COVER SHEET

1	8	0	3

SEC Registration Number

ABS-CBN CORPORATION
AND SUBSIDIARIES

(Company's Full Name)

ABS-CBN BROADCAST CENTER
SGT. ESGUERRA AVE. CORNER
MO. IGNACIA ST. DILIMAN
QUEZON CITY

(Business Address: No. Street City/Town/Province)

Enrique I. Quiason
(Contact Person)

3415-2272
(Company Telephone Number)

1 2	3 1	2 0 - I S	0 7	2 9
Month	*Day*		*Month*	*Day*
(Fiscal Year)		Preliminary (Form Type)	(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

7,073	19.4B	
Total No. of Stockholders	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.

ABS-CBN

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To: All Stockholders of
ABS-CBN Corporation

Please take notice that the Annual Meeting of the Stockholders of **ABS-CBN Corporation** will be held via remote communication through the link https://conveneagm.com/ph/abscbn_asm2022 on July 28, 2022 at 8:00 a.m. to discuss the following:

A G E N D A

1. Call to Order
2. Proof of Service of Notice
3. Certification of Presence of Quorum
4. Approval of the Minutes of the Annual Stockholders' Meeting held on July 29, 2021
5. Report of Management
6. Ratification of the Audited Financial Statements and Approval of Report of Management
7. Ratification of all acts of the Board of Directors, Executive Committee and Management for the period covering January 1, 2021 through December 31, 2021 adopted in the ordinary course of business
8. Election of Directors for the Ensuing Year
9. Appointment of SyCip Gorres Velayo & Co. as external auditors
10. Other Business
11. Adjournment

For purposes of the meeting, only stockholders of record as of June 9, 2022 are entitled to attend and vote in the said meeting.

Given the current circumstances, stockholders may only attend the meeting by remote communication, by voting in absentia, or by appointing the Chairman of the meeting as proxy.

Online participation and voting by remote communication will be available for all stockholders. Stockholders who wish to participate and vote online by remote communication will be required to register starting July 7, 2022 and until July 18, 2022. Stockholders who are not able to register as of July 18, 2022 can no longer avail of online voting but may still participate by remote communication, provided such stockholders shall register not later than July 21, 2022. The **Registration and Validation Procedures for the 2022 Annual Stockholders Meeting (Virtual ASM**) are set out below as **Annex "A"**, as attached to this Notice and Agenda. Stockholders intending to participate by remote communication should register at https://conveneagm.com/ph/abscbn_asm2022.

All stockholders who will not, are unable, or do not expect to attend the virtual meeting in person may choose to execute and send a valid proxy in writing to the Office of the Corporate Secretary, at 11F Investor Relations Office, ELJ Bldg. Mother Ignacia St. Quezon City or by email at corporatesecretary@abs-cbn.com or in digital/electronic form at https://conveneagm.com/ph/abscbn_asm2022 on or before July 18, 2022. Proxies shall be validated beginning on July 19, 2022.

Pursuant to SEC Notice dated February 16, 2022, copies of this Notice, Information Statement, and Other Documents related to the Annual Stockholders' Meeting, shall be published through The Philippine Star and The Philippine Daily Inquirer.

Electronic copies of the Corporation's Information Statement, Management Report, SEC 17-A and other pertinent documents are available at its website at https://www.abs-cbn.com/investors/asm2022 and uploaded at the PSE's EDGE disclosure system.

Metro Manila, June 16, 2022.

By order of the Board of Directors:

ENRIQUE QUIASON
Corporate Secretary

Annex A

Registration and Validation Procedures for the 2022 Annual Stockholders Meeting (Virtual)

Annex A: Registration and Validation Procedures for the Virtual ASM:

Note: In line with the Covid-19 pandemic ABS-CBN Corporation is restricting all communications thru the online and designated email address(es) provided. Please be guided accordingly.

1. Validation of stockholders will be from July 7, 2022 to 6:00 p.m. of July 18, 2022.

2. Stockholders who will execute a proxy must submit their duly executed proxy thru this link https://conveneagm.com/ph/abscbn_asm2022 on or before July 18, 2022, validation of proxies is scheduled on July 19, 2022.

Note: For corporate stockholders, a secretary's certificate on the authorized signatory to execute the proxy is required to be submitted. Scanned copies of the secretary's certificate may be uploaded, but the Corporation reserves the right to require the submission of the originals for authentication.

3. Stockholders who intend to participate in the virtual ASM must register thru this link https://conveneagm.com/ph/abscbn_asm2022 for validation from July 7, 2022 to 6:00 p.m. of July 18, 2022 and submit the following information:

   For certificated stockholders:
   a. Name
   b. Address
   c. Email address
   d. Contact number
   e. Scanned copy of two valid government issued IDs

   For stockholders whose shares are lodged with brokers:
   a. Certification from broker stating the name and number of shares of the beneficial owner and that they are beneficial owner as of the record date (must be complete)
   b. Address
   c. Email address
   d. Contact number
   e. Scanned copy of two valid government issued IDs

Note: the above documents will be subject to review for purposes of validation and we may require additional documents as needed.

4. Validated stockholders and proxies will get a confirmation thru email and will be provided with a link to the virtual ASM and the link to cast their vote on or before July 18, 2022.

5. Validated stockholders and proxies may cast their vote through the designated link until July 18, 2022.

6. For the determination of the quorum, all shares represented by duly validated proxies will be counted as "shares represented by proxies" and shares of validated stockholders present at the virtual ASM will be counted as "shares present in person". The Corporate Secretary shall announce all the results during the meeting proper subject to final tabulation.

7. For the tabulation of votes, all validated proxies and ballots submitted on or before July 18, 2022, will be tabulated by the Office of the Corporate Secretary and validated by SGV.

Questions and comments may be submitted during registration and until 6:00 p.m. July 18, 2022.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b)
OF THE SECURITIES REGULATION CODE

1. **Check the appropriate box:**

   [   ] Preliminary Information Statement
   [X] Definitive Information Statement

2. **Name of registrant as specified in its charter:**

   ABS-CBN CORPORATION

3. **Province, Country or other jurisdiction of incorporation or organization**

   QUEZON CITY, PHILIPPINES

4. **SEC Identification Number:** 1803

5. **BIR Tax Identification Number:** 000-406-761-000

6. **Address of Principal Office**

   ABS-CBN Broadcast Center
   Sgt. Esguerra Avenue corner Mother Ignacia Street
   Quezon City 1103 Philippines

7. **Registrant's telephone no. and area code:** (632) 3415-22-72

8. **Date, time and place of the meeting of security holders**

   Date : July 28, 2022
   Time : 8:00 A.M.
   Place : https://conveneagm.com/ph/abscbn_asm2022

9. **Approximate date of which the Information Statement is first to be sent or given to security holders**

   June 30, 2022

10. **Securities registered pursuant to Sections 8 & 12 of the Code or Section 4 and 8 of the Revised Securities Act:**

    Common Shares **902,940,348** shares

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

    Yes [/] No [   ]

    The Company's common shares have been listed on the Philippine Stock Exchange since 1992.

EXPLANATION OF AGENDA ITEMS

1. Call to Order

The Chairman of the Board, Mr. Martin L. Lopez, will call to order the Annual Stockholders' Meeting.

2. Proof of Service of Notice

The Corporate Secretary will be asked to certify that in accordance with Section 49 of the Revised Corporation Code and SEC Memo Circular No. 3 Series of 2020, the Notice and Agenda of the meeting, among others, were served upon the stockholders entitled to the same through publication in two (2) newspapers of general circulation, The Philippine Star and The Philippine Daily Inquirer in print and online format

3. Certification of Presence of Quorum

The Corporate Secretary will then certify whether or not, based on the number of shares present, through remote communication, *voting in absentia* or by proxy, a quorum exists for a valid meeting.

Pursuant to Sections 57 and 23 of the Revised Corporation Code which allow voting *in absentia* by the stockholders, the Corporation has set up https://conveneagm.com/ph/abscbn_asm2022 as the designated online web address which may be accessed by the stockholders to register and vote *in absentia* on the matters presented for resolution at the meeting. A stockholder who votes *in absentia* as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum.

The following are the rules of conduct and procedures for the meeting:

(i) Stockholders may attend the meeting via remote communication through https://conveneagm.com/ph/abscbn_asm2022. Questions and comments may be sent by email on or before 6:00pm on July 18, 2022 at corporatesecretary@abs-cbn.com and shall be limited to the Items in the Agenda.

(ii) Each of the proposed resolutions will be shown on the screen in the venue and during the livestreaming as the same is taken up at the meeting.

(iii) Stockholders must notify the Company of their intention to participate in the Meeting by remote communication to be included in determining quorum, together with the stockholders who voted *in absentia* and by proxy.

(iv) Voting shall only be allowed for Stockholders registered in the online system through https://conveneagm.com/ph/abscbn_asm2022 or through the Chairman of the meeting as proxy.

(v) Stockholders voting *in absentia*, who have previously registered through https://conveneagm.com/ph/abscbn_asm2022, may cast their votes electronically until July 19, 2022.

(vi) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting.

(vii) The Office of the Corporate Secretary will tabulate all votes received and an independent third party will validate the results. The Corporate Secretary shall report the results of voting during the meeting.

4. Approval of the Minutes of the Annual Stockholders' Meeting held on July 29, 2021.

The minutes of the previous annual stockholders' meeting has been made available on the Company's website https://www.abs-cbn.com/investors/asm-2021/results-of-2021-asm/results-of-the-2021-

annual-stockholders-meeting/id-517. Copies of the minutes will also be distributed to the stockholders upon registration at **https://conveneagm.com/ph/abscbn_asm2022**. A resolution on this item requires the approval of a majority of the votes of the stockholders present and eligible to vote. The minutes of the annual stockholders' meeting held on July 29, 2021 contain discussions of the following items:

- Approval of the Minutes of the Annual Stockholders' Meeting held on September 24, 2020 and the minutes of the special stockholders' meeting held on February 2, 2021.
- Report of the President and Discussions of Questions from the Stockholders
- Approval of Audited Financial Statements for the Year Ended December 31, 2020;
- Election of the Directors
- Ratification and approval of the acts of Board, the Officers and Management for the fiscal year 2020;
- Appointment of External Auditors
- Adjournment

5. Report of Management

The President and Chief Executive Officer will render the Report of Management on the Company's performance in 2021, as reflected in the audited financial statements.

6. Ratification of the Audited Financial Statements and Approval of Report of Management

The stockholders will be requested to ratify the Board's approval of the Corporation's audited financial statements as of December 31, 2021 and to approve the report of management. The audited financial statements are attached to the Information Statement and sent to eligible stockholders pursuant to the requirements of the Securities Regulation Code.

A resolution on the ratification of the approval of the audited financial statements and the approval of the report of management requires the approval of a majority of the votes of stockholders present and eligible to vote.

7. Election of Directors for the Ensuing Year

Pursuant to the Corporation's By-Laws, Manual of Corporation Governance, and applicable rules of the Securities and Exchange Commission, any stockholder, including minority stockholders, may submit nominations for the election of directors at least ten (10) calendar days prior to the date of the meeting or by July 18, 2022. As of June 16, 2022, the Nomination and Election Committee received nominations for directors and found such nominees to have all the qualifications and none of the disqualifications to serve as directors. The names of the nominees and their respective profiles, including directorships in listed companies, are duly indicated in the Information Statement. The election of directors will be done by plurality of votes using cumulative voting and voting by poll.

8. Ratification of the Acts of the Board and of Management

This will cover all acts and resolutions adopted by the board of directors and management since January 1, 2021 until December 31, 2021. These cover matters entered into in the ordinary course of business, with those of significance having been covered by the proper disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange in accordance with applicable disclosure rules. A resolution on this agenda item requires the ratification of a majority of the votes of stockholders present and eligible to vote.

9. Appointment of External Auditors

The Audit Committee has recommended the re-appointment of SyCip, Gorres, Velayo & Co. as external auditors for the ensuing year. The profile of the firm is duly indicated in the Information Statement. A resolution on this agenda item requires the approval of a majority of the votes of stockholders present and eligible to vote.

10. Consideration of such other business as may properly come before the meeting

The Chairman will open the floor for comments and questions by the stockholders submitted beforehand in accordance with the rules.

11. Other Business

This covers consideration of other business that may properly come before the meeting.

Under SEC Memorandum Circular No. 14, series of 2020, stockholders who alone, or together with other shareholders, hold at least five percent (5%) of the outstanding capital stock of ABS-CBN Corporation, shall have the right to include items on the agenda prior to the annual stockholders meeting.

The Company did not receive any such request to include items on the agenda in accordance with the Memorandum Circular before the filing of this Information Statement. Items added on the agenda pursuant to the Memorandum Circular after the filing of this Definitive Information Statement shall be filed under Other Business.

The Chairman of the meeting will entertain other comments, questions, or proposals or points of clarification from the stockholders.

PROXY FORM

Date:

Item 1. **Identification**

This proxy will serve to nominate, constitute and appoint ______________________________, as my attorney and proxy, to represent me at the Annual Meeting of the Stockholders of the Corporation scheduled on July 28, 2022 at 8:00 a.m. at **https://conveneagm.com/ph/abscbn_asm2022**, and any adjournment(s) thereof, as fully and to all intents and purposes as I might or could if present and voting in person, hereby ratifying and confirming any and all action taken on matters which may properly come before such meeting or adjournment(s) thereof.

Item 2. **Instruction**

By affixing his/her signature on the space provided below, the undersigned stockholder hereby directs the said proxy to vote on the agenda items set forth below as he/she has expressly indicated by marking the same with an "X", failing which, his/her said proxy shall exercise full discretion in acting thereon. **If the undersigned stockholder fails to indicate his/her vote on the items specified below, this shall serve to authorize his/her proxy to exercise full discretion to act,**

Please be advised that proxies are validated by the Company's stock and transfer agent, Rizal Commercial Banking Corporation. The record date for the stockholders entitled to attend and to vote in the said meeting is **June 9, 2022**.

Item 3. **Revocability of Proxy**

This proxy shall be valid for the Annual Stockholders Meeting scheduled on July 28, 2022 or any adjournment thereof. It shall be for a maximum period of five (5) years, unless withdrawn by the undersigned stockholder by written notice duly filed with the Corporate Secretary. This proxy shall not be valid where the undersigned stockholder personally appears and registers in the stockholders meeting. The proxy may not be withdrawn if coupled with an interest.

Proposal	**Action**		
	FOR	**AGAINST**	**ABSTAIN**
1. Approval of Minutes of the Annual Stockholders' Meeting held on July 29, 2021			
2. Ratification of the Audited Financial Statements for the Year Ended December 31, 2021 and Approval of Report of Management			
3. Ratification of the Acts of the Board and of Management			
4. Election of Directors			
Federico M. Garcia			
Carlo L. Katigbak			
Augusto Almeda Lopez			
Mario Luza Bautista			
Federico R. Lopez			
Martin L. Lopez			
Oscar M. Lopez			
Salvador G. Tirona			
Emmanuel S. de Dios (Independent Director)			
Randolf S. David (Independent Director)			
Honorio Poblador IV (Independent Director)			
5. Appointment of SyCip, Gorres, Velayo & Co. as External Auditors			
6. Consideration of such other business as may properly come before the meeting, including items added by stockholders pursuant to Memorandum Circular No. 14, series of 2020.			

IN WITNESS WHEREOF, I have hereunto set my hand at ________________, this ______________, 2022.

____
(Printed Name of Stockholder & Signature)

____
(Witness)

NOTE: Accomplished proxy form, together with copies of valid identification cards, should be delivered on or before July 18, 2022 to the Office of the Secretary at corporatesecretary@abs-cbn.com.

THIS PROXY FORM IS BEING PROVIDED AS A SAMPLE FOR USE BY THE STOCKHOLDERS SHOULD THEY WISH TO ACCOMPLISH THE SAME. IT IS NOT BEING SOLICITED ON BEHALF OF THE CORPORATION OR ITS MANAGEMENT. THE CORPORATION OR ITS MANAGEMENT IS NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND MANAGEMENT A PROXY.

ABS-CBN CORPORATION
INFORMATION STATEMENT

This information statement is dated June 30, 2022 and is being furnished to stockholders of record of ABS-CBN Corporation ("ABS-CBN" or the Company") as of June 16, 2022 in connection with the Annual Stockholders' Meeting.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

==

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

Date	-	July 28, 2022, Thursday
Time	-	8:00 A.M.
Place	-	**https://conveneagm.com/ph/abscbn_asm2022**

Due to restrictions on mass gathering brought about by Covid-19, there will be no physical venue for the meeting.

For purposes of the meeting, only stockholders of record as of June 9, 2022 are entitled to attend and vote in the said meeting. Online participation and voting by remote communication will be available for all stockholders. Stockholders who wish to participate and vote online by remote communication will be required to register starting July 7, 2022 and until July 18, 2022. Stockholders who are not able to register as of July 18, 2022 can no longer avail of online voting but may still participate by remote communication, provided such stockholders shall register not later than July 21, 2022. The **Registration and Validation Procedures for the 2022 Annual Stockholders Meeting (Virtual ASM**) are set out below as **Annex "A"**, as attached to this Notice and Agenda. Stockholders intending to participate by remote communication should register at https://conveneagm.com/ph/abscbn_asm2022. All stockholders who will not, are unable, or do not expect to attend the virtual meeting in person may choose to execute and send a valid proxy in writing to the Office of the Corporate Secretary, at 11F Investor Relations Office, ELJ Bldg. Mother Ignacia St. Quezon City or by email at corporatesecretary@abs-cbn.com or in digital/electronic form at https://conveneagm.com/ph/abscbn_asm2022 on or before July 18, 2022. Proxies shall be validated beginning on July 19, 2022.

Principal Office - ABS-CBN Broadcast Center, Sgt. Esguerra Ave.,
cor. Mo. Ignacia St., Quezon City, Metro Manila

Approximate date of which the Information Statement is first to be sent to security holders

June 30, 2022

Item 2. Dissenters' Right of Appraisal

A stockholder has a right to dissent and demand payment of the fair value of his share: (i) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares or of authorizing preferences over the outstanding shares or of extending or shortening the term of corporate existence; (ii) in case any sale, lease, mortgage or disposition of all or substantially all the corporate property or assets; (iii) in case of merger or consolidation and (iv) in case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The appraisal right may be exercised by a stockholder who has voted against the proposed corporate action, by making a written demand on the Company within thirty (30) days after the date on which the vote was taken for the payment of the fair market value of his shares.

