 2001 was marred with allegations of corruption. These allegations resulted to mass protests which eventually led to his ouster. His successor, Gloria Macapagal-Arroyo, was likewise accused of being involved in corruption and these accusations resulted to the filing of various impeachment complaints against her. The more serious political issue that transpired during Gloria Macapagal-Arroyo's presidency was the allegation that she was involved in the manipulation of the results of the 2004 Philippine Presidential Election. An electoral protest was filed against her but the same was eventually dismissed because of the death of her rival and defeated presidential candidate Fernando Poe, Jr. Her presidency was marred with various protests led by different cause-oriented groups calling for her resignation.

For the current administration, there were reports that there are individuals who are planning to overthrow the incumbent President, Rodrigo Duterte (Pres. Duterte). These kinds of reports might cause adverse effects on the political and economic stability of the Philippines. The allegations that the current administration has a hand on the deaths of several individuals allegedly involved in illegal drug trade should also be considered as a factor that might affect the economy of the Philippines. In fact, a case has been filed against Pres. Duterte before the International Criminal Court regarding these allegations.

The Philippine judiciary was likewise involved in several controversies the past few years. The most prominent of these controverses are the removal of two Supreme Court Chief Justice, Renato Corona and his successor, Maria Lourdes Sereno.

The Company cannot assure that the political environment in the Philippines will always be stable. Any future political instability should be considered by the investor insofar as its possible impact in the business and operations of the Company.

Peace and order situation

The two main factors adversely affecting the peace and order situation in the Philippines are: (a) the armed insurgency being waged by the Communist Party of the Philippines / New People's Army and (b) the presence of armed terrorist groups in Mindanao.

Continued armed conflicts between the government forces and these two groups could lead to injuries, deaths, and possible destruction of several key infrastructure. These events including an increase in the frequency, severity or geographic reach of terrorist acts or violent crimes could possibly destabilize parts of the country and adversely affect the country's economy.

For example, in May 2017 the city of Marawi was assaulted by the Maute Group a terrorist group who pledged allegiance to the Islamic State of Iraq and Syria. To prevent the clashes between the Armed Forces of the Philippines and the Maute Group from spilling over to other parts of Mindanao, martial law was declared in the entire island of Mindanao, Philippines. In October 2017, the city of Marawi was declared liberated from the terrorists but the Philippine Congress extended the imposition of martial law in Mindanao until the end of 2019 citing persistent threats of terrorism and rebellion and to ensure the total eradication of ISIS-inspired terrorists in the country. While the martial law in Mindanao was lifted on January 1, 2020, certain areas in Mindanao remain under a state of emergency and law enforcement groups are in heightened security as a measure against potential terror threats.

Any increase in the frequency, severity or geographic reach of these terrorist acts could destabilize the Philippines, and adversely affect the country's economy. These armed conflict and terror attacks could lead to further injuries or deaths by civilians and members of the military, which could destabilize parts of the country and adversely affect the country's economy.

Territorial disputes

Competing and overlapping territorial claims by the Philippines, China, and several Southeast Asian nations over certain islands and features in the West Philippine Sea have been a source of tension and conflicts. China claims historic rights to nearly all of the West Philippine Sea based on its so-called "nine-dash line" and in recent years dramatically expanded its military presence in the area. This has raised tensions in the region among the claimant countries. In 2013, the Philippines became the first country to file a case before the

Permanent Court of Arbitration to legally challenge claims of China in the West Philippine Sea. The filing of the case was intended to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea. In July 2016, the tribunal rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea and that the "nine-dash line" claim of China is invalid. The Philippine government, under Pres. Duterte's administration, has taken action to de-escalate tensions concerning the territorial dispute with China. There is no guarantee that the territorial dispute between the Philippines and other countries, including China, would end or that any existing tension will not escalate further since China has taken steps to exercise control over the disputed territory.

In such event, the Philippine economy may be disrupted and its business and financial standing may be adversely affected. Any deterioration in the Philippine economy will have a material and adverse effect on the business and financial condition of the Company.

Public health crisis and the economy

Recent events show that an outbreak of a disease like COVID-19 could trigger a public health crisis which will adversely affect the economic activity in the Philippines. As a result of the pandemic, the government imposed various quarantine restrictions which affected the movement of people and the Company's ability to conduct maintenance and installation works thereby affecting its business and operations.

Aside from the adverse in its operations, the COVID-19 pandemic likewise constrained the Company to incur additional operating expenses on personal protective equipment to its employees and compliance with the minimum health standards imposed in a workplace. To ensure that its operations will not be halted during a health crisis, the Company implemented different work arrangements for its employees. This work arrangements ensured that the operations of the Company will continue even if its employees are not physically reporting in the office. In fact, even before the COVID-19 pandemic affected the Philippines the Company already has work-from-anywhere program allowing some of its employees to avail of different working arrangement subject to compliance of certain conditions. The COVID-19 pandemic simply enhanced the coverage and increased the number of employees availing of this work-from-anywhere program.

RISKS RELATING TO THE COMPANY'S CORPORATE REHABILITATION

Brief overview of the Company's rehabilitation proceedings

In 1998, the Company anticipated its inability to settle its maturing obligations. This was caused by several factors including: (i) the decline of the Philippine peso, (ii) increasing competitive pressure among industry players, (iii) market and technology changes involving short messaging services (text messaging), and (iv) deregulation in the telecommunications industry. The Company thereafter restructured a substantial portion of its outstanding obligations with various creditor banks and suppliers.

Unfortunately, the Company still failed to comply with its obligations under its restructured debts. On 20 August 2009, the Company together with four (4) other companies filed a Petition for Corporate Rehabilitation and Suspension of Payments. On 24 August 2009, the Rehabilitation Court appointed a Rehabilitation Receiver and issued a Stay Order.

On 01 April 2011, the Rehabilitation Court issued an immediately executory Order approving the Company's Rehabilitation Plan. One of the primary directives of the Rehabilitation Plan is for the Company to increase its authorized capital stock to accommodate the conversion to equity of its debts amounting to almost ₱8,800,000,000.00.

Subsequently, a group of creditors filed before the Court of Appeals a petition assailing the approval by the Rehabilitation Court of the Company's Rehabilitation Plan. On 19 May 2017, the Court of Appeals rendered a decision reversing and setting aside the approval of the Company's Rehabilitation Plan. The Company filed a Motion for Reconsideration but the same was denied by the Court of Appeals on 11 October 2017.

On 04 December 2017, the Company filed Petition for Review before the Supreme Court assailing the decision of the Court of Appeals. The Company's appeal with the Supreme Court seeks to reverse the decision of the Court of Appeals and secure a favorable decision affirming the approval by the Rehabilitation Court of the

Company's Rehabilitation Plan. The case is still pending with the Supreme Court as of the date of this Prospectus.

The conversion of debts to equity

Under its Rehabilitation Plan, the Company is required to convert its debts to equity amounting to almost ₱8,800,000,000.00. The said debts will be converted to equity through the issuance by the Company of Serial Redeemable Preferred Shares to its creditors. Once the Serial Redeemable Preferred Shares are issued to the creditors, their claims against the Company are deemed paid subject to the condition that the said shares are redeemed by the Company within a period of 12 years from their issuance.

To implement the debt-to-equity conversion mandated under its Rehabilitation Plan, the Company increased its authorized capital stock from ₱3,800,000,000.00 to ₱15,600,000,000.00. The increase was approved by the SEC last 31 October 2018 subject to the condition that the Company will submit the Deeds of Assignment signed by its creditors. The submission of this document forms part of the requirement imposed by the SEC in approving transactions involving debt-to-equity conversion.

Considering the number of years that elapsed from the time the debts to be converted to equity were incurred, the Company encountered difficulties in securing the Deeds of Assignment from the creditors. Consequently, the Company requested the SEC last 24 February 2021 to reverse the increase of its authorized capital stock which was conditionally approved last 31 October 2018. In an Order dated 27 April 2021, the SEC approved the request of the Company to reverse the previously approved increase in its authorized capital stock. This means that the authorized capital stock of the Company will be reduced from ₱15,600,000,000.00 to ₱3,800,000,000.00.

The risks involved

The risks involving the Company's rehabilitation are: (i) an adverse decision of the Supreme Court, (ii) compliance with foreign ownership limitation, and (iii) failure of the Company to comply with the provisions of its Rehabilitation Plan.

Adverse decision of the Supreme Court

An adverse decision from the Supreme Court would mean that the Company's Rehabilitation Plan will be set aside and the Company will be required to settle its obligations monetarily and not through debt-to-equity conversion. This will materially and adversely affect the financial condition of the Company considering that the amount of the Company's debts is far greater than the assets and the revenues currently generated by the Company. In addition, the mortgaged properties of the Company may also be foreclosed by the creditors and this will have an adverse effect on the Company's business, operations, and financial condition.

The Company is of the opinion that only procedural issues are raised against the validity of its Rehabilitation Plan and the said issues can easily be set aside by the courts. The Company is likewise of the opinion that the implementation of the objective behind the enactment of the FRIA which is to aid financially distressed corporations should be the primordial concern and not the procedural issues especially in cases where none of the rights of any party were prejudiced. The purpose of corporate rehabilitation is to give a financially distressed corporation a fresh start for it to recover for the benefit of all its stakeholders. The policy of the law is to rehabilitate and not to liquidate because the latter case will always be prejudicial to all stakeholders because the assets of a distressed corporation are always insufficient to settle its liabilities.

If PT&T is to consider the objective behind corporate rehabilitation and the financial recovery achieved by the Company from the time the new ownership and management team took over last August 2017 up to the present, the Company is of the opinion that the validity of its Rehabilitation Plan will be upheld by the Supreme Court.

In the event that the decision of the Supreme Court is adverse to the Company, there are legal remedies available to the Company. One of which is to initiate another rehabilitation proceeding and secure a Stay Order and Commencement Order from the court. The Stay Order and Commencement Order will practically preserve the assets and properties of the Company while the new rehabilitation proceeding is being undertaken. This will mean that the Company can and will continue to operate despite the pendency of the new rehabilitation proceeding which is similar to the current situation of the Company. While there is a remote possibility that the decision of the Supreme Court will be adverse, the same will not necessarily result to the cessation of the Company's business and operation.

Compliance with foreign ownership limitation

As a public utility, the foreign ownership in the Company is limited to 40%. As previously mentioned, part of the mandate of the Company's Rehabilitation Plan is to convert its debts to equity through a debt-to-equity conversion payment scheme. However, if this payment scheme is implemented in full the foreign ownership in the Company will exceed the 40% limit set forth by the Constitution.

To mitigate this risk, the Company will be filing an appropriate motion with the Rehabilitation Court to reduce the claims of the foreign creditors. This will result to the following: (1) the reduction of the number of shares to be issued to the foreign creditors, and (2) reducing the percentage of foreign ownership in the Company in such a level that would comply with the constitutional limit.

The Company is of the opinion that this is legally feasible considering that Secs. 4 (ii) and 62 (f) of FRIA expressly allows various means by which the debtor's financial viability can be restored including, but not limited to, debt forgiveness, debt rescheduling, reorganization or quasi-reorganization, *dacion en pago*, debt-equity conversion and sale of business.

Failure to comply with the provisions of the Rehabilitation Plan

The Company has until April 2025 within which to comply with the provisions of its Rehabilitation Plan which includes the conversion of debts to equity and the payment of statutory obligations. Given the recovery achieved by the Company financially and operationally, the Company is of the opinion that it has enough time to comply with all the provisions of the Rehabilitation Plan by April 2025 particularly the payment of statutory obligations.

With regard to the implementation of the debt-to-equity conversion payment scheme, the Company is of the opinion that the continuous improvement and increase of its revenues will convince the creditors to execute the Deed of Assignment and accept the Serial Redeemable Preferred Shares for they will be shareholders in a profitable and fast recovering company.

Should the issue on the submission of Deeds of Assignment subsist, the Company may consider alternative remedies to address the same. One remedy that the Company may consider is to file an appropriate motion with the Rehabilitation Court seeking exemption on the submission of Deeds of Assignment. Another remedy that the Company may avail is to seek the Rehabilitation Court's approval allowing another entity or one of the Company's principal shareholder to execute the Deed of Assignment on behalf of the creditors applying the principle of *negotiorum gestio* under the Civil Code. These legal remedies are not exclusive and the Company may avail of other remedies as may be appropriate at the prevailing circumstances and conditions.

In the remote possibility that the Company will anticipate that it will not be able to comply with some or all the provisions of its Rehabilitation Plan on or before April 2025, the Company is not precluded from asking the Rehabilitation Court to amend the Rehabilitation Plan under Section 72 of the FRIA Rules. The amendment in this instance will be for the purpose of extending or securing additional period to fully comply with the provisions of the Rehabilitation Plan. Considering the development and the success that the Company have achieved by that time, the Company is of the opinion that it will be able to secure an approval for an additional period to complete the terms of its Rehabilitation Plan. In such eventuality, the Company is not precluded from operating its business while it is seeking the amendment of its Rehabilitation Plan. The Company will continue to offer to the public technological products and services while the request for an additional period is being resolved by the Rehabilitation Court.

BUSINESS

Overview

PT&T is one of the major telecommunications service providers in the Philippines since its founding in 1962. The Company caters to corporate, small/medium business, and residential segments across the country.

The Company was incorporated on 14 November 1962 under the laws of the Philippines as a diversified telecommunications entity catering to corporate, small and medium business and residential segments. In a Special Stockholders' Meeting conducted last 19 October 2012, the stockholders approved to amend the Company's Articles of Incorporation to extend the corporate term of the Company for another 50 years or until 14 November 2062. The amendment was approved by the SEC on 26 November 2012. The Company's principal office address is at Spirit of Communications Center, 106 C. Palanca Street, Legaspi Village, Makati City.

On 20 June 1964, the Company was granted a 25-year national legislative franchise under Republic Act No. 4161, as amended, allowing the Company to establish, install, maintain, and operate wire and/or wireless telecommunications systems, lines, circuits, and stations throughout the Philippines for public domestic and international communications and to provide domestic record communications services consisting of telex, telegraph, and private leased circuits. On 15 November 1990, the PT&T Franchise was extended for another 25 years pursuant to Republic Act No. 6970. On 21 July 2016, the PT&T Franchise was again extended for another 25 years under Republic Act No. 10894 allowing the Company to operate as a telecommunications Company until the year 2041.

The Company has various CPCNs granted by the NTC for the conduct of its telecommunications activities. These CPCNs allow the Company to provide data communications services, implement its expansion and improvement programs covering installation, operation and maintenance of an integrated digital network in the NCR and to install, operate and maintain a national packet data network with the accompanying authority to charge rates for said services.

Aside from NTC-authorized services, the Company was granted a CPCN that enable it to participate in the government's liberalization of telecommunications industry as mandated under Executive Order No. 109. Under Executive Order No. 109 the Company was designated as an LEC operator and was granted Region IV-A comprising the provinces of Aurora, Laguna, Marinduque, Quezon, Rizal, and Romblon as its primary area of operations for its LEC services. The Company was also granted a CPCN to establish, operate and maintain international gateway facilities to or from foreign countries.

In 2008, the Company adopted to the changes in technology and shifted its products and services to offer broadband data services, fixed wireless services, Point to Point and Point to Multipoint Wireless Communications Services and Network Operations Center using the same LEC Network.

The Company is also an NTC registered provider of VAS. As a VAS provider, the Company offers internet access service, virtual private network, electronic mail (e-mail), messaging services, web hosting, electronic commerce, firewall service and e-learning. The VAS registration of the Company is valid from 06 September 2013 until 05 September 2022.

In response to recent economic events and financial issues, the Company reviewed its businesses with the objective of optimizing revenues, reducing expenses and improving service quality. The Company's medium-term strategy now focuses on the emerging internet era with its offering of broadband internet access and other VAS to e-business providers.

The Company is currently focused on broadband internet access services as a result of rapid growth of wireless/mobile systems and the rise of broadband internet demand. As such, the Company's main source of revenue is broadband internet access services. The Company offers dedicated or shared internet access service, via fiber or wireless and operates a 10+ Gbps broadband network across the NCR, and Regions III and IV catering to corporate, business and residential customers.

The Company's rehabilitation proceedings

On 20 August 2009, the Company together with four (4) other companies filed a Petition for Corporate Rehabilitation and Suspension of Payments. On 24 August 2009, the Rehabilitation Court appointed a Rehabilitation Receiver and issued a Stay Order.

