CR04218-2021

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended
   Dec 31, 2020
2. SEC Identification Number
   1803
3. BIR Tax Identification No.
   000406761000
4. Exact name of issuer as specified in its charter
   ABS-CBN Corporation
5. Province, country or other jurisdiction of incorporation or organization
   Metro Manila
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   ABS-CBN Broadcasting Center, Sgt. Esguerra Avenue corner Mother Ignacia St. Quezon City
   Postal Code
   1103
8. Issuer's telephone number, including area code
   (632)34152272
9. Former name or former address, and former fiscal year, if changed since last report
   Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	854,353,968

11. Are any or all of registrant's securities listed on a Stock Exchange?
    (●) Yes ( ) No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange - Common Shares
12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

    (●) Yes ( ) No

    (b) has been subject to such filing requirements for the past ninety (90) days
    (●) Yes ( ) No
13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

    4.263Billion

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

(selected) Yes ( ) No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

Not Applicable

(b) Any information statement filed pursuant to SRC Rule 20

Not Applicable

(c) Any prospectus filed pursuant to SRC Rule 8.1

Not Applicable

ABS-CBN

ABS-CBN Corporation

ABS

PSE Disclosure Form 17-1 - Annual Report

References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2020
Currency	PHP, in thousands

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2020	Dec 31, 2019
Current Assets	18,682,887	37,147,683
Total Assets	58,926,177	79,244,536
Current Liabilities	28,399,335	14,260,065
Total Liabilities	41,727,326	48,153,331
Retained Earnings/(Deficit)	13,794,643	27,114,963
Stockholders' Equity	17,198,851	31,091,206
Stockholders' Equity - Parent	18,290,139	32,017,376
Book Value Per Share	20.06	36.07

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2020	Dec 31, 2019
Gross Revenue	21,419,757	42,834,842
Gross Expense	33,547,876	42,397,213
Non-Operating Income	293,938	1,090,890
Non-Operating Expense	1,644,364	1,878,396
Income/(Loss) Before Tax	-13,478,545	-349,878
Income Tax Expense	52,271	2,295,269
Net Income/(Loss) After Tax	-13,530,816	-2,645,147
Net Income/(Loss) Attributable to Parent Equity Holder	-13,456,161	-1,624,858
Earnings/(Loss) Per Share (Basic)	-16.36	-1.98
Earnings/(Loss) Per Share (Diluted)	-16.36	-1.98

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2020	Dec 31, 2019
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	0.66	2.61
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.64	2.56
Solvency Ratio	**Total Assets / Total Liabilities**	1.41	1.65
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	0.36	0.33
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	1.26	0.84
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	-10.39	0.44
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	3.43	2.55
Profitability Ratios			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0.08	0.39
Net Profit Margin	**Net Profit / Sales**	-0.63	-0.06
Return on Assets	**Net Income / Total Assets**	-0.23	-0.03
Return on Equity	**Net Income / Total Stockholders' Equity**	-0.79	-0.09
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	-	-

Other Relevant Information

The fully notarized signature page and Statement of Management Responsibility will be submitted upon return of the Chairman in the Philippines.
Amendment includes the Parent FS and correction of figures B/S and I/S figures in PSE disclosure form.

Filed on behalf by:

Name	Ricardo Tan, Jr.
Designation	Group Chief Financial Officer

COVER SHEET

1 8 0 3

SEC Registration Number

A B S - C B N C O R P O R A T I O N
A N D S U B S I D I A R I E S

(Company's Full Name)

A B S - C B N B R O A D C A S T C E N T E R
S G T . E S G U E R R A A V E . C O R N E R
M O . I G N A C I A S T . D I L I M A N
Q U E Z O N C I T Y

Enrique I. Quiason

(Contact Person)

3415-2272

(Company Telephone Number)

1 2	3 1	1 7 - A	0 6	2 5
Month	*Day*		*Month*	*Day*
(Fiscal Year)		Annual Report (Form Type)	(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

6,542

Total No. of Stockholders

PHP21.5 B	
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **December 31, 2020**

2. SEC Identification Number: **1803** 3. BIR Tax Identification No.: **000-406-761-000**

4. Exact name of issuer as specified in its charter: **ABS-CBN CORPORATION AND SUBSIDIARIES**

5. **Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. **ABS-CBN Broadcasting Center, Sgt. Esguerra Avenue corner Mother Ignacia St. Quezon City 1100**
   Address of principal office

8. **(632) 8924-41-01 to 22 / (632) 3415-22-72**
   Issuer's telephone number, including area code

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

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Issued
Common Stock, P1.00 par value	**875,676,529 shares**
Preferred Stock, P0.20 par value	**1,000,000,000 shares**

Short-term & Long-term debt (current & non-current) **₱21.5 billion**

11. Are any or all of these securities listed on a Stock Exchange?
    Yes [✓] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange
    Common Shares 875,676,529 shares

12. Check whether the issuer:
    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);
    Yes [✓] No [ ]
    (b) has been subject to such filing requirements for the past ninety (90) days.
    Yes [✓] No [ ]

ABS-CBN CORPORATION
ANNUAL REPORT

PART I - BUSINESS AND GENERAL INFORMATION

1. Business Overview

1.1. Historical Background

ABS-CBN Corporation ("ABS-CBN" or the "Company") traces its roots from Bolinao Electronics Corporation (BEC), established in 1946 as an assembler of radio transmitting equipment. In 1952, BEC adopted the business name Alto Broadcasting System (ABS) and began setting up the country's first television broadcast by 1953. On September 24, 1956, Chronicle Broadcasting Network (CBN), owned by Don Eugenio Lopez Sr. of the Lopez family, was organized primarily for radio broadcasting. In 1957, Don Eugenio Lopez Sr. acquired ABS and on February 1, 1967, the operations of ABS and CBN were integrated and BEC changed its corporate name to ABS-CBN Broadcasting Corporation. On August 16, 2010, the Philippine Securities and Exchange Commission (SEC) approved the change of Company's corporate name to ABS-CBN Corporation. This change is a reflection of the Company's diversified businesses in existing and new industries.

ABS-CBN achieved many firsts since it started the television industry in the country in 1953. However, with the imposition of martial law in September 1972, ABS-CBN ceased operations as the government forcibly took control of the Company. ABS-CBN resumed commercial operations in 1986 after the People Power or EDSA revolution.

Recovery after fourteen (14) years of absence was difficult as resources were scarce. Nevertheless, through relentless effort, ABS-CBN recaptured leadership in the Philippine television and radio industries by 1988. During the 1990s and the early part of the new millennium, the Company expanded and ventured into complementary businesses in cable TV, international distribution, mobile services, and magazine publishing among others.

On 05 May 2020, the National Telecommunications Commission ("NTC") issued an Order which directed ABS-CBN to cease operating all its radio and television stations throughout the Philippines (the "CDO"), and on 30 June 2020, the NTC likewise issued an *Alias* Cease and Desist Order which directed the shutdown of ABS-CBN's Digital Terrestrial Television DTT) network (the "*Alias* CDO").

On July 10, 2020, the House Committee on Legislative Franchises passed and approved the Resolution which denied the franchise application of ABS-CBN to construct, install, establish, operate, and maintain radio and television broadcasting stations in the Philippines (the "Resolution").

Under the Resolution, the House Committee on Legislative Franchises adopted the findings and recommendations of a Technical Working Group (TWG), which under its TWG Report, recommended to deny the broadcast franchise application of ABS-CBN. The Resolution likewise stated that, pursuant to Section 49 of the 18th Congress Rules of the House of Representatives, all of the House Bills and House Resolutions relative to the grant or renewal of the franchise application of ABS-CBN are "laid on the table", or effectively "killed". Consequently, ABS-CBN is no longer authorized to operate as a broadcast company.

By Decision dated 9 September 2020, the NTC recalled all the frequencies assigned to the Company. The NTC also cancelled all provisional authorities granted to the Company.

The Company has continued to produce world-class content and distribute its programs in different platforms such as Cable TV, FreeTV through partnerships with A2Z Channel 11 and TV5, Kapamilya Online Live on Facebook and YouTube, ABS-CBN streaming service iWantTFC, and recently, also on WeTV iflix.

1.2. Lines of Business

ABS-CBN is one of the Philippines' leading media and entertainment companies. The Company presents its operations into the following reportable segments:

A. Content Production and Distribution
B. Cable, Satellite and Broadband

CONTENT PRODUCTION AND DISTRIBUTION

Content Production and Distribution is comprised of content exhibition on free terrestrial television (TV), cable channels and on-line streaming platforms; global operations; films or movies; music; narrowcast; digital; print and on-line publications; and live events and concerts.

Content Exhibition segment covers ABS-CBN produced, co-produced or acquired entertainment and news and current affairs programs that are mainly exhibited through blocktime, license and other industry practice arrangements on free TV, cable channel, and online or digital streaming platforms. The content created is predominantly in Filipino and is aimed at the mass Filipino audience. The Company's major position in the Philippine content production and distribution is largely due to the popularity of its entertainment programs, including *teleseryes*, drama anthologies, situation comedies, variety, reality and game shows. Further, news and public affairs programs have developed a reputation for the quality of news coverage that includes national, local and international events. While the NTC CDO issued on 05 May 2020 and the Resolution approved on 10 July 2020 have caused the Company to cease the operations of its television and radio stations nationwide and to be no longer authorized to operate as a broadcast company, ABS-CBN continues to produce programs and distribute its content in different platforms. Thus, Filipinos are now able to watch well-loved ABS-CBN entertainment programs including the weekday primetime block on free analog and digital terrestrial TV on A2Z Channel 11 and TV5's Metro Manila and regional channels. On cable, Filipinos continue to enjoy ABS-CBN shows, movies, and other content on Kapamilya Channel, A2Z, TV5, Cinemo, Jeepney TV, CinemaOne, Metro Channel, MYX, and Knowledge Channel, and get their news updates on TeleRadyo and the ABS-CBN News Channel (ANC). Audiences have even more options online, as ABS-CBN makes its offerings available for viewing on its official social media pages and digital platforms, on Kapamilya Online Live on Facebook and YouTube, on the ABS-CBN streaming service iWantTFC, and recently, also on Netflix, WeTV and iFlix. With TV5's nationwide reach, the Company is also able to stay connected with its regional audiences, as well as through the programs of MOR Entertainment on Facebook, Kumu, Spotify, and YouTube.

Global Operations segment pioneered the international marketing and distribution of ABS-CBN content and media products in the United States 25 years ago through ABS-CBN International, with the main goal of bringing global Filipinos back to their roots through programs and products that reflect their needs, dreams, and aspirations.

Global's flagship product, The Filipino Channel (TFC), is a 24-hour programming service consisting primarily of general entertainment, news and feature programs in Tagalog and/or Tagalog-English language, distributed in different countries via cable, direct-to-home (DTH) satellite, online, internet protocol television (IPTV), mobile applications and video streaming services, to suit the needs and preferences of over 10 million global Filipinos. It is distributed in the US, Canada, Middle East, Europe, Australia, and Japan/ Asia Pacific through ABS-CBN's international subsidiaries and/or through third-party distributors. Global's portfolio of products and services also includes theatrical film distribution, transactional video-on-demand (pay per view), live events, concerts and music tours, retail, online radio and video streaming, and philanthropic support for Filipinos and the communities they now call home.

Films or Movies segment of the Company is produced through its subsidiary ABS-CBN Film Productions Inc. (AFPI) or more popularly known as Star Cinema. AFPI is composed of film creative work, production, post-production, distribution, talent development, and other film-related endeavors like film festivals, live events, and digital programs. It is made up of different film brands, namely Star Cinema, Black Sheep, Cinebro, and Cinema One Originals. Movies which may be acquired, or co-produced with other local or international producers, are distributed by AFPI through its own Cinexpress, a consolidated circuit which includes theatrical, PVOD via KTX, TVOD via iWantTFC, satellite PPV via Cignal, and cable PPV via Sky Cable, and IPTv via TFC Global. KTX, as mentioned above, is a ticketing and live events streaming platform directly managed by AFPI. Lastly, AFPI runs the newly-established Rise Artists Studio that trains and manages future movie stars.

Music segment of the Company handles production, promotion, servicing and distribution, and publishing and licensing of music. Its main business is the production and promotion of recordings and the development of singers and songwriters. The production is subdivided into music groups: MOR Entertainment, MYXPH, and One Music, with the following labels: Star Music, Tarsier, Star pop, DNA Records. Revenues are in the form of advertising and subscription revenues from online platforms such as YouTube and Spotify. Complementary to this business is the management of artists and the creation and mounting of events. The Company also produces commissioned recordings for television shows and commercial advertisements. The Company also controls a valuable music publishing and sound recording catalogue of iconic Filipino hit songs which covers half a century. These are licensed to third parties for various usages, including theme songs in TV shows and films, commercial advertisements, and communication to the public.

Narrowcast segment caters to the needs of specific audience or market. This includes cable and satellite programming and channels as well as specialty content such as lifestyle and music.

Digital segment remains to be ABS-CBN's gateway to Filipinos who want informative, entertaining, immersive online content and experiences. Digital provides a wide array of services to our internal lines of businesses, including strategy and communication planning, social marketing and social listening, and content creation. To further guide the Company's other lines of businesses (LOBs) in both their tactical operations and strategic goals, Digital is also focusing on data analytics and how it can help create relevance according to the Company's users' online behavior.

The Company's digital transformation reached the tipping point in 2020. Thus, Digital plays an even more critical role in driving growth for the business. As the Company strengthens its own Over-The-Top (OTT) streaming platform, the Company is also aggressively maximizing partnerships with third-party platforms for monetization opportunities.

iWantTFC. ABS-CBN wants Filipinos all over the world to have a platform to call their own. In 2020, ABS-CBN merged the two OTT platforms, iWant and TFC.tv, into one powerful global brand. Now the home of Filipino stories, iWantTFC is making available the Company's full content library with over 60 years' worth of movies, series, documentaries and originals. To cater to different markets, iWantTFC is experimenting with a hybrid business model. Additionally, ABS-CBN is making its content available in even more OTT partner platforms, such as Netflix, WeTV, and iFlix, so that we may reach more Filipinos and more global audiences.

Kumu. Kumu is a Filipino community platform where anyone can be a livestreamer. Aside from engaging live conversations, virtual gifting is at Kumu's core--so Filipinos worldwide can earn cash via supportive fans, and win prizes via live games and contests. As a startup investment, Kumu has become a playground for the Company's experiments in different shows and formats, including For Your Entertainment (with various programs and themes that range from comedy, to celebrity and lifestyle), Game KNB (a live interactive game show with prizes), and MYX PH (youth-centered music and pop-culture programs). In 2020, ABS-CBN also integrated the hit show Pinoy Big Brother with Kumu, letting audiences audition, vote, and stream exclusive feeds from inside Kuya's house--a digital-first execution that fans enjoyed.

YouTube. YouTube (YT) became an important content distribution channel that provided ABS-CBN a stopgap alternative to the exhibition of its television programs. Given its sizeable YT audience, YT's discoverability and potential for reach, ABS-CBN focused on making available its TV content and other evergreen titles on the platform. Through Kapamilya Online Live, Filipinos everywhere may now watch current shows and even interact via live gapshows. ABS-CBN also experimented with special executions, such as the YouTube Superstream and YouTube Music Nights. ABS-CBN Entertainment became the number 1 YT channel in SEA with 34 million subscribers, while ABS-CBN News garnered 12 million subscribers.

Facebook. Facebook remains to be a great conversation hub for ABS-CBN's publishers and fans. On this platform, the Company has been continuously growing its following, with some of its pages ranking as the biggest in the country. Discoverability of our content is also high on Facebook, where we also air our Kapamilya Online Live. Aside from maximizing revenues from the platform's unique functionalities (FB Instant Article, in-stream videos, stars and live-ads), ABS-CBN is in the process of exploring its capabilities for social commerce.

Print and On-line Publications. ABS-CBN Books has published the country's bestselling biographies, humor, romantic fiction and celebrity books since 2012. It is engaged in the production, distribution and promotion of books, the retail business of which in 2020 pivoted to online platforms such as Lazada, Shopee and nationalbookstore.com. Its titles are also available for international audiences via e-book platforms Amazon Kindle and Apple Books. ABS-CBN Books is also engaged in contract publishing for corporate and individual clients.

CABLE, SATELLITE AND BROADBAND

Sky Cable Corporation pioneered innovative and superior cable services in the country 30 years ago. It is a niche player that offers low to high tier cable and broadband products through the latest technology, from DOCSIS to Fiber connectivity, as well as its introduction of modern in-premise customer equipment ranging from 2-way digiboxes (EVO box) to modems and wi-fi mesh for superior customer experience. Its products include: SKYCable, the leading cable brand in the county that is known for its top-notch programming with an extensive lineup of HD channels and Pay per view offerings, and One SKY Fiber, fiber-powered broadband with plans up to 200Mbps, also available in bundled packages with HD cable TV and other OTT content subscriptions. SKY is also a promising player in the SME and Enterprise market catering to commercial businesses through SKYbiz, which offers content services and customized broadband connectivity. SKYbiz is the first provider to create relevant content for the hospitality industry, making it the preferred cable TV provider of premier establishments in the country.

Subsidiaries

The following is a list of the Company's active subsidiaries, which ABS-CBN has economic rights as of December 31, 2020 and 2019:

Company	Place of Incorporation	Principal Activities	Functional Currency	Effective Interest	
				2020	2019
Content Production and Distribution					
Global:					
ABS-CBN Global Ltd. (ABS-CBN Global)[a] [j]	Cayman Islands	Holding company	United States dollar (USD)	**100.0**	100.0
ABS-CBN Europe Ltd. (ABS-CBN Europe)[b][c] [j]	United Kingdom	Cable and satellite programming services	Great Britain pound (GBP)	**100.0**	100.0
ABS-CBN Japan, Inc. (ABS- CBN Japan)[d] [j] [r]	Japan	Cable and satellite programming services	Japanese yen (JPY)	**100.0**	100.0
ABS-CBN Middle East FZ-LLC (ABS-CBN Middle East)[b] [j]	Dubai, UAE	Cable and satellite programming services	United Arab Emirates dirham (AED)	**100.0**	100.0
ABS-CBN Global Hungary Kft. (ABS-CBN Hungary) [j]	Budapest, Hungary	Holding company	USD	**100.0**	100.0
Makati Kft. [j]	Budapest, Hungary	Holding company	USD	**100.0**	100.0
ABS-CBN International, Inc. (ABS-CBN International)[j] [n]	California, USA	Cable and satellite programming services	USD	**100.0**	100.0
ABS-CBN Australia Pty. Ltd. (ABS-CBN Australia)[j] [k]	Victoria, Australia	Cable and satellite programming services	Australian dollar (AUD)	**100.0**	100.0
ABS-CBN Canada, ULC (ABS-CBN Canada)[j] [k]	Canada	Cable and satellite programming services	Canadian dollar (CAD)	**100.0**	100.0

Company	Place of Incorporation	Principal Activities	Functional Currency	Effective Interest	
				2020	2019
ABS-CBN Telecom North America, Inc.(j) (k)	California, USA	Telecommunications	USD	**100.0**	100.0
Films and Music:					
ABS-CBN Film Productions, Inc. (ABS-CBN Films)	Philippines	Movie production	Philippine peso	**100.0**	100.0
Cinescreen, Inc. (Cinescreen) (f)	Philippines	Theater operator	Philippine peso	**100.0**	100.0
Narrowcast					
Creative Programs, Inc. (CPI) (v)	Philippines	Content development, publishing and programming services	Philippine peso	**100.0**	100.0
Others:					
ABS-CBN Europe Remittance Inc.(d) (j) (y)	United Kingdom	Services - money remittance	GBP	**100.0**	100.0
E-Money Plus, Inc.(b)	Philippines	Services - money remittance	Philippine peso	**100.0**	100.0
ABS-CBN Global Remittance Inc.(j) (k) (y)	California, USA	Services - money remittance	USD	**100.0**	100.0
ABS-CBN Canada Remittance Inc.(j) (n) (y)	Canada	Services - money remittance	CAD	**100.0**	100.0
ABS-CBN Center for Communication Arts, Inc.(e)	Philippines	Educational/training	Philippine peso	**100.0**	100.0
ABS-CBN Global Cargo Corporation(t)	Philippines	Non-vessel operations common carrier	Philippine peso	**100.0**	100.0
ABS-CBN Integrated and Strategic Property Holdings, Inc.	Philippines	Real estate	Philippine peso	**100.0**	100.0
ABS-CBN Shared Service Center PTE. Ltd.(j) (m)	Singapore	Services - support	Singapore dollar (SGD)	**100.0**	100.0
Professional Services for Television & Radio, Inc.	Philippines	Services - production	Philippine peso	**100.0**	100.0
Grassfed Corporation	Philippines	Services - livestock	Philippine peso	**100.0**	100.0
Probabilistic Insights, Inc. (aa)	Philippines	Services - support	Philippine peso	**100.0**	100.0
Rosetta Holdings Corporation (RHC)	Philippines	Holding company	Philippine peso	**100.0**	100.0
Callirrhoe, Inc.	Philippines	Holding company	Philippine peso	**100.0**	–
Eukelade Holding Corporation	Philippines	Holding company	Philippine peso	**100.0**	–
Sarimanok News Network, Inc.	Philippines	Content development and programming services	Philippine peso	**100.0**	100.0
The Big Dipper Digital Content & Design, Inc. (Big Dipper)	Philippines	Digital film archiving and central library, content licensing and transmission	Philippine peso	**100.0**	100.0
The Chosen Bun, Inc. (Chosen Bun)(z)	Philippines	Services - restaurant and food	Philippine peso	**100.0**	100.0
TV Food Chefs, Inc. (bb)	Philippines	Services - restaurant and food	Philippine peso	**100.0**	100.0
iConnect Convergence, Inc.	Philippines	Service - call center	Philippine peso	**100.0**	100.0
ABS-CBN Studios, Inc.	Philippines	Production facility	Philippine peso	**100.0**	100.0
Medianow Strategies, Inc. (Medianow) (x)	Philippines	Marketing, sales and advertising	Philippine peso	**79.7**	79.7
Sapientis Holdings Corporation (Sapientis)	Philippines	Holding company	Philippine peso	**100.0**	100.0

Company	Place of Incorporation	Principal Activities	Functional Currency	Effective Interest	
				2020	2019
Columbus Technologies, Inc. (CTI)(q)	Philippines	Holding company	Philippine peso	**70.0**	70.0
ABS-CBN Convergence, Inc, (ABS-C)(q)	Philippines	Telecommunication	Philippine peso	**69.3**	69.3
ABS-CBN Theme Parks and Resorts Holdings, Inc. (ABS-CBN Theme Parks)	Philippines	Holding company	Philippine peso	**100.0**	100.0
ABS-CBN Themed Experiences, Inc. (ABS-CBN Themed Experiences) (u)(bb)	Philippines	Management of locations	Philippine peso	**100.0**	100.0
Play Innovations, Inc. (PII)(g)(bb)	Philippines	Theme park	Philippine peso	**73.0**	73.0
Play Innovations Hungary Kft. (Play Innovations)(j) (g)	Budapest, Hungary	Theme park	USD	**73.0**	73.0
Cable and Broadband					
Sky Vision Corporation (Sky Vision) (w) (see Note 4)	Philippines	Holding Company	Philippine peso	**75.0**	75.0
Sky Cable Corporation (Sky Cable) (w) (see Note 4)	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Bisaya Cable Television Network, Inc.(h) (i) (w)	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Bright Moon Cable Networks, Inc.(h) (w)	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Cavite Cable Corporation(h) (w)	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Cepsil Consultancy and Management Corporation(h) (w)	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Davao Cableworld Network, Inc.(h) (o) (w)	Philippines	Cable television services	Philippine peso	**59.4**	59.4
HM Cable Networks, Inc.(h) (w)	Philippines	Cable television services	Philippine peso	**59.4**	59.4
HM CATV, Inc.(h) (w)	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Hotel Interactive Systems, Inc.(h) (w)	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Isla Cable TV, Inc.(h) (w)	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Moonsat Cable Television, Inc.(h) (o) (w)	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Pilipino Cable Corporation (PCC)(h) (w)	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Satellite Cable TV, Inc.(h) (w)	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Sun Cable Holdings, Incorporated (SCHI)(h) (w)	Philippines	Holding company	Philippine peso	**59.4**	59.4
Sun Cable Systems Davao, Inc.(h) (i) (w)	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Sunvision Cable, Inc.(h) (w)	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Tarlac Cable Television Network, Inc.(h) (w)	Philippines	Cable television services	Philippine peso	**59.4**	59.4

Company	Place of Incorporation	Principal Activities	Functional Currency	Effective Interest	
				2020	2019
Telemondial Holdings, Inc.[h] [i] [w]	Philippines	Holding company	Philippine peso	**59.4**	59.4
JMY Advantage Corporation[h] [w]	Philippines	Cable television services	Philippine peso	**56.4**	56.4
Cebu Cable Television, Inc.[h] [o] [p] [w]	Philippines	Cable television services	Philippine peso	**57.4**	57.4
Suburban Cable Network, Inc.[h] [w]	Philippines	Cable television services	Philippine peso	**54.9**	54.9
Pacific CATV, Inc. (Pacific)[h] [o] [w]	Philippines	Cable television services	Philippine peso	**58.0**	58.0
First Ilocandia CATV, Inc.[h] [o] [w]	Philippines	Cable television services	Philippine peso	**54.9**	54.9
Mactan CATV Network, Inc.[h] [o] [p] [w]	Philippines	Cable television services	Philippine peso	**56.6**	56.6
Discovery Mactan Cable, Inc.[h] [s] [w]	Philippines	Cable television services	Philippine peso	**41.6**	41.6
Home-Lipa Cable, Inc.[h] [s] [w]	Philippines	Cable television services	Philippine peso	**35.6**	35.6

[a] *With branches in the Philippines and Taiwan*
[b] *Through ABS-CBN Global*
[c] *With branches in Italy and Spain*
[d] *Subsidiary of ABS-CBN Europe*
[e] *Nonstock ownership interest*
[f] *On June 5, 2017, the SEC approved the incorporation of Cinescreen. Cinescreen was established primarily to own, acquire, establish, lease, maintain, operate, manage, control, promote, advertise, undertake and carry on the business of theatres, movie houses and places of public amusement and entertainment.*
[g] *Through ABS-CBN Theme Parks*
[h] *Through Sky Cable*
[i] *Subsidiary of SCHI*
[j] *Considered as foreign subsidiary*
[k] *Subsidiary of ABS-CBN International*
[l] *With a branch in Luxembourg*
[m] *With a regional operating headquarters in the Philippines*
[n] *Through ABS-CBN Hungary*
[o] *Subsidiary of PCC*
[p] *Through Pacific*
[q] *Through Sapientis*
[r] *With branch in Korea*
[s] *A subsidiary of Sky Cable where Sky Cable effectively owns more than 50% interest*
[t] *In liquidation*
[u] *On July 7, 2017, the SEC approved the incorporation of ABS-CBN Themed Experiences. ABS-CBN Themed Experiences was established primarily to design, build, develop, manage, operate and maintain theme and amusement parks, hotels, restaurants, coffee shops, refreshment parlors and other attractions and facilities.*
[v] *On September 18, 2018, the SEC approved the merger of CPI and ABS-CBN Publishing with the former being the surviving entity.*
[w] *In 2012, ABS-CBN acquired additional interest in Sky Vision increasing its economic interest to 24.8%. On the same year, Lopez, Inc. also executed a proxy in favor of ABS-CBN assigning its voting rights in Sky Vision. As a result, ABS-CBN has a voting interest of 75% in Sky Vision since 2012. Sky Vision is the holding company of Sky Cable, where ABS-CBN has an economic interest of 57.4% in 2014. In 2015, ABS-CBN purchased additional shares in Sky Vision increasing its economic interest on Sky Vision and Sky Cable to 75% and 59.4%, respectively.*
[x] *In 2014, CPI and Sky Cable entered into an agreement to form a joint venture company. Medianow, which was incorporated on August 22, 2014, is 78.7% effectively owned by the Company in 2014. As a result of the acquisition of additional interest in Sky Vision, economic interest on Medianow increased to 79.7% in 2015.*

[y] On June 30, 2018, ABS-CBN Europe Remittance Inc., ABS-CBN Global Remittance Inc. and ABS-CBN Canada Remittance Inc. ceased operations.
[z] On March 12, 2019, the SEC approved the incorporation of Chosen Bun. Chose Bun was established primarily to raise, process, manufacture and package all kinds of food products; to establish, operate, manage and maintain restaurants, coffee shops, and refreshments parlors; to serve and cater foods, drinks, refreshments and other food or commodities.
[aa] On June 18, 2019, the SEC approved the incorporation of Probabilistic Insights, Inc. Probabilistic Insights, Inc. was established primarily to provide software products and data science services including but not limited to management consulting, marketing services such as direct marketing, database marketing, workshop facilitation and marketing training.
[bb] The Company decided to wind-down its food and beverage and experience operations in July 2020.

1.3. Significant Philippine Associates and Affiliates

Company	Principal Activity	Date of Incorporation	Relationship
Lopez, Inc.	Holding Company	11 August 1967	Parent of ABS-CBN
Lopez Holdings Corporation*	Holding Company	08 June 1993	Under common control of Lopez Inc.
ABS-CBN Holdings Corporation		30 March 1999	Under common control of Lopez Inc.
A CJ O Shopping Corporation**	Home shopping	13 August 2013	50% owned by ABS-CBN
ALA Sports Promotions International, Inc.	Boxing promotions	4 December 2013	44% owned by ABS-CBN
Daum Kakao Corporation	Services	16 February 2015	50% owned by ABS-CBN
The Flagship, Inc.	Services	20 October 2015	40% owned by ABS-CBN

**Formerly Benpres Holdings Corporation*

*** On June 25, 2020, the stockholders and BOD of the A CJ O Shopping Corporation approved a plan of liquidation and cessation of operations effective December 31, 2020. In November 2020, the Company discontinued its operations to prevent further losses.*

1.4. Competition

MEDIA NETWORK AND STUDIO ENTERTAINMENT

<u>Content Production and Distribution</u>

Prior to the NTC CDO and *Alias* CDO and the Resolution, the Company principally competed with 9 (nine) commercial free-to-air television stations in Mega Manila, including the channels of its major competitor, GMA Network, Inc. (GMA 7 or GMA Network) which owns and operates GMA 7.

<u>Content Exhibition</u>

ABS-CBN continues to be a major supplier of Filipino entertainment and news and current affairs programs for free TV, cable channels and on-line streaming platforms both in the Philippines and, increasingly, throughout the world. In-house produced contents have been and are still currently aired in numerous countries around the world, particularly in Southeast Asia, China, Africa, and Eastern Europe.

The Company faces competition for distribution of its programming from other producers of Filipino programming. ABS-CBN also competes with other programming providers for channel space and compensation for carriage from cable television operators and other multi-channel distributors. For such program services, distributors select programming based on various considerations, including the prices charged for the programming and the quality, quantity and variety of programming.

ABS-CBN's content library of in-house produced drama series, movies, reality shows, variety shows, documentaries, and the like, runs in the hundreds of thousands of hours combined. Moreover, the Company also has exclusive exhibition licenses for numerous popular local and foreign-acquired programs and movies.

Competition in acquiring foreign-produced programming and films has also been greater than in the previous years. The Company competes with other Philippine broadcast entities and pan-regional cable programming producers in acquiring broadcast rights to popular foreign TV shows and films.

Global

Global distributes TFC and other media content in the US, Canada, Middle East, and Asia Pacific through various multichannel video programming distributors (MVPDs).

TFC competes for audience attention not only with Filipino content providers in the regions where it is distributed, but also with mainstream media content on satellite television and cable systems, national broadcast networks, regional and local broadcast stations, as well as on-demand, streaming media services.

Films and Music

Film Production and Distribution: The creation, production, and distribution of feature films is a highly competitive business in the Philippines. AFPI competes for the services of a limited pool of recognized and bankable creative talents, both artists and production staff, and for film rights and scripts, which are essential to the success of a feature film. The Company likewise competes with other feature film producers, including established Filipino studios, an increasing number of smaller independent producers, and major foreign studios such as Disney, Dreamworks, and Warner Brothers. Success in the Philippine movie business depends on the actors' performance in the film, the quality of the film, its strategic distribution, marketing, and massive promotion. But it is also highly influenced by external factors such as the political environment, the economic situation, natural occurrences such as storms and health scares, and seasonal shifts in audience behavior, making the venture one with the highest risk in media.

The number of films released by the Company's competitors in any given period may create an oversupply of product in the market, which may reduce the Company's share of gross box office admissions. Star Cinema also competes with other forms of entertainment and leisure time activities such as streaming, travel, and dining. Piracy also takes a considerable chunk of the Company's earnings potential.

Music Production and Promotion: The Music Group's main business is the production and promotion of recordings and the development of singers and songwriters. Revenues are in the form of advertising and subscription revenues from online platforms such as YouTube and Spotify. Complementary to this business is the management of artists and the creation and mounting of events.

Music Servicing and Distribution: The Company also produces commissioned recordings for television shows and commercial advertisements.

Music Publishing and Licensing: The Company controls a valuable music publishing and sound recording catalogue of iconic Filipino hit songs which covers half a century. These are licensed to third parties for various usages, including theme songs in TV shows and films,

CABLE, SATELLITE AND BROADBAND

SKY Cable is one of the major providers of cable and broadband services in the Philippines. SKY Cable competes with both Cable and DTH operators in certain cities it operates in, but no other wired cable operator has the same scale and coverage as SKY Cable.

SKYcable directly competes for viewer attention and subscriptions with other providers of entertainment, news and information, including other cable television systems, broadcast television stations and OTT service providers.

Cable television systems continue to earn advertising revenues despite competition with all media platforms. Important competitive factors include coverage and subscriber base, quality and variety of the program offerings, fees charged for basic and premium services, and the effectiveness of marketing efforts.

The broadband business where Sky Cable operates in, has several direct competitors. These competitors range from large telecommunications companies to smaller and dedicated cable broadband service providers catering to individuals and businesses alike. Key competitive factors aside from price include fiber facilities, speed and reliability of service.

DIGITAL

Digital Media: In February 2021, ABS-CBN Entertainment You Tube channel became the most subscribed and most viewed YouTube channel in all of Southeast Asia, after racking up 32.8 million subscribers and over 44.1 billion lifetime views, as ABS-CBN strengthens its digital presence to make its content more accessible to audiences in as many platforms. Other ABS-CBN YouTube channels that rank among the most subscribed and most viewed in the Philippines are ABS-CBN News (11.8 million subscribers and 7.4 billion views), Star Music (6.2 million subscribers and 2.5 billion views), "Pinoy Big Brother" (4.2 million subscribers and 2.3 billion views), Star Cinema (4 million subscribers and 1.2 billion views), "The Voice Kids Philippines" (2.6 million subscribers and 1.4 billion views), and The Squad Plus (2.8 million subscribers and 245 million views) as of February 2021.

OTT Platform: ABS-CBN's Over-The-Top platform – iWantTFC, compete with international OTT providers. Over the past year, a number of OTT players have entered the country. Key factors in this segment include new technologies that support the platform, easy access to online content, and quality and quantity of content offered to address changing viewership habits of the market.

1.5. Patents, Trademarks, Licenses, Franchises, Concessions and Royalty

Republic Act No. 7966, approved on March 30, 1995, granted the Company the franchise to operate TV and radio broadcasting stations in the Philippines through microwave, satellite or whatever means including the use of new technologies in television and radio systems. The franchise is for a term of 25 years. ABS-CBN is required to secure from the National Telecommunications Commission (NTC) appropriate permits and licenses for its stations and any frequency in the TV or radio spectrum.

The franchise expired on May 4, 2020. Thereafter, on May 05, 2020, the NTC issued an Order which directed ABS-CBN to cease operating all its radio and television stations throughout the Philippines (the "CDO"), and on June 30, 2020, the NTC likewise issued an *Alias* Cease and Desist Order which directed the shutdown of ABS-CBN's Digital Terrestrial Television (DTT) network (the "*Alias* CDO").

On July 10, 2020, the House Committee on Legislative Franchises passed and approved the Resolution which denied the franchise application of ABS-CBN to construct, install, establish, operate, and maintain radio and television broadcasting stations in the Philippines (the "Resolution"). Under the Resolution, the House Committee on Legislative Franchises adopted the findings and recommendations of a Technical Working Group (TWG), which under its TWG Report, recommended to deny the broadcast franchise application of ABS-CBN. The Resolution likewise stated that, pursuant to Section 49 of the 18th Congress Rules of the House of Representatives, all of the House Bills and House Resolutions relative to the grant or renewal of the franchise application of ABS-CBN are "laid on the table", or effectively "killed". Consequently, ABS-CBN is no longer authorized to operate as a broadcast company.

In a Decision dated 9 September 2020, the NTC recalled all the frequencies assigned to the Company and revoked all provisional authority granted to the Company.

However, ABS-CBN continues to produce programs and provide programming services, over which ABS-CBN, directly or indirectly, owns and holds intellectual property rights. ABS-CBN owns various trademarks and copyright over most programs it produced. ABS-CBN has also acquired the rights over content of a number of third party production entities.

Third Party-owned Foreign and Local Film and Programs aired through the ABS-CBN Channels or Third Party Platforms

ABS-CBN and its subsidiaries have licenses from foreign and local program and feature film owners to distribute the same through its channels and other programming services. The licenses to distribute the foreign programs and foreign and local feature films grant ABS-CBN and its subsidiaries the right to distribute said programs and films on free TV, cable, and satellite in the Philippines and in territories wherein TFC is distributed. These licenses for TV rights have an average term of 2 to 3 years.

AFPI has a license to distribute local and foreign feature films in the Philippines for theatrical, TV, and video distribution, with limited ancillary rights. The licenses for foreign films have an average term of 10 to 15 years.

In some instances where ABS-CBN is granted sub-license or assignment rights, programs, films or events produced by third parties are aired under blocktime, license, distribution and other industry standard arrangements with third party platform owners and/or operators.

Music Licenses

ABS-CBN and its subsidiaries secure synchronization licenses for music used in films and TV programs for both musical compositions and sound recordings. Fees for public performance rights of TFC are paid to the relevant collecting societies in the territories where the channels are being operated.

Government Regulations on Principal Products or Services

The principal law governing the broadcasting industry is the Public Service Act (Commonwealth Act. No. 146, as amended). Under this Act, the term "public service" encompasses owning, operating, managing, controlling in the Philippines, for hire or compensation, with general or limited clientele, whether permanent, occasional or accidental, and done for general business purposes, wire or wireless broadcasting stations. Accordingly, the business of ABS-CBN came under the jurisdiction of the Public Service Commission, which was created under the same Act to have jurisdiction, supervision, and control over all public services, their franchises, equipment, and other properties, and in the exercise of its authority, to have the necessary powers and the aid of the public force.

The Act seeks to protect the public against unreasonable charges and inefficient service by public utilities, including companies engaged in television and radio broadcasting as well as to prevent excessive competition. Thus, the Public Service Commission has been granted certain powers under the Act, including the issuance of a certificate of public convenience; the fixing and determination of the rates, tolls, charges, etc.; the fixing of just and reasonable standards, classifications, regulations, etc.; the establishment of reasonable rules, regulations, instructions; to suspend or revoke certificates issued under the Act.

The 1987 Philippine Constitution provides that "ownership and management of mass media shall be limited to citizens of the Philippines, or to corporations, cooperatives or associations wholly-owned and managed by such citizens" (Section 11, Article XVI). As a result, the Company is subject to a nationality restriction, which it has continuously and fully complied with.

Republic Act No. 7966, approved on March 30, 1995, granted the Company a Congressional Franchise to operate TV and radio broadcasting stations in the Philippines through microwave, satellite or whatever means including the use of new technologies in television and radio systems. The Congressional Franchise is for a term of twenty-five (25) years. The said Congressional Franchise, which expired on May 4, 2020, was not renewed by virtue of the Resolution adopted by the Committee of Legislative Franchise on July 10, 2020.

The government departments and agencies that administer the laws governing the broadcasting industry and content are the NTC, the Department of Information and Communications Technology (DICT), the Movie and Television Review and Classification Board (MTRCB), the Optical Media Board (OMB), and the Department of Labor and Employment (DOLE).

The NTC primarily regulates the broadcasting industry. Its mandate extends to the regulation and supervision of radio and television broadcast stations, cable television (CATV) and pay television (Executive Order No. 546 and Executive Order No. 205). Its functions include the granting of certificates of public convenience and necessity/provisional authority to install, operate and maintain telecommunications, broadcast and CATV services; granting licenses to install, operate and maintain radio stations; allocate/sub-allocate and assign the use of radio frequencies; type-approving/type-accepting all radio communications, broadcast and customer premises equipment; conduct radio communications examination and issue radio operations certificate; prepare, plan and conduct studies for policy and regulatory purposes; monitor the operation of all telecommunications and broadcast activities; enforce applicable domestic and international laws, rules and regulations, prosecute violation thereof, and impose appropriate penalties/sanctions; issue licenses to operate land, maritime, aeronautical and safety devices; and perform such other telecommunications/broadcast-related activities as may be necessary in the interest of public service.

The DICT is the primary policy, planning, coordinating, implementing and administrative entity of the Executive Branch of the government that will plan, promote and develop the national ICT agenda. Although the NTC is attached to the DICT for policy and program coordination, the DICT does not have the power to review the acts and resolutions of the NTC.

The MTRCB is responsible for rating television and film for the Philippines. It classifies television programs based on their content. It is also the regulatory body that initiates plans and fosters cooperation in the industry to improve, upgrade and make viable the industry as one source of fueling the national economy.

The OMB was created, pursuant to the policy of the state to institute means to regulate the manufacture, mastering, replication, importation and exportation of optical media. To this end, the OMB has been empowered to formulate policies and programs necessary to accomplish the purposes of the Optical Media Act of 2003. It has also been granted the power to supervise, regulate, grant or renew licenses. Its power also encompasses inspections, obtaining search warrants, and acting as complainant in criminal prosecutions for violators of the Act. It can hear and resolve administrative cases against violators of the Act and impose sanctions, confiscate optical media, suspend, cancel or deny renewal of licenses.

In addition to the restrictions imposed by the government agencies, a broadcaster must also follow rules and industry standards promulgated by the *Kapisanan ng mga Brodkaster sa Pilipinas* (KBP), of which the Company is a member. The KBP is a self-regulating trade organization consisting of television and radio operators. It formulates policies and guidelines for the operations of its members and enforces programming and advertising rules.

Costs and Effect of Compliance with Environmental Laws

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate (ECC) prior to commencement. Through its regional offices or through the Environmental Management Bureau (EMB), the Department of Environment and Natural Resources (DENR) determines whether a project is environmentally critical or located in an environmentally critical area.

The ECC is a government certification that (i) the proposed project or undertaking will not cause a significant negative environmental impact; (ii) that the proponent has complied with all the requirements of the Environmental Impact System (EIS) system and; (iii) that the proponent is committed to implement its approved environmental management plan in the EIS or, if an IEE was required, that it will comply with the mitigation measures suggested therein. The ECC contains specific measures and conditions that the project proponent must undertake before and during the operation of a project, and in some cases, during the abandonment phase of the project to mitigate identified environmental impact.

ABS-CBN is not engaged in any project or activity that may require compliance with these requirements. For the past three years, there were no costs related to the effect of compliance with environmental laws.

However, if and when applicable, the Company shall apply for and secures proper permits, clearances or exemptions from the DENR, Department of Health, Civil Aviation Authority of the Philippines, and other regulatory agencies, for the installation and operation of proposed broadcast stations nationwide.

Employees and agreements of labor contracts, including duration

ABS-CBN and Subsidiaries had 4,012 regular employees, 233 project employees, 694 program-based employees, and 993 independent contractors as of December 31, 2020. With the non-renewal of its legislative franchise, ABS-CBN was constrained to implement a retrenchment program covering ABS-CBN and its subsidiaries effective end of business day on August 31, 2020.

The Philippine Labor Code and other statutory enactments provide the minimum benefits that employers must grant to their employees, which include certain social security benefits, such as benefits mandated by the Social Security Act of 1997 (R.A. No. 8282), the National Health Insurance Act of 1995 (R.A. No. 7875), as amended, and the Home Development Fund Law of 2009 (R.A. No. 9679).

Under the Social Security Act of 1997, social security coverage is compulsory for all employees under 60 years of age. An employer is obligated to deduct and withhold from each employee's monthly salary, wage, compensation or earnings, the employee's contribution, and the employer, for its part, makes a counterpart contribution for the employee, and remits both amounts to the Social Security System (SSS). This enables the employees to claim their pension, death benefits, permanent disability benefits, funeral benefits, sickness benefits and maternity-leave benefits. The Social Security Act of 1997 imposes penal sanctions if an employer fails to remit the contributions to the SSS. For corporate employers, the penalty is imposed on its president and members of the board of directors.

The National Health Insurance Act, created the National Health Insurance Program (NHIP) to provide health insurance coverage and ensure affordable and accessible health care services to all Filipino citizens. Under the law, all members of the SSS are automatically members of the NHIP. The Philippine Health Insurance Corporation (PhilHealth) administers the NHIP, and an employer is required to deduct and withhold the contributions from the employee's salary, wage or earnings, make a counterpart contribution for the employee, and remit both amounts to PhilHealth. The NHIP will then subsidize personal health services required by the employee subject to certain terms and conditions under the law. The National Health Insurance Act likewise imposes penal sanctions if an employer does not remit the contributions to PhilHealth. For corporate employers, the penalty is imposed on its president and members of the board of directors.

The Home Development Fund Law (R.A. No. 9679) or the Pag-IBIG Fund Law, created the Home Development Mutual Fund (HDMF), a national savings program as well as a fund to provide for affordable shelter financing to Filipino workers. Coverage under the HDMF is compulsory for all SSS members and their employers. Under the law, an employer must deduct and withhold 2% of the employee's monthly compensation, up to a maximum of ₱5,000 and likewise make a counterpart contribution of 2% of the employee's monthly compensation, and remit the contributions to the HDMF. The Pag-IBIG Fund Law also imposes penal sanctions if the employer does not remit the contributions to the HDMF.

The Philippine Labor Code provides that, in the absence of a retirement plan provided by their employers, private-sector employees who have reached 60 years of age or more, but not beyond 65 years of age, the compulsory retirement age for private-sector employees without a retirement plan, and who have rendered at least 5 years of service in an establishment, may retire and receive a minimum retirement pay equivalent to one-half month's salary for every year of service, with a fraction of at least 6 months being considered as one whole year. For the purpose of computing the retirement pay, "one-half month's salary" shall include all of the following: 15 days salary based on the latest salary rate; in addition, one-twelfth of the 13th month pay and the cash equivalent of 5 days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and the employee or if provided in a collective bargaining agreement (CBA).

ABS-CBN has complied with all these labor regulations and laws.

ABS-CBN's management recognizes two labor unions, one for the supervisory employees and another for the rank and file employees. The Supervisory Union represents approximately 4% of the total regular employees of ABS-CBN, while 10% of belong to the Rank & File Union. The current CBA for the supervisory union covers the period August 1, 2020 to July 31, 2023, while the CBA for the rank and file employees covers the period December 1, 2019 to November 30, 2021.

For the last three (3) years, there were neither labor strikes nor any disputes with the labor unions. CBA negotiations with the Rank and File and Supervisory unions were concluded without any major issues and were ratified by the majority of the union members.

1.6. Corporate Social Responsibility (CSR)

ABS-CBN Lingkod Kapamilya Foundation, Inc. (formerly ABS-CBN Foundation, Inc.)

ABS-CBN **Lingkod Kapamilya** Foundation, Inc. (ALKFI), a non-stock, non-profit organization, was incorporated in 1989 to address the plight of the disadvantaged and to ensure that solicited help are properly allotted and utilized.

The year 2020 was a very challenging year for ABS-CBN **Lingkod Kapamilya** Foundation Inc. (ALKFI). The advent of the COVID-19 pandemic affected a significant portion of A**LK**FI's donors and partners leading to significantly decreased donations for its advocacies and programs. Due to the Philippine Congress' Resolution not to renew the broadcasting franchise of ALKFI's biggest donor and supporter, ABS-CBN, ALKFI lost valuable airtime which it uses as leverage in its partnerships and in broadcasting its advocacies. ABS-CBN also provides a substantial amount in the yearly donations received by ALKFI as ABS-CBN is always the first to give donations during calamities and disasters as well as in the conduct of public service.

However, ALKFI remained undaunted. True to its core of being in the service of the Filipino, ALKFI did not stop in providing timely and relevant aid to Filipinos all over the country. ALKFI quickly adjusted and innovated its methodology in delivering its services to cope up with the effects of the pandemic and the non-renewal of the franchise.

ALKFI's three (3) main programs, Sagip Kapamilya, Bantay Kalikasan, and Bantay Bata 163 pivoted some of their services to remain relevant especially during the pandemic:

- Sagip Kapamilya. Sagip Kapamilya provides relief assistance to victims of calamities and natural disasters. It is likewise engaged in the rehabilitation of typhoon-damaged public schools and several disaster risk-reduction projects all over the country. In 2020, Sagip Kapamilya major campaigns include "Tulong -Tulong Para sa Taal" that united the nation in helping Filipinos affected by the Taal Volcano eruption in January. "Tulong-Tulong sa Taal" brought together the efforts of ABS-CBN for Taal evacuees, from relief operations led by Sagip Kapamilya to delivery of "Serbisyo at Saya" in evacuation centers with the help of ABS-CBN employees, artists, programs and subsidiaries. As community quarantines and lockdowns were imposed in response to the COVID-19 pandemic, ABS-CBN and ALKFI launched "Pantawid ng Pag-ibig" to get food and hot meals to families greatly affected by the pandemic and to assist in the acquisition of Personal Protective Equipment (PPEs) for medical frontliners as they battle COVID-19. Sagip Kapamilya also distributed Noche Buena packages to frontliners and families in extreme poverty to bring them light and joy in celebrating Christmas.

  Programa Genio (PG) of Sagip Kapamilya was launched in 2012 to focus on helping every Filipino child discover and develop the inherent "genio" or genius in them. Named in honor of ABS-CBN Founder and Chairman Eugenio Lopez Jr., Programa Genio's goal is to help empower the marginalized and disadvantaged children and youth through quality educational soft programs in order for them to become skilled and productive citizens that would be able to contribute in the growth of their community and to the country's development. In 2020, Programa Genio focused on helping marginalized schools cope with the transition to distance learning by providing equipment to schools and learning kits to students. PG also utilized the digital space to continue to provide teacher training for teachers and career counselling for K-12 students.

- Bantay Bata (Child Watch). Founded in 1997, Bantay Bata 163 started as a child welfare program for children at risk. Through the years, its services have evolved to include helping indigent children through medical assistance and scholarships. It has broadened its scope to include the community to help advance its advocacies, empowering the family through education and information campaigns. In 2018, Bantay Bata 163 re-opened the Children's Village will serve as a halfway home to abused and at-risk children. With the advent of the COVID-19 pandemic, Bantay Bata has upgraded its 163 Hotline to cater to emerging issues on mental health. It also began to utilize digital platforms to provide services especially in counselling and in the prevention of online sexual abuse and exploitation. In 2020, Bantay Bata has continued the following projects:

  - Bantay Proteksyon – Being the front runner in child protection, these services aim to promote the intrinsic rights of a child especially their right to protection. This includes Hotline 163 and the Children's Village.

- Bantay Edukasyon – Bantay Bata 163 provides educational assistance to children victims of abuse, exploitation and neglect and those children from destitute families.

The non-renewal of the broadcasting franchise of ABS-CBN resulted to the closure of its Regional Network Groups which also houses most of the Bantay Bata Regional offices and the closure of the Tulong Center which is the home of Bantay Bata Medical. Therefore, the medical assistance programs of Bantay Bata were severely affected. Also, the COVID-19 pandemic has prevented the staging of community-based outreach programs aimed at empowering families and the community to be advocates of children's rights. Capacity Building for parents and service providers were also halted due to pandemic restrictions imposed by the government.

- Bantay Kalikasan (Nature Watch). Launched in 1998, Bantay Kalikasan (BK), ABS-CBN Lingkod Kapamilya's environment advocacy arm, has propelled massive changes towards the protection and sustainability of the country's natural environment. For two decades, it has initiated different projects such as watershed rehabilitation and management, recovery and recycling of Used Lead Acid Batteries (ULABs) and used oil, advocacy building through Information and Education Campaigns (IEC) and community empowerment. BK's projects include:

  - The Green Initiative Project - Grassroots Economic and Environment Initiative that journeys with partner communities towards building models of sustainable, inclusive and holistic communities

  - La Mesa Watershed and Ecopark Management – involves projects pertaining to the protection and enrichment of the La Mesa Watershed and La Mesa Ecopark. La Mesa is the only remaining forest of its size in Metro Manila.

  - Bantay Baterya and Langis – involves the collection and proper recycling of Used Lead Acid Batteries, used oil and other recyclable wastes of partner companies. The proceeds from the recycling are used to fund BK Projects and activities.

  - SEA Verde Island Passage (SEA VIP) Project – Science, Education and Advocacy of the Verde Island Passage - the "center of the center of marine shore fish biodiversity in the world". All activities pertaining to the conservation and enrichment of the VIP falls within this project.

  All of Bantay Kalikasan's projects revolve around the following pillars:

    - Environmental Advocacy and Stewardship - This pillar awakens the "steward" in every Filipino – to encourage them to take steps, even small, for the environment.
    - Food Security and Sustainable Livelihood - This pillar provides the necessary inventory/ equipment/infrastructure, and even operating capital needed to start up the social enterprise.
    - Empowered Communities and Building Networks and Ecosystems - This pillar trains the community on managing their own social enterprise in the areas of financial literacy, marketing, operations, and other sustainable business practices. It also includes values transformation of individuals enabling them to make sound decisions based on integrity, truth, and the common good. This pillar also assists the communities to form a recognized organization capable of governing themselves and implementing policies to achieve their common goals. It also equips the communities to become independent organizations capable of tapping government agencies, the academe, and trade associations to launch, manage and sustain their projects.

In 2020, BK was present in 11 Regions, 19 Provinces, 35 Municipalities/Cities, and 52 barangays. BK is in partnership with 68 People's Organizations, Coops, and other groups with at least 5,432 direct beneficiaries. With the closure of the La Mesa Ecopark because of the pandemic, BK pivoted the park to become an online learning hub for urban gardening. Tapping into the power of the digital space, BK also continued its advocacy building by conducting Digital Learning Activities on topics such as Climate Change 101, Climate-smart Agriculture, Urban Farming, and Building Environmental Advocacy. Under its BUY-anihan project, BK also helped farmers from its partner communities move more than 120 tons of rice and vegetables during the community quarantine, allowing the farmers to have revenues of about PhP 5.3 M.

On our Sustainability Report, please refer to the following links for the full report:
https://www.abs-cbn.com/sustainability
https://www.abs-cbn.com/sustainability/sustainability-report-2020/id-15e0b088-f01f-4113-a855-8bb398894580

1.7. Principal Competitive Strengths of the Company

Diversified businesses

ABS-CBN is considered one of the country's leading media and entertainment company, with service offerings across the different platforms of media, servicing a wide array of customer segments.

Prior to the Resolution, the Company's VHF television network, consisting of Channel 2, other owned and operated television stations, and 10 affiliated stations, was the leading television networks in the Philippines. The Company also operated Channel 23, one of the leading UHF channels. These VHF and UHF networks reached an estimated 97% and 50%, respectively, of all television owning households in the Philippines. ABS-CBN as a radio broadcast company, operated 22 radio stations throughout the key cities of the Philippines. The Company's anchor radio stations in Mega Manila, DZMM and DWRR, were among the highest-rated stations in Mega Manila, in the AM and FM bands, respectively.

The Company delivers television programming outside of the Philippines to over 3 million viewers in North America, the Middle East, Europe, Japan, Australia, Canada, and other countries in Asia, through the internet and the Company's global distribution platform, TFC, using DTH satellite service, cable television channels, IPTV, mobile applications and video streaming services.

ABS-CBN beneficially owns 92% of Sky Cable and holds approximately 59.4% economic interest (on a fully diluted basis) in Sky Cable. Sky Cable also offers the fastest residential broadband service in the country. On May 11, 2012, Sky Cable entered into agreements with Destiny Cable, Inc. (Destiny), Solid Broadband Corporation, and Uni-Cable TV, Inc. (together, the Destiny Cable Group) for the acquisition of its cable and broadband assets and subscribers.

The Company's product offering is further complemented by subsidiaries focused on other multimedia services such as film production, music recording, telecommunications and magazine and book publishing.

Extensive experience of management team

ABS-CBN's management is composed of highly experienced professionals with significant track record in the media sector, managing close to 5,000 employees as of December 31, 2020. Key senior officers have been working within the industry for at least 10 years.

Growth strategy

The Company continues to operate other businesses that do not require a legislative franchise – primarily focused on content creation, programming services and distribution for both domestic and international markets across various free TV, cable and satellite channels and digital or on-line streaming services through third party owned and/or operated network and platforms. The Company will also continue to monetize its catalogue of film, video and music through domestic and international syndication, licensing, publishing, TVOD, SVOD and AVOD services. The Company takes into consideration the probable shift of consumer behavior in terms of accessing content, as well as, the ever-changing technology available to the public.

1.8. Key Strategies and Objectives

As an organization, ABS-CBN affirms its mission of being in the service of the Filipino and all of its stakeholders worldwide. The Company is driven to pioneer, innovate and adapt as it continues to provide information, news and entertainment that connects Filipinos with one another and with their community - wherever they may be. ABS-CBN is firmly committed to pursuing excellence. The key elements to its business strategy are:

Building on our core strength in content creation. While the technology, the production process, and the medium used to access content evolve, ABS-CBN's core ability to create quality content that touches, inspires and empowers its viewers must remain constant. The Company will continue building on its core strength in content creation and talent development

Anytime, anywhere, in any device or medium. As ABS-CBN's audience expands throughout the world and demand greater control over how and when they will consume content, the Company will provide access to its content across the widest array of platforms possible. Audiences will be able to access ABS-CBN anytime at any place in any medium.

Maintain a strong fiscal position and bring value to our stakeholders. The Company will optimize synergies across its businesses. In addition, the Company will consciously operate more efficiently and cost-effectively, as it delivers greater value to its customers, clients, partners, and shareholders.

1.9. Transactions with Related Parties

For a detailed discussion of ABS-CBN's related party transactions, refer to Note 23 of the Company's 2020 audited consolidated financial statements.

Except for related party transactions discussed in the accompanying notes to the Company's 2019 audited consolidated financial statements, there had been no material transactions during the past two (2) years, nor is any material transaction presently proposed, to which the Company was or is to be a party in which any director, executive officer of the Company, or security holder of more than 10% of the Company's voting securities, any relative or spouse of any such director or executive officer or owner of more than 10% of the Company's voting securities had or is to have direct or indirect material interest.

Furthermore, there had been no material transactions during the past two (2) years, nor is any material transaction presently proposed, between the Company and parties that fall outside the definition of "related parties" under PAS 24 *Related Party Disclosure – Key Management Personnel*, but with whom the registrants or its related parties have a relationship (e.g., former senior management of the Company or other parties who have some other former or current relationship with the Company) that enables the parties to negotiate terms of material transactions that may not be availed from other, more clearly independent parties on an arm's length basis.

1.10. Risks Relating to the Company

The Company's results of operations may be negatively affected by the non-renewal of its broadcast franchise and the prior cease and desist order of the National Telecommunications Commission, the continued effects of COVID-19 domestically and internationally, and the adverse economic conditions in the Philippines and abroad since its operations depend on its ability to sell airtime for advertising, to sell various goods and services to consumers, and to collect subscription fees from its subscribers. Historically, the advertising industry, relative to other industries, has been particularly sensitive to the general condition of the economy. Also, the ability of consumers to pay for the Company's services or goods depends on their disposable income at any given time as well as access to retail outlets. Consequently, the Company's business may be affected by the economic condition of the country and of the territories where it conducts its business.

ABS-CBN's Board of Directors and management are mindful of the potential impact of various risks to the Company's ability to operate a viable business. Strategy formulation and decision-making always take into account these potential risks and the Company ensures that it takes all the steps necessary to minimize, if not eliminate, such risks. ABS-CBN ensures that it has the proper control systems in place, and to the extent possible, adopted global best practices, to identify, assess, analyze and mitigate market, operating, financial, regulatory, community, reputational, and other risks.

The Risk Management Committee formed in March 2010 assumes the responsibility of oversight for Enterprise Risk Management (ERM), taking over from the Audit Committee

2. Properties

2.1 Head Office

The properties of the Company consist of production, broadcasting, transmission and office facilities, majority of which are owned by the Company. Broadcast operations are principally conducted in the 44,000 square meters ABS-CBN Broadcasting Center located at Sgt. Esguerra Avenue corner Mother Ignacia St. Quezon City.

The broadcast center also houses the Company's 650-foot transmitter tower and other broadcast facilities and equipment.

The broadcast center is comprised of several buildings, one of which is a modern fifteen (15)-story building known as the Eugenio Lopez Jr. Communications Center (ELJCC). The ELJCC houses the corporate offices of the Company and its subsidiaries engaged in related businesses. Aside from the corporate offices, the main building also has television soundstages, sound recording studios and other television production facilities. The building has a gross floor area of approximately 108,000 square meters and total office space of approximately 58,000 square meters. The ground floor is leased to various businesses including banks and clinics. The broadcast center also houses the Company's other buildings and properties:

- The main building, which currently houses the Company's TV Production, and News and Current Affairs. The Company's Technical Operations Center and several studios and soundstages are also located in the main building, which was completed in 1968.

In 2020, the Company has entered into an agreement with its existing lenders to provide for the creation of a mortgage and security interest over real properties and equipment located in Mega Manila.

2.2 Local and Regional Properties

ABS-CBN also owns real estate properties in various parts of the country. Originating stations have the capacity to produce and broadcast their own programs and to air advertising locally. Relay stations can only re-transmit broadcasts from originating stations. Affiliate stations are not owned by the Company. Rather, they are typically independently owned by local Filipino business people and are contracted to re-broadcast the Company's originating signals during specified time blocks for negotiated fixed fees.

By virtue of the NTC CDO and the Resolution of the House Committee on Legislative Franchises, the Company has also ceased to broadcast any programming in its regional and affiliated television and radio stations.

3. Legal Proceedings

For the past (five) 5 years, the Company has not been a party in any legal proceedings which involved a claim for damages in an amount, exclusive of interest and cost, exceeding 10% of the current assets of ABS-CBN.

A. Non-Material Legal Proceedings

While not deemed material, legal proceedings based on the amount of the claims involved, the following legal proceedings involving ABS-CBN were the subject of news reports, and therefore generated public interest, but management is nevertheless of the opinion that should there be any adverse judgment based on these claims, these will not materially affect ABS-CBN's financial position and results of operations:

"GMA Network, Inc. vs. ABS-CBN Broadcasting Corporation, et al"

The Company has a pending civil case for libel against it filed by GMA Network, Inc. in connection with the same events covered by the case against AGB Nielsen. The case was filed on 03 January 2008 and docketed as Q-08-61735, is pending before the Regional Trial Court of Quezon City, Branch 76. GMA's total claim against the Company is Fifteen Million Pesos (P15,000,000). On 6 February 2020, the trial court rendered a Decision dismissing the complaint filed by GMA and the Company's counterclaims. The Company filed a motion for partial reconsideration on the dismissal of its compulsory counterclaims which was denied by the trial court. Thus, the Company filed a Notice of Appeal with the Court of Appeals. GMA also filed a Notice of Appeal with the Court of Appeals. In an Order dated 9 November 2020, the trial court directed the forwarding of the entire record of the case to the Court of Appeals. In an Order dated 23 February 2021, the Court of Appeals directed the trial court to transmit records of the case.

"Wilfredo Revillame vs. ABS-CBN Broadcasting Corporation"

This is a civil action for rescission of contract and damages filed by Wilfredo Revillame against the Company in connection with the former's talent contract with the Company. The Company filed a counterclaim for breach of contract, injunction, and damages. The case was docketed as Civil Case No.

Q-10-67770 and was originally raffled to Regional Trial Court, Branch 84. Upon the inhibition of the presiding judge of Branch 84, the case was re-raffled to and is now pending with Branch 217. Revillame's total claim against the Company is Eleven Million Five Hundred Thousand Pesos (P11,500,000.00). Revillame filed a Motion to Dismiss on the ground that the Company is guilty of forum-shopping which was granted by the trial court. The Company filed a Motion for Reconsideration which was also denied. The Company filed an appeal which was granted. Thus, ABS-CBN's counterclaims were reinstated. Revillame filed a Motion for Reconsideration which was denied. Revillame filed a petition for review on certiorari with Supreme Court. On 25 March 2019, the Company filed its *Comment/Opposition [Re Petition for Review on Certiorari dated 19 January 2018]* of even date. In a *Resolution* dated 12 February 2020, the Supreme Court noted ABS-CBN's *Comment.*

In a Resolution dated 19 February 2020, the Supreme Court consolidated the instant case with G.R. No. 221781 entitled *"ABS-CBN Corporation vs. Willie Revillame",* which was filed in relation to the examination of Revillame's AIPC Bond. In a Resolution dated 22 June 2020, the Supreme Court also consolidated G.R. No. 225095 (Petition assailing the ruling, which deferred the examination by ABS-CBN of the AIPC Bond until finality of *Amended Order* dated 22 August 2011) with G.R. No. 236167 and G.R. No. 221781.

"ABS-CBN Corporation vs. Wilfredo Revillame aka Willie Revillame, Wilproductions, Inc., ABC Development Corporation and Ray Espinosa in his capacity as President of ABC"

This is a complaint for copyright infringement filed by the Company against Revillame, Wilproductions, ABC Development Corporation and Ray Espinosa, for the production and airing of "Willing Willie", in violation of the Company's copyright over the show "Wowowee", which it created, produced and broadcast. The case was docketed as Civil Case No. 10-1155 and is pending with the Regional Trial Court, Makati, Branch 66. The Company is asking for One Hundred Two Million Four Hundred Thousand Pesos (P102,400,000) as actual and compensatory damages and other consequential damages.

When the Court denied defendants' Motion to Defer Proceedings, they filed a petition for Certiorari before the Court of Appeals, entitled "*ABC Development Corporation and Ray Espinosa vs. Villarosa and ABS-CBN Corporation*," docketed as CA-GR Sp. No. 117063. The Court of Appeals granted the petition and dismissed the copyright infringement case on the ground of forum-shopping. The Company filed a Motion for Reconsideration which was denied. The Company filed a petition for review with the Supreme Court. In a Resolution dated 16 October 2019, the Supreme Court dismissed the Company's petition for review and ruled that the Company committed forum-shopping and ordered it to pay the costs of suit. The Company filed a motion for reconsideration on 5 December 2019 and said motion for reconsideration remains pending.

ABS-CBN Corporation vs. Willie Revillame, Atty. Romeo Monfort, Reynaldo Fong and other John and/or Jane Does

This is a suit for use of a falsified document in a judicial proceeding and falsification of AIPC Bond No. G (16)-09314/NSMKT2 which Revillame submitted in the trial court. This case was filed with the Office of the City Prosecutor of Quezon City and was docketed as XV-03-INV-11I-07-532. The suit was dismissed. The Company's appeal with the Department of Justice was denied. The Company filed a motion for reconsideration. Respondents Fong and Revillame have filed their respective comment/opposition. The Company's motion for reconsideration remains pending.

B. Material Legal Proceedings

Republic of the Philippines v. ABS-CBN Corporation and ABS-CBN Convergence, Inc.

This is a petition for quo warranto against the Company and ABS-CBN Convergence, Inc. for alleged violations of its franchise in connection with the Company's pay-per-view offerings through free-to-air signals and issuance of Philippine Deposit Receipts through ABS-CBN Holdings Corporation purportedly in violation of the foreign ownership restriction on mass media under the Constitution. In the petition, the Republic also contended that ABS-CBN Convergence, Inc. violated its franchise under RA 7908 when the transfer of the franchise was made without congressional approval, and when it failed to publicly offer any of its outstanding capital stock in any securities exchange. The Company filed its Comment to the Petition. The petition against both the Company and ABS-CBN Convergence, Inc. was dismissed by the Supreme Court for being moot.

National Telecommunications Commission v. ABS-CBN Corporation

The National Telecommunications Commission (NTC) issued an Order dated May 5, 2020 directing the Company to immediately cease and desist from operating its radio and television stations in Metro Manila and other regional stations and to show cause why the frequencies assigned to it should not be recalled for lack of a necessary Congressional Franchise as required by law. On May 5, 2020, the Company ceased operating its television and radio stations in compliance with the NTC's Order.

On May 7, 2020, the Company filed with the Supreme Court a petition for certiorari and Prohibition (Petition) to challenge the Order dated May 5, 2020, docketed as G.R. No. 252119. (please refer to the next case)

In the meantime, on May 15, 2020, the Company filed its Verified Answer and Compliance to the Order dated May 5, 2020. In its Verified Answer, the Company alleged, among others, that allowing the Company to retain its assigned frequencies is consistent with legislative policy, the recall of the frequencies is inextricably linked with the issues raised before the Supreme Court, the case must be suspended pending the resolution of the case before the Supreme Court, and the recall of the frequencies should be done after hearing and compliance with the requisites of due process of law.

On June 30, 2020, the Company received an alias cease and desist order from the NTC directing it to cease and desist from operating its digital transmission service in Metro Manila using Channel 43. While Channel 43 is operated by Amcara Broadcasting Network, Inc., the Company's digital transmission service in Metro Manila using Channel 43 was stopped.

By Decision dated 9 September 2020, the NTC recalled all the frequencies assigned to the Company. The NTC also cancelled all provisional authorities granted to the Company.

ABS-CBN Corporation vs. National Telecommunications Commission

This is a petition for certiorari and prohibition with urgent application of the issuance of a Temporary Restraining Order and/or a Writ of Preliminary Injunction, challenging the Order dated May 5, 2020 issued by the NTC. In the Petition, the Company alleged that the NTC gravely abused its discretion when it issued a cease and desist order instead of deferring to Congress and issuing a provisional authority to allow the Company and its stations to continue operating. It also argued that the issuance of the cease and desist order deviated from past practice and violated its rights to equal protection of the law and due process, because it was issued without due notice and hearing. The Company likewise said that the CDO violated the right of the public to information and curtails the right to freedom of speech. The NTC filed its Comment. In its Decision dated 25 August 2020, the Supreme Court dismissed the Company's petition on the ground of mootness.

Application for Franchise to Construct, Install, Establish, Operate and Maintain Radio and Television Broadcasting Stations

On July 10, 2020, the Committee on Legislative Franchises of the House of Representatives and Ex-Officio Members thereof voted to adopt a Resolution denying the franchise application of the Company. With the passage of the Resolution, the Company is no longer authorized to operate as a broadcast company.

PART II – SECURITIES OF THE REGISTRANT

1. Market for Issuer's Common Equity and Related Stockholder Matters

The Company's common shares have been listed on the PSE since 1992. The Philippine Depositary Receipts (PDRs) were listed in 1999. Common shares may be exchanged for PDRs. The common shares (PSE: ABS) closed at Php11.68 while the PDRs (PSE: ABSP) closed at PHP12.60 on December 31, 2020.

Dividends

The declaration and payment of dividends are subject to certain conditions under the Company's existing long term loan agreements with various banks.

2. Stock Dividend (Per Share)

No stock dividend declared since July 2, 1996.

Cash Dividend (Per Share)

Amount	Share	Declaration Date	Record Date	Payment Date
₱0.60	Common	March 28, 2001	April 25, 2001	May 25, 2001
₱0.64	Common	July 21, 2004	July 24, 2004	August 10, 2004
₱0.45	Common	March28, 2007	April 20, 2007	May 15, 2007
₱0.83	Common	March 26, 2008	April 30, 2008	May 27, 2008
₱0.90	Common	March 25, 2009	May 5, 2009	May 29, 2009
₱1.11	Common	March 11, 2010	March 31, 2010	April 29, 2010
₱2.10	Common	March 4, 2011	March 25, 2011	April 19, 2011
₱0.80	Common	March 30, 2012	April 25, 2012	May 22, 2012
₱0.40	Common	April 23, 2013	May 10, 2013	June 6, 2013
₱0.004	Preferred	January 30, 2014	February 14, 2014	February 28, 2014
₱0.60	Common	March 27, 2014	April 16, 2014	May 7, 2014
₱0.60	Common	March 5, 2015	March 20, 2015	April 30, 2015
₱0.004	Preferred	April 24, 2015	May 11, 2015	May 18, 2015
₱0.75	Common	March 18, 2016	April 11, 2016	April 29, 2016
₱0.004	Preferred	May 05, 2016	May 20, 2016	June 7, 2016
₱1.04	Common	February 22, 2017	March 8, 2017	March 22, 2017
₱0.004	Preferred	February 22, 2017	March 8, 2017	March 22, 2017
₱0.92	Common	February 22, 2018	March 8, 2018	March 22, 2018
₱0.004	Preferred	February 22, 2018	March 8, 2018	March 22, 2018
₱0.55	Common	February 28, 2019	March 14, 2019	March 26, 2019
₱0.004	Preferred	February 28, 2019	March 14, 2019	March 26, 2019

There were no cash dividends declared in 2020.

High and Low Share Prices

		ABS		ABSP	
		High	**Low**	**High**	**Low**
2020	First Quarter	24.85	14.8	20.2	13.30
	Second Quarter	18.38	13.9	17.9	13.02
	Third Quarter	16.14	6.66	15.4	6.37
	Fourth Quarter	16.86	6.98	14.58	6.8
2019	First Quarter	25.30	20.00	22.00	18.24
	Second Quarter	20.85	16.80	19.56	16.34
	Third Quarter	22.00	17.06	20.00	16.72
	Fourth Quarter	19.56	14.80	18.78	13.52
2018	First Quarter	29.40	28.70	27.85	27.50
	Second Quarter	25.50	24.90	25.00	24.20
	Third Quarter	21.30	20.90	19.50	19.20
	Fourth Quarter	20.15	19.92	18.80	18.70
2017					
	First Quarter	48.95	43.80	48.80	44.00
	Second Quarter	46.60	42.2	47.00	41.00

		ABS		ABSP	
		High	**Low**	**High**	**Low**
	Third Quarter	43.90	40.30	44.50	39.90
	Fourth Quarter	40.70	34.5	40.50	34.10
2016					
	First Quarter	62.80	53.40	64.00	50.00
	Second Quarter	59.50	45.50	60.00	45.00
	Third Quarter	54.25	46.75	55.00	47.00
	Fourth Quarter	49.50	43.25	49.30	43.50
2015					
	First Quarter	66.00	45.00	70.00	45.70
	Second Quarter	64.20	59.80	66.00	59.90
	Third Quarter	65.10	53.00	68.15	55.00
	Fourth Quarter	68.00	59.80	68.50	59.90
2014					
	First Quarter	32.60	27.00	32.00	26.40
	Second Quarter	39.85	32.70	40.40	32.50
	Third Quarter	43.80	36.50	43.80	35.80
	Fourth Quarter	48.00	42.00	49.00	42.00
2013					
	First Quarter	41.30	37.00	45.00	37.50
	Second Quarter	46.00	36.95	48.10	35.10
	Third Quarter	40.30	30.60	43.00	31.50
	Fourth Quarter	33.95	30.30	35.15	30.80
2012					
	First Quarter	37.75	30.00	38.30	29.90
	Second Quarter	41.80	33.70	50.00	32.00
	Third Quarter	37.00	24.45	36.95	23.30
	Fourth Quarter	34.20	29.95	34.00	29.15
2011					
	First Quarter	47.50	40.50	47.90	44.00
	Second Quarter	42.50	38.90	44.00	41.50
	Third Quarter	40.50	28.60	44.00	34.50
	Fourth Quarter	32.60	29.70	33.50	29.50
2010					
	First Quarter	30.00	25.50	31.00	26.00
	Second Quarter	38.50	29.00	40.50	28.50
	Third Quarter	56.00	36.50	56.00	40.50
	Fourth Quarter	56.00	43.50	56.00	45.00

The number of shareholders of record as of December 31, 2020 was 6,251. Common shares issued as of December 31, 2020 were 878,839,529. Preferred Shares outstanding as of December 31, 2020 were 1,000,000,000.