There are no matters or proposed corporate actions, which may give rise to a possible exercise by security holders of their appraisal rights under Title X of the Corporation Code of the Philippines.

Item 3. Interest of Certain Persons in Matters to be acted upon

(a) No Director or Executive Officer of the Company has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon.

(b) No Director has informed the Company of his opposition to any action to be taken by the registrant at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) The Company has 902,940,348 common shares subscribed and outstanding as of May 31, 2022. Every stockholder shall be entitled to one vote for each share of common stock held as of the established record date.

(b) The Company has 1,000,000,000 preferred shares subscribed and outstanding as of May 31, 2022. 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.

(c) All stockholders of record as of June 9, 2022 are entitled to notice of and to vote at the Company's Stockholders' Meeting.

(d) With respect to the election of directors, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may accumulate said shares and give one candidate as many votes as the number of directors to be elected or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the total number of shares owned by him multiplied by the whole number of directors to be elected.

(e) Security ownership of certain Record and Beneficial Owners and Management:

Security Ownership of Certain Records and Beneficial Owners as of May 31, 2022:

Title Of class	Name and Address of Record Owner	Name of Beneficial Owner and Relationship with Record Owner	Citizen-ship	No. of Shares Held	% of Class	% of Outstandin g
Common	Lopez, Inc. 16/F North Tower, Rockwell Business Center, Sheridan cor. United St., Mandaluyong City	Lopez, Inc.	Filipino	480,933,747	53.26	25.27

Common	PCD Nominee Corporation* G/F Makati Stock Exchange Bldg., Ayala Ave., Makati City	Lopez, Inc.	Filipino	21,322,561	2.36	1.12
Common	PCD Nominee Corporation* G/F Makati Stock Exchange Bldg., Ayala Ave., Makati City	ABS-CBN Holdings Corporation	Filipino	268,211,430	29.70	14.09
Preferred	Lopez, Inc. 16/F North Tower, Rockwell Business Center, Sheridan cor. United St., Mandaluyong	Lopez, Inc.	Filipino	987,130,246	98.71	51.87

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

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 Philippine Deposit Receipts covering the shares in the Company registered and beneficially owned by it in favor of Lopez Holdings Corporation (formerly: Benpres Holdings Corporation).

Martin L. Lopez was named and appointed to exercise the voting power of Lopez Inc.'s shares in ABS-CBN Corporation.

The 268,211,430 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 59.75 by Lopez, Inc. and 40.25% by Oscar M. Lopez, Manuel M. Lopez, Salvador G. Tirona, Emmanuel S. De Dios, Benjamin R. Lopez, Jose C. Vitug and Eugenio Lopez III. The shares in the Company registered and beneficially owned by it are covered by the 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.

Martin L. 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 May 31, 2022, 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 May 31, 2022:

As of May 31, 2022, the Company's directors and senior officers owned an aggregate of 13,102,695 shares of the Company, equivalent to 1.55% 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	1,126,950	0.13%
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	1,527,015	0.17%
Common	Federico R. Lopez *Director*	Direct	Filipino	1	0.00%
Common	Randolf S. David Independent Director	Direct	Filipino	1	0.00%
Common	Salvador G. Tirona *Director*	Direct	Filipino	22,002	0.00%
Common	Federico M. Garcia *Director*	Direct	Filipino	13,898	0.00%
Common	Honorio G. Poblador IV *Independent Director*	Direct	Filipino	16,000	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%
Common	Maria Luisa S. Alcaneses *Data Privacy Officer*	Direct	Filipino	1,054	0.00%
Common	Roberto V. Barreiro *Chief Partnership Officer*	Direct	Filipino	592,172	0.07%
Common	Ma. Rosario S. Bartolome *Head, Integrated Marketing and Customer Experience*	Direct	Filipino	938,133	0.10%
Common	Ernilda L. Bayani *Head, Human Resources and Organizational Development*	Direct	Filipino	207,577	0.02%
Common	Aldrin M. Cerrado *Head, Global*	Direct	Filipino	1,393,019	0.15%
Common	Kane Errol C. Choa *Head, Integrated Corporate Communications*	Direct	Filipino	101,792	0.01%
Common	Carmela Grace C. Del Mundo *Head, Internal Audit*	Direct	Filipino	250,922	0.03%
Common	Roberto G. Labayen *Head, Creative Communication Management*	Direct	Filipino	568,166	0.06%
Common	Kriz Anthony G. Gazmen *Head, ABS-CBN Films*	Direct	Filipino	75,869	0.01%
Common	Dennis Marco A. Liquigan *Head, Star Music*	Direct	Filipino	137,790	0.02%

Common	Eugenio Lopez IV *Head, Digital*	Direct	Filipino	81,500	0.01%
Common	Raymund Martin T. Miranda *Chief Strategy Officer, Chief Risk Management Officer and Compliance Officer*	Direct	Filipino	1,046,778	0.12%
Common	Ma. Regina E. Reyes	Direct	Filipino	496,609	0.06%
	Head, Integrated News and Current Affairs				
Common	Ricardo B. Tan, Jr. *Group Chief Financial Officer*	Direct	Filipino	746,771	0.08%
Common	Rosanna H. Trinidad *Head, Integrated Sales*	Direct	Filipino	350,071	0.04%
Common	Antonio S. Ventosa *President and Chief Operating Officer, Sky Cable, and Concurrent Head, Narrowcast*	Direct	Filipino	326,682	0.04%
Common	Ma. Socorro V. Vidanes *Chief Operating Officer, Broadcast*	Direct	Filipino	2,723,814	0.30%
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			**13,102,695**	**1.45%**

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

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

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

Matters with Respect to the Previously Held Annual Stockholders' Meeting and Other Items in Relation to Section 49 of the Revised Corporation Code

(a) Manner of Voting / Submission of Questions

Under the Company's Articles of Incorporation, all common and voting preferred shares have full voting rights. All common and preferred stockholders as of record as of June 11, 2021 were entitled to registered and vote the number of shares in their name as of the record date.

The published Notice and Agenda included an explanation of the agenda items. As stated in the Registration and Validation Procedures for the Virtual Annual Stockholders Meeting furnished to the stockholders, a validation of the stockholders was conducted from July 8, 2021 to July 19, 2021. Stockholders intending to participate in the virtual annual stockholders meeting were requested to register through a designated link. Validated stockholders and proxies were sent a confirmation through email and the links to the virtual annual stockholders meeting. They were requested to cast their votes on or before July 19, 2021 though a secure online voting platform. The online voting platform contained the items for approval as indicated in the agenda set out in the notice. The proposed resolution for each of the item was shown on the screen during the meeting.

The manner of voting during the annual stockholders' meeting held on July 29, 2021 was non- cumulative, except as to the election of directors. Each stockholder had one vote for each share entitled to vote and registered in his name. The stockholders had the option to either vote in favor of, or against a matter for approval, or to abstain. The vote of the stockholders representing at least a majority of the shares present or represented was sufficient to approve any of the matters for approval.

On the election of directors, cumulative voting was allowed and the top eleven nominees with the most number of votes were elected as directors. Votes received through electronic voting or voting in absentia and votes cast through proxies were tabulated by the Office of the Corporate Secretary and validated by Rizal Commercial Banking Corporation Stock Processing Section. The results of the voting with full details of the affirmative and negative votes, as well as abstentions, were reflected in the minutes of the meeting.

Questions and comments were allowed to be submitted during registration and until July 19, 2021. The questions and comments referred to non-renewal of franchise, international expansion, strategy for 2022 election coverage, and plans for artists and talents. The President answered the questions and they are reflected in the minutes of the meeting.

(b) Matters Discussed and Resolutions Reached

The following was the agenda for the 2021 annual stockholders' meeting:

1. Call to Order
2. Proof of Service of Notice
3. Certification of Presence of Quorum
4. Approval of the Minutes of Annual Stockholders' Meeting held on September 24,2020 and the Minutes of the Special Stockholders' Meeting held on February 2, 2021
5. Report of Management
6. Ratification of the Audited Financial Statements and Approval of Report of Management
7. Election of Directors for Ensuing Year
8. Ratification of all acts of the Board of Directors and Management for the period covering January 1, 2020 through December 31, 2020 adopted in the ordinary course of business
9. Appointment of External Auditors
10. Other Business
11. Adjournment

Resolutions relating to the Approval of the Minutes of the Annual Stockholders' Meeting, the Ratification of the Audited Financial Statements, Ratification of the Acts of the Board of Directors and Management, Appointment of External Auditors, and the Amendment of the Executive Stock Purchase Plan were formally tabled and approved by the stockholders, and reflected in the minutes.

(c) Record of Voting Results

Out of the 854,330,968 common shares and the 1, 000,000,000 voting preferred shares of the Company issued and outstanding, there were present in the meeting, virtually or by proxy, 756,204,450 shares of the common stock and 987,130,246 representing at least 94.01% of the issued and capital stock.

Proposal	Action		
	FOR	AGAINST	ABSTAIN
Approval of Minutes of the Annual Stockholders' Meeting held on September 24, 2020, and the minutes of the Special Stockholders' Meeting held on February 2, 2021	1,743,332,423 (99.99%)	0	2,273
Ratification of the Audited Financial Statements for the Year Ended Dec. 31, 2021 and Approval of Report of Management	1,743,332,423 (99.99%)	0	2,273
Ratification of the Acts of the Board, and of Management	1,743,332,423 (99.99%)	0	2,273
Election of Directors			
Augusto Almeda Lopez	1,743,331,423 (99.99%)	0	2,253
Emmanuel S. de Dios (Independent Director)	1,743,331,423 (99.99%)	0	2,253
Federico M. Garcia	1,743,334,529 (99.99%)	0	2,253
Carlo L. Katigbak	1,743,331,530 (99.99%)	0	2,253
Federico R. Lopez	1,743,331,423 (99.99%)	0	2,253
Honorio Poblador IV (Independent Director)	1,743,331,423 (99.99%)	0	2,253
Martin L. Lopez	1,743,332,923 (99.99%)	0	2,253
Oscar M. Lopez	1,743,331,423 (99.99%)	0	2,253
Randolf S. David (Independent Director)	1,743,331,423 (99.99%)	0	2,253
Salvador G. Tirona	1,743,331,723 (99.99%)	0	2,253
Appointment of SyCip, Gorres, Velayo & Co. as External Auditors	1,743,334,696 (99.99%)	0	2,253

(d) Attendance at the 2021 Annual Stockholders' Meeting

Out of the 854,330,968 common shares and the 1, 000,000,000 voting preferred shares of the Company issued and outstanding, there were present in the meeting, virtually or by proxy, 756,204,450 shares of the common stock and 987,130,246 representing at least 94.01% of the issued and capital stock.

The following directors attended the 2021 annual stockholders' meeting:

Martin L. Lopez
Augusto Almeda Lopez
Carlo L. Katigbak
Emmanuel S. de Dios (independent director)
Federico M. Garcia
Federico R. Lopez
Mario L. Bautista
Antonio Jose U. Periquet (independent director)
Salvador G. Tirona

The following board advisors attended the meeting:

Cesar V. Purisima
Randolf S. David
Rafael L. Lopez
Honorio Poblador IV
Ma. Rosario Santos-Concio

The following officers were also present:

Robert V. Barreiro, Head, Customer Engagement;
Rosario S. Bartolome, Head, Integrated Marketing
Nilda L. Bayani, Head, Human Resources and Organizational Development
Aldrin M. Cerrado, Compliance Officer
Kane Errol C. Choa, Head, Integrated Corporate Communications
Olivia G. De Jesus, Head, Global
Carmela Grace C. Del Mundo, Head Internal Audit
Olivia M. Lamasan, Managing Director, ABS-CBN Film Productions, Inc. (Star Cinema)
Dennis Marco A. Liquigan, Head, Star Music
Eugenio Lopez IV, Head, Digital
Raymund Martin T. Miranda, Chief Strategy Officer and Chief Risk Management Officer
Regina E. Reyes, Head, Integrated News and Current Affairs,
Ricardo B. Tan, Jr., Group Chief Financial Officer,
Rosanna H. Trinidad, Head, Integrated Sales
Antonio S. Ventosa, Chief Executive Office, Sky Cable
Ma. Socorro V. Vidanes, Chief Operating Officer, Broadcast
Marifel G. Gaerlan-Cruz, Assistant Corporate Secretary

Catherine E. Lopez, from the Company's external auditors, SyCip Gorres Velayo & Co. was also present.

(e) <u>Material Information on the Current Stockholders and their Voting Rights</u>

The Manual on Corporate Governance provides that the Board recognizes and shall respect the rights of the stockholders as provided in the Corporation Code, namely:

1. Right to dividends once declared by the Board in accordance with the dividend policy;
2. Right to vote on all matters that require their consent or approval;
3. Power of inspection; and
4. Appraisal rights.

The shareholders, as a whole, have the right to receive timely and transparent information about the Corporation as may be required by laws or rules of the Philippine Stock Exchange.

(f) <u>Appraisal, Performance and Assessment of the Board</u>

The Manual on Corporate Governance requires the Board to conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three (3) years, an external facilitator shall support the assessment. Such a system shall allow for a feedback mechanism from the shareholders.
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.

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.

The guidelines in conducting the annual performance assessments are as follows:

A. For the performance assessment of the Board

In assessing the performance of the Board, the following guidelines and/or criteria may be considered:

(i) Composition and Structure
(ii) Role and Governance Function
(iii) Internal Control/Risk Management Function
(iv) Dynamics and Functioning

B. For the performance assessment of the Directors

In assessing the performance of the individual Directors, the following guidelines and/or criteria may be considered:

(i) Governance Role
(ii) Knowledge of the Corporation and the Environment
(iii) Effective Behavior and Relationships
(iv) Fair Dealing

C. For the performance assessment of the Board Committees

In assessing the performance of the Board Committees, the following guidelines and/or criteria may be considered:

(i) Committee Structure
(ii) Conduct of Committee Meetings
(iii) Committee Processes and Procedures

D. For the performance assessment of the Chief Executive Officer and other key executives

(i) Leadership and Administration
(ii) Knowledge and Competence
(iii) Corporate Core Values
(iv) Relationship with the Board

<u>(g) Directors' Disclosures on Self-Dealing and Related Party Transactions</u>

The Board Charter provides that a director may be temporarily disqualified or dismissed from directorship if he refuses to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as his refusal persists.

The Related Party Transaction Policy provides that board members, substantial shareholders, and officers shall fully disclose to the Board of Directors all material facts related to Material RPTs, as well as their direct and financial interest in any transaction or matter that may affect or is affecting the Company. Such disclosure shall be made at the board meeting there the material RPT will be presented for approval and before the completion or execution of the material RPT.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case there is a refusal to abstain, their attendance shall not be counted for purpose of determining approval.

Item 5. Directors and Executive Officers

Board of Directors

The following are expected to be nominated as members of the Board of Directors for the ensuing year during the Company's Annual Stockholders' Meeting on July 28, 2022:

Martin L. Lopez
Augusto Almeda-Lopez
Carlo L. Katigbak
Mario L. Bautista
Federico M. Garcia
Federico R. Lopez
Oscar M. Lopez
Salvador G. Tirona
Emmanuel S. de Dios (*Independent Director*)
Randolf S. David (*Independent Director*)
Honorio Poblador IV (*Independent Director*)

All of the nominees are incumbent directors. They were formally nominated by Lopez Inc., through its Chairman, Mr. Federico R. Lopez. The nominees will serve as directors of the Company for one year from date of election. The independent directors were nominated by Mr. Raul B. Quizon, a stockholder. Mr. Quizon is not related in any way to the nominees for independent directors.

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. It is composed of Randolf S. David, Emmanuel S. De Dios, and Federico R. Lopez. Rafael L. Lopez is an advisor of the committee.

The Company has adopted the SRC Rule 38 (Requirements on Nomination and Election of Independent Directors) and has complied therewith.

The following nominees have held their current positions in their respective companies for more than five (5) years unless otherwise indicated. Below is a summary of the nominees' qualifications:

Martin L. Lopez, Filipino, age 49
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 93
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 52
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.

Mario L. Bautista, Filipino, age 68
Board Member and General Counsel
Mr. Bautista was elected 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 to the Board of Directors 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.

Federico M. Garcia, Filipino, age 77
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.

Oscar M. Lopez, Filipino, age 92
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.

Salvador G. Tirona, Filipino, age 67
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.

Emmanuel S. de Dios, Filipino, age 68
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 Advisors 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.

Randolf S. David, age 76
Board Member, Independent Director
Mr. Randolf S. David is professor emeritus of sociology at the University of the Philippines in Quezon City, where he retired as Full Professor in 2010. He was educated at the University of the Philippines and the University of Manchester. He has published five books and has lectured extensively in various universities in the Philippines and abroad. He was visiting scholar at the Ryukoku Buddhist University in Kyoto in 1991 and visiting lecturer at the National Autonomous University of Mexico in 1996. In the wake of the 1986 EDSA people power revolution, he started a second career in media, hosting a multi-awarded public affairs TV talk show in the Filipino language from 1986 to 2003. His column, "Public Lives," has appeared in the Philippine Daily Inquirer since 1995. Recognized as one of the country's leading public intellectuals, he has been honored for his work in the mass media, the social sciences, and education. He is the recipient of an honorary doctorate in humanities from the Ateneo de Naga University, the Ozanam Award from the Ateneo de Manila University, and, in 2019, the Grand Prize from the Fukuoka Asian Prize of Japan. He was a member of the Board of Advisors to the Board of Directors of the Company from 2011 to 2021.

Honorio Poblador IV, age 52
Board Member, Independent Director
Mr. Honorio Poblador IV has deep experience in investment banking and private equity from Credit Suisse First Boston, Morgan Stanley Private Equity, Iron Capital Management, and Rothschild. He is the Founder and Managing Partner of The Navegar Fund. He is a Director for entities under The Bistro Group and Bo's Coffee. He is also a Director of Camp Resources and Asia Digital Holdings. He holds a Bachelor's degree in Management Economics from the Ateneo de Manila University and a Master's degree in Business Administration from Columbia University. He was a member of the Board of Advisors to the Board of Directors of the Company from 2014 to 2021.

Independent Directors of the Board

The Independent Directors, Mr. David, Mr. Poblador 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. David, Mr. Poblador 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. David, Mr. Poblador 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.