On 01 April 2011, the Rehabilitation Court issued an immediately executory Order approving the Company's Rehabilitation Plan. The salient provisions of the Company's Rehabilitation Plan are as follows:

1. The rehabilitation period shall be consisting of a 2-year moratorium and 12-year debt payment period;

2. Waiver of any and all interest, penalties and surcharges on all obligations of the Company to all claimants listed in the Rehabilitation Plan except the legal interest of 6% from the approval of the plan until the full payment of the obligation;

3. Each of the petitioners to: (i) immediately settle, out of the proceeds of the liberated escrow account pursuant to the Rehab Court's orders dated 03 September 2010 and 20 October 2010, the petitioners' obligations to the SSS in accordance with the SSS Condonation Law of 2009 and SSS Circular No. 2010-2004 for delinquent premium contributions and SSS Circular No. 2010-2005 for delinquent loan amortizations, including, but not limited to, delinquent employees compensation contributions through the SSS; (ii) immediately settle out of the proceeds from the recovery of any advances and deposits or garnished/levied assets and the proceeds of the sale of the petitioners' other assets pursuant to the pertinent orders issued by the courts, all unpaid wages, salaries and benefits inclusive of whatever amount have been deducted from said wages and salaries which the petitioners have not remitted to the appropriate contractual entity such as, but not limited to, the SSS and the Pag-Ibig Fund, of all existing and resigned/retired or separated employees, pursuant to law and to respective petitioners' employment policies including, but not limited to, collective bargaining agreements; and (iii) to immediately settle out of the proceeds from the recovery of any advances and deposits or garnished/levied assets and the proceeds of the sale of the sale of the petitioners' other assets pursuant to the pertinent orders issued by the Rehab Court, all unpaid retirement/separation pay for the retired or separated employees, pursuant to law and to the respective petitioners' employment policies including, but not limited to, collective bargaining agreement;

4. The petitioners to avail, whenever necessary, financing and advances from owners to finance their working capital requirements prior to the entry of the new investor, which financing and advances from owners shall be payable/repaid out of the new money to be infused by the new investor;

5. The full conversion of all outstanding liabilities into 12-year serial redeemable preferred shares except for statutory obligations, financing and advances from owners and certain liabilities in the nature of suppliers' credits, and that the corresponding amount will be lodged in the petitioner's books as "Deposit for Subscription" pending approval by the SEC of the increase in authorized capital stock;

6. The Company, from receipt thereof, to amend its articles of incorporation increasing its authorized capital stock from ₱3,800,000,000 (consisting of 1,500,000,000 common shares at ₱1.00 par value and 230,000,000 serial cumulative convertible redeemable preferred shares at ₱10.00 par value) to ₱10,187,150,000 (consisting of 1,387,150,000 common shares at ₱1.00 par value and 7,500,000 serial cumulative convertible preferred shares at ₱10.00 par value and 8,800,000,000 serial redeemable preferred shares at ₱1.00 par value), and to immediately issue the corresponding stock certificates to the claimants concerned;

7. The Company to enroll and list all of its authorized Serial Redeemable Preferred Shares as freely "tradable" stocks with the PSE;

8. The SEC shall approve the Company's request for temporary exemptive relief under the SRC Rule 72.2, without sanctions or penalties whatsoever, monetary or otherwise, and the PSE to lift the suspension of the trading of the Company's common shares without any sanctions or penalties whatsoever, monetary or otherwise, and the Company shall faithfully comply with all the applicable rules and regulations of the

SEC and PSE so that the trading of all the authorized shares of the Company shall not in any way be suspended or restricted except as provided by law;

9. Immediately settle obligations to petitioners such as salaries, wages and benefits out of escrow account; and

10. Any sale or disposition of the petitioner's properties, whether real or personal shall also be subject to the Rehab Court's evaluation and approval.

In the Company's Annual Stockholders' Meeting conducted last 20 September 2018, the following items were approved by the shareholders:

1. Increase the Company's authorized capital stock from ₱3,800,000,000.00 to ₱15,600,000,000.00, and

2. Conduct a debt-to-equity conversion of up to ₱8,800,000,000.

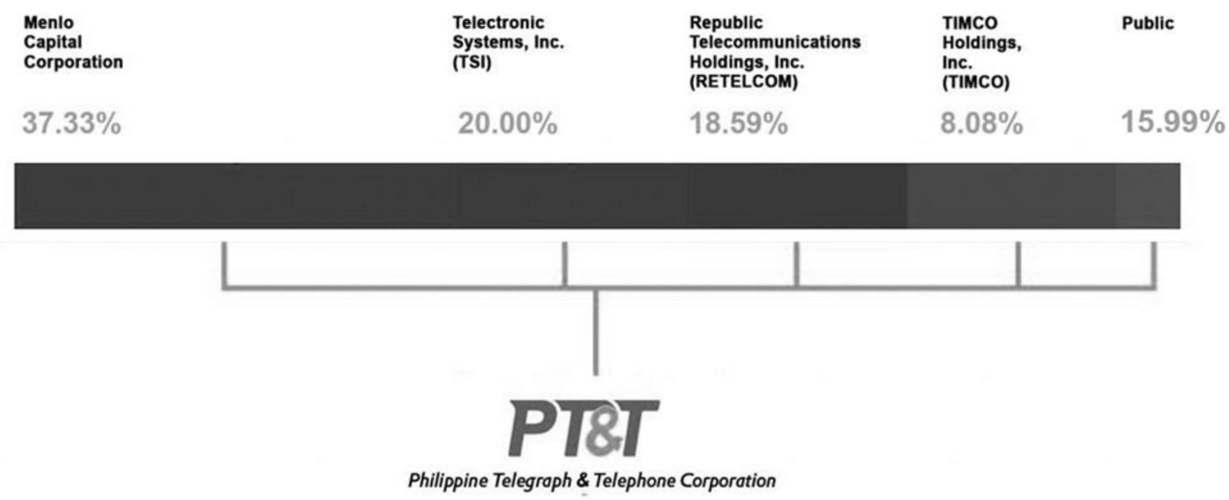
The increase in the Company's authorized capital stock was approved by the SEC last 31 October 2018. The increase in the authorized capital stock allowed the Company to convert its debts amounting to ₱8,711,736,581.00 into equity through the issuance of Serial Redeemable Preferred Shares.

On 24 February 2021, the Company requested the SEC to reverse the increase in its authorized capital stock due to the difficulties that it encountered in securing the Deeds of Assignment from its creditors. In an Order dated 27 April 2021, the SEC approved the request of the Company and revoked the increase of the Company's authorized capital stock. Thus, the Company's current authorized capital stock is ₱3,800,000,000.00.

As regards the rest of the mandate of the Company's Rehabilitation Plan, the Company paid the total amount of ₱55,000,000,000.00, more or less, for its various statutory obligations or those obligations that cannot be converted to equity. The statutory obligations are those due to government agencies, and LGUs. As regards the claims and benefits due to the employees under the Rehabilitation Plan, the Company has already paid the amount of ₱23,026,217.00 and has set aside the amount of ₱5,088,241.00 ready to be claimed by the employees. The Company will continue to pay and settle these statutory obligations in accordance with the provisions of the Rehabilitation Plan.

The Company has no existing plan for any material reclassification, merger, consolidation, or purchase a significant amount of assets not in the ordinary course of business. However, the Company has plan sell some of its real properties and use the proceeds thereof to settle its statutory obligations as mandated under its Rehabilitation Plan.

Corporate Structure



On 08 August 2017, Menlo Capital Corporation (Menlo) acquired from Republic Telecommunications Holdings, Inc. (Retelcom) 560,000,000 common shares which is equivalent to 37.33% of ownership in the Company.

Menlo is a Philippine company with diverse investments in various industries in the Philippines. Aside from its investment in telecommunications with the Company, Menlo also has a stake in a security company, media and technology, real estate development, renewable energy, and mining.

Retelcom is a Philippine Company having interests in different telecommunications companies including the Company, Capitol Wireless, Inc., and Philippine Wireless, Inc.

Telectronic Systems, Inc. is a Philippine company engaged in the business of providing different telecommunications services including the management of telecommunications systems and equipment of manufacturing firms, electronic industries, and other allied industries.

Timco Holdings, Inc. is a Philippine company engage in the investment business involving real and personal property, management of a corporation, joint venture, firm, partnership, and another corporation.

Transaction with related parties

As of 31 March 2021, the amount due from related parties is ₱13,293,351.00 while the amount due to related parties is ₱301,004,968.00.

Due from related parties pertain to non-interest-bearing advances handed by the Company to its related parties for working capital requirements.

Due to related parties represent interest and non-interest bearing, unsecured, and short-term Philippine Peso denominated financing and advances from owners obtained by the Company mainly to finance working capital requirements prior to the entry of the new investor in accordance with the court-approved Rehabilitation Plan.

Dividend Policy

The Company has not declared any dividends in the last two (2) fiscal years. The Company is not in a position to declare dividends due to its accumulated deficit amounting to ₱11,850,615,049.00 as of 31 December 2020.

In the event that the Company is in a position to declare dividends, it will strictly adhere to the requirements provided for in Sec. 42 of the Revised Corporation Code.

Business of Issuer

The Company is a diversified telecommunication, and information and communications technology services provider catering to corporate, small and medium business, and residential segments.

Connectivity Business

PT&T is currently focused on broadband internet access services as a result of growth of wireless/mobile systems and the rise of broadband internet demand. As such, the Company's main source of revenue is broadband internet access services. The Company offers dedicated or shared internet access service, via fiber or wireless, and operates a 10+ Gbps broadband network across the NCR, and Regions III and IV catering to corporate, business, and residential customers.

Specifically, PT&T offers both Direct Internet Access and Direct Local Loop services across all market segments, utilizing primarily its own Fiber broadband facility. Where its fiber facility is not present, the Company also use wireless radio access technology as a last mile option for customers. Where PT&T's network may not be available, the Company also subscribe to other last mile access providers utilizing various last mile access technologies, be it Fiber, cable, wireless or satellite based.

The connectivity requirement for Large Enterprise and Wholesale segments are tailored according to the needs of the customer. For Retail/SME, however, there are 2 classes of standard Internet service offered at different speeds corresponding to the size of the Company:

1. PT&T Fiber DSL – a value-for-money burstable service that is designed for SMEs with simple internet requirement.

2. PT&T Dedicated Internet – Dedicated Internet service that corresponds to the heavier and mission-critical Internet requirement of more discriminating enterprise users.

88% of PT&T subscribers are on Fiber and contribute 86% of revenues in 2020. Wireless, on the other hand, accounted for 9% of subscribers and 10% of revenues.

In acquiring new customers for connectivity, the Company have organized our Sales organization according to the three major market segments: Large Enterprise, SMEs/Retail, and Wholesale, with our customer acquisition strategy, product and support systems tailored to meet the specific needs of each segment. Each segment has a team of account managers who have the requisite skills and knowledge to push our services according to the market they serve.

The Large Enterprise team serves the top 1000 corporations, while the Retail/SME team handles the rest including microenterprise. The Wholesale group deals with cable operators, cooperatives, ISPs and VAS resellers.

Where viable, the Company provide residential services on a very limited scale. the Company utilize external Marketing Sales Agencies where it identify a cluster of areas for residential saturation. Otherwise, the Company also allow our SME Sales team to offer residential packages to their customer base.

Bulk of acquisition effort comes from our Direct Sales teams. However, this is complemented by a Sales and Customer Service support team that handle sales inquiries across different channels – customer referrals, marketing events, online and inbound call efforts.

Where there are customers outside of PT&T's existing network that need connectivity solutions, PT&T has collaborated with all other major service providers to lease last mile facilities.

Increasingly, the Company have found a niche in positioning ourselves as a second line or redundant link provider, even as the market remains competitive. And the Company believes there is further to go given our attractive price points, and especially as more enterprise accounts strengthen their network resiliency to ensure maximum uptime in their operations.

The year also saw strategic wins in the previously untapped large enterprise segment where connectivity was bundled with IT solutions. Working on saturating areas to improve port utilization geographically, the Company have been successful in closing numerous contracts with customers in the IT, Logistics, and Education industries. The Company began to offer IT services such as Microsoft 365, PT&T Cloud, eLearning, and other IT solutions to help businesses in their digital transformation journey.

PT&T's Wholesale business, set up in 2018 to look after the needs of cable operators, cooperatives, ISPs and VAS resellers, has proven to be a major source of growth. From its kick-off in 2018, it has earned the Company a significant increase of 1,998% in 2019 and 1,076% in 2020. One of the largest contributors of this substantial surge are the Wireless ISPs or WISPs. These are independent providers who distribute Internet service using wireless last mile access to deliver online learning, online business and work-from-home arrangements in their localities. From 0% market share in 2019, PT&T now holds 8.5% of the WISP market share in 2020 and poised to take on 15% market share in 2021. The Wholesale team is looking at 510.81% of revenue growth in 2021 and optimistic to see progress within the next 10 years as these internet-dependent practices continue to develop locally and globally.

To improve network reach, PT&T also offers Fixed Wireless access solutions where fiber is not available. Moreover, with the efforts of the Carrier Relations team, the Company have collaborated and network-interfaced with other network service providers to utilize their last mile access facilities, be it fiber, wireless or satellite, for us to serve the Internet requirement of customers nationwide, thereby broadening our capabilities to serve rural customers near or far.

PT&T is also teaming up with strategic partners for domestic backbone expansion covering Luzon, Visayas and Mindanao as well as international presence in the Asia and in the US.

Under the new management, PT&T has always focused on becoming a customer-centric brand in an industry where customer service is a common pain point. In line with this, the Company started conducting NPS and CSAT surveys for our service teams in end 2019.

As we look ahead into 2021, the Company started offering international connectivity services namely the IPL, and the premium DIA on top of existing domestic data services. Equipped with updated training and guidance, our account managers are ideally positioned to provide our customers with connectivity and IT solutions centered on exceptional customer experience.

Connectivity Industry Outlook

The Philippines is a country with enormous potential for sustainable growth. It is among the fastest growing economies in Asia, fueled by its large, young population with a median age of 25.7 years, and a growing middle class with rising per capita income. Since 2010, the country's economy has grown 6.3% annually compared to 4.5% GDP growth in 2000 to 2009. It is home to a robust BPO sector and is propped up by a large Overseas Filipino Workers' population that both contribute directly to the county's GDP at 7% (approximately P1.3 trillion) and 8% (approximately P1.5 trillion) in 2019, respectively.

Access to reliable internet is still a challenge and quality of service varies significantly by area. Fixed broadband using FTTx or more commonly known as fiber anywhere technology remains largely underdeveloped in the country. For years, the promise of true high-speed internet has been relegated in favor of mobile and wireless connectivity solutions, and infrastructure has been concentrated mostly in urban centers.

As of June 2020, FTTH penetration in the Philippines stands at 6% according to Media Partners Asia. Specifically, the current market for fixed broadband comes to only 3.5 million households, with 1.5 million on FTTx, 1.5 million on xDSL, and 500,000 on HFC. Of these technologies, only FTTx and HFC can be considered as high-speed broadband, as xDSL is predominantly supported by a legacy copper network. At the same time, there are approximately 1.6 million households that are on FWA services, primarily powered by 3G/4G mobile networks.

For these reasons, the Company anticipates further growth in the FTTx market in the next five years driven by more discriminating demand for high-speed and reliable internet. Of great importance in this respect is affordability. At present, FTTx has reached price parity with xDSL and FWA services at P1,500 per month subscription level. Against this backdrop, when customers who spend P1,500 for mobile internet are considered, the addressable market who can afford FTTx is estimated at 18.5 million households and is projected to grow substantially to 22.6 million households by 2025.

The commercial landscape for the enterprise wired connectivity market is also set to change as a result of the urgency to strengthen business continuity measures. These include increasing data demand for corporate information and communications technology services, the growing prevalence of setting up greater network resiliency and redundancy, and the distributed working and increasing usage of bandwidth intensive applications such as video-conferencing platforms.

With the radical shift in demand for even faster connectivity, the Company is convinced that there is a strong case for PT&T to build our stake in the FTTx space. Our strategy is to address future requirements and make the most out of opportunities available to us, to secure our Company's future.

Connectivity 2019 Performance

Over the course of 2019, PT&T experienced a dramatic growth in our fixed broadband segment. Increasingly, the Company have found a niche in positioning ourselves as a second line or redundant link provider, even as the market remains competitive. And the Company believes that there is further to go given our attractive price points, and especially as more enterprise accounts strengthen their network resiliency to ensure maximum uptime in their operations.

Total revenues in this segment rose 44% to ₱354 million, with subscriber count growing 38% year-on-year. The enterprise business as its main revenue generating stream, contributed 70% to ₱284 million in fixed broadband revenues, growing by 18% year-on-year.

The year also saw strategic wins in the previously untapped large enterprise segment where connectivity was bundled with IT solutions. Working on saturating areas to improve port utilization geographically, PT&T have been successful in closing numerous contracts with customers in the IT, Logistics, and Education industries. The Company began to offer IT services such as Microsoft 365, PT&T Cloud, eLearning, and other IT solutions to help businesses in their digital transformation journey.

Connectivity 2020 Performance

Despite the challenges of the pandemic, PT&T's subscriber base grew 15% in 2020, pushing its year-on-year revenue up 8% to ₱383 million.

While stringent lockdowns affected most SMEs as well as Micro SMEs, increased demand in connectivity to support work-from-home and online learning arrangements drove the Company's fixed broadband revenues to increase by 8%. A major growth driver is in Wholesale where PT&T supports the entry of new ISPs around the country targeting homes and small businesses especially in underserved areas. Moreover, its IT/Digital Services business brought on a 6% revenue contribution, driven by several contracts closed in IT infrastructure and business application.

To date, PT&T sees a steady growth trajectory towards the end of 2021 as the country rolls out its vaccination program. It has meanwhile earmarked large capital expenditure projects to provide its customers with an improved network and quality of service.

Currently, PT&T has a network reach of 18,100 fiber kilometers in high-growth areas, with almost 40% coverage nationwide. It enters 2021 better equipped as a digital services provider while building a roadmap for recovery around the pillars of nation-building and customer-centricity.

Increasingly, the Company have found a niche in positioning ourselves as a second line or redundant link provider, even as the market remains competitive. And the Company believes there is further to go given our attractive price points, and especially as more enterprise accounts strengthen their network resiliency to ensure maximum uptime in their operations.

As PT&T nears its "total exit" from corporate rehabilitation, the Company intend to become a leading Philippine digital services provider. The Company is now ready to accelerate targeted, profitable growth and increased levels of investment beyond our existing businesses and coverage areas.

With this in mind, our 10-year goal is to sustain the strength of our current businesses and pursue aggressive growth for new businesses.

Our strategic focal points are:

- *Organic Expansion and WiFi projects.* PT&T will upgrade and use existing network in CALABARZON with a potential of additional 39,800 fiber kilometers and implement last mile (including WiFi) projects. Capital expenditure to complete the project is ₱1,340 million. The residential business is an important facet of the Company's future growth as a major telco player and will be a key undertaking in its network expansion plans. To enable the Company's growth aspirations in this segment, the Company have established pilot areas in a few communities in NCR so it can build a scalable model which PT&T plans to deploy upon rollout particularly in CALABARZON where demand continues to be underserved. In addition to these investments, the Company is also developing the process and systems that will allow for a simple customer journey for its residential service.