As of December 31, 2020, the foreign equity ownership of ABS-CBN is at 0%.

3. Top 20 Common Shares Stockholders

As of December 31, 2020, the Top 20 stockholders of ABS-CBN own an aggregate of 841,027,704 or 95.70% of issued common shares.

RANK	NAME	CITIZENSHIP	RECORD/ BENEFICIAL	NO. OF SHARES	%
1	LOPEZ, INC.	PH	Record	480,933,747	54.72%
2	PCD NOMINEE CORP	PH	Record	352,560,520	40.12%
3	JOSE MARI LIM CHAN	PH	Record	1,257,130	0.14%
4	CHING TIONG KENG	PH	Record	1,111,500	0.13%
5	ABS-CBN FOUNDATION, INC.	PH	Record	780,995	0.09%
6	EUGENIO LOPEZ III	PH	Record	769,960	0.09%
7	CREME INVESTMENT CORPORATION	PH	Record	417,486	0.05%
8	FG HOLDINGS	PH	Record	386,270	0.04%
9	MANUEL M. LOPEZ	PH	Record	351,196	0.04%
10	CHARLOTTE C. CHENG	PH	Record	340,000	0.04%
11	CYNTHIA D. CHING	PH	Record	337,500	0.04%
12	ROLANDO P. VALDUEZA	PH	Record	284,500	0.03%
13	CARLO LOPEZ KATIGBAK	PH	Record	249,500	0.03%
14	MA SOCORRO VALENZUELA VIDANES	PH	Record	239,500	0.03%
15	LA SUERTE CIGAR & CIGARETTE FACTORY	PH	Record	205,000	0.02%
16	LAURENTI MILLEZA DYOGI	PH	Record	191,500	0.02%
17	ALBERTO G. MENDOZA &/OR JEANIE MENDOZA	PH	Record	168,250	0.02%
18	MIMI CHUA	PH	Record	162,390	0.02%
19	MAJOGRAJO DEV. CORPORATION	PH	Record	140,700	0.02%
20	OLIVIA M LAMASAN	PH	Record	140,060	0.02%
	SUBTOTAL TOP 20 STOCKHOLDERS			**841,027,704**	**95.70%**
	OTHERS			37,811,825	4.30%
	TOTAL			**878,839,529**	**100.00%**

Top 20 Preferred Shares Stockholders

As of December 31, 2020, the Top 20 stockholders of ABS-CBN's preferred stock are as follows:

Rank	Name	Citizenship	Record / Beneficial	No. of Shares	%
1	Lopez, Inc.	Filipino	Record	987,130,246	98.71%
2	Tower Securities Incorporated	Filipino	Record	4,431,583	0.44%
3	Citibank NA FAO Maybank ATR King Eng Capital Partners Inc. Trust Dept	Filipino	Record	2,244,787	0.22%
4	Manuel M. Lopez and/or Ma. Teresa Lopez	Filipino	Record	1,643,032	0.16%
5	Abacus Securities Corporation	Filipino	Record	727,085	0.07%
6	Abacus Securities Corporation	Filipino	Record	699,091	0.07%
7	Value Quest Securities Corporation	Filipino	Record	662,020	0.07%
8	Globalinks Securities & Stocks, Inc.	Filipino	Record	297,081	0.03%
9	Manuel M. Lopez	Filipino	Record	187,518	0.02%
10	Maybank ATR Kim Eng Securities	Filipino	Record	182,083	0.02%
11	Belson Securities , Inc.	Filipino	Record	128,905	0.01%
12	Asiasec Equities, Inc.	Filipino	Record	120,000	0.01%

Rank	Name	Citizenship	Record / Beneficial	No. of Shares	%
13	PCCI Securities Brokers Corporation	Filipino	Record	112,022	0.01%
14	Ricky See Eng Huy	Filipino	Record	103,901	0.01%
15	Noli de Castro	Filipino	Record	93,372	0.01%
16	Meridian Securities, Inc.	Filipino	Record	93,133	0.01%
17	Edmond T. Aguilar	Filipino	Record	71,961	0.01%
18	Leonardo P. Katigbak	Filipino	Record	66,702	0.01%
19	Kris Aquino	Filipino	Record	64,136	0.01%
20	Imperial, De Guzman, Abalos & Co., Inc.	Filipino	Record	56,641	0.01%
	Subtotal of Top 20 Stockholders			999,115,299	99.91%
	Others			884,701	0.09%
	Total No. of Shares			**1,000,000,000**	**100.00%**

Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

On February 28, 2013, the Company issued One Billion Preferred Shares at an issue price of ₱0.20 per share through a rights offering solely to its stockholders. No underwriters were involved in the offer and no commission or remuneration was paid in connection with the offer. The offer and issuance of the Preferred Shares is an exempt transaction under Section 10.1 (e) of the Securities Regulation Code since the said securities were offered and sold to the Company's stockholders exclusively and no commission or remuneration was paid in connection with the offer and sale of the securities.

On June 5, 2013, the Company issued 57,836,900 Common Shares to ABS-CBN Holdings Corporation at an issue price of ₱43.125 per share. The offer and issuance of the said Common Shares is an exempt transaction under Section 10.1 (k) of the Securities Regulation Code since the securities was sold to fewer than twenty (20) persons in the Philippines during any twelve-month period. On June 25, 2013, Lopez, Inc. subscribed to 34,702,140 Common Shares at a subscription price of ₱43.225 per share. The offer and issuance of the said Common Shares is an exempt transaction under Section 10.1 (k) of the Securities Regulation Code since the securities was sold to fewer than twenty (20) persons in the Philippines during any twelve-month period.

The Registration Statement for the issuance of the additional Common Shares has been approved by the SEC.

On February 22, 2017, the Board of Directors approved an Employee Stock Purchase Plan and an Executive Stock Purchase Plan. The ABS-CBN Employee Stock Purchase Plan was offered to rank and file employees, technical specialists and Internal Job Market members with at least one (1) year tenure, in January 2018. The maximum number of ABS-CBN common shares that was subscribed by a participant under this plan is 2,000 shares. The subscription price was at PHP29.50, which was a 15% discount on the closing price as of the offer date. The subscription price will be paid in five (5) years. The Executive Stock Purchase Plan was offered to managers and artists and members of the Board of Directors with at least one (1) year tenure. Managers and artists can subscribe up to a maximum of shares equivalent to 2.5 months of their monthly salary or income. Members of the Board of Directors can subscribe up to 100,000 shares. The subscription price for the first 2,000 shares was at PHP29.50, which was a 15% discount on the closing price as of the offer date. There was no discount on the subscription price for the shares subscribed in excess of 2,000 shares. The subscription price will be paid in 5 years. The stockholders unanimously approved the Employee Stock Purchase Plan and Executive Stock Purchase Plan on April 6, 2017, and the Securities and Exchange Commission (SEC) resolved that the issuance of said shares is exempt from the registration requirement, pursuant to Section 10.2 of the Securities and Regulation Code, on September 28, 2017. From January 22, 2018 to February 9, 2018, the Parent Company offered shares to qualified employees and executives under the ESPP and the Executive Stock Purchase Plan and as of February 22, 2018, the Company accepted a total subscription from participants of 11,391,500 common shares.

Key Variable and Other Qualitative and Quantitative Factors

The following parameters pertain to various qualitative and quantitative factors that may affect the operations of the Company:

i. Other than what was discussed on the Resolution passed by the House Committee on Legislative Franchises denying the franchise application of ABS-CBN Corporation and the COVID-19 pandemic under Note 3, page 38 of the Audited Financial Statements under *Going Concern Assessment* and on the Legal Proceedings involving the Company herein, there are no other known trends, demands, commitments, events or uncertainties that will have a material impact on ABS-CBN's liquidity.

ii. Other than what was discussed on the Resolution passed by the House Committee on Legislative Franchises denying the franchise application of ABS-CBN Corporation and the COVID-19 pandemic under Note 3, page 38 of the Audited Financial Statements under *Going Concern Assessment* and on the Legal Proceedings involving the Company herein, there are no other known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of obligation.

iii. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

iv. ABS-CBN's financial performance depends on its ability to sell airtime for advertising and generate revenues from its consumer businesses. The Company's business was affected by the Resolution passed by the House Committee on Legislative Franchises denying the franchise application of ABS-CBN Corporation and the COVID-19 pandemic. This risk is mitigated and managed with the plans discussed under Note 3, page 38 of the Audited Financial Statements under *Going Concern Assessment.*

v. Other than what was discussed on the Resolution passed by the House Committee on Legislative Franchises denying the franchise application of ABS-CBN Corporation and the pandemic COVID-19 under Note 3, page 38 of the Audited Financial Statements under *Going Concern Assessment* and on the Legal Proceedings involving the Company herein, there are no other significant elements of income or loss that did not arise from the Company's continuing operations.

vi. There are no seasonal aspects that may have a material effect on the financial condition or results of operations.

Information on Independent Accountant and other Related Matters

The principal accountants and external auditors of the Company is the accounting firm of SyCip, Gorres, Velayo & Company (SGV & Co.). The accounting firm of SGV & Co. has been the Company's Independent Public Accountants for the last five (5) years. There was no event in the past five (5) years where SGV & Co. and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The Company has engaged SGV & Co., with Djole S. Garcia as the engagement partner, for the audit of the Company's books in 2020. The Company has complied with the revised SRC Rule 68, paragraph 3(b) (iv) re: rotation requirements for the external auditor.

SGV & Co. was re-elected at the scheduled Annual Stockholders' Meeting last September 24, 2020.

Representatives of SGV & Co. for the current year and for the most recently completed fiscal year are expected to be present at the Annual Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The aggregate fees billed to ABS-CBN and its subsidiaries for each of the last two (2) fiscal years for professional services rendered by the external auditor are as follows:

	2020	2019
Audit Fees	Php13,589,420	Php19,634,803
Non-Audit Fees	Php25,962,697	Php7,150,000

The Audit Committee's Approval Policies and Procedures for the above services from SGV & Co., the external auditors are discussed in Section IV of the Company's Manual of Corporate Governance filed with the Commission on May 26, 2017. The Audit Committee pre-approves all audit and non-audit services as these are proposed or endorsed before these services are performed by our independent auditor.

PART III – FINANCIAL INFORMATION

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

The Management's Discussion and Analysis of Financial Condition and the Results of Operation for the past three fiscal years are attached hereto as **Annex A.**

Key Performance Indicators

Ratios	2020	2019	2018	Formula
Current Ratio	0.66	2.61	2.42	Current Assets/Current Liabilities
Net Debt-to-Equity Ratio	0.88	0.45	0.28	Interest-bearing loans and borrowings less Cash and Cash equivalent/ Total Stockholders' Equity
Asset-to-equity ratio	3.43	2.55	2.37	Total Assets/ Total Stockholders' Equity
Interest rate coverage ratio	(10.57)	0.44	2.71	EBIT/ Interest Expense
Return on Equity	(78.7%)	(8.5%)	5.34%	Net Income/ Total Stockholders' Equity
Return on Assets	(23.0%)	(3.3%)	2.26%	Net Income/Total Asset
Profitability Ratios:				
Gross Profit Margin	7.9%	38.6%	36.15%	Gross Profit/ Net Revenue
Net Income Margin	(63.2%)	(6.2%)	4.76%	Net Profit/ Net Revenue

5. Financial Statements

The Company's Statement of Management's Responsibility and Audited Financial Statements as of December 31, 2020 is in **Annex B**. Financial Statements are prepared in accordance with SRC Rule 68, as amended and Rule 68.1.

The Schedule for Determination of Retained Earnings available for Dividend Declaration prepared in accordance with SEC Memorandum Circular No. 11 is also included in **Annex B.**

6. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no changes in and disagreements with accountants on accounting and financial disclosure during the two (2) most recent fiscal years or subsequent interim period.

PART IV – MANAGEMENT AND CERTAIN SECURITY HOLDERS

1. Directors and Executive Officers

Board of Directors

The following are the members of the Board of Directors for 2020:

Augusto Almeda-Lopez
Carlo L. Katigbak
Federico M. Garcia
Federico R. Lopez
Martin L. Lopez
Manuel M. Lopez
Oscar M. Lopez
Salvador G. Tirona
Mario L. Bautista
Emmanuel S. de Dios (*Independent Director*)
Antonio Jose U. Periquet (*Independent Director*)

Martin L. Lopez, Filipino, age 48
Chairman
Mr. Martin Lopez was appointed as a Director on April 6, 2017. He was elected as Chairman of the Board on April 19, 2018. He is responsible for setting the Company's strategic direction. Prior to joining the Company, he was Vice President and Chief Information Officer of Meralco. He was also the President of e-Meralco Ventures, Inc. (eMVI), a wholly owned subsidiary of Meralco. He is a graduate of Menlo College in California with a degree in Business Administration. He completed the Executive MBA Program from the Asian Institute of Management.

Augusto Almeda-Lopez, Filipino, age 92
Vice-Chairman
Mr. Augusto Almeda Lopez became a Director on April 27, 1988 and has served as Vice Chairman since 1989. He also serves as Director of the First Philippine Holdings Corporation (FPHC), First Philippine Industrial Corporation (FPIC), and ADTEL Inc. He is the Board Chairman of his family's company, ACRIS Corporation. He is an Alumnus of De La Salle College, Ateneo de Manila, and the University of the Philippines College of Law Class 1952. He has attended several Business Seminars including the Advance Management Program at Harvard Business School in 1969.

Carlo L. Katigbak, Filipino, age 51
President and Chief Executive Officer
Mr. Carlo L. Katigbak was appointed President and Chief Executive Officer of the Company effective January 1, 2016. Mr. Katigbak became a Director on May 5, 2016. He has almost 30 years of experience in business, spanning financial management, business operations, corporate planning and general management. He began his career as a financial analyst with First Pacific Capital Corporation in 1992. Joining SKY Cable in 1994 as a Corporate Finance Manager, he eventually held various positions in Corporate Planning, Provincial Operations and Finance. In 1998, he served as the first Managing Director of Pilipino Cable Corporation. He was appointed Managing Director of ABS-CBN Interactive the following year, and led the Company's pioneering efforts in various digital services such as mobile downloads, interactive television, online advertising and online video-on-demand. In 2005, he returned to SKY Cable as Managing Director. In 2015, he was appointed as Chief Operating Officer of the Company. Mr. Katigbak holds a degree in Bachelor of Science in Management Engineering from the Ateneo De Manila University, and has completed the Advanced Management Program at Harvard Business School in 2009.

Emmanuel S. de Dios, Filipino, age 67
Board Member, Independent Director
Mr. Emmanuel S. de Dios was appointed as independent director on April 23, 2013. Mr. de Dios has been a Professor of Economics at the University of the Philippines School of Economics since 1989. He is also the President of Human Development Network (Philippines) since July 2012. He was the Dean of the University of the Philippines School of Economics from 2007 to 2010. He was a member of the Board of Advisers to the Board of Directors of the Company from 2011 until his election as an Independent Director in 2013. He became

chair of the Board of Trustees of Pulse Asia Research, Inc. as of 2016. He received his AB Economics degree from the Ateneo de Manila University (cum laude) in 1978 and his Ph.D. in Economics from the University of the Philippines in 1987. He pursued post-doctoral studies at the Universität Konstanz in Germany from 1987 to 1988 and is the author or editor of various books, monographs, articles and reviewers in economics.

Federico M. Garcia, Filipino, age 76
Board Member
Mr. Garcia has been a Director of ABS-CBN, since his appointment on September 2, 1992. He was also a consultant for radio and television broadcasting from January 2006 to present. Mr. Garcia is currently the Chairman of Programming Committee and a member of Compensation Committee for the Chairman and CEO and Risk Management Committee. Mr. Garcia was the President of ABS-CBN from 1997 to 2003. Prior to his appointment as President, Mr. Garcia was Executive Vice President and General Manager of ABS-CBN from 1987 to 1998. He also worked as a TV Sales Executive with ABS-CBN in 1966 until Martial Law. Before rejoining the Company in 1987, he was Executive Vice President of GMA Network, managing its marketing and programming activities. He attended the College of Business Administration at the University of the Philippines. Mr. Garcia is a recipient of various Philippine broadcasting industry awards.

Federico R. Lopez, Filipino, age 59
Board Member
Mr. Federico Lopez has served as Director of the Company since August 25, 1999. Mr. Lopez is Chairman and Chief Executive Officer of First Philippine Holdings Corporation (FPH), First Gen Corporation (First Gen) and Energy Development Corporation (EDC). First Gen and EDC are publicly listed power generation companies that are into clean and indigenous energy and are part of the FPH portfolio. He is currently the Vice Chairman of Rockwell Land Corporation. An advocate of the environment, Mr. Lopez is the Chairman of the Oscar M. Lopez Center for Climate Change Adaptation and Disaster Risk Management Foundation (The OML Center) and the Sikat Solar Challenge Foundation, Inc. The OML Center is the result of the advocacy of the Lopez family for environmental protection and public service. He is also a member of the Board of Trustees of World Wildlife Fund Philippines, Philippine Disaster Recovery Foundation and the Forest Foundation Philippines. Mr. Lopez is a member of the World Presidents Organization, Asia Business Council, ASEAN Business Club, New York Philharmonic International Advisory Board, Management Association of the Philippines, Philippine Chamber of Commerce and Industry, European Chamber of Commerce of the Philippines and Makati Business Club. Mr. Lopez graduated with a Bachelor of Arts degree, major in Economics and International Relations (cum laude) from the University of Pennsylvania, U.S.A. in 1983.

Manuel M. Lopez, Filipino, age 78
Board Member
Mr. Manuel M. Lopez was appointed as a Director on July 28, 2010. Mr. Lopez was the Philippine Ambassador to Japan from December 2010 until June 2016. He was the Chairman and Chief Executive Officer of Manila Electric Company (Meralco) from July 2001 to June 2010. He is concurrently the Chairman and CEO of Lopez Holdings Corporation and is the Chairman of Bayan Telecommunications Holdings Corp., Rockwell Land Corporation, and Rockwell Leisure Club. He is also the Vice Chairman of First Philippine Holdings Corporation and Lopez, Inc., President of Eugenio Lopez Foundation, Inc. and a Director at Meralco, Sky Cable Corporation, Sky Vision Corporation, First Philippine Realty Corp. and Lopez Group Foundation, Inc. Mr. Lopez is a holder of a Bachelor of Science degree in Business Administration and attended the Program for Management Development at the Harvard Business School.

Oscar M. Lopez, Filipino, age 90
Board Member
Mr. Oscar M. Lopez has served as a Director of ABS-CBN since July 1966. He also serves as Chairman Emeritus to First Philippine Holdings Corp., Lopez Holdings Corporation, First Gen Corporation, Energy Development Corp., Rockwell Land Corp., First Philippine Industrial Park, among others. He was Management Association of the Philippines' Management Man of the Year 2000. He was the first Filipino businessman to be awarded the most prestigious Officer's Cross of the Order of Merit of the Federal Republic of Germany in 2005. He was a recipient of The Outstanding Filipino (TOFIL) Award in the field of Business for the year 2009. Mr. Lopez has a Master's Degree in Public Administration from the Littauer School of Public Administration at the Harvard University (1955), where he also earned his Bachelor of Arts degree, cum laude, in 1951.

Mario L. Bautista, Filipino, age 67
Board Member and General Counsel
Mr. Bautista has been appointed as a Director of ABS-CBN effective September 2020. He is also the General Counsel of ABS-CBN, and was a member of the Board of Advisors of the Company from 2011 to 2020. He is also a Board Adviser of First Philippine Holdings Corporation. He is a Founding Partner of the Poblador Bautista and Reyes Law Office and has been its Managing Partner since 1999. He sits in the board of directors and acts as corporate secretary in several companies. Mr. Bautista graduated with a Bachelor of Arts Degree in Communication Arts from the Ateneo de Manila University in 1975. He obtained his Bachelor of Laws Degree from the University of the Philippines in 1979 and ranked sixth in the Bar Examinations of that year. He was a Professor of Criminal Law at the Ateneo de Manila School of Law.

Antonio Jose U. Periquet, Filipino, age 60
Board Member, Independent Director
Mr. Antonio Jose U. Periquet has been an independent director of ABS-CBN since April 23, 2013. He is currently the Chairman of the Campden Hill Group Inc. (since August 2011), Pacific Main Properties & Holdings, Inc. (since December 1999), BPI Asset Management & Trust Corporation (since February 2017) and also serves as an independent director on the boards of Ayala Corporation (September 2010), Albizia ASEAN Tenggara Fund (July 2015), Bank of the Philippine Islands (April 2012), BPI Capital (May 2010), BPI Family Savings Bank (May 2012), DMCI Holdings (August 2010), the Max's Group of Companies (February 2014) and the Philippine Seven Corporation (July 2010). Mr. Periquet is a Trustee of the Lyceum of the Philippines University and is a member of the Dean's Global Advisory Board of the Darden School of Business, University of Virginia. He is a graduate of the Ateneo de Manila University (AB Economics) and holds an MSc in Economics from Oxford University and an MBA from the University of Virginia.

Salvador G. Tirona, Filipino, age 66
Board Member
Mr. Salvador G. Tirona has served as a Director of the Company since July 28, 2010. He is the President and Chief Operating Officer and concurrently, Chief Finance Officer of Lopez Holdings Corporation. He initially joined Lopez Holdings Corporation as its Chief Finance Officer in September 2005 and held this position until his appointment to his current position in 2010. He was formerly a Director and the Chief Finance Officer of Bayan Telecommunications, Inc. He joined the Lopez Group in 2003 as the Chief Finance Officer of Maynilad Water Services, Inc. He holds a Bachelor’s degree in Economics from the Ateneo de Manila University and a Master’s degree in Business Administration from the same university.

Independent Directors of the Board

The nominees for Independent Directors, Mr. Periquet and Mr. de Dios, are independent of management and free from any business or other relationship, which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors of the Company.

Specifically, Mr. Periquet and Mr. de Dios: (i) are not directors or officers or substantial stockholders of the Company or its related companies or any of its substantial shareholders (other than as independent directors of any of the foregoing); (ii) are not relatives of any director, officer or substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iii) are not acting as nominees or representatives of a substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iv) have not been employed in any executive capacity by the Company, or any of its related companies or by any of its substantial shareholders within the last two (2) years; (v) are not retained as professional advisers by the Company, any of its related companies or any of its substantial shareholders within the last two (2) years, either personally or through their firms; (vi) have not engaged and do not engage in any transaction with the Company or with any of its related companies or with any of its substantial shareholders, whether by themselves or with other persons or through a firm of which they are partners or companies of which they are directors or substantial shareholders, other than transactions which are conducted at arm’s length and are immaterial; (vii) do not own more than two percent of the shares of the Company and/or its related companies or any of its substantial shareholders; (viii) are not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders; and (ix) are not employed as executive officers of another company where any of the Company’s executives serve as directors. Mr. Periquet and Mr. de Dios do not possess any of the disqualifications enumerated under the Code of Corporate Governance and SEC Memorandum Circular No. 19, Series of 2016.

Executive Officers

The following are the officers of the Corporation for FY2020:

Maria Luisa S. Alcaneses, Filipino, age 50
Data Privacy Officer
Ms. Alcaneses has more than 25 years of IT auditing and operations experience. Prior to being appointed as Data Privacy Officer, she was the Head of ABS-CBN's IT and Technical Audit, where she was responsible for managing all application systems and IT general controls review and technical process reviews covering ABS-CBN and its Subsidiaries, ABS-CBN Foundation, and Sky Cable. Prior to joining ABS-CBN in 2009, she was with an external audit firm, PricewaterhouseCoopers (PWC) in Dublin, Ireland as Systems Process Assurance Manager where she was the lead manager for the TICE (Technology, Information, Communication and Entertainment) industry. She graduated from University of Santo Tomas with a degree of B.S. Mathematics major in Computer Science. Among her global certifications include: Certified Data Privacy Solutions Engineer (CDPSE), Certified Ethical Hacker (CEH), Certified Information Systems Auditor (CISA), and Certified in Risk and Information Systems Control (CRISC). She is also a member of the Advisory Council of PNP's Anti-Cybercrime Group.

Roberto V. Barreiro, Filipino, age 60
Head, Corporate Partnerships
As Head of Corporate Partnerships, Mr. Barreiro shall lead the efforts to seek collaborative business opportunities with selected corporations. Mr. Barreiro brings with him years of experience in the broadcasting and enterataiment industry, having served among others, as Chief Operating Officer of TV5 Network, Inc. , Head of Television Group of GMA Network, Inc., President of GMA Marketing and Productions, Inc. and President of Audiovisual Communicators, Inc. (Monster Radio RX 93.1). He currently sits as a member of the Board Trustees of the Kapisanan ng mga Broadkaster sa Pilipinas. Mr. Barreiro attended college at the University of the Philippines and De La Salle University. He also was a 2001 Ten Outstanding Young Men (TOYM) Awardee for Public Service in Broadcast Media.

Ma. Rosario S. Bartolome, Filipino, age 50
Head, Integrated Marketing and Customer Experience
Ms. Bartolome is the Head of Integrated Marketing and Customer Experience. Prior to this, she held the positions of President & CEO of Play Innovations, Inc. (PII) and ABS-CBN Themed Experiences Inc., and Head of ABS-CBN Integrated Marketing. Ms. Bartolome brings with her more than 21 years of experience in integrated communications planning and media marketing. She is recognized locally and internationally for her innovative and cutting edge media solutions that have shaped the Philippine media landscape. Prior to joining ABS-CBN, she was the Managing Director of Carat Philippines and was Vice President of Universal McCann Philippines. Ms. Bartolome graduated from the Ateneo de Manila University with a degree in Communication Arts. In 2016, she completed the IAAPA Attraction Managers Program and Harvard Business School's Advanced Management Program.

Nilda L. Bayani, Filipino, age 52
Head, Human Resources and Organizational Development
Ms. Bayani is the Company's Head for Human Resources and Organizational Development since 2019. As Head, Ms. Bayani will drive the strategic initiatives of the division to ensure alignment with corporate strategies. Ms. Bayani has over 24 years of experience in Human Resources management handling various leadership roles in the Company and others. Her expertise in HR systems, compensation and benefits facilitated the establishment, review, and upgrading of various enterprise-wide HR Systems in the Company. Ms. Bayani graduated from University of the Philippines with a Bachelor's Degree in Psychology. She also graduated from University of the Philippines with a Master's Degree in Labor and Industrial Relations in 2003.

Aldrin M. Cerrado, Filipino, age 51
Head, Global
Mr. Cerrado was appointed Head, Global on February 1, 2021. Prior to this appointment, he was the corporation's compliance officer while concurrently serving as the Chief Financial Officer of ABS CBN Corporation since 2013. Prior to joining ABS CBN in July 1, 2012, Mr. Cerrado was a Partner in SyCip Gorres Velayo & Co. He is a certified public accountant with close to 25 years of experience in providing independent assurance on financial and non-financial information on companies in various industries, including media and

entertainment. His previous roles include transaction advisory partner focused on providing transaction support services, which included financial and commercial due diligence work and merger and acquisitions advisory work. Mr. Cerrado completed his Bachelor's degree in Business Administration from the University of Santo Tomas in 1991. He obtained his Master in Business Management degree, with distinction, from the Asian Institute of Management in 1998.

Kane Errol C. Choa, Filipino, age 48
Head, Integrated Corporate Communications
Mr. Choa is currently the head of the Integrated Corporate Communications of ABS-CBN. He is a communication leader with 27 years of work experience in media, academe, political and corporate public relations. He also serves as an adviser of the International Association of Business Communicators (IABC) Philippines, vice president of Anak TV, a trustee of the Quezon City Tourism Council, and a member of the Standards Authority of the Kapisanan ng mga Brodkaster ng Pilipinas. He maintains a column, "Kapamilya Day," in The Philippine Star. He obtained his Master of Science degree in Media and Communications with Merit from The London School of Economics and Political Science in 2005 as a British Chevening scholar.

Carmela Grace C. Del Mundo, Filipino, age 49
Head, Internal Audit
Ms. Del Mundo has been with ABS-CBN since 2003 where she started as an Audit Manager. During her stint, she consistently raised the performance of the Audit Department conducting an average of 143 projects annually. She was able to complete all regular and special projects committed to the Audit Committee of ABS-CBN, Bayan, and Sky Cable. Her Department's performance served as a benchmark of the Internal Audit Division. In 2008, she was promoted to Special Projects Director and later on became the Financial and Operations Head in 2011. Ms. Del Mundo is a Certified Public Accountant, Internal Auditor, Fraud Examiner, and Forensics Accountant. She graduated from the De La Salle University with a Bachelor's Degree in Asian Studies and Accountancy and completed the Advanced Management Program from the Asian Institute of Management.

Roberto G. Labayen, Filipino, age 60
Mr. Labayen spent 21 years in advertising prior to joining ABS-CBN in 2004. He started as a copywriter and rose to the rank of Managing Partner and Executive Creative Director. He also served the advertising industry as President of the Creative Guild of the Philippines. Today, his Division articulates the ABS-CBN vision of service to the Filipino through their work in promoting ABS-CBN's image and its entertainment, news, sports and advocacy programs. In 2014, the 4A's-P and the Creative Guild gave him the Lifetime Achievement Award. Mr. Labayen obtained his degree of Bachelor of Arts in Sociology from Bicol University. He has also completed his Masters in Business Administration at the University of the Philippines College of Mass Communications.

Olivia M. Lamasan, Filipino, age 58
Managing Director, ABS-CBN Film Productions, Inc. (Star Cinema)
Ms. Lamasan was appointed Managing Director of ABS-CBN Films effective January 15, 2018. After a stint doing Line Production for Regal Films and Vision Films, she joined ABS-CBN in 1987 as Supervising Producer for Going Bananas, and Executive Producer for the Sharon Cuneta Show. Ms. Lamasan was the co-creator of "Maalala Mo Kaya," becoming its Supervising Producer, Creative Head, and eventually Writer/Director. As Head of Star Cinema Creative Department and its premier director, Ms. Lamasan drives the creative development and supervision of all Star Cinema movies, and its Training Department. As Creative Head/Consultant of Star Creatives TV, she was the creative force that helped shape ABS-CBN drama programs. Ms. Lamasan graduated from Miriam College, with a Bachelor of Arts degree in Communication Arts.

Dennis Marco A. Liquigan, Filipino, age 51
Head, ABS-CBN Music
Mr. Liquigan was appointed as Head of Star Music in 2013. Prior to becoming Head of Star Music, he held various positions in ABS-CBN, starting as a Researcher, then as a Segment Producer for Showbiz Lingo, an Executive Producer for The Buzz, and rising up the rank as Promo Director for Star Cinema. He graduated from the University of Santo Tomas with a Bachelor of Arts degree in Communication Arts.

Eugenio Lopez IV, Filipino, age 41
Head, Digital
Mr. Lopez is the Head of Digital of ABS-CBN Corporation. Prior to this appointment, Mr. Lopez has spent the past 4 years in Sky Cable in various capacities: Customer Engineering, Project Management Office, and Program Owner for Business Transformation. Prior to this, he spent 4 years with Energy Development Corporation in

the Information Technology Group as its IT Integration Manager where he led the management of EDC's Central IT Group. He graduated with a degree in Bachelor of Arts (BA) in Psychology and completed Master's in Business Administration (MBA) in Notre Dame de Namur University.

Raymund Martin T. Miranda, Filipino, age 58
Chief Strategy Officer, Chief Risk Management Officer, Compliance Officer
Mr. Miranda has been an Asia-Pacific media executive and strategist for more than 37 years. Mr. Miranda has served as Chief Strategy Officer of ABS-CBN Corporation since August 2012. He was appointed Chief Risk Management Officer in a concurrent capacity on November 2012. Prior to his appointment with ABS-CBN, he was a consultant for the company for various projects. Mr. Miranda served as the Managing Director, Global Networks Asia-Pacific of NBCUniversal from 2007 to 2011, heading the entertainment channels division of NBCUniversal across 33 countries. Before that, he spent a year in Manila as the President/CEO of Nation Broadcasting Corporation (92.3xFM) and Head of Strategy and Content for Mediaquest Holdings, Inc. From 1998 to 2006, he was with The Walt Disney Company in Singapore and Manila as Managing Director South East Asia for Walt Disney International, Managing Director for South East Asia/Korea for Walt Disney Television International and the Head of Radio Disney Asia. He started his career in FM radio before joining the GMA Network group in 1987. He was named Vice-President, Creative Services of GMA Network, Inc. in 1992. Mr. Miranda took up degrees in Bachelor of Science in Biology and Bachelor of Arts in Communication at the University of the Philippines.

Ma. Regina E. Reyes, Filipino, age 58
Head, Integrated News and Current Affairs
Ms. Reyes is responsible for all newsgathering, content and strategic direction of the News and Current Affairs Division of ABS-CBN. She has over 30 years of solid experience as a broadcast journalist. She joined ABS-CBN in 1986 as a Production Assistant, rose from the ranks to become Executive Producer and Head Writer of the award-winning "The World Tonight" and other special events, and eventually, Director for News Production. Prior to her appointment as Head of News and Current Affairs, Ms. Reyes was ABS-CBN'S North America News Bureau Chief from 2002 to 2010. In 2007, she was named by the Filipina Women's Network as one of the 100 Most Influential Filipino Women in the U.S. Ms. Reyes received her Bachelor of Arts in Broadcast Communication from the University of the Philippines. Under her leadership for the past decade, ABSCBN News pivoted to a digital-first organization, pursued data analytics-driven reporting and produced award-winning documentaries. She continues to provide editorial oversight on TV Patrol and other programs, and leads the operations of cable news channels Teleradyo and ANC.

Ricardo B. Tan, Jr., Filipino, age 55
Group Chief Financial Officer
Mr. Tan was appointed as Group Chief Financial Officer in April 2020. He joined ABS-CBN in 2013 as the Head of Corporate Treasury and Investor Relations. Before joining ABS-CBN Corporation, he was the Chief Financial Officer of Vista Land & Lifescapes Inc. where he was employed for over five (5) years. He has also worked for the Philippine government (International Finance Group of the Department of Finance), Philippine Airlines (finance division), Philippine Long Distance Telephone Company (in various divisions as Vice President - regulatory management, investor relations, and strategic planning), and as a consultant for the Asian Development Bank. Mr. Tan obtained his BSc. degree in Monetary Economics from the London School of Economics in 1986, and MBA degree (Finance and International Business) from the University of Chicago Booth School of Business in 1991.

Rosanna H. Trinidad, Filipino, age 57
Head, Integrated Sales
Ms. Trinidad was appointed as Head, Integrated Sales in January 2020. She joined ABS-CBN Corporation in 2008 as the Head of Sales Strategic Planning. At this time, she was tasked to drive strategic revenue planning/maximization through utilizing different platforms. Thereafter, from 2012 to 2019 she held the position of Head of Channel 2 & Strategic Planning. For this role, she established strategic partnerships with agencies and client advertisers. Ms. Trinidad graduated from De La Salle University with a Bachelor of Science Degree in Applied Math in 1984.

Ms. Trinidad has several years of experience in the media and advertising industry. She was previously President & CEO of ZenithOptimedia Philippines, Media Planning Director for Stracom Mediavest, and Media Director for Strategic planning in Jimenez d'Arcy.

Antonio S. Ventosa, Filipino, age 59
President and Chief Operating Officer, Sky Cable
Mr. Ventosa joined the Company in 2006 as Head of Corporate Marketing. In November 2015, he was appointed COO of Sky Cable Corporation and in June 2017 was appointed President. In his over 15 years with ABS-CBN, immediately prior to his appointment to Sky, March took was the OIC of Access Group and concurrent Head of ABS-CBN's Narrowcast group consisting of ABS-CBN Integrated Sports, ABS-CBN Publishing, and Creative Programs, Inc. He was involved with the launch of ABS-CBN TV+, the group's DTT service and managed over 20 TV channels, magazines, books and digital brands. He brings to the network his 20 years of professional experience in general management, marketing and communications here and abroad. Prior to ABS-CBN, he was managing director of Leo Burnett Manila, President of ARC Worldwide & Blackpencil Advertising and Regional Account Director with Leo Burnett Asia.

He also took on roles with industry organizations as chairman and president of the Association of Accredited Advertising Agencies of the Philippines, a board director of AdBoard, Executive Vice President of the Kapisanan ng mga Broadkaster ng Pilipinas, and the founding chairman of the Araw Values Awards. He is currently a member of the Advisory Board of UA&P Tambuli Awards. He obtained his degree of Bachelor of Science in Marketing from De La Salle University.

Ma. Socorro V. Vidanes, Filipino, age 58
Chief Operating Officer, Broadcast
Ms. Vidanes was appointed as Chief Operating Officer, Broadcast in February 1, 2016. Prior to this appointment, she was Head of Free TV. She was also the Head of Channel 2 Mega Manila in 2009. Prior to that, she held the position of Managing Director for ABS-CBN TV Production from 2001 to 2008. She has been with ABS-CBN since 1986, starting as an Associate Producer and has since then been involved in the production of all types of programs – talk shows, variety, reality, game, comedy and drama. Ms. Vidanes obtained her degree of Bachelor of Arts in Communication Arts from the Ateneo de Manila University. She has also completed the Advance Management Program at Harvard Business School in 2014.

<u>Other Corporate Officers</u>

The following are the other corporate (non-executive) officers of the Company:

Enrique I. Quiason, Filipino, age 60
Corporate Secretary
Mr. Enrique I. Quiason was appointed as Corporate Secretary in 2015. He has been the Assistant Corporate Secretary of the Company since 1993. He received a Bachelor of Science degree in Business Economics and a Bachelor of Laws degree from the University of the Philippines, and a Master of Laws degree in Securities Regulation from Georgetown University. He is a senior partner of the Quiason Makalintal Barot Torres Ibarra Sison & Damaso Law Office. He is the corporate secretary of FPHC, LHC, Lopez, Inc., Rockwell Land Corporation, ABS-CBN Holdings, Inc., and Sky Cable Corporation.

Marifel G. Gaerlan-Cruz, Filipino, age 54
Assistant Corporate Secretary
Ms. Gaerlan-Cruz was appointed as Assistant Corporate Secretary in 2015. She was the Head for Contracts and Corporate Services since 2006, and the Head of the Legal Services Department of the Company and its subsidiaries until August 2020. She received her Bachelor of Arts in History (cum laude) from the University of the Philippines, and her Juris Doctor degree (second honors) from the Ateneo de Manila School of Law.

Family Relationships

Mr. Oscar M. Lopez is the brother of the late Mrs. Presentacion L. Psinakis and Manuel M. Lopez. He is the uncle of
Mr. Eugenio L. Lopez III and the father of Mr. Federico R. Lopez. Mr. Eugenio L. Lopez III and Mr. Federico R. Lopez are first cousins.

Mr. Rafael L. Lopez is the brother of Eugenio L. Lopez III. Mr. Martin L. Lopez is the cousin of Eugenio L. Lopez III and the son of Mr. Manuel M. Lopez. Mr. Carlo L. Katigbak is a cousin of Mr. Eugenio L. Lopez III and Mr. Rafael L. Lopez. Eugenio Lopez IV is the son of Eugenio Lopez III.

Significant Employees

The Company considers its entire workforce as significant employees. Everyone is expected to work together as a team to achieve the company's goals and objectives.

Changes in Control

There have not been any arrangements that have resulted in a change in control of the Company during the period covered by this report. The Company is not aware of the existence of any voting trust arrangement among the shareholders.

Involvement of Directors and Officers in Certain Legal Proceedings

For the past five (5) years up to May 11, 2021 the Company is not aware of any bankruptcy proceedings filed by or against any business of which a director, person nominated to become a director, executive officer, or control person of the Company is a party or of which any of their property is subject.

For the past five (5) years up to May 11, 2021, the Company is not aware of any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, of any of its director, person nominated to become a director, executive officer, or control person, except for People of the Philippines v. Tulfo et. al., a libel case filed and still pending against Eugenio Lopez III, in his former capacity as President and CEO of the Company.

For the past five (5) years up to May 11, 2021, the Company is not aware of any order, judgment, or decree not subsequently reversed, superseded, or vacated, by any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting the involvement of a director, person nominated to become a director, executive officer, or control person of the Company in any type of business, securities, commodities, or banking activities.

For the past five (5) years up to May 11, 2021, the Company is not aware of any findings by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any of its director, person nominated to become a director, executive officer, or control person has violated a securities or commodities law.

2. Executive Compensation

Information as to the aggregate compensation paid or accrued during the last two (2) fiscal years and to be paid in the ensuing fiscal year to the Company's chief executive and four (4) other most highly compensated executive officers as follows:

SUMMARY COMPENSATION TABLE Annual Compensation – 2020 Actual and 2021 Estimated				
Name	**Year**	**Salary**	**Bonus**	**Other Annual Compensation**
Chief executive and most highly	2021E	₱ 146,132,704		
compensated executive officers	2020	₱ 138,376,454	₱28,214,396	₱9,200,752
(in alphabetical order):				
Aldrin M. Cerrado				
Laurenti M. Dyogi				
Roldeo Theodore T. Edrinal				
Carlo L. Katigbak				
Ma. Socorro V. Vidanes				
All managers and up	2021E	₱ 1,029,958,278		
as a group unnamed	2020	₱ 1,014,680,158	₱164,496,094	₱27,672,919

SUMMARY COMPENSATION TABLE Annual Compensation -2019				
Name	**Year**	**Salary**	**Bonus**	**Other Annual Compensation**
Chief executive and most highly compensated executive officers (in alphabetical order): Laurenti M. Dyogi Roldeo Theodore T. Edrinal Carlo L. Katigbak Olivia M. Lamasan Rolando P. Valdueza Ma. Socorro V. Vidanes	2019	₱ 193,269,660	₱ 59,082,175	₱9,200,752
All managers and up as a group unnamed	2019	₱ 1,794,037,846	₱ 554,408,815	

Compensation of Directors

Each Board Director receives a set *per diem* amount of ₱40,000 per board meeting and ₱20,000 per committee meeting attended. In terms of profit sharing and bonuses, the total yearly compensation of directors shall not exceed 10% of the net income before income tax of the Company during the preceding year.

For 2020, the Board of Directors' fees and other compensation amounted to ₱108,647,431.71.

3. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Records and Beneficial Owners as of December 31, 2020

Title Of class	Name and Address of Record Owner	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of Class	% of Outstanding
Common	Lopez, Inc. 5/F Benpres Bldg, Exchange Road cor Meralco Ave., Pasig City	Lopez, Inc.	Filipino	480,933,747	56.08%	25.89%
Common	PCD Nominee Corporation* G/F Makati Stock Exchange Bldg., Ayala Ave., Makati City	ABS-CBN Holdings Corporation	Filipino	275,296,530	32.10%	14.82%
Preferred	Lopez, Inc. 5/F Benpres Bldg, Exchange Road cor Meralco Ave., Pasig City	Lopez, Inc.	Filipino	987,130,246	98.71%	53.14%

**PCD Nominee Corporation is not related to the Company*

The preferred shares are voting and every holder of preferred shares shall be entitled to one vote for each share of preferred stock held as of the established record date.

Lopez, Inc. is the holding company of the Lopez family. It is owned by the respective holding companies of the families of the late Eugenio Lopez, Jr., Oscar M. Lopez, the late Presentacion L. Psinakis and Manuel M. Lopez. It has issued convertible notes covering the shares in the Company registered and beneficially owned by it in favor of Lopez Holdings Corporation (formerly: Benpres Holdings Corporation).

In connection with the 2020 Annual Stockholders' Meeting, Eugenio Lopez III, or in his absence, Manuel M. Lopez, or in his absence Oscar M. Lopez was named and appointed to exercise the voting power of Lopez Inc.'s shares in ABS-CBN Corporation.

The 275,296,530 common shares under the name of PCD Nominees Corporation are held for ABS-CBN Holdings Corporation (ABS-CBN Holdings) and represent the underlying shares covered by Philippine Deposit Receipts (PDRs) issued by ABS-CBN Holdings. ABS-CBN Holdings is owned 60% by Lopez, Inc. and 40% by Oscar M. Lopez, Manuel M. Lopez, Salvador G. Tirona, and Eugenio Lopez III. The shares in the Company registered and beneficially owned by it are covered by Philippine Depositary Receipts (PDRs) which gives the holder thereof the right to delivery or sale of the underlying share. The PDRs are listed with the PSE.

In connection with the 2020 Annual Stockholders' Meeting, Eugenio Lopez III, or in his absence, Manuel M. Lopez, or in his absence Oscar M. Lopez was named and appointed to exercise the voting power of ABS-CBN Holdings' shares in ABS-CBN Corporation.

Other than the stockholders identified above, as of December 31, 2020 there are no other stockholders other than participants under PCD account who own more than 5% of the voting securities.

There are no foreign shareholders.

Security Ownership of Management as of December 31, 2020:

As of December 31, 2020, the Company's directors and senior officers owned an aggregate of **2,121,642** shares of the Company, equivalent to 0.25% of the Company's total issued and outstanding capital stock.

Title of Class	Stockholder Name and Position	Nature of Beneficial Ownership	Citizenship	Number of Shares Held	Percent Held
Common	Martin L. Lopez *Chairman*	Direct	Filipino	89,659	0.01%
Common	Augusto Almeda-Lopez *Vice-Chairman*	Direct/Indirect	Filipino	253,888	0.03%
Common	Oscar M. Lopez *Director*	Direct	Filipino	63,605	0.01%
Common	Carlo L. Katigbak *Director, President and Chief Executive Officer*	Direct	Filipino	249,500	0.03%
Common	Federico R. Lopez *Director*	Direct	Filipino	1	0.00%
Common	Manuel M. Lopez *Director*	Direct	Filipino	351,196	0.04%
Common	Salvador G. Tirona *Director*	Direct	Filipino	22,002	0.00%
Common	Federico M. Garcia *Director*	Direct	Filipino	13,898	0.00%
Common	Antonio U. Periquet *Independent Director*	Direct	Filipino	2,001	0.00%
Common	Emmanuel S. De Dios *Independent Director*	Direct	Filipino	1	0.00%
Common	Mario L. Bautista *Director and General Counsel*	Direct	Filipino	29,000	0.00%

Title of Class	Stockholder Name and Position	Nature of Beneficial Ownership	Citizenship	Number of Shares Held	Percent Held
Common	Roberto V. Barreiro *Head, Corporate Partnerships*	Direct	Filipino	0	0.00%
Common	Ma. Rosario S. Bartolome *Head, Integrated Marketing and Customer Experience*	Direct	Filipino	80,000	0.01%
Common	Ernilda L. Bayani *Head, Human Resources and Organizational Development*	Direct	Filipino	39,000	0.00%
Common	Aldrin M. Cerrado* *Compliance Officer / Head, Global*	Direct	Filipino	25,000	0.00%
Common	Kane Errol C. Choa *Head, Integrated Corporate Communications*	Direct	Filipino	2,000	0.00%
Common	Olivia G. De Jesus** *Head, Global*	Direct	Filipino	20,000	0.00%
Common	Carmela Grace C. Del Mundo *Head, Internal Audit*	Direct	Filipino	6,000	0.00%
Common	Roberto G. Labayen *Head, Creative Communication Management*	Direct	Filipino	71,000	0.01%
Common	Olivia M. Lamasan *Managing Director, ABS-CBN Film Productions, Inc.*	Direct	Filipino	140,040	0.02%
Common	Dennis Marco A. Liquigan *Head, Star Music*	Direct	Filipino	65,788	0.01%
Common	Eugenio Lopez IV *Head, Digital*	Direct	Filipino	27,500	0.00%
Common	Raymund Martin T. Miranda *Chief Strategy Officer and Chief Risk Management Officer*	Direct	Filipino	139,900	0.02%
Common	Ma. Regina E. Reyes *Head, Integrated News and Current Affairs*	Direct	Filipino	35,048	0.00%
Common	Ricardo B. Tan, Jr. *Group Chief Financial Officer*	Direct	Filipino	91,500	0.01%
Common	Rosanna H. Trinidad *Head, Integrated Sales*	Direct	Filipino	10,000	0.00%
Common	Antonio S. Ventosa	Direct	Filipino	45,000	0.01%

Title of Class	Stockholder Name and Position	Nature of Beneficial Ownership	Citizenship	Number of Shares Held	Percent Held
	Chief Operating Officer, Sky Cable, and Concurrent Head, Narrowcast				
Common	Ma. Socorro V. Vidanes *Chief Operating Officer, Broadcast*	Direct	Filipino	239,500	0.03%
Common	Enrique I. Quiason *Corporate Secretary*	Direct	Filipino	9,615	0.00%
Common	Marifel Gaerlan-Cruz *Assistant Corporate Secretary*	Direct	Filipino	2,000	0.00%
	Total Security Ownership of Directors and Management			**2,123,642**	**0.25%**

**Mr. Aldrin Cerrado was appointed Head, Global from February 1, 2021 onwards*
***Ms. Olivia G. De Jesus was Head, Global up to January 31, 2021.*

None of the members of the Company's directors and management owns 2% or more of the outstanding capital stock of the Company.

(a) The Company knows of no person holding more than 5% of common shares under a voting trust or similar agreement.

(b) No change of control in the Company has occurred since the beginning of its last fiscal year.

4. **Certain Relationships and Related Transactions**

Relationships and Related Transactions / Agreements with Affiliates

For a detailed discussion of ABS-CBN's related party transactions, see Note 23 of the Company's audited consolidated financial statements, which also refers to Transactions with Related Parties of the said report.

Relationships and Related Transactions

For a detailed discussion of ABS-CBN's related party transactions, see the accompanying notes to the Company's audited consolidated financial statements.

Except for transactions discussed in the accompanying notes to the Company's audited consolidated financial statements, there had been no material transactions during the past two (2) years, nor is any material transaction presently proposed, to which the Company was or is to be a party in which any director, executive officer of the Company, or security holder of more than 10% of the Company's voting securities, any relative or spouse of any such director or executive officer or owner of more than 10% of the Company's voting securities had or is to have direct or indirect material interest.

Furthermore, there had been no material transactions during the past two (2) years, nor is any material transaction presently proposed, between the Company and parties that fall outside the definition of "related parties" under Philippine Accounting Standards (PAS) No. 24, but with whom the registrants or its related parties have a relationship (e.g., former senior management of the Company or other parties who have some other former or current relationship with the Company) that enables the parties to negotiate terms of material transactions that may not be availed from other, more clearly independent parties on an arm's length basis.

Parent Company

Lopez, Inc. is the registered owner of 79.03% of the voting stock of the Company as of December 31, 2020. Lopez, Inc. is the holding company of the Lopez family. It is owned by the respective holding companies of the families of the late Eugenio L. Lopez III, Oscar M. Lopez, the late Presentacion L. Psinakis and Manuel M. Lopez. It has issued convertible notes covering the shares in the Company registered and beneficially owned by it in favor of Lopez Holdings Corporation.

Resignation of Directors Because of Disagreement with Policies

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of stockholders of the Company because of a disagreement with the Company on matters relating to the Company's operations, policies and practices.

PART IV – CORPORATE GOVERNANCE

ABS-CBN recognizes the importance of corporate governance in enhancing the stakeholders' interests in the Company. Its Board of Directors commits itself to the principles of good corporate governance.

The Company's principles of corporate governance are contained in its Articles of Incorporation, By-Laws, Manual of Corporate Governance, and Annual Corporate Governance Report.

As an organization, ABS-CBN reaffirms its mission of being in the service of the Filipino people, and espouses that there is no dichotomy between doing good business and practicing the right values.

Through values cascading throughout the organization, the Company has identified the core values necessary to guide its leaders and employees in formulating and making business decisions, which in the end must always remain consistent with this mission and goal of service.

In May 2017, the Company revised its Manual on Corporate Governance, to comply with SEC Memorandum Circular No. 19, Series of 2016, the Code of Corporate Governance for Publicly-Listed Companies. This Manual was further revised in September 2018 to comply with Integrated Annual Corporate Governance recommendations.

Pursuant to SEC Memorandum Circular No. 10, Series of 2019, the Company, through its Board of Directors, adopted its Related Party Transactions Policy in October 2019.

In 2018 and 2019, the Institute of Corporate Directors (ICD) recognized ABS-CBN among the top Philippine Publicly-Listed Companies in terms of corporate governance efforts in the ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Awards. The award is an assessment tool used to measure if a company is managed well and is compliant with government regulations in 6 participating Association of Southeast Asian Nations (ASEAN) countries, namely the Philippines, Indonesia, Malaysia, Singapore, Thailand and Vietnam.

THE BOARD OF DIRECTORS

The ABS-CBN Board of Directors (the "Board") represents the stakeholders' interest in pursuing a successful business, including the optimization of financial returns. The Board's mission is to determine that the Company is managed in such a way as to ensure this result while adhering to the laws and rules of the jurisdictions in which it operates, observing the highest standards of corporate governance, and observing high ethical norms. The Board establishes the overall goals, strategies, and policies of the Company. It strives to regularly monitor the effectiveness of management's decisions and the execution of strategies. In addition to fulfilling its obligations for increased stockholder value, the Board has responsibility to the Company's customers, employees, suppliers, and the community.

In accordance with the Company's Articles of Incorporation, By-Laws, and Corporate Governance Manual, the Board is comprised of eleven (11) members elected by the shareholders during the Annual Stockholders' Meeting. The Company has eleven (11) directors, two (2) of whom are independent.

All nominations for the election of Directors by the stockholders are required to be submitted in writing to the Board of Directors at least thirty (30) business days before the scheduled date of the annual stockholders' meeting. The Nomination and Election Committee reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval, and assesses the effectiveness of the Board's processes and procedures in the election or replacement of directors.

There is a mix of executive, non-executive, and independent directors on the Board. Senior management executives other than the Chief Executive Officer attend Board meetings on a regular basis even if they are not members of the Board. On matters of corporate governance, while the Board assumes that decisions will be made by the impartial (previous word used is "independent") directors, inputs to any policy formulation and discussions from directors who are employees of the Company are welcome and expected, unless the issue involves an actual conflict of interest with such directors.

For the year 2020, these directors are Martin L. Lopez, Chairman, Augusto Almeda-Lopez, Carlo L. Katigbak, Oscar M. Lopez, Federico R. Lopez, Federico M. Garcia, Salvador G. Tirona, Manuel M. Lopez, Mario L. Bautista, Antonio Jose U. Periquet, and Emmanuel S. De Dios.

Independent Directors

Two (2) independent directors – Mr. Periquet and Mr. de Dios — are presently elected. These directors are independent of management, and are free of any relationship that may interfere with their judgment. In addition, Mr. Periquet and Mr. de Dios do not possess any of the disqualifications enumerated under SEC Memorandum Circular No. 19, Series of 2016. An additional independent director will be elected pursuant to the Revised Corporation Code.

Criteria for Independence for Independent Directors

The Board assesses the independence of each director and individual nominated for election to the Board as an independent director. As part of this analysis, the Board must review and conclude whether each nominee for independent director satisfies the requirements of the rules of the SEC, the By-laws, and the Manual of Corporate Governance.

Under the Manual of Corporate Governance, independent directors (i) are not, or have not been officers or employees or substantial stockholders of the Company or its related companies, or any of its substantial shareholders (other than as independent directors of any of the foregoing); (ii)are not relatives of any director, officer or substantial shareholder of the Company, or any of its related companies, or any of its substantial shareholders; (iii) are not acting as nominees or representatives of a substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iv) have not been employed in any executive capacity by the Company, or any of its related companies or by any of its substantial shareholders within the last two years; (v) are not retained as professional advisers by the Company, any of its related companies, either personally or through their firms; (vi) have not engaged and do not engage in any transaction with the Company, or with any of its related companies, or with any of its substantial shareholders, whether by themselves or with other persons, or through a firm of which they are partners, or companies of which they are directors or substantial shareholders, other than transactions which are conducted at arms-length and are immaterial; (vii) do not own more than 2% of the shares of the Company and/or its related companies, or any of its substantial shareholders; (viii) are not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders; and (ix) are not employed as executive officers of another company where any of the Company's executives serve as directors.

The Company also adopted a policy that independent directors of the Company may serve for a maximum cumulative term of 9 years, after which, the independent director will be perpetually barred from re-election as such, but may qualify for election as non-independent director. In the instance that the Board wants to retain an Independent Director who has served 9 years, the Board will provide a meritorious justification and seek approval from the shareholders during the Annual Stockholders Meeting. As of December 31, 2020, the Company's independent directors have served in such capacity for seven (7) years.

Selection of Directors

The Board itself is responsible for screening its own members and recommending them for election by the stockholders. The Chairman and Chief Executive Officer have direct input into the screening process. The final approval of nominees to the director position is determined by the full Board. In case of vacancies in the Board between annual stockholder meetings, the Board may elect directors to serve until the next annual meeting.

Board of Advisors

The Board of Advisors was created to provide guidance to the Board of Directors. The Board of Advisors sits in all the Board Meetings and its members are also members of the Board Committees. Randolf S. David, Honorio G. Poblador IV, Maria Rosario Santos-Concio, Rafael L. Lopez, and Cesar Purisima are the members of the Board of Advisors.

Separate Roles of the Chairman and President & Chief Executive Officer (CEO)

The respective roles of the Company's Chairman, Mr. Martin L. Lopez, and President & CEO, Mr. Carlo L. Katigbak, are clearly defined to achieve appropriate balance of power, increase accountability, and improve the Board's capacity for decision making independent of the management.

Mr. Martin L. Lopez is responsible for the management, development and the effective performance of the Board, and maintains proper governance of the Company. As Chairman of the Board, Mr. Lopez plans and organizes all the activities of the Board, including the preparation for, and the conduct of, Board meetings. He ensures the quality, quantity and timeliness of the information that goes to the Board. He also oversees the formation of the Board committees and the integration of their activity with that of the Board.

The President & CEO has general charge and supervision of the business and affairs of the Company, subject to the Board. As the President & CEO, Mr. Katigbak leads Management in developing and implementing business strategies, plans, and budgets subject to Board approval. He then provides the Board and stockholders a report on the financial performance of the Company and its results of operations on a regular basis.

The Corporate Secretary

Mr. Enrique I. Quiason is the Company's Corporate Secretary. Under the Company's Corporate Governance Manual, the Corporate Secretary must be a Filipino Citizen. The Corporate Secretary issues notices for all board and shareholders meetings. It is required that the Corporate Secretary attends and records the minutes of all board meetings. He is also responsible for assisting the Board in the preparation of the meeting agenda and the Management in the preparation and gathering of materials/documents to be presented to the Board or shareholders. In addition, as the Corporate Secretary, Mr. Quiason takes charge of the corporate seal and records, and signs, together with the President & CEO, all stock certificates and such other instruments as may require such signature.

Board Performance

The Board has regular monthly meetings, as much as possible, to review the performance of the Company and its subsidiaries, approve any pertinent plans, budgets, and financial statements, set guidelines for management, and discuss any various matters requiring Board attention and approval. Any member of the Board may ask management to give special reports on and analysis of certain issues.

From January 1, 2020 to December 31, 2020, the Board had fourteen (14) meetings.
Board Attendance to Meetings in 2020

Directors' Name	Total No. of Board Meetings	No. of Board Meetings Attended	Percentage of Attendance (%)	Attended Annual Stockholders' Meeting? (Y/N)
Martin L. Lopez	14	13	93%	Y
Eugenio L. Lopez III[1]	11	8	73%	N
Augusto Almeda Lopez	14	12	86%	Y
Carlo L. Katigbak	14	13	93%	Y
Oscar M. Lopez	14	8	57%	N
Manuel M. Lopez	14	10	71%	Y
Federico R. Lopez	14	13	93%	Y
Federico M. Garcia	14	13	93%	Y
Salvador Tirona	14	14	100%	Y
Emmanuel S. De Dios	14	13	93%	Y
Antonio Jose U. Periquet	14	14	100%	Y
Mario L. Bautista[2]	4	4	100%	Y

1 Resigned on September 24, 2020
2 Elected on September 24, 2020

Continuing Education Programs and Trainings for Directors

The Board has attended the following trainings and seminars during the year 2020**:**

Director's Name	Trainings / Continuing Education FY2020
Martin L. Lopez	Lopez Group Corporate Governance Training Program (October 2020)
Carlo L. Katigbak	Lopez Group Corporate Governance Training Program (October 2020)
Augusto Almeda Lopez	Lopez Group Corporate Governance Training Program (October 2020)
Manuel M. Lopez	Lopez Group Corporate Governance Training Program (October 2020)
Federico R. Lopez	Lopez Group Corporate Governance Training Program (October 2020)
Federico M. Garcia	Lopez Group Corporate Governance Training Program (October 2020)
Salvador Tirona	Lopez Group Corporate Governance Training Program (October 2020)
Emmanuel S. De Dios	Lopez Group Corporate Governance Training Program (October 2020)
Antonio Jose U. Periquet	Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit (November 2020)
Mario L. Bautista	Lopez Group Corporate Governance Training Program (October 2020)

On December 6, 2016, the SEC has granted Mr. Oscar M. Lopez a permanent exemption from the Corporate Governance training requirement under SEC Memorandum Circular No. 20, series of 2013.

Board Committees

The Board has established the following eight (8) board committees to address any issues requiring the directors' attention:

1. **The Programming Committee**

Composition	Chairman, two (2) members, two (2) advisors
Members	Federico Garcia – Chairman, Mario Luza Bautista, and Emmanuel De Dios
Advisors	Randolf S. David, and Ma. Rosario Santos-Concio
Responsibilities	The Programming Committee deliberates on the programming issues and strategies of the network, and is primarily a business strategy committee.

2. **The Compensation Committee**

Composition	Chairman, two (2) members, and two (2) advisors
Members	Augusto Almeda Lopez – Chairman, Federico R. Lopez, and Antonio Jose U. Periquet
Advisors	Honorio Poblador IV and Randolf S. David
Responsibilities	The Compensation Committee reviews any recommendations on bonus and incentive schemes and other compensation benefits.

3. **The Succession Planning Committee**

Composition	Chairman, two (2) members, and one (1) advisor
Members	Salvador G. Tirona – Chairman, Emmanuel S. De Dios, and Martin L. Lopez
Advisors	Randolf S. David
Responsibilities	The Succession Planning Committee ensures that there is a pipeline to key positions in the organization, and that there are ready replacements for any key positions that are suddenly vacated. It oversees the replacement planning table of the organization, and identifies successors and gaps in succession, as well as any measures needed to fill such gaps.

4. **The Compensation Committee for the Chairman and the Chief Executive Officer**

Composition	Chairman, two (2) members, and one (1) advisor
Members	Augusto Almeda-Lopez – Chairman, Federico M. Garcia, and Antonio Jose U. Periquet.
Advisors	Honorio Poblador IV
Responsibilities	The Compensation Committee for the Chairman and the Chief Executive Officer reviews and approves the recommended changes concerning the salaries and benefits provided to the Company's Chairman and CEO.

5. **The Audit Committee**

Composition	Chairman, two (2) members, and one (1) advisor
Members	Antonio Jose U. Periquet – Chairman, Salvador G. Tirona, and Emmanuel S. De Dios
Advisors	Cesar V. Purisima
Responsibilities	The Audit Committee reviews the financial reports and risks, examines internal control systems, and oversees the audit process. The Audit and Compliance Committee also selects and appoints the Company's External Auditor.

6. **The Risk Management Committee**

Composition	Chairman, three (3) members, and one (1) advisor
Members	Emmanuel S. De Dios – Chairman, Federico R. Lopez, Salvador G. Tirona and Martin L. Lopez
Advisors	Cesar V. Purisima
Responsibilities	The Risk Management Committee oversees the formulation and establishment of an enterprise wide risk management system, including the review, analysis, and recommendation of policies, frameworks, strategies, and systems to be used by the Company to manage risks, threats, and liabilities. The Risk Management Committee also reviews material related party transactions. The said Committee also oversees the Company's Sustainability initiatives and practices.

7. **The Nominations and Elections Committee**

Composition	Chairman, two (2) members, and one (1) advisor
Members	Federico R. Lopez – Chairman, Emmanuel S. De Dios, and Antonio Jose U. Periquet
Advisors	Rafael L. Lopez
Responsibilities	The Nomination and Election Committee reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval, and assesses the effectiveness of the Board's processes and procedures in the election or replacement of directors.

8. **The Corporate Governance Committee**

Composition	Chairman, two (2) members, and one (1) advisor
Members	Antonio Jose U. Periquet – Chairman, Maria Luza Bautista, and Emmanuel S. De Dios
Advisors	Honorio Poblador IV
Responsibilities	The Corporate Governance Committee ensures compliance with and proper observance of corporate governance principles and practices.

The Board should ensure that, through a managed and effective system, board appointments are made that provide a mix of proficient directors, each of whom is able to add value and to bring prudent judgment to bear on the decision-making process.

Under the Company's Manual of Corporate Governance, the Nomination and Election Committee shall consider the following qualifications and disqualification of a nominee to the Board in its recommendation of such nominee for election or re-election.

Qualifications of Director

A director shall have the following qualifications at the time he is duly elected and qualified and throughout his term of office:

- Holder of at least one (1) share of stock of the Company;
- Personal integrity, capacity to read and understand financial statements, absence of conflicts of interest with the Company (subject to the discretion of the Board), time availability and motivation.

Qualifications of an Independent Director

- An independent director shall mean a person other than an officer or employee of the Company, its parent or subsidiaries, or any other individual having a relationship with the Company, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director.
- If the independent director becomes an officer or employee of the same corporation, he shall be automatically disqualified from being an independent director.

Disqualification and Grounds for Dismissal of Directors

Any of the following shall be a ground for the temporary disqualification or dismissal for a cause of a Director:

- Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- Absence or non-participation for unjustifiable reason/s for more than 50% of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12)-month period during said incumbency. This disqualification applies for purposes of the succeeding election;
- Dismissal or termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
- Conviction that has not yet become final referred to in the grounds for the disqualification of Directors.

Directorship in Other Listed Companies

The following members of the Board are also directors of the publicly listed companies identified below.

Director's Name	Name of Listed Company	Directorship for FY2020
Oscar M. Lopez	Lopez Holdings Corporation	Chairman Emeritus
	First Gen Corporation	Chairman Emeritus
	First Philippine Holdings Corporation	Chairman Emeritus, Executive Director
	Energy Development Corporation	Chairman Emeritus
	Rockwell Land Corporation	Chairman Emeritus
Augusto Almeda Lopez	First Philippine Holdings Corporation	Non-Executive Director
Manuel M. Lopez	Lopez Holdings Corporation	Chairman, Executive Director
	First Philippine Holdings Corporation	Vice Chairman
	Rockwell Land Corporation	Chairman
	ABS-CBN Holdings Corporation	Chairman
Federico R. Lopez	First Gen Corporation	Chairman, Executive Director
	Energy Development Corporation	Chairman, Executive Director

	First Philippine Holdings Corporation	Chairman, Executive Director
	Rockwell Land Corporation	Vice Chairman
Salvador G. Tirona	Lopez Holdings Corporation	Executive Director
	ABS-CBN Holdings Corporation	Executive Director
Carlo L. Katigbak	SSI Group Inc.	Independent Director
Antonio Jose U. Periquet	Ayala Corporation	Independent Director
	Bank of the Philippine Islands	Independent Director
	DMCI Holdings, Inc.	Independent Director
	Philippine Seven Corporation	Independent Director
	Semirara Mining Corporation	Independent Director
	Max's Group of Companies	Independent Director
Emmanuel S. De Dios	ABS-CBN Holdings Corporation	Independent Director

COMPANY POLICIES

Code of Conduct and Conflict of Interest Policy

The Company's Code of Conduct (CoC) defines the behaviors that are acceptable or not acceptable within the organization. It details the offenses versus the Company's or the person's property, the schedule of penalties for each offense according to its gravity, and the grievance process, and defines the roles of the different people involved in disciplinary action. The CoC covers all directors, employees, consultants, product and service providers, and anyone who acts in the name of ABS-CBN.

The CoC includes the Company's Conflict of Interest Policy. Directors are disallowed from engaging in any business, which competes with or is antagonistic to that of the Company or any of its subsidiaries and affiliates. On the other hand, employees are expected not to have any direct or indirect financial or pecuniary interest in any business, contract, or transaction in connection with which they intervene or take part in their official capacity. In addition, employees are expected not to render services to another employer without the knowledge of higher management. They are also expected to disclose other businesses or jobs undertaken which may be in conflict with any existing or future undertaking of the Company.

Assisting in the dissemination and implementation of this Code of Conduct is the Ethics Committee, which focuses on conflict-of-interest situations. The Committee helps make decisions and clarify stands in cases of personal or professional conflict, or in which the employee or the company stands to gain unfairly from an arrangement, relationship, or procedure. Essential to the idea of good and ethical conduct is the upholding of common corporate and individual values, which are disseminated through a process of values cascading.

Related Party Transactions Policy

The Company, through its Board of Directors, has adopted its Related Party Transactions Policy pursuant to SEC Memorandum Circular No. 10, Series of 2019.

It is the policy of the Company to transact sales to and purchases from related parties at normal market prices. Outstanding balances as of year-end are unsecured, interest-free and settlement occurs in cash, and are collectible or payable on demand. Assessment of provision for doubtful accounts relating to amounts owed by related parties is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Related party transactions or reorganizations that would affect related-party transactions are reported to and reviewed by the Audit Committee. All related party transactions are reported in the Company's Annual Audited Financial Statement and Annual Company Report.

Dividend Policy

The declaration and payment of dividends are subject to certain conditions under the Company's existing long-term loan agreements with various banks.

Disclosures and Financial Reporting

ABS-CBN's financial statements comply with Philippine Accounting Standards and Philippine Financial Reporting Standards that in turn conform with International Accounting Standards.

The annual consolidated financial statements provide information on the financial condition and results of operations of the businesses of ABS-CBN and its subsidiaries. These financial statements include detailed information on the total assets, total liabilities and shareholders' equity, revenues, costs and expenses, operating income and income before tax, net income attributable to shareholders of ABS-CBN and minority interest, earnings per share, and EBITDA.

Business segment information is likewise provided for major business categories and includes information such as revenues, operating and net income, assets and liabilities, capital expenditures and depreciation and amortization expenses.

Dealings in Company Shares

ABS-CBN requires all members of the Board of Directors and principal officers to report any purchase, sale or change in their shareholdings of the Company's common shares or Philippine Depositary Receipts within three (3) trading days, in compliance with the PSE's requirement for such disclosure.

RISK MANAGEMENT

ABS-CBN's Board of Directors and management are mindful of the potential impact of various risks to the Company's ability to deliver quality content across multiple platforms and consequently, as a result of its operations, value to shareholders. In 2009, the Audit Committee of the Board of Directors provided oversight on Enterprise Risk Management.

In 2010, the newly created Risk Management Committee assumed this responsibility. At the same time, the Board of Directors of the Company approved the appointment of a Chief Risk Management Officer, reporting directly to the Board of Directors. The Chief Risk Management Officer will provide the overall leadership, vision and direction for enterprise risk management by continuing to establish and implement an integrated risk management framework that covers all aspects of risk across the Company's organization, and improve the Company's risk management readiness.

The Company's corporate strategy formulation and business decision-making processes always take into account potential risks and the steps and costs necessary to minimize, if not eliminate, such risks. As part of its stewardship responsibility and commitment to deliver optimum value to its stakeholders, ABS-CBN ensures that it has the proper control systems in place, and to the extent possible, adopted global best practices, to identify and assess, analyze and mitigate market, operating, financial, regulatory, community, reputational, and other risks. The formal identification of the control systems has been completed. The Company contracted SGV (a member firm of Ernst and Young) in 2015 to assist in the development of an ERM Framework and Program.

AUDIT

Internal Audit

The Internal Audit Division (IA Division) is responsible for providing independent and objective assurance and consulting services to the Company's Board of Directors through its Audit Committee. Its main function is to evaluate the adequacy, effectiveness, and efficiency of the Company's internal control system and to recommend necessary control measures for its improvement. It likewise establishes an effective follow-up system to monitor the implementation of recommended controls.

The IA Division is composed of people with varied specializations, majority of which are certified public accountants. It also has certified internal auditors, certified information systems auditors, certified fraud examiner, certified forensic accountant, and accredited quality assurance validators. The IA Division has a Network, Infrastructure, and Security Team, which is composed of engineers and IT professionals with various certifications on data privacy and cloud and information security. It also has an Audit Analytics Team, whose members have completed courses as certified data analysts.

The IA Division conducts regular audits of the Company and its Subsidiaries based on an annual audit plan that is approved by the Audit Committee. Special audit projects are also undertaken as the need arises.

In 2020, the IA Division presented to the Audit Committee its audit plan, updates on the status of audit projects, highlights of significant findings, implementation status of audit recommendations, and other significant audit activities.

Beginning 2012, the IA Division also worked closely with the Company's Risk Management Officer.

Report of the Audit Committee for the Year Ended December 31, 2020

The Audit Committee represents and assists the Board of Directors in fulfilling its oversight responsibilities by reviewing the:

- Reasonableness of the Company's financial statements, efficiency of the financial reporting process, and soundness of the internal control environment;
- Objectivity, independence, and effectiveness of internal audit functions and processes;
- Qualifications, independence, and fees of the Company's external auditors with regard to the annual review of the Company's financial statements; and
- Company's compliance with legal and regulatory requirements.

The roles and responsibilities of the Audit Committee are embodied in an Audit Committee Charter. In compliance with the Charter, the Audit Committee confirms that:

- The majority of the Audit Committee members are independent directors, including the Chairman;
- Quarterly meetings were held and attended by the Chairman and members of the Committee;
- The Committee reviewed and approved the internal audit scope, manpower resources, and competencies necessary to carry out the audit plan;
- The Committee reviewed the reports of the internal auditors and discussed the necessary corrective actions with concerned management;
- The Committee reviewed the Company's internal control environment, through the External Auditor's Management Letter and Internal Audit's reports on completed audit projects, and found it adequate;
- The Committee reviewed the audited annual financial statements of the Company and its Subsidiaries and discussed it with management, internal auditors, and external auditors taking into consideration that:

    - Management is responsible for the Company's financial statements and the related statements of financial condition and results of operations, and;
    - SGV & Co., the external auditor, is responsible for expressing an opinion on the conformity of the Company's audited financial statements with the Philippine Financial Reporting Standards and International Financial Reporting Standards, as appropriate.