List of Executive Officers

The following officers are expected to be nominated for re-election or election at the Organizational Meeting of the Board of Directors following the Annual Stockholders' Meeting on July 28, 2022.

Maria Luisa S. Alcaneses, Filipino, age 51
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.

Ma. Rosario S. Bartolome, Filipino, age 51
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.

Ernilda L. Bayani, Filipino, age 53
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 52
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 on 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's in Business Management degree, with distinction, from the Asian Institute of Management in 1998.

Kane Errol C. Choa, Filipino, age 49
Head, Integrated Corporate Communications
Mr. Choa is currently the head of the Integrated Corporate Communications of ABS-CBN. He is a communication leader with extensive experience in media and public relations. He also serves as the recognition director of the International Association of Business Communicators (IABC) Asia Pacific, as an adviser to 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 writes a column for The Philippine Star and teaches part-time at the University of Santo Tomas. 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 50
Head, Internal Audit
Carmela Grace Del Mundo is currently the head of the Internal Audit Division of ABS-CBN. She has over 25 years of experience in internal audit, finance operations and risk management. Prior to her role as the Head of Internal Audit, she was the Head of Financial and Operations Audit, where she was responsible for overseeing and managing financial and operations review of ABS-CBN and its subsidiaries, Sky Cable and ABS-CBN Lingkod Kapamilya Foundation. Prior to joining ABS-CBN, she was with Bayan Telecommunications Inc. as Audit Manager, was a Finance Officer at Asea Brown Boveri Inc. and a Technical Staff Consultant at SyCip Gorres and Velayo and Co. She graduated from De La Salle University with degrees of Bachelor of Arts in Asian Studies and Bachelor of Science in Accountancy. She also completed the Advanced Management Program in the Asian Institute of Management. Carmela is a Certified Public Accountant, Certified Internal Auditor, Certified Fraud Examiner and Certified Forensic Accountant.

Kriz Anthony G. Gazmen, Filipino, age 35
Head, ABS-CBN Films
Kriz Anthony Gazmen has 15 years of experience in the film industry, working as producer, screenwriter and creative director. Prior to being appointed as Head, ABS-CBN Films, he was the Business Unit Head of Black Sheep, where he was responsible for the creation of the brand, crafting and implementation of strategies to capture a new audience base and creative and business direction of all its projects. Black Sheep gave the industry a new "mainstream-indie" brand that collaborates and connects filmmakers, giving them a platform to push their stories to a wider reach. He also represented ABS-CBN Films and brought its projects in international film markets and festivals. He was also selected both as participant and mentor in international film labs and collaborated with global filmmakers. Prior to heading Black Sheep, he was the creative director for Star Cinema, where his works as screenwriter and producer garnered multiple awards and recognitions from award-giving bodies. He graduated from the University of the Philippines Diliman, cum laude, with a degree in Film and Audio-Visual Communication.

Dennis Marco A. Liquigan, Filipino, age 51
Head, ABS-CBN Music
Mr. Liquigan was appointed as Head of ABS-CBN Music (formerly Star Music) in 2013. Prior to becoming Head of ABS-CBN 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 42
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 59
Chief Strategy Officer, Chief Risk Management Officer, Compliance Officer
Mr. Miranda has been an Asia-Pacific media executive and strategist throughout most of his professional career. 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 in 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 Southeast Asia for Walt Disney International, Managing Director for Southeast 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 59
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 57
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 59
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 60
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 60
Chief Operating Officer, Broadcast
Ms. Vidanes was appointed as Chief Operating Officer, Broadcast on February 1, 2016. In November 2020, she was also appointed as concurrent Head of Creative Programs, Inc. Prior to this, Ms. Vidanes was Head of Free TV, Head of Channel 2 Mega Manila, and Managing Director for ABS-CBN TV Production. 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.

Other Corporate Officers

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

Enrique I. Quiason, Filipino, age 61
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 55
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 father of Mr. Federico R. Lopez and uncle to Mr. Martin L. Lopez and Mr. Raffy Lopez.

Mr. Martin L. Lopez is the cousin of Mr. Federico R. Lopez, Mr. Carlo L. Katigbak and Mr. Raffy Lopez. Eugenio Lopez IV is a nephew of Martin L. Lopez and Federico R. Lopez.

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 31, 2022 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 31, 2022, 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 against Eugenio Lopez III, in his former capacity as President and CEO of the Company. In an Order dated February 10, 2022, the trial court granted the demurrer to evidence filed by the accused and dismissed the case. Private complainant filed a motion for reconsideration.

For the past five (5) years up to May 31, 2022, 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 31, 2022, 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.

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.

Item 6. Compensation of Directors and Executive Officers

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 follow:

SUMMARY COMPENSATION TABLE Annual Compensation – 2019 to 2021 Actual and 2022 Estimated Chief Executive and most highly compensated executive officers				
	2019	**2020**	**2021**	**2022E**
Salaries (Guaranteed)	252,351,834 [1]	252,351,834 [2]	147,471,967 [3]	190,514,158[4]
Bonuses	-	-	-	-
Others: Employee Stock Plan (compensation for voluntary paycuts over last 16 months)				85,166,457
	252,351,834	**175,791,602**	**147,471,967**	**275,680,615**
	Dyogi, Laurenti M Endrinal, Roldeo Katigbak, Carlo L Lamasan, Olivia M Valdueza, Rolando P Vidanes, Ma. Socorro	Cerrado, Aldrin Dyogi, Laurenti Endrinal, Roldeo Katigbak, Carlo L Vidanes, Ma. Socorro	Katigbak, Carlo L Lopez, Martin Miranda, Raymund Ventosa, Antonio Vidanes, Ma. Socorro	

Managers and Up*				
	2019	**2020**	**2021**	**2020E**
Salaries (Guaranteed)	2,348,446,660[1]	1,179,176,253[2]	1,172,747,186[3]	1,166,231,664[4]
Bonuses	-	-	-	-
Others:(Employee Stock Plan - compensation for voluntary paycuts over last 16 months, Commissions, other cash ben)		27,672,919	28,383,4545[5]	148,433,857
	2,348,446,660	**1,206,849,171**	**1,201,130,640**	**1,314,665,521**

Notes to the tables:
*Managers and up – including all other Officers and Directors
[1]2019 - Salaries (Guaranteed) includes 13th and 14th month pay amounting to P59,082,175
[2]2020 - Salaries (Guaranteed) (a) reflects voluntary paycuts (b) includes 13th and 14th month pay amounting to P28,214,396 and taxable allowance of P9,200,752
[3]2021 - Salaries (Guaranteed) reflects voluntary paycuts

[4]2022E - Salaries (Guaranteed), paycuts are no longer implemented; There has been no salary increase across the company since 2019. The figures for 2022E include the Employee Stock Plan that allowed employees to own shares of the company as compensation for voluntary pay cuts that they took to help the company.
[5]Includes per diem of Directors

Item 7. Independent Public Accountants

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 Ms. Djole S. Garcia, as the engagement partner, for the audit of the Company's books in 2021. The Company has complied with SRC Rule 68, paragraph 3(b)(iv).

SGV & Co. is being recommended for re-election at the scheduled Annual Stockholders' Meeting on July 28, 2022.

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:

	2021	2020
Audit Fees	Php13,304,420	Php13,589,420
Non-Audit Fees	Php12,853,422	Php25,962,697

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 Revised Company's Manual of Corporate Governance filed with the Commission in July 2018. 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.

The Audit Committee is composed of Mr. Emmanuel De Dios as Chairman, Mr. Salvador Tirona, and Mr. Honorio G. Poblador IV.

Item 8. Compensation Plans

Employee Stock Option and Stock Grant Plans

The Company had an employee stock option plan (ESOP) which covered 1,403,500 shares at 95% of offer price during the initial public offering. Collections were made in 48 semi-monthly installments without interest through payroll deductions. Shares offered under the ESOP have been fully paid and issued since 1995.

On March 29, 2000, the Board of Directors approved another ESOP covering 6,080,306 shares. In 2002, all the shares acquired by the Company covering this ESOP, were exercised by the employees. As of December 31, 2010, there are no more outstanding ESOP.

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 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 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.

On August 20, 2020, the Board of Directors recommended to the stockholders the amendment of Section 12.1 of the Executive Stock Purchase Plan to allow the withdrawal of Participants thereto at any time.

On December 18, 2020, the Board of Directors approved the ABS-CBN Stock Purchase Plans and Stock Grant Plans. The ABS-CBN Stock Purchase Plan 1 will apply to all employees who agreed to a pay reduction from September 2020 until February 2021. The ABS-CBN Stock Purchase Plan 2 will apply to all employees who agreed to a pay reduction from March to December 2021. The subscription price is based on the 45-day preceding volume weighted average price as of May 31, 2021. The ABS-CBN Stock Grant Plans will be given to employees who were promoted anytime between September 2020 to December 2021, and who did not receive any salary adjustment for the said period. There will be a holding period of six (6) months from award date. The shares may only be sold encumbered or disposed after the holding period. The stockholders unanimously approved the Employee Stock Purchase Plan and Executive Stock Purchase Plan on February 2, 2021, 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 December 9, 2021. The shares under these Plans are subject for listing with the Philippines Stock Exchange.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Item Authorization or Issuance of Securities Other than for Exchange

No action is to be taken with respect to the authorization or issuance of securities.

Item 10. Modification or Exchange of Securities

No action is to be taken with respect to the modification or exchange of the Company's securities.

Item 11. Financial and Other Information

No action is to be taken.

Item 12. Mergers, Consolidations, Acquisitions, and Similar Matters

No action is to be taken with respect to the mergers, consolidations, acquisitions, and similar matters.

Item 13. Acquisition or Disposition of Property

No action is to be taken with respect to the acquisition or disposition of any property.

Item 14. Restatement of Accounts

No action is to be taken with respect to the restatement of any asset, capital or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

- Approval of the Minutes of the Annual Meeting of the Stockholders held on July 29, 2021 covering the following matters:

    - Approval of the Minutes of the Annual Stockholders' Meeting held on September 24, 2020 and the minutes of the Special Stockholders' Meeting held on February 2, 2021
    - Report of the President and Discussions of Questions from the Stockholders
    - Approval of Audited Financial Statements for the Year Ended December 31, 2020
    - Election of the Directors
    - Ratification and approval of the acts of Board, the Officers and Management for the fiscal year 2020
    - Appointment of External Auditors
    - Adjournment

- Approval of the Annual Report of Management and the Audited Financial Statements for the year ending December 31, 2021

Item 16. Matters Not Required to be Submitted

No action is to be taken with respect to any matter that is not required to be submitted to a vote of security holders.

Item 17. Amendment of Charter, By-laws or Other Documents

No action is to be taken with respect to an amendment of the Articles of Incorporation or By-laws of ABS-CBN.

Item 18. Other Proposed Actions

Other proposed actions in the Agenda are:

- Ratification of all acts of the Board of Directors and Management for the period covering January 1, 2021 through December 31, 2021 adopted in the ordinary course of business. These matters have already been approved by the Board of Directors and these acts are not being submitted for approval or disapproval and are subject to general ratification of stockholders:

  (a) The resolutions of the Board were duly adopted in the normal course of trade or business and involve:
    - i) Approval of contracts, projects, investments, and other acts which have been covered by disclosures to the PSE and the SEC;
    - ii) Treasury matters, including borrowings, opening of accounts and bank transactions; and
    - iii) Housekeeping matters, including the appointment of signatories and amendments thereof.

  (b) Election of the members of the Board, including the independent directors, for the ensuing year.

  (c) Election of the external auditor and fixing its remuneration.

- Other Business:

  Under SEC Memorandum Circular No. 14, series of 2020, stockholders who alone, or together with other shareholders, hold at least 5% of the outstanding capital stock of ABS-CBN, shall have the right to include items on the agenda prior to the annual stockholders meeting.

  The Company did not receive any such request to include items on the agenda in accordance with the Memorandum Circular before the filing of this Definitive Information Statement. Items proposed to be added on the agenda pursuant to the Memorandum Circular after the filing of this Definitive Information Statement shall be filed under Other Business.

Item 19. Voting Procedures

(a) Vote Required: The proposed actions listed in Item 15 and Item 18, as in motions in general, require the affirmative vote of a majority of the shares of the Company's common stock and preferred stock present through remote communication, electronic voting in absentia and/or represented and entitled to vote via proxy. The manner of voting is non-cumulative, except as to the election of directors.

(b) Method: Straight and cumulative voting. In the election of directors, the top eleven nominees with the most number of votes will be elected as directors. If the number of nominees does not exceed the number of directors to be elected, all the shares present or represented at the meeting will be cast in favor of the nominees. If the number of nominees exceeds the number of directors to be elected, voting will be done by ballots. On the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may accumulate such shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected. In light of regulations relating to the COVID-19 pandemic, stockholders will only be allowed to vote by appointing the Chairman of the meeting as proxy or via electronically voting in absentia.

Voting will be by poll. Upon registration at the annual stockholders' meeting, each stockholder will be provided with an electronic ballot to enable him to vote on each item or proposal in the Agenda. All votes will be counted and tabulated by the Office of the Corporate Secretary and the results will be validated by SGV & Co.

The Corporate Secretary will be responsible for counting the votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at any meeting of the stockholders, and the results will be validated by SGV & Co..

(c) Participation via Remote Communication

To comply with applicable regulations on mass gatherings, and/or requirements of social distancing to prevent the spread of COVID-19 and to ensure the safety, security, and welfare of our directors and stockholders, the Company will dispense with the physical attendance of stockholders at the meeting and will only allow attendance through remote communication, as set forth below, by voting in absentia or by voting through the Chairman of the meeting as proxy.

The live webcast of the Annual Stockholders Meeting may be accessed through **https://conveneagm.com/ph/abscbn_asm2022**. To enable the Company to perform validation procedures, identify the shareholders participating by remote communication and record their presence for purposes of quorum, the shareholders shall follow the registration and validation procedures attached as Annex A to the notice.

Upon the written request of a stockholder, the Company undertakes to furnish said stockholder with a copy of the Company's annual report on SEC Form 17-A free of charge. Any written request for a copy of the annual report shall be addressed to the following:

ABS-CBN Corporation
ABS-CBN Broadcast Center
Sgt. Esguerra Avenue corner Mother Ignacia Street, Diliman, Quezon City

Attention: **Ricardo B. Tan, Jr.**
Group Chief Financial Officer

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Pasig City on June 16, 2022.

ABS-CBN CORPORATION

By: ______________________
ENRIQUE I. QUIASON
Corporate Secretary

PART I - BUSINESS AND GENERAL INFORMATION

1. Business Overview

1.1. Historical Background

ABS-CBN Corporation ("ABS-CBN" or the "Company") traces its roots to 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 in 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 was meant to reflect the Company's diverse businesses interests.

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 and satellite TV, international syndication, music, feature films, artist management, sports and the online space as well as mobile services, consumer products, theme parks, events and concerts and magazine publishing.

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 recommended that the committee 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 was no longer authorized to operate as a broadcast company.

Through a 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 on different platforms such as Cable and Satellite TV (domestic and international), domestic free TV through various partnerships with local broadcasters and, 3rd party digital platforms, ABS-CBN's own streaming service iWantTFC, and through co-production and syndication agreements with international streaming platforms.

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 refers to content exhibited on terrestrial free television (TV), cable and satellite channels and on-line streaming and TVOD/SVOD platforms; international syndication and distribution of content and linear channels; feature films; music; digital and on-line publications; as well as live events and concerts.

The content exhibition segment includes ABS-CBN produced, co-produced or acquired entertainment and news and current affairs programs that are exhibited through block time, licensing and other industry practice arrangements on free TV, pay TV channel, and online or digital streaming platforms. Filipinos are able to watch ABS-CBN entertainment and news on free analog and digital terrestrial TV via A2Z Channel 11 and TV5's Metro Manila and regional channels as well as various DTT and cable/satellite providers. ABS-CBN also programs various cable/satellite, IPTV and online linear channels including Kapamilya Channel, Cinemo, Jeepney TV, CinemaOne, Metro Channel, MYX, and Knowledge Channel. ABS-CBN's news channels include TeleRadyo and the ABS-CBN News Channel (ANC). Online, ABS-CBN content is available across multiple third party platforms like Youtube and Facebook, through TVOD portals such as Amazon and iTunes, as well as via ABS-CBN's own iWantTFC and KTX. Various movies and series are also available on international streaming platforms including Netflix, Viu, WeTV, and iQIYI. Our music and podcasts are now available on Spotify and various audio streaming platforms.

Global Operations The Global segment pioneered the international marketing and distribution of ABS-CBN content and media products in the United States in 1994 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 over-the-top media streaming services, to suit the needs and preferences of over 10 million Filipinos overseas. TFC distributes content in over 200 countries worldwide with on-ground presence in the US, Canada, Middle East, Europe, Australia, and Asia through ABS-CBN's international subsidiaries and/or through third-party distributors and carriage partners. Global's portfolio of products and services also includes advertising sales, transactional video-on-demand (pay per view), theatrical film distribution, digital and on-ground events, including concerts and music tours, retail, online radio and audio streaming, and philanthropic support for Filipinos and the communities they now call home.

The **Feature Films** segment of the Company is ABS-CBN Film Productions, Inc. (AFPI) or more popularly known as Star Cinema. AFPI is made up of different film brands, that include 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 distribution, TVOD via iWantTFC, KTX and 3rd party international platforms, satellite Pay-per-View (PPV) via Cignal, cable PPV via Sky Cable, and IPTV via TFC Global. KTX, as mentioned above, is a ticketing and live event streaming platform directly managed by AFPI. Lastly, AFPI runs the Rise Artists Studio that trains and manages future movie stars

The **Music** segment of the Company handles production, promotion, servicing and distribution, and licensing of music. Its main business is the production and promotion of Original Sound Recordings (OSRs), the administration of any and all copyright on songs, lyrics and musical compositions, and the development of singers and songwriters. The music division has various music labels such as Star Music, Tarsier, Starpop, and DNA Records. In addition, there are also other business units which produce audio and video content like MOR Entertainment, Myx, and OneMusicPH. Revenues mainly come from audio and video streaming and downloads from various Digital Service Providers (DSPs) such as Spotify, Apple Music, Amazon, and YouTube. 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 uses, including theme songs in TV shows and films, commercial advertisements, and communication to the public.