- *Nationwide Network Backbone.* PT&T aims to build a nationwide backbone for both enterprise and wholesale and carrier markets with a potential of additional 51,800 fiber kilometers, requiring future capital expenditure of ₱5,790 million. This development may take time, but the Company have built the foundations required to scale the Company's business successfully. Included here are plans which will allow us to serve an even larger market with much needed, improved internet services in the country. In the near-term, the Company is prioritizing network rollout inside industrial parks in CALABARZON such as Calamba Premiere International Park, Cavite Export Processing Zone Authority, First Philippine Industrial Park, and in new buildings within the Central Business District areas (Makati, Ortigas, and Bonifacio Global City) targeting SMEs and large enterprises.

Early 2020, the COVID-19 pandemic has changed the world. As the Company publish this report, it continues to unfold and its full impact remains currently unknown. There is no doubt the Philippines has been impacted by the pandemic, as evidenced by the contraction in the country's GDP in the first half of 2020. But with PT&T's strong macroeconomic and demographic fundamentals, the Company is optimistic that the country is well-positioned to bounce back when the COVID-19 threat is finally contained. If there is a silver lining to this pandemic, it has forced people and businesses to accelerate their digital transformation to support telecommuting or work from home arrangements to weather near-term challenges and ultimately to survive this crisis. In this crucial time, PT&T believes that a robust network and IT infrastructure is key to bounce back better and usher in a new order something that in the Company's view, reassures us of future success.

Connectivity Value Proposition

Pure Fiber where available, Wireless where none, 3rd Party where viable.

Given the current limited scope of PT&T's Fiber network in NCR and Region IV-A, the Company provide options to customers. Primarily, PT&T offer high-speed Fiber internet services where the Company have facilities. Outside of the reach of the Fiber network, however, PT&T offers wireless last-mile access via radio where a clean line of sight and strong signal are deemed feasible. Beyond this, and especially where the Company have multi-site customers, PT&T leases last mile facilities from other Telco partners. PT&T has also established partnerships with Satellite and other wireless service providers to allow greater connectivity options in remote locations for its customers.

Whatever the access technology used however, PT&T ensures that it delivers only fast, reliable, and affordable connectivity solutions.

Connectivity Competition

While PT&T's connectivity business is largely focused on enterprise, the Company is also preparing to enter the residential segment as it expand its network footprint.

Enterprise

PLDT and Globe command 51% and 32% of revenue market share in 2019, respectively, by offering vertically integrated solutions to enterprise customers. There are few players of meaningful scale operating in the Philippine enterprise market, and as such, the Philippine enterprise market has lacked credible alternative providers to satisfy market demand. There is substantial and rapidly growing demand for wired connectivity solutions in the Philippines, making this an attractive market for existing and new players to grow.

Converge has become a credible enterprise player and has gained a strong foothold of the market with an estimated 7% revenue market share, gained through its differentiated product and service proposition over the last three years.

PLDT is the largest operator in the Philippines. Through the PLDT Enterprise and ePLDT brands, PLDT currently serves the majority of enterprises and SME businesses in the Philippines with a wide range of enterprise solutions. It has contracts with most businesses in the country as a major provider of Public Switched Telephone Network services.

Globe is the 2nd largest operator by revenue in the Philippines serving both enterprise and SME customers under the Globe for Business and Globe myBusiness brands.

Based on the characteristics of the Philippine business wired connectivity market, players can achieve success and grow market share by focusing on the following key areas:

- Product Proposition: Ability to offer bespoke product offers that addresses business needs at competitive rates;
- Customer Service: Ability to build strong customer intimacy that leads to retention and higher wallet share; and

- Network Rollout Capabilities: Operators who invest in establishing their own network, including a nationwide backbone and international connectivity, thus eliminating dependence on other players, are best positioned for growth.

PT&T is able to grow in its existing coverage areas in NCR and Region IV-A, where the bulk of enterprise business is based, owing to its competitive product proposition and its strong emphasis on customer service. With the shift towards greater digitalization, more enterprise customers are expected to strengthen their connectivity requirement to ensure resiliency and business continuity. This augurs well for PT&T as the Company position itself as an integral and reliable backup line. The Company believes PT&T's brand of service can be scaled as the Company expand its network to more areas in the country where the Company have the license to operate, especially where there is a lack of fiber infrastructure.

<u>Residential</u>

The residential fixed wired broadband sector in the Philippines is comprised of PLDT, Globe, Converge, Sky Cable and several other small to medium cable and ISP operators. Market value is estimated at close to USD 1 Billion in 2019 but has the potential to grow to USD 6.9 Billion by 2025 owing to the still low penetration of Fixed Wired Broadband, specifically FTTH. The 3 major players account for 88% revenue share of the market for Fixed Wired Broadband in 2020, with PLDT at 53.7% market share, Globe at 17.7% and Converge sprinting over the last 2 years at 16.9%.

Given the huge growth potential of the residential segment, as the Company see more homes opting for FTTH and even subscribing to a second broadband line given the new post-pandemic normal, it is PT&T's objective to align its network expansion to allow us to take advantage of the underserved residential market for fast, reliable broadband services to the home.

Distribution method of Connectivity products and services

As a primary method of distribution, the Company has a direct internal sales force consisting of several Account Managers that cover different market segments specifically for Wholesale, Large Enterprise and SMEs. These are full-time sales employees who operate in the existing coverage areas of the Company.

In addition, the Company has authorized resellers who offer connectivity solutions, whether bundled with other services or as stand alone, to their own network of customers. Typically, these are internet service providers, system integrators, and project contractors. Resellers are managed by the Company's Senior Account Managers.

For microenterprise and residential segments, the Company utilizes third party sales channels which are mostly marketing sales agencies which provide the manpower needed for saturation drives like house-to-house selling operations.

The Company also utilizes its website and other digital sales platforms like Linkedin, Google, and Facebook to generate leads and awareness. The Company also has Customer Referral Programs that reward existing subscribers when they refer new business opportunities to the Company.

IT Services Business

True to PT&T's vision of becoming a digital service provider, the IT Services business plays a key role in making this vision to reality. PT&T has since embarked on the challenge of providing other IT needs that are a natural addition to the connectivity core business.

In January 2019, PT&T introduced a new business segment, IT Services delivering cutting edge hardware, software and services solutions that cater to Small and Medium, Large Enterprises and Public Sector as well. Partnered with top technology providers like Microsoft, IBM, VMware, Nutanix, Lenovo, Cisco, Maxava, Dell/EMC and others, the PT&T IT Services team was able to offer global technologies with a local footprint. At the same time, the Company have developed readily available solutions including Cloud Computing and Data Backup, in pipe Distributed Denial-of-Service (DDoS) mitigation, Software-Defined Networking in a Wide Area Network (SD-WAN), Virtual Desktop Infrastructure (VDI), Firewall, Short Message Service (SMS) Gateway, Payment Gateway, and Managed Connectivity, and IT Services.

In this new market, the Company draw from its strength to put its strategy into action: our leadership. Led by veterans in the IT industry, PT&T's team is composed of multi-skilled solution consultants, experienced service delivery and operations managers, and product innovation professionals. By design, the company's President and CEO served as Chairman, President, and Country General Manager of IBM Philippines where he led both IBM's domestic and global delivery growth. PT&T's General Manager for IT Services is also an IBM Philippines alumna for 15 years where she handled Large Enterprise Accounts and client relationships across several industries including banking, manufacturing, insurance, and retail and distribution.

IT Services Industry Outlook

Trends strongly indicate that the scope to grow the Company's business is especially promising. Supporting this is the International Trade Administration's Philippine IT spending forecast which is estimated to reach US$8 billion (₱388 billion) by 2023.

Economic and population growth further signal the dire need to invest more in modernizing digital infrastructure, which has only been accelerated by the pandemic. That being said, digitization efforts had been called for and should progress due to the pandemic. Recognizing the challenges and realities above, enterprise customer and even the government's goal is to embark on a digital transformation program to innovate. Immediate priorities include a cloud data center, software development for business process improvement, and cybersecurity solutions for data privacy protection. The Philippine Government, the business process outsourcing (BPO) industry, the financial sector, health, education, and the telecommunications industry are key vertical markets for IT.

IT Services 2019 Performance

PT&T's IT Services team has had an encouraging start, closing new contracts that generated ₱42 million of revenues in 2019, contributing to more than 10% of total PT&T revenue and placing the team in the IT map. Indeed, the business potential of ITS provides great opportunities for new revenue streams. Here are a few of the Company's notable projects:

- ICT Upgrade for a Large University: full hardware and software technology refresh; structured cabling; network deployment and management; firewall and security implementation for multiple campuses
- Accounting and Billing System for an Industrial Park: design and implementation of an accounting and water billing system
- Internet Connectivity Implementation and Management for a Government Agency: internet connectivity design, project implementation and network management for 25+ branches nationwide
- Firewall Implementation: for a physical security agency and a government bureau
- DDoS Services - implementation and management for a government agency and several enterprise companies
- IT Services is a key element in PT&T's transformation to becoming a digital services provider offering a complete portfolio of Connectivity and IT Solutions for its customers.

IT Services 2020 Performance

The Company's IT Services team has had a challenging year in 2020. When the pandemic hit and locked down the country, several customers of PT&T were greatly affected by the slowdown in the economy.

Principally through PT&T Virtalus, cloud and backup products can help reduce the overhead IT computing expenses of companies who may have significantly reduced operations and/or are on hibernate mode entirely. In the same thought, the Company's office productivity offerings are aimed at alleviating the work from home needs of the clients. Moreover, the Company's Connectivity Plus offerings allow to maximize the linkages of companies to their internal teams and external clients.

PT&T IT Services generated ₱30 million of revenues in 2020 and here are a few of PT&T's IT Services business' notable projects:

- Laptops, tablets and mobile wifi for a Large University installed inside the University service bus to provide distance learning tools for those students who do not have tools and adequate internet access
- Server and Network Security infrastructure for a government agency and a mining Company
- Network infrastructure for a government agency requiring secure bandwidth for the COVID taskforce - internet connectivity design, project implementation and network management for the head office
- Managed Support to provide a resilient Internet Connectivity for a Government Agency – internet connectivity design, project implementation and network management
- Collaboration tools for a power generation Company migrating 300 users from a plain email system to an enterprise collaboration tool for office productivity
- Cloud services for small and medium enterprises migrating from on-premises infrastructure

IT Services Value Proposition

PT&T IT Services' focus is around being Business Outcome led, enables by Technology. Companies need to leverage technologies that support business initiatives not the other way around. This unique approach delivers on-going business value that impacts companies' bottom line and driving differentiated value. PT&T offers an approach that is unique in its space. PT&T approach things with the end result in mind from the start, making the process of building a roadmap simpler than ever.

Below are some of the key qualifications that you can consider choosing PT&T as the IT Services partner of choice:

- *Strong operations, support processes and tools*. PT&T has a robust suite of processes and tools that have been developed as a result of PT&T's own operational needs. These processes and tools are focused to the requirements of operational managers to have real-time feedback and insight to how the system is performing and to allow them to diagnose and act quickly to resolve system problems. In addition to real-time tools, the Company have created administrative tools and processes that support areas where the Company typically see problems or spend excess time in administration. PT&T has also developed a number of best practices guides that document the features of third party tools and their interoperability. These best practices coupled with the Company's tools, procedures, scripts, processes and training programs optimize the delivery of its services to its customers.

- *Expertise to provide recommendations to optimize and improve current processes and technologies*. The Company's thorough understanding of its customer's architecture, high level design and implementation/deployment plans coupled with PT&T's experience in designing, implementing and managing end-user computing ecosystem will allow us to enhance overall efficiency through a complementary blend of service offers designed to improve end-user experience and operational efficiency.

- *Home-Grown experience in Managed Support Services*. PT&T's IT Services Delivery Team are also part of the team supporting the PT&T IT and Connectivity customers. And as you would expect, they also have technical skills including designing, implementing, supporting and managing IT infrastructure and even implementing open-source technology for PT&T's internal use to save on cost. PT&T's consultants average more than 15 years of experience in building and supporting information technology environments that can help its customers improve effectiveness and efficiency of its end user computing platform.

- *End to End Connectivity and IT Services expertise*. PT&T's Connectivity business unit combined with PT&T IT Services is able to offer a higher quality of expertise in ICT. the Company's team of Solution Consultants can help you understand how to solve common business challenges. PT&T's Architectural expertise brings independent consulting around strategy and roadmaps, design and implementation, ecosystem architecture, and ongoing managed services.

- *Deep collaboration and partnership with third party vendors*. PT&T's Alliance aims to develop and maintain an ecosystem of best of breed technology partnerships and alliances that result in a world-class solution stack and consulting service offers addressing business technology and support requirements of the Company's customers. PT&T's joint Product Innovation teams aim to integrate and optimize joint solutions, conduct porting, testing, tuning and certification activities and integrate joint services delivery and training. The Company have "insider" access to a global community of third party vendor's internal resources including engineering and R&D and external resources as well. And, with the Company's best-of-breed technology solutions, the Company offers flexible deployment options in the public cloud, managed cloud, or on-premises—all of this across our portfolio in PT&T. With this complete portfolio, PT&T can be a customer's trusted advisor for driving high impact business outcomes.

IT Services Competition

PT&T provides IT Services for Small, Medium and Large Enterprises and Government accounts as well (e.g. State Universities, National and Local Agencies). The Company's focus industries are in the financial sector, health, education, retail, and manufacturing.

In general, PT&T's competitors in the IT Services industry are the local Hardware, Software and Service providers. Competition varies by customer size. In the SME space, PT&T competes with local software and services providers. In the Large Enterprise space, the Company competes with not just local resellers, software and service providers but also with multinational service providers and systems integrators who have a regional or global presence.

Distribution method of IT Services Business

The Company enters into several distribution and supply agreements with various distributors of IT Solutions including IBM, Cisco, and Dell/EMC. The products of these IT Solution Providers are sold through designated distributors. The company, in turn, enters into a reseller agreement with the Distributors. These IT products will be sold by the Company separately or bundled with other Company's products and services to both private and government sector clientele.

In providing IT Services to clients, the Company can either engage the services of legitimate subcontractors or provide the services in-house through the Company's own personnel. This method of providing the services can be adopted by the Company either during the design, installation/implementation phase or in providing after sales support.

The Company likewise enters into joint venture agreements to participate in large government procurement projects for both products and services.

Percentage of Foreign Sales

All revenues of PT&T over the past three years are derived within the Philippines.

Status of Publicly Announced New Product or Service

Moving forward, the Company's strategy is to step up its infrastructure investments and innovative digital solutions to drive economic growth and social impact for many of its stakeholders. This includes expanding the Company's coverage and upgrading its network infrastructure to ensure network reliability and performance. This also includes investments in new access technologies such as 5G for Fixed Wireless applications where the Company is set to do a pilot test in the latter part of 2021. It also means the Company is building capabilities in cyber security, Internet of Things (IoT), and smart cities.

To achieve these objectives, the Company have identified several projects to position ourselves in line with the Company's geographical expansion throughout the country. These projects are currently undergoing evaluation and are based on using its own network, a shared resource, and other partners.

<u>Connectivity Business</u>

- *New Connectivity Access Technologies.* PT&T is keen to pursue broadband services utilizing new access technologies in the country especially as demand for faster services continuously grows. With an allocated 5G frequency spectrum in the 28GHz High Band, PT&T is looking at enhanced 5G use cases, such as enhanced Mobile Broadband (eMBB), Ultra Reliable Low Latency Communications (URLLC), and Massive IoT become available. PT&T is currently in the engineering phase to undertake a POC for our 5G FWA which will give us headway with the Company's mobile initiative in the future. Implementation and execution of the POC will start in Q3 2021. Complementing our fixed broadband network, 5G technology will enable us to offer a unified network access for our customers and be able to process an ever-increasing volume of data more cost-effectively, at the same time provide various services on a single infrastructure with higher reliability at faster speeds.

- *Nationwide Network Backbone.* One of the challenges – if not barriers to entry – for any telecom service provider in the country is the requirement to build and interconnect the major islands of the Philippine archipelago using terrestrial and submarine fiber optic network for seamless communications. The need to build a nationwide IP transport backbone is a major endeavor and a must to handle high-speed internet access deployment across the country.

  With this in mind, the Company is in the planning phase to build a nationwide backbone to provide a wholesale and retail service all over the country, including network capacities for mobility services in the future. The Company's national IP network aims to support traffic growth, increased reliance on internet services, and evolving needs from all customer segments. The objective is to deliver a converged IP and an ethernet network that can keep up with all current and future services including the explosion of consumers demand for video services like YouTube, Netflix, and other similar content.

  Residential and small and medium-sized enterprises are moving away from traditional voice products in favor of IP-based solutions to reduce their costs. Cloud or data center hosted business applications are popular with unified communications and collaboration solutions supporting the entire IT portfolio. Ethernet services are also growing in terms of footprint and nominal speed. Mobile network initiative will require cost effective and high-speed backhaul solutions to connect PT&T's macro and small cell infrastructure to designated radio access network central units and core locations. To match these requirements, the Company is designing the network to cope with most customer segments and avoid investing in specific per product infrastructure.