ROLE OF STAKEHOLDERS

Customers' Welfare

The Company is committed to the delivery of world-class products and services and to the responsible and creative utilization of resources, most especially its human resource. It fosters and promotes an environment of professionalism based on competence, self-discipline and responsible behavior. In establishing such an environment, a set of defined standards of acceptable behavior in performing one's job and in dealing with co-employees and the public that is consistent with corporate policies and core values is necessary.

Supplier/Contractor Selection and Criteria

In dealings with suppliers and contractors the Company abides by its Code of Conduct, wherein it is stated that favoring or conniving with suppliers, customers or any other person in consideration of kickbacks, personal rebates or any valuable consideration is considered an offense. Company personnel who do not adhere to this policy are dealt with accordingly.

The Company, likewise, has a general policy on the conduct of its bidding process to ensure fair and honest competition. The general policy for supplier/contractor selection is available in the Company's website.

Environmentally Friendly Value Chain

The Company complies with several government environmental laws through the following initiatives: re-use or recycling of effluent water (PD984 or Clean Water Act); proper disposal of busted lamps used oil and used/spent batteries (RA6969 or Toxic Substance and Hazardous and Nuclear Waste Control Act) and annual stack emission testing of generator sets (RA8749 or Clean Air Act). The Company saves energy its office headquarters by installing variable frequency drives for chilled water pump operations in the centralized air conditioning system. It also has materials recovery facilities for solid waste management, which results in an average reduction of twenty-five (25) tons per year of solid waste for disposal.

The vermicomposting facilities reduce solid waste from tree and plant trimmings and the resulting organic fertilizer is used for plants propagation. The Company uses mostly "green sealed" or "designed for the environment" chemicals for housekeeping, which reduces the health risk among cleaners. The Company also has properly labeled trashcans (reusable, biodegradable, non-biodegradable) which makes it easy to segregate waste. It also uses biodegradable trash bags.

Whistle Blowing Policy

In November 2013, the Company implemented the Whistle Blowing Policy. This policy provides for and encourages employees and others to report, in good faith, any covered wrongful conduct committed by employees of which they have personal knowledge. The policy assures the employees of protection against harassment, threats, and any other form of retaliation from the persons reported. Any employee, who attempts, performs, causes or encourages any retaliatory actions against a whistleblower and/or the whistleblower relatives up to the fourth degree of consanguinity or affinity, will be subjected to disciplinary action and may be either suspended or dismissed, without prejudice to other legal actions that the Company may take, upon showing that the motive of the said employee was due to the disclosure made whistleblower.

The Whistle Blowing Policy is a clear statement that if any covered wrongdoing by any of its employees is identified and reported accordingly, it will be dealt with, through a thorough investigation and the proper imposition of accountability. To provide employees several avenues to report illegal or wrongful activities, the Policy allows reporting to any of the following: Head of Human Resources and Organizational Development, Head of Audit, Head of Legal, and employee's Division Head.

Creditors' Rights

The Company complies with the debt servicing requirements of the creditors. The Company also ensures that the documentary requirements of the creditors are complete, accurate and submitted on time.

Creditors are regularly provided with financial and operational information about the Company through quarterly and annual investors' briefings. The Company's Treasury Head updates the creditors of the Company's performance on a regular basis and when there is an immediate need. New contracts or agreements for investments, loan availments, asset disposals, mergers and acquisitions, etc. are reviewed by the Company's Legal Department in order to determine if certain provisions may violate existing loan covenants. In cases when certain covenants will be breached, the Treasury seeks the consent of creditors to undertake the new initiative or when appropriate, negotiate with counter parties to remove/modify provisions that may have a consequence of breaching any loan covenants.

Interaction with Community

The ABS-CBN Lingkod Kapamilya Foundation, Inc. was established to become a holistic community builder. "Bantay Bata," a child protection and welfare organization cited by the United Nations Convention on the Rights of the Child, responds to thousands of hotline calls and handles hundreds of rescue causes. The program also provides scholarships and conducts feeding programs. As the term implies, "BantayKalikasan" is engaged in environmental protection through policy formulation assistance, reforestation, river system rehabilitation and ecotourism promotion. “Operation Sagip” is involved in relief operations and rehabilitation after a natural or man-made disaster. It also trains schools and communities in disaster risk reduction.

Programa Genio is involved in curriculum enhancement, teacher training and learning resource development in public schools BayaniJuan manages a 107- hectare resettlement community in Calauan, Laguna for families affected by the rehabilitation of the Pasig River and typhoon Ondoy.

Kapit Bisig Para sa ilog Pasig (KBPIP), in partnership with the Pasig River Rehabilitation Commission (PRRC) is heavily involved in the rehabilitation of the Pasig River. Together, they have collected over 70 tons of garbage in 10 GI and KBPIP areas, engaged 6,398 volunteers, and completed 1,270 linear meters of estero rehabilitation.

The Company sends representatives to meetings, hearings and public consultations on various issues conducted by the barangay. The Company also requests for barangay clearance/permit for tapings, production shootings, and use of sidewalks as parking area during stockholders’ meetings, trade events, program launchings, awarding ceremonies, etc. Every year, the Company requests as well for issuance of community tax certificates to employees.

The Company submits incident reports to the barangay in relation to accidents, robbery, illegal parking, illegal vendors, violation of tricycle drivers and establishment. In addition, the Company supports the barangay on its information drive by covering barangay related activities.

SUSTAINABILITY

Sustainability at ABS-CBN: A Commitment to Service for a Sustainable Future

For the Company, sustainability is its mandate to grow and operate the business in a way that leaves the world a better place than when it started operating. As a media and entertainment organization, the Company’s mission is to serve the Filipino people by helping build a sustainable society. This is why, ABS-CBN continually adapt, innovate and develop ways to mitigate our risks and maximize its opportunities socially, environmentally, and economically. ABS-CBN’s actions are measured and performance is monitored through that lens.

For an enterprise as large and complex as ABS-CBN, a wide range of factors could materially affect its operations. Thus, failure to responsibly manage its multi-tiered operations and supply chain can negatively affect its people, its customers, the communities it serves, and its continued economic growth.

Since the 1990s, the Company has strived to operate sustainably –in all aspects of the organization, and in every critical point in its operations and supply chain. With this as a top priority, policies, standards, and guidelines for sustainable operations, supply chain management were created and strictly enforced in the management of talents and employees, the acquisition, procurement and management of needed goods and services, disposal of materials, and in the creation and dissemination of our products and services. ABS-CBN is in compliance with local and international laws and standards and adhere to management best practices.

Sustainability is embedded at the very core of the Company’s business operations and is observed in every critical path of its supply chain, both upstream and downstream. This is how ABS-CBN operates and manages its supply chain - closing the loop to create circular economy in the service of the Filipino.

The Company’s 2020 Sustainability Report can be found here:
https://www.abs-cbn.com/sustainability
https://www.abs-cbn.com/sustainability/sustainability-report-2020/id-15e0b088-f01f-4113-a855-8bb398894580

SHAREHOLDERS’ RIGHTS

The Company respects the rights of the stockholders as provided in the Corporation Code; namely:

1. Right to vote on all matters that require their consent or approval;
2. Pre-emptive rights;
3. Power of inspection;

4. Right to dividends; and
5. Appraisal rights.

The shareholders, as a whole, have the right to receive timely and transparent information about the Company as may be required by laws or rules of the SEC and PSE.

Right to Nominate Candidates for Board of Directors

The By-Laws of the Company allows all stockholders, including minority shareholders, the right to nominate candidates for the Board of Directors.

Conduct of Stockholders' Meeting

Shareholders, including institutional shareholders, are encouraged to attend stockholders' meetings either personally or via remote communication. A written or printed notice of the annual meeting is delivered to each shareholder not less than twenty-one (21) days before the date of the meeting. Any stockholder entitled to vote may be represented at any regular or special meeting of stockholders by a duly executed proxy or cast his/her vote via electronic voting in absentia. Proxies should be in writing, properly signed and witnessed by one party. The written proxy and the intention to vote via electronic voting in absentia shall be filed with the Office of the Corporate Secretary of the Company not later than ten (10) calendar days prior to the scheduled stockholders meeting.

Shareholders have the right to propose matters in the agenda of the annual meeting, provided that the proposed matters are for legitimate business purposes.

Shareholders likewise have the explicit right to probe and/or ask questions during the annual meeting. In the 2020 Annual Stockholders' Meeting, several questions were asked by the shareholders which were answered by the Company. The minutes containing these questions and answers thereto may be accessed at: https://www.abs-cbn.com/investors/annual-stockholders-meeting/2020-annual-stockholders-meeting/minutes-of-the-annual-stockholders-meeting-2020/id-461

Details of attendance of shareholders, results of voting, and the results of annual/special stockholders meetings' resolutions are disclosed in the Integrated-Annual Corporate Governance Report.

INVESTOR RELATIONS

ABS-CBN fully respects shareholder rights and complies with regulatory and legal requirements that enforce and ensure that such rights are respected. These requirements include due and proper notification for general meetings and provision of adequate, transparent and timely information due shareholders.

As a publicly listed corporation, ABS-CBN is subject to reporting requirements prescribed by regulatory authorities, including the SEC and the PSE, among others. ABS-CBN is compliant in submitting timely structured and non-structured reports and disclosure filing required by the SEC and the PSE.

ABS-CBN's Chief Finance Officer, Head of Treasury, and its Head of Investor Relations, meet with representatives of institutional investors and investment funds upon request and at various investor conferences throughout the year for discussions about the Company's businesses, operating and financial results, business prospects and long-term plans. Inquiries from institutional and individual investors received by regular or electronic mail are also duly acknowledged and addressed in a timely and transparent manner.

ABS-CBN maintains an investor relations website that contains information on the history and businesses of the Company, its Board of Directors and senior management executives, financial information and reports and disclosures filed with the SEC and the PSE, share price performance and dividend history, and investor relations contact information.

The contact details (e.g. telephone and email) of the office responsible for investor relations are provided the ABS-CBN Investor Relations website – https://www.abs-cbn.com/investors.

Evaluation System

ABS-CBN continues to evaluate its compliance with its Manual of Corporate Governance. The Board of Directors regularly conducts its self-assessment as well as an assessment of ABS-CBN's compliance with the Manual of Corporate Governance. ABS-CBN participates in the corporate governance survey conducted by the PSE.

The Board of Directors likewise conduct an evaluation of the performance of the Board, Chairman of the Board, Chief Executive Officer, Chief Risk Officer, Chief Audit Executive and Chief Compliance Officer.

Measures to Comply with Leading Practices

ABS-CBN continues to implement enhancements to comply with leading practices on good corporate governance such as the revision of its Corporate Governance Manual to comply with recent SEC requirements and the submission of the Annual Corporate Governance Report to the SEC. In 2017, the Board of Directors approved a whistle blowing policy and a policy on insider trading. In 2018, the Board submitted to the SEC its Integrated-Annual Corporate Governance Report and implemented measures to fully comply with the same, such as, approving board committee charters, nomination and election policy and conducting self-assessment surveys. In 2019, the Company adopted its Related Party Transactions Policy pursuant to SEC directives. The members of the Board of Directors and the key officers attended a training seminar on corporate governance in 2020.

In 2019 and 2020, the Company received an Arrow Recognition from the Institute of Corporate Directors (ICD), recognizing ABS-CBN Corporation as a top-performing publicly-listed company in the Philippines under the Asean Corporate Governance Scorecard. The Company was the only publicly-listed media company to have received the recognition.

Deviations from Manual of Corporate Governance

There were no reported deviations from the Company's Manual of Corporate Governance.

Improvement of Corporate Governance

ABS-CBN continues to review its Manual of Corporate Governance for improvements. In May 2017, the Company released its revised Manual on Corporate Governance to comply with the requirements under SEC Memorandum Circular No. 19, Series of 2016. ABS-CBN also reviews the charters of the different committees as well as evaluates existing policies on corporate governance. In July 2017, the Company approved its policy on insider trading that will be applicable to the directors, officers, and employees.

In 2018, ABS-CBN continued to improve its compliance with corporate governance regulations. It amended its Manual on Corporate Governance to include recommendations under the new Integrated Annual Corporate Governance Report, as well as, have the board committees approve its respective charters. In 2020, ABS-CBN continued to comply more recommendations stated in the Integrated Annual Corporate Governance Report.

The Board likewise conducted a board self-assessment last March 2021 to review and evaluate the performance of the Board, its Committees, its individual members and key corporate officers to measure the effectiveness of the company's governance practices.

PART V - EXHIBITS AND SCHEDULES

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

a. Exhibits
The following exhibits are filed as a separate section of this report:
Exhibit “A” - Audited Consolidated and Parent Company Financial Statements
Exhibit “B” - Revised SRC Rule 68 (Schedules)

b. Reports on SEC Form 17-C for the last six months of 2020

The corporation disclosed the following matters on the dates indicated:

<table>
<tr><td>July 1, 2020</td><td>Official Statements of ABS-CBN Corporation and Sky Cable Corporation on the Cease and Desist Order issued by the National Telecommunications Commission</td></tr>
<tr><td>July 1, 2020</td><td>Request for extension to file SEC Form 17-A</td></tr>
<tr><td>July 1, 2020</td><td>Request for extension to file SEC Form 17-Q</td></tr>
<tr><td>July 2, 2020</td><td>Statement on ABS-CBN TV Plus</td></tr>
<tr><td>July 8, 2020</td><td>ACJ O Shopping to Cease Operations</td></tr>
<tr><td>July 13, 2020</td><td>House Committee on Legislative Franchises and Ex-Officio Members vote to deny new franchise to ABS-CBN</td></tr>
<tr><td>July 16, 2020</td><td>ABS-CBN Statement on Layoff of Workers</td></tr>
<tr><td>July 22, 2020</td><td>Statement on KidZania Manila's Closure</td></tr>
<tr><td>July 23, 2020</td><td>Disclosure on the Resolution by the House Committee on Legislative Franchises denying the legislative franchise application of ABS-CBN</td></tr>
<tr><td>August 3, 2020</td><td>Press Release: ABS-CBN makes digital pivot, offers more online streaming</td></tr>
<tr><td>August 17, 2020</td><td>Request for extension to file SEC Form 17-Q</td></tr>
<tr><td>August 17, 2020</td><td>Disclosure on Inability to File 17-A, 1Q and 2Q Reports on August 14, 2020</td></tr>
<tr><td>August 17, 2020</td><td>Preliminary Information Statement</td></tr>
<tr><td>September 1, 2020</td><td>Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion) of the following officers:
<table>
<tr><th>NAME OF OFFICER</th><th>POSITION</th><th>EFFECTIVE DATE OF CESSATION OF TERM</th></tr>
<tr><td>Eloisa Balmoris</td><td>Head, Internal Audit</td><td>August 31, 2020</td></tr>
<tr><td>Higino T. Dungo, Jr.</td><td>Head, Integrated Public Service</td><td>August 31, 2020</td></tr>
<tr><td>Richmond Ezer O. Escolar</td><td>Head, Customer Relationship Management</td><td>August 31, 2020</td></tr>
<tr><td>Dino Jacinto M. Laurena</td><td>Head, Integrated Sports and ABS-CBN Sports Action</td><td>August 31, 2020</td></tr>
<tr><td>Vivian Y. Tin</td><td>Head, Customer Business Development Research & Analytics</td><td>August 31, 2020</td></tr>
<tr><td>Fernando V. Villar</td><td>Head, Integrated Marketing and OIC, Licensing, Retail and Storefonts</td><td>August 31, 2020</td></tr>
<tr><td>Jay C. Gomez</td><td>Data Privacy Officer</td><td>August 31, 2020</td></tr>
<tr><td>Charles A. Lim</td><td>Head, Access</td><td>August 31, 2020</td></tr>
</table></td></tr>
<tr><td>September 2, 2020</td><td>2020 Annual Stockholders' Meeting
The Board fixed September 24, 2020, 8 am, as the date of the Annual Stockholders' Meeting and August 14, 2020 as the record date for stockholders who will be entitled to notice of, and to vote at, the annual stockholders' meeting.</td></tr>
<tr><td>September 8, 2020</td><td>Change in Number of Issued and/or Outstanding Shares</td></tr>
</table>

September 14, 2020	NTC Decision on Recall of Frequencies for ABS-CBN Corporation and ABS-CBN Convergence Inc
September 24, 2020	Results of Annual Stockholders Meeting held on September 24, 2020
September 24, 2020	Results of Organizational Meeting held on September 24, 2020
September 24, 2020	Resignation of Eugenio Lopez III as Director and Election of Atty. Mario L. Bautista as Director of ABS-CBN Corporation
October 6, 2020	ABS-CBN SHOWS TO AIR ON ZOE'S NEW A2Z CHANNEL 11
October 16, 2020	Initial Statement of Beneficial Ownership of Securities for Atty. Mario L. Bautista, Director, Board of Directors of ABS-CBN Corporation.
October 19, 2020	Results of Organizational Meeting held on September 24, 2020
October 19, 2020	Initial Statement of Beneficial Ownership of Securities of the following officers appointed during the Organizational Meeting of the Board of Directors of ABS-CBN Corporation, held on September 24, 2020: 1. Roberto Barreiro - Head, Corporate Partnerships 2. Nilda Bayani - Head, Human Resources and Organizational Development 3. Carmela Grace Del Mundo - Head, Internal Audit 4. Eugenio Lopez IV- Head, Digital 5. Mara Lorraine Tejero - Data Privacy Officer
December 21, 2020	ABS-CBN Employee Stock Purchase and Stock Grant Plans
December 21, 2020	The Board fixed February 2, 2021, 9 am, as the date of the Special Stockholders' Meeting and January 11, 2021 as the record date for stockholders who will be entitled to notice of, and to vote at, the annual stockholders' meeting. The purpose of the Special Stockholders' Meeting is to obtain the approval of the stockholders on the Employee Stock Purchase and Stock Grant Plans.
December 22, 2020	Preliminary Information Statement

SIGNATURES

Pursuant to the requirement of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Quezon City on JUN 04 2021 2021.

Martin L. Lopez Chairman of the Board	**Carlo L. Katigbak** President and Chief Executive Officer
Ricardo B. Tan, Jr. Group Chief Financial Officer	**Enrique I. Quiason** Corporate Secretary

Signed this JUN 04 2021 2021

SUBSCRBED AND SWORN to me before this JUN 0 4 2021 day of ____________, 2021. Affiants exhibiting to me their Passports, as follows:

NAMES	PASSPORT NO.	DATE OF EXPIRY	PLACE OF ISSUE
~~Martin L. Lopez~~	~~P9450479A~~	~~06 Nov 2028~~	~~DFA, Manila~~
Carlo L. Katigbak	P5367822B	27 Jul 2030	DFA, Manila
Ricardo B. Tan, Jr.	P1587882A	11 Jan 2022	DFA, Manila
Enrique I. Quiason	P9908505A	11 Dec 2028	DFA, Manila

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Book No.: II
Series of: 2021

AURELIA BEATRICE M. SANTOS
Commission No. 149
Notary Public for Quezon City
Until December 31, 2021
4/F, ELJ.Communications Center
Eugenio Lopez Drive, Quezon City
Roll No. 62155
PTR No. 0730951/01.07.2021/Quezon City
IBP No. 143020/01.07.2021/Quezon City
MCLE Compliance No. VI-0002199/04.24.2017

SIGNATURES

Pursuant to the requirement of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Quezon City on June 3, 2021.

DocuSigned by:

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Martin L. Lopez
Chairman of the Board

Carlo L. Katigbak
President and Chief Executive Officer

Ricardo B. Tan, Jr.
Group Chief Financial Officer

Enrique I. Quiason
Corporate Secretary

Signed this June 3, 2021

ANNEX A

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of ABS-CBN Corporation and Subsidiaries' ("ABS-CBN" or the "Company") financial performance for the years ended December 31, 2020, 2019 and 2018.

All values are presented in Philippine Peso and are rounded to the nearest millions, except when otherwise indicated.

FOR THE YEAR ENDED DECEMBER 31, 2020

The table below summarizes the results of operations for the years 2020 and 2019.

	2020	2019	Variance	
			Amount	%
Consolidated Revenues	**₱21,420**	**₱42,835**	**(₱21,415)**	**(50.0)**
Advertising Revenues	7,061	22,942	(15,881)	(69.2)
Consumer Sales	14,359	19,893	(5,534)	(27.8)
Sale of Services	*13,953*	*17,201*	*(3,248)*	*(18.9)*
Sale of Goods	*406*	*2,692*	*(2,286)*	*(84.9)*
Costs and Expenses	**33,548**	**42,398**	**(8,849)**	**(20.9)**
Production Costs	10,311	13,136	(2,825)	(21.5)
Cost of Sales and Services	9,421	13,148	(3,726)	(28.3)
General and Administrative Expenses (GAEX)	13,816	16,114	(2,298)	(14.3)
Financial Costs – net	**1,396**	**1,299**	**96**	**7.4**
Equity in Net Loss of Associates and Joint Ventures	**48**	**19**	**29**	**154.4**
Other Income – net	**(93)**	**(530)**	**438**	**(82.5)**
Net Income (Loss)	**(₱13,531)**	**(₱2,645)**	**(₱10,886)**	**411.5**
EBITDA	**(₱6,234)**	**₱9,154**	**(₱15,388)**	**(168.1)**

Consolidated Revenues

For the year ended December 31, 2020, ABS-CBN generated consolidated revenues of ₱21.4 billion from advertising and consumer sales, ₱21.4 billion or 50.0% lower year-on-year.

Advertising revenues decreased by ₱15.9 billion or 69.2% lower, attributable to absence of the Company in the Free-to-Air advertising space following the cease-and-desist order issued by NTC on the Company's broadcast operations on May 5, 2020 and the eventual adoption of a Resolution denying the franchise application of the Company by the House Committee on Legislative Franchises on July 10, 2020. Consumer sales was similarly affected by the cease-and-desist order as this prohibited the Company in engaging in Sky Cable's DTH services and distribution of TV Plus Boxes. In addition, the impact of the COVID-19 outbreak resulted to the Company ceasing various ancillary operations such as Heroes Burger, Kidzania Manila and Studio XP. These unfortunate events resulted to a decrease in consumer revenues of ₱5.5 billion.

Comparative revenue mix is as follows:

	2020	2019
Advertising revenues	33%	54%
Consumer sales	67%	46%

Consolidated Costs and Expenses
Direct costs and expenses amounted to ₱33.5 billion, or an 20.9% decrease year-on-year.

In compliance by the Company on the directive by the Office of the President of the Philippines imposing stringent social distancing measures on March 15, 2020, the Company ceased production of content the same day. This cease on production was further extended after the cease-and-desist order issued by the NTC to the Company. The Company decided to align the number of programs based on the partnerships closed by the Company with various Free-to-Air operators. This alignment resulted to a reduction on production cost amounting to ₱2.8 billion or 21.5%.

Due to the cumulative impact of the COVID-19 outbreak and the cease-desist order issued by the NTC, the Company was forced to cease its Food & Beverage, Live Experiences, TV Plus and Direct-to-Home business operations. This in turn resulted to reduction on cost of sales and services of ₱3.7 billion or 28.3% decrease year-on-year.

Following the series of events mentioned above, the Company was forced to implement a retrenchment program covering the Group effective end of business day of August 31, 2020. In addition to the retirement costs, the Company also provided additional separation benefits amounting to ₱1.1 billion during the year. The Company recognized impairment losses on its assets and TV Plus Boxes amounting to ₱668.7 million and ₱605.6 million, respectively. The impact of COVID-19 also brought about challenges in collection efforts which was reflected in increased provisions for estimated credit losses from ₱600 million in 2019 to ₱1.1 billion in 2020. Having all these considered, the Company enforced stringent cost cutting measures to further manage the Company's financial performance. The Company's GAEX decreased by ₱2.3 billion or 14.3% compared to the previous year.

Net Loss and EBITDA
The Company incurred a ₱13.5 billion net loss for the year ended December 31, 2020.

EBITDA declined to (₱6.2 billion), a 168.1% decrease year-on-year.

Business Segments

For management purposes, the Company categorizes its operations into the following reportable businesses: (i) Content Production and Distribution and (ii) Sky Cable (iii). This segmentation is the basis upon which the Company measures its business operations.

	Content Production and Distribution - Entertainment - News - Global - Film & Music - Cable Networks - Digital - Live Events - Themeparks *(Ceased in 2020)* - Home Shopping *(Ceased in 2020)* - Licensing & merchandising *(Ceased in 2020)*
	Sky Cable - Cable TV - Broadband

The following analysis presents results of operations of the Company's business segments for the year ended December 31, 2020:

Segment	Operating Revenue		Net Income	
	2020	2019	2020	2019
Content Production and Distribution	₱11,816	₱33,173	(₱13,544)	(₱2,817)
Cable & Broadband	9,604	9,661	14	172

A. Content Production and Distribution

Despite the non-renewal of the Company's franchise, ABS-CBN remained committed in producing meaningful and quality content to continue to be of service to the Filipino worldwide. The Company continued to look for ways to reach as many Filipino families as it could. A light was shed in reaching this goal came when the Company launched its Kapamilya Channel on cable TV last June 13, 2020, and its digital streaming channel "Kapamilya Online Live" on August 1, 2020, showcasing entertainment and news programs of ABS-CBN. On October 6, 2020, a new milestone was again reached by ABS-CBN where it was able to secure a partnership with Zoe Broadcasting to blocktime ABS-CBN's programs under the Channel 11 "A2Z". These initiatives allowed ABS-CBN to be welcomed back to Filipino households worldwide. Launching these platforms allowed the Company to generate ₱1.01 billion in revenues mostly from the 4th quarter.

The challenges to Free-to-Air paved a way for various opportunities on the digital landscape. The Company reached incredible milestones such as reaching the 30 million and 10 million subscribers for its ABS-CBN Entertainment and ABS-CBN News channels, respectively.

The Company furthered its international reach by merging its proprietary digital application to "IwantTFC", and ungeoblocking of entertainment and news content in various regions across the world. The Company also distributed over 180 titles to various territories in Asia, Africa, Middle East and Europe as well as various Over-the-Top platforms generating over USD5.67 million.

B. Sky Cable

With Sky Cable being unable to provide direct-to-home (DTH) service following the lapse of its franchise, the Company continued to focus in growing its broadband subscriber base. Following this direction, Sky Cable's revenues amounted to ₱9.60 billion, despite the absence of DTH services.

Capital Expenditures

Cash capital expenditures and program rights acquisitions amounted to ₱4.4 billion as of December 31, 2020.

Statement of Financial Position Accounts

As at December 31, 2020, total consolidated assets stood at ₱58.9 billion, 25.6% lower than total assets of ₱79.2 billion as of December 31, 2019.

Shareholders' equity decreased to ₱17.2 billion or 44.7% in December 31, 2020 compared to the previous year.

The company's net debt-to-equity ratio was at 0.88x and 0.45x as of December 31, 2020 and 2019, respectively.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of ABS-CBN Corporation and Subsidiaries' ("ABS-CBN" or the "Company") financial performance for the years ended December 31, 2019, 2018 and 2017.

All values are presented in Philippine Peso and are rounded to the nearest millions, except when otherwise indicated.

FOR THE YEAR ENDED DECEMBER 31, 2019

The table below summarizes the results of operations for the years 2019 and 2018.

	2019	2018	Variance	
			Amount	%
Consolidated Revenues	**₱42,835**	**₱40,131**	**₱2,704**	**6.7**
Advertising Revenues	22,942	20,382	2,560	12.6
Consumer Sales	19,893	19,749	144	0.7
Sale of Services	17,201	16,567	*634*	*3.8*
Sale of Goods	2,692	3,182	*(490)*	*(15.4)*
Costs and Expenses	**42,398**	**37,934**	**4,464**	**11.8**
Production Costs	13,136	12,345	791	6.4
Cost of Sales and Services	13,148	13,279	(131)	(1.0)
General and Administrative Expenses (GAEX)	16,114	12,310	3,804	30.9
Financial Costs – net	**1,299**	**518**	**781**	**150.9**
Equity in Net Loss of Associates and Joint Ventures	**19**	**30**	**(11)**	**(37.0)**
Other Income – net	**(530)**	**(331)**	**(199)**	**60.1**
Net Income (Loss)	**(₱2,645)**	**₱1,908**	**(₱4,553)**	**(238.6)**
EBITDA	**₱9,154**	**₱8,053**	**₱1,101**	**13.7**

<u>Consolidated Revenues</u>
For the year ended December 31, 2019, ABS-CBN generated consolidated revenues of ₱42.8 billion from advertising and consumer sales, ₱2.7 billion or 6.7% higher year-on-year.

Advertising revenues increased by ₱2.6 billion or 12.6% higher, attributable to both political placements and growth in regular advertising. Excluding political placements, regular advertising increased by ₱1.2 billion or 5.7% higher year-on-year. Consumer sales increased by ₱144 million mainly resulting from a mix of higher subscription revenues from Sky Cable and lower TVPlus Boxes sold.

Comparative revenue mix is as follows:

	2019	2018
Advertising revenues	54%	51%
Consumer sales	46%	49%

Consolidated Costs and Expenses
Direct costs and expenses amounted to ₱42.4 billion, or an 11.8% increase year-on-year.

Production cost increased by ₱791 million or 6.4%. This was due to the costs related to original Iwant produced content and Halalan expenses amounting to ₱347 million and ₱68 million, respectively.

Cost of sales and services decreased by ₱131 million or 1.0% year-on-year. This is mainly attributable to the lower sales of ABS-CBN TVPlus Boxes by 6.9% year-on-year.

GAEX increased by ₱3.8 billion or 30.9% compared to the previous year. The Company recognized impairment losses on its telecommunication, theme park and attractions businesses during the period, amounting to ₱3.36 billion. This follows the consequences of the COVID-19 pandemic as well as the resolution passed by the House Committee on Legislative Franchises denying the franchise application of the Company.

Net Loss and EBITDA
The Company incurred a ₱2.64 billion net loss for the year ended December 31, 2019. Excluding the non-recurring items, the Company's net income was at a ₱2.95 billion.

EBITDA increased to ₱9.15 billion, a 13.7% increase year-on-year.

Business Segments

For management purposes, the Company categorizes its operations into the following reportable businesses: (i) Media Networks & Studio Entertainment, (ii) Cable, Satellite & Broadband, (iii) Digital & Interactive Media and (iv) Consumer Products & Experiences. This segmentation is the basis upon which the Company measures its business operations.

	Media Network & Studio Entertainment - Entertainment - News - Global - Film & Music - DTT - Sports - Cable Networks
	Cable, Satellite & Broadband - Pay TV (Cable & Satellite) - Broadband
	Digital & Interactive Media - Online - Over-the-top
	Consumer Products & Experiences - Live events - Themeparks - Home shopping - Licensing & merchandising

The following analysis presents results of operations of the Company's business segments for the year ended December 31, 2019:

Segment	Operating Revenue		Net Income	
	2019	2018	2019	2018
Media & Studio Entertainment	₱30,922	₱28,828	₱1,424	₱2,531
Cable, Satellite & Broadband	9,792	8,923	203	(340)
Digital & Interactive Media	1,194	1,327	(2,964)	(181)
Consumer Product & Experiences	927	1,053	(1,308)	(102)

C. Media Networks & Studio Entertainment

ABS-CBN channels (Channel 2, Sports & Action, Cinemo, Yey, Knowledge Channel, Teleradyo, MYX, Jeepney TV, O Shopping Channel, Asianovela Channel, and Movie Central) led in national audience share and ratings. Overall audience share was at 54.40% for the fourth quarter of 2019. ABS-CBN programs continuously filled out the Top 10 highest rating programs in 2019, which was led by the top rating program and long running telenovela "Ang Probinsyano", with an average national TV rating of 36.9%. "The Voice Kids", "World of Dance Philippines", "The General's Daughter", "Search for the Idol Philippines", and "Ngayon at Kailanman" were also included in the Top 10 programs.

Aside from the top programs mentioned above, ABS-CBN's TV Patrol and Bandila were among the most watched news and current affairs programs with average national ratings of 26.4 and 2.8, respectively.

Revenue from international business decreased by ₱38 million or 0.6% year-on-year. The decrease in international business were attributable to Global's cessation of its money remittance and cargo business which reduced its revenues by ₱46 million.

Film & Music's revenues decreased by ₱47 million or 3.8% lower year-on-year. In 2019, 14 locally produced quality movies added up to Star Cinema's movie library build-up namely: Sakaling Maging Tayo, Alone Together, Eerie, Last Fool Show, Between Maybes, Quezon's Game, Clarita, Hello, Love, Goodbye, Panti Sisters, Open, Isa Pa With Feelings, Hellcome Home, Unbreakable and The Mall, the Merrier. Total gross receipts generated from these movies, including receipts from Fantastika reached ₱2.27 billion. "Hello, Love, Goodbye" became the most successful Philippine produced film, generating worldwide gross receipts of ₱868 million, a feat which was previously held by 2018's blockbuster movie, "The Hows of Us".

ABS-CBN TVPlus showed lower revenues in 2019 with a total of 2.36 million boxes sold, or a 7% decrease in comparison to 2018 year.

As a result of the resolution passed by the House Committee on Legislative Franchises denying the franchise application of the Company, the latter recognized losses amounting to ₱2.1 billion, substantially relating to the Company's deferred tax assets.

D. Cable, Satellite & Broadband

Sky's revenue increased by ₱869 million or 9.7% year-on-year. The increase in Sky's performance was triggered by the increase in broadband and DTH subscribers by 55 and 417 thousand, respectively.

E. Digital & Interactive Media

Since the Company's direction is to go digital, various platforms are continuously developed and enhanced to address the rapid digital preference of its audiences. This thrust in digital content production in various platforms such as, ABS-CBN One Domain and Iwant, further drove consumer engagement reflected through increasing monthly active subscribers throughout the year. In 2018, the Company also released its newest digital platform, "Iwant", wherein content from entertainment, music, films, publishing, as well as originals are made available to subscribers. "Iwant" has been able to attract 1.6 million average active monthly users on its platform in 2019.

Total revenues generated from digital platforms amounted to ₱1.2 billion, higher by 27.6% compared to the 2018 revenues of ₱936 million.

The Company however, recognized impairment losses amounting to ₱2.38 billion from its telecommunications business following the resolution of the House Committee on Legislative Franchises denying the franchise application of the Company.

F. Consumer Products & Experiences

Kidzania generated ₱486 million in revenues with a total of 317 thousand visitors, while ABS-CBN Studio Experiences generated ₱30 million in revenues with a total of 73 thousand visitors for the year ended December 31, 2019.

The Company also recognized impairment losses amounting to ₱1.16 billion following the impact of the COVID-19 pandemic on the experiences segment of the Company.

Capital Expenditures

Cash capital expenditures and program rights acquisitions amounted to ₱5.6 billion as of December 31, 2019.

Statement of Financial Position Accounts

As at December 31, 2019, total consolidated assets stood at ₱79.2 billion, 6.3% lower than total assets of ₱84.6 billion as of December 31, 2018.

Shareholders' equity decreased to ₱31.1 billion or 13.0% in December 31, 2019 compared to the previous year.

The company's net debt-to-equity ratio was at 0.45x and 0.28x as of December 31, 2019 and 2018, respectively.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of ABS-CBN Corporation and Subsidiaries' ("ABS-CBN" or the "Company") financial performance for the years ended December 31, 2018, 2017 and 2016.

All values are presented in Philippine Peso and are rounded to the nearest millions, except when otherwise indicated.

FOR THE YEAR ENDED DECEMBER 31, 2018

The table below summarizes the results of operations for the years 2018 and 2017.

	2018	2017	Variance	
			Amount	%
Consolidated Revenues	**₱40,131**	**₱40,698**	**(₱567)**	**(1.4)**
Advertising Revenues	20,382	21,098	(716)	(3.4)
Consumer Sales	19,749	19,600	149	0.8
Sale of Services	16,567	16,976	*(409)*	*2.4*
Sale of Goods	3,182	2,624	*558*	*21.3*
Costs and Expenses	**37,934**	**36,573**	**1,361**	**3.7**
Production Costs	12,345	11,834	511	4.3
Cost of Sales and Services	13,279	12,822	457	3.6
General and Administrative Expenses (GAEX)	12,310	11,917	393	3.3
Financial Costs – net	**518**	**800**	**(281)**	**(3.5)**
Equity in Net Loss of Associates and Joint Ventures	**30**	**5**	**25**	**500**
Other Income – net	**(331)**	**(615)**	**(284)**	**(46.2)**
Net Income	**₱1,908**	**₱3,163**	**(₱1,255)**	**(39.7)**
EBITDA	**₱8,053**	**₱9,626**	**(₱1,573)**	**(16.3)**

<u>Consolidated Revenues</u>

For the year ended December 31, 2018, ABS-CBN generated consolidated revenues of ₱40.1 billion from advertising and consumer sales, ₱567.0 million or 1.4% lower year-on-year.

Advertising revenues decreased by ₱716 million or 3.4% lower, attributable to fewer advertising placements from the year. Consumer sales increased by ₱149 million, mainly resulting from a 26% increase in ABS-CBN TVPlus boxes sold year-on-year.

Comparative revenue mix is as follows:

	2018	2017
Advertising revenues	51%	52%
Consumer sales	49%	48%

Consolidated Costs and Expenses
Direct costs and expenses amounted to ₽37.94 billion in 2018, higher by ₽1.41 billion compared 2017.

Production cost increased by ₽511 million or 4.3%. The movement was attributable to separation costs of closing down certain regional stations of the Company. Other additional costs were licenses fees for sports programs which increased by ₽206 million and film rights amortization which increased by ₽140 million as a result of program rights acquisitions.

Cost of sales and services increased by ₽457 million or 3.6% in 2018. The increase is significantly attributable to the sale of ABS-CBN TVPlus. Boxes sold in 2018 reached 2.5 million, which was 26.3% higher or 529 thousand more boxes compared to 2017. As of December 31, 2018, total boxes sold have reached 6.8 million.

GAEX increased by ₽393 million or 3.3% compared to the previous year. The increase is attributable mainly to the Company's investments on various initiatives such as content building, information security measures, and digital initiatives.

Net Income and EBITDA
The Company generated ₽1.9 billion net income, with EBITDA of ₽8.0 billion for the year ended December 31, 2018.

Business Segments

For management purposes, the Company categorizes its operations into the following reportable businesses: (i) Media Networks & Studio Entertainment, (ii) Cable, Satellite & Broadband, (iii) Digital & Interactive Media and (iv) Consumer Products & Experiences. This segmentation is the basis upon which the Company measures its business operations.

	Media Networks & Studio Entertainment - Entertainment - News - Global - Film & Music - Radio - DTT - Sports - Cable Networks
	Cable, Satellite & Broadband - Pay TV (Cable & Satellite) - Broadband

	<u>Digital & Interactive Media</u> - Online - Mobile
	<u>Consumer Products & Experiences</u> - Live events - Themepark - Home shopping - ABS-CBN store - Licensing & merchandising

The following analysis presents results of operations of the Company's business segments for the year ended December 31, 2018:

Segment	Operating Revenue		Net Income	
	2018	2017	2018	2017
Media Networks & Studio Entertainment	₽28,828	₽29,471	₽2,531	₽3,564
Cable, Satellite & Broadband	8,923	9,118	(340)	123
Digital & Interactive Media	1,327	1,220	(181)	(441)
Consumer Products & Experiences	1,053	889	(102)	(82)

G. Media Networks & Studio Entertainment

ABS-CBN channels (Channel 2, Sports & Action, Cinemo, Yey, Knowledge Channel, Teleradyo, MYX, Jeepney TV, O Shopping Channel, Asianovela Channel and Movie Central) led in national audience share and ratings. Overall audience share was at 54.25% for the year 2018. ABS-CBN programs continuously filled out the Top 10 highest rating programs in 2018, which was led by the top rating program and long running telenovela "Ang Probinsyano" with an average national TV rating of 41.2%. "Pilipinas Got Talent", "Your Face Sounds Familiar Kids", "Bagani", "La Luna Sangre", "Ngayon at Kailanman" and "Maalaala Mo Kaya" were also included in the Top 10 programs.

Aside from the top programs mentioned above, ABS-CBN's TV Patrol and Bandila were among the most watched news and current affairs programs with average national ratings of 29.8 and 3.2, respectively.

Revenue from international business decreased by ₽283 million or 4.6% year-on-year. The decrease in international business was attributable to Global's cessation of its money remittance and cargo business which reduced its revenues by ₽159 million. Global's cable subscription revenues decreased by ₽88 million or 7% year-on-year.

Film & Music's revenues declined by ₽4 million or 0.3% year-on-year. Despite having weaker movie results in the first half of 2018, the Company was able to release the Philippine's highest grossing locally produced box office movie, "The Hows of Us" generating ₽788 million in domestic and international gross receipts.

ABS-CBN TVPlus contributed significant increase in revenues for the entire year with 2.5 million boxes sold, a 26.3% increase or 529 thousand additional boxes sold in comparison to 2017.

H. Cable, Satellite & Broadband

Sky Cable's revenue decreased by ₱195 million or 2.1% year-on-year. The decline in Sky Cable's performance was triggered by the decrease in cable subscriber count by 69 thousand. In total, subscriber count of Sky increased by 489 thousand, significantly attributable to direct-to-home subscribers.

I. Digital & Interactive Media

Since the Company's direction is to go digital, various platforms are continuously developed and enhanced to address the rapid digital preference move of the "millennials". This thrust in digital content production in various platforms such as, Push, ABS-CBN Lifestyle, Choose Philippines, Iwant TV, ABS-CBN Exclusives and Entertainment, further drove consumer engagement reflected through increasing monthly active subscribers throughout the year. In 2018, the Company also released its newest digital platform, "Iwant", wherein content from entertainment, music, films, publishing, as well as originals are made available to subscribers.

Total revenues generated from digital platforms amounted to ₱1,327 million in 2018, higher by 8.8% compared to the same period last year.

J. Consumer Products & Experience

Kidzania generated ₱504 million in revenues with a total of 355 thousand visitors in 2018.

ABS-CBN's live events, which brings the ABS-CBN experience closer to its audiences, generated ₱889 million in revenues in 2018.

<u>Capital Expenditures</u>

Cash capital expenditures and program rights acquisitions amounted to ₱4.9 billion as of December 31, 2018.

<u>Statement of Financial Position Accounts</u>

As at December 31, 2018, total consolidated assets stood at ₱84.6 billion, 12.6% higher than total assets of ₱75.1 billion as of December 31, 2017.

Shareholders' equity increased to ₱35.7 billion or 5.9% in December 31, 2018 compared to the previous year.

The company's net debt-to-equity ratio was at 0.24x and 0.28x as of December 31, 2018 and December 31, 2017, respectively.

ABS-CBN CORPORATION

ABS-CBN

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **ABS-CBN Corporation and Subsidiaries** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Martin L. Lopez
Chairman of the Board

Carlo L. Katigbak
President and Chief Executive Officer

Ricardo B. Tan, Jr.
Group Chief Financial Officer

Signed this ___ day of _______, 2021 JUN 04 2021

ABS-CBN BROADCAST CENTER, SGT. E.A. ESGUERRA AVENUE COR. MOTHER IGNACIA ST., QUEZON CITY PHILIPPINES
TEL. NOS.: (632) 924-4101 | (632) 415-2272

SUBSCRBED AND SWORN to me before this ___ day of JUN 04 2021 ______, 2021. Affiants exhibiting to me their Passports, as follows:

NAMES	PASSPORT NO.	DATE OF EXPIRY	PLACE OF ISSUE
~~Martin L. Lopez~~	~~P9450479~~A	~~06 Nov 2028~~	~~DFA, Manila~~
Carlo L. Katigbak	P5367822B	27 Jul 2030	DFA, Manila
Ricardo B. Tan, Jr.	P1587882A	11 Jan 2022	DFA, Manila

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Book No.: II
Series of: 2021

AURELIA BEATRICE M. SANTOS
Commission No. 149
Notary Public for Quezon City
Until December 31, 2021
4/F, ELJ.Communications Center
Eugenio Lopez Drive, Quezon City
Roll No. 62155
PTR No. 0730951/01.07.2021/Quezon City
IBP No. 143020/01.07.2021/Quezon City
MCLE Compliance No. VI-0002199/04.24.2017

ABS-CBN CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **ABS-CBN Corporation and Subsidiaries** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

DocuSigned by:
85F6EC4EB1DB4EE...

Martin L. Lopez
Chairman of the Board

Carlo L. Katigbak
President and Chief Executive Officer

Ricardo B. Tan, Jr.
Group Chief Financial Officer

Signed this 3rd day of June, 2021

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

							1	8	0	3

C O M P A N Y   N A M E

ABS-CBN CORPORATION AND
SUBSIDIARIES

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

ABS-CBN Broadcast Center, Sgt.
Esguerra Avenue corner Mother
Ignacia St., Quezon City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
IR@abs-cbn.com	(632) 3415 - 2272	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
6,542	June 25	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ricardo B. Tan	Rick_Tan@abs-cbn.com	(632) 3415-2272	–

CONTACT PERSON's ADDRESS

ABS-CBN Broadcast Center, Sgt. Esguerra Avenue corner Mother Ignacia St. Quezon City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
ABS-CBN Corporation
ABS-CBN Broadcast Center
Sgt. Esguerra Ave. corner Mother Ignacia Street
Quezon City

Opinion

We have audited the consolidated financial statements of ABS-CBN Corporation (the "Parent Company") and Subsidiaries (collectively referred to as "the Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Parent Company was a holder of a legislative franchise to construct, install, operate and maintain, for commercial purposes and in the public interest, radio and television broadcasting stations in the Philippines. The legislative franchise lapsed on May 4, 2020. The House of Representatives through the House Committee on Legislative Franchises denied the franchise application on July 10, 2020. The core operation of the Company depended on the legislative franchise and therefore is a key determinant of the Company's ability to continue as a going concern. The denial of the franchise application significantly affected the Company's free-to-air business resulting in net loss of ₱13.5 billion and net operating cash outflows of ₱2.4 billion for the year ended December 31, 2020, and current assets and current liabilities as of December 31, 2020 amounting to ₱18.7 billion and ₱28.4 billion, respectively. As stated in Note 1, these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter in the following section, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue Recognition

The Company derives a significant portion of its revenue from advertising services, which amounted to ₱6.0 billion and comprised 28% of the consolidated revenue for the year ended December 31, 2020. This matter is significant to our audit because of the magnitude of the amount involved, the airtime revenue process is highly automated, and the amounts recognized depend on the calculated rates using a pricing scheme where billings are based on the actual ratings when the advertisements were aired, hence, results in variations in airtime billings.

The Company's policy on airtime revenue recognition is disclosed in Note 2 to the consolidated financial statements.

Audit response

We updated our understanding of the airtime revenue process and tested the relevant controls. We involved our specialist in our evaluation and testing of the information technology general controls of the relevant systems. We tested the airtime rates for selected sample billings by comparing the television ratings used against third-party television ratings reports and recomputed the billed amounts.

Recoverability of Goodwill and Other Intangible Assets with Indefinite Useful Lives

Under PFRSs, the Company is required to annually test the amount of goodwill and other intangible assets with indefinite useful lives for impairment. As at December 31, 2020, the Company's goodwill and other intangible assets with indefinite useful lives amounted to ₱5.9 billion, which are considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically revenue growth and gross margins in its cable subscription, international broadcasting and broadband businesses, and discount rates, which were applied to the cash flow forecasts.

The Company's disclosures about goodwill and other intangible assets with indefinite useful lives are included in Notes 3 and 12 to the consolidated financial statements.

Audit response

We involved our internal specialist in evaluating the methodologies and the assumptions used. These assumptions include revenue growth and gross margins in its cable subscription, International broadcasting and broadband businesses and discount rates. We compared the key assumptions used, such as the revenue growth rate and gross margins against the historical performance of the cash generating unit (CGU), industry and market outlook, and other relevant external data, taking into consideration the impact associated with the coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Company's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect in the determination of the recoverable amount of goodwill and other intangible assets with indefinite useful lives.

<u>Impairment Testing of Property and Equipment and Program Rights</u>

As discussed in Note 1, the Parent Company's application for franchise was denied by the House Committee on Legislative Franchises on July 10, 2020. This is considered as an impairment indicator that requires an assessment of the recoverability of the Parent Company's nonfinancial assets, particularly its towers, transmission, and other broadcasting equipment, and program rights with carrying amounts of ₱974 million and ₱3.2 billion, respectively, as of December 31, 2020. The determination of recoverable amounts of these assets using discounted cash flows technique requires the use of significant judgment, estimates, and assumptions, which are subject to higher level of estimation uncertainty due to the current economic conditions as impacted by the coronavirus pandemic, such as gross revenue, gross margin, operating expenses, growth rate and, discount rate that were then applied to the cash flows forecast.

The disclosures in relation to the above matters are included in Notes 3, 10 and 12 to the consolidated financial statements.

Audit response

We involved our internal specialist in evaluating the methodologies and assumptions used in determining the recoverable amounts of the towers, transmission, and other broadcasting equipment, and program rights. We evaluated the key assumptions used to estimate the discounted cash flows of the CGU, which include the gross revenue, gross margin, operating expenses, growth rate and discount rate, based on our understanding of the Parent Company's business plan and by reference to historical performance of the CGU and relevant market data, as applicable, taking into consideration the impact associated with the coronavirus pandemic.

<u>Recoverability of Deferred Tax Assets</u>

The analysis of the recoverability of deferred tax assets of significant entities within the Company was significant to our audit because the assessment process is complex and judgmental, and is based on assumptions that are affected by expected future market or economic conditions, including the impact of the coronavirus pandemic, and the expected performance of these entities.

The disclosures in relation to deferred taxes are included in Note 29 to the consolidated financial statements.

Audit response

We obtained management's assessments of the availability of future taxable income from significant entities within the Company that were operating at net losses. We obtained management's five-year forecasts of taxable income of these entities with reference to the entities' historical performance, future plans, taking into consideration the impact associated with the coronavirus pandemic. In addition, we evaluated the assumptions used in the financial forecasts as part of the impairment testing for goodwill and other intangible assets with indefinite useful lives. We checked the reconciling items considered in computing the forecasted taxable income with reference to prior years' reconciling items and their expected timing of reversal.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2020 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) for the year ended December 31, 2020, which is expected to be made available to us after that date.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Djole S. Garcia.

SYCIP GORRES VELAYO & CO.

Djole S. Garcia

Djole S. Garcia
Partner
CPA Certificate No. 0097907
SEC Accreditation No. 1768-A (Group A),
September 3, 2019, valid until September 2, 2022
Tax Identification No. 201-960-347
BIR Accreditation No. 08-001998-102-2018,
October 18, 2018, valid until October 17, 2021
PTR No. 8534301, January 4, 2021, Makati City

June 3, 2021

ABS-CBN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱6,429,726**	₱12,169,917
Short-term investments (Note 6)	**11,680**	6,998,695
Trade and other receivables (Notes 7 and 23)	**5,563,130**	10,605,433
Inventories (Note 8)	**524,905**	675,607
Program rights and other intangible assets (Note 12)	**1,011,070**	1,286,661
Other current assets (Notes 9, 15 and 23)	**5,142,376**	5,411,370
Total Current Assets	**18,682,887**	37,147,683
Noncurrent Assets		
Property and equipment (Notes 10, 18 and 31)	**26,758,264**	27,473,741
Goodwill, program rights and other intangible assets - net of current portion (Note 12)	**10,421,284**	11,384,697
Financial assets at fair value through other comprehensive income (FVOCI) (Note 13)	**61,846**	263,126
Investment properties (Notes 11 and 18)	**141,112**	198,692
Investments in associates and joint ventures (Note 14)	**161,382**	425,864
Deferred tax assets (Note 29)	**1,715,052**	1,147,107
Other noncurrent assets (Notes 7, 16 and 23)	**984,350**	1,203,626
Total Noncurrent Assets	**40,243,290**	42,096,853
TOTAL ASSETS	**₱ 58,926,177**	₱79,244,536
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 4, 17, 23 and 30)	**₱9,826,832**	₱11,772,924
Contract liabilities (Note 9)	**756,876**	1,064,650
Income tax payable	**218,521**	302,649
Obligations for program rights (Note 19)	**233,560**	303,440
Current lease liabilities (Note 31)	**310,088**	302,647
Interest-bearing loans and borrowings (Notes 10, 11 and 18)	**17,053,458**	513,755
Total Current Liabilities	**28,399,335**	14,260,065
Noncurrent Liabilities		
Interest-bearing loans and borrowings - net of current portion (Notes 10, 11 and 18)	**4,433,796**	25,512,844
Obligations for program rights - net of current portion (Note 19)	**360,996**	441,466
Accrued pension obligation and other employee benefits (Note 30)	**6,958,955**	6,004,432
Deferred tax liabilities (Note 29)	**353,639**	458,355
Noncurrent lease liabilities (Note 31)	**636,234**	780,719
Convertible note (Note 20)	**243,477**	238,305
Other noncurrent liabilities (Note 21)	**340,894**	457,145
Total Noncurrent Liabilities	**13,327,991**	33,893,266
Total Liabilities	**41,727,326**	48,153,331

(Forward)

	December 31	
	2020	2019
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 22):		
Common	**₱872,124**	₱872,124
Preferred	**200,000**	200,000
Additional paid-in capital	**4,745,399**	4,745,399
Treasury shares and Philippine depository receipts convertible to common shares (Note 22)	**(1,638,719)**	(1,638,719)
Exchange differences on translation of foreign operations	**244,980**	550,689
Fair value reserves on financial assets at FVOCI (Note 13)	**71,712**	172,920
Retained earnings (Note 22)	**13,794,643**	27,114,963
Equity attributable to equity holders of the Parent Company	**18,290,139**	32,017,376
Noncontrolling Interests (Note 4)	**(1,091,288)**	(926,171)
Total Equity	**17,198,851**	31,091,205
TOTAL LIABILITIES AND EQUITY	**₱58,926,177**	₱79,244,536

See accompanying Notes to Consolidated Financial Statements.

ABS-CBN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Amounts)

	Years Ended December 31		
	2020	2019	2018
REVENUES (Notes 5, 23, 24 and 31)	**₱21,419,757**	₱42,834,842	₱40,130,592
PRODUCTION COSTS (Notes 10, 12, 23, 25, 30 and 31)	**(10,310,826)**	(13,135,798)	(12,345,277)
COST OF SERVICES (Notes 8, 10, 12, 15, 23, 26, 30 and 31)	**(9,136,575)**	(11,010,926)	(10,785,230)
COST OF SALES (Notes 8, 10, 23, 26, 30 and 31)	**(284,707)**	(2,136,680)	(2,493,359)
GROSS PROFIT	**1,687,649**	16,551,438	14,506,726
GENERAL AND ADMINISTRATIVE EXPENSES (Notes 7, 8, 10, 11, 12, 22, 23, 27, 30 and 31)	**(13,815,768)**	(16,113,809)	(12,310,128)
FINANCE COSTS (Notes 18, 20 and 28)	**(1,213,934)**	(1,547,422)	(1,124,677)
INTEREST INCOME (Note 6)	**201,101**	560,421	202,801
FOREIGN EXCHANGE GAINS (LOSSES) – Net	**(382,796)**	(312,254)	404,031
EQUITY IN NET LOSSES OF ASSOCIATES AND JOINT VENTURES (Note 14)	**(47,634)**	(18,721)	(29,706)
OTHER INCOME - Net (Notes 15, 21, 28 and 31)	**92,837**	530,469	331,253
INCOME (LOSS) BEFORE INCOME TAX	**(13,478,545)**	(349,878)	1,980,300
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 29)			
Current	**538,985**	676,294	600,791
Deferred	**(486,714)**	1,618,975	(528,732)
	52,271	2,295,269	72,059
NET INCOME (LOSS)	**(₱13,530,816)**	(₱2,645,147)	₱1,908,241
Net Income Attributable to:			
Equity holders of the Parent Company (Note 34)	**(₱13,456,161)**	(₱1,624,858)	₱2,110,251
Noncontrolling interests	**(74,655)**	(1,020,289)	(202,010)
	(₱13,530,816)	(₱2,645,147)	₱1,908,241
Basic/Diluted Earnings (Loss) Per Share Attributable to Equity Holders of the Parent Company (Note 34)	**(₱16.356)**	(₱1.979)	₱2.560

See accompanying Notes to Consolidated Financial Statements.

ABS-CBN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2020	2019	2018
NET INCOME (LOSS)	**(₱13,530,816)**	(₱2,645,147)	₱1,908,241
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on defined benefit plan - net of tax (Note 30)	**(350,002)**	(1,103,052)	331,772
Fair value adjustments on financial assets at FVOCI - net of tax (Note 13)	**34,462**	(33,049)	25,561
	(315,540)	(1,136,101)	357,333
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	**(305,709)**	(370,935)	561,808
OTHER COMPREHENSIVE INCOME (LOSS)	**(621,249)**	(1,507,036)	919,141
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱ 14,152,065)**	(₱4,152,183)	₱2,827,382
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	**(₱13,986,948)**	(₱3,099,664)	₱3,124,981
Noncontrolling interests	**(165,117)**	(1,052,519)	(297,599)
	(₱ 14,152,065)	(₱4,152,183)	₱2,827,382

See accompanying Notes to Consolidated Financial Statements.

ABS-CBN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 22)							**Retained Earnings** (Note 22)				
	Common	**Preferred**	**Additional Paid-in Capital**	**Treasury Shares and Philippine Depository Receipts Convertible to Common Shares** (Note 22)	**Exchange Differences in Translation of Foreign Operations**	**Fair Value Reserves on Financial Assets At FVOCI** (Note 13)	**Remeasure-ment Gain (Loss) on Defined Benefit Plan - Net** (Note 30)	**Appropriated**	**Unappropriated**	**Total**	**Noncontrolling Interests** (Notes 17 and 20)	**Total Equity**
At December 31, 2019	**₱872,124**	**₱200,000**	**₱4,745,399**	**(₱1,638,719)**	**₱550,689**	**₱172,920**	**₱–**	**₱16,200,000**	**₱10,914,963**	**₱32,017,376**	**(₱926,171)**	**₱31,091,205**
Net loss	–	–	–	–	–	–	–	–	**(13,456,161)**	**(13,456,161)**	**(74,655)**	**(13,530,816)**
Other comprehensive income (loss)	–	–	–	–	**(305,709)**	**34,462**	**(259,540)**	–	–	**(530,787)**	**(90,462)**	**(621,249)**
Total comprehensive income (loss)	–	–	–	–	**(305,709)**	**34,462)**	**(259,540)**	–	**(13,456,161)**	**(13,986,948)**	**(165,117)**	**(14,152,065)**
Remeasurement loss on defined benefit plan transferred to retained earnings	–	–	–	–	–	–	**259,540**	–	**(259,540)**	–	–	–
Transfer of fair value reserves on financial assets at FVOCI	–	–	–	–	–	**(135,670)**	–	–	**135,670**	–	–	–
Others	–	–	–	–	–	–	–	–	**259,711**	**259,711**	–	**259,711**
At December 31, 2020	**₱872,124**	**₱200,000**	**₱4,745,399**	**(₱1,638,719)**	**₱244,980**	**₱71,712**	**₱–**	**₱16,200,000**	**(₱2,405,357)**	**₱18,290,139**	**(₱1,091,288)**	**₱17,198,851**

	Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 22)							Retained Earnings (Note 22)				
	Common	Preferred	Additional Paid-in Capital	Treasury Shares and Philippine Depository Receipts Convertible to Common Shares (Note 22)	Exchange Differences in Translation of Foreign Operations	Fair Value Reserves on Financial Assets At FVOCI (Note 13)	Remeasure-ment Gain (Loss) on Defined Benefit Plan - Net (Note 30)	Appropriated	Unappropriated	Total	Noncontrolling Interests (Notes 17 and 20)	Total Equity
At December 31, 2018	₱872,124	₱200,000	₱4,745,399	(₱1,638,719)	₱921,624	₱205,969	₱–	₱16,200,000	₱14,091,703	₱35,598,100	₱126,348	₱35,724,448
Net loss	–	–	–	–	–	–	–	–	(1,624,858)	(1,624,858)	(1,020,289)	(2,645,147)
Other comprehensive loss	–	–	–	–	(370,935)	(33,049)	(1,070,822)	–	–	(1,474,806)	(32,230)	(1,507,036)
Total comprehensive loss	–	–	–	–	(370,935)	(33,049)	(1,070,822)	–	(1,624,858)	(3,099,664)	(1,052,519)	(4,152,183)
Remeasurement loss on defined benefit plan transferred to retained earnings	–	–	–	–	–	–	1,070,822	–	(1,070,822)	–	–	–
Cash dividends declared	–	–	–	–	–	–	–	–	(481,060)	(481,060)	–	(481,060)
At December 31, 2019	₱872,124	₱200,000	₱4,745,399	(₱1,638,719)	₱550,689	₱172,920	₱–	₱16,200,000	₱10,914,963	₱32,017,376	(₱926,171)	₱31,091,205

	Attributable to the Equity Holders of the Parent Company													
	Capital Stock (Note 22)		Additional Paid-in Capital	Treasury Shares and Philippine Depository Receipts Convertible to Common Shares (Note 22)	Exchange Differences in Translation of Foreign Operations	Unrealized Gain on Available-for-Sale Investments (Note 13)	Fair Value Reserves on Financial Assets At FVOCI (Note 13)	Remeasurement Gain (Loss) on Defined Benefit Plan - Net (Note 30)	Share-based Payment Plan - Net (Note 22)	Retained Earnings (Note 22)			**Noncontrolling Interests (Notes 17 and 20)**	**Total Equity**
	Common	Preferred								Appropriated	Unappropriated	Total		
At January 1, 2018	₱872,124	₱200,000	₱4,745,399	(₱1,638,719)	₱359,816	₱180,408	₱–	₱–	₱–	₱16,200,000	₱12,360,106	₱33,279,134	₱431,810	₱33,710,944
Effect of adoption of PFRS 15, *Revenue from Contracts with Customers* and PFRS 9, *Financial Instruments*	–	–	–	–	–	(180,408)	180,408	–	–	–	(11,124)	(11,124)	(7,863)	(18,987)
At January 1, 2018, as restated	872,124	200,000	4,745,399	(1,638,719)	359,816	–	180,408	–	–	16,200,000	12,348,982	33,268,010	423,947	33,691,957
Net income (loss)	–	–	–	–	–	–	–	–	–	–	2,110,251	2,110,251	(202,010)	1,908,241
Other comprehensive income	–	–	–	–	561,808	–	25,561	427,361	–	–	–	1,014,730	(95,589)	919,141
Total comprehensive income (loss)	–	–	–	–	561,808	–	25,561	427,361	–	–	2,110,251	3,124,981	(297,599)	2,827,382
Remeasurement gain on defined benefit plan transferred to retained earnings	–	–	–	–	–	–	–	(427,361)	–	–	427,361	–	–	–
Cash dividends declared	–	–	–	–	–	–	–	–	–	–	(794,891)	(794,891)	–	(794,891)
At December 31, 2018	₱872,124	₱200,000	₱4,745,399	(₱1,638,719)	₱921,624	₱–	₱205,969	₱–	₱–	₱16,200,000	₱14,091,703	₱35,598,100	₱126,348	₱35,724,448

See accompanying Notes to Consolidated Financial Statements.

ABS-CBN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**(₱13,478,545)**	(₱349,878)	₱1,980,300
Adjustments to reconcile income (loss) before income tax to net cash flows:			
Depreciation and amortization (Notes 10, 11, 25, 26 and 27)	**3,591,768**	3,717,944	3,819,919
Impairment loss (Notes 12, 14, 25, 26 and 27)	**175,191**	1,960,590	–
Amortization of:			
Program rights and other intangibles (Note 12)	**2,130,841**	1,644,956	1,721,520
Debt issue costs (Note 28)	**20,831**	25,740	32,927
Deferred charges (Note 26)	**19**	1,383	292
Interest expense (Note 28)	**1,180,429**	1,423,504	1,061,666
Movements in accrued pension obligation and other employee benefits (Note 30)	**572,316**	1,594,073	(73,913)
Impairment of property and equipment (Note 10)	**524,501**	1,404,318	9,438
Loss (gain) on sale of property and equipment (Notes 10 and 28)	**279,519**	(27,870)	(849)
Interest income (Notes 6 and 23)	**(201,101)**	(560,421)	(202,801)
Net unrealized foreign exchange gain	**(99,092)**	(182,105)	(179,111)
Equity in net losses of associates and joint ventures (Note 14)	**47,634**	18,721	29,706
Dividend income	**(7,862)**	(9,183)	(7,651)
Working capital changes:			
Decrease (increase) in:			
Trade and other receivables	**4,873,586**	(71,019)	398,356
Other current assets	**959,204**	(124,105)	(208,986)
Inventories	**150,545**	(28,723)	(169,576)
Increase (decrease) in:			
Trade and other payables	**(1,861,940)**	(2,518,924)	(956,435)
Contract liabilities	**(270,714)**	82,906	790,567
Other noncurrent liabilities	**(220,967)**	(44,065)	(11,573)
Obligations for program rights	**(147,760)**	(234,552)	(651,615)
Cash generated from (used in) operations	**(1,781,597)**	7,723,290	7,382,181
Income taxes paid	**(623,113)**	(651,900)	(656,064)
Net cash provided by (used in) operating activities	**(2,404,710)**	7,071,390	6,726,117
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment (Notes 5 and 10)	**(4,335,738)**	(3,725,696)	(5,970,703)
Goodwill, program rights and other intangible assets (Notes 12 and 35)	**(857,983)**	(883,342)	(1,319,100)
Decrease (increase) in short-term investments	**6,987,015**	(5,194,654)	(445,612)
Proceeds from sale of:			
Property and equipment and investment properties	**645,198**	316,968	18,377
FVOCI	**235,742**	–	–

(Forward)

	Years Ended December 31		
	2020	2019	2018
Interest received	**₱373,394**	₱423,067	₱190,124
Decrease in other noncurrent assets	**182,213**	641,052	406,827
Return of investment in a joint venture	**182,000**	–	–
Acquisition of FVOCI (Note 13)	**–**	(27,871)	–
Net cash provided by (used in) investing activities	**3,411,841**	(8,450,476)	(7,120,087)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Long-term debt (Note 18)	**(4,560,130)**	(7,174,520)	(943,946)
Interest	**(1,205,551)**	(1,454,269)	(962,001)
Principal portion of lease liabilities	**(255,131)**	(364,129)	(11,986)
Dividends	**–**	(460,487)	(766,831)
Additions to restricted cash (Note 15)	**(695,471)**	–	–
Proceeds from availment of long-term debt	**–**	4,962,500	8,761,795
Net cash provided by (used in) financing activities (Note 35)	**(6,716,283)**	(4,490,905)	6,077,031
EFFECTS OF EXCHANGE RATE CHANGES AND TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(31,039)**	(64,778)	75,069
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(5,740,191)**	(5,934,769)	5,758,130
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**12,169,917**	18,104,686	12,346,556
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱6,429,726**	₱12,169,917	₱18,104,686

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information, Status of Operations and Authorization for Issuance of the Consolidated Financial Statements**

ABS-CBN Corporation ("ABS-CBN" or "Parent Company") was incorporated in the Philippines on July 11, 1946. On July 27, 1994, the Philippine Securities and Exchange Commission (SEC) approved the extension of the corporate term of the Parent Company for another 50 years. The Parent Company's core business is television and radio broadcasting. Its subsidiaries and associates are involved in the following related businesses: cable and television distribution and movie production, audio recording and distribution, video/audio post-production and film distribution. Other activities of the subsidiaries include merchandising, internet services and theme parks. The Parent Company is a holder of a legislative franchise to construct, install, operate and maintain, for commercial purposes and in the public interest, radio and television broadcasting stations in the Philippines. The latest franchise renewal was approved on March 30, 1995 for a period of 25 years.

On May 5, 2020, the National Telecommunications Commission (NTC) issued a Cease and Desist Order (CDO) to the Parent Company, prohibiting its continuing broadcast operations effective immediately.

On June 30, 2020, the NTC issued a CDO to the Parent Company to immediately cease and desist from operating its digital TV transmission in Metro Manila using Channel 43.

On July 10, 2020, the House Committee on Legislative Franchises (regular and ex-officio members) voted to adopt a resolution denying the franchise application of the Parent Company (the "Resolution"). The core operation of the Parent Company depends on the legislative franchise and therefore is a key determinant of the Parent Company's ability to continue as a going concern. This resolution affected the Company's Media, Network and Studio Entertainment operations as it prevents the Parent Company from engaging in the free-to-air business in the Philippines under the Parent Company's legislative franchise. This resulted in a net loss of ₱13,531 million and negative operating cash flows of ₱2,405 million for the year ended December 31, 2020, and current assets and current liabilities as of December 31, 2020 amounting to ₱18,683 million and ₱28,399 million, respectively. There are also several factors, including the impact of COVID-19, that can continue to significantly affect the planned activities of the Company to ensure its continuing operations. These factors have affected and may continue to affect the Company's future compliance with certain provisions of its existing loan covenants.

Part of the Parent Company's existing loan covenant with its creditors require it to possess a valid government license/franchise to operate certain businesses. The non-renewal of the franchise therefore had an adverse impact on the Parent Company's ability to comply with this loan provision (the "Franchise Expiration Default'). To address this, the Company entered into an agreement with its existing lenders in 2020 (the "Omnibus Security and Intercreditor Agreement") to provide for the creation of a mortgage and security interest over certain assets of the Company, the opening and maintenance of Debt Service Reserve Account, pre-payment of the ₱4.0 billion of its loans, and an amendment of existing loan agreements. The lenders agree that, upon satisfaction of the necessary conditions under the Omnibus Security and Intercreditor Agreement (the "Standstill Effective Date") and during the effectivity period of the standstill as specified in the Omnibus Security and Intercreditor Agreement, it shall not declare an event of default to the extent that it relates to the Franchise Expiration Default. As of December 31, 2020, the Company was still in the process of completing certain conditions in the Omnibus Security and Intercreditor Agreement. On

May 31, 2021, all the conditions specified in the Omnibus Security and Intercreditor Agreement were satisfied and accordingly, the Standstill Effective Date Notice was executed by all parties. See Note 18 for additional discussions on the Parent Company's loan agreements.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may not be able to realize its assets and discharge its liabilities in the normal course of business. Management assessed that the Company will be able to maintain its positive cash position and settle its liabilities as they fall due within the next 12 months through management's plans on future actions as discussed in Note 3.

Lopez Inc., a Philippine entity, has 56% economic interest in the Parent Company, with 79% voting rights. Lopez, Inc. is the ultimate Parent Company.

The common shares of ABS-CBN were listed beginning July 8, 1992 and have been traded in the Philippine Stock Exchange (PSE) since then.

The registered office address of the Parent Company is ABS-CBN Broadcast Center, Sgt. Esguerra Avenue corner Mother Ignacia St., Quezon City.

The accompanying consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) effective June 3, 2021.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The consolidated financial statements of ABS-CBN and its subsidiaries (collectively referred to as "the Company") have been prepared on a historical cost basis, except for investments in equity shares and club shares which have been measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional and presentation currency. All values are rounded to the nearest thousand, except for number of shares, per share amounts and when otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Company were prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies and Disclosures

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Company, unless otherwise indicated. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

- Amendments to PFRS 3, *Business Combinations*, *Definition of a Business*

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

  These amendments had no impact on the Company's consolidated financial statements.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

  These amendments had no impact on the Company's consolidated financial statements.

- Amendments to PFRS 7, *Financial Instruments: Disclosures and* PFRS 9*, Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

  These amendments had no impact on the Company's consolidated financial statements.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16*, COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

These amendments had no impact on the Company's consolidated financial statements.

Basis of Consolidation and Noncontrolling Interests

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries.