The **Digital** segment manages and operates the online assets and businesses of the company. These assets include some of the top domains and accounts in the world. Abs-cbn.com is among the top websites and publishers in the world. Our Youtube and Facebook accounts rank among the top accounts in the world. DASH is ABS-CBN's self-service advertising portal that caters to small and medium advertisers across the world. The company's online assets span the content that it represents. News.abs-cbn.com ranks among the top 10 publishers online and is the top draw of the company's website. As part of its evolution, the company is expanding into podcasts, as well as new social media and messaging platforms in its desire to reach as wide an audience as possible.

iWantTFC is ABS-CBN's owned and operated OTT platform which is available across the world. 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 – a mix of advertising and subscription based on various geographies.

CABLE, SATELLITE AND BROADBAND

Sky Cable Corporation pioneered innovative and superior cable services in the Philippines more than 30 years ago. It offers value for money Home Internet, Pay TV and bundled subscription plans through the latest DOCSIS 3.0 technology coupled with reliable fiber connectivity, as well as its introduction of modern in-premise customer equipment ranging from 2-way digiboxes via the new SKY EVO box to high-speed modems and wifi mesh for seamless connectivity at home.

Its roster of products includes SKYCable, the leading cable TV brand in the county that is known for its topnotch programming with an extensive lineup of HD channels and Pay per view offerings, as well as SKY Fiber, a fiber-to the curb (FTTC) powered broadband service with plans of up to 200Mbps. It recently introduced SKY Fiber Edge, which utilizes its fiber to the home (FTTH) backbone as well as competitive Ultra High-Speed plans of up to 1Gbps, available only in select condominiums and villages in Mega Manila.

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.

1.3. Subsidiaries

The following is a list of the Company's active subsidiaries, which ABS-CBN has economic rights as of December 31, 2021and 2020:

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

Company	Place of Incorporation	Principal Activities	Functional Currency	Effective Interest 2020	Effective Interest 2019
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
The Big Dipper Digital Content & Design, Inc. (Big Dipper)	Philippines	Digital film archiving and central library, content licensing & 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

Company	Place of Incorporation	Principal Activities	Functional Currency	Effective Interest 2020	Effective Interest 2019
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. The legislative franchise of ABS-CBN Convergence, Inc. to construct, establish, install, operate and maintain for commercial purposes and in the public interest radio paging and records messaging stations lapsed on March 17, 2020
(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.*

1.4. 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.*
**** On January 31, 2019, the Philippine SEC has approved Daum Kakao's decrease in its capital stock from P900 million to P86 million. As of June 3, 2021, Daum Kakao has returned capital of P364 million to the joint venturers. Refer to Note 14 of the Company's 2021 audited consolidated financial statements*

1.5. Competition

MEDIA AND STUDIO ENTERTAINMENT

Content Production and Distribution

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

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 on owned and operated platforms and through various multichannel video programming distributors (MVPDs), as well as over-the-top streaming media services.

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: 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.

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 and distributes recordings for various music and movie producers.

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.

SKY Cable 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.

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 **38.2 million subscribers** and **over 89.2 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 (13.6 million subscribers and 9.1 billion views), Star Music (7.5 million subscribers and 3.2 billion views), "Pinoy Big Brother" (5 million subscribers and 2.8 billion views), Star Cinema (5.8 million subscribers and 1.8 billion views), "The Voice Kids Philippines" (2.9 million subscribers and 1.6 billion views), and Jeepney TV (1.6 million subscribers and 530 million views) as of December 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.

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

ABS-CBN produces programs, recordings, music and provides 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 produces. It has also acquired the rights over content of a number of third-party production entities and rights over content which it has co-produced.

Third Party-owned Foreign and Local Film and Programs aired through the Networks

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 block time, 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 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.

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 3,899 regular employees, 207 project employees, 656 program-based employees, and 1,108 independent contractors as of December 31, 2021. 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.

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.

1.7. 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.

In 2021, the Foundation continued to hurdle significant challenges brought on by two main factors: the persistence of the pandemic, brought on by the surge of cases from different COVID-19 variants; and the non-renewal of its parent company ABS-CBN Corporation's broadcasting franchise.

The prolonged pandemic situation has understandably weakened the economic position of many partners and donors, including the Foundation's largest donor, ABS-CBN. ABS-CBN's substantial contribution served as seed fund for each program to implement plans of action quickly. During disasters, ABS-CBN is always first to pour donations and conduct public service activities alongside the Foundation. Likewise, without the support of free TV, it was difficult for the Foundation to reach a wider audience, to disseminate important information, especially during calamities that affect a considerable population and communities.

Through these challenges, the Foundation remained true to its core of being in the service of the Filipino. The Foundation continued to provide timely and relevant aid to Filipinos most in need, wherever they may be in the country. The Foundation's four pillar programs—on child welfare, environmental stewardship, disaster relief and rehabilitation, and education pivoted to deliver its services online, wherever applicable, spreading its message of hope through social media and other digital platforms

Bantay Bata 163. Founded in 1997, Bantay Bata 163 began as a rescue hotline for children at risk. Through the years, its services have evolved to including 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. The Children's Village serves as a halfway home to abused and at-risk children. With the advent of the COVID-19 pandemic, Bantay Bata has urgently included basic mental health service in Hotline 163. It has also expanded to include digital platforms to provide services especially in counselling and in the prevention of online sexual abuse and exploitation. In 2021, Bantay Bata 163 operated:

• Hotline 163 – The Bantay Bata Hotline 163 took calls concerning child abuse, challenges and problems. Individuals inquiring on how to send help and also for families in need of help also used the same hotline. Hotline partner Globe Telecom, continued to give aid and support by providing Globe Toll Free #163 for all Globe subscribers. During the prolonged pandemic situation, the Hotline 163 became a support in mental health issues.

• Children's Village – The Village is a safe haven and a temporary home protecting children from the variants of coronavirus. Staffed by trained social workers and house parents, most of the children in the Village were re-integrated back to their families with the help of LGUs in 2021

• Bantay Edukasyon – In 2021 "Beduk" provided educational assistance to a total of 296 children: 47 in elementary, 101 in Junior High, 50 in Senior High, 96 College and 2 Post Graduate students. Most of them came from being rescued from the hotline, while some were accepted into the scholarship because of their economic status.

Although the COVID-19 pandemic prevented holding community-based outreach programs, Bantay Bata operations team were able to help kids cope in their online classes. They seeded training for mental resiliency, and help guide junior and senior high in their career path by closely monitoring them via Zoom meetings and providing online seminars. Parents were also given special seminars in order to empower them to have a small business during this pandemic.

Bantay Kalikasan. Launched in 1998, Bantay Kalikasan (BK), the Foundation's environment advocacy arm, has propelled massive changes towards the protection and sustainability of the environment and the country's natural resources.

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.

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:

- La Mesa Watershed and Ecopark Management is involved in the protection and enrichment of the La Mesa Watershed and the operation of 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 Verde Island Passage, is the "center of the center of marine shore fish biodiversity in the world.” Apart from regular education activities pertaining to the conservation and enrichment of the VIP, SEA is also heavily involved in developing citizen scientists among the community to help in reef monitoring.

Sagip Kapamilya (SK) provides relief assistance to victims of calamities and natural disasters. It is likewise engaged in the rehabilitation of typhoon-damaged infrastructure and several disaster risk reduction projects all over the country. Sagip Kapamilya conducts on-ground operations for major campaigns such as “Tulong -Tulong sa Pag-ahon” for Typhoon Odette. SK leads in delivery of relief in evacuation centers in partnership with the local government units, social workers and volunteer groups. Even as a greater number of the population were being vaccinated, the pandemic continued to disrupt normal activities. During the Christmas season, the Foundation’s “Pasko Para sa Pilipino” 17 campaign sought to get food and hot meals to families greatly affected by the pandemic. Sagip Kapamilya also distributed Noche Buena packages to frontliners and families in extreme poverty to bring them light and joy to celebrate Christmas 2021.

Programa Genio (PG) 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 for them to become skilled and productive citizens of the country. In 2021, Programa Genio focused on assisting marginalized schools cope with the transition to distance learning by providing equipment to schools and learning kits to students. PG also used the digital space to continue to provide training support for teachers and career counselling for senior high school students, most especially those students affected by Typhoon Odette.

Integrated Area Development (IAD) branched out from Bantay Kalikasan to focus on handling 68 People’s Organizations, Coops, with at least 5,000 family beneficiaries. In 2021, IAD is present in 11 Regions, 19 Provinces, 35 Municipalities/Cities, and 52 barangays.

- Climate-smart Agriculture, Urban Farming, and Building Environmental Advocacy. Under its BUY-anihan project, IAD 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.

- Panganiban Mangrove Gubat Eco-tourism Project : Sorsogon, a province in the Bicol Region needed assistance in building the Mangrove in Gubat, a town located in the east-coast which consists of 42 barangays, 13 of which are coastal barangay and 29 are found in the lowlands and mountainous area. We were able to help them by partnering with companies that can provide their urgent need most especially during this pandemic.

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-2021/id-15e0b088-f01f-4113-a855-8bb398894580

1.8. 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, geographies, customers and audience segments. As a result of this, the company delivers a diversified mix of revenues that include advertising, subscriptions, box-office and transactional revenues as well as syndication, licensing and distribution revenues.

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.

The Company's product offering is further complemented by subsidiaries focused on other services such as film production, music, linear channels, online assets, live events and artist management.

Extensive experience of management team

ABS-CBN's management is composed of highly experienced professionals with significant track records in the media and entertainment sector. Key senior officers have been working within the industry for at least 10 years.

Growth strategy

The Company continues to focus its efforts on expanding the reach available for its content both domestically and overseas through partnerships, collaborations and ventures. With an emphasis on generating maximum value for its content and products, the Company continues to monitor shifts in technology, audience behavior and industry demand as it expands its digital and international businesses while continuing to invest in content and story generation capabilities.

1.9. 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.

1.10. Transactions with Related Parties

For a detailed discussion of ABS-CBN's related party transactions, refer to Note 23 of the Company's 2021 audited consolidated financial statements.

Except for related party transactions discussed in the accompanying notes to the Company's 2021 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.

1.11. Risks Relating to the Company

The Company's results of operations may be negatively affected by 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, 19 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

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

The 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 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 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.

ABS-CBN also owns real estate properties in various parts of the country.

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.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

1. Market Information 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 ₱9.15while the PDRs (PSE: ABSP) closed at ₱9.00 on June 27, 2022.

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 and 2021.

High and Low Share Prices

		ABS		ABSP	
		High	**Low**	**High**	**Low**
2022	First Quarter	13.92	11.06	13.74	10.90
2021	First Quarter	15.00	10.80	14.50	10.00
	Second Quarter	13.40	10.70	13.08	10.10
	Third Quarter	14.60	10.82	13.96	10.36
	Fourth Quarter	16.48	12.40	15.50	11.70
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

	ABS		ABSP	
	High	**Low**	**High**	**Low**
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

The number of shareholders of record as of May 31, 2022 was 7,073. Common shares issued as of May 31, 2022 were 902,940,348. Preferred Shares outstanding as of May 31, 2022 were 1,000,000,000.

As of May 31, 2022, the foreign equity ownership of ABS-CBN is at 0%.

Top 20 Common Shares Stockholders

As of May 31, 2022, the Top 20 stockholders of ABS-CBN own an aggregate of 874,868,836 or 96.89% of issued and outstanding common shares.

RANK	NAME	CITIZEN SHIP	RECORD/ BENEFICIAL	NO. OF SHARES	%
1	LOPEZ, INC.	PH	Record	480,933,747	53.26%
2	PCD NOMINEE CORP	PH	Record	374,299,060	41.45%
3	MA. SOCORRO VALENZUELA VIDANES	PH	Record	2,723,814	0.30%
4	LAURENTI MILLEZA DYOGI	PH	Record	2,078,083	0.23%
5	CARLO LOPEZ KATIGBAK	PH	Record	1,515,015	0.17%
6	ALDRIN MENDOZA CERRADO	PH	Record	1,393,019	0.15%
7	JOSE MARI L. CHAN	PH	Record	1,257,130	0.14%
8	NEPOMUCENO, MARIO CARLO	PH	Record	1,207,332	0.13%
9	MARTIN LAGDAMEO LOPEZ	PH	Record	1,126,950	0.12%
10	CHING TIONG KENG	PH	Record	1,111,500	0.12%
11	RAYMUND MARTIN TEOTICO MIRANDA	PH	Record	1,036,378	0.11%
12	OLIVIA M. LAMASAN	PH	Record	985,345	0.11%
13	MARIA ROSARIO SALVADOR BARTOLOME	PH	Record	938,133	0.10%
14	ABS-CBN FOUNDATION, INC.	PH	Record	780,995	0.09%
15	RICARDO BANTUG TAN JR.	PH	Record	746,771	0.08%
16	ROBERTO GOLPEO LABAYEN	PH	Record	568,166	0.06%
17	ROLDEO THEODORE ENDRINAL	PH	Record	564,660	0.06%
18	JOSE AGUSTIN BENITEZ	PH	Record	554,754	0.06%
19	PHILIP LAMBERTO BERBA	PH	Record	550,212	0.06%
20	RONDEL JESUS LINDAYAG	PH	Record	497,772	0.06%
	Subtotal of Top 20 Stockholders			874,868,836	96.89
	OTHERS			28,071,512	3.11%
	TOTAL NO. OF ISSUED & OUTSTANDING SHARES			**902,940,348**	100.00 %

Top 20 Preferred Shares Stockholders

As of May 31, 2022, 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%
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 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 issued 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 issued 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.

On December 18, 2020, the Board of Directors approved the ABS-CBN Stock Purchase Plans and Stock Grant Plans. The ABS-CBN Stock Purchase Plan 1 will apply to all employees who agreed to a pay reduction from September 2020 until February 2021. The ABS-CBN Stock Purchase Plan 2 will apply to all employees who agreed to a pay reduction from March to December 2021. The subscription price is based on the 45-day preceding volume weighted average price as of May 31, 2021. The ABS-CBN Stock Grant Plans will be given to employees who were promoted anytime between September 2020 to December 2021, and who did not receive any salary adjustment for the said period. There will be a holding period of six (6) months from award date. The shares may only be sold encumbered or disposed after the holding period. The stockholders unanimously approved the Employee Stock Purchase Plan and Executive Stock Purchase Plan on February 2, 2021, 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 December 9, 2021. The shares under these Plans are subject for listing with the Philippines Stock Exchange.

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 2021. 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 July 29, 2021.

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:

	2021	2020
Audit Fees	Php13,304,420	Php13,589,420
Non-Audit Fees	Php12,853,422	Php25,962,697

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.

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 B.**

Key Performance Indicators

Ratios	**2021**	**2020**	**2019**	**Formula**
Current Ratio	0.94	0.66	2.61	Current Assets/Current Liabilities
Net Debt-to-Equity Ratio	1.46	0.88	0.45	Interest-bearing loans and borrowings less Cash and Cash equivalent/ Total Stockholders' Equity
Interest rate coverage ratio	(3.54)	(10.57)	0.44	EBIT/ Interest Expense
Return on Equity	(46.9%)	(78.7%)	(8.5%)	Net Income/ Total Stockholders' Equity
Profitability Ratios:				
Gross Profit Margin	15.4%	7.9%	38.6%	Gross Profit/ Net Revenue
Net Income Margin	(31.8%)	(63.2%)	(6.2%)	Net Profit/ Net Revenue

5. Financial Statements

The Company's Statement of Management's Responsibility and Audited Financial Statements as of December 31, 2021 is in **Annex C**. 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 C**.

The Company's Interim Financial Statement for the period ended March 31, 2022 is attached as Annex D.

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 III - COMPENSATION INFORMATION

7. 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 – 2019, 2020, 2021 Actual and 2022 Estimated Chief Executive and most highly compensated executive officers				
Name	**2019**	**2020**	**2021**	**2022E**
Salaries (Guaranteed)	252,351,834[1]	175,791,602[2]	147,471,967[3]	190,514,158[4]
Bonuses				
Others: Employee Stock Plan (compensation for voluntary paycuts over last 16 months)				85,166,457
	252,351,834	**175,791,602**	**147,471,967**	**275,680,615**
	Dyogi, Laurenti M Endrinal, Roldeo Katigbak, Carlo L Lamasan, Olivia M Valdueza, Rolando P Vidanes, Ma. Socorro	Cerrado, Aldrin Dyogi, Laurenti Endrinal, Roldeo Katigbak, Carlo L Vidanes, Ma. Socorro	Katigbak, Carlo L Lopez, Martin Miranda, Raymund Ventosa, Antonio Vidanes, Ma. Socorro	

Managers and Up*				
	2019	**2020**	**2021**	**2022E**
Salaries (Guaranteed)	2,348,446,660[1]	2,348,446,660[2]	1,172,747,186[3]	1,166,231,664[4]
Bonuses	-	-	-	-
Others:(Employee Stock Plan - compensation for voluntary paycuts over last 16 months, Commissions, other cash ben)		27,672,919	28,383,454[5]	148,433,857
	148,433,857	**1,206,849,17**	**1,201,130,640**	**1,314,665,521**

Notes to the tables:
*Manager's and up – including all other Officers and Directors

[1]**2019 -** Salaries (Guaranteed) includes 13th and 14th month pay amounting to P59,082,175 2

[2]**2020 -** Salaries (Guaranteed) (a) reflects voluntary paycuts (b) includes 13th and 14th month pay amounting to P28,214,396 and taxable allowance of P9,200,752 3

[3]**2021 -** Salaries (Guaranteed) reflects voluntary paycuts

[4]2022E - Salaries (Guaranteed), paycuts are no longer implemented; There has been no salary increase across the company since 2019. The figures for 2022E include the Employee Stock Plan that allowed employees to own shares of the company as compensation for voluntary pay cuts that they took to help the company.
[5]Includes per diem of Directors

Compensation of Directors

Each Board Director receives a set per diem amount of P40,000 per board meeting and P20,000 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 2021, the Board of Directors' fees and other compensation are included in the Summary Compensation table of Part IV Item 2.

8. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Records and Beneficial Owners as of May 31, 2022

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.* 16/F North Tower, Rockwell Business Center, Sheridan cor. United St., Mandaluyong City	Lopez, Inc.	Filipino	480,933,747	53.26	25.27
Common	PCD Nominee Corporation* G/F Makati Stock Exchange Bldg., Ayala Ave., Makati City	Lopez, Inc.	Filipino	21,322,561	2.36	1.12
Common	PCD Nominee Corporation* G/F Makati Stock Exchange Bldg., Ayala Ave., Makati City	ABS-CBN Holdings Corporation	Filipino	268,211,430	29.70	14.09
Preferred	Lopez, Inc. 16/F North Tower, Rockwell Business Center, Sheridan cor. United St., Mandaluyong	Lopez, Inc.	Filipino	987,130,246	98.71	51.87

**PCD Nominee Corporation is not a 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 Philippine Deposit Receipts 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 2021 Annual Stockholders' Meeting, Martin L. Lopez , was named and appointed to exercise the voting power of Lopez Inc.'s shares in ABS-CBN Corporation

The 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 59.75% by Lopez, Inc. and 40.25% by Oscar M. Lopez, Manuel M. Lopez, Salvador G. Tirona, Emmanuel S. De Dios, Benjamin R. Lopez, Jose C. Vitug 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 2021 Annual Stockholders' Meeting, Martin L. 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 March 31, 2022, 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.

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.

9. 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.

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 78.27% of the voting stock of the Company as of May 31, 2022. 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, 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.

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, three (3) 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 2021, 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, Honorio G. Poblador IV, Mario L. Bautista, Randolf S. David, and Emmanuel S. De Dios.

On November 25, 2021, the Board adopted the Board's Code of Conduct and Ethics to set forth the professional and personal ethical standards to be observed by the members of the Board the Directors in the interests of the Company and its stakeholders.

Independent Directors

Three (3) independent directors – Mr. Poblador, Mr. David 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. Poblador, Mr. David and Mr. de Dios do not possess any of the disqualifications enumerated under SEC Memorandum Circular No. 19, Series of 2016. The Board designated Mr. Emmanuel S. De Dios as the Lead Independent Director.

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, 2021, the Company's independent directors have served in such capacity for less than nine (9) 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., Maria Rosario Santos-Concio, Cynthia del Castillo, Rafael L. Lopez, Antonio Jose U. Periquet and Cesar V. 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, 2021 to December 31, 2021, the Board had eleven (11) meetings.
Board Attendance to Meetings in 2021

Directors' Name	Total No. of Board Meetings	No. of Board Meetings Attended	Percentage of Attendance (%)	Attended Annual Stockholders' Meeting? (Y/N)
Martin L. Lopez	11	11	100%	Y
Augusto Almeda Lopez	11	10	91%	Y
Mario L Bautista	11	11	100%	Y
Randolf S. David[2]	5	5	100%	Y

Emmanuel S. De Dios	11	10	91%	Y
Federico M. Garcia	11	11	100%	Y
Carlo L. Katigbak	11	11	100%	Y
Federico R. Lopez	11	11	100%	Y
Manuel M. Lopez[1]	6	6	100%	N
Oscar M. Lopez	11	1	9%	N
Antonio Jose U. Periquet[1]	6	6	100%	Y
Honorio G. Poblador[2]	5	5	100%	Y
Salvador G. Tirona	11	11	100%	Y

1 Director until July 29, 2021
2 Elected on July 29, 2021

Continuing Education Programs and Trainings for Directors

The Board has attended the following trainings and seminars during the year 2021**:**

Director's Name	Trainings / Continuing Education FY2021
Martin L. Lopez	Lopez Group Advanced Corporate Governance Training Program (October 2021)
Augusto Almeda Lopez	Lopez Group Advanced Corporate Governance Training Program (October 2021)
Mario L. Bautista	Lopez Group Advanced Corporate Governance Training Program (October 2021)
Emmanuel S. De Dios	Lopez Group Advanced Corporate Governance Training Program (October 2021)
Carlo L. Katigbak	Lopez Group Advanced Corporate Governance Training Program (October 2021)
Federico R. Lopez	Lopez Group Advanced Corporate Governance Training Program (October 2021)
Salvador Tirona	Lopez Group Advanced Corporate Governance Training Program (October 2021)

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 six (6) board committees to address any issues requiring the directors' attention:

1. **The Programming Committee**

Composition	Chairman, two (2) members, one (1) advisor
Members	Federico M. Garcia – Chairman, Augusto Almeda Lopez, and Randolf David
Advisor	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 one (1) advisor
Members	Augusto Almeda Lopez – Chairman, Mario L. Bautista and Federico M. Garcia
Advisor	Antonio U. Periquet
Responsibilities	The Compensation Committee reviews any recommendations on bonus and incentive schemes and other compensation benefits.

3. **The Audit Committee**

Composition	Chairman, two (2) members, and one (1) advisor
Members	Emmanuel S. De Dios – Chairman, Honorio Poblador IV, and Salvador G. Tirona
Advisor	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.

4. **The Risk Management Committee**

Composition	Chairman, three (3) members, and one (1) advisor
Members	Honorio Poblador IV – Chairman, Federico R. Lopez, Randolf S. David, Emmanuel S. De Dios and Mario L. Bautista
Advisor	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.

5. **The Nominations and Elections Committee**

Composition	Chairman, two (2) members, and one (1) advisor
Members	Randolf S. David – Chairman, Federico R Lopez and Emmanuel S. De Dios
Advisor	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.

6. **The Corporate Governance Committee**

Composition	Chairman, two (3) members and one (1) advisor
Members	Randolf S. David – Chairman, Honorio Poblador IV, Emmanuel S. De Dios and Salvador G. Tirona
Advisor	Atty. Cynthia del Castillo
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 FY2021
Martin L. Lopez	Lopez Holdings Corporation	Vice Chairman
Oscar M. Lopez	First Gen Corporation	Chairman Emeritus
	First Philippine Holdings Corporation	Chairman Emeritus, Executive Director
	Rockwell Land Corporation	Chairman Emeritus
Federico R. Lopez	First Gen Corporation	Chairman, Executive Director
	Lopez Holdings 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
Emmanuel S. De Dios	ABS-CBN Holdings Corporation Bank of the Philippine Islands	Executive Director 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 2021, 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, 2021

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 2021 Sustainability Report can be found here:
https://www.abs-cbn.com/sustainability
https://www.abs-cbn.com/sustainability/sustainability-report-2021/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 2021 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/asm-2021/results-of-2021-asm/minutes-of-the-2021-annual-stockholders-meeting/id-516

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 2022 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.

ABS-CBN CORPORATION

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

SECRETARY'S CERTIFICATE

I, **ENRIQUE I. QUIASON**, Filipino, of legal age, the duly elected and incumbent Corporate Secretary of **ABS-CBN CORPORATION** (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, DO HEREBY CERTIFY, That:

I am familiar with the facts herein certified and duly authorized to certify the same;

None of the Directors and Independent Directors are elected Public Servants;

To the best of the Corporation's knowledge, information and belief, none of the Directors and Independent Directors and/or Officers of the Corporation are appointed and/or employees in any government agency.

WITNESS THE SIGNATURE of the undersigned this 17th day of June, 2022 at Pasig City.

ENRIQUE I. QUIASON
Corporate Secretary

SUBSCRIBED AND SWORN TO before me in Pasig City on June 17, 2022 by affiant who personally appeared before me and exhibited to me his competent evidence of identity consisting of his Philippine Passport No. P9908505A issued on December 12, 2018, DFA NCR East, Metro Manila.

Doc. No. 157;
Page No. 33;
Book No. II;
Series of 2022.

MICHAEL FRANCIS D. CASTRO
NOTARY PUBLIC
FOR AND IN THE CITY OF PASIG AND SAN JUAN
AND IN THE MUNICIPALITY OF PATEROS
UNTIL DECEMBER 31, 2021
Extended until June 30, 2022 pursuant to
SC Resolution dated September 28, 2021
PTR NO. 8131580; 01/08/2022; PASIG CITY
IBP NO. 174399; 01/03/2022; PPLM
MCLE COMPLIANCE NO. VI-0020494; 4/14/2022
ROLL NO. 71346/APPOINTMENT NO. 34 (2020-2021)
21/F Robinsons-Equitable Tower, 4 ADB Ave. cor. Poveda St.
1605 Ortigas Center, Pasig City

ABS-CBN CORPORATION

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **EMMANUEL S. DE DIOS**, Filipino, of legal age and a resident of 7 (formerly 60) Yakal Street, Monte Vista Subdivision, Marikina City, Philippines, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of ABS-CBN Corporation and have been its independent director since April 2013.
2. I am affiliated with the following companies or organization (including Government-Owned and Controlled Corporations):

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Pulse Asia Research, Inc.	Director	2008 to the present
Human Development Network	President	2012 to the present
Assisi Development Foundation	Trustee	2016 to the present
FEU Public Policy Center	Trustee	2017 to the present
Peace and Equity Foundation	Trustee	2020 to the present
Bank of the Philippine Islands	Director	2022 to the present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ABS-CBN Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any of the director/officer/substantial shareholder of ABS-CBN Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of ABS-CBN Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this 22 JUN 2022 Pasig City.

EMMANUEL S. DE DIOS

Republic of the Philippines)
Pasig City) S.S.

SUBSCRIBED AND SWORN to before me this 22 JUN 2022 at Pasig City, affiant having exhibited to me his GSIS No. CRN 0006-0086-9258-2 as competent evidence of identity.

Doc. No. 164;
Page No. 34;
Book No. II;
Series of 2022.

MICHAEL FRANCIS D. CASTRO
NOTARY PUBLIC
FOR AND IN THE CITY OF PASIG AND SAN JUAN
AND IN THE MUNICIPALITY OF PATEROS
UNTIL DECEMBER 31, 2021
Extended until June 30, 2022 pursuant to
SC Resolution dated September 28, 2021
PTR NO. 8131580; 01/08/2022; PASIG CITY
IBP NO. 174399; 01/03/2022; PPLM
MCLE COMPLIANCE NO. VI-0020494; 4/14/2022
ROLL NO. 71346/APPOINTMENT NO. 34 (2020-2021)
21/F Robinsons-Equitable Tower, 4 ADB Ave. cor. Poveda St.
1605 Ortigas Center, Pasig City

ABS-CBN CORPORATION
CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RANDOLF S. DAVID**, Filipino, of legal age and a resident of Gomburza corner Aguinaldo Streets, UP Campus, Diliman, Quezon City, Philippines, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of ABS-CBN Corporation and have been its independent director since July 29, 2021.

2. I am affiliated with the following companies or organization (including Government-Owned and Controlled Corporations):

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Ramon Magsaysay Award Foundation	Member, Board of Trustees	2019 to 2022

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ABS-CBN Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the director/officer/substantial shareholder of ABS-CBN Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of ABS-CBN Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this 17 JUN 2022 Pasig City.

RANDOLF S. DAVID

Republic of the Philippines)
Pasig City) S.S.

SUBSCRIBED AND SWORN to before me this 17 JUN 2022 at Pasig City, affiant having exhibited to me his **Passport # P7176494B Issued: 10 July 2021 Expires: 9 July 2031** DFA, Manila as competent evidence of identity.

Doc. No. 169;
Page No. 35;
Book No. II;
Series of 2022.

ALYANNA PAULINE C. APACIBLE
NOTARY PUBLIC
FOR AND IN THE CITY OF PASIG AND SAN JUAN
AND IN THE MUNICIPALITY OF PATEROS
UNTIL DECEMBER 31, 2021
Extended until June 30, 2022 pursuant to
SC Resolution dated September 28, 2021
PTR NO. 8122632; 1/07/2022; PASIG CITY
IBP NO. 174398; 1/03/2022; RSM
MCLE COMPLIANCE NO. VI-0016399; 4/14/2022
ROLL NO. 69121/APPOINTMENT NO. 32 (2020-2021)
21/F Robinsons-Equitable Tower, 4 ADB Ave. cor. Poveda St.
1605 Ortigas Center, Pasig City

ABS-CBN CORPORATION

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **HONORIO G. POBLADOR IV**, Filipino, of legal age and a resident of Luna Gardens, Rockwell Center, Makati City, Philippines, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of ABS-CBN Corporation and have been its independent director on July 29, 2021.

2. I am affiliated with the following companies or organization (including Government-Owned and Controlled Corporations):

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
The Navegar Fund	Founder and Managing Partner	2012 to present
Bistro Americano Corporation	Director	2014 to present
Bistro Italiano Corporation	Director	2014 to present
Creative Restaurant Concepts, Inc.	Director	2014 to present
Bistronomia	Director	2014 to present
WS and Landin, Inc.	Director	2017 to present
AG and Rock, Inc.	Director	2017 to present
Camp Resources	Director	2020 to present
Asia Digital Holdings	Director	2021 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ABS-CBN Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the director/officer/substantial shareholder of ABS-CBN Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of ABS-CBN Corporation of any changes in the abovementioned information within five days from its occurrence.

ABS-CBN CORPORATION

Done this 22 JUN 2022 at Pasig City.

HONORIO G. POBLADOR IV

Republic of the Philippines)
Pasig City) S.S.

SUBSCRIBED AND SWORN to before me this 22 JUN 2022 at Pasig City, affiant having exhibited to me his Passport No. P4990376B issued on February 29, 2020 expires on February 27, 2030 at DFA NCR East, Metro Manila as competent evidence of identity.

Doc. No. 163;
Page No. 34;
Book No. 11;
Series of 2022.

MICHAEL FRANCIS D. CASTRO
NOTARY PUBLIC
FOR AND IN THE CITY OF PASIG AND SAN JUAN
AND IN THE MUNICIPALITY OF PATEROS
UNTIL DECEMBER 31, 2021
Extended until June 30, 2022 pursuant to
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PTR NO. 8131580; 01/03/2022; PASIG CITY
IBP NO. 174399; 01/03/2022; PPLM
MCLE COMPLIANCE NO. VI-0020494; 4/14/2022
ROLL NO. 71346/APPOINTMENT NO. 34 (2020-2021)
21/F Robinsons-Equitable Tower, 4 ADB Ave. cor. Poveda St.
1605 Ortigas Center, Pasig City

ANNEX "B"

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, 2021, 2020, and 2019.

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

FOR THE YEAR ENDED DECEMBER 31, 2021

The table below summarizes the results of operations for the years 2021 and 2020.

	2021	2020	Variance	
			Amount	%
Consolidated Revenues	**₱17,825**	**₱21,420**	**(₱3,595)**	**(16.8)**
Advertising Revenues	5,293	7,061	(1,768)	(25.0)
Consumer Sales	12,532	14,359	(1,827)	(12.7)
Sale of Services	*12,505*	*13,953*	*(1,448)*	*(10.4)*
Sale of Goods	*27*	*406*	*(379)*	*(93.3)*
Costs and Expenses	**23,257**	**33,548**	**(11,014)**	**(32.8)**
Production Costs	7,153	10,311	(3,158)	(30.6)
Cost of Sales and Services	7,931	9,421	(1,490)	(15.8)
General and Administrative Expenses (GAEX)	8,173	13,816	(6,365)	(46.1)
Financial Costs – net	**1,088**	**1,396**	**(308)**	**(22.0)**
Equity in Net Loss of Associates and Joint Ventures	**10**	**48**	**(38)**	**(79.8)**
Other Income – net	**(572)**	**(93)**	**(825)**	**516.4%**
Net Income (Loss)	**(₱5,670)**	**(₱13,531)**	**₱7,860**	**(58.1)**
EBITDA	**₱615**	**(₱6,234)**	**₱6,849**	**(109.9)**

Consolidated Revenues

For the year ended December 31, 2021, ABS-CBN generated consolidated revenues of ₱17.8 billion from advertising and consumer sales, ₱3.6 billion, or 16.8% lower year-on-year.

Advertising revenues decreased by ₱1.8 billion (25.0% lower than the previous year), attributable to the full year absence of the Company in the Free-to-Air advertising space on Television (VHF, UHF and DTT) and Radio (AM and FM) following the cease-and-desist order (CDO) issued by the NTC on the Company's broadcast operations on May 5, 2020 and the adoption of a Resolution denying the franchise application of the Company by the House Committee on Legislative Franchises on July 10, 2020. Another CDO issued by the NTC relating to Sky Cable's DTH service on June 30, 2020 also affected advertising revenues. The same CDO also caused a decline in subscription revenues and the discontinuation of TV Plus Box sales. In addition, the impact of the COVID-19 outbreak in 2020 resulted in the Company being unable to generate revenues from concerts, events and box office receipts. The pandemic also resulted in the cessation of various ancillary operations such as Heroes Burger, Kidzania Manila and Studio XP. These unfortunate events resulted in a decrease in consumer revenues of ₱1.8 billion.

The revenue mix of the company is as follows:

	2021	2020
Advertising revenues	30%	33%
Consumer sales	70%	67%

Consolidated Costs and Expenses
For 2021, direct costs and expenses amounted to ₱11.0 billion - a 32.8% decrease year-on-year.

In compliance with the directive by the Office of the President of the Philippines imposing stringent health and safety protocols and lock down measures on March 15, 2020, the Company ceased content production efforts on the same day. This production stoppage was then extended after the cease-and-desist order was issued by the NTC in May 2020. The Company worked on recalibrating its production output and channel line-up based on partnership agreements secured by the Company with various platforms. This alignment resulted in a reduction of production costs amounting to ₱3.2 billion or 30.6%.

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 in a reduction in the cost of sales and services of ₱379 million or 93.3% decrease year-on-year.

Following the events of the franchise denial and the impact of COVID-19, the Company enforced stringent cost cutting measures to further manage the Company's financial performance. The Company's GAEX decreased by ₱6.4 billion or 46.1% compared to the previous year.

Net Loss and EBITDA
The Company incurred a ₱5.6 billion net loss for the year ended December 31, 2021, a reduction in net loss of ₱7.9 billion or 58.1% vs last year.

EBITDA improved to ₱615 million, a 109.8% increase 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. These segments provide the basis for which the Company measures its business operations.

	Content Production and Distribution - Entertainment - News - International - Film & Music - Cable and Satellite Channels - Digital - Live Events - Theme Parks *(Ceased in 2020)* - Home Shopping *(Ceased in 2020)* - Licensing & Merchandising *(Ceased in 2020)*
	Sky Cable - Cable TV - Broadband

The following analysis presents the results of operations of the Company's business segments for the year ended December 31, 2021:

Segment	Operating Revenue		Net Income	
	2021	2020	2021	2020
Content Production and Distribution	₱9,342	₱11,816	(₱5,535)	(₱13,544)
Cable & Broadband	8,483	9,604	(135)	14

A. Content Production and Distribution

At its core, ABS-CBN has always been a content company - producing meaningful, informative and high quality content in pursuit of its mission to be of service to the Filipino and to its audiences throughout the world. On June 13, 2020, the Company launched its Kapamilya Channel on cable TV, and subsequently, its digital streaming channel "Kapamilya Online Live" on August 1, 2020. On October 6, 2020, ABS-CBN secured a partnership with Zoe Broadcasting to provide ABS-CBN programs and program blocks for Zoe's Channel 11 "A2Z". On March 8, 2021, select ABS-CBN shows also began airing on TV5. The Company has also been able to grow the reach of its programs and cable and satellite channels through various commercial agreements with domestic and international streaming platforms as well as syndication agreements with domestic broadcasters.