  Beyond the challenges to interconnect the major islands of the country through terrestrial and submarine fiber optic networks, PT&T is evaluating an alternative technology solution which is faster to deploy to support the nationwide requirement of the Company. PT&T is one of the major players taking the initiative to use satellite technology and provide investment on low latency and high-capacity LEO satellite communications, seen to complement terrestrial fiber optic network for backhaul and high-speed internet access, particularly in rural areas and other remote locations in the country. This setup may be well-suited as well in times of calamities to support disaster recovery efforts. PT&T is looking into the experience of companies which have introduced LEO satellite communication systems ahead, such as Starlink, to offer global high-speed broadband internet.

- *Mobile Initiative.* PT&T is keen to pursue providing mobile broadband services in the country as smartphone penetration continuously grows and enhanced 5G use cases, such as enhanced Mobile Broadband (eMBB), Ultra Reliable Low Latency Communications (URLLC), and Massive IoT become available. With the allocated 5G frequency spectrum in the 28GHz High Band, PT&T is in the engineering phase to undertake a proof of concept (POC) for its 5G FWA which will give us headway with the Company's mobile initiative. Implementation and execution of the POC will start in Q3 2021.

Complementing the fixed broadband network, 5G technology will enable us to offer a unified network access for the Company's customers and be able to process an ever-increasing volume of data more cost-effectively, at the same time provide various services on a single infrastructure with high reliability at faster speeds.

IT Services Business

Innovation is increasingly based on digital technologies and business models which can drive economic and social gains from ICT if channeled in a smart way. The way businesses adopt ICT is key for leveraging them for development, so encouraging businesses to fully embrace the powers of digital technologies is a priority of PT&T. PT&T aims to step up efforts to invest in innovative digital solutions to drive economic growth and social impact.

PT&T's IT Services business unit will focus on projects, services, and applications such as but not limited to:

- *Offer a "One Stop E-Center".* Another large project in the Company's pipeline is providing a common IT infrastructure to host all kinds of e-services. This includes e-learning, e-government, e-commerce, telemedicine and applications in order to fully support the government's initiatives as well as the increasing requirements and demands of the private sector.

- *Build Data Centers.* Over time, data centers have evolved from traditional vendor-specific hardware and software appliances to common-off-the-shelf server hardware and open-source software hosting individual network functions and services. Accordingly, the Company is building data centers that will shelter fixed broadband, IT, and mobile telecom infrastructure for contents, applications, and other network services. PT&T will employ the latest data center technology to reduce total cost of ownership across the different network domains and to offer end-to-end services to its customers. Specifically, the Company plans to deploy software through Network Function Virtualization (NFV), and for virtualization to scale, the Company will set up a cloud environment that will enable automated network operations and can save significant operational costs. And because the service is implemented entirely in software, the Company will be able to innovate more rapidly and drive new service revenues. New IT Services offerings will include co-location / hosting services, cloud solutions such as Infrastructure-As-A-Service (IaaS), Software-As-A-Service (SaaS), DR-As-A-Service (DRaaS) and other Managed Services.

- *Offer Security and "Cyber Security" Services and Applications.* PT&T aims to dramatically simplify IT security and compliance with best-in-class solutions that leverage next generation SIEM platform combined with crowdsourced global intelligence. The combination of this infrastructure with PT&T security experts provides enterprises unparalleled security protection and threat awareness. The Company have partnered with the leading security services provider with a complete set of security tools and services offering a variety of flexible delivery options that allow us to serve customers of all sizes and complexity. The Company's various alliances with global IT Security experts aims to develop and maintain an ecosystem of best of breed technology partnerships and alliances that result in a world-class IT Security solution stack and consulting services that offers best-fit technology and support requirements of its customers.

Suppliers

PT&T's principal suppliers of Fiber Optic Cable and its Accessories are: YFC-BonEagle International Inc., Ardent Networks, Inc. / FIBERHOME, Litech Advancednet Phils. Inc., and Jiangsu Tongguang Optical Fiber Cable Co.,Ltd.

PT&T's principal suppliers of Network Equipments are: Commverge Solutions Philippines, Inc., Ricklee Enterprise Inc., Shanghai Baudcom Communication Device Co.,Ltd., and UnitedPlexus Corp.

PT&T's principal suppliers of Wireless Installations and Ancillary are: Wireless Link Technologies Inc., Achieve Without Borders, Growmore Distribution Ltd., Fibershoppe Technologies Inc., and Linkfast Solutions Enterprise.

PT&T's principal suppliers of IT Solutions are: TechConek Philippines Inc., Westcon Solutions Philippines, Inc., Rhipe Philippines, Inc., and Octal Philippines Inc.

Given its various sources and the immediate availability of materials, the Company does not depend on one or a limited number of suppliers. The Company does not have an existing major supply contract.

Customers

PT&T primarily caters to the connectivity requirement of Wholesale and Enterprise segments. Wholesale, which accounts for 11% of 2020 total revenues, include services used by cable operators, cooperatives, ISPs, and VAS resellers. For Enterprise, main industries served as of 2020 would be in the Wholesale/Retail (22% of revenues), Infotech (20%), Education (10%), Logistics (9%) and Healthcare (6%) sectors.

PT&T is also a partner of an ecosystem of best of breed technology partnerships and alliances such as IBM, Cisco, Fortinet, Maxava and others. PT&T is a reseller for these world-class solution stack and sells hardware, software, and services directly to its customers.

PT&T IT Services is not dependent on a single customer or a few customers. To date, the IT Services business' customer base grew from an initial 10 distinct customers in 2019 to more than 45 distinct customers 2021. IT Services is also focused on growing Annuity Services revenue in 2021 which the Company aims to contribute 15% of total IT Services revenue in 2021. ITS Annuity Services is fueled principally through PT&T's cloud and backup solutions (in partnership with Virtalus) which help reduce the overhead IT computing expenses of companies who may have significantly reduced operations and/or are on hibernate mode entirely. In the same thought, the ITS' team office productivity offerings (in partnership with Microsoft) are aimed at alleviating the work from home needs of the clients. Moreover, the Company secure Connectivity offerings allowing us to protect its Connectivity clients from DDoS attacks.

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions, and Royalty Agreements

The Company has no patent, trademark, copyright, concessions, and royalty agreements registered in its name on which its business and operations depend.

Government Approval of Products and Services and Government Regulations

Being engaged in telecommunications business, the Company is required to secure a congressional franchise before it can operate. The PT&T Franchise was extended last 2016 for another 25-year period which allows the Company to operate and maintain a telecommunications business until the year 2041.

The Company also has existing CPCNs issued by the NTC allowing it to offer various telecommunications products and services throughout the Philippines particularly the broadband and internet service. This includes CPCNs for local exchange carriers, transport services, data channel services, data services network, lease network services, radio transmission network, microwave radio stations, and radio relay stations. These CPCPNs has no expiration period and only the NTC can revoke the same in a proceeding initiated for that purpose. As of the date of this Prospectus, there is no pending proceeding with the NTC which involves the cancellation of any of the CPCNs of the Company.

The Company is also a registered with the NTC as a VAS provider. As a registered VAS provider, the Company is authorized to offer the following services: internet access service, virtual private network, electronic mail, messaging services, web hosting, electronic commerce, firewall services and E-learning. Its registration as a VAS provider is valid until 05 September 2022. The Company will be renewing its VAS registration and the Company does not anticipate any issues that would prevent it from securing the renewal of its VAS registration.

The existing products and services being offered by the Company are covered by the PT&T Franchise, the Company's CPCNs, and VAS registration. As of the date of this Prospectus, the Company has no pending application or request for approval with the NTC or any government agency to offer any product or services.

By May 2021, the Company is expected to file applications with the NTC for additional VAS products and services. The additional VAS products and services will enhance the Company's offering particularly its IT Services.

The probable regulation that will have an effect in the business is the possibility that the 40% foreign ownership limit in telecommunications companies will be removed. Please see further discussion about this and its possible effect on the Company in the Risk Factors section of this Prospectus. The Company is not aware of any other probable regulation that will have an effect in its business, operations, and financial condition.

Research and Development

PT&T spent ₱6.0 million, ₱6.0 million, and ₱19.5 million for the strategic projects development years ended December 31, 2020, 2019 and 2018, respectively. These amounts are 1.3%, 1.5% and 7.7% of revenues and income for the years ended December 31, 2020, 2019 and 2018, respectively. Expenses for 2020 and 2019 pertain to in-house team developing POCs for new products and technologies PT&T can deploy. Expenses in 2018 pertain to extensive development activities done by the Company in relation to its bid for the New Major Player of the NTC.

Employees

The employees of the Company as of 31 December 2020 and the projected number of employees by 2021 are as follows:

Classification of employee	Number of employees as of 31 December 2020	Projected number of employees to be added in 2021
Staff	171	40
Supervisors	27	16
Managers	26	8
Business Leaders/Executives	10	None

The Company has no Collective Bargaining Agreement and there were neither strikes nor threatened strikes in the past 3 years. The Company is likewise of the opinion that there are currently no threat of strikes or any serious or material dispute that would result to strike or any other similar concerted activities.

Depending on the results of the Company's business and operations in the preceding year, the Company may grant annual wage increase to its employees. The amount of the wage increase, if granted, will be based on the employee's individual performance as indicated in their respective key performance indicators. The Company likewise provide additional health benefits to its employees through an HMO the benefit of which will depend on the employees rank and classification in the Company.

Management's Discussion and Analysis and Plan of Operation

Management Discussion and Analysis

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited financial statements and the related notes as at December 31, 2020 and 2019 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.

In the Company's Annual Stockholders' Meeting held on September 20, 2018, the stockholders approved and ratified the amendment to the Company's By-Laws pertaining to change of accounting period from a fiscal year starting July 1 and ending on June 30 the following to calendar year commencing on January 1 and ending on December 31 of the same year.

We believe that it is that the discussion and analysis of our financial condition and results of operations should reflect comparative financial statements on a calendar year basis in order to have more meaningful information and insight. Nonetheless, we ensure that these figures tie up to the audited financial statements released and issued for the previous periods.

Financial Highlights for the Interim Period Ended March 31, 2021

Segment Reporting

The Company's Statement of Income (Loss) is composed of different segments or lines of business that reflect its products, services and other endeavors. The segments are divided into Fixed Broadband, Information Technology Services and other initiatives which represent the broadband connectivity and IT solutions products offered to its customers, and the Company's other ventures.

	March 31, 2021				March 31, 2020				March 31, 2019			
(in '000 Philippine pesos)	**Broadband Services**	**IT Services**	**Others**	**March 31, 2021**	**Broadband Services**	**IT Services**	**Others**	**March 31, 2020**	**Broadband Services**	**IT Services**	**Others**	**March 31, 2019**
REVENUES	99,885	10,353	-	110,237	96,428	10,704	-	107,132	75,669	-	377	76,046
OTHER INCOME	-	-	119	119	-	-	243	243	-	-	1,512	1,512
	99,885	10,353	119	110,356	96,428	10,704	243	107,376	75,669	-	1,889	77,558
Core expenses												
SG&A	68,390	6,164	1,861	76,414	68,149	7,242	1,685	77,075	60,584	1,851	3,124	65,559
Leased channel	3,278	-	-	3,278	5,978	-	-	5,978	4,832	-	-	4,832
Cost of sales	4,628	7,690	-	12,318	4,611	8,143	-	12,754	1,850	-	1,953	3,803
CORE EXPENSES	76,295	13,854	1,861	92,010	78,738	15,385	1,685	95,807	67,267	1,851	5,076	74,195
CORE EBITDA[1]	23,590	(3,501)	(1,742)	18,346	17,690	(4,680)	(1,441)	11,569	8,402	(1,851)	(3,187)	3,363
CORE EBITDA %	23.62%	-33.82%	-1466.4%	16.62%	18.35%	-43.72%	-592.53%	10.77%	11.10%	N/A	-168.71%	4.34%
Depreciation	16,163	1,491	-	17,654	11,168	161	-	11,330	10,945	114	26	11,086
Interest expense	-	-	1,185	1,185	-	-	568	568	-	-	-	-
CORE EARNINGS	7,427	(4,993)	(2,927)	(493)	6,522	(4,842)	(2,010)	(330)	(2,544)	(1,966)	(3,213)	(7,723)
Non-core charges												
Penalties and fines	-	-	-	-	-	-	-	-	-	-	-	-
Non-core expense	-	-	3,000	3,000	-	-	5,313	5,313	-	-	2,400	2,400
Rehab interest expense	-	-	10,068	10,068	-	-	9,960	9,960	-	-	10,241	10,241
Non-core income	-	-	-	-	-	-	-	-	-	-	-	-
NON-CORE CHARGES	-	-	13,068	13,068	-	-	15,273	15,273	-	-	12,641	12,641
TOTAL EARNINGS (LOSSES)	7,427	(4,993)	(15,995)	(13,561)	6,522	(4,842)	(17,283)	(15,602)	(2,544)	(1,966)	(15,854)	(20,364)

Income tax expense/benefit	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME (LOSS)	7,427	(4,993)	(15,995)	(13,561)	6,522	(4,842)	(17,283)	(15,602)	(2,544)	(1,966)	(15,854)	(20,364)

[1] *Core EBITDA adjusted to reflect changes in accounting standards to improve comparability.*

Results of Operations

Results of Operations (in '000 Philippine pesos)	**Three months ended March 31, 2021**	**Three months ended March 31, 2020**	**Three months ended March 31, 2019**
REVENUES	**110,237**	107,132	76,046
OTHER INCOME	**119**	243	1,512
	110,356	107,376	77,558
Core expenses			
Selling, general and administrative expenses	**76,414**	77,075	65,559
Leased channel and interconnect cost	**3,278**	5,978	4,832
Cost of sales	**12,318**	12,754	3,803
CORE EXPENSES	**92,010**	95,807	74,195
CORE EBITDA[1]	**18,346**	11,569	3,363
CORE EBITDA %	**16.62%**	10.77%	4.34%
Depreciation and amortization	**17,654**	11,330	11,086
Interest expense	**1,185**	568	-
CORE EARNINGS	**(493)**	(330)	(7,723)
Non-core charges			
Penalties and fines	-	-	-
Non-core expense	3,000	5,313	2,400
Rehab interest expense	10,068	9,960	10,241
Non-core income	-	-	-
NON-CORE CHARGES	13,068	15,273	12,641
TOTAL EARNINGS (LOSSES)	**(13,561)**	(15,602)	(20,364)
Income tax expense/benefit	**-**	-	-
NET INCOME (LOSS)	**(13,561)**	(15,602)	(20,364)

[1] *Core EBITDA adjusted to reflect changes in accounting standards to improve comparability.*

<u>Financial Performance for the Interim Period Ended March 31, 2021 vs 2020</u>

Revenue

For the quarter ended March 31, 2021, the Company improved its growth rate in the number of data services circuits over the prior comparative period in 2020. It recorded a total of 2,080 circuits as of March 31, 2021 compared to 1,820 in 2020. The increase in the number of data circuits resulted in operating revenues of ₱110.2 million for the quarter ended March 31, 2021 compared to ₱107.1 million in 2020.

Newly established IT Services made a significant impact on the revenue performance as the Company was able to generate additional ₱10.4M in revenues. IT Services is expected to provide new opportunities for the Company in the coming years.

Cost and expenses

The Company's personnel related expenses for the three-month period ending March 31, 2021, amounted to ₱54.1 million compared to last year's level of ₱55.2 million driven by the decrease in salaries due to the pandemic. The number of personnel increased from 232 at the start of the year to 245 at the end of June 2021.

Premises-related expenses increased to ₱9.2 million as compared to the same period last year of ₱8.3 million. However, impact of the pandemic resulted in the decrease in selling, general and administrative expenses from ₱13.6 million to ₱13.1 million, and reduction in cost of sales from ₱12.8 million in the previous year to ₱12.3 million. Finally, leased channel decreased to ₱3.3 million from ₱6.0 million.

The decrease in operating costs and expenses due to the pandemic is aligned with the Company's strategy and is necessary to sustain its businesses.

Profitability Performance

The Company's core EBITDA grew to ₱18.3 million for the quarter ended March 31, 2021 versus the previous year's performance of ₱11.6 million. Depreciation, interest expense and non-core charges due to rehab-related efforts pulled down the Company's performance to a net loss of ₱13.5 million in 2021 but is still a 13% improvement versus net loss of ₱15.6 million in 2020.

Financial Performance for the Interim Period Ended March 31, 2020 vs 2019

Revenue

The Company, for the three months ending March 31, 2020, reported total revenues and income of ₱107.4 million, or an improvement of 38% as compared to the previous year's revenue of ₱77.6 million. The Company ended the quarter with more than 1,820 data services circuits or an increase of 30% over the same quarter of the previous year. For the quarter ending March 31, 2020, operating revenues for broadband reached ₱97.2 million, a 27% increase in operating revenue performance as compared to the same period last year. The increase in the number of data circuits resulted in operating revenues of ₱107.1 million for the quarter ended March 31, 2020 compared to ₱76.0 million in 2019.

Additionally, new revenue stream from IT Services contributed ₱10.7 million in operating revenue.

Cost and expenses

The Company's personnel related expenses for the three-month period ending March 31, 2020, amounted to ₱55.2 million compared to last year's level of ₱49.7 million driven by the increase in manpower and benefits, both to retain excellent people assets and attract new talents to support the business. The number of personnel was steady from 234 at the start of the year to 235 at the end of March 31, 2020.

Premises-related expenses slightly increased to ₱8.3 million as compared to the same period last year of ₱7.5 million. Other selling, general and administrative expenses increased to ₱13.6 million from ₱8.4 million of the same period last year due to increased mobility for the sales and technical crews that were continuously improved through acquisition of service vehicles, increase in marketing expenses and improved customer experience. Additional upstream connections and international connectivity to support expansion and growth contributed to the increase in leased channel expenses to ₱6.0 million from ₱4.8 million of the same period last year. Lastly, cost of sales grew to ₱12.8 million from ₱3.8 million in the previous year indicating an increase in the services provided by the Company to its growing customer base.