The following is a list of the subsidiaries as at December 31, 2020 and 2019:

Company	Place of Incorporation	Principal Activities	Functional Currency	Effective Interest 2020	Effective Interest 2019
Content Production and Distribution					
Global:					
ABS-CBN Global Ltd. (ABS-CBN Global)[a] [j]	Cayman Islands	Holding company	United States dollar (USD)	**100.0**	100.0
ABS-CBN Europe Ltd. (ABS-CBN Europe)[b][c] [j]	United Kingdom	Cable and satellite programming services	Great Britain pound (GBP)	**100.0**	100.0
ABS-CBN Japan, Inc. (ABS- CBN Japan)[d] [j] [€]	Japan	Cable and satellite programming services	Japanese yen (JPY)	**100.0**	100.0
ABS-CBN Middle East FZ-LLC (ABS-CBN Middle East)[b] [j]	Dubai, UAE	Cable and satellite programming services	United Arab Emirates dirham (AED)	**100.0**	100.0
ABS-CBN Global Hungary Kft. (ABS-CBN Hungary) [j]	Budapest, Hungary	Holding company	USD	**100.0**	100.0
Makati Kft. [j]	Budapest, Hungary	Holding company	USD	**100.0**	100.0
ABS-CBN International, Inc. (ABS-CBN International)[j] [n]	California, USA	Cable and satellite programming services	USD	**100.0**	100.0
ABS-CBN Australia Pty. Ltd. (ABS-CBN Australia)[j] [k]	Victoria, Australia	Cable and satellite programming services	Australian dollar (AUD)	**100.0**	100.0
ABS-CBN Canada, ULC (ABS-CBN Canada)[j] [k]	Canada	Cable and satellite programming services	Canadian dollar (CAD)	**100.0**	100.0
ABS-CBN Telecom North America, Inc.[j] [k]	California, USA	Telecommunications	USD	**100.0**	100.0
Films and Music:					
ABS-CBN Film Productions, Inc. (ABS-CBN Films)	Philippines	Movie production	Philippine peso	**100.0**	100.0
Cinescreen, Inc. (Cinescreen) [f]	Philippines	Theater operator	Philippine peso	**100.0**	100.0
Narrowcast					
Creative Programs, Inc. (CPI) [v]	Philippines	Content development, publishing and programming services	Philippine peso	**100.0**	100.0
Others:					
ABS-CBN Europe Remittance Inc.[d] [j] [y]	United Kingdom	Services - money remittance	GBP	**100.0**	100.0
E-Money Plus, Inc.[b]	Philippines	Services - money remittance	Philippine peso	**100.0**	100.0
ABS-CBN Global Remittance Inc.[j] [k] [y]	California, USA	Services - money remittance	USD	**100.0**	100.0
ABS-CBN Canada Remittance Inc.[j] [n] [y]	Canada	Services - money remittance	CAD	**100.0**	100.0
ABS-CBN Center for Communication Arts, Inc.[e]	Philippines	Educational/training	Philippine peso	**100.0**	100.0
ABS-CBN Global Cargo Corporation[t]	Philippines	Non-vessel operations common carrier	Philippine peso	**100.0**	100.0
ABS-CBN Integrated and Strategic Property Holdings, Inc.	Philippines	Real estate	Philippine peso	**100.0**	100.0
ABS-CBN Shared Service Center PTE. Ltd.[j] [m]	Singapore	Services - support	Singapore dollar (SGD)	**100.0**	100.0
Professional Services for Television & Radio, Inc.	Philippines	Services - production	Philippine peso	**100.0**	100.0

(Forward)

Company	Place of Incorporation	Principal Activities	Functional Currency	Effective Interest 2020	2019
Grassfed Corporation	Philippines	Services - livestock	Philippine peso	**100.0**	100.0
Probabilistic Insights, Inc. [aa]	Philippines	Services - support	Philippine peso	**100.0**	100.0
Rosetta Holdings Corporation (RHC)	Philippines	Holding company	Philippine peso	**100.0**	100.0
Callirrhoe, Inc.	Philippines	Holding company	Philippine peso	**100.0**	–
Eukelade Holding Corporation	Philippines	Holding company	Philippine peso	**100.0**	–
Sarimanok News Network, Inc.	Philippines	Content development and programming services	Philippine peso	**100.0**	100.0
The Big Dipper Digital Content & Design, Inc. (Big Dipper)	Philippines	Digital film archiving and central library, content licensing and transmission	Philippine peso	**100.0**	100.0
The Chosen Bun, Inc. (Chosen Bun)[z]	Philippines	Services - restaurant and food	Philippine peso	**100.0**	100.0
TV Food Chefs, Inc. [bb]	Philippines	Services - restaurant and food	Philippine peso	**100.0**	100.0
iConnect Convergence, Inc.	Philippines	Service - call center	Philippine peso	**100.0**	100.0
ABS-CBN Studios, Inc.	Philippines	Production facility	Philippine peso	**100.0**	100.0
Medianow Strategies, Inc. (Medianow) [x]	Philippines	Marketing, sales and advertising	Philippine peso	**79.7**	79.7
Sapientis Holdings Corporation (Sapientis)	Philippines	Holding company	Philippine peso	**100.0**	100.0
Columbus Technologies, Inc. (CTI)[q]	Philippines	Holding company	Philippine peso	**70.0**	70.0
ABS-CBN Convergence, Inc, (ABS-C)[q]	Philippines	Telecommunication	Philippine peso	**69.3**	69.3
ABS-CBN Theme Parks and Resorts Holdings, Inc. (ABS-CBN Theme Parks)	Philippines	Holding company	Philippine peso	**100.0**	100.0
ABS-CBN Themed Experiences, Inc. (ABS-CBN Themed Experiences) [u][bb]	Philippines	Management of locations	Philippine peso	**100.0**	100.0
Play Innovations, Inc. (PII)[g] [bb]	Philippines	Theme park	Philippine peso	**73.0**	73.0
Play Innovations Hungary Kft. (Play Innovations)[j] [g]	Budapest, Hungary	Theme park	USD	**73.0**	73.0
Cable and Broadband					
Sky Vision Corporation (Sky Vision) [w] (see Note 4)	Philippines	Holding Company	Philippine peso	**75.0**	75.0
Sky Cable Corporation (Sky Cable) [w] (see Note 4)	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Bisaya Cable Television Network, Inc.[h] [i] [w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Bright Moon Cable Networks, Inc.[h] [w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Cavite Cable Corporation[h] [w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Cepsil Consultancy and Management Corporation[h] [w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Davao Cableworld Network, Inc.[h] [o] [w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
HM Cable Networks, Inc.[h] [w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
HM CATV, Inc.[h] [w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Hotel Interactive Systems, Inc.[h] [w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Isla Cable TV, Inc.[h] [w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Moonsat Cable Television, Inc.[h] [o] [w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Pilipino Cable Corporation (PCC)[h] [w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Satellite Cable TV, Inc.[h] [w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Sun Cable Holdings, Incorporated (SCHI)[h] [w]	Philippines	Holding company	Philippine peso	**59.4**	59.4
Sun Cable Systems Davao, Inc.[h] [i] [w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Sunvision Cable, Inc.[h] [w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Tarlac Cable Television Network, Inc.[h] [w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Telemondial Holdings, Inc.[h] [i] [w]	Philippines	Holding company	Philippine peso	**59.4**	59.4
JMY Advantage Corporation[h] [w]	Philippines	Cable television services	Philippine peso	**56.4**	56.4
Cebu Cable Television, Inc.[h] [o] [p] [w]	Philippines	Cable television services	Philippine peso	**57.4**	57.4
Suburban Cable Network, Inc.[h] [w]	Philippines	Cable television services	Philippine peso	**54.9**	54.9
Pacific CATV, Inc. (Pacific)[h] [o] [w]	Philippines	Cable television services	Philippine peso	**58.0**	58.0
First Ilocandia CATV, Inc.[h] [o] [w]	Philippines	Cable television services	Philippine peso	**54.9**	54.9
Mactan CATV Network, Inc.[h] [o] [p] [w]	Philippines	Cable television services	Philippine peso	**56.6**	56.6
Discovery Mactan Cable, Inc.[h] [s] [w]	Philippines	Cable television services	Philippine peso	**41.6**	41.6
Home-Lipa Cable, Inc.[h] [s] [w]	Philippines	Cable television services	Philippine peso	**35.6**	35.6

[a] *With branches in the Philippines and Taiwan*
[b] *Through ABS-CBN Global*
[c] *With branches in Italy and Spain*
[d] *Subsidiary of ABS-CBN Europe*
[e] *Nonstock ownership interest*

(f) *On June 5, 2017, the SEC approved the incorporation of Cinescreen. Cinescreen was established primarily to own, acquire, establish, lease, maintain, operate, manage, control, promote, advertise, undertake and carry on the business of theatres, movie houses and places of public amusement and entertainment.*
(g) *Through ABS-CBN Theme Parks*
(h) *Through Sky Cable*
(i) *Subsidiary of SCHI*
(j) *Considered as foreign subsidiary*
(k) *Subsidiary of ABS-CBN International*
(l) *With a branch in Luxembourg*
(m) *With a regional operating headquarters in the Philippines*
(n) *Through ABS-CBN Hungary*
(o) *Subsidiary of PCC*
(p) *Through Pacific*
(q) *Through Sapientis*
(r) *With branch in Korea*
(s) *A subsidiary of Sky Cable where Sky Cable effectively owns more than 50% interest*
(t) *In liquidation*
(u) *On July 7, 2017, the SEC approved the incorporation of ABS-CBN Themed Experiences. ABS-CBN Themed Experiences was established primarily to design, build, develop, manage, operate and maintain theme and amusement parks, hotels, restaurants, coffee shops, refreshment parlors and other attractions and facilities.*
(v) *On September 18, 2018, the SEC approved the merger of CPI and ABS-CBN Publishing with the former being the surviving entity.*
(w) *In 2012, ABS-CBN acquired additional interest in Sky Vision increasing its economic interest to 24.8%. On the same year, Lopez, Inc. also executed a proxy in favor of ABS-CBN assigning its voting rights in Sky Vision. As a result, ABS-CBN has a voting interest of 75% in Sky Vision since 2012. Sky Vision is the holding company of Sky Cable, where ABS-CBN has an economic interest of 57.4% in 2014. In 2015, ABS-CBN purchased additional shares in Sky Vision increasing its economic interest on Sky Vision and Sky Cable to 75% and 59.4%, respectively.*
(x) *In 2014, CPI and Sky Cable entered into an agreement to form a joint venture company. Medianow, which was incorporated on August 22, 2014, is 78.7% effectively owned by the Company in 2014. As a result of the acquisition of additional interest in Sky Vision, economic interest on Medianow increased to 79.7% in 2015.*
(y) *On June 30, 2018, ABS-CBN Europe Remittance Inc., ABS-CBN Global Remittance Inc. and ABS-CBN Canada Remittance Inc. ceased operations.*
(z) *On March 12, 2019, the SEC approved the incorporation of Chosen Bun. Chose Bun was established primarily to raise, process, manufacture and package all kinds of food products; to establish, operate, manage and maintain restaurants, coffee shops, and refreshments parlors; to serve and cater foods, drinks, refreshments and other food or commodities.*
(aa) *On June 18, 2019, the SEC approved the incorporation of Probabilistic Insights, Inc. Probabilistic Insights, Inc. was established primarily to provide software products and data science services including but not limited to management consulting, marketing services such as direct marketing, database marketing, workshop facilitation and marketing training.*
(bb) *The Company decided to wind-down its food and beverage and experience operations in July 2020.*

The Company controls an investee if and only if the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All significant intra-group balances, transactions, income and expenses and profits and losses are eliminated in full during consolidation.

Noncontrolling interests represent the portion of profit or loss and net assets not held by the Parent Company and are presented separately from equity attributable to equity holders of the Parent Company in the consolidated financial statements. This includes the equity interests in Sky Vision, Sky Cable and its subsidiaries, subsidiaries of Sapientis, ABS-CBN Theme Parks and Medianow.

A change in the ownership interest of a subsidiary, without a loss of control, is considered as an acquisition or disposal of noncontrolling interest and accounted for as an equity transaction. The difference between the amount by which the noncontrolling interest is adjusted and the fair value of the consideration paid or received is recorded directly in equity.

If the Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interest
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate

Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance.

Business Combination and Goodwill

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

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in profit or loss. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

If the initial accounting for business combination can be determined only provisionally by the end of the period by which the combination is effected because either the fair value to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Company accounts for the combination using provisional values. Adjustment to these provisional values as a result of completing the initial accounting shall be made within 12 months from the acquisition date. The carrying amount of an identifiable asset, liability, or contingent liability that is recognized from that date and goodwill or any gain recognized shall be adjusted from the acquisition date by the amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted.

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

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

Business Combination Involving Entities under Common Control
Where there are business combinations in which all the combining entities within the group are ultimately controlled by the same ultimate parent before and after the business combination and that the control is not transitory ("business combinations under common control"), the Company may account such business combinations under the acquisition method of accounting or pooling of interests method, if the transaction was deemed to have substance from the perspective of the reporting entity. In determining whether the business combination has substance, factors such as the underlying purpose of the business combination and the involvement of parties other than the combining entities such as the noncontrolling interest, shall be considered.

In cases where the business combination has no substance, the Company shall account for the transaction similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Company are reflected at their carrying values. The difference in the amount recognized and the fair value of the consideration given, is accounted for as an equity transaction, i.e., as either a contribution or distribution of equity. Further, when a subsidiary is disposed in a common control transaction, the difference in the amount recognized and the fair value of consideration received is also accounted for as an equity transaction.

Foreign Currency Translation and Transaction

Functional and Presentation Currency. The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional and presentation currency. Each entity determines its own functional currency, which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity, and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of all the subsidiaries, except foreign subsidiaries, is the Philippine peso. The functional currencies of the foreign subsidiaries are disclosed under the Basis of Consolidation section. As at financial reporting date, the assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Parent Company (the Philippine peso) at the rate of exchange ruling at financial reporting date and, their statements of income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to "Exchange differences on translation of foreign operations" in the OCI and "Exchange differences on translation of foreign operations" account within the equity section of the consolidated statement of financial position. Upon disposal of any of these foreign subsidiaries, the deferred cumulative amount recognized in equity relating to that particular foreign subsidiary will be recognized in the consolidated statement of income. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Foreign Currency-denominated Transactions. Transactions in foreign currencies are initially recorded in the functional currency exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing exchange rate at financial reporting date.

All differences are taken to the consolidated statement of income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Fair Value Measurement
The Company measures financial instruments at fair value at each financial reporting date.

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

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

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

<u>Financial Statements Classification</u>
The Company presents assets and liabilities in the consolidated statements of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the financial reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the financial reporting date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the financial reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the financial reporting date.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments

that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisitions and that are subject to an insignificant risk of change in value.

Short-term Investments
Short-term investments represent investments that are readily convertible to known amounts of cash with original maturities of more than three months to one year.

Financial Instruments

Date of Recognition. Financial instruments are recognized in the consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized using trade date accounting. Derivatives are recognized on trade date accounting.

Day 1 Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a Day 1 difference) in the consolidated statement of income. In cases where unobservable data is used, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the Day 1 difference amount.

Financial Assets

Initial Recognition and Measurement of Financial Assets. Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI, and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cashflows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement. For purposes of subsequent measurement, financial assets are classified in four categories: financial assets at amortized cost (debt instruments), financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments), and financial assets at FVTPL.

a. *Financial Assets at Amortized Cost (Debt Instruments).* This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

   - the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
   - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

   Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

   This category includes the Company's cash and cash equivalents, short-term investments, trade and other receivables and deposits (included under "Other noncurrent assets" account).

b. *Financial Assets at FVOCI (Debt Instruments).* The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

   - the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
   - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

   For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

   The Company has no debt instruments at FVOCI as at December 31, 2020 and 2019.

c. *Financial Assets designated at FVOCI (Equity Instruments).* Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

   Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

   The Company elected to classify irrevocably its listed and non-listed equity investments and investments in club shares under this category.

d. *Financial Assets at FVTPL.* Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income.

This category includes derivative instruments.

The Company has not designated any financial assets at FVTPL as at December 31, 2020 and 2019.

Embedded Derivatives. A derivative embedded in a hybrid contract, with a financial liability or nonfinancial host, is separated from the host and accounted for as a separate derivative if: the economic characteristic and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded with a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Company has no embedded derivatives as at December 31, 2020 and 2019.

Derecognition of Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's consolidated statement of financial position) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Modification of financial assets
The Company derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Company considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Company considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered "solely payment for principal and interest"

The Company also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Company considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

Impairment of Financial Assets and Contract Assets. The Company recognizes an expected credit loss (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For cash and cash equivalents and short-term investments, the Company applies a general approach in calculating ECLs. The Company recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash and cash equivalents and short-term investments since initial recognition.

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

The Company considers a financial asset in default when contractual payments are generally 60 to 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement of Financial Liabilities. Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities are trade and other payables, interest-bearing loans and borrowings, obligations for program rights, convertible note and customers' deposits (included under "Other noncurrent liabilities" account).

Subsequent Measurement. The measurement of financial liabilities depends on their classification, as described below:

a. *Financial Liabilities at FVTPL*. Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

   Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

The Company has not designated any financial liability as at FVTPL.

b. *Financial Liabilities at Amortized Cost.* This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

   Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included under "Finance costs" account in the consolidated statement of income.

   Classified under this category are trade and other payables, interest-bearing loans and borrowings, obligations for program rights, convertible note and customers' deposits (included under "Other noncurrent liabilities" account).

Derecognition of Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Exchange or modification
The Company considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Company recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

Classification of Financial Instruments Between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

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

Inventories
Inventories are valued at the lower of cost and net realizable value. Cost is determined using the moving average method. Net realizable value of inventories that are for sale is the selling price in the ordinary course of business, less the cost of marketing and distribution. Net realizable value of inventories not held for sale is the current replacement cost.

Other Current Assets

Creditable Withholding Taxes (CWT). CWT represents the amount withheld by the Company's customers in relation to its revenues. These are recognized upon collection of the related billings and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations.

Advances to Suppliers. Advances to suppliers represent advance payments on goods to be received or services to be incurred in connection with the Company's operations and are generally applied to acquisition of inventories and fixed assets and availment of services and others within the next financial year.

Preproduction Expenses. Preproduction expenses represent costs incurred prior to the airing of the programs or episodes. These costs include talent fees of artists and production staff and other costs directly attributable to production of programs. These are charged to expense upon airing of the related program or episodes. Costs related to previously taped episodes determined not to be aired are charged to expense.

Prepayments. Prepayments are carried at cost and are amortized on a straight-line basis over the period of expected usage, which is equal to or less than 12 months or within the normal operating cycle.

Property and Equipment

Property and equipment, except land, are carried at cost (including capitalized interest), excluding the costs of day-to-day servicing, less accumulated depreciation, amortization and any impairment in value. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met. Land is stated at cost, which includes initial purchase price and other cost directly attributable in bringing such asset to its working condition, less any impairment in value.

Initial installation costs, including materials, labor and overhead costs are capitalized as part of distribution equipment (included in the "Towers, transmission, television, radio, movie and auxiliary equipment" account) and depreciated over the subscriber relationship or the estimated useful life of the distribution equipment whichever is shorter. The costs of subsequent disconnection and reconnection are charged to profit or loss when incurred.

Unissued spare parts represent major spare parts that can be used only in connection with the distribution equipment. Unissued spare parts are not depreciated but tested for impairment until these become available for use. These are included in the "Other equipment" account.

When each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

Effective January 1, 2019, it is the Company's policy to classify right-of-use assets as part of property and equipment. Prior to that date, all of the Company's leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded on the statement of financial position. The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation and amortization are computed on a straight-line method over the following useful lives of property and equipment:

Asset Type	Number of Years
Land improvements	5 to 10
Right-of-use assets	5 to 9
Buildings and improvements	10 to 40
Towers, transmission, television, radio, movie and auxiliary equipment	5 to 20
Other equipment	3 to 25

The property and equipment's residual values, useful lives and method of depreciation and amortization are reviewed, and adjusted if appropriate, at each financial reporting date.

Construction in-progress represents equipment under installation and building under construction and is stated at cost, which includes cost of construction and other direct costs. Construction in-progress is not depreciated until such time that the relevant assets are completed and become available for operational use.

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

Asset Retirement Obligation

The net present value of legal obligations associated with the retirement of an item of property and equipment that resulted from the acquisition, construction or development and the normal operations of property and equipment is recognized in the period in which it is incurred and a reasonable estimate of the obligation can be made. This is included as part of "Other noncurrent liabilities" account in the consolidated statement of financial position. These obligations are accreted and such accretion is recognized as expense in the consolidated statement of income. The related asset retirement cost is capitalized under "Property and equipment" account in the consolidated statement of financial position and is being depreciated on a straight-line basis.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. If payment for an intangible asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as interest expense over the period of credit. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Following initial recognition, intangible assets are carried at cost less any accumulated amortization in the case of intangible assets with finite lives, and any accumulated impairment losses. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life is reviewed at least each financial reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization of intangible assets with finite lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if an indication of impairment exists either individually or at the cash-generating unit level. Such intangibles are not amortized. Intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Amortization of program rights is computed on a straight-line method over the following method:

Category	Policy
Specific run with specific terms	For fixed term program and film rights, amortized on a straight-line basis over the license term as indicated in the contract, regardless if program and film right is aired or not.
Multiple runs with specific terms	
Multiple runs with indefinite start date of license term	
Perpetual rights	For perpetuity program and film rights, amortized on a straight-line basis at the beginning of the term as indicated in the contract, regardless if the program and film right is aired or not, and shall run over a period of 15 years from the start of amortization.

Effective January 1, 2019, in view of the change in the expected pattern of economic benefits from the assets, the Company revised the estimated useful life and amortization method of cable channels from indefinite life to remaining useful life of 10 years (see Note 3).

The policies applied on other intangible assets are as follows:

Intangible Asset	Useful Lives	Amortization Method Used	Impairment Testing	Current and Noncurrent Classification
Music Rights	Finite (useful economic benefit) – 50 years	Amortized on a straight-line basis over the economic useful life	If the remaining expected benefit period is shorter than the Company's initial estimates, the Company accelerates amortization of the cost. Impairment loss is also recognized if the carrying value exceeds the asset's recoverable amount.	Based on the estimated year of usage
Movie In-process/Filmed Entertainment	Finite	Amortized on accelerated method (i.e., majority of the cost is amortized upon showing and the remainder is over 15 years)	If the unamortized film cost is higher than the fair value of the film, the asset is written down to its recoverable amount.	Based on the estimated year of usage
Story and Publication	Finite (useful economic benefit) – 10 to 50 years	Amortized on a straight-line basis over the economic useful life	If the remaining expected benefit period is shorter than the Company's initial estimates, the Company accelerates amortization of the cost. Impairment loss is also recognized if the carrying value exceeds the asset's recoverable amount.	Based on the estimated year of usage

Intangible Asset	Useful Lives	Amortization Method Used	Impairment Testing	Current and Noncurrent Classification
Video Rights, and Record Master	Finite – six months	Amortized on a straight-line basis over six months	If the remaining expected benefit period is shorter than the Company's initial estimates, the Company accelerates amortization of the cost. Impairment loss is also recognized if the carrying value exceeds the asset's recoverable amount.	Current
Customer Relationships	Finite – 3 to 25 years	Amortized on a straight-line basis over the estimated customer service life	If the remaining expected benefit period is shorter than the Company's initial estimates, the Company accelerates amortization of the cost. Impairment loss is also recognized if the carrying value exceeds the asset's recoverable amount.	Noncurrent
Cable Channels - CPI	Finite - 10 years	Amortized on a straight-line basis over a period of 10 years	If the remaining expected benefit period is shorter than the Company's initial estimates, the Company accelerates amortization of the cost. Impairment loss is also recognized if the carrying value exceeds the asset's recoverable amount.	Noncurrent
Production and Distribution Business - Middle East	Finite - 25 years	Amortized on a straight-line basis over the period of 25 years	If the remaining expected benefit period is shorter than the Company's initial estimates, the Company accelerates amortization of the cost. Impairment loss is also recognized if the carrying value exceeds the asset's recoverable amount.	Noncurrent
Trademarks	Indefinite	No amortization	Annually and more frequently when an indication of impairment exists. Impairment loss is also recognized if the carrying value exceeds the asset's recoverable amount.	Noncurrent

Intangible Asset	Useful Lives	Amortization Method Used	Impairment Testing	Current and Noncurrent Classification
Licenses - Wireless Business	Indefinite	No amortization	Annually and more frequently when an indication of impairment exists. Impairment loss is also recognized if the carrying value exceeds the asset's recoverable amount.	Noncurrent
Licenses - Franchise	Finite - 10 years	Amortized on a straight-line basis over the period of 10 years	If the remaining expected benefit period is shorter than the Company's initial estimates, the Company accelerates amortization of the cost. Impairment loss is also recognized if the carrying value exceeds the asset's recoverable amount.	Noncurrent
Digital Platforms	Finite - 5 years	Amortized on a straight-line basis over the estimated useful life	If the expected benefit period is shorter than the Company's initial estimates, the Company accelerates the amortization of the cost	Noncurrent
IP Block	Indefinite	No amortization	Annually and more frequently when an indication of impairment exists. Impairment loss is also recognized if the carrying value exceeds the asset's recoverable amount.	Noncurrent
Business Process Re-engineering	Finite - 7 years	Amortized on a straight-line basis over the estimated useful life	If the expected benefit period is shorter than the Company's initial estimates, the Company accelerates the amortization of the cost	Noncurrent

Investment Properties

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under "Property and equipment" account up to the date of change in use.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Investments in Associates

The Company's investments in associates are accounted for under the equity method of accounting. An associate is an entity over which the Company has significant influence or the power to participate in the financial and operating policy decisions of the investee, but has no control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

Under the equity method, investment in associates is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Company's share in net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not tested for impairment. The consolidated statement of income reflects the Company's share on the financial performance of an associate. When the Company's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Where there has been a change recognized directly in the equity of the associate, the Company recognizes its share in any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associates and the Company are identical and the associates' accounting policies conform to those used by the Company for like transactions and events in similar circumstances. Unrealized intercompany gains and losses arising from the transactions with the associate are eliminated to the extent of the interest in the associate.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Investments in Joint Ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Company's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in a joint venture is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Company's share in net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. The consolidated statement of income reflects the Company's share of the results of operations of the joint venture. Any change in the OCI of the joint venture is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Company recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Company's share in profit or loss of a joint venture is shown in the face of the consolidated statement of income outside operating profit and represents share in income or loss after tax and noncontrolling interests in the subsidiaries of the joint venture.

The reporting dates of the joint venture and the Company and the joint venture's accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

Upon loss of joint control over the joint venture, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the former joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

When the remaining investment in a joint venture constitutes significant influence, it is accounted for as an investment in an associate. The Company continues to apply the equity method and does not remeasure the retained interest.

Tax Credits

Tax credits from government airtime sales availed under Presidential Decree (PD) No. 1362 are recognized in the books upon actual airing of government commercials and advertisements. These are included under "Other noncurrent assets" account in the consolidated statement of financial position.

Impairment of Nonfinancial Assets

The Company assesses at each financial reporting date whether there is an indication that property and equipment, investment properties, program rights and other intangible assets with finite lives, investments in associates and joint ventures and tax credits may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value, less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each financial reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income. After such a reversal, the depreciation and amortization are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The following criteria are also applied in assessing impairment of specific nonfinancial assets:

Intangible Assets with Indefinite Life. Goodwill, cable channels, trademark, licenses and IP block are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill, cable channels, trademarks, licenses and IP block by assessing the recoverable amount of the cash-generating units, to which the goodwill, cable channels, trademarks, licenses and IP block relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which the goodwill, cable channels, trademarks, licenses and IP block has been allocated, an impairment loss is recognized in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Company performs its annual impairment test of goodwill, cable channels, trademarks, licenses and IP block as at December 31 of each year.

Investments in Associates and Joint Ventures. After application of the equity method, the Company determines whether it is necessary to recognize any additional impairment loss with respect to the Company's net investments in the associates and joint ventures. The Company determines at each financial reporting date whether there is any objective evidence that the investments in associates and joint ventures are impaired. If this is the case, the Company calculates the amount of impairment as being the difference between the recoverable amount of an investment in associate and joint ventures and the carrying value and recognizes the loss as part of "Equity in net earnings (losses) of associates and joint ventures" in the consolidated statement of income.

Paid-in Capital

The Company has issued par value capital stock that is classified as equity. Incremental costs directly attributable to the issuance of new capital stock are shown in equity as a deduction, net of tax, from the proceeds.

When the Company issues its par value shares, the proceeds shall be credited to the "Capital stock" account in the consolidated statement of financial position to the extent of the par value, with any excess being reflected as "Additional paid-in capital" in the consolidated statement of financial position.

Where the Company purchases its capital stock and PDRs issued by ABS-CBN Holdings that are convertible to Parent Company common shares (recorded as "Treasury shares and PDRs convertible to common shares" account in the consolidated statement of financial position), the consideration paid, including any directly attributable incremental costs (net of applicable taxes) is deducted from equity attributable to the equity holders of the Parent Company until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the equity holders of the Parent Company.

Share-based Payment Transactions

Employees and talents (including directors) of the Company receive remuneration in the form of share-based payment transactions from the Parent Company and from Lopez Holdings Corporation (a commonly-controlled entity), whereby eligible participants render services as consideration for equity instruments (equity-settled transactions). Selected key employees of the Company, also receive remuneration in the form of share-based payment transactions, whereby the Company incurs a liability to pay cash (cash-settled transactions) to the employees in consideration for their services rendered.

Equity-settled Transactions. The cost of equity-settled transactions is determined by the fair value of the stock options at the date the option is granted. The fair value is determined using the Black-Scholes-Merton Option Pricing Model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the subjected shares ("market conditions") and non-vesting conditions, if applicable.

The cost of equity-settled transactions is recognized, together with a corresponding increase in "Share-based payment plan" account in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period).

The cumulative expense recognized for equity-settled transactions at each financial reporting date until the vesting date reflects the extent to which the vesting period has expired and the best estimate of the number of equity instruments that will ultimately vest at that date. The current income or expense charges in "Personnel expenses", under "General and administrative expenses" account in the consolidated statement of income, represents the movement in cumulative expense recognized as at financial reporting date.

No expense is recognized for awards that do not ultimately vest.

When the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled with payment, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. There is no reversal of cost already charged after vesting of the equity-settled transactions, only transfers between components of equity.

Cash-settled Transactions. The cost of liability from the cash-settled transactions for notional shares allocated to selected key employees is measured by reference to the market price of the Parent Company's share as at financial reporting date. At each financial reporting date between the grant date and settlement, the liability recognized is the fair value of the award at that date multiplied by the expired portion of the vesting period. All changes in the liability are recognized in profit or loss for the period.

Retained Earnings (Deficit)
Retained earnings (Deficit) includes cumulative balance of net income or loss attributable to the equity holders of the Parent Company and reduced by dividends on capital stock.

Retained earnings (Deficit) may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Dividends on Common and Preferred Shares of the Parent Company
Dividends on common and preferred shares are recognized as liability and deducted from equity when approved by the BOD of the Parent Company. Dividends for the year that are approved after the financial reporting date are dealt with as an event after financial reporting date.

Revenue Recognition
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognized when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

The following specific recognition criteria must also be met before revenue is recognized:

Advertising revenue. Revenue is recognized at a point in time when advertisement is aired. Under PFRS 15, bonus spots are considered as separate performance obligations. Accordingly, transaction price shall be separately allocated to bonus spots based on standalone selling price and recognized as revenue when these are aired. The Parent Company uses the cost per individual rating point (CPIRP) pricing scheme. The scheme provides that the advertising spots sold will be computed using a multiplier based on the actual rating point of the spot aired as provided by a third-party measurement company.

The Company receives non-cash considerations (such as program materials, merchandise or services) from certain customers in exchange for advertising time. The fair value of such non-cash considerations received from the customers is included in the transaction price and measured upon airing of the advertisement.

The Company applies the requirements of PFRS 13, *Fair Value Measurement* in measuring the fair value of the non-cash considerations. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the advertisements when aired.

Industry rules allow ABS-CBN to sell up to 18 minutes of commercial spots per hour of television programming. These spots are sold mainly through advertising agencies which act as the buying agents of advertisers, and to a lesser extent, directly to advertisers. Agency commissions are recognized at a standard rate of 15%.

Incentives, which include volume discounts for large quantities of telecast order, are recognized upon airing.

Payments received before broadcast (pay before broadcast) represent customer deposits, which are recognized as revenue upon airing of related advertisements. These are included in the consolidated statement of financial position as part of “Contract liabilities”.

Sale of services comprise of the following:

a. Subscription fees are recognized as follows:

   DTH and Internet Protocol Television Subscribers and Cable Operators. Subscription fees are recognized over the subscription period in accordance with the terms of the subscription agreements.

   Share in DirecTV Subscription Revenue. Subscription revenue from subscribers of DirecTV who subscribe to the "The Filipino Channel" is recognized over time in accordance with the Deal Memorandum as discussed in Note 31.

   Subscription Revenue from TFC.tv (formerly TFC Now). Payment from online streaming services of Filipino-oriented content and programming received in advance is deferred (included as "Contract liabilities" in 2020 and 2019 in the consolidated statement of financial position) and recognized as revenue on a straight-line basis over the period during which the service is rendered.

   Cable and Broadband Subscribers. Subscription and related installation fees are recognized over the subscription period and estimated length of customer relationship, respectively, in accordance with the terms of the subscription agreements. Subscription and related installation fees billed and collected in advance are deferred and shown as part of "Contract liabilities" and recognized as revenue when service is rendered.

   Sky Cable offers bundled cable and broadband services and is assessed as two separate performance obligations. The performance obligations to deliver cable television and broadband services on a monthly basis qualify as performance obligations satisfied over time since the customer simultaneously receives and consumes the benefit provided by the Company's performance.

b. Telecommunications revenue pertains, among others, to postpaid and prepaid service revenues.

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

   Prepaid service revenues arise from the usage of airtime load from channels and prepaid cards provided by the Company. Proceeds from over-the-air reloading channels and prepaid cards are initially recognized part of "Contract liabilities" and realized upon actual usage of the airtime value for voice, SMS, mobile data and other value-added services, prepaid unlimited and bucket-priced SMS and call subscriptions, net of bonus credits from load packages purchased, such as free additional call minutes, SMS, data allocation or airtime load, or upon expiration, whichever comes earlier.

   The Company also considers recognizing revenue from the expected breakage or expiry of airtime load in proportion to the pattern of rights exercised by the customer if it expects to be entitled to that breakage amount. If the Company does not expect to be entitled to a breakage amount based on historical experience with the customers, the Company recognizes the expected breakage amount as revenue when the likelihood of the prepaid customer exercising its remaining rights becomes remote.

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

Revenue from international and national long-distance calls is generally based on rates which vary with distance and type of service (direct dial or operator-assisted, paid or collect, etc.). Revenue from long distance calls is recognized as the service is provided.

c. Income from film exhibition is recognized on the dates the films are shown.

d. Short-messaging-system/text-based revenue, sale of news materials and Company-produced programs are recognized upon delivery.

e. Royalty income is recognized at a point in time upon rendering of service based on the terms of the agreement and is reduced to the extent of the share of the composers or co-publishers of the songs produced for original sound recording. It also includes income from Parent Company's share in fees from endorsements and other external services of its talents equivalent to 10% of gross receipts.

f. Ancillary rights, which pertain to income from TV rights and cable rights, are recognized either outright or over the license period. The Company recognizes revenue over the license period if all of the following criteria are met; otherwise, revenue is recognized outright:

- the contract requires, or the customer reasonably expects, that the Company will undertake activities that significantly affect the intellectual property to which the customer has rights
- the rights granted by the license directly expose the customer to any positive or negative effects of the Company's activities
- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

g. Admission revenue and ticket sales are recognized at a point in time when tickets are used or expired. Tickets issued are initially recorded as contract liabilities.

h. Other revenues include fees for IPTV reauthorization, restocking, shipping and activation, publishing revenue and remittance revenue. Revenue is recognized at a point in time when these services are rendered.

Sale of goods is recognized at a point in time when delivery has taken place and control has been completed. These are stated net of sales discounts.

<u>Other Revenue</u>
Other revenue is recognized when:

a. Rental income is recognized as income on a straight-line basis over the lease term.

b. Channel lease revenue is recognized as income on a straight-line basis over the lease term.

c. Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

d. Dividends are recognized when the shareholders' right to receive payment is established.

Contract Balances

Trade Receivables. A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to the accounting policies of Financial Instruments section.

Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Company performs under the contract.

Incremental Costs to Obtain a Contract
The Company incurs certain incremental costs to obtain a contract with a customer that would not have been incurred if the contract had not been entered into. Under PFRS 15, these are recognized as incremental costs of obtaining a contract and are capitalized as an asset if the costs are expected to be recoverable. These costs are amortized on a systematic basis that is consistent with the Company's transfer of the related goods or services to the customer. The Company applies the practical expedient to immediately expense contract costs that are expected to be amortized within one year or less. Sky Cable is precluded from availing the practical expedient because the amortization period of its contract cost asset is more than one year.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Capitalized contract costs are subject to an impairment assessment at the end of each reporting period. Impairment losses are recognized in profit or loss.

Cost and Expense Recognition
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distribution to equity participant. Cost and expenses other than those with specific policies are recognized in the consolidated statement of income in the year these are incurred.

Leases

Upon adoption of PFRS 16, Effective January 1, 2019
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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

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

Short-term leases. The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Company as Lessor. Leases where the Company does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Prior to the adoption of PFRS 16
The determination whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date. The arrangement, is or contains, a lease if the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Company as Lessee. Leases in which the Company does not acquire substantially all the risks and rewards of the asset are classified as operating leases. Operating lease payments are recognized as expense in the consolidated statement of income on a straight-line basis over the lease term.

Company as Lessor. Leases where the Company does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

The determination whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

Company as Lessee. Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against the consolidated statement of income.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognized as expense in the consolidated statement of income on a straight-line basis over the lease term.

Company as Lessor. Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the year, less any investment income on the temporary investment of those borrowings. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalizable rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during the year shall not exceed the amount of borrowing costs incurred during that year.

Capitalization of borrowing costs commences when the activities necessary to prepare the asset for intended use are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the asset is available for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance these projects, to the extent that they are regarded as an adjustment to interest costs.

All other borrowing costs are expensed as incurred in the year in which they occur.

Pension Costs and Other Employee Benefits

The Company's pension plans are funded (Parent Company, Sky Cable and PCC) and unfunded (other subsidiaries) defined benefit pension plans, except for ABS-CBN International, which has a defined contribution pension plan. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method.

Defined Benefit Pension Plans. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined benefit costs comprise the following:

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

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as part of costs and expenses in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit obligation or asset is the change during the period in the net defined benefit obligation or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit obligation or asset is recognized under costs and expenses in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) are recognized immediately in OCI in the period in which they arise and subsequently transferred to retained earnings. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Defined Contribution Pension Plans. For ABS-CBN International, the defined contribution pension plan is composed of the contribution of ABS-CBN International or employee (or both) to the employee's individual account. These contributions generally are invested on behalf of the employee through American Funds. Employees ultimately receive the balance in their account, which is based on contributions plus or minus investment gains or losses. The value of each account will fluctuate due to changes in the value of investments.

The amount of the Company's contribution to the defined contribution pension plan is recognized as expense in the period incurred.

Termination Benefit. Termination benefits are employee benefits provided in exchange for the termination of an employee's employment before the normal retirement date as a result of either an entity's decision or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee Leave Entitlement. Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before 12 months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period. Liability for leaves expected to be settled beyond 12 months are recognized as part of the noncurrent portion of other employee benefits liability and measured at the present value of the benefit as at financial reporting date.

Taxes

Current Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at financial reporting date.

Current tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.

Deferred Tax. Deferred tax is provided, using the liability method, on all temporary differences at financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT over RCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries and associates. With respect to investments in other subsidiaries and associates, deferred tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Deferred tax relating to items recognized outside profit and loss is recognized in correlation to the underlying transaction either in OCI or directly in equity and not in the consolidated statement of income.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

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

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

<u>Earnings (Loss) Per Share (EPS) attributable to the Equity Holders of the Parent Company</u>
Basic EPS amounts are calculated by dividing the net income or loss (less preferred shares, if any) attributable to equity holders of the Parent Company for the year over the weighted average number of common shares outstanding (net of treasury shares and PDRs) during the year, with retroactive adjustments for any stock dividends and stock split.

Diluted EPS amounts are computed in the same manner, adjusted for the dilutive effect of any potential common shares. As the Company has no dilutive potential common shares outstanding, basic and diluted EPS are stated at the same amount.

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

<u>Events after Financial Reporting Date</u>
Any event after financial reporting date that provides additional information about the Company's financial position at financial reporting date (adjusting events) are reflected in the consolidated financial statements. Events after financial reporting date that are not adjusting events are disclosed in the notes to consolidated financial statements, when material.

<u>Segment Reporting</u>
For management purposes, the Company's operating businesses are organized and managed separately into two (2) business activities. Such business segments are the bases upon which the Company reports its operating segment information. The Company operates in three (3) geographical areas where it derives its revenue. Financial information on segment reporting is presented in Note 5.

Future Changes in Accounting Policies

The standards, amendments and interpretations that are issued, but not yet effective as at December 31, 2020 are disclosed in the next section. The Company intends to adopt these standards, if applicable, when these become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's consolidated financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2.*

  The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework.*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use.*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract.*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter.*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the "10 per cent" test for derecognition of financial liabilities.*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements.*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current.*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current.

- PFRS 17, *Insurance Contracts.*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure.

  This standard is not applicable to the Company.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.* The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The Company continues to assess the impact of the new and amended accounting standards and interpretations effective subsequent to December 31, 2020 financial statements. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

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

The Company's consolidated financial statements prepared under PFRSs require management to make judgments and estimates that affect amounts reported in the consolidated financial statements and related notes. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

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

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

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

Going Concern Assessment

As discussed in Note 1, the Resolution significantly affected the Company's Media, Networks, and Studio Entertainment operations, specifically the Parent Company's free-to-air business in the Philippines which resulted in a net loss of ₱13,531 million and negative operating cash flows of ₱2,405 million for the year ended December 31, 2020, and current assets and current liabilities as of December 31, 2020 amounting to ₱18,683 million and ₱28,399 million, respectively. There are also several factors that can continue to significantly affect the planned activities of the Company to ensure the continuing operations of the Company, including the impact of COVID-19. These factors have affected and may continue to affect the Company's future compliance with certain provisions of its existing loan covenants (see Note 18).

To mitigate the impact of the denial of the franchise application and of COVID-19:

1. The Company has and will continue to pursue partnerships with various reputable companies that will allow the Parent Company to share it's Free-to-Air produced content nationwide.
2. The Company continues to operate in other businesses that do not require a legislative franchise, such as, international licensing and distribution, digital and cable businesses, as well as, continue with the syndication of content through various streaming services.
3. The Company takes into consideration the probable shift of consumer behavior in terms of accessing content, as well as, the ever-changing technology available to the public. The Company has also implemented the un-geoblocking of digital content for various regions overseas to allow more consumers to have free and easy access to the Company's contents. Likewise, the Company takes into consideration the impact of COVID-19 in other business segments.
4. The Company has adopted and continues to implement cost control measures, reducing general and administrative expenses (GAEX) or overhead, rationalizing capital expenditures, and streamlining its manpower requirements.
5. The Parent Company will closely coordinate with its creditor banks and negotiate for waivers of certain covenants as the need arises. Management believes that it will be able to satisfy the requirements of the creditor banks to retain the existing payment schedules, under the relevant loan agreements.
6. The Company continues to explore and intends to pursue all available remedies and courses of action, and will comply with relevant legal, regulatory and contractual requirements, to be able to sustain its current and future business operations, which do not necessarily involve broadcast only.

After considering the events resulting from the Resolution and the responses of the Company to address these uncertainties, management assessed that the Company will be able to maintain its positive cash position and settle its liabilities as they fall due within 12 months from the end of the reporting period. Accordingly, the consolidated financial statements are prepared on a going concern basis.

Revenue from Contracts with Customers. The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

a. *Identifying Performance Obligations*. The Company identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Company's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract .

   Revenues earned from multiple element arrangements are split into separately identifiable performance obligations based on their relative stand-alone selling price to reflect the substance of the transaction.

   In relation to the subscription business, Sky Cable offers bundled cable and broadband services and is assessed as two separate performance obligations. The performance obligations to deliver cable television and broadband services on a monthly basis qualify as performance obligations satisfied over time since the customer simultaneously receives and consumes the benefit provided by the Company's performance.

b. *Principal versus Agent Consideration.* The Company enters into contracts with its customers. The Company determined that it controls the goods and services before they are transferred to customers, and it has the ability to direct their use. The following factors indicate that the Company controls the goods and services before they are being transferred to customers. Therefore, the Company determined that it is a principal in these contracts.

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

   Based on the foregoing, the Company is considered the principal in its contracts with its customers. It has the primary obligation to provide the services to them.

c. *Revenue Recognition.* The Company recognizes revenue over time or at a point in time depending on its evaluation of when the customer obtains control of the promised goods or services.

   The subscription revenue from cable and broadband service, because transfer of control is assessed to be over the contract period, is recognized monthly as the Company provides the service. The related installation service is not distinct from the cable and broadband service, revenue is recognized over the period the cable and broadband services are provided to the customer.

For licensing, judgment is exercised in determining whether the Company can recognize revenue outright or over the license period. The Company recognizes revenue over the license period if all of the following criteria are met; otherwise, revenue is recognized outright:

- the contract requires, or the customer reasonably expects, that the Company will undertake activities that significantly affect the intellectual property to which the customer has rights
- the rights granted by the license directly expose the customer to any positive or negative effects of the Company's activities
- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

Revenues from other revenue streams are recognized at a point in time when control over goods or services is transferred.

Determination of Functional Currency. The Parent Company and all other subsidiaries, except for foreign subsidiaries, have determined that their functional currency is the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Parent Company and all other subsidiaries, except for foreign subsidiaries, operate. The Philippine peso is also the currency that mainly influences the sale of goods and services as well as the costs of selling such goods and providing such services.

Each foreign subsidiary determines its functional currency (i.e., USD, GBP, JPY, AUD, CAD, EUR or SGD). Thus, the accounts of foreign subsidiaries were translated to Philippine peso for purposes of consolidation to the Company's accounts.

Leases – Company as Lessee (Prior to January 1, 2019)

The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains, a lease when the fulfillment of the arrangement depends on a specific asset or assets and the arrangement conveys the right to use the asset.

The Company has entered into lease arrangements as a lessor and as a lessee. Such contracts are accounted for as operating leases when the Company, as a lessee, has determined that the lessor retains substantial risks and benefits of ownership of these properties, and as a lessor, the Company retains substantially all the risks and benefits incidental to ownership of the assets.

The Company has entered into lease agreements covering certain property and equipment. Such contracts are accounted for as finance leases when the Company, as a lessee, has determined that it bears substantially all the risks and benefits incidental to ownership of said asset and as a lessor, it does not retain all the significant risks and rewards of ownership of the leased assets.

Bayan Telecommunications, Inc. (Bayantel) has entered into an agreement with Sky Cable for the grant of Indefeasible Right of Use (IRU) in certain capacities in the network. The arrangement is assessed as a transaction which contains a lease on the basis that fulfilment of the arrangement is dependent on the use of a specific asset or assets and arrangement conveys a right to use the asset. Sky Cable has accounted for the arrangement as a finance lease on the basis that the lease term is for the major part of the economic life of the asset of 25 years.

Leases – Company as Lessee (Effective January 1, 2019)

Determination of lease term of contracts with renewal and termination options. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company included the renewal period as part of the lease term for leases of office spaces and warehouses with shorter non-cancellable period (i.e., three to five years). The Company typically exercises its option to renew for these leases because there will be a significant negative effect on operations if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation at the financial reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Allowance for ECL

a. *Definition of Default and Credit-Impaired Financial Assets*. Under PFRS 9, the Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

   - *Quantitative Criteria*. The borrower is generally more than 60 to 90 days past due on its contractual payments, which is consistent with the Company's definition of default.

   - *Qualitative Criteria*. The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

     a. The borrower is experiencing financial difficulty or is insolvent;
     b. The borrower is in breach of financial covenant(s); or
     c. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

   The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), loss given default (LGD) and exposure at default (EAD) throughout the Company's ECL calculation.

b. *Simplified Approach for Trade and Other Receivables.* The Company uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

   The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

c. *Macro-economic Forecasts and Forward-looking Information*. Macro-economic forecasts are determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company takes into consideration different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 3 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

In light of COVID-19 pandemic, the Company reviewed the conduct of its impairment assessment and ECL methodology. The Company also reassessed the framework for macroeconomic overlay, incorporating pandemic scenarios to ensure that changes in economic conditions are captured in the ECL calculations.

Provision for ECL amounted to ₱1,146 million, ₱600 million and ₱339 million in 2020, 2019 and 2018, respectively (see Notes 7 and 27). Trade and other receivables, net of allowance for ECL, amounted to ₱5.6 billion and ₱10.6 billion as at December 31, 2020 and 2019, respectively. Allowance for ECL amounted to ₱3.2 billion and ₱2.5 billion as at December 31, 2020 and 2019, respectively (see Note 7).

Estimated Useful Lives of Property and Equipment, Investment Properties and Intangible Assets. The useful life of each item of the Company's property and equipment, investment properties and intangible assets with finite life is estimated based on the period over which the asset is expected to be available for use. Estimation for property and equipment and investment properties is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets while for intangible assets with finite life, estimated life is based on the life of agreement covering such intangibles or based on expected future benefits. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. However, it is possible that future financial performance could be materially affected by changes in the estimates brought about by changes in the aforementioned factors. The amounts and timing of recording the depreciation and amortization for any year, with regard to the property and equipment, investment properties and intangible assets would be affected by changes in these factors and circumstances. A reduction in the estimated useful life of any of the property and equipment, investment properties or intangible assets would increase the recorded expenses and decrease noncurrent assets.

There were no changes in the estimated useful lives of property and equipment, other intangible assets and investment properties in 2020 and 2019. In 2019, there was a change in useful life of the Company's cable channel from indefinite life (for 2018 and prior years) to remaining useful life of 10 years to reflect the expected pattern of economic benefits from the assets based on management's assessment. This was accounted for prospectively starting 2019 as a change in accounting estimate, thereby increasing the amortization expense of the Company by ₱95 million and ₱92 million in 2020 and 2019, respectively and ₱273 million for future periods.

The carrying values of depreciable property and equipment, investment properties and intangible assets with finite life are as follows (see Notes 10, 11 and 12):

	2020	2019
Property and equipment	**₱18,429,162**	₱17,310,851
Program rights	**3,347,466**	4,421,023
Movie in-process and filmed entertainment	**1,071,277**	1,072,891
Customer relationships	**506,399**	563,636
Cable channels	**273,428**	367,974
Story and publication, video rights, and record master	**115,958**	121,353
Investment properties	**5,184**	27,048
Production and distribution business - Middle East	**3,217**	47,743
Digital platforms	**3**	1,153

Amortization of Program Rights. The Company reviews its program rights inventory and plans for its usage across different platforms to maximize its benefits. The Company amortizes program rights based on usage or specific term.

Program rights amounted to ₱3.3 billion and ₱4.4 billion as at December 31, 2020 and 2019, respectively (see Note 12).

Impairment of Nonfinancial Assets. The Company assesses impairment on nonfinancial assets (enumerated in the following table other than inventories) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant under-performance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

The Company determined the consequences of the Resolution passed by the House Committee on Legislative Franchises denying the franchise application of the Parent Company and the lapse of the franchise of ABS-CBN Convergence, as impairment indicators on its nonfinancial assets, including, among others, the Parent Company's towers, transmission, television, radio, movie and auxiliary equipment, program rights and inventories.

The carrying values of nonfinancial assets as at December 31, 2020 and 2019 are as follows (see Notes 9, 10, 11, 12, 14 and 15):

	2020	2019
Property and equipment	**₱26,758,264**	₱27,473,741
Program rights	**3,347,466**	4,421,023
Movie in-process and filmed entertainment	**1,071,277**	1,072,891
Inventories	**524,905**	675,607
Customer relationships	**506,399**	563,636
Tax credits - net of allowance for impairment	**478,831**	535,488
Cable channels	**273,428**	367,974
Preproduction expenses	**259,906**	631,826
Investments in associates and joint venture	**161,382**	425,864
Investment properties	**141,112**	198,692
Story and publication, video rights, and record master	**115,958**	121,353
Production and distribution business - Middle East	**3,217**	47,743
Digital platforms	**3**	1,153

The Company recognized impairment losses amounting to ₱0.6 billion and ₱1.7 billion, relating to its property and equipment, movie in-progress and filmed entertainment and tax credits, in 2020 and 2019, respectively (see Notes 10, 12 and 16).

Recoverability testing requires an estimation of the fair value of the cash-generating units to which certain nonfinancial assets are allocated. Certain nonfinancial assets have been allocated to one cash-generating unit which is also the operating entity. Estimating the recoverable amount of the cash-generating unit involves significant assumptions about the future results of the business such as revenue growth and gross margins in its cable and digital platform, advertising and syndication businesses, and discount rates which were applied to cash flow forecasts, including the impact of COVID-19.The cash flow forecasts were based on financial budgets approved by senior management of the Company covering a five-year period.

The impairment on nonfinancial assets is determined by comparing: (a) the carrying amount of the cash-generating unit; and (b) the present value of the annual projected cash flows for five years and the present value of the terminal value computed under the discounted cash flow method.

As of December 31, 2020, the recoverable amount of certain assets was determined using income approach based on discounted cash flow techniques where expected cash flow from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations. The recoverable amount is most sensitive to the inputs used in the valuation which are lease income growth rate and discount rate.

As of December 31, 2019, the recoverable amount of certain assets was determined using the depreciated replacement cost approach by reference to the cost to build similar assets, with adjustments to the cost based on internal and external factors, and deductions for physical deterioration and all other relevant forms of obsolescence for the depreciated replacement cost.

The key assumptions used in the impairment test of nonfinancial assets to which the recoverable amount is most sensitive to are as follows:

a. Gross Revenue

On the average, gross revenue of the Parent Company over the next five years were projected to grow in line with the economy or with nominal Gross Domestic Product. This assumes that the market share of the Company in their respective industries will be flat on the assumption that the industries also grow at par with the economy. Historically, advertising spending growth had a direct correlation with economic growth. A 3.3% perpetuity growth rate was assumed at the end of the five-year forecast period.

b. Operating Expenses

On the average, operating expenses were projected to increase at a single-digit growth rate and at a slower pace than revenue.

c. Gross Margins

Increased efficiencies over the next five years are expected to result in margin improvements.

d. Discount Rate

The discount rate used to arrive at the present value of future cash flows was the Parent Company's Weighted Average Cost of Capital (WACC). WACC was based on the appropriate weights of debt and equity, which were multiplied with the assumed costs of debt and equity.

The discount rates applied to the cash flow projections are 6.7% in 2020 and 8.09% in 2019.

Net realizable values of inventories are assessed regularly based on the prevailing selling prices of inventories less the estimated cost necessary to sell. Increase in the net realizable value will increase the carrying amount of inventories but only to the extent of their original acquisition costs.

Merchandise inventories amounted to ₱525 million and ₱676 million as of December 31, 2020 and 2019, respectively. Inventory losses amounted to ₱606 million, ₱57 million and ₱58 million in 2020, 2019 and 2018, respectively (see Note 8).

Recoverability of Goodwill, Cable Channels, Trademarks, Licenses and IP Block. The Company performs recoverability testing annually or more frequently when there are indications of impairment for goodwill and intangible assets with indefinite lives. Until December 31, 2018, the Company has identified that cable channels of CPI, trademarks, licenses and IP block have indefinite lives. Effective January 1, 2019, in view of the change in the expected pattern of economic benefits from the assets, the Company revised the estimated useful life and amortization method of cable channels from indefinite life to 10 years.

Recoverability testing requires an estimation of the value-in-use of the cash-generating units to which goodwill, cable channels, trademarks, licenses and IP block to operate wireless business are allocated.

The impairment on goodwill, cable channels, trademarks, licenses and IP block is determined by comparing: (a) the carrying amount of the cash-generating unit; and (b) the present value of the annual projected cash flows for five years and the present value of the terminal value computed under the discounted cash flow method.

The key assumptions used, after consideration of the impact of COVID-19, in the impairment test of goodwill, cable channels, trademarks and licenses are as follows:

a. Gross Revenue

On the average, gross revenue of the subsidiaries over the next five years were projected to grow in line with the economy or with nominal Gross Domestic Product. This assumes that the market share of the subsidiaries in their respective industries will be flat on the assumption that the industries also grow at par with the economy. Historically, advertising spending growth had a direct correlation with economic growth. A 1-4% perpetuity growth rate was assumed at the end of the five-year forecast period.

b. Operating Expenses

On the average, operating expenses were projected to increase at a single-digit growth rate and at a slower pace than revenue.

c. Gross Margins

Increased efficiencies over the next five years are expected to result in margin improvements.

d. Discount Rate

The discount rate used to arrive at the present value of future cash flows was the Company's Weighted Average Cost of Capital (WACC). WACC was based on the appropriate weights of debt and equity, which were multiplied with the assumed costs of debt and equity. The discount rates applied to the cash flow projections range from 8.0% to 9.5% in 2020 and from 7.25% to 8.09% in 2019.

Similar to the impact on nonfinancial assets of the lapse of the ABS-CBN Convergence's legislative franchise, the Company recognized impairment losses on its goodwill and license – wireless business amounting to ₱577 million and ₱985 million in 2019 (see Note 12).

The carrying values of goodwill and intangible assets with indefinite useful lives as at December 31, 2020 and 2019 are as follows (see Note 12):

	2020	2019
Goodwill	**₱4,729,250**	₱4,742,164
Trademarks	**1,111,784**	1,111,784
IP block	**37,804**	37,804

Present Value of Pension Obligation and Other Employee Benefits. The cost of defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions such as discount rates and future salary increases, among others. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial reporting date. The assumptions as of December 31, 2019 have considered the impact of the denial of application of the Parent Company's legislative franchise (see Note 37).

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases are based on expected future inflation rates for the specific country.

Further details about the assumptions used are provided in Note 30.

Employee leave entitlements that is expected to be settled within one year from reporting date is classified as a current liability in the consolidated statement of financial position. Otherwise, this is classified as part of the noncurrent portion of other employee benefits liability. Accrued pension obligation and other employee benefits of the Company amounted to ₱7.0 billion and ₱7.1 billion as at December 31, 2020 and 2019, respectively (see Note 30).

Recoverability of Deferred Tax Assets. Management's assessment of the deferred tax assets to be recognized involves significant judgments and is based on assumptions regarding the entities' current performance, future plans for the business and tax planning strategies. Management exercised judgment on the financial forecast used in determining the forecasted taxable income of the entities, including the timing of reversal of future taxable and deductible temporary differences.

As at December 31, 2020 and 2019, the Company recognized gross deferred tax assets amounting to ₱1,715 million and ₱1,147 million, respectively. From this amount, ₱578 million and ₱1,076 million as at December 31, 2020 and 2019, respectively, relates to significant subsidiaries that incurred net losses and/or are in a capital deficiency position or in 2019, have denied franchise applications. Management has determined that there is sufficient taxable profit against which these recognized deferred tax assets will be realized, after consideration of the impact of COVID-19. The Company did not recognize deferred tax assets from the Parent Company and certain subsidiaries amounting to ₱32,329 million and ₱9,052 million as at December 31, 2020 and 2019, respectively, as management believes that sufficient future taxable profit will not be available to allow these deferred tax assets to be utilized (see Note 29).

Provisions and Contingencies. The Company is currently involved in various legal proceedings and periodic examinations by tax authorities, which may result in taxation issues due to different interpretation and implementation of the relevant laws and regulations. Significant estimates and judgment are made by management regarding the outcome of these legal proceedings and tax examinations. The Company's estimate of the costs of the resolution of these claims has been developed in consultation with their external legal counsels and considering the correspondences with relevant tax authorities and any relevant historical and recent judgments issued by the court or tax authorities. Any change on these assumptions and the estimates may have a material impact on the Company's consolidated financial statements (see Note 36).

Leases - Estimating the Incremental Borrowing Rate (Effective January 1, 2019). The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating) (see Note 31).

4. **Significant Acquisitions, Re-organization and Material Noncontrolling Interests**

<u>Significant Acquisitions and Re-organization</u>

a. Subscription Agreement between Sky Cable, Sky Vision, Sampaquita Communications PTE LTD (Sampaquita) and the Parent Company

   On December 18, 2017, Sky Cable, Sky Vision, Sampaquita and the Parent Company entered into a subscription agreement with the following salient provisions:

   - The Parent Company agreed to subscribe to 162,373,928 PDRs for ₱9.6853 per PDR from Sky Vision.

- Sky Cable agreed to offer 314,910,225 shares to its shareholders from an increase in capital stock. Sky Vision agreed to subscribe to 288,338,018 offered shares and the Parent Company agreed to subscribe to 26,572,207 offered shares for ₱9.6853 per share.

The Parent Company and Sampaquita agreed that the following aggregate economic interests shall be maintained:

- ABS-CBN, Lopez Holdings Corporation, Lopez, Inc. and Sky Vision shall have an aggregate economic interest of at least 59.4% of the total issued share capital of Sky Cable on a fully diluted basis; and

- Sampaquita shall have an aggregate economic interest of 40% of the total issued share capital of Sky Cable on a fully diluted basis.

On December 19, 2017, the Parent Company and Sky Vision paid Sky Cable their respective subscription for shares. The Parent Company and Sampaquita also paid Sky Vision their subscription for PDRs. The payment of Sampaquita of ₱1.2 billion is recorded as "Deposits for future subscription" under "Trade and Other Payables" account. As at June 3, 2021, the PDR instruments remain unissued.

Material Noncontrolling Interests

Financial information of subsidiaries that have material noncontrolling interests is provided below.

Proportion of Equity Interest Held by Noncontrolling Interests

		Percentage	
Company	Place of Incorporation	**2020**	2019
Sky Cable Corporation and Subsidiaries	Philippines	**40.6%**	40.6%
Sapientis Holdings Corporation and Subsidiaries	Philippines	**30.7%**	30.7%
ABS-CBN Theme Parks and Resorts Holdings, Inc. and Subsidiaries	Philippines	**27.0%**	27.0%

Accumulated Earnings (Losses) of Material Noncontrolling Interests

Company	**2020**	2019
Sapientis Holdings Corporation and Subsidiaries	**(₱2,516,768)**	(₱2,407,256)
Sky Cable Corporation and Subsidiaries	**1,835,110**	1,976,389
ABS-CBN Theme Parks and Resorts Holdings, Inc. and Subsidiaries	**(428,308)**	(514,261)

Net Income (Loss) Attributable to Material Noncontrolling Interests

	Years Ended December 31		
Company	**2020**	2019	2018
ABS-CBN Theme Parks and Resorts Holdings, Inc. and Subsidiaries	**(₱43,941)**	(₱275,699)	(₱12,801)
Sapientis Holdings Corporation and Subsidiaries	**(32,630)**	(807,197)	(43,740)
Sky Cable Corporation and Subsidiaries	**2,195**	62,916	(145,469)

The summarized financial information of Sky Cable, Sapientis, and ABS-CBN Theme Parks are provided in the succeeding section. This information is based on amounts before intercompany eliminations and after fair value adjustments.

a. *Sky Cable*

Summarized Consolidated Statements of Financial Position

	2020	2019
Cash and cash equivalents	**₱2,210,729**	₱3,394,065
Other current assets	**2,711,920**	2,118,965
Goodwill	**4,491,817**	4,491,817
Trademarks	**1,111,784**	1,111,784
Customer relationships	**506,399**	563,636
Other noncurrent assets	**15,622,703**	14,722,098
Current liabilities	**(7,179,925)**	(5,507,186)
Noncurrent liabilities	**(7,468,392)**	(8,689,704)

Summarized Consolidated Statements of Comprehensive Income

	Years Ended December 31		
	2020	2019	2018
Revenue	**₱9,603,622**	₱9,661,228	₱8,858,023
Cost of services	**(7,548,712)**	(7,671,998)	(7,574,587)
General and administrative expenses	**(2,015,125)**	(1,680,305)	(1,849,654)
Finance costs	**(271,609)**	(301,158)	(244,683)
Other income net	**251,698**	268,086	367,034
Income (loss) before income tax	**19,874**	275,853	(443,867)
Provision for (benefit from) income tax	**5,962**	103,508	(101,250)
Net income (loss)	**13,912**	172,345	(342,617)
	–		
Other comprehensive loss	**(212,352)**	(75,122)	(204,925)
Total comprehensive income (loss)	**(₱198,440)**	₱97,223	(₱547,542)

Summarized Consolidated Statements of Cash Flows

	Years Ended December 31		
	2020	2019	2018
Operating	**₱2,195,906**	₱2,291,454	₱2,487,794
Investing	**(2,993,715)**	(2,542,322)	(2,957,845)
Financing	**(385,527)**	(254,179)	1,651,540
Net increase (decrease) in cash and cash equivalents	**(₱1,183,336)**	(₱505,047)	₱1,181,489

b. *Sapientis*

Summarized Consolidated Statements of Financial Position

	2020	2019
Cash and cash equivalents	**₱2,615**	₱7,917
Other current assets	**849,756**	990,645
Current liabilities	**(6,015,409)**	(5,815,892)
Noncurrent liabilities	**(3,007,664)**	(3,246,934)

Summarized Consolidated Statements of Comprehensive Income

	Years Ended December 31		
	2020	2019	2018
Revenue	**₱–**	₱–	₱312,027
Cost of services	**(3,816)**	(2,261)	(137,170)
General and administrative expenses	**(102,151)**	(2,257,959)	(167,323)
Noncash expenses	**–**	(76,080)	(107,665)
Finance costs	**(774)**	(2,091)	(2,566)
Other income - net	**256**	(562)	2,709
Loss before income tax	**(106,485)**	(2,338,953)	(99,988)
Provision for (benefit from) income tax	**(47)**	281,362	(1,786)
Net loss	**(106,438)**	(2,620,315)	(98,202)
Other comprehensive loss	**–**	(2,268)	(20,148)
Total comprehensive loss	**(₱106,438)**	(₱2,622,583)	(₱118,350)

Summarized Consolidated Statements of Cash Flows

	Years Ended December 31		
	2020	2019	2018
Operating	**(₱6,752)**	(₱482,063)	(₱2,842,160)
Investing	**7,194**	(18,046)	(1,701,057)
Financing	**(5,744)**	499,019	4,459,588
Net decrease in cash and cash equivalents	**(₱5,302)**	(₱1,090)	(₱83,629)

c. *ABS-CBN Theme Parks*

Summarized Consolidated Statements of Financial Position

	2020	2019
Cash and cash equivalents	**₱23,708**	₱17,826
Other current assets	**33,301**	76,197
Current liabilities	**(1,437,045)**	(1,253,465)
Noncurrent liabilities	**(17,765)**	(17,532)

Summarized Consolidated Statements of Comprehensive Income

	Years Ended December 31		
	2020	2019	2018
Revenue	**₱82,996**	₱462,197	₱494,613
Cost of services	**(806)**	(68,874)	(68,665)
General and administrative expenses	**(266,797)**	(1,335,770)	(432,986)
Finance costs	**(38,770)**	(54,980)	(42,720)
Other income - net	**3,566**	2,541	1,671
Loss before income tax	**(219,811)**	(994,886)	(48,087)
Provision for (benefit from) income tax	**1,016**	26,765	(237)
Net loss	**(220,827)**	(1,021,651)	(47,850)
Other comprehensive income	**–**	6,345	2,072
Total comprehensive loss	**(₱220,827)**	(1,015,306)	(₱45,778)

Summarized Consolidated Statements of Cash Flows

	Years Ended December 31		
	2020	2019	2018
Operating	**₱246,207**	₱50,026	(₱32,776)
Investing	**(325)**	12,729	(11,367)
Financing	**(240,000)**	(72,325)	(40,717)
Net increase (decrease) in cash and cash equivalents	**₱5,882**	(₱9,570)	(₱84,860)

5. Segment Information

Segment information is prepared on the following bases:

Business Segments
For management purposes, the Company is organized into two business activities – Content Production and Distribution and Cable and Broadband. This segmentation is the basis upon which the Company reports its primary segment information.

- Content production and distribution comprise entertainment, news and current affairs, global operations, film and music production, cable channels, publishing, content distribution through digital platforms, and live events and concerts. This consists of local and global content creation and distribution through television and radio broadcasting.

- Cable and Broadband includes cable television and broadband services in Metro Manila and in certain provincial areas in the Philippines.

As result of the events disclosed in Note 1, the Company ceased various operating businesses and has formed two reportable segments namely, Content Production and Distribution and Cable and Broadband. The Company has further restated the 2019 and 2018 comparative information to conform with the 2020 reporting segmentation.

Geographical Segments
The Company operates in three major geographical areas namely, the Philippines, United States and Other Countries. In the Philippines, its home country, the Company is involved in content production and distribution and pay TV. In the United States and in other locations (which include Middle East,

Europe, Australia, Canada and Japan), the Company operates its cable and satellite operations to bring its produced content outside the Philippines.

The Company does not have revenue from transactions with a single external customer amounting to 10% or more of the Company's revenues.

Inter-segment Transactions
Segment revenue, segment expenses and operating results include transfers among business segments and among geographical segments. The transfers are accounted for at competitive market prices charged to unrelated customers for similar services. Such transfers are eliminated upon consolidation.

The Executive Committee, the Company's chief operating decision maker, monitors operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit and loss in the consolidated financial statements.

On a consolidated basis, the Company's performance is evaluated based on consolidated net income for the year, earnings before interest, taxes and depreciation and amortization (EBITDA) and EBITDA margin. EBITDA margin pertains to EBITDA divided by gross revenues.

EBITDA and EBITDA margin are non-PFRSs measures.

The Company recognized impairment losses amounting to ₱1.3 billion and ₱3.4 billion for Content Production and Distribution in 2020 and 2019, respectively.

The following table shows the reconciliation of the consolidated EBITDA to consolidated net income (loss):

	Years Ended December 31		
	2020	2019	2018
Consolidated EBITDA	**(₱6,240,828)**	₱9,153,763	₱8,053,108
Depreciation and amortization	**(3,591,768)**	(3,717,944)	(3,819,919)
Amortization of intangible assets**	**(1,340,496)**	(1,451,179)	(1,351,659)
Impairment loss	**(1,305,294)**	(3,364,907)	(9,438)
Finance costs*	**(1,201,260)**	(1,530,032)	(1,094,593)
Interest income	**201,101**	560,421	202,801
Provision for income tax	**(52,271)**	(2,295,269)	(72,059)
Consolidated net income (loss)	**(₱13,530,816)**	(₱2,645,147)	₱1,908,241

**Excluding bank service charges*
***Excluding amortization of movie in-process and filmed entertainment and story and publication, video rights, and record master*

Business Segment Data

The following tables present revenue and income information and certain asset and liability information regarding business segments for each of the three years in the period ended December 31:

	Content Production and Distribution			Cable and Broadband			Eliminations			Consolidated		
	2020	2019	2018	**2020**	2019	2018	**2020**	2019	2018	**2020**	2019	2018
Revenue												
External sales	₱12,257,547	₱34,404,177	₱32,390,815	₱9,603,622	₱9,661,228	₱8,702,522	₱–	₱–	₱–	₱21,861,169	₱44,065,405	₱41,093,337
Inter-segment sales	2,511,745	4,442,563	4,072,970	–	–	155,501	(2,511,745)	(4,442,563)	(4,228,471)	–	–	–
Revenue deductions	(768,178)	(1,560,245)	(1,043,847)	–	–	–	326,766	329,682	81,102	(441,412)	(1,230,563)	(962,745)
Total revenue	₱14,001,114	₱37,286,495	₱35,419,938	₱9,603,622	₱9,661,228	₱8,858,023	(₱2,184,979)	(₱4,112,881)	(₱4,147,369)	₱21,419,757	₱42,834,842	₱40,130,592
Results												
Operating results	(₱13,621,708)	(₱776,812)	₱2,035,545	₱39,785	₱308,925	(₱566,218)	₱1,453,804	₱905,516	₱727,271	(₱12,128,119)	₱437,629	₱2,196,598
Finance costs	(1,193,658)	(1,512,691)	(1,086,925)	(271,609)	(301,158)	(244,683)	251,333	266,427	206,931	(1,213,934)	(1,547,422)	(1,124,677)
Foreign exchange gains (losses) - net	(278,531)	(211,884)	240,877	(87,211)	(77,680)	118,530	(17,054)	(22,690)	44,624	(382,796)	(312,254)	404,031
Interest income	221,252	568,370	184,825	31,541	56,277	38,805	(51,692)	(64,226)	(20,829)	201,101	560,421	202,801
Equity in net losses of associates and joint ventures	(1,776,100)	(18,721)	(29,706)	–	–	–	1,728,466	–	–	(47,634)	(18,721)	(29,706)
Other income - net	451,087	1,150,671	1,089,200	307,368	289,489	209,699	(665,618)	(909,691)	(967,646)	92,837	530,469	331,253
Income tax	(46,309)	(2,191,761)	(173,309)	(5,962)	(103,508)	101,250	–	–	–	(52,271)	(2,295,269)	(72,059)
Net income (loss)	(₱16,243,967)	(₱2,992,828)	₱2,260,507	₱13,912	₱172,345	(₱342,617)	₱2,699,239	₱175,336	(₱9,649)	(₱13,530,816	(₱2,645,147)	₱1,908,241
EBITDA										(₱6,240,828)	₱9,153,763	₱8,053,108
EBITDA Margin										(29%)	21%	20%
Assets and Liabilities												
Operating assets	₱35,457,299	₱71,876,178	₱74,685,636	₱24,478,669	₱24,475,320	₱23,686,425	(₱2,886,225)	(₱18,679,933)	(₱17,328,894)	₱57,049,743	₱77,671,565	₱81,043,167
Investments in associates and joint ventures	15,957,614	20,930,038	21,311,093	1,562	1,562	1,562	(15,797,794)	(20,505,736)	(20,817,408)	161,382	425,864	495,247
Deferred tax assets	433,848	473,705	2,131,076	1,315,992	856,184	935,276	(34,788)	(182,782)	(45,549)	1,715,052	1,147,107	3,020,803
Total assets	₱51,848,761	₱93,279,921	₱98,127,805	₱25,796,223	₱25,333,066	₱24,623,263	(₱18,718,807)	(₱39,368,451)	(₱38,191,851)	₱58,926,177	₱79,244,536	₱84,559,217
Operating liabilities	₱14,881,647	₱16,619,324	₱16,287,589	₱6,710,426	₱6,634,394	₱6,780,074	(₱3,408,838)	(₱3,733,357)	(₱3,136,258)	₱18,183,235	₱19,520,361	₱19,931,405
Contract liabilities	64,392	436,165	456,187	692,484	628,485	83,411	–	–	–	756,876	1,064,650	539,598
Interest-bearing loans and borrowings	16,033,607	20,500,586	22,597,737	5,996,203	6,067,344	6,140,674	(542,556)	(541,331)	(541,331)	21,487,254	26,026,599	28,197,080
Deferred tax liability	353,639	458,355	138,271	–	–	–	–	–	–	353,639	458,355	138,271
Lease liabilities	173,468	878,309	14,826	777,616	239,215	13,589	(4,762)	(34,158)	–	946,322	1,083,366	28,415
Total liabilities	₱31,506,753	₱38,892,739	₱39,494,610	₱14,176,729	₱13,569,438	₱13,017,748	(₱3,956,156)	(₱4,308,846)	(₱3,677,589)	₱41,727,326	₱48,153,331	₱48,834,769
Other Segment Information												
Capital expenditures:												
Property and equipment	₱1,101,867	₱1,588,089	₱2,752,713	₱3,233,871	₱2,489,861	₱3,217,990	₱–	₱–	₱–	₱4,335,738	₱4,077,950	₱5,970,703
Intangible assets	967,086	1,228,997	1,813,135	51,935	82,449	248,991	–	–	–	1,019,021	1,311,446	2,062,126
Depreciation and amortization	5,189,742	4,806,144	4,991,981	1,979,908	1,771,229	1,747,389	(1,409,098)	(1,214,473)	(1,197,931)	5,760,552	5,362,900	5,541,439
Noncash expenses other than depreciation and amortization	372,862	409,296	69,438	786,670	216,420	302,339	–	–	–	1,159,532	625,716	371,777

<u>Geographical Segment Data</u>

The following tables present revenue and expenditure and certain asset information regarding geographical segments for each of the three years in the period ended December 31:

	Philippines			United States			Others			Eliminations			Consolidated		
	2020	2019	2018	**2020**	2019	2018	**2020**	2019	2018	**2020**	2019	2018	**2020**	2019	2018
Revenue															
External sales	**₱17,961,491**	₱38,364,701	₱35,342,690	**₱2,340,949**	₱3,008,852	₱4,241,484	**₱1,558,729**	₱2,691,852	₱1,509,163	**₱–**	₱–	₱–	**₱21,861,169**	₱44,065,405	₱41,093,337
Inter-segment sales	**2,511,745**	4,442,563	4,228,471	**–**	–	–	**–**	–	–	**(2,511,745)**	(4,442,563)	(4,228,471)	**–**	–	–
Revenue deductions	**(768,178)**	(1,560,245)	(1,043,847)	**–**	–	–	**–**	–	–	**326,766**	329,682	81,102	**(441,412)**	(1,230,563)	(962,745)
Total revenue	**₱19,705,058**	₱41,247,019	₱38,527,314	**₱2,340,949**	₱3,008,852	₱4,241,484	**₱1,558,729**	₱2,691,852	₱1,509,163	**(₱2,184,979)**	(₱4,112,881)	(₱4,147,369)	**₱21,419,757**	₱42,834,842	₱40,130,592
Assets															
Operating assets	**₱54,268,951**	₱84,840,972	₱87,638,370	**₱1,511,933**	₱2,520,027	₱1,882,190	**₱4,101,334**	₱8,936,585	₱8,806,231	**(₱2886,225)**	(₱18,679,933)	(₱17,328,894)	**₱56,995,993**	₱77,617,651	₱80,997,897
Contract assets	**53,750**	53,914	45,270	**–**	–	–	**–**	–	–	**–**	–	–	**53,750**	53,914	45,270
Investments in associates and joint ventures	**15,959,176**	20,931,600	21,312,655	**–**	–	–	**–**	–	–	**(15,797,794)**	(20,505,736)	(20,817,408)	**161,382**	425,864	495,247
Deferred tax assets - net	**1,585,052**	1,225,025	2,974,813	**143,880**	77,198	83,870	**20,908**	27,666	7,669	**(34,788)**	(182,782)	(45,549)	**1,715,052**	1,147,107	3,020,803
Total assets	**₱71,866,929**	₱107,051,511	₱111,971,108	**₱1,655,813**	₱2,597,225	₱1,966,060	**₱4,122,242**	₱8,964,251	₱8,813,900	**(₱18,718,807)**	(₱39,368,451)	(₱38,191,851)	**₱58,926,177**	₱79,244,536	₱84,559,217
Liabilities															
Operating liabilities	**₱17,505,656**	₱19,333,483	₱19,757,419	**₱451,536**	₱559,114	₱137,769	**₱3,634,881**	₱3,361,121	₱3,172,475	**(₱3,408,838)**	(₱3,733,357)	(₱3,136,258)	**₱18,183,235**	₱19,520,361	₱19,931,405
Contract liabilities	**756,876**	1,064,650	362,986	**–**	–	176,612	**–**	–	–	**–**	–	–	**756,876**	1,064,650	539,598
Interest-bearing loans and borrowings	**22,029,810**	26,536,966	28,703,540	**–**	30,964	32,154	**–**	–	2,717	**(542,556)**	(541,331)	(541,331)	**21,487,254**	26,026,599	28,197,080
Deferred tax liability	**353,639**	458,355	138,271	**–**	–	–	**–**	–	–	**–**	–	–	**353,639**	458,355	138,271
Lease liabilities	**943,944**	520,403	28,415	**6,995**	579,236	–	**145**	17,885	–	**(4,762)**	(34,158)	–	**946,322**	1,083,366	28,415
Total liabilities	**₱41,589,925**	₱47,913,857	₱48,990,631	**₱458,531**	₱1,169,314	₱346,535	**₱3,635,026**	₱3,379,006	₱3,175,192	**(₱3,956,156)**	(₱4,308,846)	(₱3,677,589)	**₱41,727,326**	₱48,153,331	₱48,834,769
Other Segment Information															
Capital expenditures:															
Property and equipment	**₱4,331,634**	₱4,033,749	₱5,945,910	**₱3,430**	₱44,201	₱24,727	**₱674**	₱–	₱66	**₱–**	₱–	₱–	**₱4,335,738**	₱4,077,950	₱5,970,703
Intangible assets	**1,019,021**	1,311,446	2,062,126	**–**	–	–	**–**	–	–	**–**	–	–	**1,019,021**	1,311,446	2,062,126

6. Cash and Cash Equivalents and Short-term Investments

	2020	2019
Cash on hand and in banks	**₱3,548,320**	₱6,033,101
Cash equivalents	**2,881,406**	6,136,816
	₱6,429,726	₱12,169,917

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term placements, which are made for varying periods of up to three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term placement rates.