The company also increased its efforts on various digital platforms – both owned and operated as well as third party platforms and social media networks. Revenue growth was further enhanced through a more concerted effort at international advertising opportunities and streaming platforms for music and podcasts.

These initiatives mitigated the decline in advertising as a result of the unfortunate events of 2020, delivering ₱5.1 billion in advertising revenues as well as diversifying the geographic revenue mix. These efforts have also expanded the Company's non-advertising revenues through syndication and licensing agreements for its content.

The Company widened its international reach by consolidating its owned and operated streaming platforms into "iWantTFC", while lifting geographic restrictions for various entertainment and news content in certain regions around the world. The Company also licensed over 180 titles to various territories in Asia, Africa, the Middle East and Europe as well as to various international OTT platforms generating over ₱528 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 on growing its broadband subscriber base. Following this direction, Sky Cable's revenues amounted to ₱8.40 billion, despite the absence of DTH services.

<u>Capital Expenditures</u>

Capital expenditures and program rights acquisitions amounted to ₱3.6 billion as of December 31, 2021.

Statement of Financial Position Accounts

As at December 31, 2021, total consolidated assets stood at ₱52.6 billion, 10.8% lower than ₱58.9 billion of December 31, 2020.

Shareholders’ equity decreased to ₱12.0 billion or 30% in December 31, 2021 compared to the previous year.

The company’s net debt-to-equity ratio was at 1.46x and 0.88x as of December 31, 2021 and 2020, 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, 2020, 2019 and 2018.

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)**

<u>Consolidated Revenues</u>

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.

<u>Business Segments</u>

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.

<u>Content Production and Distribution</u>

- Entertainment
- News
- International
- Film & Music
- Cable Networks
- Digital
- Live Events
- Themeparks *(Ceased in 2020)*
- Home Shopping *(Ceased in 2020)*
- Licensing & merchandising *(Ceased in 2020)*

<u>Sky Cable</u>

- 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

C. 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.

D. 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**

Consolidated Revenues

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.

ABS-CBN, S+A Sports+Action, TVplus, TFC, C1 CinemaOne, Star Cinema	**Media Network & Studio Entertainment** - Entertainment - News - International - Film & Music - DTT - Sports - Cable Networks
me & my SKY	**Cable, Satellite & Broadband** - Pay TV (Cable & Satellite) - Broadband
iWant, TFC, ABS-CBN NEWS.COM	**Digital & Interactive Media** - Online - Over-the-top
ABS-CBN EVENTS, KidZania, Shopping, ABS-CBNstore	**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)

E. 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.

F. 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.

G. 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.

H. 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.

ANNEX "C"

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, 2021 and 2020, 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 _______, 2022 MAY 13 2022

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 MAY 13 2022 day of in QUEZON CITY, 2022. 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.	P7898714B	17 Oct 2031	DFA, Manila

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Page No.: 10
Book No.: I
Series of: 2022

ATHENA LOUISE F. ERANDIO
Commission No. 259
Notary Public for Quezon City
Until December 31, 2022
4/F, ELJ Communications Center
Eugenio Lopez Drive, Quezon City
Roll No. 64810
PTR No. 2508768D/01.17.2022/Quezon City
IBP No. 181773/01.05.2022/Quezon City
MCLE Compliance No. VII-0010151/Valid until April 14, 2025

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)
5,975	**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.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

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 Group"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 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 ₱5.7 billion in 2021 and ₱13.5 billion in 2020. 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.

<u>Revenue Recognition</u>

The Company derives significant portion of its revenue from advertising services which accounted for 30% of the total consolidated revenue for the year ended December 31, 2021. This matter is significant to our audit because of the magnitude of the amounts involved, the advertising 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 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 advertising revenue process and tested the relevant controls. We performed correlation analysis among advertising revenues, receivables and cash and examined and performed validation on the correlation variances. We selected sample invoices and traced its settlement to supporting documents such as official receipts, remittance advice and bank statements. 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. We also tested sample transactions taking place within a certain period before and after year-end to evaluate the timing of the recognition of advertising revenues.

<u>Recoverability of Goodwill and Other Intangible Assets with Indefinite Useful Lives</u>
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, 2021, the Company's goodwill and other intangible assets with indefinite useful lives amounted to P5.9 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 is still 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.

Impairment Testing of Property and Equipment and Program Rights

The denial of legislative franchise application as discussed in Note 1 and the consequences of the effect of the COVID-19 pandemic are considered as impairment indicators that require an assessment of the recoverability of the Parent Company's non-financial assets, particularly its towers, transmission, and other broadcasting equipment, and program rights with carrying amounts of P1.1 billion and P2.1 billion, respectively, as of December 31, 2021. The determination of recoverable amounts of these assets using discounted cash flows technique and fair value less cost to sell 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, long-term growth rate and discount rate that were then applied to the cash flows forecast and selling price and cost to sell for the fair value less cost to sell.

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 amount 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, long-term 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. For the fair value less cost to sell, we tested the reasonableness of the fair values used in the calculation by comparing the amounts to supporting agreements.

Recoverability of Deferred Tax Assets

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 evaluated management's assessment on the availability of future taxable income assessment in reference to financial forecast and tax strategies. 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 evaluated 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 and SEC Form 20-IS (Definitive Information Statement) for the year ended December 31, 2021 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 17-A and SEC Form 20-IS (Definitive Information Statement) for the year ended December 31, 2021, are 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.

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
Tax Identification No. 201-960-347
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1768-A (Group A)
September 3, 2019, valid until September 2, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-102-2021, September 16, 2021, valid until September 15, 2024
PTR No. 8853496, January 3, 2022, Makati City

April 28, 2022

ABS-CBN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱2,539,978**	₱6,429,726
Short-term investments (Note 6)	**10,818**	11,680
Trade and other receivables (Notes 7 and 23)	**5,151,725**	5,563,130
Inventories (Note 8)	**385,955**	524,905
Program rights and other intangible assets (Note 12)	**701,796**	1,011,070
Other current assets (Notes 9 and 15)	**4,139,335**	5,142,376
	12,929,607	18,682,887
Noncurrent assets held for sale (Note 31)	**173,490**	–
Total Current Assets	**13,103,097**	18,682,887
Noncurrent Assets		
Property and equipment (Notes 10 and 18)	**26,285,854**	26,758,264
Goodwill, program rights and other intangible assets - net of current portion (Note 12)	**9,482,557**	10,421,284
Financial assets at fair value through other comprehensive income (FVOCI) (Note 13)	**41,658**	61,846
Investment properties (Notes 11 and 18)	**1,294**	141,112
Investments in associates and joint ventures (Note 14)	**121,775**	161,382
Deferred tax assets (Note 29)	**1,097,950**	1,715,052
Other noncurrent assets (Note 16)	**2,429,603**	984,350
Total Noncurrent Assets	**39,460,691**	40,243,290
TOTAL ASSETS	**₱52,563,788**	₱58,926,177
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 4, 17, 23 and 30)	**₱10,607,177**	₱9,826,832
Contract liabilities (Note 9)	**765,942**	756,876
Income tax payable	**334,018**	218,521
Obligations for program rights (Note 19)	**124,767**	233,560
Current lease liabilities (Note 32)	**172,727**	310,088
Interest-bearing loans and borrowings (Notes 10, 11 and 18)	**2,004,882**	17,053,458
Total Current Liabilities	**14,009,513**	28,399,335
Noncurrent Liabilities		
Interest-bearing loans and borrowings - net of current portion (Notes 10, 11 and 18)	**18,250,975**	4,433,796
Obligations for program rights - net of current portion (Note 19)	**159,084**	360,996
Accrued pension obligation and other employee benefits (Note 30)	**6,850,961**	6,958,955
Deferred tax liabilities (Note 29)	**249,762**	353,639
Noncurrent lease liabilities (Note 32)	**460,672**	636,234
Convertible notes (Note 20)	**172,693**	243,477
Other noncurrent liabilities (Note 21)	**316,061**	340,894
Total Noncurrent Liabilities	**26,460,208**	13,327,991
Total Liabilities	**40,469,721**	41,727,326

(Forward)

	December 31	
	2021	2020
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	**207,219**	244,980
Fair value reserves on financial assets at FVOCI (Note 13)	**77,869**	71,712
Retained earnings (Note 22)	**8,691,759**	13,794,643
Equity attributable to equity holders of the Parent Company	**13,155,651**	18,290,139
Noncontrolling Interests (Note 4)	**(1,061,584)**	(1,091,288)
Total Equity	**12,094,067**	17,198,851
TOTAL LIABILITIES AND EQUITY	**₱52,563,788**	₱58,926,177

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		
	2021	2020	2019
REVENUES (Notes 5, 23, 24 and 32)	**₱17,825,204**	₱21,419,757	₱42,834,842
PRODUCTION COSTS (Notes 10, 12, 23, 25, 30 and 32)	**(7,152,642)**	(10,310,826)	(13,135,798)
COST OF SERVICES (Notes 8, 10, 12, 15, 23, 26, 30 and 32)	**(7,890,298)**	(9,136,575)	(11,010,926)
COST OF SALES (Notes 8, 10, 23, 26, 30 and 32)	**(40,546)**	(284,707)	(2,136,680)
GROSS PROFIT	**2,741,718**	1,687,649	16,551,438
GENERAL AND ADMINISTRATIVE EXPENSES (Notes 7, 8, 10, 11, 12, 22, 23, 27, 30 and 32)	**(7,450,527)**	(13,815,768)	(16,113,809)
FINANCE COSTS (Notes 18, 20 and 28)	**(1,178,095)**	(1,213,934)	(1,547,422)
INTEREST INCOME (Note 6)	**8,515**	201,101	560,421
FOREIGN EXCHANGE GAINS (LOSSES) - Net	**81,545**	(382,796)	(312,254)
EQUITY IN NET LOSSES OF ASSOCIATES AND JOINT VENTURES (Note 14)	**(9,607)**	(47,634)	(18,721)
OTHER INCOME - Net (Notes 28 and 32)	**572,290**	92,837	530,469
LOSS BEFORE INCOME TAX	**(5,234,161)**	(13,478,545)	(349,878)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 29)			
Current	**287,710**	538,985	676,294
Deferred	**148,512**	(486,714)	1,618,975
	436,222	52,271	2,295,269
NET LOSS	**(₱5,670,383)**	(₱13,530,816)	(₱2,645,147)
Net loss Attributable to:			
Equity holders of the Parent Company (Note 35)	**(₱5,638,992)**	(₱13,456,161)	(₱1,624,858)
Noncontrolling interests	**(31,391)**	(74,655)	(1,020,289)
	(₱5,670,383)	(₱13,530,816)	(₱2,645,147)
Basic/Diluted Loss Per Share Attributable to Equity Holders of the Parent Company (Note 35)	**(₱6.857)**	(₱16.356)	(₱1.979)

See accompanying Notes to Consolidated Financial Statements.

ABS-CBN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2021	2020	2019
NET LOSS	**(₱5,670,383)**	(₱13,530,816)	(₱2,645,147)
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)	**150,935**	(350,002)	(1,103,052)
Fair value adjustments on financial assets at FVOCI - net of tax (Note 13)	**452,425**	34,462	(33,049)
	603,360	(315,540)	(1,136,101)
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	**(37,761)**	(305,709)	(370,935)
OTHER COMPREHENSIVE INCOME (LOSS)	**565,599**	(621,249)	(1,507,036)
TOTAL COMPREHENSIVE LOSS	**(₱5,104,784)**	(₱14,152,065)	(₱4,152,183)
Total Comprehensive Loss Attributable to:			
Equity holders of the Parent Company	**(₱5,134,488)**	(₱13,986,948)	(₱3,099,664)
Noncontrolling interests	**29,704**	(165,117)	(1,052,519)
	(₱5,104,784)	(₱14,152,065)	(₱4,152,183)

See accompanying Notes to Consolidated Financial Statements.

ABS-CBN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

(Amounts in Thousands)

	Attributable to 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	Fair Value Reserves on Financial Assets At FVOCI (Note 13)	Remeasure-ment Gain (Loss) on Defined Benefit Plan - Net (Note 30)	Retained Earnings (Note 22)			Noncontrolling Interests (Notes 17 and 20)	Total Equity
	Common	Preferred						Appropriated	Unappropriated	Total		
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**
Net loss	–	–	–	–	–	–	–	–	(5,638,992)	(5,638,992)	(31,391)	(5,670,383)
Other comprehensive income (loss)	–	–	–	–	(37,761)	452,425	89,840	–	–	504,504	61,095	565,599
Total comprehensive income (loss)	–	–	–	–	(37,761)	452,425	89,840	–	(5,638,992)	(5,134,488)	29,704	(5,104,784)
Remeasurement loss on defined benefit plan transferred to retained earnings	–	–	–	–	–	–	(89,840)	–	89,840	–	–	–
Reversal of appropriation of retained earnings	–	–	–	–	–	–	–	(16,200,000)	16,200,000	–	–	–
Transfer of fair value reserves on financial assets at FVOCI	–	–	–	–	–	(446,268)	–	–	446,268	–	–	–
At December 31, 2021	**₱872,124**	**₱200,000**	**₱4,745,399**	**(₱1,638,719)**	**₱207,219**	**₱77,869**	**₱–**	**₱–**	**₱8,691,759**	**₱13,155,651**	**(1,061,584)**	**₱12,094,067**

	Attributable to 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	Fair Value Reserves on Financial Assets At FVOCI (Note 13)	Remeasure-ment Gain (Loss) on Defined Benefit Plan - Net (Note 30)	Retained Earnings (Note 22)			Noncontrolling Interests (Notes 17 and 20)	Total Equity
	Common	Preferred						Appropriated	Unappropriated	Total		
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)		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)	Remeasurement Gain (Loss) on Defined Benefit Plan - Net (Note 30)	Retained Earnings (Note 22)		Total	Noncontrolling Interests (Notes 17 and 20)	Total Equity
	Common	Preferred						Appropriated	Unappropriated			
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

See accompanying Notes to Consolidated Financial Statements.

ABS-CBN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	**(₱5,234,161)**	(₱13,478,545)	(₱349,878)
Adjustments to reconcile loss before income tax to net cash flows:			
Depreciation and amortization (Notes 10, 11, 25, 26 and 27)	**3,425,454**	3,591,768	3,717,944
Impairment loss (Notes 10, 12, 14 and 27)	**118,309**	699,692	3,331,266
Amortization of:			
Program rights and other intangibles (Note 12)	**1,118,188**	2,130,841	1,644,956
Debt issue costs (Note 28)	**17,874**	20,831	25,740
Deferred charges (Note 26)	**19**	19	1,383
Interest expense (Note 28)	**1,149,831**	1,180,429	1,423,504
Loss (gain) on sale of property and equipment (Notes 10 and 28)	**(184,484)**	279,519	(27,870)
Movements in accrued pension obligation and other employee benefits (Note 30)	**(107,994)**	572,316	1,594,073
Loss on extinguishment of program rights (Note 12)	**80,019**	–	–
Net unrealized foreign exchange gain	**(31,683)**	(99,092)	(182,105)
Equity in net losses of associates and joint ventures (Note 14)	**9,607**	47,634	18,721
Interest income (Notes 6 and 23)	**(8,515)**	(201,101)	(560,421)
Dividend income (Note 13)	**(7,245)**	(7,862)	(9,183)
Working capital changes:			
Decrease (increase) in:			
Trade and other receivables	**399,484**	4,873,586	(71,019)
Inventories	**55,876**	150,545	4,919
Other current assets	**(585,052)**	959,204	(124,105)
Increase (decrease) in:			
Trade and other payables	**1,445,026**	(3,158,581)	(2,518,924)
Other noncurrent liabilities	**(128,710)**	(220,967)	(44,065)
Obligations for program rights	**98,995**	(147,760)	(234,552)
Contract liabilities	**9,066**	(270,714)	82,906
Net cash generated from (used in) operations	**1,639,904**	(3,078,238)	7,723,290
Income taxes paid	**(172,213)**	(623,113)	(651,900)
Net cash provided by (used in) operating activities	**1,467,691**	(3,701,351)	7,071,390
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment (Notes 5 and 10)	**(3,388,712)**	(3,039,097)	(3,725,696)
Goodwill, program rights and other intangible assets (Notes 12 and 36)	**(505,944)**	(857,983)	(883,342)
Decrease (increase) in short-term investments	**862**	6,987,015	(5,194,654)
Proceeds from sale of:			
Property and equipment and investment properties	**555,477**	645,198	316,968
FVOCI (Note 13)	**472,613**	235,742	–

(Forward)

	Years Ended December 31		
	2021	2020	2019
Interest received	**₱10,603**	₱373,394	₱423,067
Decrease in other noncurrent assets	**89,489**	182,213	641,052
Return of investment in a joint venture (Note 14)	**–**	182,000	–
Acquisition of financial assets at VOCI	**–**	–	(27,871)
Net cash provided by (used in) investing activities	**(2,765,612)**	4,708,482	(8,450,476)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Long-term debt (Notes 18 and 36)	**(1,461,938)**	(4,560,130)	(7,174,520)
Interest (Note 36)	**(1,116,002)**	(1,205,551)	(1,454,269)
Principal portion of lease liabilities (Note 32)	**(284,948)**	(255,131)	(364,129)
Dividends (Note 22)	**–**	–	(460,487)
Decrease in (additions to) restricted cash (Note 15)	**75,103**	(695,471)	–
Proceeds from availment of long-term debt (Note 36)	**200,403**	–	4,962,500
Net cash used in financing activities (Note 36)	**(2,587,382)**	(6,716,283)	(4,490,905)
EFFECTS OF EXCHANGE RATE CHANGES AND TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(4,445)**	(31,039)	(64,778)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,889,748)**	(5,740,191)	(5,934,769)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**6,429,726**	12,169,917	18,104,686
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱2,539,978**	₱6,429,726	₱12,169,917

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. 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 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 until May 4, 2020. The Parent Company and its subsidiaries are collectively referred to as "the Company".