The increase in operating costs and expenses is manageable and aligned with the Company's strategy and is necessary to grow the broadband business.

Profitability Performance

The Company's core EBITDA grew to ₱11.6 million for the quarter ended March 31, 2020 versus the previous year's performance of ₱3.4 million. Depreciation, interest expense and non-core charges due to rehab-related efforts pulled down the Company's performance to a net loss of ₱15.6 million in 2020 but is still a 23% improvement versus net loss of ₱20.2 million in 2019.

Financial Performance and Condition

Financial Condition ***(in '000 Philippine pesos)***	**March 30, 2021**	March 31, 2020	March 30, 2019
Current Assets	**520,471**	478,193	82,312
Non-current Assets	**490,816**	446,729	802,878
TOTAL ASSETS	**1,011,288**	924,922	885,190
Current Liabilities	**1,457,987**	1,384,766	1,330,586
Non-current Liabilities	**372,274**	332,494	289,175
Total Liabilities	**1,830,260**	1,717,260	1,619,761
Capital Deficiency	**(818,973)**	(792,338)	(734,571)
TOTAL LIABILITIES AND CAPITAL	**1,011,288**	924,922	885,190

The Company's total assets amounted to ₱1.011 billion as of March 31, 2021, compared to ₱924.9 million in 2020 and ₱885.2 million in 2019. Cash is at ₱43.3 million, an increase by ₱25.1 million or 139% as compared to March 31, 2020. Accounts receivable of ₱56.9 million as of March 31, 2021 decreased by ₱10.6 million or 18% as compared to March 31, 2020.

Trade and other payables increased by ₱1.7 million or 1% as of March 31, 2021. A major portion of this account is attributable to trade transactions with suppliers which resulted in total trade payables of ₱78.4 million as of quarter end. Finally, the other payables are generally due to related parties which represent non-interest bearing, unsecured and short-term Philippine currency denominated financing and advances to support the Company's working capital requirements as part of the approved rehabilitation plan of the Company.

Total deficit is at ₱11.8 billion and the total capital stock deficiency is at ₱818.9 million in 2021, ₱792.3 million in 2020 and ₱735.6 million in 2019

Current ratio as of March 31, 2021 is at 0.37:1 as compared to March 31, 2020 of 0.34:1 and March 31, 2019 of 0.35:1

Key Financial Performance Indicator

Key Performance Indicators	**Three months ended March 31, 2021**	**Three months ended March 31, 2020**	**Three months ended March 31, 2019**
Net income (loss) (in '000 ₱)	(13,561)	(15,602)	(20,364)
Core EBITDA (in '000 ₱)	18,346	11,569	3,363
Core EBITDA %	16.62%	10.77%	4.34%
Operating Revenue Growth	2.90%	40.88%	113.32%
Operating Revenue (in '000 ₱)	110,237	107,132	76,046
Number of Active Circuits	2,080	1,820	1,405

ARPU (in ₱)	15,551	16,754	15,696
Recurring Revenue (in '000 ₱)	97,039	91,474	66,161

<u>Net income</u>
Net income is a key performance metric that indicates how well the Company performed after all costs of the business have been considered.

PT&T made significant investments in network and operations to build sustainable growth since 2018. These investments to rehabilitate its network and improve the Company's operational capabilities have resulted in an increase in expenses that affected the net income. However, because of the new IT services revenue stream and the continuously growing fixed broadband business, the Company reduced its net loss to 13% compared to the previous year.

<u>Core EBITDA and Core EBITDA Margin</u>
Core EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) is calculated as operating revenues and income less operating expenses attributable to the core business of the Company. Non-core expenditures pertain to those that are not related to the core business of the Company but are connected to improve PT&T's financial condition (e.g., rehab-related expenses, SEC fees for increase in capital stock for rehab exit, etc.). This metric provides an indication how well the core business of the Company is performing before considering those initiatives being subsidized by operations. Core EBITDA has been adjusted for prior years to reflect changes in accounting standards to improve comparability.

Growing fixed broadband business and new IT Services revenue stream along with savings in operating expenses positively impacted the Core EBITDA performance from ₱11.6 million to ₱18.3 million. Core EBITDA margin improved accordingly from 10.8% to 16.6%.

<u>Operating Revenue Growth</u>
Revenue growth provides an indication on how well the Company generates revenue to support its operations and initiatives versus the comparative period.

The Company has consistently achieved positive revenue growth. However, due to the pandemic, the Company experienced a slower operating revenue growth of 2.9% compared to the previous year. This is expected to increase, however, due to the imperative need to bridge the technological gap of connectivity and IT solutions.

<u>Number of billable/active circuits</u>
Number of billable/active circuits pertain to the number of subscription lines or customers in the PT&T network.

The number of subscribers increased by 14% contributing greatly to revenue growth. Enterprise clients comprised 63% of subscribers and are the main source of fixed broadband revenue.

<u>Average revenue per unit (ARPU)</u>
Average revenue per unit measures the recurring revenue generated for each circuit connected to the PT&T network. This is computed by dividing the recurring revenue for the period by the average number of active circuits and then dividing the resulting amount by the number of months in the period.

In the 1st quarter of 2021, the Company's ARPU slightly decreased as more subscribers were acquired in the residential areas. Also, due to competition, promotions were introduced to encourage more subscribers.

Financial Highlights based on calendar year financial statements

Segment Reporting

The Company's Statement of Income (Loss) is composed of different segments or lines of business that reflect its products, services and other endeavors. The segments are divided into Fixed Broadband, Information Technology Services and other initiatives which represent the broadband connectivity and IT solutions products offered to its customers, and the Company's other ventures.

	December 31, 2020				December 31, 2019				December 31, 2018		
(in '000 Philippine pesos)	**Broadband Services**	**IT Services**	**Others**		**Broadband Services**	**IT Services**	**Others**		**Broadband Services**	**Others**	
REVENUES[1]	384,007	24,337	-	408,344	353,784	42,260	-	396,044	245,520	-	245,520
OTHER INCOME	-	-	30,280	30,280	-	-	8,645	8,645	-	9,093	9,093
	384,007	24,337	30,280	438,624	353,784	42,260	8,645	404,688	245,520	9,093	254,613
Core expenses											
SG&A	258,676	28,179	5,856	292,711	253,427	16,626	17,188	287,241	177,409	33,332	210,741
Leased channel[2]	19,452	-	-	19,452	18,055	-	-	18,055	16,772	-	16,772
Cost of sales	15,117	21,807	-	36,925	16,582	31,769	-	48,351	-	-	-
CORE EXPENSES	293,246	49,986	5,856	349,088	288,064	48,395	17,188	353,646	194,181	33,332	227,513
CORE EBITDA[3]	90,761	(25,649)	24,424	89,536	65,720	(6,134)	(8,543)	51,042	51,339	(24,239)	27,100
CORE EBITDA %	23.64%	-105.39%	80.66%	20.41%	18.58%	(14.5%)	(98.8%)	12.61%	20.91%	(266.6%)	10.64%
Depreciation	52,857	1,028	-	53,885	42,061	1,629	41	43,731	35,917	623	36,540
Interest expense	-	-	3,352	3,352	2,650	222	123	2,996	186	47	233
CORE EARNINGS	37,904	(26,676)	21,072	32,299	21,008	(7,986)	(8,707)	4,315	15,236	(24,909)	(9,673)
Non-core charges											
Penalties and fines	-	-	3,800	3,800	-	-	-	-	-	10,913	10,913
Non-core expense	-	-	19,350	19,350	-	-	13,909	13,909	-	46,297	46,297
Rehab interest	-	-	36,676	36,676	-	-	39,935	39,935	-	33,473	33,473
Non-core income	-	-	-	-	-	-	-	-	-	-	-
NON-CORE CHARGES	-	-	59,825	59,825	-	-	53,845	53,845	-	90,683	90,683
TOTAL EARNINGS (LOSSES)	37,904	(26,676)	(38,753)	(27,526)	21,008	(7,986)	(62,552)	(49,529)	15,236	(115,592)	(100,356)
Income tax expense	-	-	3,795	3,795	-	-	2,873	2,873	-	-	-
NET INCOME (LOSS)	37,904	(26,676)	(42,548)	(31,321)	21,008	(7,986)	(65,425)	(52,403)	15,236	(115,592)	(100,356)

[1]*Revenue allocation among segments has been adjusted in the prior years to improve comparability*
[2]*Leased channel allocation among segments has been adjusted in the prior years to improve comparability*
[3]*Core EBITDA has been adjusted for prior years to reflect changes in accounting standards to improve comparability.*

Results of Operations based on Audited Financial Statements

	Audited	**Audited**	**Audited**			**Audited**			**Audited**
	One-year period	**One-year period**	**Six-month period**	**Six-month period**	**Six-month period**	**One-year period**	**Six-month period**	**Six-month period**	**One-year period**
(in '000 Philippine pesos)	**December 31, 2020**	**December 31, 2019**	**December 31, 2018**	**June 30, 2018**	**December 31, 2017**	**June 30, 2018**	**June 30, 2017**	**December 31, 2016**	**June 30, 2017**
REVENUES	408,344	396,044	129,572	115,949	84,865	200,814	67,879	56,596	124,474
OTHER INCOME	30,280	8,645	3,900	5,192	6,378	11,571	6,448	5,415	11,863
	438,624	**404,688**	**133,472**	**121,141**	**91,243**	**212,385**	**74,327**	**62,011**	**136,337**
Core expenses									
SG&A	292,711	287,241	127,546	83,195	49,044	132,238	49,262	41,142	90,405
Leased channel	19,452	18,055	14,302	2,470	2,287	4,757	1,108	-	1,108
Cost of sales	36,925	48,351	-	-	-	-	-	-	-
CORE EXPENSES	**349,088**	**353,646**	**141,848**	**85,665**	**51,331**	**136,996**	**50,370**	**41,142**	**91,512**
CORE EBITDA[1]	**89,536**	**51,042**	**(8,376)**	**35,476**	**39,913**	**75,389**	**23,957**	**20,868**	**44,825**

CORE EBITDA %	**20.41%**	**12.61%**	**(6.28%)**	**29.28%**	**43.74%**	**35.50%**	**32.23%**	**33.65%**	**32.88%**
Depreciation	53,885	43,731	20,909	15,631	14,110	29,741	13,902	24,637	38,539
Interest expense	3,352	2,996	233	-	-	-	-	-	-
CORE EARNINGS	**32,299**	**4,315**	**(29,518)**	**19,845**	**25,803**	**45,648**	**10,055**	**-3,768**	**6,287**
Non-core charges									
Penalties and fines	3,800	-	3,825	7,088	-	7,088	-	-	-
Non-core expense	19,350	13,909	34,930	11,366	-	11,366	-	-	-
Rehab interest	36,676	39,935	19,879	13,594	13,951	27,545	16,472	16,462	32,935
Non-core income	-	-	-	-	(53,880)	(53,880)	-	-	
NON-CORE CHARGES	**59,825**	**53,845**	**58,634**	**32,048**	**(39,929)**	**(7,881)**	**16,472**	**16,462**	**32,935**
TOTAL EARNINGS (LOSSES)	**(27,526)**	**(49,529)**	**(88,153)**	**(12,203)**	**65,732**	**53,529**	(6,418)	(20,231)	(26,648)
Income tax	3,795	2,873	-	-	28,800	28,800	258	-	258
NET INCOME (LOSS)	**(31,321)**	**(52,403)**	**(88,153)**	**(12,203)**	**36,933**	**24,729**	**(6,675)**	**(20,231)**	**(26,906)**

[1]*Core EBITDA has been adjusted for prior years to reflect changes in accounting standards to improve comparability.*

Results of Operations (in '000 Philippine pesos)	**December 31, 2020**	**December 31, 2019**	**December 31, 2018**	**December 31, 2017**
REVENUES	**408,344**	396,044	245,520	152,744
OTHER INCOME	**30,280**	8,645	9,093	12,826
	438,624	404,688	254,613	165,570
Core expenses				
Selling, general and administrative expenses	**292,711**	287,241	210,741	98,306
Leased channel and interconnect cost	**19,452**	18,055	16,772	3,395
Cost of sales	**36,925**	48,351	-	-
CORE EXPENSES	**349,088**	353,646	227,513	101,701
CORE EBITDA[1]	**89,536**	51,042	27,100	63,870
CORE EBITDA %	**20.41%**	12.61%	10.64%	38.58%
Depreciation and amortization	**53,885**	43,731	36,540	28,012
Interest expense	**3,352**	2,996	233	-
CORE EARNINGS	**32,299**	4,315	(9,673)	35,858
Non-core charges				
Penalties and fines	**3,800**	-	10,913	-
Non-core expense	**19,350**	13,909	46,297	-
Rehab interest expense	**36,676**	39,935	33,473	30,423
Non-core income	**-**	-	-	(53,880)
NON-CORE CHARGES	**59,825**	53,845	90,683	(23,457)
TOTAL EARNINGS (LOSSES)	**(27,526)**	(49,529)	(100,356)	(59,315)
Income tax expense/benefit	**3,795**	2,873	-	(29,057)
NET INCOME (LOSS)	**(31,321)**	(52,403)	(100,356)	30,257

[1]*Core EBITDA has been adjusted for prior years to reflect changes in accounting standards to improve comparability.*

Financial Performance for Full Year Ended December 31, 2020 vs 2019

Revenue

For the year ended December 31, 2020, the Company improved its growth rate in the number of data services circuits over the prior years 2019 and 2018. It recorded a total of 2,016 circuits as of December 31, 2020 compared to 1,760 and 1,277 as of years 2019 and 2018, respectively. The increase in the number of data circuits resulted in operating revenues of ₱408.3 million for the year ended December 31, 2020 compared to ₱396.0 million and ₱245.5 million in 2019 and 2018, respectively.

Additionally, new revenue stream from IT Services made a significant impact on the revenue performance as the Company was able to generate additional ₱24.3M in revenues. IT Services is expected to provide new opportunities for the Company in the coming years.

Cost and expenses

In 2019, the Company enhanced its organizational capabilities in the technical and support areas to sustain the growth in operations, translating to an increase in personnel related expenses amounting to ₱203.8 million in 2019 from ₱127.0 million in 2018. This is driven by the increase in workforce and benefits, both to retain excellent people assets and attract new talents to support the business. For the year ended December 31, 2020, personnel related expenses decreased to ₱193.1 million driven by the decrease in salaries due to the pandemic. The number of personnel decreased from 234 at the start of the year to 232 at year-end.

Premises-related expenses continuously increased to ₱24.5 million in 2020 from ₱21.4 million in 2019 and ₱17.0 million in 2018. In 2020, the Company recognized provisions for doubtful accounts to consider its subscribers that were affected by the pandemic. This impacted other selling, general and administrative expenses from ₱66.7 million in 2018 and ₱62.0 million in 2019 to ₱76.9 million in 2020. However, in terms of the total selling, general and administrative expenses, the Company managed to limit the overall increase to ₱292.7 million. Additional upstream connections and international connectivity to support expansion and growth contributed to the increase in leased channel expenses to ₱19.5 million from ₱18.1 million in 2019 and ₱16.8 million in 2018. Lastly, cost of sales contributed ₱36.9 million in core expenses indicating new product offerings provided by the Company to its growing customer base.

The decrease in operating costs and expenses due to the pandemic is aligned with the Company's strategy and is necessary to sustain its businesses.

Profitability Performance

Over the past three years, the Company has produced core EBITDA during the years 2020, 2019 and 2018 in the respective amounts of ₱89.5 million, ₱51.0 million, and ₱27.1 million. Since 2018, EBITDA margin performance has been increasing due to the initiatives for growth. Investment in people assets and network operations, which are necessary expenditures to grow the business, limited the core EBITDA margin in 2018 to 10.6%. Consequently, due to these investments, the Company experienced an improvement in core EBITDA margin in 2019 and 2020.

The Company posted ₱31.3 million net loss for the year ended December 31, 2020 compared to net loss of ₱52.4 million in 2019.

Financial Performance for Full Year Ended December 31, 2019 vs 2018

Revenue

For the year ended December 31, 2019, the Company reported ₱404.7 million in revenues compared to ₱254.6 million of the previous year. This is mainly attributed to the 38% increase in fixed broadband circuits, together with the launch of IT Services as a new revenue stream.

Cost and expenses

In order to support the expanding business of the Company, core expenses grew from ₱227.5 million to ₱353.6 million for the year ended December 31, 2019. The Company's personnel related expenses increased by 61% driven by the increase in manpower and aggressive employee benefits to retain and attract people assets. In relation to the growth in manpower, premises related expenses increased from ₱24.4 million to ₱31.2 million in 2019 as the Company continued to improve its efforts to support its sales and technical mobilization. Other selling, general and administrative expenses decreased by 12% mainly due to reduction in consultancy fees, and marketing expenses. Leased channel slightly increased from ₱16.8 million to ₱18.1 million as the Company acquired more fixed broadband subscribers, while additional expenses due to IT Services cost of sales also contributed to the increase in core expenses.

Profitability Performance

The Company's core EBITDA grew to ₱51.0 million for the year ended December 31, 2019 versus the previous year's performance of ₱27.1 million. Depreciation, interest expense and non-core charges due to rehab-related efforts pulled down the Company's performance to a net loss of ₱52.4 million in 2019 but is still a 48% improvement versus net loss of ₱100.4 million in 2018.

<u>Financial Performance for Full Year Ended December 31, 2018 vs 2017</u>

Revenue

The Company's revenue for the year ended December 31, 2018 amounted to ₱254.6 million, a 54% increase versus the previous year's performance of ₱166.6 million. Improvement in revenues mainly came from the growth in number of fixed broadband subscribers which also increased by 57%.