Cash deposits amounting to ₱12 million and ₱6,999 million as at December 31, 2020 and 2019, respectively, and with maturities of more than three months but less than one year are classified as "Short-term investments" in the consolidated statements of financial position.

Interest earned from cash and cash equivalents and short-term investments amounted to ₱201 million, ₱560 million and ₱203 million in 2020, 2019 and 2018, respectively.

7. Trade and Other Receivables

	2020	2019
Trade:		
Airtime	**₱2,844,668**	₱6,101,594
Subscriptions	**3,190,019**	2,829,697
Others	**992,924**	2,110,569
Due from related parties (Note 23)	**67,839**	325,478
Advances to employees and talents (Note 23)	**1,076,449**	696,108
Others	**584,310**	1,060,084
	8,756,209	13,123,530
Less allowance for ECL	**3,193,079**	2,518,097
	₱5,563,130	₱10,605,433

Trade receivables are noninterest-bearing and are generally on 60 to 90-days term upon receipt of invoice by the customer.

Airtime receivables include unbilled airtime arising from advertisements which have been aired during the year. Invoicing normally takes around 7 days from airing.

Subscription receivables include unbilled subscription, where revenue has been accrued based on the rates in the subscription agreements multiplied by the number of subscribers based on the latest report from the cable providers.

For terms and conditions relating to due from related parties, refer to Note 23.

Advances to employees and talents are usually settled within one year (see Note 23).

Other trade receivables pertain to other revenue generated from the sale of goods and services and usually collected within one year.

Other receivables include interest receivable and receivables related to the sale of Amcara Broadcasting Network, Inc. (Amcara) amounting to ₱259 million and is fully provided with allowance

The aging analysis of the unbilled airtime and subscription receivables follows:

	2020	2019
Less than 30 days	**₱89,615**	₱779,834
31 to 90 days	**84,673**	33,317
	₱174,288	₱813,151

Allowance for ECL
Movements in the allowance for ECL are as follows:

	Trade				
	Airtime	Subscriptions	Others	Nontrade	Total
Balance at January 1, 2019	₱317,485	₱1,342,220	₱320,749	₱69,500	₱2,049,954
Provisions (Note 27)	28,802	201,026	140,824	229,324	599,976
Write-offs and others	(3,440)	(26,374)	(99,731)	(2,288)	(131,833)
Balance at December 31, 2019	342,847	1,516,872	361,842	296,536	2,518,097
Provisions (Note 27)	**892**	**864,326**	**660**	**279,788**	**1,145,666**
Write-offs and others	**–**	**(461,006)**	**(7,701)**	**(1,977)**	**(470,684)**
Balance at December 31, 2020	**₱343,739**	**₱1,920,192**	**₱354,801**	**₱574,347**	**₱3,193,079**

8. **Inventories**

	2020	2019
At cost:		
Merchandise inventories	**₱–**	₱594,979
Office supplies	**1,647**	4,950
At net realizable value:		
Merchandise inventories	**464,454**	27,722
Materials, supplies and spare parts	**58,804**	47,956
	₱524,905	₱675,607

Merchandise inventory consists mainly of set-top boxes, records and other consumer products held for sale by the Parent Company and subsidiaries. Materials, supplies and spare parts comprise mainly of cable, construction and installation supplies of Sky Cable and the Parent Company's spare parts and supplies.

Cost of sales related to digital boxes amounting to ₱260 million, ₱2,115 million and ₱2,382 million in 2020, 2019 and 2018, respectively, is recorded as part of "Inventory costs" under the "Cost of sales" account in the consolidated statements of income (see Note 26). Total inventory costs recognized under "Cost of sales and services" amounted to ₱334 million, ₱2,293 million and ₱2,554 million in 2020, 2019 and 2018, respectively (see Note 26).

The cost of inventories carried at net realizable value amounted to ₱1,106 million and ₱287 million as at December 31, 2020 and 2019, respectively. Inventory losses amounted to ₱606 million, ₱57 million and ₱58 million in 2020, 2019 and 2018, respectively (see Note 27). The Company has no reversal of inventory write-downs in 2020, 2019 and 2018, respectively.

9. Contract Cost Assets and Contract Liabilities

	2020	2019
Contract cost assets (Note 15)	**₱53,750**	₱53,914
Contract liabilities	**756,876**	1,064,650

Incremental Costs to Obtain Contracts

Contract cost assets pertain to the incremental costs incurred by the Company in obtaining contracts with customers.

Sky Cable pays sales commission to its sales agents for each contract that they obtain from subscribers. This sales commission is considered incremental cost of obtaining the contract and has been capitalized in accordance with PFRS 15 since Sky Cable expects that sales commission is recoverable. This is amortized on a straight-line basis over the period the services are provided to the customer.

The amortization related to incremental costs to obtain contracts recorded in "Advertising and promotion" under "General and administrative expense" account in the consolidated statement of income amounted to ₱27 million and ₱47 million in 2020 and 2019, respectively (see Note 27).

No impairment loss was recognized in 2020 and 2019.

Contract Liabilities

Contract liabilities pertain to the payments received before broadcast, subscription fees billed and received in advance, nonrefundable installation service fee received in advance, payments received for distribution of music catalogue and advance payments from the industry partners of PII. These are recognized as revenue when the Company performs under the contract.

Out of the opening contract liabilities, total revenue recognized amounted to ₱212 million and ₱461 million in 2020 and 2019, respectively. Contract liabilities are usually recognized as revenues within one year from receipt.

10. Property and Equipment

	December 31, 2020							
						Right-of-use assets		
	Land and Land Improvements	Buildings and Improvements	Towers, Transmission, Television, Radio, Movie, and Auxiliary Equipment	Other Equipment	Construction in Progress	Towers, Transmission, Television, Radio, Movie, and Auxiliary Equipment	Buildings and Improvements	Total
Cost								
Balance at beginning of year	₱2,224,315	₱13,018,483	₱25,768,241	₱12,877,039	₱8,248,022	₱856,056	₱1,023,253	₱64,015,409
Additions	–	27,421	1,434,926	597,569	979,181	1,238,947	57,694	4,335,738
Disposals/retirements	(1,016)	(399,773)	(380,835)	(258,999)	(70,341)	(15,084)	(687,729)	(1,813,777)
Reclassifications	21,928	925,664	1,062,237	370,907	(2,380,736)	–	–	–
Translation adjustments	(4,680)	(21,879)	(22,421)	(25,804)	(690)	24,373	(51,742)	(102,843)
Balance at end of year	2,240,547	13,549,916	27,862,148	13,560,712	6,775,436	2,104,292	341,476	66,434,527
Accumulated Depreciation, Amortization and Impairment								
Balance at beginning of year	41,726	8,709,026	18,354,583	8,557,848	268,622	239,073	370,790	36,541,668
Depreciation and amortization (Notes 25, 26 and 27)	7,491	425,608	1,949,397	970,237	–	117,344	120,128	3,590,205
Disposals/retirements	(1,016)	(121,100)	(372,952)	(235,158)	–	(7,773)	(203,919)	(941,918)
Impairment (Note 27)	–	28,859	–	73,252	422,390	–	–	524,501
Translation adjustments	(56)	(3,440)	(21,441)	(20,830)	–	23,506	(15,932)	(38,193)
Balance at end of year	48,145	9,038,953	19,909,587	9,345,349	691,012	372,150	271,067	39,676,263
Net Book Value	₱2,192,402	₱4,510,963	₱7,952,561	₱4,215,363	₱6,084,424	₱1,732,142	₱70,409	₱26,758,264

	December 31, 2019							
						Right-of-use assets		
	Land and Land Improvements	Buildings and Improvements	Towers, Transmission, Television, Radio, Movie, and Auxiliary Equipment	Other Equipment	Construction in Progress	Towers, Transmission, Television, Radio, Movie, and Auxiliary Equipment	Buildings and Improvements	Total
Cost								
Balance at beginning of year	₱2,231,209	₱12,861,957	₱24,866,855	₱13,439,510	₱6,843,518	₱–	₱–	₱60,243,049
Adoption of PFRS 16	–	–	–	(589,997)	–	622,788	935,077	967,868
Additions	–	21,536	1,313,440	412,083	1,933,637	309,078	88,176	4,077,950
Disposals/retirements	(3,822)	(40,260)	(416,384)	(597,882)	(87,196)	(75,810)	–	(1,221,354)
Reclassifications	413	190,091	19,764	231,894	(442,162)	–	–	–
Translation adjustments	(3,485)	(14,841)	(15,434)	(18,569)	225	–	–	(52,104)
Balance at end of year	2,224,315	13,018,483	25,768,241	12,877,039	8,248,022	856,056	1,023,253	64,015,409
Accumulated Depreciation, Amortization and Impairment								
Balance at beginning of year	43,424	7,759,026	16,395,378	8,169,596	–	–	–	32,367,424
Adoption of PFRS 16	–	–	–	(178,635)	–	178,635	–	–
Depreciation and amortization (Notes 25, 26 and 27)	2,165	403,605	1,960,593	986,117	–	36,137	327,588	3,716,205
Disposals/retirements	(3,822)	(34,590)	(333,710)	(548,561)	–	(11,573)	–	(932,256)
Impairment (Note 27)	–	586,180	324,625	143,231	268,622	35,874	45,786	1,404,318
Translation adjustments	(41)	(5,195)	7,697	(13,900)	–	–	(2,584)	(14,023)
Balance at end of year	41,726	8,709,026	18,354,583	8,557,848	268,622	239,073	370,790	36,541,668
Net Book Value	₱2,182,589	₱4,309,457	₱7,413,658	₱4,319,191	₱7,979,400	₱616,983	₱652,463	₱27,473,741

Construction in progress pertains to cost of building the production facilities.

Certain property and equipment of Sky Cable and PCC with a carrying value of ₱492 million as at December 31, 2009 were pledged as collateral to secure the long-term debt of Sky Cable. As part of the refinancing of the restructured long-term debt of Sky Cable in 2010, creditors of Sky Cable, executed a deed of release of property from indenture lien and cancellation of mortgage. As at June 3, 2021, the cancellation of mortgage annotations with the remaining register of deeds located in some provinces is still in process (see Note 18).

To address the impact of the denial of the franchise application (as discussed in Note 1), the Company has entered into an agreement with its existing lenders to provide for the creation of mortgage and security interest over certain assets of the Company. The carrying value of assets mortgaged to secure the long-term debt of ABS-CBN as at December 31, 2020 amounted to ₱7,254 million (see Note 18).

Unamortized borrowing costs capitalized as part of property and equipment amounted to ₱1,814 million and ₱1,642 million as at December 31, 2020 and 2019, respectively. Borrowing costs capitalized in 2020 and 2019 amounted to ₱200 million. Borrowing cost capitalization rates in 2020 and 2019 are 5.335% and 6.735%, respectively.

The Company determined the consequences of the Resolution passed by the House Committee on Legislative Franchises denying the franchise application of the Parent Company and the lapse of the franchise of ABS-CBN Convergence, as impairment indicators on the its nonfinancial assets. The Company recognized impairment losses amounting to ₱525 million and ₱1.4 billion, relating to its property and equipment in 2020 and 2019, respectively.

11. Investment Properties

	December 31, 2020		
	Land	**Building**	**Total**
Cost:			
Balance at beginning of year	**₱171,644**	**₱43,961**	**₱215,605**
Disposal	**(33,874)**	**(33,874)**	**(67,748)**
Translation adjustments	**(1,842)**	**(2,284)**	**(4,126)**
Balance at end of year	**135,928**	**7,803**	**143,731**
Accumulated depreciation:			
Balance at beginning of year	–	**16,913**	**16,913**
Depreciation (Note 27)	–	**1,563**	**1,563**
Disposal	–	**(14,890)**	**(14,890)**
Translation adjustments	–	**(967)**	**(967)**
Balance at end of year	–	**2,619**	**2,619**
Net book value	**₱135,928**	**₱5,184**	**₱141,112**

	December 31, 2019		
	Land	Building	Total
Cost:			
Balance at beginning of year	₱173,016	₱45,618	₱218,634
Translation adjustments	(1,372)	(1,657)	(3,029)
Balance at end of year	171,644	43,961	215,605
Accumulated depreciation:			
Balance at beginning of year	–	15,871	15,871
Depreciation (Note 27)	–	1,739	1,739
Translation adjustments	–	(697)	(697)
Balance at end of year	–	16,913	16,913
Net book value	₱171,644	₱27,048	₱198,692

The Parent Company owns a parcel of land for capital appreciation purposes costing ₱136 million and ₱172 million as at December 31, 2020 and 2019, respectively. The fair value of the land, based on the latest appraisal reports dated February 14 and 20, 2020, amounted to ₱1.6 billion as determined by an independent appraiser accredited by the Philippine SEC using the Sales Comparison Approach, which considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. The fair value of this investment property is categorized under Level 3 of the fair value hierarchy as the market for the identical or similar properties is not active. The highest and best use of the asset is as a commercial utility. For Sales Comparison approach, the higher the rise per sqm., the higher the fair value. The significant unobservable input to valuation of the land is the price per square meter ranging from ₱115,00 to ₱250,000.

Land and building with carrying value of nil and ₱57 million as at December 31, 2020 and 2019, respectively, pertain to a parcel of land purchased by ABS-CBN International, with a two-storey house constructed thereon, located in Redwood City, California, USA. The real property, which was acquired in July 2008 at a purchase price of US$1.4 million (₱67 million), was intended to be held by ABS-CBN International as investment properties. To fund the acquisition, ABS-CBN International obtained a loan from Citibank, North America amounting to US$1 million (₱50 million) for which the property was pledged as collateral (see Note 18). The real estate was sold on November 25, 2020.

As at December 31, 2019, the fair value of the building of ABS-CBN International, which is based on market price of similar properties within the area, amounted to ₱120 million. The fair value of these investment properties is categorized under Level 3 of the fair value hierarchy as the market for the identical or similar properties is not active.

Rental income derived from the investment properties amounted to ₱1 million in 2020 and ₱3 million in 2019 and ₱2 million 2018. Direct operating expenses, which consist mainly of depreciation, amounted to ₱2 million in 2020, 2019 and 2018.

12. Goodwill, Program Rights and Other Intangible Assets

	Goodwill	Program Rights	Music Rights	Movie In-Process and Filmed Entertainment	Story and Publication, Video Rights, and Record Master	Trademarks	Licenses	Customer Relationships	Cable Channels - CPI	Production and Distribution Business - Middle East	Business Process Re-engineering	Digital Platforms and IP Block	Total
Balance as at December 31, 2019	₱4,742,164	₱4,421,023	₱–	₱1,072,891	₱121,353	₱1,111,784	₱–	₱563,636	₱367,974	₱47,743	₱183,833	₱38,957	₱12,671,358
Additions	–	107,682	–	811,231	48,173	–	–	–	–	–	51,935	–	1,019,021
Amortization (see Notes 25, 26 and 27)	–	(1,181,239)	–	(736,777)	(53,568)	–	–	(57,237)	(94,546)	(6,324)	–	(1,150)	(2,130,841)
Impairment (see Note 27)	–	–	–	(76,068)	–	–	–	–	–	(37,943)	–	–	(114,011)
Translation adjustments	(12,914)	–	–	–	–	–	–	–	–	(259)	–	–	(13,173)
Balance as at December 31, 2020	4,729,250	3,347,466	–	1,071,277	115,958	1,111,784	–	506,399	273,428	3,217	235,768	37,807	11,432,354
Less current portion	–	859,244	–	149,300	2,526	–	–	–	–	–	–	–	1,011,070
Noncurrent portion	₱4,729,250	₱2,488,222	₱–	₱921,977	₱113,432	₱1,111,784	₱–	₱506,399	₱273,428	₱3,217	₱235,768	₱37,807	₱10,421,284
Balance as at January 1, 2019	₱5,328,818	₱4,773,920	₱806	₱1,056,361	₱124,599	₱1,111,784	₱990,237	₱619,475	₱459,968	₱50,702	₱101,384	₱51,500	₱14,669,554
Additions	–	931,413	–	291,584	3,588	–	–	–	–	–	82,449	2,412	1,311,446
Amortization (see Notes 25, 26 and 27)	–	(1,284,310)	(806)	(186,137)	(6,834)	–	(4,649)	(55,839)	(91,994)	(6,596)	–	(7,791)	(1,644,956)
Impairment (see Note 27)	(577,037)	–	–	(88,917)	–	–	(984,955)	–	–	–	–	(7,164)	(1,658,073)
Translation adjustments	(9,617)	–	–	–	–	–	(633)	–	–	3,637	–	–	(6,613)
Balance as at December 31, 2019	4,742,164	4,421,023	–	1,072,891	121,353	1,111,784	–	563,636	367,974	47,743	183,833	38,957	12,671,358
Less current portion	–	1,134,251	–	147,892	4,518	–	–	–	–	–	–	–	1,286,661
Noncurrent portion	₱4,742,164	₱3,286,772	₱–	₱924,999	₱116,835	₱1,111,784	₱–	₱563,636	₱367,974	₱47,743	₱183,833	₱38,957	₱11,384,697

Goodwill
Goodwill arose from the following acquisitions and business combination:

	2020	2019
Sky Cable	**₱4,491,817**	₱4,491,817
ABS-CBN International*	**237,433**	250,347
	₱4,729,250	₱4,742,164

**Includes translation adjustments*

The Company recognized impairment losses on its goodwill related to CTI, ABS-C and Sapientis in 2019 due to the lapse of the franchise of ABS-C on March 17, 2020, which was considered as an adjusting subsequent event in 2019.

Program Rights and Other Intangible Assets
Program rights include the acquired rights of the Company to air foreign and local films or programs for a certain period of time. As at December 31, 2020, the remaining useful life of program rights range from one to 24 years. Licenses with finite life include franchise of KidZania brand in the Philippines, acquired in 2012, by PII. As at December 31, 2020, the remaining useful life of the license is approximately two years.

The customer relationships acquired in a business combination relate to the core subscribers of the following:

- Sky Cable postpaid, prepaid and platinum, broadband and other subscribers at conversion date who have sustained their relationship with Sky Cable for more than a year
- Destiny Cable, Incorporated (DCI), Solid Broadband Corporation and UNI Cable TV, Inc. cable postpaid, prepaid and broadband subscribers
- Tri-Isys postpaid internet subscribers

The cable channels include Lifestyle Channel, Cinema One, and Myx Channel acquired by CPI from Sky Vision. Until 2018, based on the Company's analysis of all the relevant factors, there is no foreseeable limit to the period over which this business is expected to generate net cash inflows for the Company and therefore, these were assessed to have an indefinite life. The carrying amount is net of previously recognized amortization amounting to ₱115 million. In 2019, the Company reassessed the useful life of the cable channel based on industry trends and changed it from indefinite to remaining useful life of 10 years to reflect the expected pattern of economic benefits from the assets. This was accounted prospectively as a change in accounting estimate, thereby increasing the amortization expense of the Company by ₱96 million and ₱92 million in 2010 and 2019 and ₱273 million for the future periods.

Production and distribution business for Middle East operations represent payments arising from the sponsorship agreement between Arab Digital Distribution (ADD) and ABS-CBN Middle East. This agreement grants the Company the right to operate in the Middle East with ADD as sponsor for a period of 25 years. The related contract will expire in 2021, management recognised impairment loss due to the uncertainty in contract renewal and adverse financial position of the major customer.

Costs of other intangible assets with indefinite life are as follows:

	Trademarks	IP Block	Total
Balance as at December 31, 2019	₱1,111,784	₱37,804	₱1,149,588
Impairment (see Note 27)	–	–	–
Balance as at December 31, 2020	₱1,111,784	₱37,804	₱1,149,588

Other intangible assets assessed to have indefinite life include trademarks and licenses to operate the wireless business. Trademarks pertain to DCI and Sky Cable distinctive sign to promote and distinguish its products and services from those of other entities. Based on the Company's analysis of all the relevant factors, there is no foreseeable limit to the period over which the business is expected to generate net cash inflows for the Company and therefore, these were assessed to have an indefinite life.

In 2019, the Company recognized impairment losses amounting to ₱956 million, relating to its telecommunication license. This is as a result of the lapse of the legislative franchise of ABS-C on March 17, 2020.

13. Financial Assets at Fair Value through Other Comprehensive Income

	2020	2019
Quoted equity securities	₱25,317	₱187,424
Non-listed ordinary common and quoted club shares	36,529	75,702
	₱61,846	₱263,126

Investment in quoted equity securities represents the Parent Company's investment in Manila Electric Company common shares. Investments in quoted club shares mainly comprise of investments in Wack Wack Golf and Country Club, Manila Polo Club and others.

In 2020, the Parent Company sold various of its investment in equity securities. The fair value on the date of sale is ₱236 million and the accumulated gain recognised in other comprehensive income of ₱136 million was transferred to retained earnings.

Quoted equity securities generated dividends amounting to ₱7.9 million, ₱9.2 million and ₱7.6 million in 2020, 2019 and 2018, respectively.

Movements in this account follow:

	2020	2019
Balance at beginning of year	₱263,126	₱268,304
Additional investment	–	27,871
Sale of investment	(235,742)	–
Unrealized fair value gain (loss)	34,462	(33,049)
Balance at end of year	₱61,846	₱263,126

14. **Investments in Associates and Joint Ventures**

Entity	Principal Activities	Percentage of Ownership 2020	2019
Associates:			
Star Cinema Productions, Inc. (Star Cinema)	Services	**45.0**	45.0
The Flagship, Inc. (Flagship)	Services	**40.0**	40.0
Joint ventures:			
A CJ O Shopping Corporation (A CJ O)	Home shopping	**50.0**	50.0
Daum Kakao Philippines Corporation (Daum Kakao)	Services	**50.0**	50.0
ALA Sports Promotions International, Inc. (ALA Sports)	Boxing promotions	**44.0**	44.0

Details and movement in the account are as follows:

	2020	2019
Acquisition costs –		
Balance at beginning of year	**₱1,035,049**	₱1,064,552
Return of investment in joint venture	**(182,000)**	
Sale of investment in associate	–	(29,503)
Balance at end of year	**853,049**	1,035,049
Accumulated equity in net losses –		
Balance at beginning of year	**(596,388)**	(566,570)
Equity in net loss during the year	**(47,634)**	(18,721)
Sale of investment in associate	–	(11,097)
Balance at end of year	**(644,022)**	(596,388)
Accumulated impairment loss –		
Balance at beginning of year	**(12,797)**	(2,735)
Impairment of investment in joint venture	**(34,848)**	–
Impairment of investment in associate	–	(10,062)
Balance at end of year	**(47,645)**	(12,797)
	₱161,382	₱425,864
Investments in:		
Joint ventures	**₱58,204**	₱322,686
Associates	**103,178**	103,178
	₱161,382	₱425,864

All the associates and joint ventures are incorporated and have principal place of business in the Philippines. The associates and joint ventures have no contingent liabilities or capital commitments as at December 31, 2020 and 2019.

a. Investments in Joint Ventures

i. A CJ O

The joint venture operates O Shopping Channel which broadcasts company-produced shopping programs 24/7 via Sky Cable and Destiny Cable. It also airs programs through ABS-CBN's Channel 2.

On June 25, 2020, the stockholders and BOD of the Company approved a plan of liquidation and cessation of operations effective December 31, 2020. In November 2020, the Company discontinued its operations to prevent further losses.

ii. ALA Sports

The primary purpose of ALA Sports, which was incorporated in December 2013, is to organize, stage and promote boxing matches, and provide, distribute and market products and services that are otherwise connected to the operations of said business, in the Philippines and other territories.

iii. Daum Kakao

In 2015, the Parent Company entered into a joint venture agreement with Kakao Corporation to form a joint venture corporation, Daum Kakao. The primary purpose of Daum Kakao, which was incorporated in February 2015, is to engage in and provide KakaoTalk services developed and/or customized for users in the Philippines for mobile devices, including marketing and sales promotions. The joint venture agreement also includes a put option in favor of the Parent Company for the joint venture partner to purchase all of the Parent Company's stocks in Daum Kakao within 60 days after the second year of Daum Kakao's registration.

On July 29, 2016, the stockholders and the BOD of Daum Kakao approved the resolution to cease business operations and dissolve the corporation, subject to approval of SEC, effective August 30, 2016. Thereafter, the Parent Company recognized ₱3 million impairment loss from its investment in Daum Kakao in 2016.

In view of the recent developments in Daum Kakao, the stockholders and the BOD of Daum Kakao revoked its previous resolution on cessation and dissolution of the corporation, and thereafter approved the continuance of its business operations in 2017.

The Philippine SEC has approved Daum Kakao's decrease in its capital stock from ₱900 million to ₱86 million on January 31, 2019. As of June 3, 2021, Daum Kakao has returned capital of ₱364 million to the joint venturers.

Combined financial information of the joint ventures follows:

	2020	2019
Current assets	**₱250,824**	₱879,875
Noncurrent assets	**73,758**	145,287
Current liabilities	**(120,262)**	(364,860)
Noncurrent liabilities	**(5,681)**	(1,445)
Net equity	**₱198,639**	₱658,857

	Years Ended December 31		
	2020	2019	2018
Revenue	**₱276,365**	₱499,259	₱438,243
Costs and expenses	**(372,583)**	(538,584)	(498,694)
Net loss	**(₱96,218)**	(₱39,325)	(₱60,451)
Equity in net losses of joint ventures	**(₱47,634)**	(₱18,721)	(₱29,531)

Below is the reconciliation of the summarized financial information of the joint ventures to the carrying amount of the Parent Company's investments therein:

	2020			
	A CJ O	**ALA Sports**	**Daum Kakao**	**Total**
Net assets of joint ventures	**₱108,394**	**₱58,875**	**₱31,370**	**₱198,639**
Interest of the Parent Company in the net assets of the joint ventures	**50%**	**44%**	**50%**	
	54,197	**25,905**	**15,685**	**95,787**
Accumulated impairment loss	**(34,848)**	**–**	**(2,735)**	**(37,583)**
Carrying amount of investments in joint ventures	**₱19,349**	**₱25,905**	**₱12,950**	**₱58,204**

	2019			
	A CJ O	ALA Sports	Daum Kakao	Total
Net assets of joint ventures	₱196,146	₱66,787	₱395,924	₱658,857
Interest of the Parent Company in the net assets of the joint ventures	50%	44%	50%	
	98,073	29,386	197,962	325,421
Accumulated impairment loss	–	–	(2,735)	(2,735)
Carrying amount of investments in joint ventures	₱98,073	₱29,386	₱195,227	₱322,686

b. Investments in Associates

In 2015, the Parent Company entered into an agreement with certain individuals to form Flagship, a holding company with interests on entities engaged in the business of producing and co-producing motion pictures and providing visual effects and post-production services. In 2020 and 2019 the Company did not recognize equity in net income of Flagship because it is immaterial.

Investment in the other associate, Star Cinema, has been reduced to zero due to accumulated equity in net losses. The net cumulative unrecognized net losses amounted to ₱17 million as at December 31, 2020 and 2019.

On January 24, 2019, the Company sold its 49% ownership in Amcara.

Combined financial information of associates follows:

	2020	2019
Current assets	**₱101,085**	₱101,085
Noncurrent assets	**26,886**	26,886
Current liabilities	**(62,378)**	(62,378)
Net equity	**₱65,593**	₱65,593

	Years Ended December 31		
	2020	2019	2018
Revenue	**₱–**	₱–	₱33,252
Costs and expenses	**–**	–	(33,609)
Net loss	**₱–**	₱–	(₱357)
Equity in net losses of associates	**₱–**	₱–	(₱175)

As at December 31, 2020, the carrying amount of investments in associate equals the carrying amount of investment in Flagship.

15. Other Current Assets

	2020	2019
Creditable withholding and prepaid taxes	**₱3,215,324**	₱3,034,779
Restricted cash	**695,471**	–
Advances to suppliers	**674,858**	1,171,433
Preproduction expenses	**236,906**	631,826
Prepayments:		
Licenses	**109,152**	367,907
Subscription	**66,268**	83,694
Rent	**57,513**	25,330
Transponder services	**6,428**	6,428
Insurance	**3,564**	10,846
Contract cost assets (Note 9)	**53,750**	53,914
Other prepayments	**23,142**	25,213
	₱5,142,376	₱5,411,370

Restricted cash pertains to funds intended for debt repayment and is not available for any disbursement transactions other than its specified purpose (see Note 18).

Advances to suppliers are generally applied against future billings within next year.

Other prepayments mainly pertain to sponsorship and royalties.

16. Other Noncurrent Assets

	2020	2019
Tax credits - net of allowance for impairment	**₱478,831**	₱535,488
Deposits and bonds	**428,353**	453,974
Others	**77,166**	214,164
	₱984,350	₱1,203,626

Tax credits represent claims from the government arising from airing of government commercials, advertisements and cablecast services. Pursuant to PD No. 1362, these will be collected in the form of tax credits which the Company can use in paying for import duties and taxes on its broadcasting and cable equipment. The tax credits cannot be used to pay for any other tax obligation to the government. The Company expects to utilize these tax credits within the next ten years until 2027.

On January 9, 2012, the Department of Finance issued a favorable ruling on the request of the Parent Company to utilize the tax credits in the payment of duties and taxes on the importation of digital terrestrial television boxes which will be subsequently distributed or made available to its customers and end-users.

Allowance for impairment of tax credits amounted to ₱379 million as at December 31, 2020 and 2019.

17. **Trade and Other Payables**

	2020	2019
Trade	**₱1,175,965**	₱1,548,451
Accrued expenses:		
Production costs and other expenses	**3,584,739**	4,117,258
Salaries and other employee benefits (Note 30)	**1,741,210**	2,349,867
Taxes	**354,249**	970,595
Interest	**239,139**	281,622
Customer deposits	**984,451**	659,322
Deposits for future subscription (Notes 4 and 22)	**1,360,416**	1,351,614
Dividend payable	**44,481**	304,192
Due to related parties (Note 23)	**33,180**	22,997
Others	**309,002**	167,006
	₱9,826,832	₱11,772,924

Trade payables are noninterest-bearing and are normally settled on 30 to 90-day term.

Accrued expenses are normally settled within the next financial year.

Accrued production costs and other expenses represent accruals for various expenses relat

ed to the production of programs.

Deposits for future subscription include deposits from Sampaquita (see Note 4) and from eligible ABSP participants (see Note 22).

For terms and conditions relating to due to related parties, refer to Note 23.

Other current liabilities include statutory liabilities which are payable within the next financial year.

18. **Interest-bearing Loans and Borrowings**

	2020			2019		
Borrower	**Current Portion**	**Noncurrent Portion**	**Total**	Current Portion	Noncurrent Portion	Total
Parent Company	**₱16,033,608**	**₱–**	**₱16,033,608**	₱198,520	₱20,031,102	₱20,229,622
Play Innovations, Inc.	**–**	**–**	**–**	240,000	–	240,000
Sky Cable	**1,019,850**	**4,433,796**	**5,453,646**	72,464	5,453,548	5,526,012
ABS-CBN International	**–**	**–**	**–**	2,771	28,194	30,965
	₱17,053,458	**₱4,433,796**	**₱21,487,254**	₱513,755	₱25,512,844	₱26,026,599

Parent Company
The details of interest-bearing loans and borrowings of the Parent Company are as follows:

	2020			2019		
	Current Portion	**Noncurrent Portion**	**Total**	Current Portion	Noncurrent Portion	Total
Term loans:						
Loan agreements	**₱16,033,608**	**₱–**	**₱16,033,608**	₱198,520	₱ 20,031,102	₱20,229,622

a. *Loan Agreements*

(i) On October 29, 2010, the Parent Company signed a syndicated loan for ₱10 billion with Allied Banking Corporation, Allied Savings Bank, Banco de Oro (BDO) Unibank, Inc., BDO Unibank, Inc. - Trust and Investment Group, Bank of the Philippine Islands (BPI), Insular Life Assurance Company Ltd., Philippine National Bank (PNB), PNB Life Insurance, Inc., Security Bank Corporation (Security Bank) (collectively, the "Lenders"), BPI Capital Corporation (the "Lead Arranger"), BDO Capital & Investment Corporation and Security Bank (collectively, the "Arrangers") and PNB Capital & Investment Corporation and Insular Life Assurance Company Ltd. (collectively the "Co-Arranger"). BPI - Asset Management and Trust Group served as the loan's facility agent. The loan was used to refinance existing indebtedness and fund working capital requirements.

The loan is unsecured and unsubordinated with interest at 3-month PDST-F plus 0.65% per annum for the floating rate portion and 7-year PDST-F plus 0.65% per annum for the fixed rate portion.

On November 9, 2010, the Parent Company availed the amount of ₱6,906 million from the syndicated loan to prepay existing debt facilities, namely, the Senior Credit Agreement (SCA) facility, the BDO facility, the ₱800 million Syndicated Loan facility and the Combined facility agreements.

On January 30, 2014 and October 30, 2014, the BOD approved the refinancing of the fixed rate portions of the syndicated loan, which amounted to ₱4,850 million in principal. Thereafter, on February 28, 2014 and November 10, 2014, the Company entered into loan agreements with local banks for principal amounts of ₱1,650 million and ₱3,200 million, respectively. The loans are intended to refinance existing indebtedness and to fund working capital requirements.

The ₱1,650 million loan, which was availed from Security Bank, bears interest of 4.25% per annum and a term of four years. The ₱3,200 million loan, which was secured from BPI, bears interest of 3.88% per annum and a term of three years. Transaction cost incurred in availing the 2014 loans amounted to ₱105 million.

On February 9, 2016, the Parent Company entered into a loan agreement with Unionbank of the Philippines for a principal amount of ₱4,750 million. The loan, which refinanced the remaining portion of the syndicated loan, bears interest of 5.00% payable semi-annually with a term of ten years. Transaction cost incurred in availing the loan amounted to ₱24 million.

On May 13, 2016, the Parent Company entered into a loan agreement with BPI to refinance the ₱3,200 million loan availed from BPI in 2014. The loan bears interest of 5.00% payable quarterly with a term of ten years. Transaction cost incurred in availing the loan amounted to ₱16 million.

On April 26, 2017, the Parent Company entered into a loan with Unionbank of the Philippines for a principal amount of ₱1,600 million for a term of 10 years. The loan, which was used to finance the settlement of the ₱1,650 million loan from Security Bank, bears interest of 4.25% per annum for first year, and 5.15% per annum for succeeding years until maturity. Transaction costs incurred in availing the loan amounted to ₱8 million.

(ii) On March 7, 2014, the Company secured a ₱1 billion loan from Philippine American Life and General Insurance Company to partially finance its capital expenditure requirements and general working capital requirements. The loan has a term of ten years and a fixed rate of 5.40% per annum. Transaction cost incurred in availing the loan amounted to ₱5 million. This was prepaid in November 2019 resulting to a loss of ₱2.5 million.

(iii) On March 1, 2018, the Parent Company entered into a loan with BPI for a principal amount of ₱6 billion to refinance maturing debt and general working capital requirements. The loan bears interest of 5.75% payable quarterly with a term of seven years.

(iv) On May 21, 2019, the Parent Company entered into a loan with Unionbank for a principal amount of ₱5 billion to partially finance its capital expenditures and general working capital requirements. The loan has a term of ten years and a fixed rate of 6.74% per annum, payable quarterly.

(v) On July 30, 2020, the Parent Company prepaid a portion of its principal with BPI and Unionbank amounting to ₱1.8 billion and ₱2.2 billion, respectively.

As at December 31, 2019, the Company is in compliance with the provisions of its loan agreements.

The loan agreements contain provisions regarding the maintenance of certain financial ratios and limiting, among others, the payment of dividends, making investments, the issuing or selling of the Company's capital stock or some of its subsidiaries, the selling or exchange of assets, the creation of liens and the effecting of mergers. As of December 31, 2020, the Parent Company was not able to comply with a certain financial ratio as required in the loan agreement.

As discussed in Note 1, the non-renewal of the Parent Company's franchise resulted in the Franchise Expiration Default under the loan agreement. The Company entered into the Omnibus Security and Intercreditor Agreement with its lenders to address this, which includes the creation of a mortgage and security interest over certain assets of the Company, the opening and maintenance of Debt Service Reserve Account, pre-payment of the ₱4.0 billion of its loans, and an amendment of existing loan agreements. The lenders agree that, upon satisfaction of the necessary conditions under the Omnibus Security and Intercreditor Agreement (the "Standstill Effective Date") and during the effectivity period of the standstill as specified in the Omnibus Security and Intercreditor Agreement, it shall not declare an event of default to the extent that it relates to the Franchise Expiration Default. As of December 31, 2020, the Company was still in the process of completing certain conditions in the Omnibus Security and Intercreditor Agreement.

The matters above resulted in the classification of the Parent Company's loans to current liabilities as of December 31, 2020 as provided for under PAS 1, *Presentation of Financial Statements*. The creditor banks executed the waiver for the financial ratio on May 14, 2021 and May 21, 2021. Moreover, on May 31, 2021, all the conditions specified under the Omnibus Security and Intercreditor Agreement were satisfied and accordingly, the Standstill Effective Date

Notice was executed by all parties. These are considered as non-adjusting subsequent events. As of June 3, 2021, as a result of the execution of the Standstill Effective Date Notice and the receipt of waivers for the quarters ended December 31, 2020 and March 31, 2021, the principal payment schedule remains as stipulated in the original loan agreements (i.e. the earliest maturity date is on 2025). The Parent Company will closely coordinate with its creditor banks and negotiate for waivers of certain covenants as the need arises. Management believes that it will be able to satisfy the requirements of the creditor banks to retain the existing payment schedules, under the relevant loan agreements.

The Omnibus Security and Intercreditor Agreement amended certain provisions of the loan agreements, which include, among others, the provision of collateral for the Parent Company's loans and changes in the affirmative and negative covenants in relation to sale of assets. The disclosure on the assets pledged as collateral are in Note 10. It also required maintaining debt reserve service account for debt repayment (see Note 15).

Unamortized debt issue cost, presented as a deduction from the Company's outstanding loan, amounted to ₱82 million and ₱98 million as at December 31, 2020 and 2019, respectively.

Amortization of debt issue costs amounted to ₱16 million, ₱12 million and ₱14 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 28).

b. *Bonds Payable*

On January 23, 2014, the Philippine SEC approved the Parent Company's offering of debt securities in the aggregate principal amount of up to ₱10 billion to be issued in one or two tranches, as approved by the BOD on November 29, 2013. The first tranche comprised of fixed rate bonds amounting to ₱5 billion and an overallotment option of ₱1 billion with BDO Capital & Investment Corporation, BPI Capital and Hongkong and Shanghai Banking Corporation as joint-issue managers. The term of the bonds is seven years with a fixed interest rate of 5.335% per annum. Interest on the bonds shall be payable quarterly in arrears starting on May 10, 2014 for the first interest payment date.

On February 10, 2014, the Parent Company listed the ₱6 billion worth of retail bonds in the Philippine Dealing and Exchange Corporation. The bonds were rated PRS Aaa by the Philippine Rating Services Corporation on December 27, 2013.

On August 13, 2019, the Parent Company exercised its early redemption option on the ₱6 billion retail bonds. As a result, the Parent Company incurred ₱78 million in prepayment cost and accelerated deferred financing costs lodged under "Finance costs" in the consolidated statements of income.

Amortization of debt issue costs amounted to ₱7 million in 2019 and ₱11 million in 2018 (see Note 28).

Breakdown of the Parent Company's term loans as at December 31, 2020 and 2019 follows:

	2020	2019
Principal	**₱16,115,685**	₱20,327,500
Less unamortized transaction costs	**82,077**	97,878
	16,033,608	20,229,622
Less current portion	**16,033,608**	198,520
Noncurrent portion	**₱–**	₱20,031,102

Debt issue costs as at December 31 are amortized over the term of the loans using the effective interest method as follows:

Year	**2020**	2019
Within one year	**₱82,077**	₱13,283
More than 1 year but less than 2 years	–	13,829
More than 2 years	–	70,766
	₱82,077	₱97,878

Amortization of debt issue costs for the years ended December 31, 2020, 2019 and 2018 amounted to ₱16 million ₱21 million and ₱25 million, respectively (see Note 28).

Repayments of loans based on nominal values are scheduled as of December 31 follows:

Year	**2020**	2019
Within one year	**₱16,115,685**	₱211,816
More than 1 year but less than 2 years	–	233,921
More than 2 years	–	19,881,763
	₱16,115,685	₱20,327,500

Sky Cable
The details of interest-bearing loans and borrowings of the Sky Cable are as follows:

	December 31, 2018			December 31, 2019		
	Current Portion	**Noncurrent Portion**	**Total**	Current Portion	Noncurrent Portion	Total
Term loans:						
Unsubordinated loan	**₱67,441**	**₱4,433,796**	**₱4,501,237**	₱63,495	₱4,492,210	₱4,555,705
Loan agreement	**952,409**	**–**	**952,409**	8,969	961,338	970,307
	₱1,019,850	**₱4,433,796**	**₱5,453,646**	₱72,464	₱5,453,548	₱5,526,012

a. *Unsubordinated Loan*

On October 17, 2013, Sky Cable executed an unsecured and unsubordinated loan agreement with BPI and Security Bank for ₱1,800 million with interest at 7-year PDST-F plus 1% per annum subject to a floor rate of 5.40% and Robinsons Bank for ₱200 million with interest at 10-year PDST-F plus 0.9% per annum subject to a floor rate of 5.40%. The proceeds were used to repay the existing short-term loan of Sky Cable with BPI amounting to ₱1,850 million. The remaining ₱150 million was allocated for working capital purposes.

On January 16, 2017, Sky Cable executed a loan agreement with BPI for ₱873 million for a term of 7 years, with interest rate of 5.40% per annum for the first 4 years from the issue date and the higher between the PDST-F plus 1.25% and 5.0% floor rate per annum until the date of maturity. The proceeds were used to refinance the existing loan of Sky Cable with BPI amounting to ₱900 million.

On February 1, 2017, Sky Cable executed a loan agreement with Security Bank for ₱873 million for a term of 7 years, with a fixed interest rate of 5.40% per annum until maturity date. The proceeds were used to refinance the existing loan of Sky Cable with Security Bank amounting to ₱900 million.

On January 15, 2018, Sky Cable executed a loan agreement with BDO for ₱2 billion for a term of 10 years, with a fixed interest rate of 5.80% per annum until the first interest rate repricing date, 5.80% per annum until the second interest rate repricing date, and interest rate based on the prevailing PDST-R2 or a fixed interest rate until date of maturity, that will be mutually agreed upon by Sky Cable and BDO. The proceeds will be used to finance Sky Cable's capital expenditures.

On January 15, 2018, Sky Cable executed another loan agreement with BDO, for the purpose of refinancing PCC's outstanding loan obligation, amounting to ₱762 million for a term of 7 years, with an interest rate of higher of the sum of the prevailing 3-month PDST-R2 rate and the prevailing BSP Term Deposit Facility Rate until the first interest rate repricing date, and the higher of the sum of the prevailing 3-month PDST-R2 rate and the prevailing BSP Term Deposit Facility Rate divided by 0.95 until maturity date.

b. *Loan Agreement*

On January 25, 2016, Sky Cable secured a ₱1 billion loan from Rizal Commercial Banking Corporation to partially finance its capital expenditure requirements, investments and/or debt refinancing. The loan has a term of five years and a fixed rate of 4.60% per annum.

As at December 31, 2020 and 2019, Sky Cable is in compliance with the provisions and all of the financial ratios required by its creditors in the agreement.

Unamortized debt issue costs, presented as a deduction from the unsubordinated loan, amounted to ₱19 million and ₱27 million as at December 31, 2020 and 2019, respectively. Using the effective interest method, unamortized debt issue costs as at December 31, 2020 will be amortized as follows:

Year	Amount
2021	₱4,024
2022	4,070
2023	4,175
2024 and onwards	6,440
	₱18,709

Amortization of debt issue costs amounted to ₱5 million, ₱7 million and ₱8 million in 2020, 2019 and 2018, respectively (see Note 28).

Based on nominal values, the schedule of debt repayments of the unsubordinated loans is as follows:

Year	Amount
2021	₱1,019,850
2022	67,350
2023 and onwards	4,385,155

ABS-CBN International
On August 19, 2008, ABS-CBN International availed of a loan from Citibank, North America amounting to US$1 million (₱50 million). The loan has a term of 20 years and can be prepaid starting on the 15th year. The loan bears interest at a fixed rate per annum of 5.75%, which Cost of Funds rate is based on the applicable term Libor Swap Rate.

The investment property acquired for which the loan was availed was pledged as collateral (see Note 11).

On November 25, 2020, the ABS-CBN International fully prepaid its principal with Citibank, North America amounting to ₱50 million.

As at December 31, 2019, ABS-CBN International is in compliance with the provisions and all of the financial ratios required by its creditors in the agreement.

Play Innovations
Play Innovations, Inc. availed of various short-term loans from BPI to finance the construction of Kidzania theme park. The principal amount of the loans totaled ₱240 million as at December 31, 2019 bearing an annual fixed interest rate of 6%.

On June 18, 2020, the Play Innovations, Inc. fully settled its short-term loan with BPI amounting to ₱240 million.

The loans are free from liens and mortgages. As of December 31, 2019, Play Innovations, Inc. is in compliance with the provisions of the loans.

19. Obligations for Program Rights

This account represents liabilities to foreign and local film suppliers for program rights purchased by the Company. The liabilities are noninterest-bearing and are payable in equal monthly, quarterly or semiannual installments over a period of one to four years. The amounts presented in the consolidated statements of financial position represent the face amounts of the obligations, net of unamortized discounts, which represent the difference between the face amounts and the fair values of the obligations upon initial recognition.

The schedule of repayments as at December 31 is as follows:

	2020			2019		
	Gross Value	**Unamortized Discount**	**Carrying Value**	Gross Value	Unamortized Discount	Carrying Value
Within one year	**₱246,167**	**₱12,607**	**₱233,560**	₱319,908	₱16,468	₱303,440
More than one year to four years	**367,349**	**6,353**	**360,996**	460,426	18,960	441,466
	₱613,516	**₱18,960**	**₱594,556**	₱780,334	₱35,428	₱744,906

20. Convertible Note

On February 14, 2011, ABS-CBN, Lopez, Inc, Lopez Holdings, Sky Vision, Sky Cable, STT Communications Ltd. (STTC) and Sampaquita, entered into a Subscription and Purchase Agreement (SPA) wherein Sampaquita agreed to purchase PDRs from ABS-CBN and Lopez Holdings and to subscribe to originally issued PDRs from Sky Vision and convertible note to be issued by Sky Cable.

On March 30, 2011, ABS-CBN completed the sale of 143,107,174 PDRs with underlying Sky Cable shares to Sampaquita for ₱1,816 million. Simultaneously, Sampaquita completed the subscription of originally issued 149,711,934 PDRs with underlying Sky Cable shares from Sky Vision for ₱1,450 million and Sky Cable convertible note for ₱250 million.

On May 12, 2011, Sky Cable, as provided in the SPA dated February 14, 2011, completed the issuance of the ₱250 million note to Sampaquita convertible into 25,812,403 shares of Sky Cable at the option of Sampaquita any time from issue date to maturity date, which is 10 years from date of issuance.

The convertible note bears 0% interest rate for the first three years, subject to adjustment every three years upon mutual agreement of the parties, provided that the interest rate shall not exceed 10% per annum. The interest rate shall be agreed upon by Sky Cable and Sampaquita at least 30 days prior to the commencement of each 3-year period. If no such agreement is reached, the interest rate for the succeeding period shall be the same as the interest rate for the preceding 3-year period. Such interest shall accrue from and including the first day of such interest period but not including the last day of such interest period. In 2017, Sampaquita and Sky Cable agreed to retain the interest rate at 0% for the next three-year period.

The convertible note was accounted for under split accounting. The equity component of the convertible note amounting to ₱27 million (net of transaction costs of ₱2 million and tax of ₱12 million) was recognized as part of noncontrolling interests in the consolidated financial statements. The liability component is presented separately as "Convertible note" in the consolidated statements of financial position.

The carrying value of the convertible note amounted to ₱243 million and ₱238 million as at December 31, 2020 and 2019, respectively.

Accretion of the convertible note recognized as part of interest expense in the consolidated statements of income amounted to ₱17 million, ₱17 million and ₱16 million in 2020, 2019, and 2018, respectively (see Note 28).

21. Other Noncurrent Liabilities

	2020	2019
Customers' deposits	**₱300,056**	₱377,283
Deferred credits	**2,573**	14,574
Others	**38,265**	65,288
	₱340,894	₱457,145

Customers' deposits represent deposits on set-top boxes and modems upon subscription and are refunded to the customers upon termination of service.

Others include outstanding transmission liability and other long-term payables.

22. Equity

Capital Stock

Details of authorized and issued capital stock as at December 31, 2020 and 2019 are as follows:

	Number of Shares	Amount
	(Amounts in Thousands, Except Number of Shares)	
Authorized -		
Common shares - ₱1.0 par value	1,300,000,000	₱1,300,000
Preferred shares - ₱0.2 par value	1,000,000,000	200,000
Issued -		
Common shares	872,123,642	₱872,124
Preferred shares	1,000,000,000	200,000

Below is the Parent Company's track record of the registration of securities:

Date of SEC Order Rendered Effective or Permit to Sell	Event	Authorized Capital Stock	Issued Shares	Issue Price
	Registered and Listed Shares (Original Shares)	₱200,000	111,327,200	₱1.00
March 31, 1992	Initial Public Offering (Primary)	200,000	12,428,378	15.00
	Secondary *	200,000	18,510,517	15.00
	ESOP*	200,000	1,403,500	15.00
June 16, 1993	40% stock dividends	200,000	49,502,074	1.00
August 18, 1994	50% stock dividends	500,000	86,620,368	1.00
July 25, 1995	100% stock dividends	1,500,000	259,861,104	1.00
July 2, 1996	50% stock dividends	1,500,000	259,861,104	1.00
January 7, 2014	Issuance	1,500,000	57,836,900	43.125
January 7, 2014	Issuance	1,500,000	34,702,140	43.225

**Included in the 111,327,200 shares existing at the time of the IPO*

The Parent Company's total number of common stockholders is 6,542 and 7,986 as at December 31, 2020 and 2019, respectively.

Preferred Shares. The account consists of 1 billion cumulative, voting, non-participating, redeemable and nonconvertible preferred shares with a par value of ₱0.20 per share.

The Parent Company's total number of preferred shareholders is 197 as at December 31, 2020 and 2019.

Share-based Payment Transactions

Lopez Holdings (LPZ) ESPP. Lopez Holdings, a commonly controlled entity, has an Employee Stock Purchase Plan (LPZ ESPP) that was approved by its BOD and stockholders on February 28, 2011. The terms of LPZ ESPP, include among others, a limit as to the number of shares a qualified regular employee, officer or qualified director of Lopez Holdings and Lopez, Inc. or a qualified officer of Lopez Holdings' subsidiaries and associates, may purchase and the manner of payment based on equal semi-monthly installments over a period of two years through salary deductions. The stock options vest after two years from the grant date. All qualified participants are given until 10 years from grant date to exercise the stock options.

The primary terms of the grant are as follows:

Grant date	May 2011
Number of options granted allocable to the Company	21,974,257
Offer price per share	₱4.573
Option value per share	₱1.65

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black-Scholes Option Model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the option grants:

Expected volatility	42.6%
Weighted average share price	₱4.573
Risk-free interest rate	4.3%
Expected life of option	5 years
Dividend yield	2.5%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which likewise, may not necessarily be the actual outcome. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. No other features of options grant were incorporated into the measurement of the fair value of the options.

Total number of options exercisable under ESPP is as follows:

	2017
Balance at beginning of year	711,743
Exercised during the year	(711,743)
Balance at end of year	–

ABS-CBN Stock Purchase Plan and Executive Stock Purchase Plan (ABSP). From January 22, 2018 to February 9, 2018, the Parent Company offered to eligible participants its ABSP Program where employees may subscribe to the Parent Company's shares up to a maximum of 5% of total authorized shares.

Participants eligible in the ABSP are non-managers, managers and up, board members and selected artists with at least one year of tenure. Non-managers may subscribe up to a maximum of 2,000 shares per participant while managers and artists may subscribe up to a maximum of shares equivalent to 2.5 months of their monthly salary or income. Members of the BOD may subscribe up to 100,000 shares. The subscription price for the first 2,000 shares will be at a 15% discount on the closing price as at the offer date or 45-day weighted closing prices, whichever is lower. There will be no discount on the subscription price for the shares subscribed in excess of 2,000 shares. The subscription price will be paid in five years (see Note 17).

On February 28, 2018, the Company accepted the total ABSP subscription from participants of 11,391,500 common shares. As of December 31, 2020 and 2019, remaining ABSP subscription from participants is at 4,333,717 and 10,700,177 common shares, respectively.

The primary terms of the grant are as follows:

Grant date	February 28, 2018
Number of options granted	11,391,500
Offer price per share	₱29.50
Option value per share	₱2.22

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black-Scholes Option Model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the option grants:

Expected volatility	22.38%
Weighted average share price	₱29.50
Risk-free interest rate	4.71%
Expected life of option	5 years
Dividend yield	1.89%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which likewise, may not necessarily be the actual outcome. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. No other features of options grant were incorporated into the measurement of the fair value of the options.

As at December 31, 2020 and 2019, there are no exercisable shares under ABSP.

The ABSP does not have a dilutive effect because the average market price of the common shares during the period is less than the exercise price under the option.

Retained Earnings

Unappropriated retained earnings available for dividend distribution is adjusted to exclude the Parent Company's accumulated equity in net earnings (losses) of subsidiaries, associates and joint ventures amounting to (₱1,776 million) and (₱280 million) as at December 31, 2020 and 2019, respectively.

Further, the Parent Company's loan agreement with its creditors limits the declaration of dividends up to 50% of the net income after tax for the immediately preceding financial year. This limitation has been in effect since 2004 resulting in an accumulation of unappropriated retained earnings (see Note 18).

On February 28, 2019, the BOD approved the declaration of cash dividend of ₱0.55 per common share or an aggregate amount of ₱477 million to all common stockholders of record as at March 14, 2019, payable on or before March 26, 2019. On the same date, the BOD also approved the declaration and payment of ₱0.004 per share cash dividend or an aggregate amount of ₱4 million on the Parent Company's preferred shares with a record date set for March 14, 2019 and payable on or before March 26, 2019.

On February 22, 2018, the BOD approved the declaration of cash dividend of ₱0.92 per common share or an aggregate amount of ₱791 million to all common stockholders of record as at March 8, 2018, payable on March 22, 2018. On the same date, the BOD also approved the declaration and payment of 2% per annum cash dividend or an aggregate amount of ₱4 million on the Parent Company's preferred shares with a record date set for March 8, 2018 and payable on March 22, 2018.

On February 27, 2013, the Company's BOD approved the appropriation of retained earnings of ₱16,200 million, including the specific projects and timeline. The appropriated retained earnings is set aside for capital expenditures particularly for the purchase of Parent Company's property and equipment needed for business operations and expansion over a period of five years. On May 27, 2021, the Company's BOD approved the release from appropriation, retained earnings of ₱16,200 million set aside for capital expenditures.

Treasury Shares and PDRs Convertible to Common Shares

Details of treasury shares and PDRs convertible to common shares held by the Parent Company as at December 31, 2020 and 2019 are as follows:

	Treasury Shares	PDRs Convertible to Common Shares	Total	Amount
Balance at beginning and end of year	21,322,561	27,828,645	49,151,206	₱1,638,719

PDRs convertible to common shares represents ABS-CBN Holdings PDRs held by the Parent Company, which are convertible into ABS-CBN shares. Each PDR grants the holders, upon payment of the exercise price and subject to certain other conditions, the delivery of one ABS-CBN share or the sale of and delivery of the proceeds of such sale of one ABS-CBN share. The ABS-CBN shares are still subject to ownership restrictions on shares of corporations engaged in mass media and ABS-CBN may reject the transfer of shares to persons other than Philippine nationals. The PDRs were listed in the PSE on October 7, 1999 and may be exercised at any time from said date. Any cash dividends or other cash distributions in respect of the underlying ABS-CBN shares shall be applied by ABS-CBN Holdings, issuer of PDRs, towards payment of operating expenses and any amounts remaining shall be distributed pro-rata among outstanding PDR holders.

23. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The Company's BOD has the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity and in compliance with applicable laws and regulations. The BOD approves material related party transactions prior to entering into said transactions should it be determined that all related party transactions within the 12-month period meet the aggregate threshold for material related party transactions which is 10% of the Company's total assets based on its latest audited financial statements. Related party transactions that involves exclusive contracts regardless of amounts or provided by a related party servicing 30% or more of its business with the Company shall be reviewed and approved by a board-level Risk Management Committee.

Transactions with Related Parties

In addition to the related party transactions discussed in Note 4, significant transactions of the Company with its associates, joint ventures and related parties follow:

		Years Ended December 31		
	Nature	**2020**	2019	2018
Associate and Joint Venture				
Revenue of Parent Company and subsidiaries from other related parties	Rent and utilities, print revenue and other services	**₱12,252**	₱14,508	₱–
Expenses and charges paid for by the Parent Company which are reimbursed by A CJ O and Amcara	Rent and utilities	**1,175**	17,977	37,501
Airtime revenue from A CJ O	Airtime fees	**16**	32,504	32,400
Blocktime fees paid to Amcara	Blocktime fees	–	–	36,514
Entities under Common Control				
Expenses paid by the Company to Goldlink Securities and Investigative Services, Inc. (Goldlink) and other related parties	Service fees and utilities expenses	**101,578**	127,914	112,851
Expenses and charges paid for by the Parent Company which are reimbursed by the concerned related parties	Rent and utilities	**10,788**	10,780	24,526
Revenue of subsidiaries from other related parties	Service fees	**2,715**	32,549	30,476

The related receivables from related parties, presented under "Trade and other receivables" account and payables to related parties, presented under "Trade and other payables" account in the consolidated statements of financial position, are as follows:

	Relationship*	Terms	Conditions	2020	2019
Due from (see Note 7)					
INAEC	Affiliate	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**₱97,531**	₱97,720
ALA Sports	Joint Venture	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**80,745**	74,217
ABS-CBN Lingkod Kapamilya**	Corporate social responsibility sector of ABS-CBN	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**29,417**	31,265
Star Cinema	Associate	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**8,343**	8,298
ABS-CBN Holdings Corporation	Stockholder	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**6,380**	4,107
First Philippine Holdings Corporation (FPHC)	Affiliate	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**3,886**	6,484
A CJ O	Joint Venture	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**3,453**	48,387
Knowledge Channel Foundation, Inc.	Affiliate	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**2,929**	2,929
First Gas Power Corp.	Affiliate	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**1,540**	1,540
Daum Kakao	Joint venture	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**1,315**	1,238
Lopez, Inc.	Parent	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**472**	1,118
Rockwell Land Corporation (Rockwell Land)	Affiliate	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**16**	5,615
ABS-CBN Bayan Foundation	Corporate social responsibility sector of ABS-CBN	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**–**	22,291
Goldlink	Affiliate	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**–**	5,672
Others	Affiliates	30 days upon receipt; noninterest-bearing	Unsecured, no impairment	**97,183**	14,597
Less: ECL				**265,371**	–
Total				**₱67,839**	₱325,478

**Affiliate pertains to various entities under common control of Lopez, Inc., ultimate parent company*
*** The Company has common officers and directors with ABS-CBN Lingkod Kapamilya.*

	Relationship*	Terms	Conditions	2020	2019
Due to (see Note 17)					
Beyond Cable Holdings, Inc.	Affiliate	30 days upon receipt of billings; noninterest-bearing	Unsecured	**₱16,690**	₱16,690
Lopez Holdings	Affiliate	30 days upon receipt of billings; noninterest-bearing	Unsecured	**12,786**	6,186
Others	Affiliates	30 days upon receipt of billings; noninterest-bearing	Unsecured	**3,704**	121
Total				**₱33,180**	₱22,997

**Affiliate pertains to various entities under common control of Lopez, Inc., ultimate parent company*

a. The Parent Company owns the program rights being aired in UHF Channel 23 of Amcara. Prior to the issuance of cease and desist order of NTC, the Parent Company had an existing blocktime agreement with Amcara for its provincial operations.

b. Due from Amcara as of December 31, 2018 pertains substantially to the outstanding receivable for funds transferred by ABS-CBN to Amcara in 2012 to fund the purchase of an intangible asset.

c. Advances to employees and talents amounted to ₱1,076 million and ₱696 million as at December 31, 2020 and 2019, respectively (see Note 7).

d. The Parent Company has advances to ALA Sports amounting to ₱81 million and ₱74 million as at December 31, 2020 and 2019, respectively.

e. Other transactions with related parties include cash advances for working capital requirements.

The Company's Board of Directors reviews and approves material transactions with related parties, ensuring that these transactions are in the best interest of the Corporation, after considering all the relevant facts and circumstances available.

Terms and Conditions of Transactions with Related Parties
Except for transactions identified in the previous section as interest-bearing, outstanding balances as at financial reporting date are generally unsecured, interest-free and settlement occurs in cash, and are collectible or payable on demand. For the years ended December 31, 2020, 2019 and 2018, the Company has not made any provision for ECL relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Compensation of Key Management Personnel of the Company

	Years Ended December 31		
	2020	2019	2018
Compensation (see Notes 25, 26 and 27)	**₱1,062,401**	₱1,468,394	₱1,114,381
Pension benefits (see Note 30)	**46,145**	75,289	50,479
Termination benefits	**36,740**	63,077	104,773
Vacation leaves and sick leaves	**95,052**	113,322	47,437
	₱1,240,338	₱1,720,082	₱1,317,070

24. Revenues

Set out below is the disaggregation of the Company's revenues:

	Years Ended December 31		
	2020	2019	2018
Subscription revenue	**₱12,546,837**	₱13,698,311	₱13,024,107
Advertising revenue	**7,060,993**	22,942,377	20,382,133
Sale of goods	**406,171**	2,692,424	3,182,476
Installation service revenue	**152,078**	101,296	227,962
Income from film exhibition	**123,191**	1,402,693	1,317,851

(Forward)

	Years Ended December 31		
	2020	2019	2018
Sponsorship revenue	**₱87,905**	₱436,637	₱532,238
Royalty income	**82,748**	358,329	329,466
Service fee revenue	**27,382**	39,698	181,100
Admission revenue / ticket sales	**16,891**	162,737	179,783
Telecommunications revenue	**–**	–	251,915
Ancillary rights and other revenues	**755,451**	790,925	361,203
Total revenue from contracts with customers	**21,259,647**	42,625,427	39,970,234
Channel lease and other rental income	**160,110**	209,415	160,358
Total revenues	**₱21,419,757**	₱42,834,842	40,130,592

25. **Production Costs**

	Years Ended December 31		
	2020	2019	2018
Personnel expenses and talent fees (see Notes 23 and 30)	**₱5,337,013**	₱6,677,671	₱6,376,545
Facilities-related expenses (see Notes 23 and 31)	**1,723,868**	1,956,882	1,461,503
Amortization of program rights (see Note 12)	**1,024,425**	1,088,968	1,039,053
Depreciation and amortization (see Note 10)	**780,092**	1,024,410	1,066,067
Travel and transportation	**371,434**	987,308	1,028,568
Set requirements	**354,831**	358,851	280,193
Catering and food expenses	**116,893**	230,288	218,222
License and royalty	**59,741**	469,977	558,762
Other program expenses (see Note 23)	**542,529**	341,443	316,364
	₱10,310,826	₱13,135,798	₱12,345,277

Personnel expenses include talent fees, salaries and other employee benefits.

Other program expenses consist of production expenses including, but not limited to, prizes and other expenses related to the promotional activities of various projects during the year.

The Company incurred expenses of ₱571.8 million relating to ongoing efforts to mitigate risks of COVID-19 to production personnel and financial assistance in 2020.

26. **Cost of Sales and Services**

Cost of services consists of the following:

	Years Ended December 31		
	2020	2019	2018
Facilities-related expenses (see Notes 23 and 31)	**₱2,820,643**	₱3,373,365	₱3,111,145
Personnel expenses (see Notes 23 and 30)	**1,570,718**	1,791,139	1,558,068
Depreciation and amortization (see Note 10)	**1,911,461**	1,787,828	1,863,753
Programming costs	**1,112,711**	1,735,839	1,956,509
Bandwidth costs	**818,951**	722,975	740,114
Amortization of program rights (see Note 12)	**156,814**	195,342	219,863
Amortization of other intangible assets (see Note 12)	**94,545**	98,248	38,178
Transportation and travel	**60,817**	265,527	275,120
Inventory costs (see Note 8)	**57,120**	173,589	112,698
Stationery and office supplies	**57,144**	94,969	113,104
Taxes and licenses	**70,078**	88,265	84,988
License fees and royalties	**29,961**	46,753	48,791
Freight and delivery	**9,093**	66,013	77,769
Set requirements	**6,722**	16,066	18,808
Catering and food expenses	**4,866**	30,421	34,139
Amortization of deferred charges (see Note 15)	**19**	1,383	292
Installation costs	**78**	439	249
Interconnection costs	**–**	–	125,478
Transaction costs	**–**	–	12,566
Others (see Note 23)	**354,834**	522,765	393,598
	₱9,136,575	₱11,010,926	₱10,785,230

Personnel expenses include salaries, bonuses, retirement and separation pay and other employee benefits.

Amortization of movie in-process and filmed entertainment are recorded as part of "Cost of services" under each applicable expense account.

Cost of sales consists of the following:

	Years Ended December 31		
	2020	2019	2018
Inventory costs (see Note 8)	**₱276,684**	₱2,119,203	₱2,441,075
Personnel expenses (see Notes 23 and 30)	**–**	–	21,919
Printing and reproduction	**–**	–	9,088
Handling and processing costs	**–**	–	7,557
Transportation and travel	**–**	–	3,144
Others	**8,023**	17,477	10,576
	₱284,707	₱2,136,680	₱2,493,359

Personnel expenses include salaries, bonuses, retirement and separation pay and other employee benefits.

27. General and Administrative Expenses

	Years Ended December 31		
	2020	2019	2018
Personnel expenses (see Notes 22, 23 and 30)	**₱5,863,918**	₱6,371,136	₱6,098,636
Contracted services	**1,171,668**	890,342	829,456
Provision for ECL (see Note 7)	**1,145,666**	599,976	338,850
Facilities-related expenses (see Notes 23 and 31)	**923,056**	1,125,417	1,185,976
Depreciation and amortization (see Notes 10 and 11)	**900,215**	905,706	890,099
Provision for impairment losses (see Notes 10, 12, 14, 15, and 16)	**699,692**	3,331,266	–
Inventory losses (see Note 8)	**605,602**	56,951	58,414
Taxes and licenses	**563,100**	553,561	458,315
Transportation and travel	**432,349**	658,532	684,284
Research and survey	**211,809**	426,419	477,611
Advertising and promotion (see Note 9)	**146,621**	532,812	779,884
Donations and contributions	**111,823**	202,627	90,363
Amortization of other intangible assets (see Note 12)	**64,712**	68,621	49,585
Entertainment, amusement and recreation	**94,252**	108,414	87,551
Others	**881,285**	282,029	281,104
	₱13,815,768	₱16,113,809	₱12,310,128

Personnel expenses include salaries, bonuses, retirement and separation pay and other employee benefits.

Others consist mainly of amortization of other deferred charges, catering and food expenses, stationery and office supplies, noncapitalized fixed assets, and dues, subscription and periodicals.

The Company incurred expenses of ₱257.3 million relating to projects for COVID-19 prevention and "Pantawid Pag-ibig".

28. Other Income and Expenses

Finance Costs

	Years Ended December 31		
	2020	2019	2018
Interest expense (see Notes 18, 20 and 31)	**₱1,180,429**	₱1,423,504	₱1,061,666
Amortization of debt issue costs (see Note 18)	**20,831**	25,740	32,927
Loss on early redemption of term loan and bonds payable (see Note 18)	**–**	80,788	–
Bank service charges	**12,674**	17,390	30,084
	₱1,213,934	₱1,547,422	₱1,124,677

The following are the sources of the Company's interest expense:

	Years Ended December 31		
	2020	2019	2018
Long-term debt (see Note 18)	**₱1,097,029**	₱1,224,850	₱925,674
Lease liabilities (see Note 31)	**66,039**	70,432	–
Convertible note (see Note 20)	**17,361**	17,088	15,837
Bonds payable (see Note 18)	**–**	111,134	117,615
Obligations under finance lease (see Note 18)	**–**	–	2,540
	₱1,180,429	₱1,423,504	₱1,061,666

Other Income

	Years Ended December 31		
	2020	2019	2018
Gain (loss) on sale of property and equipment	**(₱279,519)**	₱27,870	₱849
Leasing operations (see Note 31)	**118,163**	166,851	137,653
Dividend income	**7,862**	9,183	7,651
Others - net (see Notes 20 and 21)	**246,331**	326,565	185,100
	₱92,837	₱530,469	₱331,253

Others mainly consist of income from installation services, unclaimed deposits and service fees.

29. Income Tax and Registration with the Philippine Economic Zone Authority (PEZA)

The components of consolidated net deferred tax assets and liabilities of the Company are as follows:

	2020	2019
Deferred tax assets - net:		
Allowance for ECL	**₱687,234**	₱684,295
Accrued pension obligation and other employee benefits	**616,345**	96,629
NOLCO	**262,851**	226,202
Excess of the purchase price over the fair value of net assets acquired	**(258,795)**	(88,499)
Contract liabilities	**114,313**	136,316
Lease liabilities	**95,012**	2,294
Accrued expenses	**77,366**	143,319
Net unrealized foreign exchange loss (gain)	**31,825**	(10,785)
MCIT	**30,861**	83,362
Customers' deposits	**25,277**	9,003
Allowance for inventory obsolescence	**21,635**	18,359
Unearned revenue	**3,993**	7,853
Allowance for impairment loss on property and equipment	**2,780**	1,531
License	**–**	(149,828)
Others	**4,355**	(12,944)
	₱1,715,052	₱1,147,107

	2020	2019
Deferred tax liabilities -		
Capitalized interest, duties, and taxes	**₱221,498**	₱230,045
Imputed discount	**84,536**	84,536
Right-of-use asset - net	**47,605**	5,503
Excess of the fair value over the book value of net assets acquired	–	138,271
	₱353,639	₱458,355

The details of the deductible temporary differences, NOLCO and MCIT of the Parent Company and certain subsidiaries for which no deferred tax assets were recognized are as follows:

	2020	2019
NOLCO	**₱14,641,705**	₱684,033
Allowance for ECL	**10,887,970**	903,601
Accrued pension obligation and others	**5,191,740**	6,382,114
Allowance for decline in value of inventories	**778,232**	66,616
Unearned revenue	**477,750**	377,891
Contract liabilities	**203,922**	339,808
MCIT	**222,477**	213,867
Allowance for impairment loss on property and equipment	**92,444**	83,846
Allowance for impairment loss on investment	**68,839**	–
Lease liabilities	**61,815**	–

Management believes that it is not probable that taxable income will be available against which these temporary differences, NOLCO and MCIT will be utilized.

NOLCO amounting to ₱201 million and ₱1,312 million have expired in 2020 and 2019, respectively. NOLCO amounting to ₱91 million and ₱877 million were claimed as deduction against taxable income in 2020 and 2019, respectively.

MCIT amounting to ₱38 million have expired and were written off in 2020. MCIT amounting to ₱49 million were claimed as deduction against taxable income in 2020.

MCIT amounting to ₱253 million can be claimed as tax credit against future RCIT as follows:

Year Paid	Expiry Dates	Amount
2018	December 31, 2021	**₱182,801**
2019	December 31, 2022	**22,256**
2020	December 31, 2023	**48,281**
		₱253,338

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2020, the Group has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Availment Period	Amount
2018	2019 to 2021	**₱565,689**
2019	2020 to 2022	**854,711**
		₱1,420,400

As of December 31, 2020, the Group has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment Period	Amount
2020	2021 to 2025	**₱14,097,475**

As at December 31, 2020 and 2019, deferred tax liability on undistributed earnings of ABS-CBN Global, holding company of the Parent Company's foreign subsidiaries, amounting to ₱785 million and ₱2,060 million, respectively, has not been recognized because the Parent Company has control over such earnings, which have been earmarked for expansion in the Company's foreign operations and are not expected to reverse in the foreseeable future.