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 denial of the Parent Company's franchise application significantly affected the Company's operations, specifically its free to air business. This resulted in a net loss of ₱13.5 billion for the year ended December 31, 2020. This has continued to affect the Parent Company's financial standing for the year ended December 31, 2021, which resulted in a net loss of ₱5.7 billion. The Company's current assets as of December 31, 2021 and 2020 amounted to ₱13,103 million and ₱18,683 million, respectively, and current liabilities as of December 31, 2021 and 2020 amounted to ₱14,010 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 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) on April 28, 2022.

2. **Summary of Significant Accounting and Financial Reporting Policies**

Basis of Preparation

The consolidated financial statements of ABS-CBN and its subsidiaries have been prepared on a historical cost basis, except for investments in equity shares and club shares designated at FVOCI 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 2021, 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.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*
  The amendment provides 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, 2022; 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 amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

  The Company adopted the amendment beginning April 1, 2021. These amendments have no impact on the Company's consolidated financial statements.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following 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):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The Company adopted the amendments beginning January 1, 2021. These amendments have 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, 2021 and 2020:

Company	Place of Incorporation	Principal Activities	Functional Currency	Effective Interest 2021	Effective Interest 2020
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) (l)]	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 2021	Effective Interest 2020
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**	100.0
Eukelade Holding Corporation	Philippines	Holding company	Philippine peso	**100.0**	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 (see Note 34).

Financial Statements Classification
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.

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 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, 2021 and 2020.

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 proprietary 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, 2021 and 2020.

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, 2021 and 2020.

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

Restricted Cash. Restricted cash pertains to funds intended for debt repayment and is not available for any disbursement transactions other than its specified purpose.

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.

Noncurrent Assets Held for Sale

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

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

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

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.

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	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

Intangible Asset	**Useful Lives**	**Amortization Method Used**	**Impairment Testing**	**Current and Noncurrent Classification**
		upon showing and the remainder is over 15 years)		
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
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

Intangible Asset	Useful Lives	Amortization Method Used	Impairment Testing	Current and Noncurrent Classification
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
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.

<u>Retained Earnings</u>
Retained earnings includes cumulative balance of net income or loss attributable to the equity holders of the Parent Company and reduced by dividends on capital stock. Appropriated retained earnings are restricted for specific purposes and/or not available for dividend declaration. Unappropriated retained

earnings re not restricted and include the cumulative balance of net income or loss, any dividend distributions, prior period adjustments and any changes in accounting policy.

Deposit for future subscription
Deposit for future subscription accounts represents funds received by the Company which it records as such with a view to applying the same as payment for additional issuance of shares or increase in capital stock. Deposits for future subscription is reported as part of the statement of changes in equity and as a separate item in the equity section of the statement of financial position, if the following criteria are met, otherwise, this is classified as non-current liability:

- the unissued authorized capital stock of the entity is insufficient to cover the number of shares indicated in the contract
- there is BOD's approval on the proposed increase in authorized capital stock (for which a deposit was received by the Company);
- there is stockholders' approval of said proposed increase; and
- the application for the approval of the proposed increase has been filed with the SEC on or before the financial reporting date

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 32.

   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 2021 and 2020 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.

Other Revenue
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. These costs are included in "Other current assets" account in the consolidated statements of financial position.

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

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.

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.

Earnings (Loss) Per Share (EPS) attributable to the Equity Holders of the Parent Company
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.

Contingencies
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.

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 consolidated financial statements. Events after financial reporting date that are not adjusting events are disclosed in the notes to consolidated financial statements, when material.

Segment Reporting
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, 2021 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, 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. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- 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. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *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. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - 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. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

  - 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 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2024

- 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. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

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 amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Company continues to assess the impact of the new and amended accounting standards and interpretations effective subsequent to December 31, 2021 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.

<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 consolidated financial statements.

Going Concern Assessment

As discussed in Note 1, the Resolution significantly affected the Parent Company's free-to-air business in the Philippines which resulted in a net loss of ₱5,670 million and ₱13,531 million for the years ended December 31, 2021 and 2020, respectively, negative operating cash flows of ₱3,701 million for the year ended December 31, 2020, current assets as of December 31, 2021 and 2020 amounting to ₱13,103 million and ₱18,683 million, respectively, and current liabilities as of December 31, 2021 and 2020 amounting to ₱14,010 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 ability to settle its liabilities as they fall due within the next 12 months.

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 its 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 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.
4. The Parent Company continues to service its loan obligations with the banks in accordance with the standstill agreement.
5. 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
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.

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 does not include the renewal period as part of the lease term for leases of office spaces and warehouses since these are not reasonably certain to be exercised and are subject to mutual agreement of both parties. 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 ₱159 million, ₱1,411 million and ₱600 million in 2021, 2020 and 2019, respectively (see Notes 7 and 27). Trade and other receivables, net of allowance for ECL, amounted to ₱5.2 billion and ₱5.6 billion as at December 31, 2021 and 2020, respectively. Allowance for ECL amounted to ₱2.6 billion and ₱3.5 billion as at December 31, 2021 and 2020, 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 2021 and 2020.

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):

	2021	2020
Property and equipment	**₱19,546,200**	₱18,429,162
Program rights	**2,116,565**	3,347,466
Movie in-process and filmed entertainment	**991,222**	1,071,277
Customer relationships	**439,820**	506,399
Cable channels	**196,826**	273,428
Story and publication, video rights, and record master	**110,677**	115,958
Production and distribution business - Middle East	**3,000**	3,217
Investment properties	**1,294**	5,184
Digital platforms	**3**	3

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 ₱2.1 billion and ₱3.3 billion as at December 31, 2021 and 2020, 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, 2021 and 2020 are as follows (see Notes 9, 10, 11, 12, 14 and 15):

	2021	2020
Property and equipment	**₱26,285,854**	₱26,758,264
Program rights	**2,116,565**	3,347,466
Movie in-process and filmed entertainment	**991,222**	1,071,277
Customer relationships	**439,820**	506,399
Tax credits - net of allowance for impairment	**380,701**	478,831
Preproduction expenses	**368,629**	236,906
Cable channels	**232,826**	273,428
Investments in associates and joint venture	**121,775**	161,382
Story and publication, video rights, and record master	**110,677**	115,958
Production and distribution business - Middle East	**3,000**	3,217
Investment properties	**1,294**	141,112
Digital platforms	**3**	3

The Company recognized impairment losses amounting to ₱76 million and ₱0.6 billion, relating to its property and equipment, movie in-progress and filmed entertainment and tax credits, in 2021 and 2020, 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 higher of its fair value less cost of disposal or its value in use which is 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, 2021 and 2020, the recoverable amount of certain assets was determined using its fair value less cost to sell or 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.

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. Perpetuity growth rates of 3.5% in 2021 and 3.3% in 2020 were 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 7.9% in 2021 and 6.7% in 2020.

Estimation of net realizable values. 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 ₱386 million and ₱525 million as of December 31, 2021 and 2020, respectively. Inventory losses amounted to ₱83 million, ₱606 million and ₱57 million in 2021, 2020 and 2019, respectively (see Note 8).

Recoverability of Goodwill, 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, trademarks, licenses and IP block to operate wireless business are allocated.

The impairment on goodwill, 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, 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. The Company assumed average perpetuity growth rate of 3.5% in 2021 and 1-4% in 2020 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 7.2% to 8.0% in 2021 and from 8.0% to 9.5% in 2020.

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 and theme park businesses amounting to ₱577 million and ₱985 million, respectively, in 2019 (see Note 12).

The carrying values of goodwill and intangible assets with indefinite useful lives as at December 31, 2021 and 2020 are as follows (see Note 12):

	2021	2020
Goodwill	**₱4,743,970**	₱4,729,250
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.

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 as at December 31, 2021 and 2020 (see Note 30).

Taxes. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the diversity of the Company's businesses and the long-term nature and complexity of existing contractual agreements or the nature of the business itself, changes in differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities under which the Company operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile or to the operations of the Company.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. 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, 2021 and 2020, the Company recognized gross deferred tax assets amounting to ₱1,098 million and ₱1,715 million, respectively. From this amount, ₱857 million and ₱578 million as at December 31, 2021 and 2020, respectively, relates to significant subsidiaries that incurred net losses and/or are in a capital deficiency position. 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 ₱9,917 million and ₱9,944 million as at December 31, 2021 and 2020, 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 37).

Leases - Estimating the Incremental Borrowing Rate. 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 32).

4. **Significant Acquisitions, Re-organization and Material Noncontrolling Interests**

Significant Acquisitions and Re-organization

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 April 28, 2022, 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	**2021**	2020
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	2021	2020
Sapientis Holdings Corporation and Subsidiaries	**(₱2,416,545)**	(₱2,516,768)
Sky Cable Corporation and Subsidiaries	**1,921,071**	1,835,110
ABS-CBN Theme Parks and Resorts Holdings, Inc. and Subsidiaries	**(585,013)**	(428,308)

Net Income (Loss) Attributable to Material Noncontrolling Interests

	Years Ended December 31		
Company	**2021**	2020	2019
Sky Cable Corporation and Subsidiaries	**(₱63,351)**	₱2,195	₱62,916
Sapientis Holdings Corporation and Subsidiaries	**49,790**	(32,630)	(807,197)
ABS-CBN Theme Parks and Resorts Holdings, Inc. and Subsidiaries	**(17,776)**	(43,941)	(275,699)

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

	2021	2020
Cash and cash equivalents	**₱718,694**	₱2,210,729
Other current assets	**2,195,148**	2,711,920
Goodwill	**4,491,817**	4,491,817
Trademarks	**1,111,784**	1,111,784
Customer relationships	**439,819**	506,399
Other noncurrent assets	**16,263,177**	15,622,703
Current liabilities	**(5,083,954)**	(7,179,925)
Noncurrent liabilities	**(7,410,109)**	(7,468,392)

Summarized Consolidated Statements of Comprehensive Income

	Years Ended December 31		
	2021	2020	2019
Revenue	**₱8,482,817**	₱9,603,622	₱9,661,228
Cost of services	**(6,823,068)**	(7,548,712)	(7,671,998)
General and administrative expenses	**(1,444,953)**	(2,015,125)	(1,680,305)
Finance costs	**(256,954)**	(271,609)	(301,158)
Other income - net	**380,886**	251,698	268,086
Income before income tax	**338,728**	19,874	275,853
Provision for (benefit from) income tax	**483,050**	5,962	103,508
Net income (loss)	**(144,322)**	13,912	172,345
Other comprehensive income (loss)	**143,663**	(212,352)	(75,122)
Total comprehensive income (loss)	**(₱659)**	(₱198,440)	₱97,223

Summarized Consolidated Statements of Cash Flows

	Years Ended December 31		
	2021	2020	2019
Operating	**₱1,126,357**	₱2,195,906	₱2,291,454
Investing	**(3,287,376)**	(2,993,715)	(2,542,322)
Financing	**668,984**	(385,527)	(254,179)
Net decrease in cash and cash equivalents	**(₱1,492,035)**	(₱1,183,336)	(₱505,047)

b. *Sapientis*

Summarized Consolidated Statements of Financial Position

	2021	2020
Cash and cash equivalents	**₱2,584**	₱2,615
Other current assets	**951,862**	849,756
Current liabilities	**(5,955,358)**	(6,015,409)
Noncurrent liabilities	**(3,007,664)**	(3,007,664)

Summarized Consolidated Statements of Comprehensive Income

	Years Ended December 31		
	2021	2020	2019
Revenue	**₱–**	₱–	₱–
Cost of services	**–**	(3,816)	(2,261)
General and administrative expenses	**(5,843)**	(102,151)	(2,257,959)
Noncash expenses	**–**	–	(76,080)
Finance costs	**(417)**	(774)	(2,091)
Other income - net	**18,792**	256	(562)
Income (loss) before income tax	**12,532**	(106,485)	(2,338,953)
Provision for (benefit from) income tax	**(149,594)**	(47)	281,362
Net income (loss)	**162,126**	(106,438)	(2,620,315)
Other comprehensive loss	**–**	–	(2,268)
Total comprehensive income (loss)	**₱162,126**	(₱106,438)	(₱2,622,583)

Summarized Consolidated Statements of Cash Flows

	Years Ended December 31		
	2021	2020	2019
Operating	**(₱146,522)**	(₱6,752)	(₱482,063)
Investing	**150,168**	7,194	(18,046)
Financing	**(3,677)**	(5,744)	499,019
Net decrease in cash and cash equivalents	**(₱31)**	(₱5,302)	(₱1,090)

c. *ABS-CBN Theme Parks*

Summarized Consolidated Statements of Financial Position

	2021	2020
Cash and cash equivalents	**₱3,382**	₱23,708
Other current assets	**10,622**	33,301
Current liabilities	**(1,459,123)**	(1,437,045)
Noncurrent liabilities	**(18,597)**	(17,765)

Summarized Consolidated Statements of Comprehensive Income

	Years Ended December 31		
	2021	2020	2019
Revenue	**₱–**	₱82,996	₱462,197
Cost of services	**(322)**	(806)	(68,874)
General and administrative expenses	**(35,068)**	(266,797)	(1,335,770)
Finance costs	**(30,136)**	(38,770)	(54,980)
Other income - net	**(372)**	3,566	2,541
Loss before income tax	**(65,898)**	(219,811)	(994,886)
Provision for income tax	**17**	1,016	26,765
Net loss	**(65,915)**	(220,827)	(1,021,651)
Other comprehensive income	**–**	–	6,345
Total comprehensive loss	**(₱65,915)**	(₱220,827)	(₱1,015,306)

Summarized Consolidated Statements of Cash Flows

	Years Ended December 31		
	2021	2020	2019
Operating	**(₱20,326)**	₱246,207	₱50,026
Investing	**–**	(325)	12,729
Financing	**–**	(240,000)	(72,325)
Net increase (decrease) in cash and cash equivalents	**(₱20,326)**	₱5,882	(₱9,570)

5. Segment Information

Segment information is prepared on the following bases:

<u>Business Segments</u>
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.

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 ₱0.2 billion and ₱1.3 billion for Content Production and Distribution in 2021 and 2020, respectively (see Note 27).

The following table shows the reconciliation of the consolidated EBITDA to consolidated net income (loss):

	Years Ended December 31		
	2021	2020	2019
Consolidated EBITDA	**₱552,637**	(₱6,240,828)	₱9,153,763
Depreciation and amortization	**(3,425,454)**	(3,591,768)	(3,717,944)
Finance costs*	**(1,167,705)**	(1,201,260)	(1,530,032)
Amortization of intangible assets**	**(1,000,713)**	(1,340,496)	(1,451,179)
Provision for income tax	**(436,222)**	(52,271)	(2,295,269)
Impairment loss	**(201,441)**	(1,305,294)	(3,364,907)
Interest income	**8,515**	201,101	560,421
Consolidated net loss	**(₱5,670,383)**	(₱13,530,816)	(₱2,645,147)

**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		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Revenue												
External sales	₱9,808,028	₱12,257,547	₱34,404,177	₱8,482,817	₱9,603,622	₱9,661,228	₱–	₱–	₱–	₱18,290,845	₱21,861,169	₱44,065,405
Inter-segment sales	1,460,748	2,511,745	4,442,563	–	–	–	(1,460,748)	(2,511,745)	(4,442,563)	–	–	–
Revenue deductions	(465,641)	(768,178)	(1,560,245)	–	–	–	–	326,766	329,682	(465,641)	(441,412)	(1,230,563)
Total revenue	₱10,803,135	₱14,001,114	₱37,286,495	₱8,482,817	₱9,603,622	₱9,661,228	(₱1,460,748)	(₱2,184,979)	(₱4,112,881)	₱17,825,204	₱21,419,757	₱42,834,842
Results												
Operating results	(₱6,373,170)	(₱13,621,708)	(₱776,812)	₱214,796	₱39,785	₱308,925	₱1,449,565	₱1,453,804	₱905,516	(₱4,708,809)	(₱12,128,119)	₱437,629
Finance costs	(979,098)	(1,193,658)	(1,512,691)	(256,954)	(271,609)	(301,158)	57,957	251,333	266,427	(1,178,095)	(1,213,934)	(1,547,422)
Foreign exchange gains (losses) - net	(218,474)	(278,531)	(211,884)	(12,648)	(87,211)	(77,680)	312,667	(17,054)	(22,690)	81,545	(382,796)	(312,254)
Interest income	63,028	221,252	568,370	3,444	31,541	56,277	(57,957)	(51,692)	(64,226)	8,515	201,101	560,421
Equity in net losses of associates and joint ventures	(9,607)	(1,776,100)	(18,721)	–	–	–	–	1,728,466	–	(9,607)	(47,634)	(18,721)
Other income - net	890,170	451,087	1,150,671	390,090	307,368	289,489	(707,970)	(665,618)	(909,691)	572,290	92,837	530,469
Income tax	46,828	(46,309)	(2,191,761)	(483,050)	(5,962)	(103,508)	–	–	–	(436,222)	(52,271)	(2,295,269)
Net income (loss)	(₱6,580,323)	(₱16,243,967)	(₱2,992,828)	(₱144,322)	₱13,912	₱172,345	₱1,054,262	₱2,699,239	₱175,336	(₱5,670,383)	(₱13,530,816)	(₱2,645,147)
EBITDA										₱552,637	(₱6,240,828)	₱9,153,763
EBITDA Margin										3%	(29%)	21%
Assets and Liabilities												
Operating assets	₱29,576,873	₱35,403,549	₱71,822,264	₱23,850,193	₱24,478,669	₱24,475,320	(₱2,291,965)	(₱2,886,225)	(₱18,679,933)	₱51,135,101	₱56,995,993	₱77,617,651
Contract assets	35,472	53,750	53,914	–	–	–	–	–	–	35,472	53,750	53,914
Noncurrent assets held for sale	173,490	–	–	–	–	–	–	–	–	173,490	–	–
Investments in associates and joint ventures	15,801,696	15,957,614	20,930,038	1,562	1,562	1,562	(15,681,483)	(15,797,794)	(20,505,736)	121,775	161,382	425,864
Deferred tax assets	539,178	433,848	473,705	558,772	1,315,992	856,184	–	(34,788)	(182,782)	1,097,950	1,715,052	1,147,107
Total assets	₱46,126,709	₱51,848,761	₱93,279,921	₱24,410,527	₱25,796,223	₱25,333,066	(₱17,973,448)	(₱18,718,807)	(₱39,368,451)	₱52,563,788	₱58,926,177	₱79,244,536
Operating liabilities	₱15,090,327	₱14,881,647	₱16,619,324	₱6,742,944	₱6,710,426	₱6,634,394	(₱3,268,510)	(₱3,408,838)	(₱3,733,357)	₱18,564,761	₱18,183,235	₱19,520,361
Contract liabilities	123,837	64,392	436,165	642,105	692,484	628,485	–	–	–	765,942	756,876	1,064,650
Interest-bearing loans and borrowings	15,628,343	16,033,607	20,500,586	4,897,514	5,996,203	6,067,344	(270,000)	(542,556)	(541,331)	20,255,857	21,487,254	26,026,599
Deferred tax liability	249,762	353,639	458,355	–	–	–	–	–	–	249,762	353,639	458,355
Lease liabilities	76,999	173,468	878,309	561,162	777,616	239,215	(4,762)	(4,762)	(34,158)	633,399	946,322	1,083,366
Total liabilities	₱31,169,268	₱31,506,753	₱38,892,739	₱12,843,725	₱14,176,729	₱13,569,438	(3,543,272)	(₱3,956,156)	(₱4,308,846)	₱40,469,721	₱41,727,326	₱48,153,331
Other Segment Information												
Capital expenditures:												
Property and equipment	₱266,443	₱1,101,867	₱1,588,089	₱3,132,446	₱3,233,871	₱2,489,861	₱–	₱–	₱–	₱3,398,889	₱4,335,738	₱4,077,950
Intangible assets	183,992	967,086	1,228,997	160,914	51,935	82,449	–	–	–	344,906	1,019,021	1,311,446
Depreciation and amortization	2,702,764	5,189,742	4,806,144	2,065,325	1,979,908	1,771,229	(224,447)	(1,409,098)	(1,214,473)	4,543,642	5,760,552	5,362,900
Noncash expenses other than depreciation and amortization	348,769	372,862	409,296	140,247	786,670	216,420	(311,742)	–	–	177,274	1,159,532	625,716