Cost and expenses

Core expenses grew by 124% from ₱101.7 million in 2017 to ₱227.5 million in 2018. This can be attributed to the increase in personnel related expenses which more than doubled from ₱58.8 million in 2017 to ₱127.0 million in 2018 as the Company invested in people assets to propel its plan of expansion in the next years. This also influenced the increase in premises related expenses to ₱24.4 million compared to ₱14.6 million of the previous year. In line with the expansion of operations, other selling, general and administrative expenses also grew to ₱59.4 million from ₱24.9 million in 2017 as the Company increased its marketing efforts and invested in consultancy services. Leased channel expenses grew to ₱16.8 million versus ₱3.4 million of the comparative year because of the Company's efforts to invest in international connectivity as it expected to grow its subscribers.

Profitability Performance

The Company's core EBITDA for the year ended December 31, 2018 amounted to ₱27.1 million compared to the previous year's performance of ₱63.9 million. The increase in expenses greatly impacted the Company's core EBITDA which also pulled down the core EBITDA margin from 38.6% in 2017 to 10.6% in 2018. Depreciation, interest expense and non-core charges further decreased the Company's performance to a net loss of ₱100.4 million versus net income of ₱30.3 million in 2017 as it recognized non-core income of ₱53.9 million in this period.

Financial Condition in '000 Philippine pesos)	**December 31, 2020**	December 31, 2019	December 31, 2018
Current assets	**498,141**	486,941	78,726
Non-current assets	**514,913**	454,966	805,768
ASSETS	**1,013,054**	941,907	884,494
Current liabilities	**1,448,542**	1,388,749	1,302,966
Non-current liabilities	**369,835**	329,894	295,735
LIABILITIES	**1,818,377**	1,718,643	1,598,700
Share capital	**10,935,992**	10,935,992	10,935,992
Retained deficit	**(11,850,525)**	(11,819,295)	(11,766,892)
Other equity items	**109,211**	106,567	116,693
EQUITY	**(805,322)**	(776,736)	(714,207)

LIABILITIES AND EQUITY	**1,013,054**	941,907	884,494

The Company's total assets amounted to ₱1,013.0 million as of December 31, 2020 compared to ₱941.9 million and ₱884.4 million as of December 31, 2019 and December 31, 2018, respectively. The increase in assets is driven by increase of working capital from growth in fixed broadband operations and new IT Services business, and investments in fixed and plant assets to support the expansion of the Company's business.

Increase in total liabilities pertain to payables to suppliers and other operating accrued expenses, and accrued interest payable under the rehabilitation plan.

Improvement in equity in 2018 is brought about by the increase in authorized capital stock and subsequent reclassification of deposit for future stock subscription from liabilities to equity.

Key Performance Indicators

Key Performance Indicators	**Full year ended December 31, 2020**	**Full year ended December 31, 2019**	**Full year ended December 31, 2018**
Net income (loss)	(31,320,531)	(52,402,835)	(100,355,941)
Core EBITDA	89,536,171	51,042,053[1]	27,100,026[2]
Core EBITDA %	20.41%	12.61%	6.13%
Operating Revenue Growth	3.11%	61.31%	60.74%
Operating Revenue	408,344,051	396,043,723	245,520,351
Number of Active Circuits	2,016	1,760	1,277
ARPU (in ₱)	15,100	14,426	15,643
Recurring Revenue (in ₱)	365,296,397	304,682,660	239,707,183

<u>*Net income*</u>
Net income is a key performance metric that indicates how well the Company performed after all costs of the business have been considered.

PT&T made significant investments in network and operations to build sustainable growth since 2018. These investments to rehabilitate and rehabilitate its network and improve the Company's operational capabilities have resulted in an increase in expenses that affected the net income. However, because of the new IT services revenue stream and the continuously growing fixed broadband business, the Company reduced its net loss in 2020 to 40% of the previous year.

<u>*Core EBITDA and Core EBITDA Margin*</u>
Core EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) is calculated as operating revenues and income fewer operating expenses attributable to the core business of the Company. Non-core expenditures pertain to those that are not related to the core business of the Company but are connected to improve PT&T's financial condition (eg, rehab-related expenses, SEC fees for increase in capital stock for rehab exit, etc.). This metric provides an indication how well the core business of the Company is performing before considering those initiatives being subsidized by operations. Core EBITDA has been adjusted for prior years to reflect changes in accounting standards to improve comparability.

Core EBITDA remains positive throughout the years. The Company started investing in its people assets and network operations which lowered the core EBITDA in 2018 but was able to achieve almost two-fold increase in 2019. This continued in 2020 as the Company experienced a 75% growth in Core EBITDA. This growth, which significantly exceeded last year's performance, is attributable to the increase in revenues and savings in operating expenses.

Operating Revenue Growth
Revenue growth provides an indication on how well the Company generates revenue to support its operations and initiatives versus the comparative period.

For the past 3 years, the Company has consistently achieved positive revenue growth. In 2018 and 2019, it experienced a steady revenue growth of around 60% mainly due to the growing subscribers of the Company and the launch of IT services as a new revenue stream. In 2020, operating revenue growth significantly decreased to 3% due to the impact of the COVID-19 pandemic. This is expected to increase, however, due to the imperative need to bridge the technological gap of connectivity and IT solutions.

Number of billable/active circuits
Number of billable/active circuits pertain to the number of subscription lines or customers in the PT&T network.

The number of subscribers increased by more than 50% for the past 2 years, contributing greatly to revenue growth. Enterprise subscribers comprised 65% of subscribers and are the main source of fixed broadband revenue.

Average revenue per unit (ARPU)
Average revenue per unit measures the recurring revenue generated for each circuit connected to the PT&T network. This is computed by dividing the recurring revenue for the period by the average number of active circuits and then dividing the resulting amount by the number of months in the period.

In 2019, the Company's ARPU slightly dropped versus 2018 due to competition and promotions to encourage more subscribers. In 2020, however, ARPU slightly rose compared to 2019 indicating an increase in value of newly acquired subscribers.

Plan of Operation

PT&T believes that information and communication technologies are the backbone of innovation. But no innovation can occur without the high-speed broadband network. The future of countries, businesses and individuals will depend more than ever on whether they embrace technology and many of those who stand to gain the most are not yet connected.

The Company holds an optimistic view on the Philippines' broadband industry through Its efforts to improve coverage and spur subscriber growth. PT&T aims to expand coverage and upgrade its network infrastructure which will help to cope with the growing demand and ensure that network congestion would be minimized.

The Philippines has made huge investment in the national broadband network and ramping up network modernization investments in order to take advantage of the huge data opportunities in a fast-growing nation. The Company continues to believe that the market can accommodate more players which would be beneficial to innovations and long-term growth. The local economy's remarkable momentum will continue fueled by strong sequential gains in investment activity and private consumption.

Innovation is increasingly based on digital technologies and business models, which can drive economic and social gains from ICT if channeled in a smart way. The way businesses adopt ICT is key for leveraging them for development, so encouraging businesses to fully embrace the powers of digital technologies is a priority of PT&T. The Company aims to step up efforts to invest in innovative digital solutions to drive economic growth and social impact. This will include building capabilities in cyber security, Internet of Things and smart cities.

PT&T also aims to help shape the high-speed internet connection as a true and open platform and as a driver of economic development and social progress.

In order to achieve these objectives, the Company has several projects lined up which will expand PT&T's capability to provide telecommunications service throughout the country.

PT&T is currently serving Metro Manila and the nearby CALABARZON. In order to increase its subscribers' base, PT&T is in the process of completing its plan to expand its existing telecommunications network. The network expansion will initially focus on key cities in the National Capital Region, CALABARZON and parts of Northern Luzon. Once fully implemented, the expanded network will be capable of servicing at least 40% of the Philippine population.

The network expansion will include the deployment of massive fiber optic infrastructure to support all network services and capacities. It will also provide a Full IP Network based on the latest Service Oriented Network Architecture and Self-Service Oriented Network Architecture.

The Company plans on building its nationwide backbone to support its objective to provide a nationwide wholesale and retail service including the capability to provide mobile services in the future. This project involves the deployment of in-land (terrestrial) and off-shore (submarine) networks connecting all major islands throughout the Philippine archipelago. Full IP Network based on the latest Software Defined Network will be used.

Lastly, as technologies rapidly evolve, PT&T is keen on extending services utilizing 5G technology to provide fixed wireless access and other various 5G applications to support the growing needs of businesses and consumers alike.

PT&T is likewise exploring and studying the latest network concepts in implementing “virtualization” of network components into data centers. This will expectedly reduce the numbers of network elements deployed throughout the country and substantially reducing cost and implementation period.

As of June 30, 2021, the Company has a total of 245 employees and the Company estimated that the said number will increase to 251 by the end of 2021. As the Company commences the expansion of its operations, it expects to further increase its manpower complement.

PT&T’s Operations in relation to the Court-Approved Rehabilitation Plan

The Company’s management, to achieve effective implementation of the court-approved Rehabilitation Plan and exit in the Corp Rehab status, is undertaking the following action plans, to attain sustainable financial stability, improve its financial position, and to restore and reinstate to its former position of successful operation and solvency through, among others:

- Infusing significant capital expenditures, through its new owners, Menlo, to improve, modernize and increase the capacity of its existing broadband assets;
- Use of internally generated cash, in addition to above, to implement area roll outs to expand the Company’s fiber footprint and network into Greater Metropolitan Area and surrounding areas;
- New products and services in the information technology (IT) space to offer services beyond connectivity and to attract new clients to serve the needs of the market; and
- Foreign partnership to recapitalize the Company and scale up its broadband business model on a nationwide coverage using the latest state-of-the-art fixed and mobile broadband infrastructure and enter into agreements with the Philippine government, through NTC, to use its nationwide fiber optic assets.

In order to implement the Company’ growth plans, it is PT&T’s top priority to be able to resume trading in the PSE. This would allow entry of investors, work with foreign partners, and raise capital, that could help in PT&T enact future plans in the telecommunications and information technology space; enabling the Company to become a leading digital services provider of world-class solutions that enable Filipinos everywhere – to enrich their lives, connect communities, and contribute to nation-building.

Information on Independent Auditors and Other Related Matters

Independent Audit and Audit-related Fees

The external auditor of the Company is the audit firm of Alas, Oplas & Co. (“AOC”). The Board approved the reappointment of AOC as the Company’s independent auditor for 2020 based on its performance and qualifications. The re-appointment of AOC was presented and approved to the stockholders last June 28, 2019.

The Company paid ₱990,000 for the audit of the financial statements for full year ending December 31, 2019. In the same manner, the Company accrued ₱990,000 for its December 31, 2020 calendar year audit.

The independent auditor did not render any other professional services to the Company in 2019 and 2020.

Changes in and Disagreements with Independent Auditors on Accounting and Financial Disclosure

To the best of our knowledge, there are no disagreements on any matter of accounting principles or practices, financial statement disclosure or accounting scope or procedure with the Company's external auditor.

CONTROL AND COMPENSATION INFORMATION

Directors and Executive Officers

Directors, Executive Officers, Promoters and Control Persons

The following are the directors and executive officers of the Company as of the date of distribution of this Prospectus:

Name and Position	Age	Citizenship	Term of Office as Director/Officer	Period Served as Director /Officer
Salvador B. Zamora II Chairman	73	Filipino	3 years and 9 months	Since 10 August 2017 (As Director) Since 25 August 2017 (As Chairman)
James G. Velasquez Director and President	54	Filipino	3 years and 2 months	Since 01 March 2018 (As Director) Since 28 June 2018 (As President)
Miguel Marco A. Bitanga Director, Chief Operating Officer	37	Filipino	1 year and 11 months	Director from August 2017 until September 2018. Re-elected on 28 June 2019.
Salvador T. Zamora III Director	43	Filipino	3 years and 9 months	Since 25 August 2017
Ma. Cristina Z. Borra Director	46	Filipino	8 months	Since 25 September 2020
Serafin C. Ledesma, Jr. Independent Director	79	Filipino	2 years and 10 months	Since 30 July 2018
Roberto B. Ortiz Independent Director	68	Filipino	2 years and 10 months	Since 30 July 2018
Bienvenido S. Santos Independent Director	62	Filipino	1 year and 11 months	Since 28 June 2019
Carlos Andres V. Reyes Independent Director	43	Filipino	8 months	Since 25 September 2018
Concepcion D.S. Roxas Chief People and Culture Officer	59	Filipino	2 years and 10 months	Since 02 July 2018
Patrick Vincent G. Peña General Manager, Fixed Broadband	55	Filipino	2 years and 10 months	Since 02 July 2018
Ella Mae Ortega General Manager, IT Services	45	Filipino	2 year and 4 months	Since 04 January 2019
Juanita C. Rimando Vice-President, Carrier and Wholesale Business	48	Filipino	2 years and 7 months	Since 16 October 2018

Jeffrey E. Julian Vice-President, Network Engineering and Operations Chief Technical Officer	43	Filipino	1 year and 6 months 6 months	From 01June 2019 until 22 November 2020 Since 23 November 2020
Angelo Miguel R. Isip Chief Finance Officer	28	Filipino	1 year and 4 months	Since 03 January 2020
Alberto P. Ambuyo Chief Information Officer	49	Filipino	6 months	Since 23 November 2020
Renato M. Lee Compliance Officer	63	Filipino	8 months	Since 25 September 2020
Kenneth Joey H. Maceren Corporate Secretary	41	Filipino	2 years and 8 months	Since 20 September 2018
Maria Nikka Espiritu Assistant Corporate Secretary	29	Filipino	6 months	Since 23 November 2020

The names of the Directors and Executive Officers of the Company as of the date of distribution of this Prospectus and their respective current positions held, periods of service and business experience during the past five years are as follows:

Salvador B. Zamora II
Chairman of the Board

Mr. Salvador "Buddy" Zamora II is a renowned Philippine industry player. He is the Chairman and Chief Executive Officer of Tranzen Group Inc., a wholly owned Filipino holding Company engaged in renewable energy generation, agro industries, and resort development.

Buddy was educated in the Ateneo de Manila University in the Philippines and in New York University, USA where he received his master's in Business Administration.

Mr. Zamora carved a name in the Philippine mining industry in the 1970's by establishing Nickel Asia Corporation, the largest lateritic nickel ore producer in the Philippines and one of the largest in the world. Mr. Zamora was the former president of Nickel Asia Corporation's operational sites: Hinatuan Mining Corporation, Taganito Mining Corporation and Cagdianao Mining Corporation. From 2006 to 2009, Mr. Zamora served as the President and Chief Executive Officer of Nickel Asia Corporation.

In 2008, Mr. Zamora formed Tranzen Group Inc. with a vision to become a leading diversified conglomerate in the country. Tranzen Group along with Carbon Assets Fund of Cayman Island built the Philippines' first methane production plant in Rizal. Also, in Tranzen Group's pipeline are significant projects in hydro power generation and mining interest in Dinagat Island.

Mr. Zamora is also the Chairman of the following companies Philippine Phosphate Fertilizer Corporation, Bacavalley Energy, Inc., One Pacstar Realty Corporation, Two Pactstar Realty Corporation, Agusan Power Corporation, Philphos Trading Inc., Lear Aero Ltd., Inc., Libjo Mining Corporation, and Lake Mainit Hydro Holdings Corporation.

James G. Velasquez
Director, President and Chief Executive Officer

Mr. Velasquez was a Senior Executive for IBM Global Technology Services, Asia Pacific with 30 years' experience in running several business units in the Philippines, ASEAN and in Asia Pacific focusing on P&L, IT business management, Operations, IT Infrastructure Management and Regional Sales. He was previously the

President and Country General Manager for IBM Philippines where he was responsible for the overall IBM business operations and led both domestic and global delivery growth.

He previously served as Chairman of IBM Philippines and associated IBM subsidiaries, Board of Trustee of the PBSP, Board Member of the Management Association of the Philippines, Director of Asia Pacific College and Board Trustee of UST Engineering Alumni Association.

He is currently a board member of Disaster Recovery Institute of the Philippines.

He was a recipient of the following recognition: UST Engineering Centennial Award for Industry Leadership, UST's The Outstanding Alumni Award for Business Management and Letran Alumni Award for Industry. He also received the CEO EXCel Awards in 2011 in addition to garnering various recognition for IBM in the Philippines in the areas of Corporate Social Responsibility, Marketing Excellence, HR and ICT.

Miguel Marco A. Bitanga
Director and Chief Operating Officer

Mr. Bitanga received his Bachelor of Arts Degree in Interdisciplinary Studies Cum Laude from Ateneo de Manila University and a Master's in Business Administration from IESE Business School in Barcelona, Spain. He previously held the following positions: Managing Director of Benisons Shopping Center, Corporate Information Officer of MRC Allied, Inc. and Business Director of Flux Design Labs.

He was previously a Director of Mano Amiga Academy, a non-profit organization that provides free education to children in need and employment to their mothers.

Salvador T. Zamora III
Director

Mr. Zamora III is currently connected with the following corporations either as Director, Treasurer or Corporate Secretary: Libjo Mining Corporation, Isarog Renewable Energy Corporation, Skytactic Aero Philippines, Inc., Bacavalley Energy, Inc., La Costa Development Corporation, Inc., Lear Aero Ltd., Inc., Philippine Phosphate Fertilizer Corporation, Tranzen Group, Inc. and 5G Security Inc.

He received his Bachelor of Arts in Music Business from University of New Haven (Connecticut) and MM Music Technology from New York University.

Ma. Cristina Z. Borra
Director

Ms. Borra has been a Director of PT&T since September of 2020. Ms. Borra's work experience spans 24 years. She started her career in 1996 as a part-time Executive Assistant at Hinatuan International Inc. In 1998, she conducted research on both local and international political issues and institutional policies for the Zamora Research Group. She started teaching Literature classes in 2000 for freshmen, sophomore, and graduate students at the University of Asia & the Pacific (UA&P). Deepening her career in teaching, she moved to Manresa School in 2015 as a full-time English Teacher. Most recently, Ms. Borra taught a fully online class for the Junior Academic Assistance Program of UA&P under Wordprime Reading Lab where she guided students in writing academic essays.