The reconciliation of statutory tax rate to effective tax rates applied to income before income tax is as follows:

	Years Ended December 31		
	2020	2019	2018
Statutory tax rate	**30%**	30%	30%
Additions to (reduction in) income taxes resulting from the tax effects of:			
Interest income subjected to final tax	**(2)**	(48)	3
Nondeductible interest expense	**(3)**	(1)	1
Change in unrecognized deferred tax assets and others	**(25)**	(637)	(30)
Effective tax rates	**–%**	(656%)	4%

The income tax on profits of overseas subsidiaries have been calculated at the rates of tax prevailing in the countries where such subsidiary operates, based on existing legislation, interpretations and practices in respect thereof.

CREATE bill
President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25% for domestic and resident foreign corporations.

- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax is repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT, 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Company would have been subjected to lower minimum corporate income tax rate of 1% effective July 1, 2020.

- Based on the provisions of Revenue Regulations (RR) No. 05-2021 dated April 08, 2021 issued by the BIR, the prorated CIT rate of the Company for CY2020 is 27.5%. This will result in lower provision for current income tax for the year ended December 31, 2020, and higher creditable withholding taxes as of December 31, 2020 by ₱3.5 million. The effect of CREATE will be reflected in the Parent Company and respective subsidiaries' 2020 annual income tax return. However, for financial reporting purposes, the changes will only be recognized in the 2021 financial statements.

- There is no impact in the recognized provision for deferred tax for the year then ended December 31, 2020 since no deferred tax assets were recognized in excess of the recognized deferred tax liabilities during the year.

Registration with the PEZA
On July 14, 2009, the PEZA approved the application of Big Dipper for registration as an Ecozone Information Technology (IT) Enterprise to provide digital film archiving, digital central library, content licensing and transmission at the 3rd Floor, Eugenio Lopez, Jr. Communications Center, Eugenio Lopez Drive, Quezon City.

On January 28, 2016, the PEZA approved the application of ABS-CBN Studios, Inc. for registration as an IT Export Enterprise for IT-enabled film and television content production at Barangay Sto. Cristo and Kaybanban, San Jose del Monte City, Bulacan which is an IT park to be known as "Horizon IT Park".

On January 22, 2018, the PEZA approved the application of Rosetta Holdings Corporation for registration as an Ecozone Developer to establish, develop, administer, manage and operate the Horizon IT Park.

Registration with the Board of Investments
On April 8, 2015, the Board of Investments approved PII's project as a New Operator of Tourism Entertainment Complex – Educational Theme Park and was granted income tax holiday for four years beginning April 2015. Total income tax holiday incentives availed by PII amounted to ₱3 million for the year ended December 31, 2019.

30. **Pension and Other Employee Benefits**

Accrued pension obligation and other employee benefits consist of:

	2020	2019
Pension obligation	**₱5,498,092**	₱5,085,284
Other employee benefits	**1,550,836**	2,054,986
	₱7,048,928	₱7,140,270

These are presented in the consolidated statements of financial position as follows:

	2020	2019
Current (see Note 17)	**₱89,973**	₱1,135,838
Noncurrent	**6,958,955**	6,004,432
	₱7,048,928	₱7,140,270

a. Pension Plan

The Company's pension plans are composed of funded (Parent Company and Sky Cable) and unfunded (other subsidiaries), noncontributory and actuarially computed defined benefit pension plans, except for ABS-CBN International (contributory), covering substantially all of its employees. The benefits are based on years of service and compensation during the last year of employment. Actuarial valuation is performed every year-end.

The following tables summarize the components of consolidated net pension expense recognized in the consolidated statements of income and accrued pension obligation recognized in the consolidated statements of financial position:

Net Pension Expense

	Years Ended December 31		
	2020	2019	2018
Current service cost	**₱520,257**	₱570,511	₱620,532
Net interest cost	**214,644**	253,384	244,497
Past service cost (income)	**30,997**	–	(13,975)
Curtailment loss	–	–	5,315
Settlement loss	–	–	12,458
Net pension expense	**₱765,898**	₱823,895	₱868,827

Accrued Pension Obligation

	2020	2019
Present value of obligation	**₱6,466,823**	₱6,989,191
Fair value of plan assets	**(968,731)**	(1,903,907)
Accrued pension obligation	**₱5,498,092**	₱5,085,284

Consolidated changes in the present value of the defined benefit obligation are as follows:

	2020	2019
Defined benefit obligation at beginning of year	**₱6,989,191**	₱5,841,573
Current service cost	**520,257**	570,511
Interest cost	**279,087**	401,386
Actuarial losses (gains) arising from:		
Change in financial assumptions	**676,393**	765,848
Change in demographic assumptions	**–**	(597,036)
Experience adjustments	**(402,985)**	354,190
Benefits paid*	**(1,614,484)**	(347,281)
Past service cost	**30,997**	–
Net released obligation due to employee transfers	**(11,633)**	–
Defined benefit obligation at end of year**	**₱6,466,823**	₱6,989,191

** includes benefits paid out of Company's operating fund amounting to ₱773 million and nil for 2020 and 2019, respectively*
*** includes benefit payable to retrenched employees amounting to ₱301 million as of December 31, 2020*

Changes in the fair value of plan assets of the Parent Company and Sky Cable are as follows:

	2020	2019
Fair value of plan assets at beginning of year	**₱1,903,907**	₱1,915,958
Interest income included in net interest cost	**64,443**	148,002
Benefits paid from retirement fund	**(841,852)**	–
Return on plan assets excluding amount included in net interest cost	**(157,767)**	(160,053)
Fair value of plan assets at end of year	**₱968,731**	₱1,903,907

Income tax effect of re-measurement gains and losses on defined benefit plan presented in OCI amounted to (₱87) million, (₱203 million) and ₱139 million in 2020, 2019 and 2018 respectively.

The Parent Company and Sky Cable expects no contributions to be made to the retirement fund in 2021.

The major categories of the fair value of total plan assets are as follows:

	2020	2019
Investment in fixed/floating rate treasury note	**₱223,644**	₱141,154
Investment in government securities and bonds	**22,605**	591,275
Investment in stocks	**717,780**	1,163,910
Others	**4,702**	7,568
	₱968,731	₱1,903,907

The ranges of principal assumptions used in determining pension benefit obligations for the Company's plans are shown below:

	December 31	January 1	
	2020	**2020**	2019
Discount rate	**3.45%-4.05%**	4.70%-5.39%	5.71%-7.47%
Future salary rate increases	**4.0%-6.4%**	4.0%-6.0%	3.0%-7.0%

ABS-CBN

The pension fund is actively managed by the retirement committee, composed of five members, four of whom are executive staff of the Parent Company and beneficiaries of the plan.

The retirement committee of the beneficial trust fund uses an investment approach with the objective of maximizing the long-term expected return of plan assets. The plan's investment portfolio seeks to achieve regular income, long-term capital growth and consistent performance over its own portfolio benchmark. In order to attain this objective, the Trustee's mandate is to invest in a diversified portfolio of fixed income and equities. The investment portfolio consists of investment in equity and fixed income securities of 88% and 12% as at December 31, 2020, respectively, and 66% and 34% as at December 31, 2018, respectively. The Parent Company did not contribute to the plan in 2020 and 2019.

On July 27, 2010, the retirement committee of the retirement fund approved the following:

a. Acquisition of ABS-CBN securities to fully fund the retirement fund deficiency;
b. Allow the acquisition of Lopez Holdings shares and shares of other listed companies;
c. Migrate to an investment management account arrangement in lieu of a "Trusteed" arrangement with BDO; and
d. Appoint an investment officer of the retirement plan.

The fair value of ABS-CBN's plan assets as at December 31, 2020 and 2019 are as follows:

	2020	2019
Fixed Income:		
Short-term	**₱93,899**	₱21,567
Medium and long-term:		
Government securities	–	416,139
Corporate bonds	–	153,201
Preferred shares	–	2,693
Equities:		
Investment in shares of stock and other securities of related parties	**712,100**	825,169
Common shares and unit investment trust fund (UITF)	–	333,718
	₱805,999	₱1,752,487

Short-term Fixed Income. Short-term fixed income investment includes time deposit, special deposit account and special savings account with interest ranging from 3.5% to 3.75% in 2020 and from 3.5% to 3.75% in 2019.

Medium and Long-term Fixed Income. Investments in medium and long-term fixed income include Philippine peso-denominated bonds, such as government securities, corporate bonds, notes and debt securities and equity investment in preferred shares.

Government securities include treasury bills and fixed-term treasury notes bearing interest ranging from 3.5% to 8.0% and 3.5% to 8.0% in 2020 and 2019, respectively. These securities are fully guaranteed by the government of the Republic of the Philippines.

Investment in unsecured corporate bonds amounted to nil and ₱153 million as at December 31, 2020 and 2019, respectively, with terms ranging from 7 years to 15 years. Yield to maturity rate ranges from 4% to 8% in 2019.

In 2019, investment in preferred stock refers 4,700 shares with a total cost of ₱3 million and loss of ₱70 thousand. The fair value of preferred stock is 3 million as at December 31, 2019.

Equities. These pertain to investments in shares of stock and other securities of related parties and other companies listed in the PSE.

Investments in Shares of Stock and Other Securities of Related Parties. These pertain to investments in ABS-CBN PDRs and common shares and Lopez Holdings and Rockwell Land common shares.

	December 31, 2020			
	Number of Shares	**Cost**	**Fair Value**	**Unrealized Gain (Loss)**
ABS-CBN Holdings PDRs	**34,903,160**	**₱1,515,862**	**₱439,780**	**(₱1,076,082)**
ABS-CBN Common	**501,320**	**24,052**	**5,855**	**(18,197)**
Lopez Holdings	**65,996,580**	**227,173**	**245,507**	**18,334**
Rockwell Land	**13,609,433**	**27,433**	**20,958**	**(6,475)**
	115,010,493	**₱1,794,520**	**₱712,100**	**(₱1,082,420)**

	December 31, 2019			
	Number of Shares	Cost	Fair Value	Unrealized Gain (Loss)
ABS-CBN Holdings PDRs	34,903,218	₱1,515,864	₱537,510	(₱978,354)
ABS-CBN Common	501,320	24,052	7,921	(16,131)
Lopez Holdings	65,996,580	227,173	244,847	17,674
Rockwell Land	17,103,433	34,476	34,891	415
	118,504,551	₱1,801,565	₱825,169	(₱976,396)

As at December 31, 2020 and 2019, the value of each ABS-CBN PDRs held by the retirement fund is at ₱12.60 and ₱15.40, respectively.

Total loss from investments in shares of stock and other securities of related parties amounted to ₱1,082 million and ₱976 million in 2020 and 2019, respectively.

Investments in Common Shares and UITF. Common shares pertain to 16,093,379 shares listed in the PSE in 2019, with fair value of ₱278 million as at December 31, 2019. Total loss from these investments amounted to 21 million in 2019.

<u>Sky Cable and PCC</u>
Sky Cable's retirement benefit fund is being maintained by trustee banks, BDO and Rizal Commercial Banking Corporation.

The fair value of Sky Cable's plan assets as at December 31, 2020 and 2019 are as follows:

	2020	2019
Short-term fixed income	**₱6,516**	₱4,876
Investment in medium and long-term fixed income:		
Government securities	**127,931**	119,586
Corporate bonds and debt securities	**22,605**	21,935
Unit investment trust fund	**2,575**	1,904
Investment in shares of stock of First Gen Corporation (First Gen)	**1,080**	1,119
Preferred shares	**2,025**	2,000
	₱162,732	₱151,420

Short-term Fixed Income. Short-term fixed income investment includes time deposit, special deposit account and special savings account with average interest rate of 3.3% as at December 31, 2020 and 2019.

Medium and Long-term Fixed Income. Investment in medium and long-term fixed income include Philippine peso-denominated bonds, such as government securities, corporate bonds, notes and debt securities.

Investment in Government Securities. Investment in government securities include treasury bills and fixed-term treasury notes bearing interest ranging from 2.45% to 6.25% and 2.90% to 6.88% as at December 31, 2020 and 2019, respectively. These securities are fully guaranteed by the government of the Republic of the Philippines. Total gain (loss) from investments in government securities amounted to ₱3 million and (₱3 million) for the years ended December 31, 2020 and 2019, respectively.

Investment in Corporate Bonds. These pertain to ₱22 million unsecured bonds with terms ranging from 5 to 10 years as at December 31, 2020 and 2019. Yield to maturity rate ranges from 4.6% to 7.5% with losses of ₱64 thousand and ₱22 thousand in 2020 and 2019, respectively.

Investment in Debt Securities. This refers to a ₱1 million unsecured subordinated note with a term of 5 years and yield to maturity of 6.7% as at December 31, 2020 and 2019, respectively. Accrued interest receivable amounted to ₱80 thousand as at December 31, 2020.

Investments in Shares of Stock of First Gen. These refer to investments in preferred shares of First Gen which is listed in the PSE.

Total cost and fair value of investments in shares of stock of First Gen amounted to ₱1 million as at December 31, 2020 and 2019. Total gain from these investments amounted to ₱80 thousand and ₱75 thousand in 2020 and 2019, respectively.

Investments in Shares. These refer to investments in shares of stock other than those of the related parties.

b. Other Employee Benefits

Other employee benefits consist of accumulated employee sick and vacation leave entitlement.

Net Benefit Expense

	Years Ended December 31		
	2020	2019	2018
Current service cost	**₱133,736**	₱157,455	₱188,441
Interest cost	**95,385**	207,643	88,525
Net actuarial loss (gain)	**(29,238)**	119,870	(83,264)
Net benefit expense (income)	**₱199,883**	₱484,968	₱193,702

Consolidated changes in the present value of the defined benefit obligation are as follows:

	2020	2019
Defined benefit obligation at beginning of year	**₱2,054,986**	₱1,674,467
Current service cost	**133,736**	157,455
Interest cost	**95,385**	119,870
Actuarial loss (gain)	**(29,238)**	208,631
Benefits paid	**(704,033)**	(105,437)
Defined benefit obligation at end of year	**₱1,550,836**	₱2,054,986

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

	2020	2019
	Increase (Decrease) in Defined Benefit Obligation	Increase (Decrease) in Defined Benefit Obligation
Discount rate:		
Increase by 1%	**(₱311,052)**	(₱345,879)
Decrease by 1%	**359,923**	645,574
Future salary increases:		
Increase by 1%	**₱370,784**	₱385,247
Decrease by 1%	**(326,484)**	(599,003)

Shown below is the maturity analysis of the undiscounted benefit payments:

Year	**December 31, 2020**	December 31, 2019
One year	**641,755**	**2,151,653**
More than one year but less than five years	**1,833,988**	**1,920,348**
More than five years but less than ten years	**3,316,015**	**3,109,374**
Beyond ten years	**12,165,353**	**14,253,386**

The average duration of the defined benefit obligation at the end of the period ranges from 14 to 22 years.

31. Commitments

Deal Memorandum with DirecTV

On June 1, 2005, the Parent Company and ABS-CBN International entered in to a 25-year Deal Memorandum (Memorandum) with DirecTV in which the Parent Company granted DirecTV the exclusive right via satellite, internet protocol technology and satellite master antenna television system or similar system, to display, exhibit, perform and distribute certain programs of the Parent Company that are listed in the Memorandum. ABS-CBN International may engage in any marketing plan mutually agreed by both parties. All costs under any mutually agreed marketing plans shall be shared equally between DirecTV and ABS-CBN International.

As provided in the Memorandum, all rights, title and interest in and to the content, discrete programs or channels not granted to DirecTV are expressly reserved by the Parent Company. All programming decisions with respect to the programs shall be in the Parent Company's commercially reasonable discretion, including the substitution or withdrawal of any scheduled programs, provided that the

Parent Company agrees that the programs will consist substantially of the same content and genre provided for in the Memorandum.

The Memorandum also provides that subscription revenues, computed as the current and stand-alone retail price per month for a subscription to The Filipino Channel multiplied by the average number of subscribers, shall be divided equally between DirecTV and ABS-CBN International.

ABS-CBN International's subscription revenue earned from subscribers that have migrated to DirecTV amounted to ₱386 million, ₱506 million and ₱721 million in 2020, 2019 and 2018, respectively.

Purchase Commitments
Sky Cable has commitments with various program suppliers for a period of 1 to 5 years. Channel license fees are based on fixed and variable rates. Estimated fees for the next four years are as follows:

Year	Amount*
Within one year	₱555,782
After one year but not more than five years	547,944

**Includes variable fees based on the number of active subscribers as at December 31, 2020.*

Network Sharing Agreement
On May 28, 2013, ABS-CBN announced its network sharing agreement with Globe Telecom, Inc. (Globe). This partnership enables ABS-CBN to deliver ABS-CBN content and offer traditional telecommunication services on mobile devices. Through the network-sharing agreement, Globe will provide capacity and coverage on its existing cellular mobile telephony network to ABS-C on a nationwide basis. The parties may also share assets such as servers, towers, and switches. The network sharing agreement with Globe expired on November 30, 2018 and was no longer renewed. The Company recognized interconnection cost amounting to ₱119 million in 2018 (see Note 26).

Lease Commitments

As Lessor. The Parent Company has entered into commercial property leases on its building, consisting of the Parent Company's surplus office buildings. These non-cancelable leases have remaining non-cancelable lease terms of 3 to 5 years. All leases include a clause to enable upward revision of the rental charge on a predetermined rate.

Future minimum rental receivable under non-cancelable operating leases are as follows:

	2020	2019
Within one year	**₱5,308**	₱38,624
After one year but not more than five years	**281**	2,623
	₱5,589	₱41,247

As Lessee. The Parent Company and subsidiaries lease office facilities, space, equipment and IRU granted by various telecommunication companies. These lease agreements include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The following are the amounts recognized in the Company's consolidated statement of income in 2020 and 2019:

	2020	2019
Depreciation expense of right-of-use asset	**₱237,472**	₱363,725
Interest expense on lease liability	**66,039**	70,432
Expenses relating to short-term leases (included under "Facilities-related expense" in cost of services)	**86,880**	193,415
Expenses relating to short-term leases (included under "Facilities-related expense" in general and administrative expenses)	**74,775**	59,683
Total amount recognized in the statement of comprehensive income	**₱465,166**	₱687,255

The rollforward analysis of right-of-use asset in 2020 and 2019 follows:

	2020	2019
Cost:		
Balance at beginning of year	**₱1,879,309**	₱1,557,865
Additions	**1,296,641**	397,254
Disposals	**(702,813)**	(75,810)
Translation adjustments	**(27,369)**	–
Balance at end of year	**2,445,768**	1,879,309
Accumulated Depreciation:		
Balance at beginning of year	**609,863**	178,635
Additions	**237,472**	363,725
Disposals	**(211,692)**	(11,573)
Impairment loss	–	81,660
Translation adjustments	**7,574**	(2,584)
Balance at end of year	**643,217**	609,863
	₱1,802,551	₱1,269,446

The rollforward analysis of lease liability in 2020 and 2019 follows:

	2020	2019
Balance at beginning of year	**₱1,083,366**	₱1,031,287
Additions	**688,377**	416,209
Interest expense	**66,039**	70,531
Interest paid	**(66,039)**	(71,195)
Termination	**(534,150)**	–
Payments	**(255,131)**	(364,129)
Translation adjustments	**(36,140)**	663
Balance at end of year	**946,322**	1,083,366
Less current portion	**310,088**	302,647
	₱636,234	₱780,719

As a result of management's plan to reduce expenses and improve its financial results, the Company terminated various leases in order to preserve cash. As a result of the termination, the Company recognized losses recorded under other income (loss) amounting to ₱97.8 million (see Note 28).

32. **Financial Risk Management Objectives and Policies**

The Company's principal financial instruments comprise cash and cash equivalents, short-term investments, investments in equity securities and club shares and interest-bearing loans and borrowings. The main purpose of these financial instruments is to raise funds for the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk. The BOD reviews and agrees on the policies for managing each of these risks and they are summarized below.

Cash Flow Interest Rate Risk
The Company's exposure to the risk for changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

To manage this mix in a cost-efficient manner, it is the Company's policy to enter into interest rate swaps whenever the need arises. As at December 31, 2020 and 2019, there are no freestanding derivative contracts.

Interest on financial instruments classified as floating rate is repriced at intervals of three months. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The other financial instruments of the Company that are not included in the above tables are noninterest-bearing and are therefore not subject to interest rate risk.

Foreign Currency Risk
It is the Company's policy to enter into cross currency swaps whenever the need arises to manage foreign currency risk and eliminate the variability of cash flows due to changes in the fair value of the foreign-currency denominated debt with maturity of more than one year.

As at December 31, 2020 and 2019, there are no freestanding derivative contracts and the Company's long-term loan obligations are generally in Philippine currency.

The Company, however, has transactional currency exposures. Such exposure arises when the transaction is denominated in currencies other than the functional currency of the operating unit or the counterparty.

The following tables show the Company's significant foreign currency-denominated financial assets and liabilities and their Philippine peso equivalents as at December 31, 2020 and 2019:

	Original Currency														
	USD	EUR	JPY	CAD	GBP	AUD	AED	Swiss Franc (CHF)	Norway Kroner (NOK)	Denmark Kroner (DKK)	Sweden Kroner (SEK)	Saudi Arabia Riyal (SAR)	Taiwan Dollar (TWD)	Israeli New Shekel (ILS)	Peso Equivalent
December 31, 2020															
Financial assets:															
Cash and cash equivalents	**43,632**	**146**	**21,025**	**1,032**	**302**	**1,836**	**551**	**–**	**270**	**–**	**75**	**2**	**–**	**–**	**2,257,968**
Trade and other receivables	**15,590**	**37**	**–**	**9,845**	**729**	**335**	**56**	**–**	**38**	**–**	**1**	**–**	**24**	**–**	**1,199,274**
	59,222	**183**	**21,025**	**10,877**	**1,031**	**2,171**	**607**	**–**	**308**	**–**	**76**	**2**	**24**	**–**	**3,457,242**
Financial liabilities:															
Trade and other payables	**8,325**	**256**	**14,318**	**51**	**2,133**	**79**	**2,257**	**–**	**1**	**–**	**60**	**132**	**–**	**–**	**596,195**
Obligations for program rights	**351**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**16,835**
	8,676	**256**	**14,318**	**51**	**2,133**	**79**	**2,257**	**–**	**1**	**–**	**60**	**132**	**–**	**–**	**613,030**
Net foreign currency-denominated financial assets (liabilities)	**50,546**	**(73)**	**6,707**	**10,826**	**(1,102)**	**2,092**	**(1,650)**	**–**	**307**	**–**	**16**	**(130)**	**24**	**–**	**2,844,212**
December 31, 2019															
Financial assets:															
Cash and cash equivalents	109,160	8,137	39,176	1,682	4,296	1,215	1,355	370	270	1,313	75	3	–	58	6,448,872
Trade and other receivables	28,156	160	27,266	2,307	7,148	764	944	5	10	19	–	538	178	13	2,058,807
	137,316	8,297	66,442	3,989	11,444	1,979	2,299	375	280	1,332	75	541	178	71	8,507,679
Financial liabilities:															
Trade and other payables	14,241	11	6,247	651	115	114	94	–	–	–	–	733	–	–	772,677
Obligations for program rights	2,743	–	–	–	–	–	–	–	–	–	–	–	–	–	138,912
	16,984	11	6,247	651	115	114	94	–	–	–	–	733	–	–	911,589
Net foreign currency-denominated financial assets (liabilities)	120,332	8,286	60,195	3,338	11,329	1,865	2,205	375	280	1,332	75	(192)	178	71	7,596,090

In translating the foreign currency-denominated monetary assets and liabilities into Philippine peso amounts, the Company used the following exchange rates:

Currency	**2020**	2019
USD	**48.02**	50.64
EUR	**58.83**	56.51
JPY	**0.46**	0.46
CAD	**37.47**	38.73
GBP	**64.86**	66.30
AUD	**36.53**	35.31
AED	**13.08**	13.82
CHF	–	51.95
NOK	**5.57**	5.72
DKK	–	7.57
SEK	**5.85**	5.41
SAR	**12.80**	13.52
TWD	**1.71**	1.69
ILS	**14.92**	14.64

The following tables demonstrate the sensitivity of the Company's income before income tax to a reasonably possible change in foreign exchange rates, with all other variables held constant. There is no impact on the Company's equity other than those already affecting the net income.

	2020		2019	
	Increase (Decrease) in ₱ to Foreign Currency Exchange Rate	**Effect on Income Before Income Tax**	Increase (Decrease) in ₱ to Foreign Currency Exchange Rate	Effect on Income Before Income Tax
USD	**0.1%**	**3,108**	0.3%	13,956
	-0.5%	**(17,736)**	-0.7%	(26,975)
EUR	**0.8%**	**(33)**	0.3%	1,153
	-0.4%	**19**	-0.9%	(2,998)
JPY	**0.4%**	**13**	0.8%	582
	-0.4%	**(13)**	-1.1%	(738)
CAD	**0.5%**	**1,926**	0.6%	1,591
	-0.8%	**(3,065)**	-0.6%	(1,461)
GBP	**0.8%**	**(550)**	0.8%	4,263
	-1.0%	**682**	-0.9%	(4,511)
AUD	**1.4%**	**1,081**	0.6%	421
	-1.1%	**(868)**	-1.0%	(681)
AED	**0.1%**	**(29)**	0.4%	(202)
	-0.6%	**130**	-0.7%	352
CHF	–	–	0.8%	65
	–	–	-1.1%	(83)
NOK	**1.5%**	**25**	0.7%	11
	-1.7%	**(29)**	-1.1%	(18)
DKK	–	–	0.3%	34
	–	–	-0.9%	(88)
SEK	**1.3%**	**1**	0.5%	–
	-0.7%	**(1)**	-1.2%	(1)
SAR	**0.1%**	**(2)**	0.4%	40
	-0.6%	**10**	-0.7%	(68)
TWD	–	–	0.4%	1
	–	–	-0.6%	(2)
ILS	**0.6%**	**6**	0.8%	8
	-0.5%	**(4)**	-0.4%	(4)

The change in currency rate is based on the Company's best estimate of expected change considering historical trends and experiences. Positive change in currency rate reflects a weaker peso against foreign currency.

The Company computes for the percentages of changes in exchange rates for the foreign currency-denominated accounts by comparing the year-end closing rates or existing foreign currency exchange rates with the forward foreign currency exchange rates two months before and after financial reporting date. The Company assumes the trend for the six months period to be its exposure on foreign currency fluctuations.

Credit Risk

The Company is exposed to credit risk from its operational and financing activities. On the Company's credit risk arising from operating activities, the Company only extends credit with recognized and accredited third parties. The Company implements a pay before broadcast policy to new customers. In addition, receivable balances are monitored on an ongoing basis. Such determination takes into consideration the age of the receivable and the current solvency of the individual accounts.

The Company holds deposits in connection with its subscription contracts amounting to ₱300 million and ₱377 million as at December 31, 2020 and 2019, respectively (see Note 21). There is no requirement for collateral over the Company's other trade receivables since the Company trades only with recognized and accredited counterparties, thus, maximum exposure to credit risk is equal to the carrying value of the financial instruments.

With regard to the Company's financing activities, as a general rule, the Company transacts these activities with counterparties that have a long credit history in the market and outstanding relationship with the Company. The policy of the Company is to have the BOD accredit these banks and/or financial institutions before any of these financing activities take place.

With respect to credit risk arising from the financial assets of the Company, exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Credit Risk Exposures. The table below shows the maximum exposure to on- and off-balance sheet credit risk exposures of the Company, without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques as at December 31:

	2020	2019
Financial assets at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	**₱6,325,254**	₱12,114,563
Short-term investments	**11,680**	6,998,695
Trade and other receivables - net	**5,563,130**	10,605,433
Deposits	**350,808**	324,959
Financial asset at FVOCI	**61,846**	263,126
	₱12,312,718	₱30,306,776

Credit Quality per Class of Financial Asset. The credit quality of financial assets is being managed by the Company using internal credit ratings. The following tables show the credit quality by class of financial assets based on the Company's credit rating system as at December 31, 2020 and 2019:

	December 31, 2020					
	Neither Past Due nor Impaired			Past Due but		
	High	Moderate	Low	not Impaired	Impaired	Total
Financial assets at amortized cost:						
Cash and cash equivalents:						
Cash in banks	₱3,443,848	₱–	₱–	₱–	₱–	₱3,443,848
Cash equivalents	2,881,406	–	–	–	–	2,881,406
Short-term investments	11,680	–	–	–	–	11,680
Trade receivables:						
	408,312					
Airtime		129,063	23,891	2,124,279	159,123	2,844,668
Subscriptions	258,699	–	83,485	567,803	2,280,032	3,190,019
Others	113,045	–	28,104	293,053	558,722	992,924
Nontrade receivables	81,596	42,311	25,838	1,231,096	279,918	1,660,759
Due from related parties	–	–	–	67,839	–	67,839
Deposits	350,808	–	–	–	–	350,808
Financial assets at FVOCI	61,846	–	–	–	–	61,846
	₱7,611,240	₱171,374	₱161,318	₱4,284,070	₱3,277,795	₱15,505,797

	December 31, 2019					
	Neither Past Due nor Impaired			Past Due but		
	High	Moderate	Low	not Impaired	Impaired	Total
Financial assets at amortized cost:						
Cash and cash equivalents:						
Cash in banks	₱5,977,747	₱–	₱–	₱–	₱–	₱5,977,747
Cash equivalents	6,136,816	–	–	–	–	6,136,816
Short-term investments	6,998,695	–	–	–	–	6,998,695
Trade receivables:						
Airtime	3,338,685	1,137,305	74,328	1,208,429	342,847	6,101,594
Subscriptions	410,742	181,810	125,088	595,185	1,516,872	2,829,697
Others	489,378	55,205	38,542	1,165,602	361,842	2,110,569
Nontrade receivables	196,853	173,204	369,069	720,530	296,536	1,756,192
Due from related parties	–	–	–	325,478	–	325,478
Deposits	324,959	–	–	–	–	324,959
Financial assets at FVOCI	263,126	–	–	–	–	263,126
	₱24,137,001	₱1,547,524	₱607,027	₱4,015,224	₱2,518,097	₱32,824,873

The credit quality of the financial assets was determined as follows:

- High Credit Quality

  This includes deposits or placements to counterparties with good credit rating or bank standing. For receivables, this covers, as at financial reporting date, accounts of good paying customers, with good credit standing and with no history of account treatment for a defined period. This also includes claims from Elite subscribers, advance payers, airtime and channel lease with advance payment arrangements, related parties with offsetting arrangement and existing employees.

- Moderate Credit Quality

  For receivables, this covers accounts of standard paying customers, those whose payments are within the credit term, and new customers for which sufficient credit history has not been established. This also includes claims from Superior subscribers, airtime and channel lease and related parties without offsetting arrangement.

- Low Credit Quality

  For receivables, this covers accounts of slow paying customers and those whose payments are received upon demand at financial reporting date. This also includes claims from Special subscribers.

Trade Receivables
These represent amounts collectible from advertising agencies, advertisers or trade customers arising from the sale of airtime, subscription, services and/or goods in the ordinary course of business.

Airtime. This account refers to revenue generated from the sale of time or time block within the on-air broadcast hours on television and radio.

Subscriptions. This account refers to revenue generated from regular subscriber's fees for either: (1) access to programs aired through DTH and cable television systems, or (2) direct sale of publications to subscribers.

Others. This account refers to other revenue generated from the sale of goods and services.

Nontrade Receivables
These represent claims, arising from sources other than the sale of airtime, subscriptions, services and goods in the ordinary course of business, that are reasonably expected to be realized in cash.

The following tables show the aging analysis of past due but not impaired receivables per class that the Company held as at December 31, 2020 and 2019. A financial asset is past due when a counterparty has failed to make a payment when contractually due.

	December 31, 2020					
	Neither Past Due nor Impaired	**Past Due but not Impaired**				
		Less than 30 days	**30 Days and Over**	**Impaired**	**Allowance**	**Total**
Trade receivables:						
Airtime	**₱561,289**	**₱175,516**	**₱1,764,124**	**₱343,739**	**(₱343,739)**	**₱2,500,929**
Subscriptions	**342,184**	**5,881**	**921,762**	**1,920,192**	**(1,920,192)**	**1,269,827**
Others	**141,149**	**100,121**	**396,853**	**354,801**	**(354,801)**	**638,123**
Nontrade receivables	**145,572**	**113,134**	**827,706**	**574,347**	**(574,347)**	**1,086,412**
Due from related parties	**–**	**–**	**67,839**	**–**	**–**	**67,839**
	₱1,190,194	**₱394,652**	**₱3,978,284**	**₱3,193,079**	**(₱3,193,079)**	**₱5,563,130**

	December 31, 2019					
	Neither Past Due nor Impaired	Past Due but not Impaired				
		Less than 30 days	30 Days and Over	Impaired	Allowance	Total
Trade receivables:						
Airtime	₱4,550,318	₱661,346	₱547,083	₱342,847	(₱342,847)	₱5,758,747
Subscriptions	717,640	253,666	341,519	1,516,872	(1,516,872)	1,312,825
Others	583,125	619,039	546,563	361,842	(361,842)	1,748,727
Nontrade receivables	739,126	196,444	524,086	296,536	(296,536)	1,459,656
Due from related parties	–	–	325,478	–	–	325,478
	₱6,590,209	₱1,730,495	₱2,284,729	₱2,518,097	(₱2,518,097)	₱10,605,433

Liquidity Risk
The Company seeks to manage its funds through cash planning on a weekly basis. This undertaking specifically considers the maturity of both the financial investments and financial assets and projected operational disbursements. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. As a general rule, cash balance should be equal to ₱3.5 billion at any given time to compensate for 2 months of operational exigencies amidst occasional fluctuation of cash inflows.

It is the Company's objective to maintain a balance between continuity of funding and flexibility through the use of bank credit and investment facilities. As such, the Company continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities such as the ₱6 billion bond issuance in 2014 and refinancing of loans from 2016 to 2019. Currently, the debt maturity profile of the Company ranges from 0.25 to 10 years. Also, the Company places funds in the money market only when there are surpluses from the Company's requirements. Placements are strictly made based on cash planning assumptions and as much as possible, covers only a short period of time. The Parent Company was not able to comply with certain provisions of the loan agreements as of December 31, 2020 which resulted in the current classification of its interest-bearing loans payable. Discussions on how the Company addressed this and the related liquidity risk are in Notes 3 and 18.

The tables below summarize the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted payments.

	December 31, 2020					
	Within One Year	**1 year but less than 2 years**	**2 years but less than 3 years**	**3 years to 4 years**	**More than Four Years**	**Total**
Cash and cash equivalents	**₱6,429,726**	**₱–**	**₱–**	**₱–**	**₱–**	**₱6,429,726**
Short-term investment	**11,680**	**–**	**–**	**–**	**–**	**11,680**
Trade receivables:						
Airtime	**2,500,929**	**–**	**–**	**–**	**–**	**2,500,929**
Subscription	**1,269,827**	**–**	**–**	**–**	**–**	**1,269,827**
Others	**638,123**	**–**	**–**	**–**	**–**	**638,123**
Nontrade receivables	**1,086,412**	**–**	**–**	**–**	**–**	**1,086,412**
Due from related parties	**67,839**	**–**	**–**	**–**	**–**	**67,839**
	12,004,536	**–**	**–**	**–**	**–**	**12,004,536**
Trade and other payables*	**9,229,925**	**–**	**–**	**–**	**–**	**9,229,925**
Obligations for program rights	**246,167**	**367,349**	**–**	**–**	**–**	**613,516**
Lease liabilities	**49,863**	**55,378**	**7,716**	**208,741**	**84,934**	**406,632**
Interest-bearing loans and borrowings	**18,536,669**	**863,131**	**475,374**	**1,825,825**	**2,635,834**	**24,336,833**
Customers' deposits	**–**	**2,189**	**61,154**	**91,116**	**108,841**	**263,300**
	28,062,624	**1,288,047**	**544,244**	**2,125,682**	**2,829,609**	**34,850,206**
Net	**(₱16,058,088)**	**(₱1,288,047)**	**(₱544,244)**	**(₱2,125,682)**	**(₱2,829,609)**	**(₱22,845,670)**

**Excluding customers' deposits, accrued taxes and other payables to government agencies.*

	December 31, 2019					
	Within One Year	1 year but less than 2 years	2 years but less than 3 years	3 years to 4 years	More than Four Years	Total
Cash and cash equivalents	₱12,169,917	₱–	₱–	₱–	₱–	₱12,169,917
Short-term investment	6,998,695	–	–	–	–	6,998,695
Trade receivables:						
Airtime	5,758,747	–	–	–	–	5,758,747
Subscription	1,312,825	–	–	–	–	1,312,825
Others	1,748,727	–	–	–	–	1,748,727
Nontrade receivables	1,459,656	–	–	–	–	1,459,656
Due from related parties	325,478	–	–	–	–	325,478
	29,774,045	–	–	–	–	29,774,045
Trade and other payables*	9,823,899	–	–	–	–	9,823,899
Obligations for program rights	319,908	280,426	180,000	–	–	780,334
Lease liabilities	360,201	299,696	206,383	143,268	202,805	1,212,353
Interest-bearing loans and borrowings	1,986,699	2,637,384	1,664,191	1,824,560	27,039,545	35,152,379
Customers' deposits	–	1,721	48,079	71,636	85,571	207,007
	12,490,707	3,219,227	2,098,653	2,039,464	27,327,921	47,175,972
Net	₱17,283,338	(₱3,219,227)	(₱2,098,653)	(₱2,039,464)	(₱27,327,921)	(₱17,401,927)

**Excluding customers' deposits, accrued taxes and other payables to government agencies.*

Capital Management

The Company's capital structure pertains to the mix of long-term sources of funds. When the Company expands, it needs capital, and that capital can come from debt or equity.

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios and strong credit ratings while viably supporting its business to maximize shareholder value. No changes were made in capital management objectives, policies or processes in 2020, 2019 and 2018.

The Company's approach focuses on efficiently allocating internally generated cash for operational requirements and investments to grow the existing business as well as to deliver on its commitment of a regular dividend payout at a maximum of 50% of the previous year's net income. Shortages if any and acquisitions or investments in new business are funded by the incurrence of additional debt largely capped by existing loan covenants on financial ratios.

As evidenced by the quarterly financial certificates that the Company issued to its lenders, all financial ratios are within the required limits all throughout 2020 and 2019, except for the 4th Quarter of 2020 debt service coverage ratio for which the Company has obtained consent and approval from the existing lenders to waive the provisions of the loan agreement requiring the financial covenants for the said period (see Notes 18 and 37).

2020 Financial Ratios	Required	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
Loan Agreement					
Debt to equity	Less than or equal to 2.50	1.58	1.76	1.77	2.44
Debt service coverage ratio	Greater than or equal to 1.20	7.76	8.07	3.70	0.91

2019 Financial Ratios	Required	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Loan Agreement					
Debt to equity	Less than or equal to 2.50	1.36	1.47	1.30	1.55
Debt service coverage ratio	Greater than or equal to 1.20	10.67	10.56	7.09	10.49

The following table shows the financial ratios that Sky Cable is required to maintain in accordance with the Fixed Rate Corporate Notes Facility Agreement for the loans:

Financial ratios	Required
Total liabilities to equity	Maintain at all times not exceeding 2:1
Debt service coverage ratio	Maintain at least 1.5 times

33. Financial Assets and Financial Liabilities

The following tables set forth the carrying amounts and estimated fair values of consolidated financial assets and liabilities recognized as at December 31, 2020 and 2019. There are no material unrecognized financial assets and liabilities as at December 31, 2020 and 2019.

	December 31, 2020				
	Carrying Amount	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial Assets					
Financial assets at amortized cost:					
Deposits (included under "Other noncurrent assets" account in the consolidated statements of financial position)	**₱350,808**	**₱341,447**	**₱–**	**₱–**	**₱341,447**
Financial assets at					
	61,846	**61,846**	**25,317**	**–**	**36,529**
	₱412,654	**₱403,293**	**₱25,317**	**₱–**	**₱377,976**

(Forward)

			December 31, 2020		
	Carrying Amount	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial Liabilities					
Other financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	**₱26,026,599**	**₱28,214,833**	**₱–**	**₱–**	**₱28,214,833**
Obligations for program rights	**744,906**	**780,334**	**–**	**780,334**	
Convertible note	**238,305**	**258,365**	**–**	**–**	**258,365**
Customers' deposits (included as part of "Other noncurrent liabilities")	**377,283**	**346,438**	**–**	**–**	**346,438**
	₱27,387,093	**₱29,599,970**	**₱–**	**₱780,334**	**₱28,819,636**

			December 31, 2019		
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial Assets					
Financial assets at amortized cost:					
Deposits (included under "Other noncurrent assets" account in the consolidated statements of financial position)	₱324,959	₱315,598	₱–	₱–	₱315,598
Financial assets at FVOCI	263,126	263,126	187,424	–	75,702
	₱588,085	₱578,724	₱187,424	₱–	₱391,300
Financial Liabilities					
Other financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	₱26,026,599	₱28,214,833	₱–	₱–	₱28,214,833
Obligations for program rights	744,906	780,334	–	780,334	–
Convertible note	238,305	258,365	–	–	258,365
Customers' deposits (included as part of "Other noncurrent liabilities")	377,283	346,438	–	–	346,438
	₱27,387,093	₱29,599,970	₱–	₱780,334	₱28,819,636

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and Cash Equivalents, Short-term Investments, Trade and Other Receivables and Trade and Other Payables. Due to the short-term nature of transactions, the fair values of these instruments approximate the carrying amounts as at financial reporting date.

Deposits. Fair value of these instruments is computed by discounting future cash flows using the risk-free interest rates for similar type of instruments adjusted for credit risk.

Financial assets at FVOCI. The fair values of publicly-traded instruments were determined by reference to market bid quotes as at financial reporting date. The fair values of the non-listed equity investments have been estimated using a discounted cashflow model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.

Interest-bearing Loans and Borrowings. Fair value was computed based on the following:

	Fair Value Assumptions
Term loans	Estimated fair value is based on the discounted value of future cash flows using the applicable risk-free rates for similar types of loans adjusted for credit risk. The interest rates used to discount the future cash flows have ranged from 3.1% to 4.4% in 2020 and 3.1% to 4.4% in 2019.

Obligations for Program Rights. Estimated fair value is based on the discounted value of future cash flows using the applicable risk-free rates for similar types of loans adjusted for credit risk.

Convertible Note. In 2020 and 2019, fair value was computed based on the discounted value of future cash flows using the applicable BVAL rate plus 1% credit spread, respectively.

Customers' Deposits. The fair values were calculated by discounting the expected future cash flows using the applicable BVAL rates ranging from 3.11% to 5.23% in 2020 and prevailing BVAL rates plus applicable credit spread ranging 3.11% to 5.23% in 2019.

There were no transfers between levels in the fair value hierarchy as at December 31, 2020 and 2019.

Offsetting of Financial Assets and Financial Liabilities
There is no offsetting of financial assets and financial liabilities as at December 31, 2020 and 2019.

34. EPS Computations

Basic EPS amounts are calculated by dividing the net income (loss) for the period attributable to common shareholders by the weighted average number of common shares outstanding (net of PDRs) during the period.

The following table presents information necessary to calculate EPS:

	Years Ended December 31		
	2020	2019	2018
Net income (loss) attributable to equity holders of the Parent Company	**(₱13,456,161)**	(₱1,624,858)	₱2,110,251
Dividends on preferred shares	**(4,000)**	(4,000)	(4,000)
(a) Net income (loss) attributable to common equity holders of the Parent Company	**(₱13,460,161)**	(₱1,628,858)	₱2,106,251
(b) Weighted average number of shares outstanding:			
At beginning and end of year	**822,972,436**	822,972,436	822,972,436
Basic/diluted EPS (a/b)	**(₱16.356)**	(₱1.979)	₱2.560

The Company has no dilutive potential common shares outstanding, therefore basic EPS is the same as diluted EPS.

35. Note to Consolidated Statements of Cash Flows

	Years Ended December 31		
	2020	2019	2018
Noncash investing activities:			
Acquisitions of program rights on account	**₱161,038**	₱428,104	₱734,724

Changes in liabilities arising from financing activities:

	January 1, 2020	**Cash flows**	**Noncash changes**	**December 31, 2020**
Term loans	**₱26,026,599**	**(₱4,560,130)**	**₱20,785**	**₱21,487,254**
Lease liabilities	**1,083,366**	**(255,131)**	**118,087**	**946,322**
Interest payable (Note 17)	**281,622**	**(1,205,551)**	**1,163,068**	**239,139**
Dividends payable (Note 17)	**304,192**	**–**	**(259,711)**	**44,481**
Deposits for future subscription (Note 17)	**1,351,614**	**–**	**8,802**	**1,360,416**
Total liabilities from financing activities	**₱29,047,393**	**(₱6,020,812)**	**₱1,051,031**	**₱24,077,612**

	January 1, 2019	Cash flows	Noncash changes	December 31, 2019
Term loans	₱28,197,080	(₱2,212,020)	₱41,539	₱26,026,599
Obligations under finance leases	1,030,649	(364,129)	416,846	1,083,366
Interest payable (Note 17)	309,525	(1,454,269)	1,426,366	281,622
Dividends payable (Note 17)	286,024	(460,487)	478,655	304,192
Deposits for future subscription (Note 17)	1,287,014	–	64,600	1,351,614
Total liabilities from financing activities	₱31,110,292	(₱4,490,905)	₱2,428,006	₱29,047,393

Noncash changes include effect of accrual of dividends and interests, amortization of debt issue costs and the accretion of interest on finance leases.

36. **Contingent Liabilities and Other Matters**

a. In relation to the consolidation of Sky Cable and Home Cable in 2004, a competitor television broadcasting company (complainant) filed a case before the NTC for unlawful merger and unlawful cross-ownership and common control and operations of telecommunications companies and cable companies with a prayer for cease and desist order. As at April 7, 2021, the hearing of this case is ongoing before the NTC. Management believes that the case filed by the complainant is without legal basis and would not have a material impact on the consolidated financial statements.

b. The Company is also subject to periodic examinations by tax authorities and has other legal cases in the ordinary course of business, which are pending in courts or under protest. In consultation with its legal counsel, management believes that the outcome of these examinations and cases are not material to affect the Company’s financial position and financial performance.

   Disclosure of additional details beyond the present disclosures may seriously prejudice the Company’s position. Thus, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only general descriptions were provided.

37. **Events After Reporting Period**

a. On April 28, 2021, an addendum to the mortgage agreement was signed by ABS-CBN, the creditors, and security agent to reflect the agreements reached with regard to proposed sale of certain real estate.

b. On May 27, 2021, the Company's BOD approved the release from appropriation, retained earnings of ₱16,200 million set aside for capital expenditures.

c. On May 14 and 21, 2021 the Company has obtained consent and approval from Unionbank and BPI, respectively, to waive the provisions of the loan agreement requiring the financial covenants for the 4^{th} quarter of 2020 and the 1^{st} quarter of 2021.

d. The Standstill Effectivity date has occurred on May 31, 2021.

38. **Other Matters**

COVID-19 Outbreak

The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the country starting March 16, 2020 have caused disruptions to the Company's business activities. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines as of June 3, 2021, management believes that the impact of COVID-19 situation moving forward remains fluid and evolving, and therefore, it is difficult to quantify its impact to the financial position, performance and cash flow of the Company subsequent to December 31, 2020.

The Company continues to abide by and comply with all rules and regulations issued by the government in relation to the COVID-19 pandemic. In line with applicable rules and regulations, the said risks are mitigated by business continuity strategies set in place by the Company. Measures currently undertaken by the Company to mitigate the risks of COVID-19 pandemic on its operations include enforcing quarantine protocols for production personnel during taping schedules, frequent sanitations on remote location and office premises, mandatory swab and antigen tests for its personnel, implementation of zoning areas throughout ABS-CBN compound, work-from-home arrangements, practice of social distancing through remote communication, and full use of digital technology for different aspects of the operations, wherever applicable and useful, among others.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
ABS-CBN Corporation
ABS-CBN Broadcast Center
Sgt. Esguerra Ave. corner Mother Ignacia Street
Quezon City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of ABS-CBN Corporation and its subsidiaries (the Company) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated June 3, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules A to H listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for the purpose of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Djole S. Garcia

Djole S. Garcia
Partner
CPA Certificate No. 0097907
SEC Accreditation No. 1768-A (Group A),
September 3, 2019, valid until September 2, 2022
Tax Identification No. 201-960-347
BIR Accreditation No. 08-001998-102-2018,
October 18, 2018, valid until October 17, 2021
PTR No. 8534301, January 4, 2021, Makati City

June 3, 2021

SGV
Building a better working world

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October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
ABS-CBN Corporation
ABS-CBN Broadcast Center
Sgt. Esguerra Ave. corner Mother Ignacia Street
Quezon City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of ABS-CBN Corporation and its subsidiaries (the Company) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated June 3, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Djole S. Garcia

Djole S. Garcia
Partner
CPA Certificate No. 0097907
SEC Accreditation No. 1768-A (Group A),
September 3, 2019, valid until September 2, 2022
Tax Identification No. 201-960-347
BIR Accreditation No. 08-001998-102-2018,
October 18, 2018, valid until October 17, 2021
PTR No. 8534301, January 4, 2021, Makati City

June 3, 2021

ABS-CBN CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
December 31, 2020

ABS-CBN CORPORATION and SUBSIDIARIES
Schedule A. Financial Assets
December 31, 2020

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at end of reporting period	Income received & accrued
Loans and Receivables :				
(Amounts in Thousands)				
Cash and Cash Equivalents				
Cash on hand and in banks		₱ 3,548,320	₱ 3,548,320	₱ 60,471
Cash equivalents		2,881,406	2,881,406	140,439
Short-term investments		11,680	11,680	191
Subtotal		6,441,406	6,441,406	201,101
Trade and other receivables (excluding advances to suppliers)				
Airtime		2,844,668	2,844,668	-
Subscriptions		3,190,019	3,190,019	-
Others		992,924	992,924	-
Advances to employees and talents		1,076,449	1,076,449	-
Due from related parties (see Note 23)		67,839	67,839	-
Others		584,310	584,310	-
Allowance for doubtful accounts		(3,193,079)	(3,193,079)	-
Subtotal		5,563,130	5,563,130	-
Deposits		428,353	428,353	-
Financial Assets at Fair Value through Other Comprehensive Income		61,846	61,846	-
Total	-	₱ 12,494,735	₱ 12,494,735	₱ 201,101

ABS-CBN CORPORATION and SUBSIDIARIES
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)
December 31, 2020

Name and Designation of debtor	Balance at beginning of period	Additions	Deductions		Current	Not current	Balance at end of period
			Amounts collected	Amounts written off			

NONE

Note: Receivables from officers and employees are within the ordinary course of business.

ABS-CBN CORPORATION and SUBSIDIARIES
Schedule C.1 Amounts Receivable from Related Parties which are eliminated during Consolidation of Financial Statements
December 31, 2020

Name and Designation of debtor		Balance at beginning of period		Additions	DEDUCTIONS	Amounts Collected		Amounts Written Off		Current		Balance at end of Period
(Amounts in Thousands)												
ABS-CBN CORPORATION	₱	15,020,081	₱	8,857,170	₱	(8,124,528)	₱	-	₱	15,752,723	₱	15,752,723
ABS-CBN FILM PRODUCTIONS, INC.		268,210		815,785		(624,137)		-		459,858		459,858
ABS-CBN GLOBAL CARGO CORPORATION		84		-		(49)		-		35		35
ABS-CBN GLOBAL LTD.		983,895		1,754,536		(383,502)		-		2,354,929		2,354,929
ABS-CBN INTEGRATED AND STRATEGIC PROPERTY HOLDINGS. INC.		2,158		79,113		(72,875)		-		8,396		8,396
ABS-CBN SHARED SERVICE CENTER PTE. LTD. - ROHQ		340,489		650,393		(650,097)		-		340,785		340,785
ABS-CBN STUDIOS, INC.		42		-		-		-		42		42
ABS-CBN THEME PARKS AND RESORTS HOLDINGS, INC.		21,921		362,832		(359,453)		-		25,300		25,300
ABS-CBN THEMED EXPERIENCES, INC.		155		17,708		(17,686)		-		177		177
CREATIVE PROGRAMS, INC.		483,942		273,246		(237,787)		-		519,401		519,401
ICONNECT CONVERGENCE, INC.		209,088		407,613		(385,510)		-		231,191		231,191
SAPIENTIS HOLDINGS CORPORATION		216,176		92,117		(47,702)		-		260,591		260,591
SARIMANOK NEWS NETWORK, INC.		322,586		434,033		(442,145)		-		314,474		314,474
SKY CABLE CORPORATION		841		379,589		(448)		-		379,982		379,982
SKY VISION CORPORATION		97,080		-		-		-		97,080		97,080
THE BIG DIPPER DIGITAL CONTENT & DESIGN, INC.		1,212,506		5,060,417		(2,629,942)		-		3,642,981		3,642,981
TV FOOD CHEFS, INC.		10,798		4,710		(9,627)		-		5,881		5,881
	₱	19,190,052	₱	19,189,262	₱	(13,985,488)	₱	-	₱	24,393,826	₱	24,393,826

ABS-CBN CORPORATION and SUBSIDIARIES
Schedule C.2 Amounts Payable from Related Parties which are eliminated during Consolidation of Financial Statements
December 31, 2020

		DEDUCTIONS					
Name and Designation of creditor	Balance at beginning of period	Additions	Amounts Paid	Amounts Written Off	Current	Non Current	Balance at end of Period
(Amounts in Thousands)							
ABS STUDIOS, INC.	₱ (964,905)	₱ (116,707)	₱ 7,704	₱ -	₱ (1,073,908)	₱ -	₱ (1,073,908)
ABS-CBN CENTER FOR COMMUNICATION ARTS, INC	(8,793)	-	-	-	(8,793)	-	(8,793)
ABS-CBN CORPORATION	(2,241,815)	(59,607,463)	₱ 55,296,563	-	(6,552,715)	-	(6,552,715)
ABS-CBN FILM PRODUCTIONS, INC.	(54,044)	(54,305)	44,857	-	(63,492)	-	(63,492)
ABS-CBN GLOBAL CARGO CORPORATION	(2,038)	(244)	-	-	(2,282)	-	(2,282)
ABS-CBN GLOBAL LTD.	(811,711)	(423,368)	1,221,821	-	(13,258)	-	(13,258)
ABS-CBN INTEGRATED AND STRATEGIC PROPERTY HOLDINGS. INC.	(16,834)	(65,839)	64,726	-	(17,947)	-	(17,947)
ABS-CBN SHARED SERVICE CENTER PTE. LTD. - ROHQ	(2)	(593,490)	586,384	-	(7,108)	-	(7,108)
ABS-CBN THEME PARKS AND RESORTS HOLDINGS, INC.	(787,979)	(607,900)	52,036	-	(1,343,843)	-	(1,343,843)
ABS-CBN THEMED EXPERIENCES, INC.	(261,973)	(82,560)	18,995	-	(325,538)	-	(325,538)
CAPTAN SERVICES	(39,951)	(1,555)	-	-	(41,506)	-	(41,506)
CINESCREEN, INC.	(36,226)	(63,471)	44,857	-	(54,840)	-	(54,840)
CREATIVE PROGRAMS, INC.	(302,473)	(967,301)	647,254	-	(622,520)	-	(622,520)
ICONNECT CONVERGENCE, INC.	(158,507)	(636,521)	513,059	-	(281,969)	-	(281,969)
PANAY MARINE, LTD.	(730,813)	(63,628)	-	-	(794,441)	-	(794,441)
PROFESSIONAL SERVICES FOR TELEVISION & RADIO, INC.	(5,016)	-	-	-	(5,016)	-	(5,016)
ROSETTA HOLDINGS CORPORATION	(1,844,519)	(139,472)	3,627	-	(1,980,364)	-	(1,980,364)
SAPIENTIS HOLDINGS CORPORATION	(5,816,147)	(81,340)	31,454	-	(5,866,033)	-	(5,866,033)
SARIMANOK NEWS NETWORK, INC.	(17,353)	(419,734)	417,562	-	(19,525)	-	(19,525)
SKY CABLE CORPORATION	(635,306)	(488,325)	510,907	-	(612,724)	-	(612,724)
SKY VISION CORPORATION	(62,882)	-	-	-	(62,882)	-	(62,882)
THE BIG DIPPER DIGITAL CONTENT & DESIGN, INC.	(21,195)	(4,272,562)	4,066,278	-	(227,479)	-	(227,479)
THE CHOSEN BUN, INC.	(37,632)	(2,682)	-	-	(40,314)	-	(40,314)
TV FOOD CHEFS, INC.	(3,191)	(22,691)	22,406	-	(3,476)	-	(3,476)
	₱ (14,861,305)	₱ (68,711,158)	₱ 63,550,490	₱ -	₱ (20,021,973)	₱ -	₱ (20,021,973)

ABS-CBN CORPORATION and SUBSIDIARIES
Schedule D. Intangible Assets - Other Assets
December 31, 2020

Description	Beginning balance	Additions at cost	Deductions			Ending balance	
			Charged to Cost and Expenses	Charged to other accounts (Disposal)	Other changes additions (deductions)		
(Amounts in Thousands)							
Goodwill	₱ 4,742,164	₱ -	₱ -	₱ -	₱ (12,914)	₱ 4,729,250	-
Program Rights	4,421,023	107,682	(1,181,239)	-	-	3,347,466	-
Movie In- Process and Filmed Entertainment	1,072,891	811,231	(812,845)	-	-	1,071,277	-
Story, Video and Publication and Record Master	121,353	48,173	(53,568)	-	-	115,958	-
Trademarks	1,111,784	-	-	-	-	1,111,784	-
Customer Relationships	563,636	-	(57,237)	-	-	506,399	-
Cable Channels - CPI	367,974	-	(94,546)	-	-	273,428	-
Production and Distribution Business - Middle East	47,743	-	(44,267)	-	(259)	3,217	-
Business Process Re-engineering	183,833	51,935	-	-	-	235,768	-
IP Block	37,804	-	-	-	-	37,804	-
Digital Platforms	1,153	-	(1,150)	-	-	3	-
Total	₱ 12,671,358	₱ 1,019,021	₱ (2,244,852)	₱ -	₱ (13,173)	₱ 11,432,354	-
							-

Note: Charge to other accounts and other changes represent effect of business combination

ABS-CBN CORPORATION and SUBSIDIARIES
Schedule E. Long-Term Debt
December 31, 2020

Title of Issue and type of obligation	Amount of authorized indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet
(Amounts in Thousands)			
Sky Cable	₱ 5,453,646	₱ 1,019,850	₱ 4,433,796
Parent Company	16,033,608	16,033,608	-
Term Loans : Loan Agreement	21,487,254	17,053,458	4,433,796
Total	₱ 21,487,254	₱ 17,053,458	₱ 4,433,796

- -

Note: Lifted from Conso FS: Details as to interest rates, amounts or number of periodic installments and maturity dates

ABS-CBN CORPORATION and SUBSIDIARIES
Schedule F. Indebtedness to Related Parties
December 31, 2020

Name of Related Parties	Balance at beginning of period	Balance at end of period
NOT APPLICABLE		

ABS-CBN CORPORATION and SUBSIDIARIES
Schedule G. Guarantees of Securities of Other Issuers
December 31, 2020

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee

NONE

ABS-CBN CORPORATION and SUBSIDIARIES
Schedule H. Capital Stock
December 31, 2020

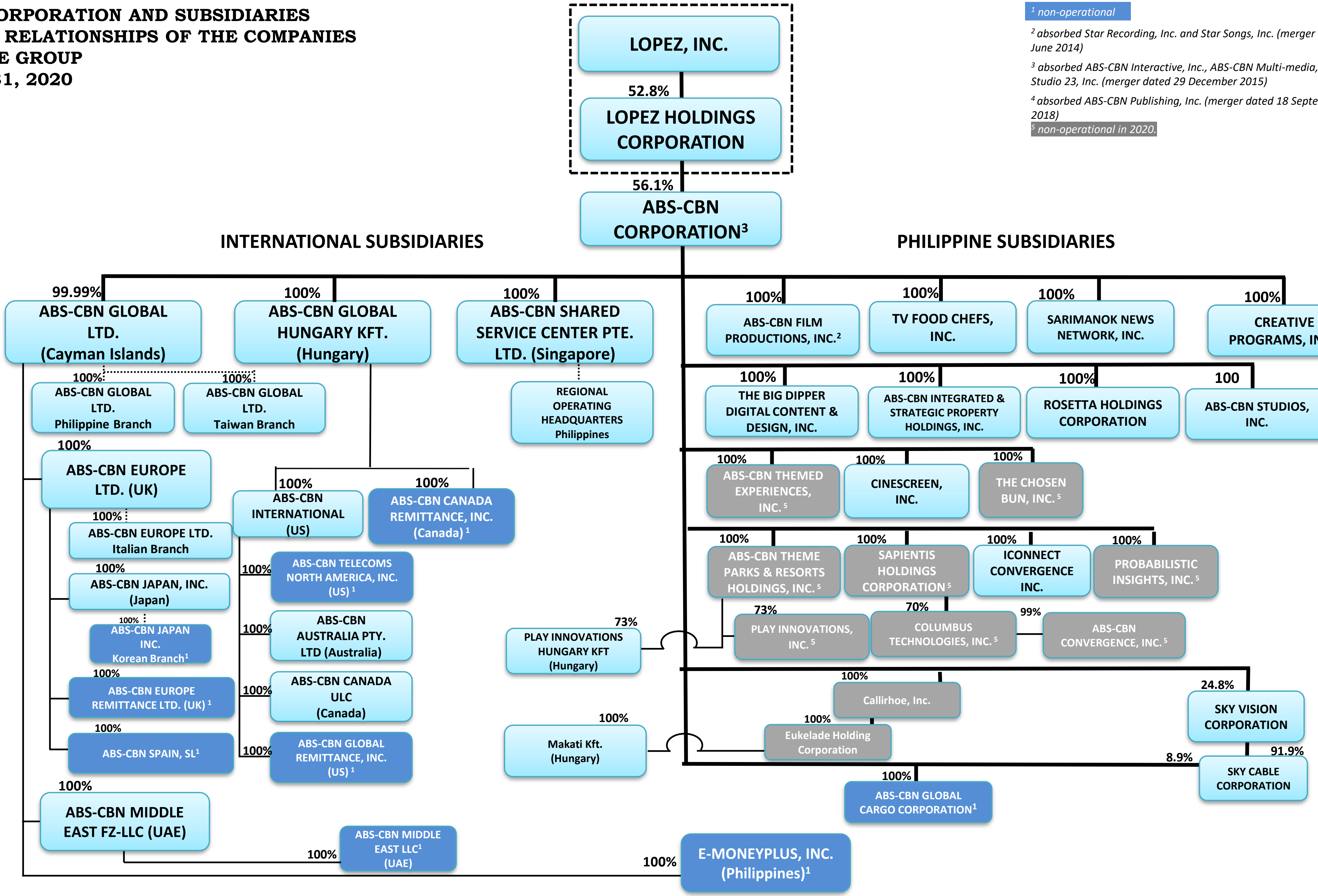
Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others	
Common Shares -₱1.0 Par value	1,300,000,000	857,516,968	-	757,011,272	6,454,819	94,050,877	-
Preferred Shares - ₱0.2 Par value	1,000,000,000	1,000,000,000	-	987,130,246	1,830,550	11,039,204	-

* Net of Philippine depository receipts

ABS-CBN CORPORATION
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
December 31, 2020
Amounts in Thousands

Unappropriated retained earnings, beginning	₱	142,479
Adjustment:		
Remeasurement loss on defined benefit plan from previous years		1,322,711
Deferred tax assets, beginning		-
Treasury shares		(1,638,719)
Retained earnings, beginning, as adjusted to amount available for dividend declaration, beginning		(173,529)
Add: Net loss actually realized during the year		(11,921,786)
Net income during the year closed to retained earnings		
Add (deduct):		
Unrealized foreign exchange gain - net of effects of cash and cash equivalents		(649,969)
Movement of recognized deferred tax assets for the year		-
Net loss actually realized during the year		(12,571,755)
less: dividend declared during the year		-
Retained earnings available for dividend declaration, end	₱	**(12,745,284)**

ABS-CBN CORPORATION AND SUBSIDIARIES
IV. MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
December 31, 2020



[1] *non-operational*

[2] *absorbed Star Recording, Inc. and Star Songs, Inc. (merger dated 24 June 2014)*

[3] *absorbed ABS-CBN Interactive, Inc., ABS-CBN Multi-media, Inc. and Studio 23, Inc. (merger dated 29 December 2015)*

[4] *absorbed ABS-CBN Publishing, Inc. (merger dated 18 September 2018)*

[5] *non-operational in 2020.*

ABS-CBN CORPORATION and SUBSIDIARIES
Financial Soundness Indicators
December 31, 2020

RATIOS	Formula	In Php ('000s)	2020	In Php ('000s)	2019
Current Ratio	Current Assets	18,682,887	0.66	37,147,683	2.61
	Current Liabilities	28,399,335		14,260,065	
Net Debt-to-equity ratio	Interest-bearing loans and borrowings less Cash and Cash equivalent	15,057,528	0.88	13,856,682	0.45
	Total Stockholders' Equity	17,198,851		31,091,205	
Asset-to-equity ratio	Total Assets	58,926,177	3.43	79,244,536	2.55
	Total Stockholders' Equity	17,198,851		31,091,205	
Interest rate coverage ratio	EBIT	(12,478,386)	(10.57)	619,733	0.44
	Interest Expense	1,180,429		1,423,504	
Return on Equity	Net Income (Loss)	(13,530,816)	(78.7%)	(2,645,147)	(8.5%)
	Total Stockholders' Equity	17,198,851		31,091,205	
Return on Asset	Net Income (Loss)	(13,530,816)	(23.0%)	(2,645,147)	(3.3%)
	Total Asset	58,926,177		79,244,536	
Profitability ratios					
Gross Profit Margin	Gross Profit	1,687,649	7.9%	16,551,438	38.6%
	Net Revenue	21,419,757		42,834,842	
Net Income Margin	Net Income	(13,530,816)	(63.2%)	(2,645,147)	(6.2%)
	Net Revenue	21,419,757		42,834,842	

ABS-CBN CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **ABS-CBN Corporation** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Martin L. Lopez
Chairman of the Board

Carlo L. Katigbak
President and Chief Executive Officer

Ricardo B. Tan, Jr.
Group Chief Financial Officer

Signed this ___ day of JUN 04 2021, 2021

SUBSCRBED AND SWORN to me before this JUN 04 2021 ~~day of~~ , 2021. Affiants exhibiting to me their Passports, as follows:

NAMES	PASSPORT NO.	DATE OF EXPIRY	PLACE OF ISSUE
~~Martin L. Lopez~~	~~P9450479A~~	~~06 Nov 2028~~	~~DFA, Manila~~
Carlo L. Katigbak	P5367822B	27 Jul 2030	DFA, Manila
Ricardo B. Tan, Jr.	P1587882A	11 Jan 2022	DFA, Manila

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Book No.: II
Series of: 21

AURELIA BEATRICE M. SANTOS
Commission No. 149
Notary Public for Quezon City
Until December 31, 2021
4/F, ELJ.Communications Center
Eugenio Lopez Drive, Quezon City
Roll No. 62155
PTR No. 0730951/01.07.2021/Quezon City
IBP No. 143020/01.07.2021/Quezon City
MCLE Compliance No. VI-0002199/04.24.2017

ABS-CBN CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **ABS-CBN Corporation** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

DocuSigned by:
85F6EC4EB1DB4EE...

Martin L. Lopez
Chairman of the Board

Carlo L. Katigbak
President and Chief Executive Officer

Ricardo B. Tan, Jr.
Group Chief Financial Officer

Signed this 3rd day of June, 2021

Pamela Mae D. Segismundo

From:	eafs@bir.gov.ph
Sent:	Monday, June 7, 2021 11:50 AM
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Cc:	Tax Accounting
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Transaction Code: **AFS-0-9J76J8LD02MPNVQ32NSXVS1QY067CB89CG**
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Company TIN: **000-406-761**

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C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number: 1 8 0 3

COMPANY NAME

A B S - C B N C O R P O R A T I O N

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

ABS-CBN Broadcasting Centre, Sgt. Esguerra Avenue corner Mother Ignacia Street, Quezon City

Form Type	Department requiring the report	Secondary License Type, If Applicable
A P F S	C R M D	N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
IR@abs-cbn.com	(632) 3415 - 2272	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
6,542	June 25	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ricardo B. Tan	Rick_Tan@abs-cbn.com	(632) 3415 - 2272	–

CONTACT PERSON's ADDRESS

ABS-CBN Broadcasting Centre, Sgt. Esguerra Avenue corner Mother Ignacia Street, Quezon City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
ABS-CBN Corporation
ABS-CBN Broadcasting Centre Sgt. Esguerra Avenue
corner Mother Ignacia Street Quezon City

Opinion

We have audited the accompanying parent company financial statements of ABS-CBN Corporation (the "Parent Company"), which comprise the parent company statements of financial position as at December 31, 2020 and 2019, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Parent Company was a holder of a legislative franchise to construct, install, operate and maintain, for commercial purposes and in the public interest, radio and television broadcasting stations in the Philippines. The legislative franchise lapsed on May 4, 2020. The House of Representatives through the House Committee on Legislative Franchises denied the franchise application on July 10, 2020. The core operation of the Parent Company depended on the legislative franchise and therefore is a key determinant of the Parent Company's ability to continue as a going concern. The denial of the franchise application significantly affected the Parent Company's free-to-air business resulting in net loss of ₱11.9 billion and net operating cash outflows of ₱1.7 billion for the year ended December 31, 2020, and current assets and current liabilities as of December 31, 2020 amounting to ₱13.9 billion and ₱25.3 billion, respectively. As stated in Note 1, these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements,

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Parent Company to express an opinion on the parent company financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 36 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Parent Company. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Djole S. Garcia.

SYCIP GORRES VELAYO & CO.

Djole S. Garcia

Djole S. Garcia
Partner
CPA Certificate No. 0097907
SEC Accreditation No. 1768-A (Group A),
September 3, 2019, valid until September 2, 2022
Tax Identification No. 201-960-347
BIR Accreditation No. 08-001998-102-2018,
October 18, 2018, valid until October 17, 2021
PTR No. 8534301, January 4, 2021, Makati City

June 3, 2021

ABS-CBN CORPORATION

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱703,016**	₱1,880,979
Short-term investments (Note 4)	**–**	6,670,319
Trade and other receivables (Notes 5 and 19)	**9,271,792**	12,427,315
Inventories (Note 6)	**479,379**	627,343
Program rights (Note 11)	**722,649**	964,148
Other current assets (Note 7)	**2,709,970**	2,715,967
Total Current Assets	**13,886,806**	25,286,071
Noncurrent Assets		
Investments in and advances to subsidiaries, joint ventures and associates (Notes 8 and 19)	**14,142,819**	14,359,667
Property and equipment (Note 9)	**8,190,911**	9,083,662
Investment property (Note 10)	**135,927**	135,927
Program rights - net of current portion (Note 11)	**2,482,911**	3,302,787
Financial assets at fair value through other comprehensive income (FVOCI) (Note 12)	**35,104**	236,384
Other noncurrent assets (Note 13)	**192,599**	223,652
Total Noncurrent Assets	**25,180,271**	27,342,079
TOTAL ASSETS	**₱39,067,077**	₱52,628,150
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 14, 19 and 26)	**₱9,022,120**	₱6,890,933
Contract liabilities (Note 15)	**15,398**	186,512
Current lease liabilities (Note 27)	**12,479**	54,033
Obligations for program rights (Note 17)	**233,227**	298,229
Interest-bearing loans and borrowings (Note 16)	**16,033,608**	198,520
Total Current Liabilities	**25,316,832**	7,628,227
Noncurrent Liabilities		
Interest-bearing loans and borrowings - net of current portion (Note 16)	**–**	20,031,102
Noncurrent lease liabilities (Note 27)	**30,577**	117,765
Deferred tax liabilities (Note 25)	**474,371**	316,807
Obligation for program rights - net of current portion (Note 17)	**360,996**	441,466
Accrued pension obligation and other employee benefits (Note 26)	**4,233,122**	3,658,920
Total Noncurrent Liabilities	**5,099,066**	24,566,060
Total Liabilities	**30,415,898**	32,194,287

(Forward)

	December 31	
	2020	2019
Equity (Note 18)		
Capital stock	**₱1,072,124**	₱1,072,124
Additional paid-in capital	**4,482,565**	4,482,565
Fair value reserves on financial assets at FVOCI (Note 12)	**71,712**	175,414
Retained earnings	**4,663,497**	16,342,479
Treasury shares and Philippine depository receipts (PDRs) convertible to common shares	**(1,638,719)**	(1,638,719)
Total Equity	**8,651,179**	20,433,863
TOTAL LIABILITIES AND EQUITY	**₱39,067,077**	₱52,628,150

See accompanying Notes to Parent Company Financial Statements.

ABS-CBN CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(Amounts in Thousands)

	Years Ended December 31	
	2020	2019
REVENUE (Notes 19 and 20)	**₱7,427,558**	₱25,605,359
PRODUCTION COSTS (Notes 9, 11, 19, 21 and 26)	**(10,385,761)**	(14,135,382)
COST OF SALES (Notes 6 and 22)	**(291,286)**	(2,172,336)
COST OF SERVICES (Note 22)	**(18,301)**	(17,955)
GROSS PROFIT (LOSS)	**(3,267,790)**	9,279,686
GENERAL AND ADMINISTRATIVE EXPENSES (Notes 9, 19, 23 and 26)	**(8,493,816)**	(17,852,721)
FINANCE COSTS (Notes 16 and 24)	**(1,065,952)**	(1,375,403)
INTEREST INCOME (Notes 4 and 19)	**192,983**	470,250
IMPAIRMENT LOSSES (Notes 5, 8, 9 and 13)	**(118,713)**	(446,088)
FOREIGN EXCHANGE GAIN (LOSS) - Net	**468,084**	(118,036)
GAIN ON SALE OF INVESTMENT	–	4,497
OTHER INCOME - Net (Notes 19 and 24)	**520,982**	3,150,587
LOSS BEFORE INCOME TAX	**(11,764,222)**	(6,887,228)
PROVISION FOR INCOME TAX (Note 25)	**157,564**	1,689,343
NET LOSS	**(₱11,921,786)**	(₱8,576,571)

See accompanying Notes to Parent Company Financial Statements.

ABS-CBN CORPORATION

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31	
	2020	2019
NET LOSS	**(₱11,921,786)**	(₱8,576,571)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Remeasurement loss on defined benefit plan - net of tax (Note 26)	**(152,577)**	(990,912)
Fair value gain (loss) on financial assets at FVOCI - net of tax (Note 12)	**31,968**	(29,723)
	(120,609)	(1,020,635)
TOTAL COMPREHENSIVE LOSS	**(₱12,042,395)**	(₱9,597,206)

See accompanying Notes to Parent Company Financial Statements.

ABS-CBN CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Amounts in Thousands)

	Capital Stock (Note 18)		Additional Paid-in Capital	Fair Value Reserves on Financial Assets At FVOCI (Note 12)	Remeasurement Loss on Defined Benefit Plan – Net (Note 26)	Retained Earnings (Note 18)		Treasury Shares and PDRs Convertible to Common Shares (Note 18)	Total
	Common	Preferred				Appropriated	Unappropriated		
At January 1, 2020	**₱872,124**	**₱200,000**	**₱4,482,565**	**₱175,414**	**₱–**	**₱16,200,000**	**₱142,479**	**(₱1,638,719)**	**₱20,433,863**
Net loss	–	–	–	–	–	–	**(11,921,786)**	–	**(11,921,786)**
Other comprehensive income (loss)	–	–	–	**31,968**	**(152,577)**	–	–	–	**(120,609)**
Total comprehensive income (loss)	–	–	–	**31,968**	**(152,577)**	–	**(11,921,786)**	–	**(12,042,395)**
Remeasurement gain on defined benefit plan transferred to retained earnings	–	–	–	–	**152,577**	–	**(152,577)**	–	–
Transfer of fair value reserves on financial assets at FVOCI	–	–	–	**(135,670)**	–	–	**135,670**	–	–
Others	–	–	–	–	–	–	**259,711**	–	**259,711**
At December 31, 2020	**₱872,124**	**₱200,000**	**₱4,482,565**	**₱71,712**	**₱–**	**₱16,200,000**	**(₱11,536,503)**	**(₱1,638,719)**	**₱8,651,179**
At January 1, 2019	₱872,124	₱200,000	₱4,482,565	₱205,137	₱–	₱16,200,000	₱10,191,023	(₱1,638,719)	₱30,512,130
Net loss	–	–	–	–	–	–	(8,576,571)	–	(8,576,571)
Other comprehensive loss	–	–	–	(29,723)	(990,912)	–	–	–	(1,020,635)
Total comprehensive loss	–	–	–	(29,723)	(990,912)	–	(8,576,571)	–	(9,597,206)
Remeasurement gain on defined benefit plan transferred to retained earnings	–	–	–	–	990,912	–	(990,912)	–	–
Cash dividends declared (Note 18)	–	–	–	–	–	–	(481,061)	–	(481,061)
At December 31, 2019	₱872,124	₱200,000	₱4,482,565	₱175,414	₱–	₱16,200,000	₱142,479	(₱1,638,719)	₱20,433,863

See accompanying Notes to Parent Company Financial Statements.

ABS-CBN CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱11,764,222)**	(₱6,887,228)
Adjustments for:		
Depreciation and amortization (Note 9)	**1,275,489**	1,478,924
Interest expense (Note 24)	**1,045,365**	1,266,111
Amortization of program rights (Note 11)	**1,024,425**	1,090,194
Unrealized foreign exchange loss	**659,559**	40,524
Movements in accrued pension obligation and other employee benefits (Note 26)	**(622,309)**	651,366
Interest income (Note 24)	**(192,983)**	(470,250)
Impairment losses (Notes 5, 8, 9 and 13)	**118,713**	10,233,110
Loss (gain) on sale of property and equipment (Note 24)	**36,732**	(10,348)
Amortization of debt issue costs (Note 24)	**15,801**	18,969
Dividend income (Note 24)	**(7,862)**	(2,484,183)
Loss on early redemption of bonds (Note 24)	**–**	80,788
Gain on sale of investment	**–**	(4,497)
Working capital adjustments:		
Decrease (increase) in:		
Trade and other receivables	**2,707,627**	(1,626,367)
Other current assets	**701,468**	(287,083)
Inventories	**147,964**	(51,512)
Increase (decrease) in:		
Trade and other payables	**3,374,681**	726,251
Contract liabilities (Note 15)	**(171,114)**	(81,658)
Cash generated from (used in) operations	**(1,650,666)**	3,683,111
Income tax paid	**–**	(378,452)
Net cash provided by (used in) operating activities	**(1,650,666)**	3,304,659
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property and equipment (Note 9)	**(557,499)**	(658,598)
Program rights (Notes 11 and 30)	**(62,013)**	(1,208,713)
Deposit for future subscriptions (Note 8)	**–**	(31,875)
Financial assets at FVOCI (Note 12)	**–**	(2,553)
Decrease (increase) in:		
Short-term investments	**6,670,319**	(5,390,785)
Obligation for program rights	**(388,579)**	72,430
Other noncurrent assets	**16,062**	196,437
Interest received	**362,601**	325,837
Return of investment in joint venture (Note 8)	**182,000**	–
Proceeds from sale of:		
FVOCI	**233,248**	–
Property and equipment	**69,190**	217,591
Dividends received	**7,862**	2,484,183
Net cash provided by (used in) investing activities	**6,533,191**	(3,996,046)

(Forward)

	Years Ended December 31	
	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Long-term debt	**(₱4,211,815)**	(₱7,135,118)
Interest	**(1,067,779)**	(1,277,990)
Principal portion of lease liabilities (Note 27)	**(51,459)**	(177,528)
Dividends	**(1,000)**	(457,893)
Additions to restricted cash	**(695,471)**	–
Proceeds from bank loans	**–**	4,962,500
Net cash used in financing activities	**(6,027,524)**	(4,086,029)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(32,964)**	(36,291)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,177,963)**	(4,813,707)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,880,979**	6,694,686
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱703,016**	₱1,880,979

See accompanying Notes to Parent Company Financial Statements.

1. **Corporate Information, Status of Operations and Authorization for Issuance of the Parent Company Financial Statements**

ABS-CBN Corporation ("ABS-CBN" or "Company") was incorporated in the Philippines on July 11, 1946. On July 27, 1994, the Philippine Securities and Exchange Commission (SEC) approved the extension of the corporate term of the Company for another 50 years. The Company's core business is television and radio broadcasting. The Company is a holder of a legislative franchise to construct, install, operate and maintain, for commercial purposes and in the public interest, radio and television broadcasting stations in the Philippines. The latest franchise renewal was approved on March 30, 1995 for a period of 25 years.

On May 5, 2020, the National Telecommunications Commission (NTC) issued a Cease and Desist Order (CDO) to the Company, prohibiting its continuing broadcast operations effective immediately.

On June 30, 2020, the NTC issued a CDO to the Company to cease its digital TV transmission in Metro Manila using channel 43.

On July 10, 2020, the House Committee on Legislative Franchises (regular and ex-officio members) voted to adopt a resolution denying the franchise application of the Parent Company (the "Resolution"). The core operation of the Company depends on the legislative franchise and therefore is a key determinant of the Company's ability to continue as a going concern. This resolution affected the Company's Media, Network and Studio Entertainment operations, in particular, it prevents the Company from engaging in the free-to-air business in the Philippines under the Parent Company's legislative franchise. This resulted in a net loss of ₱11,922 million and negative operating cash flows of ₱1,651 million for the year ended December 31, 2020 and current assets and current liabilities as of December 31, 2020 amounting to ₱13,887 million and ₱25,317 million, respectively. There are also several factors, including the impact of COVID, that can continue to significantly affect the planned activities of the Company to ensure its continuing operations. These factors have affected the Company's and may continue to affect future compliance with certain provisions of its existing loan covenants.

Part of the Company's existing loan covenant with its creditors require it to possess a valid government license/franchise to operate certain businesses. The non-renewal of the franchise therefore had an adverse impact on the Company's ability to comply with this loan provision (the "Franchise Expiration Default'). To address this, the Company entered into an agreement with its existing lenders in 2020 (the "Omnibus Security and Intercreditor Agreement") to provide for the creation of a mortgage and security interest over certain assets of the Company, the opening and maintenance of Debt Service Reserve Account, pre-payment of ₱4.0 billion of its loans, and an amendment of existing loan agreements. The lenders agree that, upon satisfaction of the necessary conditions under the Omnibus Security and Intercreditor Agreement (the "Standstill Effective Date") and during the effectivity period of the standstill as specified in the Omnibus Security and Intercreditor Agreement, it shall not declare an event of default to the extent that it relates to the Franchise Expiration Default. As of December 31, 2020, the Company was still in the process of completing certain conditions in the Omnibus Security and Intercreditor Agreement. On May 31, 2021, all the conditions specified in the Omnibus Security and Intercreditor Agreement were satisfied and accordingly, the Standstill Effective Date Notice was executed by all parties. See Note 16 for additional discussions on the Company's loan agreements.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may not be able to realize its assets and discharge its liabilities in the normal course of business. Management assessed that the Company will be able to maintain its positive cash position and settle its liabilities as they fall due within the next 12 months through management's plans on future actions as discussed in Note 3.

Lopez Inc., a Philippine entity, has 56% economic interest in the Company, with 79% voting rights. Lopez, Inc. is the ultimate Parent Company.

The common shares of ABS-CBN were listed beginning July 8, 1992 and have been traded in the Philippine Stock Exchange (PSE) since then.

The registered office address of the Company is ABS-CBN Broadcasting Centre, Sgt. Esguerra Avenue corner Mother Ignacia Street, Quezon City.

The accompanying parent company financial statements were approved and authorized for issuance by the Board of Directors (BOD) effective June 3, 2021.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The parent company financial statements have been prepared on a historical cost basis, except for investments in equity shares and club shares which have been measured at fair value. The parent company financial statements are presented in Philippine peso, which is the functional and presentation currency of the Company. All values are rounded to the nearest thousands, except for number of shares, per share amounts and when otherwise indicated.

The Company also prepares and issues consolidated financial statements for the same period as the parent company financial statements presented in accordance with Philippine Financial Reporting Standards (PFRSs). The consolidated financial statements of the Company are filed with and may be obtained from the Philippine SEC.

Statement of Compliance

The parent company financial statements were prepared in compliance with PFRSs.

Changes in Accounting Policies and Disclosures

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the parent company financial statements, unless otherwise indicated. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

- Amendments to PFRS 3, *Business Combinations*, *Definition of a Business*

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

  These amendments had no impact on the parent company financial statements.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

  These amendments had no impact on the parent company financial statements.

- Amendments to PFRS 7, *Financial Instruments: Disclosures and* PFRS 9*, Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

  These amendments had no impact on the parent company financial statements.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16*, COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

These amendments had no impact on the parent company financial statements.

Foreign Currency-denominated Transactions

Transactions in foreign currencies are initially recorded in the functional currency exchange rate ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing exchange rate at financial reporting date.

All differences are taken to the parent company statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Fair Value Measurement

The Company measures financial instruments at fair value at each financial reporting date.

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

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

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Statements Classification
The Company presents assets and liabilities in the parent company statements of financial position based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the financial reporting date; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the financial reporting date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the financial reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the financial reporting date.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the dates of acquisitions and that are subject to an insignificant risk of change in value.

Short-term Investments
Short-term investments represent investments that are readily convertible to known amounts of cash with original maturities of more than three months to one year.

Financial Instruments

Date of Recognition. Financial instruments are recognized in the parent company statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized using trade date accounting. Derivatives are recognized on trade date accounting.

Day 1 Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a Day 1 difference) in the parent company statement of income. In cases where unobservable data is used, the difference between the transaction price and model value is only recognized in the parent company statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the Day 1 difference amount.

Financial Assets

Initial Recognition and Measurement of Financial Assets. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement. For purposes of subsequent measurement, financial assets are classified in four categories: financial assets at amortized cost (debt instruments), financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at FVTPL.

a. *Financial Assets at Amortized Cost (Debt Instruments).* This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

    - the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
    - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

    Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

    This category includes the Company's cash and cash equivalents, short-term investments, trade and other receivables and deposits (included under "Other noncurrent assets" account).

b. *Financial Assets at FVOCI (Debt Instruments).* The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the parent company statement of income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company has no debt instruments at FVOCI as at December 31, 2020 and 2019.

c. *Financial Assets designated at FVOCI (Equity Instruments).* Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company elected to classify irrevocably its listed and non-listed equity investments and investments in club shares under this category.

d. *Financial Assets at FVTPL.* Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the parent company statement of financial position at fair value with net changes in fair value recognized in the parent company statement of income.

This category includes derivative instruments.

The Company has not designated any financial assets at FVTPL as at December 31, 2020 and 2019.

Embedded Derivatives. A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristic and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded with a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Company has no embedded derivatives as at December 31, 2020 and 2019.

Derecognition of Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the parent company statement of financial position) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Modification of financial assets
The Company derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Company considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Company considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty

- If the modification results in the asset no longer considered "solely payment for principal and interest"

The Company also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Company considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

Impairment of Financial Assets. The Company recognizes an expected credit loss (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For cash and cash equivalents and short-term investments, the Company applies a general approach in calculating ECLs. The Company recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash and cash equivalents and short-term investments since initial recognition.

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

The Company considers a financial asset in default when contractual payments are generally 60 to 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement of Financial Liabilities. Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities are trade and other payables, interest-bearing loans and borrowings and obligations for program rights.

Subsequent Measurement. The measurement of financial liabilities depends on their classification, as described below:

a. *Financial Liabilities at FVTPL.* Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

   Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

   Gains or losses on liabilities held for trading are recognized in the parent company statement of income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

   The Company has not designated any financial liability as at FVTPL.

b. *Financial Liabilities at Amortized Cost.* This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

   Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included under "Finance costs" account in the parent company statement of income.

   Classified under this category are trade and other payables, interest-bearing loans and borrowings and obligations for program rights.

Derecognition of Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the parent company statement of income.

Exchange or modification
The Company considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Company recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

Classification of Financial Instruments Between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset with the net amount reported in the parent company statement of financial position if, and only if, there is a currently enforceable legal right to offset the

recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the moving average method. Net realizable value of inventories that are for sale is the selling price in the ordinary course of business, less the cost of marketing and distribution. Net realizable value of inventories not held for sale is the current replacement cost.

Other Current Assets

Creditable Withholding Taxes (CWT). CWT represents the amount withheld by the Company's customers in relation to its revenues. These are recognized upon collection of the related billings and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations.

Advances to Suppliers. Advances to suppliers represent advanced payments on goods to be received or services to be incurred in connection with the Company's operations and are generally applied to acquisition of inventories and fixed assets and availment of services and others within the next financial year.

Preproduction Expenses. Preproduction expenses represent costs incurred prior to the airing of the programs or episodes. These costs include talent fees of artists and production staff and other costs directly attributable to production of programs. These are charged to expense upon airing of the related program or episodes. Costs related to previously taped episodes determined not to be aired are charged to expense.

Prepayments. Prepayments are carried at cost and are amortized on a straight line basis over the period of expected usage, which is equal to or less than 12 months or within the normal operating cycle.

Investments in Subsidiaries, Joint Ventures and Associates

Investments in subsidiaries (entities over which the Company has control), joint ventures (entities over which the Company has joint control) and associates (entities over which the Company has significant influence and which are neither subsidiaries nor joint ventures) are accounted for under the cost method of accounting in the parent company financial statements. The investments are carried in the parent company statements of financial position at cost, less any impairment in value. The Company recognizes income from the investments only to the extent that the Company receives distributions from accumulated profits of the subsidiaries, joint ventures and associates arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

Property and Equipment

Property and equipment, except land, are carried at cost (including capitalized interest), excluding the costs of day-to-day servicing, less accumulated depreciation, amortization and any impairment in value. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met. Land is stated at cost, which includes initial purchase price and other cost directly attributable in bringing such asset to its working condition, less any impairment in value.

When each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

The Company's policy is to classify right-of-use assets as part of property and equipment. The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation and amortization are computed on a straight-line method over the following useful lives of property and equipment:

Asset Type	Number of Years
Land improvements	5 to 10
Right-of-use assets	5 to 9
Buildings and improvements	10 to 40
Towers, transmission, television, radio, movie and auxiliary equipment	5 to 20
Other equipment	3 to 10

The property and equipment's residual values, useful lives and method of depreciation and amortization are reviewed, and adjusted if appropriate, at each financial reporting date.

Construction in-progress represents equipment under installation and building under construction and is stated at cost, which includes cost of construction and other direct costs. Construction in-progress is not depreciated until such time that the relevant assets are completed and become available for operational use.

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

Investment Property

Investment property, which pertains to land held for capital appreciation, is measured at cost, including transaction costs, less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time the cost is incurred if the recognition criteria are met, and excludes day-to-day servicing of an investment property. Land is stated at cost, less any impairment in value.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under "Property and equipment" account up to the date of change in use.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the parent company statement of income in the year of retirement or disposal.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. If payment for an intangible asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as interest expense over the period of credit. The useful lives of intangible assets are assessed to be either finite or indefinite. Following initial recognition, intangible assets are carried at cost less any accumulated amortization in the case of intangible assets with finite lives, and any accumulated impairment losses. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at each financial reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization of intangible assets with finite lives is recognized in the parent company statement of income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if an indication of impairment exists either individually or at the cash-generating unit level. Such intangibles are not amortized. Intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Amortization of program rights is computed on a straight-line method over the following methods:

<table>
<tr><th>Category</th><th>Current Policy</th></tr>
<tr><td>Specific run with specific terms</td><td rowspan="3">For fixed term program and film rights, amortized on a straight-line basis over the license term as indicated in the contract, regardless if program and film right is aired or not.</td></tr>
<tr><td>Multiple runs with specific terms</td></tr>
<tr><td>Multiple runs with indefinite start date of license term</td></tr>
<tr><td>Perpetual rights</td><td>For perpetuity program and film rights, amortized on a straight-line basis at the beginning of the term as indicated in the contract, regardless if the program and film right is aired or not, and shall run over a period of 15 years from the start of amortization.</td></tr>
</table>

Tax Credits

Tax credits from government airtime sales availed under Presidential Decree (PD) No. 1362 are recognized in the books upon actual airing of government commercials and advertisements. These are included under "Other noncurrent assets" account in the parent company statement of financial position.

Impairment of Nonfinancial Assets
The Company assesses at each financial reporting date whether there is an indication that property and equipment, investment property, program rights, tax credits and investments in subsidiaries, joint ventures and associates may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value, less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the parent company statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each financial reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company statement of income. After such a reversal, the depreciation and amortization are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Paid-in Capital
The Company has issued par value capital stock that is classified as equity. Incremental costs directly attributable to the issuance of new capital stock are shown in equity as a deduction, net of tax, from the proceeds.

When the Company issues its par value shares, the proceeds shall be credited to the "Capital stock" account in the parent company financial statements to the extent of the par value, with any excess being reflected as "Additional paid-in capital" in the parent company statement of financial position.

Where the Company purchases its capital stock and PDRs issued by ABS-CBN Holdings that are convertible to the Company's common shares (recorded as "Treasury shares and PDRs convertible to common shares" account in the parent company statement of financial position), the consideration paid, including any directly attributable incremental costs (net of applicable taxes) is deducted from equity until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity.

Share-based Payment Transactions
Employees and talents (including directors) of the Company receive remuneration in the form of share-based payment transactions from the Company and Lopez Holdings Corporation (Lopez Holdings), a commonly-controlled entity, whereby eligible participants render services as consideration for equity instruments (equity-settled transactions). Selected key employees of the Company, also receive remuneration in the form of share-based payment transactions, whereby the Company incurs a liability to pay cash (cash-settled transactions) to the employees in consideration for their services rendered.

Equity-settled Transactions. The cost of equity-settled transactions received from Lopez Holdings is measured by reference to the fair value of the stock options at the date the option is granted. The fair value is determined using the Black-Scholes-Merton Option Pricing Model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares subjected of Lopez Holdings ("market conditions") and non-vesting conditions, if applicable.

The cost of equity-settled transactions is recognized, together with a corresponding increase in "Share-based payment plan" account in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period).

The cumulative expense recognized for equity-settled transactions at each financial reporting date until the vesting date reflects the extent to which the vesting period has expired and the best estimate of the number of equity instruments that will ultimately vest at that date. The current income or expense charges in "Personnel expenses", under "General and administrative expenses" account in the parent company statement of income, represent the movement in cumulative expense recognized as of financial reporting date.

No expense is recognized for awards that do not ultimately vest.

When the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled with payment, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. There is no reversal of cost already charged after vesting of equity-settled transactions, only transfers between components of equity.

Cash-settled Transactions. The cost of liability from the cash-settled transactions for notional shares allocated to selected key employees is measured by reference to the market price of the Company's share as at financial reporting date. At each financial reporting date between the grant date and settlement, the liability recognized is the fair value of the award at that date multiplied by the expired portion of the vesting period. All changes in the liability are recognized in profit or loss for the period.

Retained Earnings (Deficit)
Retained earnings (Deficit) includes cumulative balance of net income or loss and reduced by dividends on capital stock.

Retained earnings (Deficit) may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognized when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

The following specific recognition criteria must also be met before revenue is recognized:

Advertising revenue. Revenue is recognized at a point in time upon airing of the advertisements. The Company uses the cost per individual rating point (CPIRP) pricing scheme. The scheme provides that the advertising spots sold will be computed using a multiplier based on the actual rating point of the spot aired as provided by a third party measurement company.

The Company receives non-cash considerations (such as program materials, merchandise or services) from certain customers in exchange for advertising time. The fair value of such non-cash considerations received from the customers is included in the transaction price and measured upon airing of the advertisement.

The Company applies the requirements of PFRS 13, *Fair Value Measurement*, in measuring the fair value of the non-cash considerations. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the advertisements when aired.

Industry rules allow ABS-CBN to sell up to 18 minutes of commercial spots per hour of television programming. These spots are sold mainly through advertising agencies which act as the buying agents of advertisers, and to a lesser extent, directly to advertisers.

Incentives, which include volume discounts for large quantities of telecast order, are recognized upon airing.

Payments received before broadcast (pay before broadcast) represent customer deposits, which are recognized as revenue upon airing of related advertisements. These are included in the parent company statement of financial position as part of "Contract liabilities".

Revenue from online advertisement (ad sales) is recognized at a point in time when advertisements are viewed/interacted with by target customers.

Subscription revenue is recognized over the subscription period in accordance with the terms of the subscription agreements.

Royalty income is recognized at a point in time upon rendering of service based on the terms of the agreement. It includes income from the Company's share in fees from endorsements and other external services of its talents equivalent to 10% of gross receipts.

Ancillary rights pertain to income from TV or film rights which are recognized on the dates the films are permitted to be publicly shown.

Sale of goods is recognized when delivery has taken place and control has been transferred. These are stated net of sales discounts.

Admission revenue and ticket sales are recognized at a point in time when tickets are used or expired.

Other revenue, which includes short-messaging-system/text-based revenue, is recognized at a point in time upon delivery of content.

Other Income
Other income is recognized when the services are rendered or goods are delivered.

a. Dividends are recognized when the shareholders' right to receive payment is established.
b. Management fees are recognized based on the terms of the management agreement.
c. Rental income is recognized as income on a straight-line basis over the lease term.
d. Intercompany revenue is recognized when services have been rendered.
e. Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

Contract Balances

Trade Receivables. A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to the accounting policies of Financial Instruments section.

Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Company performs under the contract.

Incremental Costs to Obtain a Contract
The Company incurs certain incremental costs to obtain a contract with a customer that would not have been incurred if the contract had not been entered into. These are recognized as incremental costs of obtaining a contract and are capitalized as an asset if the costs are expected to be recoverable. These costs are amortized on a systematic basis that is consistent with the Company's transfer of the related goods or services to the customer. The Company applies the practical expedient to immediately expense contract costs that are expected to be amortized within one year or less.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Capitalized contract costs are subject to an impairment assessment at the end of each reporting period. Impairment losses are recognized in profit or loss.

Cost and Expense Recognition
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distribution to equity participants. Costs and expenses other than those with specific policies are recognized in the parent company statement of income in the year these are incurred.

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

Company as a Lessee
The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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

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

Short-term leases. The Company applies the short-term lease recognition exemption to its short-term leases, mostly relating to equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Company as Lessor.
Leases where the Company does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the year, less any investment income on the temporary investment of those borrowings. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalizable rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during the year shall not exceed the amount of borrowing costs incurred during that year.

Capitalization of borrowing costs commences when the activities necessary to prepare the asset for intended use are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the asset is available for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance these projects, to the extent that they are regarded as an adjustment to interest costs.

All other borrowing costs are expensed as incurred in the year in which they occur.

Pension Costs and Other Employee Benefits

The Company has a funded defined benefit pension plan. The cost of providing benefits under the defined benefit plan is determined by using the projected unit credit actuarial valuation method.

Defined Benefit Pension Plans. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined benefit costs comprise the following:

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

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as part of costs and expenses in the parent company statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit obligation or asset is the change during the period in the net defined benefit obligation or asset that arises from the passage of time, which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit obligation or asset is recognized under costs and expenses in the parent company statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) are recognized immediately in OCI in the period in which they arise and subsequently transferred to retained earnings. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination Benefit. Termination benefits are employee benefits provided in exchange for the termination of an employee's employment before the normal retirement date as a result of either an entity's decision or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee Leave Entitlement. Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before 12 months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period. Liability for leaves expected to be settled beyond 12 months are recognized as part of the noncurrent portion of other employee benefits liability and measured at the present value of the benefit as at financial reporting date.

Taxes

Current Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at financial reporting date.

Current tax relating to items recognized directly in equity is recognized in equity and not in the parent company statement of income.

Deferred Tax. Deferred tax is provided, using the liability method, on all temporary differences at financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT over RCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries and associates. With respect to investments in other subsidiaries and associates, deferred tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Deferred tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in OCI or directly in equity, and not in the parent company statement of income.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Value-added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, if applicable.

- When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable under "Trade and other payables" account in the parent company statement of financial position.
- When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset under "Other current assets" account in the parent company statement of financial position to the extent of the recoverable amount.

Contingencies
Contingent liabilities are not recognized in the parent company financial statements. These are disclosed in the notes to parent company financial statements unless the possibility of an outflow of

resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but are disclosed in the notes to parent company financial statements when an inflow of economic benefits is probable.

Events after Financial Reporting Date
Any event after financial reporting date that provides additional information about the Company's financial position at financial reporting date (adjusting events) are reflected in the parent company financial statements. Events after financial reporting date that are not adjusting events are disclosed in the notes to the parent company financial statements, when material.

Segment Reporting
For management purposes, ABS-CBN Corporation and Subsidiaries' (collectively referred to as the "Group") operating businesses are organized and managed separately into four (4) business activities. Such business segments are the bases upon which the Group reports its operating segment information. The Group operates in three (3) geographical areas where it derives its revenue. Financial information on segment reporting is presented in Note 32.

Earnings (loss) Per Share (EPS) attributable to the Equity Holders of the Company
Basic EPS amounts are calculated by dividing the net income attributable to common equity holders (net income adjusted for dividends on preferred shares) by the weighted average number of common shares outstanding (net of treasury shares and PDRs) during the year, with retroactive adjustments for any stock dividends and stock split.

Diluted EPS amounts are computed in the same manner, adjusted for the dilutive effect of any potential common shares. As the Company has no dilutive potential common shares outstanding, basic and diluted EPS are stated at the same amount.

Future Changes in Accounting Policies
The standards, amendments and interpretations that are issued, but not yet effective as at December 31, 2020 are disclosed in the following section. The Company intends to adopt these standards, if applicable, when these become effective. Except as otherwise stated, the Company does not expect the adoption of the applicable new and amended PFRS to have a significant impact on the parent company financial statements.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2.*

  The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework.*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use.*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract.*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter.*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the "10 per cent" test for derecognition of financial liabilities.*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements.*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current.*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current.

- PFRS 17, *Insurance Contracts.*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure.

  This standard is not applicable to the Company.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.* The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The Company continues to assess the impact of the new and amended accounting standards and interpretations effective subsequent to December 31, 2020 financial statements. Additional disclosures required by these amendments will be included in the parent company financial statements when these amendments are adopted.

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

The parent company financial statements prepared under PFRSs require management to make judgments and estimates that affect amounts reported in the parent company financial statements and related notes. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the parent company financial statements as they become reasonably determinable.

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

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

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

<u>Judgments</u>

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

Going Concern Assessment

As discussed in Note 1, the Resolution significantly affected the Company's Media, Networks, and Studio Entertainment operations, specifically the Parent Company's free-to-air business in the Philippines which resulted in a net loss of ₱11,922 million and negative operating cash flows of ₱1,651 million for the year ended December 31, 2020, and current assets and current liabilities as of December 31, 2020 amounting to ₱13,887 million and ₱25,317 million, respectively. There are also several factors that can continue to significantly affect the planned activities of the Company to ensure the continuing operations of the Company, including the impact of COVID-19. These factors have affected and may continue to affect the Company's future compliance with certain provisions of its existing loan covenants (see Note 16).

To mitigate the impact of the denial of the franchise application and of COVID-19:

1. The Company has and will continue to pursue partnerships with various reputable companies that will allow the Parent Company to share it's Free-to-Air produced content nationwide.
2. The Company continues to operate in other businesses that do not require a legislative franchise, such as, international licensing and distribution, digital and cable businesses, as well as, continue with the syndication of content through various streaming services.
3. The Company takes into consideration the probable shift of consumer behavior in terms of accessing content, as well as, the ever-changing technology available to the public. The Company has also implemented the un-geoblocking of digital content for various regions overseas to allow more consumers to have free and easy access to the Company's contents. Likewise, the Company takes into consideration the impact of COVID-19 in other business segments.
4. The Company has adopted and continues to implement cost control measures, reducing general and administrative expenses (GAEX) or overhead, rationalizing capital expenditures, and streamlining its manpower requirements.
5. The Parent Company will closely coordinate with its creditor banks and negotiate for waivers of certain covenants as the need arises. Management believes that it will be able to satisfy the requirements of the creditor banks to retain the existing payment schedules, under the relevant loan agreements.
6. The Company continues to explore and intends to pursue all available remedies and courses of action, and will comply with relevant legal, regulatory and contractual requirements, to be able to sustain its current and future business operations, which do not necessarily involve broadcast only.

After considering the events resulting from the Resolution and the responses of the Company to address these uncertainties, management assessed that the Company will be able to maintain its positive cash position and settle its liabilities as they fall due within 12 months from the end of the reporting period. Accordingly, the parent company financial statements are prepared on a going concern basis.

Recognition of Revenue from Contracts with Customers. The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

a. *Principal versus Agent Consideration.* The Company enters into contracts with its customers. The Company determined that it controls the goods and services before they are transferred to customers, and it has the ability to direct their use. The following factors indicate that the Company controls the goods and services before they are being transferred to customers. Therefore, the Company determined that it is a principal in these contracts.

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

Based on the foregoing, the Company is considered the principal in its contracts with its customers. It has the primary obligation to provide the services to them.

b. *Revenue Recognition.* The Company recognizes revenue over time or at a point in time depending on its evaluation of when the customer obtains control of the promised goods or services.

For licensing, judgment is exercised in determining whether the Company can recognize revenue outright or over the license period. The Company recognizes revenue over the license period if all of the following criteria are met; otherwise, revenue is recognized outright:

- the contract requires, or the customer reasonably expects, that the Company will undertake activities that significantly affect the intellectual property to which the customer has rights.
- the rights granted by the license directly expose the customer to any positive or negative effects of the Company's activities.
- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

Revenues from other revenue streams are recognized at a point in time when control over goods or services is transferred.

Leases – Company as Lessee (Prior to January 1, 2019)

The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains, a lease when the fulfillment of the arrangement depends on a specific asset or assets and the arrangement conveys the right to use the asset.

The Company has entered into lease arrangements as a lessor and as a lessee. Such contracts are accounted for as operating leases when the Company, as a lessee, has determined that the lessor retains substantial risks and benefits of ownership of these properties, and as a lessor, the Company retains substantially all the risks and benefits incidental to ownership of the assets.

The Company has entered into lease agreements covering certain property and equipment. Such contracts are accounted for as finance leases when the Company, as a lessee, has determined that it bears substantially all the risks and benefits incidental to ownership of said asset and as a lessor, it does not retain all the significant risks and rewards of ownership of the leased assets.

Leases - Company as Lessee

Determination of lease term of contracts with renewal and termination options - Company as a lessee. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company included the renewal period as part of the lease term for leases of office spaces and warehouses with shorter non-cancellable period (i.e., three to five years). The Company typically exercises its option to renew for these leases because there will be a significant negative effect on operations if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation at the financial reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed on the next page.

Allowance for ECL

a. *Definition of Default and Credit-Impaired Financial Assets.* Under PFRS 9, the Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

   - Quantitative Criteria. The borrower is generally more than 60 to 90 days past due on its contractual payments, which is consistent with the Company's definition of default.

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

     a. The borrower is experiencing financial difficulty or is insolvent;
     b. The borrower is in breach of financial covenant(s); or
     c. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

   The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), loss given default (LGD) and exposure at default (EAD) throughout the Company's ECL calculation.

b. *Simplified Approach for Trade and Other Receivables.* The Company uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

   The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

   The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

c. *Macro-economic Forecasts and Forward-looking Information.* Macro-economic forecasts are determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

   The Company takes into consideration different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 3 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

In light of COVID-19 pandemic, the Company reviewed the conduct of its impairment assessment and ECL methodology. The Company also reassessed the framework for macroeconomic overlay, incorporating pandemic scenarios to ensure that changes in economic conditions are captured in the ECL calculations.

Provision for ECL amounted to ₱265 million and ₱9,800 million in 2020 and 2019, respectively (see Note 5). Trade and other receivables, net of allowance for ECL, amounted to ₱9,272 million and ₱12,427 million as of December 31, 2020 and 2019, respectively (see Note 5). Allowance for ECL amounted to ₱10,135 million and ₱9,870 million as of December 31, 2020 and 2019, respectively (see Note 5).

Estimated Useful Lives of Property and Equipment and Program Rights. The useful life of each item of the Company's property and equipment and program rights is estimated based on the period over which the asset is expected to be available for use. Estimation for property and equipment is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets while for program rights, estimated life is based on the life of agreement covering such program rights. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. However, it is possible that future financial performance could be materially affected by changes in the estimates brought about by changes in the aforementioned factors. The amounts and timing of recording the depreciation and amortization for any year, with regard to the property and equipment and program rights, would be affected by changes in these factors and circumstances. A reduction in the estimated useful life of any of the property and equipment or programs rights would increase the recorded expenses and decrease noncurrent assets.

There were no changes in the estimated useful lives of property and equipment and program rights in 2020 and 2019.

The carrying values of property and equipment (excluding land and land improvements and construction in-progress) and program rights with finite lives are as follows (see Notes 9 and 11):

	2020	2019
Property and equipment	**₱6,608,463**	₱7,162,083
Program rights	**3,205,560**	4,266,935

Amortization of Program Rights. The Company reviews its program rights inventory and plans for its usage across different platforms to maximize its benefits. The Company amortizes program rights based on usage or specific term.

Program rights amounted to ₱3,206 million and ₱4,267 million as of December 31, 2020 and 2019, respectively (see Note 11).

Impairment of Nonfinancial Assets. The Company assesses impairment on nonfinancial assets (enumerated in the following table other than inventories) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant under-performance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and,
- significant negative industry or economic trends.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

The Company determined the consequences of the Resolution passed by the House Committee on Legislative Franchises denying the franchise application of the Company and the lapse of the franchise of ABS-C, as impairment indicators on its nonfinancial assets, including, among others, the Company's towers, transmission, television, radio, movie and auxiliary equipment, program rights and inventories.

The carrying values of nonfinancial assets that are subjected to impairment testing when impairment indicators are present are as follow (see Notes 8, 9, 10, 11 and 13):

	2020	2019
Investments in and advances to subsidiaries, joint ventures and associates	**₱14,142,819**	₱14,359,667
Property and equipment	**8,190,911**	9,083,662
Program rights	**3,205,560**	4,266,935
Investment property	**135,927**	135,927
Tax credits	**49,169**	49,169

Investments in subsidiaries, joint ventures and associates which are carried at cost are tested for impairment if indicators of impairment exist. To test whether there is impairment, the recoverable amount and the carrying amount of the cash-generating unit were compared. Impairment loss is recorded if the recoverable amount is lower than the carrying amount. The recoverable amount of the cash-generating unit is its value-in-use. Value-in-use is determined using cash flow projections which were based on financial budgets approved by the subsidiaries and associates' senior management covering a five-year period.

In 2020, the Company recognized impairment loss amounting to ₱69 million relating to certain property and equipment (see Note 9), ₱35 million relating to certain investments in and advances to subsidiaries and associates (see Note 8) and ₱15 million to certain deposits and bonds (see Note 13). In 2019, the Company recognized full impairment loss amounting to ₱284 million relating to certain investments in and advances to subsidiaries and associates (see Note 8) and ₱163 million relating to its tax credits (see Note 13).

Recoverability testing requires an estimation of the fair value of the cash-generating units to which certain non-financial assets are allocated. Certain non-financial assets have been allocated to one cash-generating unit which is also the operating entity. Estimating the recoverable amount of the cash-generating unit involves significant assumptions about the future results of the business such as revenue growth and gross margins in its cable and digital platform, advertising and syndication businesses, and discount rates which were applied to cash flow forecasts. The cash flow forecasts were based on financial budgets approved by senior management of the Company covering a five-year period.

The impairment on non-financial assets is determined by comparing: (a) the carrying amount of the cash-generating unit; and (b) the present value of the annual projected cash flows for five years and the present value of the terminal value computed under the discounted cash flow method.

As of December 31, 2020, the recoverable amount of certain assets was determined using income approach based on discounted cash flow techniques where expected cash flow from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations. The recoverable amount is most sensitive to the inputs used in the valuation which are lease income growth rate and discount rate.

As of December 31, 2019, the recoverable amount of certain assets was determined using the depreciated replacement cost approach by reference to the cost to build similar assets, with adjustments to the cost based on internal and external factors, and deductions for physical deterioration and all other relevant forms of obsolescence for the depreciated replacement cost.

The key assumptions used, after consideration of the impact of COVID-19, in the impairment test of non-financial assets to which the recoverable amount is most sensitive to are follows:

a. Gross Revenue

   On the average, gross revenue of the Parent Company over the next five years were projected to grow in line with the economy or with nominal Gross Domestic Product. This assumes that the market share of the Parent Company in their respective industries will be flat on the assumption that the industries also grow at par with the economy. Historically, advertising spending growth had a direct correlation with economic growth. A 3.3% perpetuity growth rate was assumed at the end of the five-year forecast period.

b. Operating Expenses

   On the average, operating expenses were projected to increase at a single-digit growth rate and at a slower pace than revenue.

c. Gross Margins

   Increased efficiencies over the next five years are expected to result in margin improvements.

d. Discount Rate

   The discount rate used to arrive at the present value of future cash flows was the Parent Company’s Weighted Average Cost of Capital (WACC). WACC was based on the appropriate weights of debt and equity, which were multiplied with the assumed costs of debt and equity.

   The discount rates applied to the cash flow projections is 6.70% in 2020 and 8.09% in 2019.

Net realizable values of inventories are assessed regularly based on the prevailing selling prices of inventories less the estimated cost necessary to sell. Increase in the net realizable value will increase the carrying amount of inventories but only to the extent of their original acquisition costs.

Merchandise inventories amounted to ₱479 million and ₱627 million as of December 31, 2020 and 2019, respectively. Inventory losses amounted to ₱583 million and ₱1 million in 2020 and 2019, respectively (see Note 6).

Present Value of Pension Obligation and Other Employee Benefits. The cost of defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions such as discount rate and future salary increases, among others. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The assumptions as of December 31, 2019 have considered the impact of the denial of the application of the Company's legislative franchise.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases are based on expected future inflation rates.

Further details about the assumptions used are provided in Note 26.

Employee leave entitlements that is expected to be settled within one year from reporting date is classified as a current liability in the parent company statement of financial position. Otherwise, this is classified as part of the noncurrent portion of other employee benefits liability. As of December 31, 2020 and 2019, the accrued pension obligation and other employee benefits of the Company amounted to ₱4,305 million and ₱4,775 million, respectively (see Note 26).

Recognition of Deferred Tax Assets. Management's assessment of the deferred tax assets to be recognized involves significant judgments and is based on assumptions regarding the entities' current performance, future plans for the business and tax planning strategies. Management exercised judgment on the financial forecast used in determining the forecasted taxable income of the entities, including the timing of reversal of future taxable and deductible temporary differences.

The Company did not recognize deferred tax assets amounting to ₱8,663 million and ₱4,985 million as at December 31, 2020 and 2019, respectively as management believes that sufficient future taxable profit will not be available to allow these deferred tax assets to be utilized (see Note 25).

Provisions and Contingencies. The Company is currently involved in various legal proceedings and periodic examinations by tax authorities, which may result in taxation issues due to different interpretation and implementation of the relevant laws and regulations. Significant estimates and judgment are made by management regarding the outcome of these legal proceedings and tax examinations. The Company's estimate of the costs of the resolution of these claims has been developed in consultation with their external legal counsel and considering the correspondences with relevant tax authorities and any relevant historical and recent judgments issued by the court or tax authorities. Any change on these assumptions and the estimates may have a material impact on the parent company financial statements (see Note 31).

4. Cash and Cash Equivalents and Short-Term Investments

	2020	2019
Cash on hand and in banks	**₱496,492**	₱1,344,817
Cash equivalents	**206,524**	536,162
	₱703,016	₱1,880,979

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term placements, which are made for varying periods of up to three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term placement rates.

Cash deposits amounting to nil and ₱6,670 million as of December 31, 2020 and 2019, respectively, and with maturities of more than three months but less than one year are classified as "Short-term investments" in the parent company statements of financial position.

Interest earned from cash and cash equivalents and short-term investments amounted to ₱133 million and ₱262 million in 2020 and 2019, respectively (see Note 24).

5. Trade and Other Receivables

	2020	2019
Trade	**₱2,280,147**	₱6,078,779
Due from related parties (see Note 19)	**15,810,173**	14,995,881
Advances to officers and employees (see Note 19)	**974,647**	501,720
Others	**341,456**	720,817
	19,406,423	22,297,197
Less allowance for ECL	**10,134,631**	9,869,882
	₱9,271,792	₱12,427,315

Trade receivables are noninterest-bearing and are generally on 60 to 90-day term upon receipt of invoice by the customer.

Airtime receivables include unbilled airtime arising from advertisements which have been aired during the year. Invoicing normally takes around 7 days from airing.

For terms and conditions relating to amounts due from related parties, refer to Note 19.

Advances to officers and employees are usually collected within one year (see Note 19).

Other trade receivables pertain to revenues generated from the sale of goods and services and interest arising from money market placements and usually collected within one year.

The aging analysis of the unbilled airtime receivables from date of airing follows:

	2020	2019
Less than 30 days	**₱24,533**	₱372,644
31 to 60 days	–	5,127
	₱24,533	₱377,771

Allowance for ECL

Movements in the allowance for ECL are as follows:

	Trade	Nontrade	Due from related parties	Total
Balance at January 1, 2019	₱31,705	₱38,197	₱–	₱69,902
Provision for ECL (see Notes 19 and 23)	13,316	140,959	9,646,063	9,800,338
Write-offs and others	–	(358)	–	(358)
Balance at December 31, 2019	₱45,021	₱178,798	₱9,646,063	₱9,869,882
Provision for ECL (see Notes 19 and 23)	**2,784**	**258,827**	**3,138**	**264,749**
Balance at December 31, 2020	**₱47,805**	**₱437,625**	**₱9,649,201**	**₱10,134,631**

6. Inventories

	2020	2019
At cost:		
Materials, supplies and spare parts	**₱27,018**	₱24,398
Office supplies	**1,647**	1,647
Merchandise inventories	**–**	601,298
At net realizable value:		
Merchandise inventories	**450,714**	–
	₱479,379	₱627,343

Merchandise inventories consist mainly of set-top boxes and consumer products held for sale by the Company.

Cost of sales related to digital boxes amounted to ₱273 million and ₱2,115 million in 2020 and 2019, respectively.

Total inventory costs, recognized under "Cost of sales and services", amounted to ₱283 million and ₱2,155 million in 2020 and 2019, respectively (see Note 22).

Inventory losses amounted to ₱583 million and ₱1 million in 2020 and 2019, respectively.

7. Other Current Assets

	2020	2019
Restricted cash	**₱695,471**	₱–
Advances to suppliers	**259,374**	685,218
Preproduction expenses	**225,498**	587,774
Prepayments:		
Taxes	**1,413,667**	1,041,821
License fees	**64,462**	278,992
Sponsorship	**31,170**	34,654
Insurance	**8,685**	7,449
Service fees	**3,457**	41,938
Others	**8,186**	38,121
	₱2,709,970	₱2,715,967

Restricted cash pertains to funds intended for debt repayment and is not available for any disbursement transactions other than its specified purpose (see Note 16).

Advances to suppliers are generally applied against future billings within next year.

Other prepayments include advance payments for consultancy, registration, membership and subscription fees.

8. Investments in and Advances to Subsidiaries, Joint Ventures and Associates

	2020	2019
Investments in shares of stock:		
Subsidiaries	**₱12,027,484**	₱12,027,484
Joint ventures	**140,536**	357,384
Associates	**100,000**	100,000
	12,268,020	12,484,868
Deposits for future subscriptions (see Note 19)	**1,861,875**	1,861,875
Advances to subsidiaries (see Note 19)	**12,924**	12,924
	₱14,142,819	₱14,359,667

The movements of investments in subsidiaries, joint ventures and associates are as follows:

	2020	2019
Acquisition cost:		
Balance at beginning of year	**₱14,215,414**	₱14,244,917
Return of investment in joint ventures	**(182,000)**	–
Sale of investment in associates	**–**	(29,503)
Balance at end of year	**14,033,414**	14,215,414
Accumulated impairment losses:		
Balance at beginning of year	**1,730,546**	1,447,318
Impairment of investments in joint ventures	**34,848**	–
Impairment of investments in subsidiaries	**–**	273,165
Impairment of investment in associates	**–**	10,063
Balance at end of year	**1,765,394**	1,730,546
	₱12,268,020	₱12,484,868

Investments in Subsidiaries

a. Subscription agreement between Sky Cable, Sky Vision Corporation (Sky Vision), Sampaquita Communications PTE LTD (Sampaquita) and the Company

On December 18, 2017, Sky Cable, Sky Vision, Sampaquita and the Company entered into a subscription agreement with the following salient provisions:

- The Parent Company agreed to subscribe to 162,373,928 PDRs for ₱9.6853 per PDR from Sky Vision.
- Sky Cable agreed to offer 314,910,225 shares to its shareholders from an increase in capital stock. Sky Vision agreed to subscribe to 288,338,018 offered shares and the Company agreed to subscribe to 26,572,207 offered shares for ₱9.6853 per share.

The Company and Sampaquita agreed that the following aggregate economic interests shall be maintained:

- ABS-CBN, Lopez Holdings Corporation, Lopez, Inc. and Sky Vision shall have an aggregate economic interest of at least 59.4% of the total issued share capital of Sky Cable on a fully diluted basis; and
- Sampaquita shall have an aggregate economic interest of 40% of the total issued share capital of Sky Cable on a fully diluted basis.

On December 19, 2017, the Company and Sky Vision paid Sky Cable their respective subscription for shares. The Company and Sampaquita also paid Sky Vision their subscription for PDRs. The payment of Sampaquita of ₱1.2 billion is recorded as “Deposits for future subscription” under “Trade and Other Payables” account. As at June 3, 2021, the PDR instruments remain unissued.

b. In 2019, the Company recorded full impairment loss relating to is investments in telecommunications, theme parks and attraction facilities collectively amounting to ₱273 million.

The following is a list of the subsidiaries as at December 31, 2020 and 2019:

Company	Place of Incorporation	Principal Activities	Functional Currency	Effective Interest 2020	Effective Interest 2019
Content Production and Distribution					
Global:					
ABS-CBN Global Ltd. (ABS-CBN Global)[(a)] [(j)]	Cayman Islands	Holding company	United States dollar (USD)	**100.0**	100.0
ABS-CBN Europe Ltd. (ABS-CBN Europe)[(b)(c)] [(j)]	United Kingdom	Cable and satellite programming services	Great Britain pound (GBP)	**100.0**	100.0
ABS-CBN Japan, Inc. (ABS- CBN Japan)[(d)] [(j)] [(r)]	Japan	Cable and satellite programming services	Japanese yen (JPY)	**100.0**	100.0
ABS-CBN Middle East FZ-LLC (ABS-CBN Middle East)[(b)] [(j)]	Dubai, UAE	Cable and satellite programming services	United Arab Emirates dirham (AED)	**100.0**	100.0
ABS-CBN Global Hungary Kft. (ABS-CBN Hungary) [(j)]	Budapest, Hungary	Holding company	USD	**100.0**	100.0
Makati Kft. [(j)]	Budapest, Hungary	Holding company	USD	**100.0**	100.0
ABS-CBN International, Inc. (ABS-CBN International)[(j)] [(n)]	California, USA	Cable and satellite programming services	USD	**100.0**	100.0
ABS-CBN Australia Pty. Ltd. (ABS-CBN Australia)[(j)] [(k)]	Victoria, Australia	Cable and satellite programming services	Australian dollar (AUD)	**100.0**	100.0
ABS-CBN Canada, ULC (ABS-CBN Canada)[(j)] [(k)]	Canada	Cable and satellite programming services	Canadian dollar (CAD)	**100.0**	100.0
ABS-CBN Telecom North America, Inc.[(j)] [(k)]	California, USA	Telecommunications	USD	**100.0**	100.0
Films and Music:					
ABS-CBN Film Productions, Inc. (ABS-CBN Films)	Philippines	Movie production	Philippine peso	**100.0**	100.0
Cinescreen, Inc. (Cinescreen) [(f)]	Philippines	Theater operator	Philippine peso	**100.0**	100.0
Narrowcast					
Creative Programs, Inc. (CPI) [(v)]	Philippines	Content development, publishing and programming services	Philippine peso	**100.0**	100.0
Others:					
ABS-CBN Europe Remittance Inc.[(d)] [(j)] [(y)]	United Kingdom	Services - money remittance	GBP	**100.0**	100.0
E-Money Plus, Inc.[(b)]	Philippines	Services - money remittance	Philippine peso	**100.0**	100.0
ABS-CBN Global Remittance Inc.[(j)] [(k)] [(y)]	California, USA	Services - money remittance	USD	**100.0**	100.0
ABS-CBN Canada Remittance Inc.[(j)] [(n)] [(y)]	Canada	Services - money remittance	CAD	**100.0**	100.0
ABS-CBN Center for Communication Arts, Inc.[(e)]	Philippines	Educational/training	Philippine peso	**100.0**	100.0
ABS-CBN Global Cargo Corporation[(t)]	Philippines	Non-vessel operations common carrier	Philippine peso	**100.0**	100.0
ABS-CBN Integrated and Strategic Property Holdings, Inc.	Philippines	Real estate	Philippine peso	**100.0**	100.0
ABS-CBN Shared Service Center PTE. Ltd.[(j)] [(m)]	Singapore	Services - support	Singapore dollar (SGD)	**100.0**	100.0
Professional Services for Television & Radio, Inc.	Philippines	Services - production	Philippine peso	**100.0**	100.0
Grassfed Corporation	Philippines	Services - livestock	Philippine peso	**100.0**	100.0
Probabilistic Insights, Inc. [(aa)]	Philippines	Services - support	Philippine peso	**100.0**	100.0
Rosetta Holdings Corporation (RHC)	Philippines	Holding company	Philippine peso	**100.0**	100.0
Callirrhoe, Inc.	Philippines	Holding company	Philippine peso	**100.0**	–
Eukelade Holding Corporation	Philippines	Holding company	Philippine peso	**100.0**	–
Sarimanok News Network, Inc.	Philippines	Content development and programming services	Philippine peso	**100.0**	100.0

Company	Place of Incorporation	Principal Activities	Functional Currency	Effective Interest 2020	Effective Interest 2019
The Big Dipper Digital Content & Design, Inc. (Big Dipper)	Philippines	Digital film archiving and central library, content licensing and transmission	Philippine peso	**100.0**	100.0
The Chosen Bun, Inc. (Chosen Bun)[z]	Philippines	Services - restaurant and food	Philippine peso	**100.0**	100.0
TV Food Chefs, Inc. [bb]	Philippines	Services - restaurant and food	Philippine peso	**100.0**	100.0
iConnect Convergence, Inc.	Philippines	Service - call center	Philippine peso	**100.0**	100.0
ABS-CBN Studios, Inc.	Philippines	Production facility	Philippine peso	**100.0**	100.0
Medianow Strategies, Inc. (Medianow) [x]	Philippines	Marketing, sales and advertising	Philippine peso	**79.7**	79.7
Sapientis Holdings Corporation (Sapientis)	Philippines	Holding company	Philippine peso	**100.0**	100.0
Columbus Technologies, Inc. (CTI)[q]	Philippines	Holding company	Philippine peso	**70.0**	70.0
ABS-CBN Convergence, Inc, (ABS-C)[q]	Philippines	Telecommunication	Philippine peso	**69.3**	69.3
ABS-CBN Theme Parks and Resorts Holdings, Inc. (ABS-CBN Theme Parks)	Philippines	Holding company	Philippine peso	**100.0**	100.0
ABS-CBN Themed Experiences, Inc. (ABS-CBN Themed Experiences) [u,bb]	Philippines	Management of locations	Philippine peso	**100.0**	100.0
Play Innovations, Inc. (PII)[g,bb]	Philippines	Theme park	Philippine peso	**73.0**	73.0
Play Innovations Hungary Kft. (Play Innovations)[j,g]	Budapest, Hungary	Theme park	USD	**73.0**	73.0
Cable and Broadband					
Sky Vision Corporation (Sky Vision) [w] (see Note 4)	Philippines	Holding Company	Philippine peso	**75.0**	75.0
Sky Cable Corporation (Sky Cable) [w] (see Note 4)	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Bisaya Cable Television Network, Inc.[h,i,w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Bright Moon Cable Networks, Inc.[h,w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Cavite Cable Corporation[h,w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Cepsil Consultancy and Management Corporation[h,w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Davao Cableworld Network, Inc.[h,o,w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
HM Cable Networks, Inc.[h,w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
HM CATV, Inc.[h,w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Hotel Interactive Systems, Inc.[h,w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Isla Cable TV, Inc.[h,w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Moonsat Cable Television, Inc.[h,o,w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Pilipino Cable Corporation (PCC)[h,w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Satellite Cable TV, Inc.[h,w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Sun Cable Holdings, Incorporated (SCHI)[h,w]	Philippines	Holding company	Philippine peso	**59.4**	59.4
Sun Cable Systems Davao, Inc.[h,i,w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Sunvision Cable, Inc.[h,w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Tarlac Cable Television Network, Inc.[h,w]	Philippines	Cable television services	Philippine peso	**59.4**	59.4
Telemondial Holdings, Inc.[h,i,w]	Philippines	Holding company	Philippine peso	**59.4**	59.4
JMY Advantage Corporation[h,w]	Philippines	Cable television services	Philippine peso	**56.4**	56.4
Cebu Cable Television, Inc.[h,o,p,w]	Philippines	Cable television services	Philippine peso	**57.4**	57.4
Suburban Cable Network, Inc.[h,w]	Philippines	Cable television services	Philippine peso	**54.9**	54.9
Pacific CATV, Inc. (Pacific)[h,o,w]	Philippines	Cable television services	Philippine peso	**58.0**	58.0
First Ilocandia CATV, Inc.[h,o,w]	Philippines	Cable television services	Philippine peso	**54.9**	54.9
Mactan CATV Network, Inc.[h,o,p,w]	Philippines	Cable television services	Philippine peso	**56.6**	56.6
Discovery Mactan Cable, Inc.[h,s,w]	Philippines	Cable television services	Philippine peso	**41.6**	41.6
Home-Lipa Cable, Inc.[h,s,w]	Philippines	Cable television services	Philippine peso	**35.6**	35.6

[a] *With branches in the Philippines and Taiwan*
[b] *Through ABS-CBN Global*
[c] *With branches in Italy and Spain*
[d] *Subsidiary of ABS-CBN Europe*
[e] *Nonstock ownership interest*
[f] *On June 5, 2017, the SEC approved the incorporation of Cinescreen. Cinescreen was established primarily to own, acquire, establish, lease, maintain, operate, manage, control, promote, advertise, undertake and carry on the business of theatres, movie houses and places of public amusement and entertainment.*
[g] *Through ABS-CBN Theme Parks*
[h] *Through Sky Cable*
[i] *Subsidiary of SCHI*
[j] *Considered as foreign subsidiary*

(k) *Subsidiary of ABS-CBN International*
(l) *With a branch in Luxembourg*
(m) *With a regional operating headquarters in the Philippines*
(n) *Through ABS-CBN Hungary*
(o) *Subsidiary of PCC*
(p) *Through Pacific*
(q) *Through Sapientis*
(r) *With branch in Korea*
(s) *A subsidiary of Sky Cable where Sky Cable effectively owns more than 50% interest*
(t) *In liquidation*
(u) *On July 7, 2017, the SEC approved the incorporation of ABS-CBN Themed Experiences. ABS-CBN Themed Experiences was established primarily to design, build, develop, manage, operate and maintain theme and amusement parks, hotels, restaurants, coffee shops, refreshment parlors and other attractions and facilities.*
(v) *On September 18, 2018, the SEC approved the merger of CPI and ABS-CBN Publishing with the former being the surviving entity.*
(w) *In 2012, ABS-CBN acquired additional interest in Sky Vision increasing its economic interest to 24.8%. On the same year, Lopez, Inc. also executed a proxy in favor of ABS-CBN assigning its voting rights in Sky Vision. As a result, ABS-CBN has a voting interest of 75% in Sky Vision since 2012. Sky Vision is the holding company of Sky Cable, where ABS-CBN has an economic interest of 57.4% in 2014. In 2015, ABS-CBN purchased additional shares in Sky Vision increasing its economic interest on Sky Vision and Sky Cable to 75% and 59.4%, respectively.*
(x) *In 2014, CPI and Sky Cable entered into an agreement to form a joint venture company. Medianow, which was incorporated on August 22, 2014, is 78.7% effectively owned by the Company in 2014. As a result of the acquisition of additional interest in Sky Vision, economic interest on Medianow increased to 79.7% in 2015.*
(y) *On June 30, 2018, ABS-CBN Europe Remittance Inc., ABS-CBN Global Remittance Inc. and ABS-CBN Canada Remittance Inc. ceased operations.*
(z) *On March 12, 2019, the SEC approved the incorporation of Chosen Bun. Chose Bun was established primarily to raise, process, manufacture and package all kinds of food products; to establish, operate, manage and maintain restaurants, coffee shops, and refreshments parlors; to serve and cater foods, drinks, refreshments and other food or commodities.*
(aa) *On June 18, 2019, the SEC approved the incorporation of Probabilistic Insights, Inc. Probabilistic Insights, Inc. was established primarily to provide software products and data science services including but not limited to management consulting, marketing services such as direct marketing, database marketing, workshop facilitation and marketing training.*
(bb) *The Company decided to wind-down its food and beverage and experience operations in July 2020.*

Investments in Joint Ventures

a. A CJ O

The joint venture operates O Shopping Channel which broadcasts company-produced shopping programs 24/7 via Sky Cable and Destiny Cable. It also airs programs through ABS-CBN's Channel 2.

On June 25, 2020, the stockholders and BOD of the Company approved a plan of liquidation and cessation of operations effective December 31, 2020. In November 2020, the Company discontinued its operations to prevent further losses. The Company recognized impairment losses amounting to ₱35 million after considering the recoverable Company share from the liquidating joint venture

b. ALA Sports

The primary purpose of ALA Sports, which was incorporated in December 2013, is to organize, stage and promote boxing matches, and provide, distribute and market products and services that are otherwise connected to the operations of said business, in the Philippines and other territories.

c. Daum Kakao Philippines Corp. (Daum Kakao)

In 2015, the Company entered into a joint venture agreement with Kakao Corporation to form a joint venture corporation, Daum Kakao. The primary purpose of Daum Kakao, which was incorporated in February 2015, is to engage in and provide KakaoTalk services developed and/or customized for users in the Philippines for mobile devices, including marketing and sales promotions. The joint venture agreement also includes a put option in favor of the Company for the joint venture partner to purchase all of the Company’s stocks in Daum Kakao within 60 days after the second year of Daum Kakao’s registration.

The Philippine SEC has approved Daum Kakao’s decrease in its capital stock from ₱900 million to ₱86 million on January 31, 2019. As of June 3, 2021, Daum Kakao has returned capital of ₱364 million to the joint venturers.

Investment in Associates

a. Amcara Broadcasting Network, Inc. (Amcara)

The Company has investment in Amcara, an entity which owns, operates and maintains radio and television broadcasting, amounting to ₱30 million, which represents 49% ownership.

On January 24, 2019, the Company sold its 49% ownership in Amcara.

b. The Flagship, Inc. (Flagship)

In 2015, the Company entered into an agreement with individuals to form Flagship, a holding company with interests on entities engaged in the business of producing and co-producing motion pictures and providing visual effects and post-production services.

c. In 2019, the Company recorded full impairment loss relating to its investments in Transmission Specialists, Inc. amounting to ₱10 million.

Advances to Subsidiaries
Advances to subsidiaries are intended for conversion into equity (see Note 19).

9. Property and Equipment

	December 31, 2020							
						Right-of-use assets		
	Land and Land Improvements	Building and Improvements	Towers, Transmission, Television, Radio, Movie and Auxiliary Equipment	Other Equipment	Construction in-Progress	Buildings and Improvements	Towers, Transmission, Television, Radio, Movie and Auxiliary Equipment	Total
Cost								
Balance at beginning of year	**₱510,070**	**₱11,208,625**	**₱9,509,852**	**₱6,161,934**	**₱1,453,882**	**₱199,507**	**₱130,781**	**₱29,174,651**
Additions	–	–	**89,562**	**94,645**	**373,292**	–	–	**557,499**
Disposals and retirements	–	–	**(3,669)**	**(72,081)**	–	**(128,548)**	–	**(204,298)**
Reclassifications	–	**217,209**	**107,926**	**318,273**	**(643,408)**	–	–	–
Balance at end of year	**510,070**	**11,425,834**	**9,703,671**	**6,502,771**	**1,183,766**	**70,959**	**130,781**	**29,527,852**
Accumulated Depreciation Amortization and Impairment								
Balance at beginning of year	**42,373**	**7,383,423**	**7,676,862**	**4,837,263**	–	**31,584**	**119,484**	**20,090,989**
Depreciation and amortization (see Notes 21 and 23)	**176**	**327,297**	**473,419**	**434,434**	–	**40,163**	–	**1,275,489**
Impairment loss	–	–	–	–	**68,839**	–	–	**68,839**
Disposals and retirements	–	–	**(3,591)**	**(67,027)**	–	**(27,758)**	–	**(98,376)**
Balance at end of year	**42,549**	**7,710,720**	**8,146,690**	**5,204,670**	**68,839**	**43,989**	**119,484**	**21,336,941**
Net Book Value	**₱467,521**	**₱3,715,114**	**₱1,556,981**	**₱1,298,101**	**₱1,114,927**	**₱26,970**	**₱11,297**	**₱8,190,911**

	December 31, 2019							
						Right-of-use assets		
	Land and Land Improvements	Building and Improvements	Towers, Transmission, Television, Radio, Movie and Auxiliary Equipment	Other Equipment	Construction in-Progress	Buildings and Improvements	Towers, Transmission, Television, Radio, Movie and Auxiliary Equipment	Total
Cost								
Balance at beginning of year	₱509,657	₱11,024,084	₱9,339,674	₱5,941,244	₱1,752,011	₱–	₱–	₱28,566,670
Adoption of PFRS 16 (see Notes 2 and 27)	–	–	–	–	–	193,666	130,781	324,447
Additions	–	999	66,960	117,674	472,965	5,841	–	664,439
Disposals and retirements	–	–	(168,080)	(125,629)	(87,196)	–	–	(380,905)
Reclassifications	413	183,542	271,298	228,645	(683,898)	–	–	–
Balance at end of year	510,070	11,208,625	9,509,852	6,161,934	1,453,882	199,507	130,781	29,174,651
Accumulated Depreciation Amortization and								
Balance at beginning of year	40,214	7,082,727	7,189,218	4,473,568	–	–	–	18,785,727
Depreciation and amortization (see Notes 21 and 23)	2,159	300,696	581,626	443,375	–	31,584	119,484	1,478,924
Disposals and retirements	–	–	(93,982)	(79,680)	–	–	–	(173,662)
Balance at end of year	42,373	7,383,423	7,676,862	4,837,263	–	31,584	119,484	20,090,989
Net Book Value	₱467,697	₱3,825,202	₱1,832,990	₱1,324,671	₱1,453,882	₱167,923	₱11,297	₱9,083,662

Construction in progress pertains to cost of building the production facilities.

To address the impact of the denial of the franchise application (as further discussed in Note 1), the Company has entered into an agreement with its existing lenders to provide for the creation of mortgage and security interest over certain assets of the Company. The carrying value of assets mortgaged to secure the long-term debt of the Parent Company as at December 31, 2020 amounted to ₱3,803 million.

Certain property and equipment with cost totaling ₱14,400 million and ₱12,935 million as of December 31, 2020 and 2019, respectively, were fully depreciated and are still being used by the Company.

Unamortized borrowing costs capitalized as part of property and equipment amounted to ₱903 million and ₱887 million as of December 31, 2020 and 2019, respectively. Borrowing cost capitalization rate is 5.335% or equivalent to ₱44 million in 2020 and 2019.

10. Investment Property

The Company owns a parcel of land for capital appreciation purposes costing ₱136 million as at December 31, 2020 and 2019. The fair value of the land based on the latest appraisal report dated February 14, 2020 amounted to ₱1,625 million as determined by an independent appraiser accredited by the Philippine SEC using the Sales Comparison Approach, which considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. The fair value of this investment property is categorized under Level 3 of the fair value hierarchy as the market for the identical or similar properties is not active. The highest and best use of the asset is as a commercial utility. For Sales Comparison approach, the higher the rise per sqm., the higher the fair value. The significant unobservable input to valuation of the land is the price per square meter ranging from ₱115,000 to ₱250,000.

11. **Program Rights**

	2020	2019
Balance at beginning of year	**₱4,266,935**	₱4,455,036
Additions	**303,633**	902,093
Disposal	**(340,583)**	–
Amortization during the year (see Note 21)	**(1,024,425)**	(1,090,194)
Balance at end of year	**3,205,560**	4,266,935
Less current portion	**722,649**	964,148
Noncurrent portion	**₱2,482,911**	₱3,302,787

Program rights include the acquired rights of the Company to air foreign and local films or programs for a certain period of time. As of December 31, 2020, the remaining useful life of program rights ranges from one to 14 years.

12. **Financial Assets at Fair Value through Other Comprehensive Income**

	2020	2019
Quoted equity securities	**₱–**	₱162,107
Unquoted ordinary common and quoted club shares	**35,104**	74,277
	₱35,104	₱236,384

Investment in quoted equity securities represents the Company's investment in Manila Electric Company common shares. Investments in quoted club shares mainly comprise of investments in Wack Wack Golf and Country Club, Manila Polo Club and others.

In 2020, the Parent Company sold various of its investment in equity securities. The fair value on the date of sale is ₱233 million and the accumulated gain recognized in other comprehensive income of ₱136 million was transferred to retained earnings.

Quoted equity securities generated dividends amounting to ₱7.9 million and ₱9.2 million in 2020 and 2019, respectively.

Movements in this account follows:

	2020	2019
Balances at beginning of year	**₱236,384**	₱266,048
Unrealized fair value gain (loss)	**31,968**	(32,217)
Sale of investment	**(233,248)**	–
Additional investment	**–**	2,553
	₱35,104	₱236,384

13. **Other Noncurrent Assets**

	2020	2019
Tax credits	**₱212,029**	₱212,029
Deposits and bonds	**137,278**	170,237
Others	**6,152**	4,246
	355,459	386,512
Less allowance for tax credits	**162,860**	162,860
	₱192,599	₱223,652

Tax credits represent claims from the government arising from airing of government commercials, advertisements and cablecast services. Pursuant to PD No. 1362, these will be collected in the form of tax credits, which the Company can use in paying for import duties and taxes on its broadcasting and cable equipment. The tax credits cannot be used to pay for any other tax obligation to the government. The Company expects to utilize these tax credits within the next 7 years until 2027.

On January 9, 2012, the Department of Finance issued a favorable ruling on the request of the Company to utilize the tax credits in the payment of duties and taxes on the importation of digital terrestrial television boxes, which will subsequently be distributed or made available to its customers and end-users.

In 2020, the Company recognized impairment losses amounting to ₱15 million relating to its deposits and bonds.

Allowance for impairment of tax credits amounted to ₱163 million as at December 31, 2020 and 2019.

14. **Trade and Other Payables**

	2020	2019
Trade	**₱350,974**	₱526,584
Due to related parties (see Note 19)	**6,306,379**	2,237,082
Accruals for:		
Production costs and other expenses	**691,078**	512,289
Employee benefits (see Note 26)	**102,654**	1,926,695
Taxes	**390,731**	579,508
Interest (see Note 16)	**159,055**	192,845
Dividends payable	**43,481**	304,192
Customer deposits	**511,162**	297,197
Nontrade and other payables	**466,606**	314,541
	₱9,022,120	₱6,890,933

Trade payables are noninterest-bearing and are normally settled on 30 to 60-day term.

For terms and conditions of transactions relating to payable to related parties, refer to Note 19.

Accrued expenses are normally settled within the next financial year. Accrual for production costs and other expenses represents accruals for various expenses related to the production of programs and general and administrative expenses. Accrual for employee benefits includes current portion of pension obligation and accrual for vacation and sick leave.

Customer deposits refer to advanced payments from customers without outstanding contracts with the Company.

Nontrade and other payables include statutory liabilities which are payable within the next financial year and deposits for equity subscription from eligible stock purchase plan participants.

15. Contract Liabilities

	2020	2019
Contract liabilities	**₱15,398**	₱186,512

Contract liabilities pertain to the payments received before broadcast. These are recognized as revenue when the Company performs the obligation under the contract.

Out of the contract liabilities as at beginning of year, total revenue recognized amounted to ₱184 million and ₱268 million for the year ended December 31, 2020 and 2019, respectively.

16. Interest-bearing Loans and Borrowings

The details of interest-bearing loans and borrowings of the Parent Company are as follows:

	December 31, 2020			December 31, 2019		
	Current Portion	**Long-term Portion**	**Total**	Current Portion	Long-term Portion	Total
Loan agreements	**₱16,033,608**	**₱–**	**₱16,033,608**	₱198,520	₱20,031,102	₱20,229,622

a. *Loan Agreements*

(i) On October 29, 2010, the Company signed a syndicated loan for ₱10 billion with Allied Banking Corporation, Allied Savings Bank, Banco de Oro (BDO) Unibank, Inc., BDO Unibank, Inc. - Trust and Investment Group, Bank of the Philippine Islands (BPI), Insular Life Assurance Company Ltd., Philippine National Bank (PNB), PNB Life Insurance, Inc., Security Bank Corporation (Security Bank) (collectively, the "Lenders"), BPI Capital Corporation (the "Lead Arranger"), BDO Capital & Investment Corporation and Security Bank (collectively, the "Arrangers") and PNB Capital & Investment Corporation and Insular Life Assurance Company Ltd. (collectively the "Co-Arranger"). BPI - Asset Management and Trust Group served as the loan's facility agent. The loan was used to refinance existing indebtedness and fund working capital requirements.

The loan is unsecured and unsubordinated with interest at 3-month PDST-F plus 0.65% per annum for the floating rate portion and 7-year PDST-F plus 0.65% per annum for the fixed rate portion.

On November 9, 2010, the Company availed the amount of ₱6,906 million from the syndicated loan to prepay existing debt facilities, namely, the Senior Credit Agreement (SCA) facility, the BDO facility, the ₱800 million Syndicated Loan facility and the Combined facility agreements.

On March 11, 2011, the Company availed the remaining amount of ₱3,094 million from the syndicated loan for working capital purposes.

The syndicated loan contains provision regarding the maintenance of certain financial ratios and limiting, among others, the payment of dividends, making investments, the issuing or selling of the Company's capital stock or some of its subsidiaries, the selling or exchange of assets, the creation of liens and the effecting of mergers.

On June 29, 2012, the Company signed a Supplemental Agreement between and among the lenders of the ₱10 billion syndicated loan agreement to amend the financial ratios as follows:

a. Deletion of Maximum Total Debt-to-Annualized EBITDA;

b. Increase in threshold of the Debt Service Coverage Ratio (DSCR) from 1.1:1 to 1.2:1 in the years 2012, 2013 and 2014 and to 1.5:1 from 2015 until its final maturity in 2017; and

c. Utilization of the amount of projected capital expenditure and program rights based on approved capital expenditure and program rights acquisition budget in calculating the cash available for debt service instead of using the actual amount of capital expenditure and program rights actually paid in cash during the period.

On December 5, 2012, the Company signed a Second Supplemental Agreement between and among the lenders of the ₱10 billion syndicated loan to amend the definition of "Business." The amendment expanded the definition to include "entertainment and amusement center development and management services and product sales and distribution services." The expansion of the definition allowed the Company to invest in ABS-CBN Theme Parks, Play Innovations Hungary Kft and/or Play Innovations, Inc.

Under the same agreement, the majority lenders, likewise, permitted to extend a guarantee in favor of Play Innovations Hungary Kft and/or Play Innovations, Inc.

On January 30, 2014 and October 30, 2014, the BOD approved the refinancing of the fixed rate portions of the syndicated loan, which amounted to ₱4,850 million in principal. Thereafter, on February 28, 2014 and November 10, 2014, the Company entered into loan agreements with local banks for principal amounts of ₱1,650 million and ₱3,200 million, respectively. The loans are intended to refinance existing indebtedness and to fund working capital requirements.

The ₱1,650 million loan, which was availed from Security Bank, bears interest of 4.25% per annum and a term of four years. The ₱3,200 million loan, which was secured from BPI, bears interest of 3.88% per annum and a term of three years was also refinanced in May 2016. Transaction cost incurred in availing the 2014 loans amounted to ₱105 million.

On February 9, 2016, the Company entered into a loan agreement with Unionbank of the Philippines for principal amount of ₱4,750 million. The loan which refinanced the remaining portion of the syndicated loan, bears interest of 5.00% payable semi-annually with a term of ten years. Transaction cost incurred in availing the loan amounted to ₱24 million.

On May 13, 2016, the Company entered into a loan agreement with BPI to refinance the ₱3,200 million loan availed from BPI in 2014. The loan bears interest of 5.00% payable quarterly with a term of ten years. Transaction cost incurred in availing the loan amounted to ₱16 million.

On April 26, 2017, the Company entered into a loan agreement with Unionbank of the Philippines for a principal amount of ₱1,600 million for a term of 10 years. The loan, which was used to finance the settlement of the ₱1,650 million loan from Security Bank, bears interest of 4.25% per annum for first year, and 5.15% per annum for succeeding years until maturity. Transaction costs incurred in availing the loan amounted to ₱8 million.

(ii) On March 7, 2014, the Company secured a ₱1 billion loan from Philippine American Life and General Insurance Company to partially finance its capital expenditure and general working capital requirements. The loan has a term of ten years and a fixed interest rate of 5.40% per annum. Transaction cost incurred in availing the loan amounted to ₱5 million. This was prepaid in November 2019 resulting to a loss of ₱2.5 million.