Ms. Borra received her Bachelor of Arts Degree in Humanities from the Center for Research and Communication – College of Arts and Sciences (CRC-CAS), now known as University of Asia & the Pacific. She took her master's degree in Liberal Studies under the Draper Program of New York University.

Serafin C. Ledesma, Jr.
Independent Director

Mr. Ledesma is from Davao City. He was a former Station Manager, News Director and Program Director of various radio stations and news agencies in Mindanao. He was a Branch Manager of Telefast Communications from 1976-1978. He was also an Area Manager of Philippine Telegraph and Telephone

Corporation from 1978-1982 and later on, the Company's Vice-President for Mindanao from 1982-2001. From 1986-2001, he was a Co-Chairman of the Technical Working Group for the Interconnection of Telecommunications Network in Mindanao.

He also served as a Director of Davao City Water District from 2014-2016 and is currently a columnist and opinion writer, respectively, of Sun Star Davao and Philippine News Agency.

Mr. Ledesma is likewise active various civic organizations being the former President of the following organizations: Davao Integrated Press Club (1974-1977), Media Dabaw (1978-1980) and Rotary Club of Davao (1997-1998)

Mr. Ledesma received his B.S. in Natural Science from the Mindanao Colleges (now University of Mindanao) in 1964

Roberto B. Ortiz
Independent Director

Mr. Ortiz worked for Price Waterhouse (now Price Waterhouse Coopers) from 1987-1994. He was the former Vice-President for Finance of Consolidated Industrial Gases Inc. from 1994-2003. From 2003-2009, Mr. Ortiz was the Chief Finance Officer of All Asian Countertrade Inc. and its subsidiaries: Sweet Crystals Integrated Sugar Mill Corporation and Basecom Inc.

Since 2010, he is a Director and Chief Financial Officer of Total Nutrition Corporation.

Mr. Ortiz received his B.S. in Management Engineering from Ateneo de Manila University in 1973.

Bienvenido S. Santos
Independent Director

Mr. Santos received his Bachelor of Science Degree in Management Engineering from Ateneo de Manila University. He is the Chairman of several corporations including, among others, BC Net, Asian Carmakers Corporation, GND Holdings, Beebeelee. He is also the Vice-Chairman of Sta. Rosa Motor Works, Inc., Eurobrands Distributor Inc., Columbian Motors Corporation, Columbian Manufacturing Corporation, and Subic Air, Inc. Mr. Santos is also a Director and President of several corporations operating different businesses in the Philippines.

Carlos Andres V. Reyes
Independent Director

Mr. Reyes has been an Independent Director of PT&T since September of 2020. He is currently the Assistant Vice President for Metro Manila Sales of Bluefire LPG Marketing.

Mr. Reyes received his Bachelor of Science Degree in Business Administration Major in Marketing Management from De La Salle College of Saint Benilde.

Concepcion D.S. Roxas
Chief People and Culture Officer

Ms. Roxas is an experienced human resource practitioner. She was employed by companies in various capacities in the field of human resources: Supervisor, Manager, Recruitment Manager, Senior Manager, Consultant, Senior Consultant and HR Director.
In the field of telecommunications, she worked for Smart Communications, Inc. from 1994-2005 where she held the following positions: Recruitment Consultant, Recruitment Manager and Senior Manager. After leaving Smart Communications, Inc. she returned to said Company last 2015 as its Senior HR Consultant for Organizational Development. Before joining PT&T, Recie was the HR Director of Conduit Global.

Ms. Roxas is a graduate of University of Santo Tomas where she received her B.S. in Psychology.

Patrick Vincent G. Peña
GM, Fixed Broadband

Mr. Peña's experience in the telecommunications industry started in 1996 when he worked for Smart Communications, Inc. His work focused primarily on sales and marketing.

From 2000-2006, he was the Vice-President for Sales and Marketing for Meridian Telekoms Inc., spending the last two years from 2004-2006 establishing Meridian's Broadband Wireless Product for the PLDT Group.

In 2007 he was named as the Vice-President and later, the Senior Vice-President, for Postpaid, Broadband, New Business and Marketing Services of Digitel Mobile Phils., Inc. (Sun Cellular).

Mr. Peña received his B.S. in Industrial Engineering from the University of the Philippines, Diliman.

Ella Mae Ortega Corpuz
GM, IT Services

Ms. Ortega graduated Cum Laude at the University of the Philippines Diliman with a bachelor's degree in Business Administration. She is a Senior Executive with over 22 years of leadership experience in multinational businesses in the Information Technology and Services Industry. She started her career in IBM Philippines and developed her career as a Sales Professional and eventually a Sales Manager for 14 years. She gained her experience, knowledge and skills in sales management, route to market management, customer relationship management, marketing, business, and sales operations by running several business units in the Philippines and in ASEAN. Her last position in IBM was as the Territory Manager for Large Enterprise Accounts managing client relationships across the banking, manufacturing, insurance, retail, and distribution industry.

After her 14-year career in IBM, she served as the Vice President of Sales and Marketing for Fritz & Macziol Asia, Inc. – an IT Systems Integrator based in Germany. She led a team of client executives, solution architects, sales operations, and marketing associates.

Juanita C. Rimando
Vice-President – Carrier and Wholesale Business

Nitz is a graduate of Polytechnic University of the Philippines (Sta. Mesa) where she completed a bachelor's in office administration degree. She also completed a Six Sigma Greenbelt Course in Motorola University in Malaysia and master's degree in Development Management in Asian Institute of Management in Makati City.

Nitz has 29 years of sales and executive work experience in the field of information and communications technology. Before joining PT&T, Nitz was the Vice President for Business and Operations in Source Telecoms. She also worked at Wificity as Vice President for Business Development, Comclark Network & Technology Corporation as Division Head for Sales, Bayan Telecommunications, Inc. where she held various sales positions the last of which was Head for Corporate Key Accounts and in Eastern Telecommunications, Inc.

She was formerly a Board of Director of Philippine Electronics and Telecommunications Federation (PETEF) and is currently a member of the Board of Director of Philippine Information and Communications Technology Organization (PICTO).

Jeffrey E. Julian
Chief Technical Officer

Mr. Julian has 21-years of experience in telecommunications industry having worked in various capacities in different telecommunications companies in the Philippines and abroad. His prior experience includes stints as Senior Project Manager, Senior Consultant, Project Director and National Project Head in various telecommunications projects with Nextel, Sun Cellular, Huawei, Ericsson, and Fiber Home.

Mr. Julian received his B.S. in Electronics and Communications Engineering from the University of Santo Tomas, Manila.

Angelo Miguel R. Isip
Chief Finance Officer

Mr. Isip joined PT&T in 2018 as the Financial Controller. He has extensive experience in financial planning and analysis, financial reporting and analytics, strategic planning, corporate governance, and financial risk management. Prior to joining PT&T, Mr. Isip served as a Finance Business Partner for the Lending Business of Globe Fintech Innovations, Inc. (Mynt). He was promoted shortly after to the position of Financial Controller. He also served as Senior Financial Services Risk Advisory Associate in SGV & Co./EY Philippines.

He graduated cum laude from the University of the Philippines with a Bachelor of Science Degree in Business Administration and Accountancy. Mr. Isip is a licensed Certified Public Accountant (CPA).

Alberto P. Ambuyo
Chief Information Officer

Mr. Ambuyo has been working in the IT industry for the past 30 years and has been involved in its various aspects. He has been part of database and systems management vendor teams for the past four years, specializing in pre and post sales consulting. He has also taken on technical support and implementation responsibilities for some of the projects that he has helped sell.

Mr. Ambuyo has managed large-scale projects, implemented large-scale data warehouse and business intelligence projects, country-wide networks, and large-scale solutions integration projects.

Renato M. Lee
Compliance Officer

Mr. Lee acts as the Chief Legal Counsel of PT&T. He concurrently serves as the Managing Partner of R.M. Lee & Associates Law Offices. Previously, he worked as Corporate Secretary and Legal Counsel of the following companies: First Asia Mobile, Inc., Let's Do Mobile Philippines, Inc., Cellular Distributors and Connectivity, Inc., Totally Enhanced Mobile Solutions Corp., and PGA Group of Companies.

He also served as the Legal Counsel for the following companies: Pilipino Cable, Neung Yule Eduphone, Inc., Philsteel Group of Companies. Prior to that, he was Assistant Vice President – Legal and Corporate Secretary for Tesco Services, Inc. He also served as Legal Consultant and Corporate Secretary of Optimum Healthcare Systems, Inc. He worked as a Legal Officer for Utilities Management Corporation. He was also an Associate Lawyer of Luna, Sison, Manas Law Office and a Legal Assistant of Paterno R. Canlas Law Offices.

Mr. Lee was affiliated with the followings: Member of Integrated Bar of the Philippines – Makati chapter; Member of Telecommunications & Broadcast Attorneys of the Philippines, Inc. (TELEBAP); Member of Philippine Association on Voluntary Arbitration (PAVA); and FEU Law Alumni Association.

Mr. Lee received his degree of Bachelor of Laws from Far Eastern University.

Kenneth Joey H. Maceren
Corporate Secretary

Atty. Maceren is a lawyer with litigation and corporate practice. For his litigation practice, he handles criminal, civil, and labor cases. His corporate practice includes incorporation, business organization restructuring and corporate housekeeping. Before joining PT&T, he previously worked for two publicly listed companies: as Legal Counsel of Megawide Construction Corporation and Legal Counsel and Corporate Secretary of MRC Allied, Inc. He also worked in a Makati based law firm immediately after passing the Bar Examinations.

He is a 2006 graduate of San Beda University's College of Law (Mendiola, Manila) and was admitted to the Philippine Bar in 2007.

Maria Nikka Espiritu
Assistant Corporate Secretary

Atty. Espiritu is a corporate lawyer and is the Assistant Corporate Secretary of PT&T.

Before joining PT&T, Atty. Espiritu worked as an Associate Legal Counsel for the publicly listed construction firm Megawide Construction Corporation where she handled commercial transactions, real property acquisitions, and project claims. She was also in charge of managing Megawide's labor and administrative issues. Before working for Megawide, Atty. Espiritu was an Associate Lawyer of Puregold Priceclub, Inc. representing the Company in various civil and criminal cases.

Atty. Espiritu obtained her bachelor's degree in Political Science from the De La Salle University in 2011. She graduated Bachelor of Laws from San Beda University in 2016 and was admitted to the Bar the following year.

Significant Employees

There is no person who is not an executive officer is expected by the Company to make significant contribution to the business.

Family Relationship

Salvador T. Zamora III and Ma. Cristina Z. Borra are the children of Salvador B. Zamora II.

Other than this, there are no other family relationships known to the registrant.

Involvement of Directors and Officers in Certain Legal Proceedings

Except for its President and Chief Executive Officer, James G. Velasquez (Mr. Velasquez), the Company is not aware of any case filed against any of its Directors and officers.

Mr. Velasquez has two pending cases for allegedly violating the provisions of Commonwealth Act No. 108 or the Anti-Dummy Law and Republic Act 8799 or the Securities Regulation Code. The cases are in relation on the issuance by Rappler, Inc. (Rappler) of Philippine Depositary Receipts to foreign entities which allegedly violated the provisions of the said laws. Mr. Velasquez was impleaded by virtue of his being a Director of Rappler from 2015 until his resignation in 2016. The said cases are not connected, directly or indirectly, with the Company or in the performance of Mr. Velasquez' duties as a Director and President and Chief Executive Officer of the Company. Moreover, the Company is of the opinion that these cases will neither affect Mr. Velasquez leadership in the Company nor will it affect the plans and the programs that he will be implementing for the Company.

Executive Compensation

The projected compensation for the year 2021 of the President and five highest compensated officers and other officers and directors or key management personnel (as a group unnamed) are as follows:

NAME	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION INCOME
President and five (5) highest compensated officers	2021	24,888,303	2,524,026	1,507,181
All other officers and directors as a group unnamed	2021	15,933,334	1,327,778	738,115

The top five (5) highest compensated officers of the Company are:

NAME	POSITION
James G. Velasquez	President and Chief Executive Officer
Miguel Marco A. Bitanga	Chief Operating Officer
Ella Mae Ortega Corpuz	General Manager – IT Services
Patrick Vincent G. Peña	General Manager – Fixed Broadband
Concepcion D.S. Roxas	Chief People and Culture Officer

Compensation of Directors

Except for the per diem received for every meeting of the Board of Directors, the Company did not pay any compensation to the Directors for the year ended 31 December 2020.

The amount of per diem of the Directors for the year ended 31 December 2020 are as follows:

NAME	AMOUNT OF PER DIEM
Salvador T. Zamora III	₱ 126,000.00
Ma. Cristina Z. Borra	₱ 36,000.00
Roberto B. Ortiz	₱ 126,000.00
Serafin C. Ledesma, Jr.	₱ 72,000.00
Bienvenido S. Santos	₱ 54,000.00
Carlos Andres V. Reyes	₱ 36,000.00

The Chairman and the two (2) Executive Directors opted not to receive the per diem from the Company.

Description of any Standard Arrangement

There is no standard arrangement or employment contract with the Directors and Executive Officers of the Company. The Company have not terminated any Director or any of its Executive Officers.

Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

As of 30 June 2021, the direct or indirect record and/or beneficial owners of more than 5% of common shares are as follows:

Class	Name, Address of Owner and Relationship with the Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
Common Shares	Menlo Capital Corporation, Spirit of Communications Center, 106 C. Palanca St., Legaspi Village, Makati City, Stockholder of Record	Bernard B. Rabanzo, President of Menlo Capital Corporation	Filipino	559,999,998	37.33%
Common Shares	Telectronic Systems Inc., Spirit of Communications Center, 106 C. Palanca St., Legaspi Village, Makati City,	Jose Luis Santiago, Chairman of Telectronic Systems Inc.,	Filipino	300,000,241	20.00%

	Stockholder of Record				
Common Shares	Republic Telecommunications Holdings, Inc., Spirit of Communications Center, 106 C. Palanca St., Legaspi Village, Makati City, Stockholder of Record	Jose Luis Santiago, Chairman and President of Republic Telecommunications Holdings, Inc.	Filipino	278,873,526	18.59%
Common Shares	PCD Nominee Corporation, 37 Tower 1 The Enterprise Center, 6766 Ayala Avenue, Makati City	Various Stockholders	Filipino	149,981,825	10.00%
Common Shares	TIMCO Holdings, Inc., Spirit of Communications Center, 106 C. Palanca St., Legaspi Village, Makati City, Stockholder of Record	Jose Luis Santiago, Chairman and President of TIMCO Holdings, Inc	Filipino	121,126,474	8.08%

Security Ownership of Management

The following are the number of common shares beneficially owned by individual Directors of the Company and the percentage of their shareholdings as at the record date.

Title of Class	**Name of the Beneficial Owner**	**Amount and Nature of the Beneficial Ownership**	**Citizenship**	**Percent of Class**
Common Stock	Salvador B. Zamora II (Chairman)	Direct: 1	Filipino	NIL
Common Stock	James G. Velasquez (Director and President)	Direct: 1	Filipino	NIL
Common Stock	Miguel Marco A. Bitanga (Director)	Direct: 1	Filipino	NIL
Common Stock	Salvador T. Zamora III (Director)	Direct: 1	Filipino	NIL
Common Stock	Ma. Cristina Z. Borra (Director)	Direct: 1	Filipino	NIL
Common Stock	Serafin C. Ledesma, Jr. (Independent Director)	Direct: 1,000	Filipino	NIL
Common Stock	Roberto B. Ortiz (Independent Director)	Direct: 1	Filipino	NIL
Common Stock	Bienvenido S. Santos (Independent Director)	Direct: 1	Filipino	NIL
Common Stock	Carlos Andres V. Reyes Independent Director	Direct: 1	Filipino	NIL

The remaining executive officers do not hold, directly or indirectly, any shareholdings in the Company.

Voting Trust Holders of 5% or More

The Board of Directors and Management of the Company have no knowledge of any person who, as of 30 June 2021, was directly or indirectly the beneficial owner of, or who has voting power with respect to, shares comprising more than 5% of shares of common stock.

Changes in Control

On 08 August 2017, Retelcom sold 560,000,000 common shares to Menlo which is equivalent to 37.33% of ownership in the Company. While Retelcom lost its control over the Company as a consequence of Menlo's acquisition, Menlo was not able to acquire control over the Company insofar as the number of shares it acquired is concerned.

Certain Relationships and Related Transactions

Entities with significant influence over the Company
(see Note 24 of the attached consolidated financial statements)

TSI

On February 13, 2013, the Company and TSI entered into a Memorandum of Understanding where both parties agree to exchange usufruct including, but not limited to, the Company's fiber facilities, capacities, and upgrades which were funded by TSI, TSI's multiplex and other equipment upgrades. These facilities shall be used to provide data transport facilities to clients for which the Company and TSI shall share revenue based on gross receipts. TSI and the Company's revenue sharing varies from 30:70, 50:50 and 40:60, respectively. TSI shall be an authorized reseller of the Company's data transport services. The Memorandum of Understanding shall be effective for a period of 15 years from the execution date.

In the normal course of business, PT&T has transacted with TSI consisting mainly of rendering of, unsecured non-interest bearing, short-term cash advances for working capital requirements of the Company, which are due and demandable.

Menlo

In the normal course of business, PT&T has transacted with Menlo consisting mainly of rendering of, unsecured non-interest bearing, short-term cash advances for working capital requirements of the Company, which are due and demandable.