(iii) On March 1, 2018, the Company entered into a loan with BPI for a principal amount of ₱6 billion to refinance maturing debt and general working capital requirements. The loan bears interest of 5.75% payable quarterly with a term of seven years.

(iv) On May 21, 2019, the Company entered into a loan with Unionbank for a principal amount of ₱5 billion to partially finance its capital expenditures and general working capital requirements. The loan has a term of ten years and a fixed rate of 6.74% per annum, payable quarterly.

(v) On July 30, 2020, the Company prepaid a portion of its principal with BPI and Unionbank amounting to ₱1.8 billion and ₱2.2 billion, respectively.

As at December 31, 2019, the Company is in compliance with the provisions of its loan agreements.

The loans agreements contain provisions regarding the maintenance of certain financial ratios and limiting, among others, the payment of dividends, making investments, the issuing or selling of the Company's capital stock or some of its subsidiaries, the selling or exchange of assets, the creation of liens and the effecting of mergers. As of December 31, 2020, the Company was not able to comply with a certain financial ratio as required in the loan agreement

As discussed in Note 1, the non-renewal of the Company's franchise resulted in the Franchise Expiration Default under the loan agreement. The Company entered into the Omnibus Security and Intercreditor Agreement with its lenders to address this, which includes the creation of a mortgage and security interest over certain assets of the Company, the opening and maintenance of Debt Service Reserve Account, pre-payment of ₱4.0 billion of its existing loans, and an amendment of existing loan agreements. The lenders agree that, upon satisfaction of the necessary conditions under the Omnibus Security and Intercreditor Agreement (the "Standstill Effective Date") and during the effectivity period of the standstill as specified in the Omnibus Security and Intercreditor Agreement, it shall not declare an event of default to the extent that it relates to the Franchise Expiration Default. As of December 31, 2020, the Company was still in the process of completing certain conditions in the Omnibus Security and Intercreditor Agreement.

The matters above resulted in the classification of the Company's loans to current liabilities as of December 31, 2020 as provided for under PAS 1, *Presentation of Financial Statements*. The creditor banks executed the waiver for the financial ratio on May 14, 2021 and May 21, 2021. Moreover, on May 31, 2021, all the conditions specified under the Omnibus Security and Intercreditor Agreement were satisfied and accordingly, the Standstill Effective Date Notice was executed by all parties. These are considered as non-adjusting subsequent events. As of June 3, 2021, as a result of the execution of the Standstill Effective Date Notice and the receipt of waivers for the quarters ended December 31, 2020 and March 31, 2021, the principal payment schedule remains as stipulated in the original loan agreements (i.e. the earliest maturity date is on

2025). The Company will closely coordinate with its creditor banks and negotiate for waivers of certain covenants as the need arises. Management believes that it will be able to satisfy the requirements of the creditor banks to retain the existing payment schedules, under the relevant loan agreements.

The Omnibus Security and Intercreditor Agreement amended certain provisions of the loan agreements, which include, among others, the provision of collateral for the Company's loans and changes in the affirmative and negative covenants in relation to sale of assets. The disclosure on the assets pledged as collateral are in Note 9. It also required maintaining debt reserve service account for debt repayment (see Note 7).

Unamortized debt issue cost, presented as a deduction from the Company's loan, amounted to ₱82 million and ₱98 million as of December 31, 2020 and 2019, respectively.

Amortization of debt issue costs amounted to ₱16 million and ₱12 million for the years ended December 31, 2020 and 2019, respectively (see Note 24).

b. *Bonds Payable*

On January 23, 2014, the Philippine SEC approved the Company's offering of debt securities in the aggregate principal amount of up to ₱10 billion to be issued in one or two tranches, as approved by the BOD on November 29, 2013. The first tranche comprised of fixed rate bonds amounting to ₱5 billion and an overallotment option of ₱1 billion with BDO Capital & Investment Corporation, BPI Capital and Hongkong and Shanghai Banking Corporation as joint-issue managers. The term of the bonds is seven years with a fixed interest rate of 5.335% per annum. Interest on the bonds shall be payable quarterly in arrears starting on May 10, 2014 for the first interest payment date.

On February 10, 2014, the Company listed the ₱6 billion worth of retail bonds in the Philippine Dealing and Exchange Corporation. The bonds were rated PRS Aaa by the Philippine Rating Services Corporation on December 27, 2013.

On August 13, 2019, the Company exercised its Early Redemption Option for the ₱6 billion retail bonds. As a result, the Company incurred ₱78 million in prepayment cost and accelerated deferred financing costs.

Amortization of debt issue costs amounted to nil and ₱7 million in 2020 and 2019 (see Note 24).

Breakdown of the Company's term loans as of December 31, 2020 and 2019 follows:

	2020	2019
Principal	**₱16,115,685**	₱20,327,500
Less unamortized transaction costs	**82,077**	97,878
	16,033,608	20,229,622
Less current portion	**16,033,608**	198,520
Noncurrent portion	**₱–**	₱20,031,102

Debt issue costs as of December 31, 2020 are amortized over the term of the loans using the effective interest method as follows:

Year	2020	2019
Within one year	**₱82,077**	₱13,283
More than 1 year but less than 2 years	−	13,829
More than 2 years	−	70,766
	₱82,077	₱97,878

Amortization of debt issue costs for the years ended December 31, 2020 and 2019 amounted to ₱16 million and ₱19 million, respectively (see Note 24).

Repayments of loan based on nominal values are scheduled as follows:

Year	2020	2019
Within one year	**₱16,115,685**	₱211,816
More than 1 year but less than 2 years	−	233,921
More than 2 years	−	19,881,763
	₱16,115,685	₱20,327,500

17. **Obligations for Program Rights**

This account represents liabilities to foreign and local film suppliers for program rights purchased by the Company. The liabilities are noninterest-bearing and are payable in equal monthly, quarterly or semiannual installments over a period of one to four years. The amounts presented in the parent company statements of financial position represent the face amounts of the obligations, net of unamortized discounts, which represent the difference between the face amounts and the fair values of the obligations upon initial recognition.

The schedule of repayments as of December 31 is as follows:

	2020			2019		
	Gross Value	**Unamortized Discount**	**Carrying Value**	Gross Value	Unamortized Discount	Carrying Value
Within one year	**₱245,834**	**₱12,607**	**₱233,227**	₱314,697	₱16,468	₱298,229
More than one year to four years	**367,349**	**6,353**	**360,996**	460,426	18,960	441,466
	₱613,183	**₱18,960**	**₱594,223**	₱775,123	₱35,428	₱739,695

18. **Equity**

Capital Stock

Details of authorized and issued capital stock as of December 31, 2020 and 2019 are as follows:

	Number of Shares	Amount
	(Amounts in Thousands, Except Number of Shares)	
Authorized -		
Common shares - ₱1.0 par value	1,300,000,000	₱1,300,000
Preferred shares - ₱0.2 par value	1,000,000,000	200,000

	Number of Shares	Amount
Issued -		
Common shares	872,123,642	₱872,124
Preferred shares	1,000,000,000	200,000

Below is the Company's track record of the registration of securities:

Date of SEC Order Rendered Effective or Permit to Sell	Event	Authorized Capital Stock	Issued Shares	Issue Price
	Registered and Listed Shares (Original Shares)	₱200,000	111,327,200	₱1.00
March 31, 1992	Initial Public Offering (IPO) (Primary)	200,000	12,428,378	15.00
	Secondary*	200,000	18,510,517	15.00
	Employee Stock Option Plan*	200,000	1,403,500	15.00
June 16, 1993	40% stock dividends	200,000	49,502,074	1.00
August 18, 1994	50% stock dividends	500,000	86,620,368	1.00
July 25, 1995	100% stock dividends	1,500,000	259,861,104	1.00
July 2, 1996	50% stock dividends	1,500,000	259,861,104	1.00
January 7, 2014	Issuance	1,500,000	57,836,900	43.125
January 7, 2014	Issuance	1,500,000	34,702,140	43.225

**Included in the 111,327,200 shares existing at the time of the IPO*

The Company's total number of common stockholders is 6,542 and 7,986 as of December 31, 2020 and 2019, respectively.

Preferred Shares. The account consists of 1 billion cumulative, voting, non-participating, redeemable and non-convertible preferred shares with a par value of ₱0.20 per share.

The Company's total number of preferred shareholders is 197 as of December 31, 2020 and 2019, respectively.

Share-based Payment Plan

Lopez Holdings (LPZ) ESPP. Lopez Holdings, a commonly controlled entity, has an Employee Stock Purchase Plan (LPZ ESPP) that was approved by its BOD and stockholders on February 28, 2011. The terms of LPZ ESPP, include among others, a limit as to the number of shares a qualified regular employee, officer or qualified director of Lopez Holdings and Lopez, Inc. or a qualified officer of Lopez Holdings' subsidiaries and associates, may purchase and the manner of payment based on equal semi-monthly installments over a period of two years through salary deductions. The stock options vest after two years from the grant date. All qualified participants are given until 10 years from grant date to exercise the stock options.

The primary terms of the grant are as follow:

Grant date	May 2011
Number of options granted allocable to the Company	21,974,257
Offer price per share	₱4.573
Option value per share	₱1.65

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black-Scholes Option Model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the option grants:

Expected volatility	42.6%
Weighted average share price	₱4.573
Risk-free interest rate	4.3%
Expected life of option	5 years
Dividend yield	2.5%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which likewise, may not necessarily be the actual outcome. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. No other features of options grant were incorporated into the measurement of the fair value of the options.

Total number of options exercisable under ESPP is as follows:

	2017
Balance at beginning of year	311,743
Exercised during the year	(311,743)
Balance at end of year	–

ABS-CBN Stock Purchase Plan and Executive Stock Purchase Plan (ABSP). From January 22, 2018 to February 9, 2018, the Parent Company offered to eligible participants its ABSP Program where employees may subscribe to the Parent Company's shares up to a maximum of 5% of total authorized shares.

Participants eligible in the ABSP are non-managers, managers and up, board members and selected artists with at least one year of tenure. Non-managers may subscribe up to a maximum of 2,000 shares per participant while managers and artists may subscribe up to a maximum of shares equivalent to 2.5 months of their monthly salary or income. Members of the BOD may subscribe up to 100,000 shares. The subscription price for the first 2,000 shares will be at a 15% discount on the closing price as at the offer date or 45-day weighted closing prices, whichever is lower. There will be no discount on the subscription price for the shares subscribed in excess of 2,000 shares. The subscription price will be paid in five years (see Note 14).

On February 28, 2018, the Company accepted the total ABSP subscription from participants of 11,391,500 common shares. As of December 31, 2020 and 2019, remaining ABSP subscription from participants is at 4,333,717 common shares and 10,700,177 common shares, respectively.

The primary terms of the grant are as follows:

Grant date	February 28, 2018
Number of options granted	11,391,500
Offer price per share	₱29.50
Option value per share	₱2.22

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black-Scholes Option Model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the option grants:

Expected volatility	22.38%
Weighted average share price	₱29.50
Risk-free interest rate	4.71%
Expected life of option	5 years
Dividend yield	1.89%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which likewise, may not necessarily be the actual outcome. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. No other features of options grant were incorporated into the measurement of the fair value of the options.

As at December 31, 2020 and 2019, there are no exercisable shares under ABSP.

The ABSP does not have a dilutive effect because the average market price of the common shares during the period is less than the exercise price of the option.

Retained Earnings

The Company's loan agreement with its creditors limits the declaration of dividends up to 50% of the net income after tax for the immediately preceding financial year. This limitation has been in effect since 2004 resulting to an accumulation of unappropriated retained earnings (see Note 16).

On February 28, 2019, the BOD approved the declaration of cash dividend of ₱0.55 per common share or an aggregate amount of ₱477 million to all common stockholders of record as at March 14, 2019, payable on or before March 26, 2019. On the same date, the BOD also approved the declaration and payment of ₱0.004 per share cash dividend on the Parent Company's preferred shares with a record date set for March 14, 2019 and payable on or before March 26, 2019.

On February 27, 2013, the Company's BOD approved the appropriation of retained earnings of ₱16,200 million, including the specific projects and timeline. The appropriated retained earnings is set aside for capital expenditures particularly for the purchase of the Company's property and equipment needed for business operations and expansion over a period of five years. On May 27, 2021, the Company's BOD approved the release from appropriation, retained earnings of ₱16,200 million set aside for capital expenditures.

Treasury Shares and PDRs Convertible to Common Shares

Details of treasury shares and PDRs convertible to common shares as of December 31, 2020 and 2019 are as follows:

	Treasury Shares	PDRs Convertible to Common Shares	Total	Amount
Balance at beginning and end of year	21,322,561	27,828,645	49,151,206	₱1,638,719

PDRs convertible to common shares represent ABS-CBN Holdings PDRs held by the Company which are convertible into ABS-CBN shares. Each PDR grants the holders, upon payment of the exercise price and subject to certain other conditions, the delivery of one ABS-CBN share or the sale of and delivery of the proceeds of such sale of one ABS-CBN share. The ABS-CBN shares are still subject to ownership restrictions on shares of corporations engaged in mass media and ABS-CBN may reject the transfer of shares to persons other than Philippine nationals. The PDRs were listed in the PSE on October 7, 1999 and may be exercised at any time from said date. Any cash dividends or other cash distributions in respect of the underlying ABS-CBN shares shall be applied by ABS-CBN Holdings, issuer of PDRs, towards payment of operating expenses and any amounts remaining shall be distributed pro-rata among outstanding PDR holders.

19. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The Company's BOD has the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity and in compliance with applicable laws and regulations. The BOD approves material related party transactions prior to entering into said transactions should it be determined that all related party transactions within the 12-month period meet the aggregate threshold for material related party transactions which is 10% of the Company's total assets based on its latest audited financial statements. Related party transactions that involves exclusive contracts regardless of amounts or provided by a related party servicing 30% or more of its business with the Company shall be reviewed and approved by a board-level Risk Management Committee.

Transactions with Related Parties

Significant transactions of the Company with its related parties are as follows:

	Nature	**2020**	2019
Subsidiaries:			
Expenses paid by the Company to Big Dipper	Service fees	**₱392,191**	₱838,035
Management fee	Management fee	**372,428**	362,832
Intercompany revenue	Rent and fleet charges	**214,590**	215,195
Expenses and charges paid for by the Company which are reimbursed by the concerned related parties	Rent, utilities, other services and other intercompany charges	**327,598**	237,848
Ad sales from concerned related parties	Airtime fees and online ads	–	42,000
Loan to Play Innovations, Inc.	Loan and interest	**20,224**	36,351
Loan to Sky Cable	Loan and interest	**31,469**	27,875
Dividends received from subsidiaries	Dividends	–	2,475,000
Associate and Joint Venture:			
Airtime revenue from A CJ O	Airtime fees	**16**	32,504
Entities under common control:			
Expenses paid by the Company to Goldlink Securities and Investigation Services Incorporated (Goldlink) and other related parties	Service fees and utilities expenses	**100,715**	127,125
Expenses and charges paid for by the Company which are reimbursed by the concerned related parties	Rent, utilities, other services and other intercompany charges	**10,788**	10,780
Loan to INAEC	Loan and interest	**1,775**	–
Affiliates -			
Donation to ABS-CBN Lingkod Kapamilya Foundation, Inc. (ABS-CBN Lingkod Kapamilya)*	Donations	–	83,749

**Corporate social responsibility sector of ABS-CBN. ABS-CBN Lingkod Kapamilya has common trustees/directors with the Parent Company.*

The related receivables from related parties, presented under "Trade and other receivables" account and payables to related parties, presented under "Trade and other payables" account in the parent company statements of financial position are as follows:

	Terms	Conditions	2020	2019
Due from related parties (see Note 5)				
Entities under common control:				
INAEC Aviation	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**₱97,582**	₱97,720
First Philippine Holdings Corporation	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**4,931**	5,196
Rockwell Land Corp.	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**2,012**	2,758
Goldlink	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	–	5,757
Others	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**1,540**	1,540
Subsidiaries:				
CTI	30 days upon receipt of billings; noninterest-bearing	Unsecured, fully impaired in 2019, no impairment in 2018	**3,008,514**	3,008,514
Sapientis	30 days upon receipt of billings; noninterest-bearing	Unsecured, fully impaired in 2019, no impairment in 2018	**2,880,551**	2,880,551
ABS-C	30 days upon receipt of billings; noninterest-bearing	Unsecured, fully impaired in 2019, no impairment in 2018	**2,806,116**	2,704,191
RHC	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**1,973,843**	1,843,446
ABS-CBN Studios	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**1,054,558**	963,244
Sky Cable	Two years, interest-bearing	Unsecured, no impairment	**545,000**	545,000
	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**–**	258,449
Play Innovations, Inc.	One to two years, interest-bearing	Unsecured, fully impaired in 2019, no impairment in 2018	**700,000**	700,000
	30 days upon receipt of billings; noninterest-bearing	Unsecured, fully impaired in 2019, no impairment in 2018	**611,302**	88,333
ABS-CBN Global - Philippine Branch	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**362,883**	90,059
ABS-CBN Themed Experiences	30 days upon receipt of billings; noninterest-bearing	Unsecured, fully impaired in 2019, no impairment in 2018	**324,519**	263,961
Creative Programs, Inc.	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**315,566**	145,313
iConnect Convergence, Inc.	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**284,747**	150,894
Cinescreen	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**53,108**	34,729
ABS-CBN Integrated	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**17,265**	16,289
ABS-CBN Shared Service Center PTE. Ltd.	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**12,521**	13,161
ABS-CBN Hungary	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**–**	158,003
ABS-CBN Hungary – Luxembourg Branch	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	–	53,981
ABS-CBN Canada, ULC	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	–	10,380
Others	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**638,164**	797,998

(forward)

	Terms	Conditions	2020	2019
Joint Ventures:				
ALA Sports	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**₱78,584**	₱73,016
A CJ O	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**4,019**	48,256
Daum Kakao	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**985**	985
Affiliates:				
ABS-CBN Lingkod Kapamilya*	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**23,542**	27,174
ABS-CBN Holdings	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**5,439**	4,101
Knowledge Channel Foundation, Inc.**	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**2,873**	2,873
Eugenio Lopez Foundation, Inc.**	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**9**	9
			₱15,810,173	₱14,995,881

	Terms	Conditions	2020	2019
Due to related parties (see Note 14)				
Subsidiaries:				
The Big Dipper Digital Content	30 days upon receipt of billings; noninterest-bearing	Unsecured	**₱3,089,570**	₱451,955
ABS-CBN International	30 days upon receipt of billings; noninterest-bearing	Unsecured	**1,024,411**	816,738
ABS-CBN Hungary	30 days upon receipt of billings; noninterest-bearing	Unsecured	**1,111,972**	–
ABS-CBN Films	30 days upon receipt of billings; noninterest-bearing	Unsecured	**268,058**	128,478
SNN	30 days upon receipt of billings; noninterest-bearing	Unsecured	**258,788**	279,482
ABS-CBN Shared Service Center PTE. Ltd. – Regional Operating Headquarters	30 days upon receipt of billings; noninterest-bearing	Unsecured	**167,575**	174,211
ABS-CBN Australia	30 days upon receipt of billings; noninterest-bearing	Unsecured	**98,783**	84,678
ABS-CBN Europe	30 days upon receipt of billings; noninterest-bearing	Unsecured	**63,327**	85,095
TV Foods	30 days upon receipt of billings; noninterest-bearing	Unsecured	**5,107**	7,983
Others	30 days upon receipt of billings; noninterest-bearing	Unsecured	**205,422**	201,312
Others:				
Bayan Foundation**	30 days upon receipt of billings; noninterest-bearing	Unsecured	**6,231**	6,231
Others	30 days upon receipt of billings; noninterest-bearing	Unsecured	**7,135**	919
Total			**₱6,306,379**	₱2,237,082

**Corporate social responsibility sector of ABS-CBN; with common officers and directors*
***Corporate social responsibility sector of Lopez Group*

Other transactions with related parties are as follow:

a. In 2019, ABS-CBN received dividends from Big Dipper, ABS-CBN Films and ABS-CBN Integrated amounting to ₱2,300 million, ₱165 million and ₱10 million, respectively (nil in 2020).

b. Advances to officers and employees amounted to ₱975 million and ₱502 million as of December 31, 2020 and 2019, respectively (see Note 5). Interest income amounted to nil in 2020 and 2019 (see Note 24).

c. As of December 31, 2020 and 2019, deposits for future subscriptions in Sky Cable amounted to ₱1,830 million. In 2019, the Company made deposits for future subscriptions to The Chosen Bun amounting to ₱22 million. As of December 31, 2020 and 2019, advances to Sky Cable and ABS-CBN Hungary intended for conversion into equity amounted to ₱13 million. These are recorded under “Investments in and advances to subsidiaries, joint ventures and associates” in the statements of financial position (see Note 8).

d. The Company’s loans granted to Play Innovations, Inc. amounted to ₱700 million as of December 31, 2020 and 2019. These loans have a term of one to two years with fixed interest rate of 4% per annum. Interest income amounted to ₱20 million and ₱36 million in 2020 and 2019, respectively (see Note 24).

e. On July 3, 2014, the Company granted a loan to Sky Cable amounting to ₱2 billion. The loan has a term of two years with fixed interest rate equivalent to 3.75% per annum. In 2016, the Company granted the term extension of the loan to two years with fixed interest rate equivalent to 3.875% per annum. Partial settlement of loan amounting to ₱1.5 billion was made on December 20, 2017. In 2019, the Company granted the term extension of the loan to 3 years with fixed interest rate equivalent to 4.06% per annum. On December 2, 2020, the parties agreed to change the interest rate to a fixed rate of 5.70% per annum until its maturity on September 2, 2022. The change in the interest rate did not result to a substantial modification. The outstanding loan receivable is presented as part of “Due from related parties” under the “Trade and other receivables” account in 2020 and 2019. Interest income amounted to ₱32 million and ₱28 million in 2020 and 2019, respectively (see Note 24).

f. The Company has advances to ALA Sports amounting to ₱79 million and ₱73 million as at December 31, 2020 and 2019, respectively.

g. The Company fully provided for an allowance for ECL on its receivables with CTI, Sapientis, ABS-C, Play Innovations, Inc. and ABS-CBN Themed Experiences as a consequence, among others, of the denial by the House of Legislative Franchises of the Company’s franchise application and the lapse of the franchise of ABS-C. As of December 31, 2020 and 2019, the allowance for ECL amounted to ₱9.6 billion.

h. Other transactions with related parties included cash advances for working capital requirements.

Terms and Conditions of Transactions with Related Parties

Except for transactions identified in the previous section as interest-bearing, outstanding balances at financial reporting date are unsecured, interest-free and settlement occurs in cash and are collectible or payable on demand. For the years ended December 31, 2019, the Company recorded provision for ECL relating to amounts owed by related parties amounting to ₱9.6 billion. This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation and Benefits of Key Management Personnel of the Company

	2020	2019
Compensation (see Notes 21 and 23)	**₱387,337**	₱724,039
Pension costs (see Note 26)	**35,906**	67,118
	₱423,243	₱791,157

20. **Revenues**

The Company's disaggregated revenue information follows:

	2020	2019
Advertising revenue (see Note 19)	**₱6,068,167**	₱21,678,782
Sale of goods	**460,038**	2,621,330
Ancillary rights	**270,664**	171,620
Subscription revenue	**200,495**	321,006
Royalty income	**94,022**	212,391
Admission revenue / ticket sales	**35,238**	133,340
Others	**298,934**	466,890
	₱7,427,558	₱25,605,359

Others include revenues earned from short-messaging-system and wardrobe rental.

21. **Production Costs**

	2020	2019
Personnel expenses (see Notes 19, 23 and 26)	**₱5,024,522**	₱6,491,693
Facilities related expenses (see Notes 19 and 27)	**2,447,338**	3,572,021
Amortization of program rights (see Note 11)	**1,024,425**	1,090,194
Depreciation and amortization (see Note 9)	**691,259**	840,921
Set requirements	**354,433**	355,432
Travel and transportation	**314,565**	558,312
Catering and food expenses	**117,809**	225,069
License fees and royalties expense	**59,741**	469,977
Prizes	**37,977**	75,362
Other program expenses	**313,692**	456,401
	₱10,385,761	₱14,135,382

Personnel expenses include talent fees, salaries and other employee benefits.

Other program expenses include, but are not limited to, supplies, advertising and other expenses related to various programs during the year.

The Company incurred expenses of ₱571.8 million relating to ongoing efforts to mitigate risks of COVID-19 to production personnel and financial assistance in 2020.

22. **Cost of Sales and Services**

Cost of sales consists of the following:

	2020	2019
Inventory cost (see Note 6)	**₱283,263**	₱2,154,859
Others	**8,023**	17,477
	₱291,286	₱2,172,336

Cost of services consists of the following:

	2020	2019
Synchronization rights	**₱17,553**	₱15,571
Commission and incentive	**645**	2,377
Others	**103**	7
	₱18,301	₱17,955

23. **General and Administrative Expenses**

	2020	2019
Personnel expenses (see Notes 19 and 26)	**₱3,550,415**	₱3,580,726
Contracted services	**1,389,838**	1,430,751
Depreciation and amortization (see Note 9)	**584,230**	638,003
Provision for inventory losses (see Note 6)	**583,116**	1,361
Facilities related expenses (see Note 27)	**570,847**	522,140
Taxes and licenses	**355,826**	269,019
Provision for ECL (see Note 5)	**264,749**	9,800,338
Research and survey	**191,643**	344,974
Advertising and promotions	**135,993**	497,759
Due and subscriptions	**105,319**	116,536
Donations and contributions	**85,538**	186,535
Supplies expense expenses	**44,318**	36,295
Catering and food expense	**41,665**	37,781
Other expenses	**590,319**	390,503
	₱8,493,816	₱17,852,721

Other expenses consist mainly of supplies expense, catering and food expenses and transportation and travel expenses.

Personnel expenses, included under "Production costs" and "General and administrative expenses" accounts, in the statements of comprehensive income, consists of the following:

	2020	2019
Salaries and wages	**₱5,424,677**	₱7,581,768
Other employee benefits (see Note 26)	**2,628,403**	1,946,051
Pension and separation benefits (see Note 26)	**521,857**	544,600
	₱8,574,937	₱10,072,419

The Company incurred expenses of ₱257.3 million relating to projects for COVID-19 prevention and "Pantawid Pag-ibig" in 2020.

24. **Other Income and Expenses**

Finance Costs

	2020	2019
Interest expense (see Note 16)	**₱1,045,365**	₱1,266,111
Amortization of debt issue costs (see Note 16)	**15,801**	18,969
Loss on early redemption of bonds	–	80,788
Bank service charges	**4,786**	9,535
	₱1,065,952	₱1,375,403

The following are the sources of the Company’s interest expense (see Note 16 and 27):

	2020	2019
Loan agreements	**₱1,025,031**	₱1,033,815
Lease liabilities	**11,376**	20,381
Bonds payable	–	181,390
Others	**8,958**	30,525
	₱1,045,365	₱1,266,111

Interest Income

The following are the sources of the Company’s interest income:

	2020	2019
Cash and cash equivalents (see Note 4)	**₱133,060**	₱97,925
Due from related parties (see Note 19)	**53,468**	64,226
Short-term investments (see Note 4)	–	163,968
Others (see Note 19)	**6,455**	144,131
	₱192,983	₱470,250

Other Income - net

	2020	2019
Management fees (see Note 19)	**₱372,428**	₱362,832
Intercompany revenue (see Note 19)	**206,548**	215,465
Gain (loss) on sale of property and equipment	**(36,732)**	10,348
Leasing operation (see Notes 19 and 27)	**22,761**	64,851
Dividend income (see Note 19)	**7,862**	2,484,183
Others - net	**(51,885)**	12,908
	₱520,982	₱3,150,587

25. **Income Taxes**

The provision for income tax is as follows:

	2020	2019
Current	**₱–**	₱212,576
Deferred	**157,564**	1,476,767
	₱157,564	₱1,689,343

Significant components of deferred tax liabilities are as follows:

	2020	2019
Capitalized interest, duties and taxes (net of accumulated depreciation)	**₱221,498**	₱230,044
Unrealized foreign exchange gain – net	**166,110**	–
Gain on acquisition and exchange of debt (net of accretion)	**84,536**	84,536
Right-of-use assets - net	**2,227**	2,227
	₱474,371	₱316,807

The deferred tax assets for the following deductible temporary differences have not been recognized because management believes that it is not probable that sufficient future taxable income will be available to allow such deferred tax assets to be realized.

	2020	2019
NOLCO	**₱11,899,298**	₱–
Allowance for ECL	**10,134,631**	9,869,882
Accrued pension obligation and other employee benefits	**4,697,064**	5,243,550
Allowance for inventory losses	**572,351**	7,189
Customers' deposits	**501,498**	534,999
Allowance for impairment losses on investments in subsidiaries and associates	**318,075**	283,227
Provision for probable losses	**177,884**	39,578
MCIT	**172,338**	205,190
Allowance for impairment losses on property and equipment and other noncurrent assets	**68,839**	–
Marketing and advertising expenses	**29,627**	90,547
Lease liabilities (net of right-of-use assets)	**4,788**	–
Unamortized debt issue costs	**3,774**	2,705
Others	**297,896**	339,106

MCIT incurred in 2017 amounting to ₱32 million expired in 2020. MCIT incurred in 2016 amounting to ₱421 expired in 2019.

Details of MCIT that can be claimed as tax credit against future RCIT are as follows:

Year Incurred	Expiry Dates	Amount
2018	December 31, 2021	₱163,956
2019	December 31, 2022	8,382
2020	December 31, 2023	–
		₱172,338

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2020, the Company has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment Period	Amount
2020	2021 to 2025	**₱11,899,298**

Movement in the deferred tax liabilities follow:

	2020	2019
Balances at beginning of year	**(₱316,807)**	₱1,622,997
Deferred taxes recognized in profit or loss	**(157,564)**	(1,476,767)
Deferred taxes recognized in OCI	**–**	(463,037)
Balances at end of year	**(₱474,371)**	(₱316,807)

The reconciliation of statutory tax rate to effective tax rate applied to income before income tax is as follows:

	2020	2019
Statutory tax rate	**30%**	30%
Additions to (reduction in) income tax from the tax effects of:		
Dividend income exempt from income tax	**0%**	11%
Interest income subjected to final tax	**(1%)**	1%
Nondeductible interest expense and others	**(30%)**	(66%)
Effective tax rate	**(1%)**	(24%)

CREATE bill

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25% for domestic and resident foreign corporations.
- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax is repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT, 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Company would been subjected to lower RCIT rate of 25% effective July 1, 2020.

- This will result in lower deferred tax liabilities as of December 31, 2020 and provision for deferred tax for the year then ended by ₱79 million. These reductions will be recognized in the 2021 financial statements.

- There is no impact in the provision for current income tax in 2020 since the Company is at a gross loss and at a taxable loss position.

26. Pension and Other Employee Benefits

This account consists of:

	2020	2019
Pension obligation	**₱3,068,587**	₱3,000,616
Other employee benefits	**1,236,778**	1,774,481
	₱4,305,365	₱4,775,097

	2020	2019
Current (see Note 14)	**₱72,243**	₱1,116,177
Noncurrent	**4,233,122**	3,658,920
	₱4,305,365	₱4,775,097

a. Pension Plan

The Company has a funded, noncontributory and actuarially computed pension plan covering substantially all of its employees. The benefits are based on years of service and compensation during the last year of employment.

The following tables summarize the components of net pension expense recognized in the parent company statements of income and accrued pension obligation recognized in the parent company statements of financial position:

Net Pension Expense

	2020	2019
Current service cost	**₱355,082**	₱413,354
Past service cost	**46,861**	–
Net interest cost	**119,914**	131,246
Net pension expense	**₱521,857**	₱544,600

Accrued Pension Obligation

	2020	2019
Present value of obligation	**₱3,874,587**	₱4,753,103
Fair value of plan assets	**(806,000)**	(1,752,487)
Accrued pension obligation	**₱3,068,587**	₱3,000,616

Changes in the present value of the defined benefit obligation are as follow:

	2020	2019
Defined benefit obligation at beginning of the year	**₱4,753,103**	₱3,950,430
Current service cost	**355,082**	413,354
Past service cost	**46,861**	–
Actuarial loss (gain) due to:		
Changes in financial assumptions	**329,680**	(590,531)
Experience adjustments	**(340,516)**	385,470
Changes in demographic assumptions	–	563,679
Interest cost	**178,691**	271,739
Benefits paid from retirement fund	**(841,851)**	(241,038)
Benefits paid from company operating funds	**(606,463)**	–
Defined benefit obligation at end of year*	**₱3,874,587**	₱4,753,103

* *includes benefit payable to retrenched employees amounting to ₱301 million as of December 31, 2020*

Change in the fair value of plan assets are as follow:

	2020	2019
Fair value of plan assets at beginning of year	**₱1,752,487**	₱1,778,758
Interest income included in net interest cost	**58,777**	140,493
Actual return excluding amount included in net interest cost	**(163,413)**	(166,764)
Benefits paid from retirement fund	**(841,851)**	–
Fair value of plan assets at end of year	**₱806,000**	₱1,752,487

The Company does not expect to contribute to the retirement fund in 2021.

Changes in net pension liability are as follow:

	2020	2019
Balance at beginning of year	**₱3,000,616**	₱2,171,672
Pension expense	**521,857**	544,600
Remeasurement loss in OCI	**152,577**	525,382
Benefits paid	**(606,463)**	(241,038)
Net pension liability at end of year	**₱3,068,587**	₱3,000,616

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2020	2019
		(Percentage)
Short-term equity investment	–	1.2
Investment in fixed/floating rate treasury note	11.6	32.5
Investment in bonds	–	66.1
Others	88.4	0.2
	100.0	100.0

The principal assumptions used in determining pension benefit obligation for the Company's plan are shown below:

	December 31	January 1	
	2020	2020	2019
Discount rate	**3.64%-3.75%**	4.79%-5.11%	7.24%-7.34%
Future salary rate increases	**2.67%-6.4%**	2.67%-6.4%	2.67%-6.4%

The pension fund is actively managed by the retirement committee, composed of five members, four of whom are executive staff of the Company and beneficiaries of the plan.

The retirement committee of the beneficial trust fund uses an investment approach with the objective of maximizing the long-term expected return of plan assets. The plan's investment portfolio seeks to achieve regular income, long-term capital growth and consistent performance over its own portfolio benchmark. In order to attain this objective, the Trustee's mandate is to invest in a diversified portfolio of fixed income and equities. The investment portfolio consists of investment in equity and fixed income securities of 88% and 12% as of December 31, 2020, respectively, and 66% and 34% as of December 31, 2019, respectively. The Company did not contribute to the plan in 2020 and 2019.

On July 27, 2010, the retirement committee of the retirement fund approved the following:

a. Acquisition of ABS-CBN securities to fully fund the retirement fund deficiency;
b. Allow the acquisition of Lopez Holdings shares and shares of other listed companies;
c. Migrate to an investment management account arrangement in lieu of a "Trusteed" arrangement with BDO; and
d. Appoint an investment officer of the retirement plan.

The fair value of the plan assets allocation as at December 31, 2020 and 2019 are as follows:

	2020	2019
Fixed Income:		
Short-term	**₱93,900**	₱21,567
Medium and long-term:		
Government securities	–	416,139
Corporate bonds	–	153,201
Preferred stocks	–	2,693
Equities:		
Investment in shares of stock and other securities of related parties	**712,100**	825,169
Common shares and unit investment trust fund (UITF)	–	333,718
	₱806,000	₱1,752,487

Short-term Fixed Income. Short-term fixed income investment includes investments in short term UITF including money market funds and short-term funds in 2020 and time deposit, special deposit account and special savings account with interest ranging from 3% to 4% in 2019.

Medium and Long-term Fixed Income. Investments in medium and long-term fixed income include Philippine-peso denominated bonds, such as government securities, corporate bonds, notes and debt securities and equity investment in preferred shares.

Government securities include treasury bills and fixed-term treasury notes bearing interest ranging from 4% to 8% 2019. These securities are fully guaranteed by the government of the Republic of the Philippines.

Investment in unsecured corporate bonds has a total cost of ₱153 million as at December 31, 2019, respectively, with terms ranging from 7 years to 15 years. Yield to maturity rate ranges from 4% to 8% in 2019.

In 2019, investment in preferred stock refers to 4,700 shares with a total cost of ₱3 million and loss of ₱70 thousand. The fair value of preferred stock is ₱3 million as of December 31, 2019.

Equities. These pertain to investments in shares of stock and other securities of related parties and other companies listed in the PSE.

Investments in Shares of Stock and Other Securities of Related Parties. These pertain to investments in ABS-CBN PDRs and common shares and Lopez Holdings and Rockwell Land common shares.

	December 31, 2020			
	Number of Shares	**Cost**	**Fair Value**	**Unrealized Gain (Loss)**
ABS-CBN PDRs	**34,903,160**	**₱1,515,862**	**₱439,780**	**(₱1,076,082)**
ABS-CBN Common	**501,320**	**24,052**	**5,855**	**(18,197)**
Lopez Holdings	**65,996,580**	**227,173**	**245,507**	**18,334**
Rockwell Land	**13,609,433**	**27,433**	**20,958**	**(6,475)**
	115,010,493	**₱1,794,520**	**₱712,100**	**(₱1,082,420)**

	December 31, 2019			
	Number of Shares	Cost	Fair Value	Unrealized Gain (Loss)
ABS-CBN PDRs	34,903,218	₱1,515,864	₱537,510	(₱978,354)
ABS-CBN Common	501,320	24,052	7,921	(16,131)
Lopez Holdings	65,996,580	227,178	244,847	17,674
Rockwell Land	17,103,433	34,476	34,891	415
	118,504,551	₱1,801,570	₱825,169	(₱976,396)

As of December 31, 2020 and 2019, the value of each ABS-CBN PDRs held by the retirement fund is at ₱12.60 and ₱15.40, respectively.

Total loss from investments in shares of stock and other securities of related parties amounted to ₱1,082 million and ₱976 million in 2020 and 2019, respectively.

Investments in Common Shares and UITF. Common shares pertain to 16,093,379 shares listed in the PSE in 2019, respectively, with fair value of ₱278 million as of December 31, 2019. Total loss from these investments amounted to ₱21 million in 2019.

b. Other Employee Benefits

Other employee benefits consist of accumulated employee vacation and sick leave entitlement.

	2020	2019
Current service cost	**₱96,137**	₱109,666
Net interest cost	**80,611**	102,402
Actuarial loss (gain)	**(54,169)**	186,840
Net benefit expense	**₱122,579**	₱398,908

Changes in the present value of the defined benefit obligation are as follow:

	2020	2019
Defined benefit obligation at beginning of year	**₱1,774,481**	₱1,426,677
Current service cost	**96,137**	109,666
Interest cost	**80,611**	102,402
Actuarial loss	**(54,169)**	186,840
Benefits paid	**(660,282)**	(51,104)
Defined benefit obligation at end of year	**₱1,236,778**	₱1,774,481

The sensitivity analysis in the following table has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant.

	Increase (decrease) in defined benefit obligation	
	2020	2019
Discount rate:		
Increase by 1%	**(₱273,107)**	(₱108,328)
Decrease by 1%	**314,767**	434,346
Future salary increases:		
Increase by 1%	**(325,028)**	(452,847)
Decrease by 1%	**287,346**	129,699

The average duration of the defined benefit obligation at the end of the period is 13.71 to 16.29 years.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2020	2019
Less than one year	**₱562,936**	₱2,070,168
More than one year to five years	**1,381,710**	1,442,426
More than five years to 10 years	**1,897,307**	1,601,957
More than 10 years to 15 years	**2,028,675**	2,224,575
More than 15 years to 20 years	**1,825,901**	1,976,039
More than 20 years	**2,649,027**	3,153,306

27. **Commitments**

Operating Lease

As Lessee. The Company lease office facilities, transmitters, space and satellite equipment. These lease agreements include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the

The following are the amounts recognized in the Company's statement of income in 2020 and 2019:

	2020	2019
Depreciation expense of right-of-use asset	**₱40,163**	₱151,068
Interest expense on lease liability	**11,376**	20,381
Expenses relating to short-term leases (included under "Facilities-related expense" in production cost)	**74,893**	179,606
Expenses relating to short-term leases (included under "Facilities-related expense" in general and administrative expenses)	**54,586**	50,428
Total amount recognized in the statement of comprehensive income	**₱181,018**	₱401,483

Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The rollforward analysis of lease liability in 2020 is as follows:

	2020	2019
Balance at beginning of year	**₱171,798**	₱323,104
Additions	**317**	5,841
Interest expense	**11,376**	20,381
Interest paid	**(11,376)**	(20,381)
Termination	**(77,600)**	–
Payments	**(51,459)**	(157,147)
Balance at end of year	**43,056**	171,798
Less current portion	**12,479**	54,033
	₱30,577	₱117,765

As Lessor. The Company has entered into commercial property leases on its building, consisting of the Company's surplus office buildings. These non-cancelable leases have remaining non-cancelable lease terms of 3 to 5 years. All leases include a clause to enable upward revision of the rental charge on a predetermined rate.

Future minimum rentals receivable under non-cancelable operating leases are as follow:

	2020	2019
Within one year	**₱5,308**	₱3,989
After one year but not more than five years	**281**	1,632
	₱5,589	₱5,621

28. **Financial Risk Management Objectives and Policies**

The Company's principal financial instruments comprise cash and cash equivalents, short-term investments, financial assets at FVOCI and interest-bearing loans and borrowings. The main purpose of these financial instruments is to raise funds for the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are foreign currency risk, credit risk and liquidity risk. The BOD reviews and agrees on the policies for managing each of these risks and they are summarized on the next page.

Foreign Currency Risk
It is the Company's policy to enter into cross currency swaps whenever the need arises to manage foreign currency risk and eliminate the variability of cash flows due to changes in the fair value of the foreign-currency denominated debt with maturity of more than one year.

As of December 31, 2020 and 2019, there are no freestanding derivative contracts and all the Company's long-term loan obligations are generally in Philippine currency.

The Company, however, has transactional currency exposures. Such exposure arises when the transaction is denominated in currencies other than the functional currency of the operating unit or the counterparty.

The following tables show the Company's significant foreign currency-denominated financial assets and liabilities and their Philippine peso equivalents as of December 31, 2020 and 2019:

	2020				
	USD	**EUR**	**GBP**	**AUD**	**Philippine Peso Equivalent**
Financial assets:					
Cash and cash equivalents	**5,250**	**–**	**–**	**–**	**252,127**
Trade and other receivables	**4,860**	**131**	**67**	**1**	**245,480**
	10,110	**131**	**67**	**1**	**497,607**
Financial liabilities:					
Trade and other payables	**(218,868)**	**(363)**	**(378)**	**(388)**	**(10,570,742)**
Obligations for program rights	**–**	**–**	**–**	**–**	**–**
	(218,868)	**(363)**	**(378)**	**(388)**	**(10,570,742)**
Net foreign currency-denominated financial liabilities	**(208,758)**	**(232)**	**(311)**	**(387)**	**(10,073,135)**

	2019				
	USD	EUR	GBP	AUD	Philippine Peso Equivalent
Financial assets:					
Cash and cash equivalents	16,477	–	–	–	834,395
Trade and other receivables	37,833	244	70	1	1,934,327
	54,310	244	70	1	2,768,722
Financial liabilities:					
Trade and other payables	(86,818)	(317)	(367)	(361)	(4,451,456)
Obligations for program rights	(1,499)	–	–	–	(75,909)
	(88,317)	(317)	(367)	(361)	(4,527,365)
Net foreign currency-denominated financial assets liabilities	(34,007)	(73)	(297)	(360)	(1,758,643)

In translating the foreign currency-denominated monetary assets and liabilities into Philippine peso amounts, the Company used the following exchange rates:

	Exchange Rates	
Currency	**2020**	2019
USD	**48.02**	50.64
EUR	**58.83**	56.51
GBP	**64.86**	66.30
AUD	**36.53**	35.31

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant, of the Company's income before income tax. There is no other impact on the Company's equity other than those already affecting net income.

	2020		2019	
	Increase (Decrease) in ₱ to Foreign Currency Exchange Rate	**Effect on Income Before Income Tax**	Increase (Decrease) in ₱ to Foreign Currency Exchange Rate	Effect on Income Before Income Tax
USD	**0.10%**	**(₱9,372)**	0.34%	(₱5,855)
	(0.55%)	**53,479**	(0.66%)	11,366
EUR	**0.76%**	**(104)**	0.33%	(14)
	(0.43%)	**59**	(0.86%)	35
GBP	**0.77%**	**(155)**	0.82%	(161)
	(0.95%)	**193**	(0.87%)	171
AUD	**1.41%**	**(200)**	0.85%	(108)
	(1.13%)	**160**	(1.08%)	137

The change in currency rate is based on the Company's best estimate of expected change considering historical trends and experiences. Positive change in currency rate reflects a weaker peso against foreign currency.

The Company computes for the percentages of changes in exchange rates for the foreign currency-denominated accounts by comparing the year-end closing rates or existing foreign currency exchange rates with the forward foreign currency exchange rates three months before and after financial reporting date. The Company assumes the trend for the six months period to be its exposure on foreign currency fluctuations.

Credit Risk

The Company is exposed to credit risk from operational and certain of its financing activities. On the Company's credit risk arising from operating activities, the Company only extends credit to recognized and accredited third parties. The Company implements a pay before broadcast policy to new customers. In addition, receivable balances are monitored on an ongoing basis. Such determination takes into consideration the age of the receivable and the current solvency of the individual accounts.

With regard to the Company's financing activities, as a general rule, the Company transacts these activities with counterparties that have a long credit history in the market and an outstanding relationship with the Company. The policy of the Company is to have the BOD accredit these banks and/or financial institutions before any of these financing activities take place.

With respect to credit risk arising from the financial assets of the Company, exposure to credit risk arises from default of the counterparty.

There is no requirement for collateral over trade receivables since the Company trades only with recognized and accredited counterparties.

The maximum exposure to credit risk is partly represented by the carrying amounts of the financial assets that are reported in the parent company statements of financial position.

Credit Risk Exposures. The table below shows the maximum exposure to on- and off-balance sheet credit risk exposures of the Company, without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques as of December 31:

	2020	2019
Financial assets at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	**₱605,791**	₱1,841,133
Short-term investments	**–**	6,670,319
Trade and other receivables (excluding advances subject to liquidation)	**9,263,781**	12,402,931
Deposits	**130,621**	163,580
Financial assets at FVOCI	**35,104**	236,384
	₱10,035,297	₱21,314,347

Credit Quality per Class of Financial Asset. The credit quality of financial assets is being managed by the Company using internal credit ratings. The tables below show the credit quality by class of financial assets based on the Company's credit rating system as of December 31:

	2020					
	Neither Past Due nor Impaired			Past Due but		
	High	Moderate	Low	not Impaired	Impaired	Total
Financial assets at amortized cost						
Cash and cash equivalents:						
Cash in banks	**₱399,267**	**₱–**	**₱–**	**₱–**	**₱–**	**₱399,267**
Cash equivalents	**206,524**	**–**	**–**	**–**	**–**	**206,524**
Short-term investments	**–**	**–**	**–**	**–**	**–**	**–**
Trade and other receivables:						
Trade receivables	**300,772**	**96,725**	**2,336**	**1,832,509**	**47,805**	**2,280,147**
Nontrade receivables*	**43,712**	**24,788**	**26,809**	**775,158**	**437,625**	**1,308,092**
Due from related parties	**–**	**6,160,972**	**–**	**–**	**9,649,201**	**15,810,173**
Deposits	**130,621**	**–**	**–**	**–**	**–**	**130,621**
Financial assets at FVOCI	**35,104**	**–**	**–**	**–**	**–**	**35,104**
	₱1,116,000	**₱6,282,485**	**₱29,145**	**₱2,607,667**	**₱10,134,631**	**₱20,169,928**

**Excluding advances subject to liquidation*

	2019					
	Neither Past Due nor Impaired			Past Due but		
	High	Moderate	Low	not Impaired	Impaired	Total
Financial assets at amortized cost:						
Cash and cash equivalents:						
Cash in banks	₱1,304,971	₱–	₱–	₱–	₱–	₱1,304,971
Cash equivalents	536,162	–	–	–	–	536,162
Short-term investments	6,670,319	–	–	–	–	6,670,319
Trade and other receivables:						
Trade receivables	3,505,531	1,094,044	47,507	1,386,676	45,021	6,078,779
Nontrade receivables*	174,103	138,457	464,380	242,415	178,798	1,198,153
Due from related parties	–	5,349,818	–	–	9,646,063	14,995,881
Deposits	163,580	–	–	–	–	163,580
Financial assets at FVOCI	236,384	–	–	–	–	236,384
	₱12,591,050	₱6,582,319	₱511,887	₱1,629,091	₱9,869,882	₱31,184,229

**Excluding advances subject to liquidation*

The credit quality of the financial assets was determined as follows:

- High Credit Quality

  This includes deposits or placements to counterparties with good credit rating or bank standing. For receivables, this covers, as of financial reporting date, accounts of good paying customers, with good credit standing and with no history of account treatment for a defined period.

- Moderate Credit Quality

  For receivables, this covers accounts of standard paying customers, those whose payments are within the credit term, and new customers for which sufficient credit history has not been established.

- Low Credit Quality

  For receivables, this covers accounts of slow paying customers and those whose payments are received upon demand at financial reporting date.

Trade Receivables
These represent amounts collectible from advertising agencies, advertisers or trade customers mainly arising from the sale of airtime business.

Nontrade Receivables
These represent claims, arising from sources other than the sale of airtime that are reasonably expected to be realized in cash.

The following table below shows the aging analysis of past due but not impaired receivables per class that the Company held as of December 31. A financial asset is past due when a counterparty has failed to make a payment when contractually due.

	2020					
	Neither Past	**Past Due but not Impaired**				
	Due nor Impaired	**Less than 30 Days**	**30 Days and Over**	**Impaired**	**Allowance**	**Total**
Trade receivables	**₱399,833**	**₱123,327**	**₱1,709,182**	**₱47,805**	**(₱47,805)**	**₱2,232,342**
Nontrade receivables*	**95,309**	**112,452**	**662,706**	**437,625**	**(437,625)**	**870,467**
Due from related parties	–	**6,160,972**	–	**9,649,201**	**(9,649,201)**	**6,160,972**
	₱495,142	**₱6,396,751**	**₱2,371,888**	**₱10,134,631**	**(₱10,134,631)**	**₱9,263,781**

**Excluding advances subject to liquidation*

	2019					
	Neither Past	Past Due but not Impaired				
	Due nor Impaired	Less than 30 Days	30 Days and Over	Impaired	Allowance	Total
Trade receivables	₱4,647,082	₱1,064,286	₱322,390	₱45,021	(₱45,021)	₱6,033,758
Nontrade receivables*	776,940	128,423	114,461	178,798	(178,798)	1,019,824
Due from related parties	–	5,349,818	–	9,646,063	(9,646,063)	5,349,818
	₱5,424,022	₱6,542,527	₱436,851	₱9,869,882	(₱9,869,882)	₱12,403,400

**Excluding advances subject to liquidation*

Based on the cash flow projection, past due receivables are expected to be collected within 2020.

Liquidity Risk

The Company seeks to manage its funds through cash planning on a weekly basis. This undertaking specifically considers the maturity of both the financial investments and financial assets and projected operational disbursements. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. As a general rule, cash balance should be equal to ₱3.5 billion at any given time to compensate for two months of operational exigencies amidst occasional fluctuation of cash inflows.

It is the Company's objective to maintain a balance between continuity of funding and flexibility through the use of bank credit and investment facilities. As such, the Company continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities such as the ₱6 billion bond issuance in 2014 and refinancing of loans in 2016. Currently, the debt maturity profile of the Company ranges from 0.20 to 9 years. Also, the Company places funds in the money market only when there are surpluses from the Company's requirements. Placements are strictly made based on cash planning assumptions and as much as possible, covers only a short period of time. The Company was not able to comply with certain provisions of the loan agreements as of December 31, 2020 which resulted in the current classification of its interest-bearing loans payable. Discussions on how the Company addressed this and the related liquidity risk are in Notes 3 and 16.

The tables below summarize the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted payments.

	2020					
	Within One Year	**1 year but less than 2 years**	**2 years but less than 3 years**	**3 years to 4 years**	**More than Four Years**	**Total**
Cash and cash equivalents	**₱703,016**	**₱–**	**₱–**	**₱–**	**₱–**	**₱703,016**
Short-term investments	–	–	–	–	–	–
Trade receivables	**2,232,342**	–	–	–	–	**2,232,342**
Nontrade receivables	**870,467**	–	–	–	–	**870,467**
Due from related parties	**6,160,972**	–	–	–	–	**6,160,972**
	₱9,966,797	**₱–**	**₱–**	**₱–**	**₱–**	**₱9,966,797**
Trade and other payables*	**₱8,071,950**	**₱–**	**₱–**	**₱–**	**₱–**	**₱8,071,950**
Interest-bearing loans and borrowings**	**17,253,158**	–	–	–	–	**17,253,158**
Lease liabilities**	**15,525**	**14,517**	**10,254**	**6,051**	**3,517**	**49,864**
Obligations for program rights	**245,834**	**367,349**	–	–	–	**613,183**
	₱25,586,467	**₱381,866**	**₱10,254**	**₱6,051**	**₱3,517**	**₱25,988,155**

**Excluding customers' deposits, accrued taxes and other payables to government agencies*
***Including interest*

	2019					
	Within One Year	1 year but less than 2 years	2 years but less than 3 years	3 years to 4 years	More than Four Years	Total
Cash and cash equivalents	₱1,880,979	₱–	₱–	₱–	₱–	₱1,880,979
Short-term investments	6,670,319	–	–	–	–	6,670,319
Trade receivables	6,033,758	–	–	–	–	6,033,758
Nontrade receivables	1,019,824	–	–	–	–	1,019,824
Due from related parties	5,349,818	–	–	–	–	5,349,818
	₱20,954,698	₱–	₱–	₱–	₱–	₱20,954,698
Trade and other payables*	₱6,009,013	₱–	₱–	₱–	₱–	₱6,009,013
Interest-bearing loans and borrowings**	1,363,815	1,371,394	1,358,050	1,344,706	22,556,236	27,994,201
Lease liabilities**	64,296	51,977	51,716	20,019	8,513	196,521
Obligations for program rights	332,755	257,689	202,737	–	–	793,181
	₱7,769,879	₱1,681,060	₱1,612,503	₱1,364,725	₱22,564,749	₱34,992,916

**Excluding customers' deposits, accrued taxes and other payables to government agencies*
***Including interest*

Capital Management

The Company's capital structure pertains to the mix of long-term sources of funds. When the Company expands, it needs capital, and that capital can come from debt or equity.

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios and strong credit ratings while viably supporting its business to maximize shareholder value. No changes were made in capital management objectives, policies or processes in 2020 and 2019.

The Company's approach focuses on efficiently allocating internally generated cash for operational requirements and investments to grow the existing business as well as to deliver on its commitment of a regular dividend payout at a maximum of 50% of the previous year's net income. Shortages if any and acquisitions or investments in new business are funded by the incurrence of additional debt largely capped by existing loan covenants on financial ratios.

As evidenced by the quarterly financial certificates that the Company issued to its lenders, all financial ratios are within the required limits all throughout 2020 and 2019, except for the 4th Quarter of 2021 debt service coverage ratio for which the Company has obtained consent and approval from the existing lenders to waive the provisions of the loan agreement requiring the financial covenants for the said period (see Notes 16 and 34).

2020 Financial Ratios	Required	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
Loan Agreement					
Debt to equity	Less than or equal to 2.50	1.58	1.76	1.77	2.44
Debt service coverage ratio	Greater than or equal to 1.20	7.76	8.07	3.70	0.91

2019 Financial Ratios	Required	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Loan Agreement					
Debt to equity	Less than or equal to 2.50	1.36	1.47	1.30	1.55
Debt service coverage ratio	Greater than or equal to 1.10	10.67	10.56	7.09	10.49

29. Financial Assets and Financial Liabilities

The following tables set forth the carrying amounts and estimated fair values of parent company financial assets and liabilities recognized as at December 31, 2020 and 2019. There are no material unrecognized financial assets and liabilities as at December 31, 2020 and 2019.

			2020		
	Carrying Amount	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial Asset					
Financial assets at FVOCI	**₱35,104**	**₱35,104**	**₱–**	**₱–**	**₱35,104**
Financial Liabilities					
Other financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	**₱16,033,608**	**₱18,652,234**	**₱–**	**₱–**	**₱18,652,234**
Obligations for program rights	**594,223**	**613,183**	**–**	**613,183**	**–**
	₱16,627,831	**₱19,265,417**	**₱–**	**₱ 613,183**	**₱18,652,234**

	2019				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial Asset					
Financial assets at FVOCI	₱236,384	₱236,384	₱162,107	₱–	₱74,277
Financial Liabilities					
Other financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	₱20,229,622	22,242,938	₱–	₱–	₱22,242,938
Obligations for program rights	739,695	775,123	–	775,123	–
	₱20,969,317	₱23,018,061	₱–	₱775,123	₱22,242,938

Fair Value of Financial Instruments
The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and Cash Equivalents, Short-term Investments, Trade and Other Receivables and Trade and Other Payables. Due to the short-term nature of transactions, the fair values of these instruments approximate the carrying amounts as of financial reporting date.

Deposits. These were presented at cost since the timing and amounts of future cash flows cannot be reasonably and reliably estimated. As of December 31, 2020 and 2019, deposits amounted to ₱145.6 million and ₱163.6 million, respectively.

Financial assets at FVOCI. The fair values of publicly-traded instruments were determined by reference to market bid quotes as at financial reporting date. The fair values of the non-listed equity investments have been estimated using a discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.

Interest-bearing Loans and Borrowings. Fair value was computed based on the following:

	Fair Value Assumptions
Term loans	Estimated fair value is based on the discounted value of future cash flows using the applicable risk-free rates for similar types of loans adjusted for credit risk. The interest rates used to discount the future cash flows have ranged from 6.9% to 7.1%.

Obligations for Program Rights. Estimated fair value is based on the discounted value of future cash flows using the applicable risk-free rates for similar types of loans adjusted for credit risk.

There were no transfers between levels in the fair value hierarchy as of December 31, 2020 and 2019.

Offsetting of Financial Assets and Liabilities
There is no offsetting of financial assets and liabilities as of December 31, 2020 and 2019.

30. Notes to Parent Company Statements of Cash Flows

In 2020 and 2019, noncash investing activity pertain to acquisition of program rights on account amounting to ₱241,620 and ₱428,104, respectively.

Changes in liabilities arising from financing activities:

	January 1, 2020	**Cash flows**	**Noncash changes**	**December 31, 2020**
Long-term debt	**₱20,229,622**	**(₱4,211,815)**	**₱15,801**	**₱16,033,608**
Accrued interest (see Note 14)	**192,845**	**(1,067,779)**	**1,033,989**	**159,055**
Dividends payable (see Note 14)	**304,192**	**(1,000)**	**(259,711)**	**43,481**
Lease liabilities	**171,798**	**(51,459)**	**(77,283)**	**43,056**
Total liabilities from financing activities	**₱20,898,457**	**(₱5,332,053)**	**₱712,796**	**₱16,279,200**

	January 1, 2019	Cash flows	Noncash changes	December 31, 2019
Long-term debt	₱22,322,866	(₱2,172,618)	₱79,374	₱20,229,622
Accrued interest (see Note 14)	204,724	(1,277,990)	1,266,111	192,845
Dividends payable (see Note 14)	281,024	(457,893)	481,061	304,192
Lease liabilities	–	(177,528)	349,326	171,798
Total liabilities from financing activities	₱22,808,614	(₱4,086,029)	₱2,175,872	₱20,898,457

Noncash changes include effect of accrual of dividends and interests and amortization of debt issue costs.

31. Contingent Liabilities and Other Matters

a. The Company is also subject to periodic examinations by tax authorities and has other legal cases in the ordinary course of business, which are pending in courts or under protest. In consultation with its legal counsel, management believes that the outcome of these examinations and cases are not material to affect the Company's financial position and financial performance.

   Disclosure of additional details beyond the present disclosures may seriously prejudice the Company's position. Thus, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* only general descriptions were provided.

32. Operating Segment Information

The Parent Company's identified reportable segments are consistent with the segment information presented in the Group's consolidated financial statements. The following segment information is consistent with the segments reported to the Executive Committee, which is the Group's Chief Operating Decision Maker (CODM). The Executive Committee monitors operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit and loss presented in the consolidated financial statements.

The segment information provided in the succeeding section are based on consolidated balances; adjustments are presented to reconcile the information with the balances reported in the parent company financial statements.

Business Segments
For management purposes, the Company is organized into two business activities – Content Production and Distribution and Cable and Broadband. This segmentation is the basis upon which the Company reports its primary segment information.

- Content production and distribution comprise entertainment, news and current affairs, global operations, film and music production, cable channels, publishing, content distribution through digital platforms, and live events and concerts. This consists of local and global content creation and distribution through television and radio broadcasting.
- Cable and Broadband includes cable television and broadband services in Metro Manila and in certain provincial areas in the Philippines.

As result of the events disclosed in Note 1, the Company ceased various operating businesses and has formed two reportable segments namely, Content Production and Distribution and Cable and Broadband. The Company has further restated the 2019 and 2018 comparative information to conform with the 2020 reporting segmentation.

Geographical Segments
The Company operates in three major geographical areas namely, the Philippines, United States and Other Countries. In the Philippines, its home country, the Company is involved in content production and distribution and pay TV. In the United States and in other locations (which include Middle East, Europe, Australia, Canada and Japan), the Company operates its cable and satellite operations to bring its produced content outside the Philippines.

The Company does not have revenue from transactions with a single external customer amounting to 10% or more of the Company's revenues.

Inter-segment Transactions
Segment revenue, segment expenses and operating results include transfers among business segments and among geographical segments. The transfers are accounted for at competitive market prices charged to unrelated customers for similar services. Such transfers are eliminated upon consolidation.

The Executive Committee, the Company's chief operating decision maker, monitors operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit and loss in the consolidated financial statements.

On a consolidated basis, the Company's performance is evaluated based on consolidated net income for the year, earnings before interest, taxes and depreciation and amortization (EBITDA) and EBITDA margin. EBITDA margin pertains to EBITDA divided by gross revenues.

EBITDA and EBITDA margin are non-PFRSs measures.

The following table shows the reconciliation of the consolidated EBITDA to consolidated net income:

	Years Ended December 31		
	2020	2019	2018
Consolidated EBITDA	**(₱6,240,828)**	₱9,153,763	₱8,053,108
Depreciation and amortization	**(3,591,768)**	(3,717,944)	(3,819,919)
Amortization of intangible assets**	**(1,340,496)**	(1,451,179)	(1,351,659)
Impairment loss	**(1,305,294)**	(3,364,907)	(9,438)
Finance costs*	**(1,201,260)**	(1,530,032)	(1,094,593)
Interest income	**201,101**	560,421	202,801
Provision for income tax	**(52,271)**	(2,295,269)	(72,059)
Consolidated net income	**(₱13,530,816)**	(₱2,645,147)	₱1,908,241

**Excluding bank service charges*
***Excluding amortization of movie in-process and filmed entertainment and story, video and publication and record master*

Business Segment Data

The following tables present revenue and income information and certain asset and liability information regarding business segments for the years ended December 31:

	Content Production and Distribution		Cable and Broadband		Reconciliations/Adjustments		Parent Company Balances	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenue								
External sales	₱12,257,547	₱34,404,177	₱9,603,622	₱9,661,228	(₱14,338,336)	(₱17,448,901)	₱7,522,833	₱26,616,504
Inter-segment sales	2,511,745	4,442,563	–	–	(2,491,521)	(4,406,212)	20,224	36,351
Revenue deductions	(768,178)	(1,560,245)	–	–	652,679	512,749	(115,499)	(1,047,496)
Total revenue	₱14,001,114	₱37,286,495	₱9,603,622	₱9,661,228	(₱16,177,178)	(₱21,342,364)	₱7,427,558	₱25,605,359
Results								
Operating results	(₱13,621,708)	(₱776,812)	₱39,785	₱308,925	₱1,820,317	(₱8,105,148)	(₱11,761,606)	(₱8,573,035)
Finance costs	(1,193,658)	(1,512,691)	(271,609)	(301,158)	399,315	438,446	(1,065,952)	(1,375,403)
Foreign exchange gains (losses) - net	(278,531)	(211,884)	(87,211)	(77,680)	833,826	171,528	468,084	(118,036)
Interest income	221,252	568,370	31,541	56,277	(59,810)	(154,397)	192,983	470,250
Impairment losses	1,305,294	3,331,266	–	–	(1,424,007)	(3,777,354)	(118,713)	(446,088)
Equity in net losses of associates and joint ventures	(1,776,100)	(18,721)	–	–	1,776,100	18,721	–	–
Gain on sale of investment	–	–	–	–	–	4,497	–	4,497
Other income – net	451,087	1,150,671	307,368	289,489	(237,473)	1,710,427	520,982	3,150,587
Income tax	(46,309)	(2,191,761)	(5,962)	(103,508)	(105,293)	605,926	(157,564)	(1,689,343)
Net income	(14,892,364)	₱338,438	₱13,912	₱172,345	₱3,002,975	(₱9,087,354)	(₱11,921,786)	(₱8,576,571)
Assets and Liabilities								
Operating assets	₱35,457,299	₱71,876,178	₱24,478,669	₱24,475,320	(₱35,047,135)	(₱58,083,015)	₱24,924,258	₱38,268,483
Investments in associates and joint ventures	15,957,614	20,930,038	1,562	1,562	(1,816,357)	(6,571,933)	14,142,819	14,359,667
Deferred tax assets – net	433,848	473,705	1,315,992	856,184	(1,749,840)	(1,329,889)	–	–
Total assets	₱51,848,761	₱93,279,921	₱25,796,223	₱25,333,066	(₱38,613,332)	(₱65,984,837)	₱39,067,077	₱52,628,150
Operating liabilities	₱14,881,646	₱16,619,324	₱6,710,426	₱6,634,394	(₱7,742,607)	(₱11,964,170)	₱13,849,465	₱11,289,548
Contract liabilities	64,392	436,165	692,484	628,485	(741,478)	(878,138)	15,398	186,512
Interest-bearing loans and borrowings	16,033,608	20,500,586	5,996,202	6,067,344	(5,996,202)	(6,338,308)	16,033,608	20,229,622
Deferred tax liability	474,371	458,355	–	–	–	(141,548)	474,371	316,807
Lease liabilities	173,468	878,309	777,616	239,215	(908,028)	(945,726)	43,056	171,798
Total liabilities	₱31,627,485	₱38,892,739	₱14,176,728	₱13,569,438	(₱15,388,315)	(₱20,267,890)	₱30,415,898	₱32,194,287
Other Segment Information								
Capital expenditures:								
Property and equipment	₱1,101,867	₱1,588,089	₱3,233,871	₱2,489,861	(₱3,778,239)	(₱3,089,064)	₱557,499	₱988,886
Intangible assets	967,086	1,228,997	51,935	82,449	(715,388)	(409,353)	303,633	902,093
Depreciation and amortization	5,151,799	4,806,144	1,979,908	1,771,229	(4,831,793)	(4,008,255)	2,299,914	2,569,118
Noncash expenses other than depreciation and amortization	379,827	409,296	786,670	216,420	(1,150,696)	(606,747)	15,801	18,969

Geographical Segment Data

The following tables present revenue and expenditure and certain asset information regarding geographical segments for the years ended December 31:

	Philippines		United States		Others		Reconciliations/Adjustments		Parent Company Balances	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Revenue										
External sales	**₱17,961,491**	₱38,364,701	**₱2,340,949**	₱3,008,852	**₱1,558,729**	₱2,691,852	**(₱14,338,336)**	(₱17,356,518)	**₱7,522,833**	₱26,708,887
Inter-segment sales	**2,511,745**	4,442,563	**–**	–	**–**	–	**(2,491,521)**	(4,368,059)	**20,224**	74,504
Revenue deductions	**(768,178)**	(1,560,245)	**–**	–	**–**	–	**652,679**	382,213	**(115,499)**	(1,178,032)
Total revenue	**₱19,705,058**	₱41,247,019	**₱2,340,949**	₱3,008,852	**₱1,558,729**	₱2,691,852	**(₱16,177,178)**	(₱21,342,364)	**₱7,427,558**	₱25,605,359
Assets										
Operating assets	**₱54,304,376**	₱84,840,972	**₱1,511,933**	₱2,520,027	**₱4,101,334**	₱8,936,585	**(₱35,047,135)**	(₱58,083,015)	**₱24,870,508**	₱38,214,569
Contract assets	**53,750**	53,914	**–**	–	–	–	–	–	**53,750**	53,914
Investments in associates and joint ventures	**15,959,176**	20,931,600	**–**	–	–	–	**(1,816,357)**	(6,571,933)	**14,142,819**	14,359,667
Deferred tax assets – net	**1,585,052**	1,225,025	**143,880**	77,198	**20,908**	27,666	**(1,749,840)**	(1,329,889)	**–**	–
Total assets	**₱71,902,354**	₱107,051,511	**₱1,655,813**	₱2,597,225	**₱4,122,242**	₱8,964,251	**(₱38,613,332)**	(₱65,984,837)	**₱39,067,077**	₱52,628,150
Liabilities										
Operating liabilities	**₱17,505,655**	₱19,333,482	**₱451,536**	₱559,114	**₱3,634,881**	₱3,361,121	**(₱7,742,607)**	(₱11,964,169)	**₱13,849,465**	₱11,289,548
Contract liabilities	**756,876**	1,064,650	**–**	–	**–**	–	**(741,478)**	(878,138)	**15,398**	186,512
Interest-bearing loans and borrowings	**22,029,810**	26,536,966	**–**	30,964	**–**	–	**(5,996,202)**	(6,338,308)	**16,033,608**	20,229,622
Deferred tax liability	**474,371**	455,078	**–**	–	**–**	–	**–**	(138,271)	**474,371**	316,807
Lease liabilities	**943,944**	520,403	**6,995**	579,236	**145**	17,885	**(908,028)**	(945,726)	**43,056**	171,798
Total liabilities	**₱41,710,656**	₱47,910,579	**₱458,531**	₱1,169,314	**₱3,635,026**	₱3,379,006	**(₱15,388,315)**	(₱20,264,612)	**₱30,415,898**	₱32,194,287
Other Segment Information										
Capital expenditures:										
Property and equipment	**₱4,331,634**	₱4,033,749	**₱3,430**	₱44,201	**₱674**	₱–	**(₱3,778,239)**	(₱3,089,064)	**₱557,499**	₱988,886
Intangible assets	**1,019,021**	1,311,446	**–**	–	**–**	–	**(715,388)**	(409,353)	**303,633**	902,093

33. **EPS Computation**

Basic EPS amounts are calculated by dividing the net income (loss) of the Company for the period attributable to common shareholders by the weighted average number of common shares outstanding (net of treasury shares and PDRs) during the period.

The following table presents information necessary to calculate EPS:

	Years Ended December 31	
	2020	2019
Net loss	**(₱11,921,786)**	(₱8,576,571)
Dividends on preferred shares	**(4,000)**	(4,000)
Net income attributable to common equity holders of the Company (a)	**(₱11,925,786)**	(₱8,580,571)
Weighted average number of shares outstanding (b)	**822,972,436**	822,972,436
Basic/diluted EPS (a/b)	**(₱14.491)**	(₱10.426)

The Company has no dilutive potential common shares outstanding, therefore basic EPS is the same as diluted EPS.

34. **Events after Reporting Period**

a. On April 28, 2021, an addendum to the mortgage agreement was signed by ABS-CBN, the creditors, and security agent to reflect the agreements reached with regard to proposed sale of certain real estate.

b. On May 27, 2021, the Company's BOD approved the release from appropriation, retained earnings of ₱16,200 million set aside for capital expenditures.

c. On May 14 and 21, 2021 the Company has obtained consent and approval from Unionbank and BPI, respectively, to waive the provisions of the loan agreement requiring the financial covenants for the 4th quarter of 2020 and the 1st quarter of 2021.

d. The Standstill Effectivity date has occurred on May 31, 2021.

35. **Other Matters**

The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the country starting March 16, 2020 have caused disruptions to the Company's business activities. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines as of June 3, 2021, management believes that the impact of COVID-19 situation moving forward remains fluid and evolving, and therefore, it is difficult to quantify its impact to the financial position, performance and cash flow of the Company subsequent to December 31, 2020.

The Company continues to abide by and comply with all rules and regulations issues by the government in relation to the COVID-19 pandemic. In line with applicable rules and regulations, the said risks are mitigated by business continuity strategies set in place by the Company. Measures currently undertaken by the Company to mitigate the risks of COVID-19 pandemic on its operations include enforcing quarantine protocols for production personnel during taping schedules, frequent sanitations on remote location and office premises, mandatory swab and antigen tests for its personnel, implementation of zoning areas throughout ABS-CBN compound, work-from-home arrangements, practice of social distancing through remote communication, and full use of digital technology for different aspects of the operations, wherever applicable and useful, among others.

36. **Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010**

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements. All values are rounded to the nearest peso.

VAT

The Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12.0%.

a. Net sales/receipts and output VAT declared in the Company's VAT returns in 2020

	Net Sales/Receipts	Output VAT
Taxable sales:		
Airtime revenue	₱8,980,220,557	₱1,077,626,467
Other revenue	1,146,685,644	137,602,277
	10,126,906,201	1,215,228,744
Zero-rated sales:		
Airtime revenue	263,352,962	–
Other revenue	283,636,791	–
	546,989,753	–
	₱10,673,895,954	₱1,215,228,744

The Company's airtime revenue and other revenue are based on actual collections received, hence, may not be the same as the amount reported in the parent company statement of income.

The Company has zero-rated sales pursuant to Section 108 (B) of the National Internal Revenue Code.

The Output VAT paid in cash in 2020 amounted to ₱403,171,866.

b. Input VAT in 2020

Balance at January 1	₱118,138,391
Current year's domestic purchases/payments or importations for:	
Capital goods subject to amortization	9,460,340
Services lodged under cost of goods sold	280,681,013
Services lodged under other accounts	609,679,980
Input VAT closed to/applied against Output VAT and other adjustments	(812,056,878)
Balance at December 31	₱205,902,846

Information on the Company's Importations for 2020

Total landed cost of imports (excluding duties)	₱–
Custom duties	–
	₱–

Taxes and Licenses in 2020

Taxes and licenses, local and national, include real estate taxes, licenses and permit fees in 2020.

Included in production costs and general and administrative expenses:	
Local business and franchise taxes	₱167,661,457
Licenses, registration fees and others	124,774,993
Fringe benefit taxes	55,097,549
Real estate taxes	41,045,464
	₱388,579,463

Withholding Taxes in 2020

Withholding taxes on compensation and benefits	₱915,915,945
Expanded withholding taxes	375,498,805
Final withholding taxes	29,571,931
	₱1,320,986,681

Tax Assessments

The Company has an ongoing tax assessment. The Company filed a protest against the tax assessment and submitted to the BIR reconciliation statements and supporting documents.

Tax Cases

The Company has no outstanding tax cases in any other court or bodies outside of the BIR as of December 31, 2020.