Affiliates
(see Note 24 of the attached consolidated financial statements)

In the normal course of business, PT&T has transacted with its affiliates, and vice versa, consisting mainly of rendering of, unsecured non-interest bearing, short-term cash advances for working capital requirements of the Company, which are due and demandable.

Key Management Personnel
(see Note 24 of the attached consolidated financial statements)

There are no agreements between the PT&T and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the compensation plans.

For a summary of balances arising from related party transactions for the relevant financial year, please refer to Note 20 of the attached consolidated financial statements

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDERS' MATTERS

Out of the 1,500,000,000 common shares of the Company, 800,000,000 thereof are listed with the PSE. However, the trading of the listed shares was suspended last December 2004. This Prospectus is being filed as part of the requirement in allowing the Company to resume the trading of its listed shares with the PSE.

The number of common shareholders of record as of 30 June 2021 is 3,635.

The top 20 common stockholders as of 30 June 2021 are:

NAME	CITIZENSHIP	NO. OF SHARES	PERCENTAGE
1. Menlo Capital Corporation	Filipino	559,999,998	37.33%
2. Telectronic Systems, Inc.	Filipino	300,000,241	20.00%
3. Republic Telecommunications Holdings, Inc.	Filipino	278,873,526	18.59%
4. PCD Nominee Corporation	Filipino	149,981,825	10.00%
5. Timco Holdings, Inc.	Filipino	121,126,474	8.08%
6. PCD Nominee Corporation	Non-Filipino	7,485,164	0.50%
7. Lim, Ernesto B.	Filipino	2,500,000	0.17%
8. Pioneer Insurance and Surety Corporation	Filipino	2,148,000	0.14%
9. Tan, Felix L.	Filipino	1,808,500	0.12%
10. Ang, Teresa W.	Filipino	1,448,000	0.10%
11. Knights of Columbus Fraternal Association of the Philippines	Filipino	986,664	0.07%
12. G&L Sec. Co., Inc.	Filipino	923,667	0.06%
13. David Go Securities Corporation	Filipino	855,830	0.06%
14. Yan, Lucio W.	Filipino	850,000	0.06%
15. Pioneer Intercontinental Insurance Corp.	Filipino	850,000	0.06%
16. Santiago, Severina M.	Filipino	818,260	0.06%
17. Caedo, Jose Jr. P.	Filipino	811,963	0.05%
18. Camarines Minerals Inc.	Filipino	800,000	0.05%
19. Lopez-Santiago, Eleanor M.	Filipino	729,926	0.05%
20. Santiago, Virginia M.	Filipino	729,926	0.05%

While the information provided above is in relation to the filing of Registration Statement, the filing of this Prospectus and Registration Statement is for the purpose of lifting of the suspension of the Company's Registration Statement and not for the for the purpose of implementing any acquisition, business combination or reorganization.

Dividends

The Company has not declared any dividends for its common equity in the last two (2) fiscal years. The Company is not in a position to declare dividends due to its accumulated deficit amounting to ₱11,850,615,049.00 as of 31 December 2020.

Recent Sales of Unregistered Securities

There are no recent sale of unregistered securities or exempt securities or recent issuance of securities constituting an exempt transaction.

Description of Registrant's Securities

Authorized Capital Stock

The Company's authorized capital stock as of the date of this Prospectus is ₱3,800,000,000.00 divided into the following shares:

	Shares	Amount
Common Stock - ₱1.00 per share	1,500,000,000	₱1,500,000,000.00
Non-Voting Preferred Stock – ₱10.00 per share	230,000,000	₱2,300,000,000.00

The Company's issued and subscribed capital stock as of the date of this Prospectus is consist of:

	Shares	Amount
Common Stock – ₱1.00 per share	1,500,000,000	₱1,500,000,000.00

On 31 October 2018, the SEC approved to increase the Company's authorized capital stock to ₱15,600,000,000 consisting of:

	Shares	Amount (In ₱)
Common Stock – ₱1.00 per share	4,500,000,000	4,500,000,000.00
Non-Voting Preferred Stock – ₱10.00 per share	230,000,000	2,300,000,000.00
Series "A" Serial Redeemable Preferred Stock – ₱1.00 per share	6,750,000,000	6,750,000,000.00
Series "B" Serial Redeemable Preferred Stock – ₱1.00 per share	1,800,000,000	1,800,000,000.00
Series "C" Serial Redeemable Preferred Stock – ₱1.00 per share	250,000,000	250,000,000.00

The Serial Redeemable Preferred Shares

The Serial Redeemable Preferred Shares were added to the Company's authorized capital stock last 31 October 2018 for the purpose of complying with the debt-to-equity conversion mandated under the Company's Rehabilitation Plan. Sometime in 2019 and 2020, the Company issued a total of 969,695 Series "B" Serial Redeemable Preferred Stock. No other Serial Redeemable Preferred Shares were issued by the Company.

Acting on the request of the Company to reverse the previously approved increase of its authorized capital stock, the SEC issued an Order dated 27 April 2021 revoking the said increase. Consequently, the Series "B" Serial Redeemable Preferred Stock were deemed cancelled and the Company's authorized capital stock as of the date of this Prospectus is ₱3,800,000,000.00.

Warrants and Options

The Company will neither offer nor issue any warrant or option by virtue of this Prospectus.

PROPERTIES

Description of Property

As of the date of this Prospectus, the following are the real properties of the Company located in different part of the Philippines:

	Location	Lot Area	TCT No.
1	Carlos Palanca St., Legaspi Village, Makati City	858 sqm	181045
2	Tuba, Benguet	2,000 sqm	T-20560
3	Mabalacat, Pampanga	665 sqm	54883-M
4	Brgy. Mayamot, Marcos Highway, Antipolo City	1,923 sqm	300098 295230 295231
5	Kaytikling Bo. Dolores, Taytay Rizal	2,675 sqm	629421
7	La Montana Estates, Antipolo City	445 sqm	189864
8	Angono, Rizal	1,000 sqm	634819
9	El Sol Subd., Bo. Sala, Cabuyao, Laguna	1,032 sqm	T-371269 T-371270
10	National Highway, Bo. Real, Calamba, Laguna,	2,152 sqm	T-348546
11	San Pedro (Sampaguita), Laguna	2,508 sqm	T-356766 T-356767
12	Calauan, Laguna	972 sqm	T-184698
13	Paete, Laguna	479 sqm	T-7564
14	Sta. Cruz, Laguna	1,839 sqm	T-186500 T-186501
15	San Pablo City, Laguna	944 sqm	T-42806
16	Cavinti, Laguna	3,725 sqm	T-96828 T-96829
17	Anibong Dist., Tacloban City	400 sqm	T-27898
18	Carmen, North Cotabato	600 sqm	T-89522

The land and the commercial building located in Makati City is where the principal office of the Company is located. The properties located in Calamba, Laguna and Taytay, Rizal are currently used by the Company in its operations. The rest of the real properties are not used by the Company for its business and operations. The mortgages, liens, and encumbrances annotated in the real properties of the Company were ordered cancelled by the Rehabilitation Court. This was done to allow the Company to liquidate some of its assets for the payment of its statutory obligations under the Rehabilitation Plan.

In support of its business and operations, the Company owns a total of 2,224 poles located in NCR and Region IV-A. In addition, the Company has existing Joint Pole Agreements with various electric utility companies for the use of their poles. The Joint Pole Agreements will enable the Company to rapidly expand the area within which it can provide its services thereby increasing the Company's client and subscriber base. The Company has an existing Joint Pole Agreements with the following electric utility companies:

Utility Company	Date of Contract	Term of Contract	Charge per Attachment
Meralco	01 January 2020	Automatic renewal	₱463.50
First Laguna Electric Cooperative, Inc.	04 October 2020	23 September 2025	₱470.00
Batangas II Electric Cooperative	24 August 2020	23 August 2025	₱420.00

In addition, the Company leases various properties located in different location in support of its business and operations:

LOCATION / ADDRESS	START DATE	EXPIRATION DATE	RENTAL COST (In ₱)
Dona Mercedes Bldg, San Andres Street, Malate, Manila	01 Jan 2021	31 Dec 2021	15,131.00
Santos Arevalo Building, Muntinlupa City	01 Apr 2021	01 Mar 2022	19,096.35
Asian Star Building, Alabang, Muntinlupa	01 Jan 2021	01 Dec 2021	5,850
366 Quirino Avenue Baclaran, Paranaque City	07 Dec 2019	07 Nov 2021	17,325
R.P Palad Street Brgy. Moras de la Pas, Pampanga	01 Sep 2020	31 Aug 2023	11,770
2/F Burgos Bldg. 158 Zapote 1, Bacoor City	08 Jan 2021	08 Jan 2025	21,381.50
Guanzon Agro-Industrial Commercial Corp. 478 Rizal Avenue Extension, Caloocan City	21 Apr 2020	20 Apr 2022	15,574.04
Corby 1 Bldg., Quezon City	01 Jul 2018	01 Jul 2020	18,000
Pendulum Hotel, Congressional Road, General Mariano Alvarez, Cavite	15 Jul 2019	15 Jul 2029	13,000
Jesus Reigns Ministries Inc., Guiguinto, Bulacan	01 Jan 2019	01 Jan 2022	13,000
Times Commercial Bldg. Las Pinas	01 Jul 2021	30 Jul 2026	9,554
Malarayat Rural Bank, G.A. Solis Street, Lipa City	01 Jan 2021	31 Dec 2021	14,675.58
Room 302, El Danda Street, Batong Malaki, Los Banos, Laguna	15 Jul 2019	15 Jul 2024	12,500
40-B Guerrero Street, Xavier Ville Village, Phase 1 Loyola Heights, Quezon City	30 Aug 2019	1 Sep 2022	11,789.73
Congressional Shopping Arcade, Congressional Avenue, Quezon City	16 Dec 2018	15 Dec 2021	15,000
Southwest Centre, Sergio Osmena Highway cor. Makiling Street, Brgy. Palanan, Makati City	01 Apr 2019	30 Mar 2024	13,463.27
Howeforce Realty Corporation 112 J. Fernando Street, Pasay City	01 Sep 2017	01 Sep 2022	12,000
Prive Properties Development Inc. 706 Shaw Boulevard, Pasig City	01 Sep 2019	30 Aug 2022	17,090.04
El Jovir Real Estate Development Corporation, Sampaloc, Manila	15 Jan 2019	14 Oct 2029	15,000
G&L Re-development Corp., #12 Manga Road, Cubao, Quezon City	01 Oct 2020	20 Oct 2022	11,235
Brgy Sorosoro, Karsada, Batangas City	16 Apr 2019	15 Apr 2029	18,000

LEGAL PROCEEDINGS

Cases involving claims covered by and to be settled under the Rehabilitation Plan

The Company is involved in various labor and civil cases pending before different courts and agencies in the Philippines. These cases stemmed from the financial difficulties experienced by the Company which led to the filing of a Petition for Rehabilitation in 2009. The labor cases primarily involve claims of wages and other benefits due to the employees of the Company. The civil cases pertain to claims of various suppliers and service providers of the Company.

Under the Company's Rehabilitation Plan, the claims of the employees which are the subject of various labor cases are to be settled by the Company from the proceeds of the sale of its properties. The Company has already paid the amount of ₱23,026,217.00 and has set aside the amount of ₱5,088,241.00 ready to be claimed by the employees.

The claims which are the subject of the various civil cases are to be settled through debt-to-equity conversion and issuance of Serial Redeemable Preferred Shares in accordance with the Company's Rehabilitation Plan. The Company has until the year 2025 within which to implement this payment scheme.

The proceedings of the labor and civil cases are subject to the Stay Order issued by the Rehabilitation Court last 24 August 2009 and the claims against the Company under these cases are to be settled strictly in accordance with the provisions of the Rehabilitation Plan.

Cases related to the rehabilitation proceedings of the Company

Case Title	In the matter of the corporate rehabilitation and suspension of payment of Republic Telecommunications Holdings Co., Philippine Telegraph and Telephone Corporation, Philippine Wireless Inc. Capitol Wireless Inc, and Wavenet Philippines, Inc.
Case No.	SP. Proc. No. M-6853
Court	Regional Trial Court Branch 137, Makati City

This is the petition for corporate rehabilitation and suspension of payments filed with the Rehabilitation Court last 20 August 2009. The Company's Rehabilitation Plan was approved in this case last 01 April 2011. The Company is still in the process of complying with all the directives in its Rehabilitation Plan and it has until April 2025 within which to complete the same.

Case Title	Republic Telecommunications Holdings Co, et al., vs. Asset Pool-A (SPV-AMC), Inc., et. al.
Case No.	G.R No. 234626
Court	Supreme Court

This is an appeal filed by the Company last 04 December 2017 to assail the decision of the Court of Appeals which reversed and set aside the Rehabilitation Court's approval of the Company's Rehabilitation Plan. The respondents in this case are five creditors of the Company who are questioning the rehabilitation proceedings conducted before the Rehabilitation Court.

The case is currently pending with the Supreme Court.

Case Title	Cameron Granville Asset Management (SPV-AMC), Inc. (CGAM) et. al. vs. Hon. Ricardo A. Moldez III et. al.
Case No.	CA-G.R. SP No. 159858
Court	Court of Appeals

Case Title	Tranche 1 (SPV-AMC), Inc. vs. Hon. Ricardo A. Moldez III et. al.
Case No.	CA-G.R. SP No. 159988
Court	Court of Appeals

These are special civil actions on certiorari filed by creditor Cameron Granville and Tranche 1 before the Court of Appeals assailing the Orders dated 02 August 2018 and 06 August 2018 issued by the Rehabilitation Court.

The 02 August 2018 Order allowed the Company to sell specific assets and to use the proceeds thereof to settle its statutory obligations and clarified that the 12-year redemption period of the Serial Redeemable Preferred Shares shall be reckoned from the time the said shares are issued and not from the approval of the Rehabilitation Plan.

The 06 August 2018 Order terminated the rehabilitation proceedings insofar as the Company is concerned subject to the condition that the Company comply or accomplish the rest of the provisions of the Rehabilitation Plan.

These cases were initially consolidated but the Court of Appeals subsequently dismissed the petition of Tranche 1 while the petition filed by Cameron Granville is still pending with the Court of Appeals. The Company is awaiting further orders from the Court of Appeals on its action on the remaining petition of Cameron Granville.

Case Title	Tranche 1 (SPV-AMC), Inc. vs. Republic Telecommunications Holdings Co, et al.,
Case No.	G.R. No. 255330
Court	Supreme Court

This is an appeal filed by the Tranche 1 assailing the dismissal by the Court of Appeals of its petition described in the immediately preceding case.

The case is still pending with the Supreme Court.

Case Title	Cameron Granville vs. Hon. Andres B. Soriano III, et. al.
Case No.	CA-G. R. SP No. 165791
Court	Court of Appeals

This is a special civil action on certiorari filed by creditor Cameron Granville assailing the Order of the Rehabilitation Court dated 20 December 2018 which denied the motion to convert the rehabilitation proceedings of the Company into liquidation and the ruling that the termination of the Company's rehabilitation is no longer conditional.

The case is currently pending and the Company is awaiting further orders from the Court of Appeals.

Case Title	Philippine Investment One vs. Andres Soriano III, et. al.
Case No.	CA-G. R. SP No. 166408
Court	Court of Appeals

This is a special civil action on certiorari filed by creditor Philippine Investment One assailing the Order dated 18 August 2020 issued by the Rehabilitation Court which denied the creditor's motion to suspend the rehabilitation proceedings and granted the Company's motion for the cancellation of the annotations and encumbrances on its properties.

The case is currently pending and the Company is awaiting further orders from the Court of Appeals.

Cases not related to the rehabilitation proceedings of the Company

Case Title	PT&T vs. Social Security System (SSS)
Case No.	G.R. No. 252592
Court	Supreme Court

This is a petition for review on filed on 10 August 10, 2020 by the Company assailing the Order of SSS which requires the Company to immediately pay its liabilities. This was assailed by the Company since the liabilities of the Company with SSS are to be settled pursuant to the terms of the Rehabilitation Plan and not on the period demanded by SSS.

The case is still pending and the Company is awaiting further orders from the Supreme Court.

Case Title	PT&T vs. National Telecommunications Commission
Case No.	G.R No. 253246
Court	Supreme Court

This is an appeal filed by the Company assailing the decision of the Court of Appeals on the amount of the Supervision and Regulatory Fees to be paid by the Company to the NTC.

The case is still pending and the Company is awaiting further orders from the Supreme Court.

Case Title	PT&T vs. National Telecommunications Commission, et. al.
Case No.	G.R No. 243003
Court	Supreme Court

This is a petition filed by the Company to assail its disqualification in the selection process for the New Major Player in the Telecommunications Industry in the Philippines ("3rd Telco Bidding").

The case is still pending and the Company is awaiting further orders from the Supreme Court.

CORPORATE GOVERNANCE

In January 2017, the Company promulgated its Manual on Corporate Governance (Manual). As of 30 June 2021, the Company is compliant with the provisions of the Manual. However, the Company is in the process of revising the Manual to make it more compliant to and attuned to the demands and requirements of corporate governance. Pending the revision of the Manual, the Company is taking proactive steps to substantially improve its corporate governance. Among the steps taken by the Company are the increase of the number of its Independent Directors from two to four and organized or created the following committees: Executive Committee, Nomination Committee, Audit Committee, Compensation and Remuneration Committee, Risk Oversight Committee, Related Party Transactions Committee, and Corporate Governance Committee. The charters of the said committees were approved by the Board of Directors thereby ensuring the performance of their respective functions.

In addition, the Company was assessed and found to conform to the requirements of ISO 9001:2015 Quality Management System (QMS) thereby enhancing the implementation of the corporate governance policies and practices within the Company.