Geographical Segment Data

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		
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019	**2021**	2020	2019	**2021**	2020	2019
Revenue															
External sales	**₱14,827,461**	₱17,961,491	₱38,364,701	**₱2,347,178**	₱2,340,949	₱3,008,852	**₱1,116,206**	₱1,558,729	₱2,691,852	**₱–**	₱–	₱–	**₱18,290,845**	₱21,861,169	₱44,065,405
Inter-segment sales	**1,460,748**	2,511,745	4,442,563	**–**	–	–	**–**	–	–	**(1,460,748)**	(2,511,745)	(4,442,563)	**–**	–	–
Revenue deductions	**(465,641)**	(768,178)	(1,560,245)	**–**	–	–	**–**	–	–	**–**	326,766	329,682	**(465,641)**	(441,412)	(1,230,563)
Total revenue	**₱15,822,568**	₱19,705,058	₱41,247,019	**₱2,347,178**	₱2,340,949	₱3,008,852	**₱1,116,206**	₱1,558,729	₱2,691,852	**(₱1,460,748)**	(₱2,184,979)	(₱4,112,881)	**₱17,825,204**	₱21,419,757	₱42,834,842
Assets															
Operating assets	**₱46,707,139**	₱54,268,951	₱84,840,972	**₱2,098,564**	₱1,511,933	₱2,520,027	**₱4,621,363**	₱4,101,334	₱8,936,585	**(₱2,291,965)**	(₱2886,225)	(₱18,679,933)	**₱51,135,101**	₱56,995,993	₱77,617,651
Noncurrent assets held for sale	**173,490**	–	–	**–**	–	–	**–**	–	–	**–**	–	–	**173,490**	–	–
Contract assets	**35,472**	53,750	53,914	**–**	–	–	**–**	–	–	**–**	–	–	**35,472**	53,750	53,914
Investments in associates and joint ventures	**15,803,258**	15,959,176	20,931,600	**–**	–	–	**–**	–	–	**(15,681,483)**	(15,797,794)	(20,505,736)	**121,775**	161,382	425,864
Deferred tax assets - net	**939,361**	1,585,052	1,225,025	**144,789**	143,880	77,198	**13,800**	20,908	27,666	**–**	(34,788)	(182,782)	**1,097,950**	1,715,052	1,147,107
Total assets	**₱63,658,720**	₱71,866,929	₱107,051,511	**₱2,243,353**	₱1,655,813	₱2,597,225	**₱4,635,163**	₱4,122,242	₱8,964,251	**(₱17,973,448)**	(₱18,718,807)	(₱39,368,451)	**₱52,563,788**	₱58,926,177	₱79,244,536
Liabilities															
Operating liabilities	**₱17,855,687**	₱17,505,656	₱19,333,483	**₱942,048**	₱451,536	₱559,114	**₱3,035,536**	₱3,634,881	₱3,361,121	**(₱3,268,510)**	(₱3,408,838)	(₱3,733,357)	**₱18,564,761**	₱18,183,235	₱19,520,361
Contract liabilities	**765,942**	756,876	1,064,650	**–**	–	–	**–**	–	–	**–**	–	–	**765,942**	756,876	1,064,650
Interest-bearing loans and borrowings	**20,525,857**	22,029,810	26,536,966	**–**	–	30,964	**–**	–	–	**(270,000)**	(542,556)	(541,331)	**20,255,857**	21,487,254	26,026,599
Deferred tax liability	**249,762**	353,639	458,355	**–**	–	–	**–**	–	–	**–**	–	–	**249,762**	353,639	458,355
Lease liabilities	**632,608**	943,944	520,403	**3,497**	6,995	579,236	**2,056**	145	17,885	**(4,762)**	(4,762)	(34,158)	**633,399**	946,322	1,083,366
Total liabilities	**₱40,029,856**	₱41,589,925	₱47,913,857	**₱945,545**	₱458,531	₱1,169,314	**₱3,037,592**	₱3,635,026	₱3,379,006	**(3,543,272)**	(₱3,956,156)	(₱4,308,846)	**₱40,469,721**	₱41,727,326	₱48,153,331
Other Segment Information															
Capital expenditures:															
Property and equipment	**₱3,364,876**	₱4,331,634	₱4,033,749	**₱23,671**	₱3,430	₱44,201	**₱10,342**	₱674	₱–	**₱–**	₱–	₱–	**₱3,398,889**	₱4,335,738	₱4,077,950
Intangible assets	**344,906**	1,019,021	1,311,446	**–**	–	–	**–**	–	–	**–**	–	–	**344,906**	1,019,021	1,311,446

6. Cash and Cash Equivalents and Short-term Investments

	2021	2020
Cash on hand and in banks	**₱1,914,780**	₱3,548,320
Cash equivalents	**625,198**	2,881,406
	₱2,539,978	₱6,429,726

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 ₱11 million and ₱12 million as at December 31, 2021 and 2020, 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 ₱9 million, ₱201 million and ₱560 million in 2021, 2020 and 2019, respectively.

7. Trade and Other Receivables

	2021	2020
Trade:		
Airtime	**₱2,801,968**	₱2,844,668
Subscriptions	**2,101,071**	3,190,019
Others	**1,113,547**	992,924
Due from related parties (Note 23)	**246,320**	333,210
Advances to employees and talents (Note 23)	**646,923**	1,076,449
Others	**803,737**	584,310
	7,713,566	9,021,580
Less allowance for ECL	**2,561,841**	3,458,450
	₱5,151,725	₱5,563,130

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 (see Note 14).

The aging analysis of the unbilled airtime and subscription receivables follows:

	2021	2020
Less than 30 days	**₱89,452**	₱89,615
31 to 90 days	**85,576**	84,673
	₱175,028	₱174,288

Allowance for ECL
Movements in the allowance for ECL are as follows:

	Trade				
	Airtime	Subscriptions	Others	Nontrade	Total
Balance at January 1, 2020	₱342,847	₱1,516,872	₱361,842	₱296,536	₱2,518,097
Provisions (Note 27)	892	864,326	660	545,159	1,411,037
Write-offs and others	–	(461,006)	(7,701)	(1,977)	(470,684)
Balance at December 31, 2020	343,739	1,920,192	354,801	839,718	3,458,450
Provisions (Note 27)	**–**	**147,711**	**7,748**	**3,941**	**159,400**
Write-offs and others	**(1,651)**	**(639,952)**	**(66,721)**	**(347,685)**	**(1,056,009)**
Balance at December 31, 2021	**₱342,088**	**₱1,427,951**	**₱295,828**	**₱495,974**	**₱2,561,841**

8. Inventories

	2021	2020
At cost:		
Office supplies	**₱4,933**	₱1,647
At net realizable value:		
Merchandise inventories	**364,269**	464,454
Materials, supplies and spare parts	**16,753**	58,804
	₱385,955	₱524,905

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 ₱18 million, ₱260 million and ₱2,115 million in 2021, 2020 and 2019, 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 ₱23 million, ₱334 million and ₱2,293 million in 2021, 2020 and 2019, respectively (see Note 26).

The cost of inventories carried at net realizable value amounted to ₱1,094 million and ₱1,106 million as at December 31, 2021 and 2020, respectively. Inventory losses amounted to ₱83 million, ₱606 million and ₱57 million in 2021, 2020 and 2019, respectively (see Note 27). The Company has no reversal of inventory write-downs in 2021, 2020 and 2019, respectively.

9. Contract Cost Assets and Contract Liabilities

	2021	2020
Contract cost assets (Note 15)	**₱35,472**	₱53,750
Contract liabilities	**765,942**	756,876

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 ₱47 million, ₱27 million and ₱47 million in 2021, 2020 and 2019, respectively (see Note 27).

No impairment loss was recognized in 2021, 2020 and 2019.

Contract Liabilities

Contract liabilities pertain to the payments reforceived 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 ₱219 million , ₱646 million and ₱461 million in 2021, 2020 and 2019, respectively. Contract liabilities are usually recognized as revenues within one year from receipt.

10. Property and Equipment

	December 31, 2021							
						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	**₱2,240,547**	**₱13,549,916**	**₱27,862,148**	**₱13,560,712**	**₱6,775,436**	**₱2,104,292**	**₱341,476**	**₱66,434,527**
Additions	**–**	**44,290**	**2,146,594**	**334,391**	**856,094**	**7,343**	**10,177**	**3,398,889**
Disposals/retirements	**(54,148)**	**(79,467)**	**(33,472)**	**(862,999)**	**–**	**(5,939)**	**(52,102)**	**(1,088,127)**
Reclassifications	**219,496**	**869,089**	**884,251**	**565,042**	**(2,537,878)**	**–**	**–**	**–**
Reclassification to noncurrent assets held for sale (Note 31)	**–**	**–**	**(63,627)**	**–**	**–**	**–**	**–**	**(63,627)**
Translation adjustments	**5,271**	**722**	**3,379**	**24,111**	**81**	**1,237**	**285**	**35,086**
Balance at end of year	**2,411,166**	**14,384,550**	**30,799,273**	**13,621,257**	**5,093,733**	**2,106,933**	**299,836**	**68,716,748**

(Forward)

	December 31, 2021							
						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
Accumulated Depreciation, Amortization and Impairment								
Balance at beginning of year	**₱48,145**	**₱9,038,953**	**₱19,909,587**	**₱9,345,349**	**₱691,012**	**₱372,150**	**₱271,067**	**₱39,676,263**
Depreciation and amortization (Notes 25, 26 and 27)	**16,697**	**327,757**	**1,870,731**	**994,713**	**–**	**196,818**	**18,338**	**3,425,054**
Disposals/retirements	**(320)**	**(50,000)**	**(19,428)**	**(589,345)**	**–**	**(5,939)**	**(52,102)**	**(717,134)**
Impairment (Note 27)	**–**	**–**	**–**	**–**	**75,859**	**–**	**–**	**75,859**
Reclassification to noncurrent assets held for sale (Note 31)	**–**	**–**	**(26,064)**	**–**	**–**	**–**		**(26,064)**
Translation adjustments	**–**	**613**	**2,934**	**21,118**	**–**	**(20,729)**	**(7,020)**	**(3,084)**
Balance at end of year	**64,522**	**9,317,323**	**21,737,760**	**9,771,835**	**766,871**	**542,300**	**230,283**	**42,430,894**
Net Book Value	**₱2,346,644**	**₱5,067,227**	**₱9,061,513**	**₱3,849,422**	**₱4,326,862**	**₱1,564,633**	**₱69,553**	**₱26,285,854**

	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

Construction in progress pertains to cost of building the production facilities which is expected to be completed in 2022 to 2024.

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, 2021 and 2020 amounted to ₱6,834 million and ₱7,254 million, respectively (see Note 18).

Unamortized borrowing costs capitalized as part of property and equipment amounted to ₱1,786 million and ₱1,814 million as at December 31, 2021 and 2020, respectively. Borrowing costs capitalized in 2021 and 2020 amounted to nil and ₱200 million, respectively. Borrowing cost capitalization rate in 2020 is 5.335% (nil in 2021).

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. The Company recognized impairment losses amounting to ₱76 million and ₱525 million, relating to its property and equipment in 2021 and 2020, respectively (see Note 27).

In 2021 and 2020, the Company sold certain property and equipment with carrying values of ₱509 million and ₱872 million, respectively. Gain on sale of properties amounted to ₱184 million in 2021 while the Company incurred loss on sale amounting to ₱280 million in 2020 (see Note 28).

11. Investment Properties

	December 31, 2021		
	Land	**Building**	**Total**
Cost:			
Balance at beginning of year	**₱135,928**	**₱7,803**	**₱143,731**
Disposal	**–**	**(5,426)**	**(5,426)**
Reclassification to noncurrent assets held for sale (Note 31)	**(135,928)**	**–**	**(135,928)**
Translation adjustments	**–**	**483**	**483**
Balance at end of year	**–**	**2,860**	**2,860**
Accumulated depreciation:			
Balance at beginning of year	**–**	**2,619**	**2,619**
Depreciation (Note 27)	**–**	**400**	**400**
Disposal	**–**	**(1,572)**	**(1,572)**
Translation adjustments	**–**	**119**	**119**
Balance at end of year	**–**	**1,566**	**1,566**
Net book value	**₱–**	**₱1,294**	**₱1,294**

	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

The Parent Company owns a parcel of land for capital appreciation purposes costing ₱136 million. These properties are located in Scout Borromeo St. and Scout Bayoran St., Brgy. South Triangle, Diliman, Quezon City, and Sgt. Esguerra Avenue corners Scout Bayoran Street and Scout Borromeo Street, within Barangay South Triangle, Diliman, Quezon City. 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 price 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.

On November 25, 2020, ABS-CBN International sold its real estate property with a carrying value of ₱53 million. This property pertains 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).

Rental income derived from the investment properties amounted to nil in 2021, ₱1 million in 2020 and ₱3 million in 2019. Direct operating expenses, which consist mainly of depreciation, amounted to ₱0.4 million, ₱2 million and ₱2 million in 2021, 2020 and 2019, respectively.

12. Goodwill, Program Rights and Other Intangible Assets

	Goodwill	Program Rights	Movie In-Process and Filmed Entertainment	Story and Publication, Video Rights, and Record Master	Trademarks	Customer Relationships	Cable Channels - CPI	Production and Distribution Business - Middle East	Business Process Re-engineering	Digital Platforms and IP Block	Total
Balance as at January 1, 2021	**₱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**
Additions	**–**	**146,572**	**37,420**	**–**	**–**	**–**	**–**	**–**	**160,914**	**–**	**344,906**
Amortization (see Notes 25, 26 and 27)	**–**	**(888,251)**	**(117,475)**	**(5,281)**	**–**	**(66,579)**	**(40,602)**	**–**	**–**	**–**	**(1,118,188)**
Disposals and others	**–**	**(489,222)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(489,222)**
Translation adjustments	**14,720**	**–**	**–**	**–**	**–**	**–**	**–**	**(217)**	**–**	**–**	**14,503**
Balance as at December 31, 2021	**4,743,970**	**2,116,565**	**991,222**	**110,677**	**1,111,784**	**439,820**	**232,826**	**3,000**	**396,682**	**37,807**	**10,184,353**
Less current portion	**–**	**617,136**	**82,194**	**2,466**	**–**	**–**	**–**	**–**	**–**	**–**	**701,796**
Noncurrent portion	**₱4,743,970**	**₱1,499,429**	**₱909,028**	**₱108,211**	**₱1,111,784**	**₱439,820**	**₱232,826**	**₱3,000**	**₱396,682**	**₱37,807**	**₱9,482,557**
Balance as at January 1, 2020	₱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

Goodwill
Goodwill arose from the following acquisitions and business combination:

	2021	2020
Sky Cable	**₱4,491,817**	₱4,491,817
ABS-CBN International*	**252,153**	237,433
	₱4,743,970	₱4,729,250

**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, 2021, 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. License is fully impaired as of December 31, 2021 and 2020. In 2021, the Company cancelled its contract for certain program rights and recognized loss on extinguishment amounting to ₱80 million which is included in "Production costs" account in the consolidated income statement (see Note 25).

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 2020 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 expired in 2021 and management recognised impairment loss amounting to ₱38 million due to the uncertainty in contract renewal and adverse financial position of the major customer in 2020.

Costs of other intangible assets with indefinite life are as follows:

	2021	2020
Trademarks	**₱1,111,784**	₱1,111,784
IP Block	**37,804**	37,804
	₱1,149,588	₱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 ₱965 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

	2021	2020
Quoted equity securities	**₱–**	₱25,317
Non-listed ordinary common and quoted club shares	**41,658**	36,529
	₱41,658	₱61,846

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 proprietary investments in Wack Wack Golf and Country Club, Manila Polo Club and others.

In 2021, the Company sold its investment in equity securities. The fair value on the date of sale is ₱473 million and the accumulated gain recognized in other comprehensive income of ₱446 million was transferred to retained earnings.

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 recognized in other comprehensive income of ₱136 million was transferred to retained earnings.

Quoted equity securities generated dividends amounting to ₱7.2 million, ₱7.9 million and ₱9.2 million in 2021, 2020 and 2019, respectively (see Note 28).

Movements in this account follow:

	2021	2020
Balance at beginning of year	**₱61,846**	₱263,126
Unrealized fair value gain	**452,425**	34,462
Sale of investment	**(472,613)**	(235,742)
Balance at end of year	**₱41,658**	₱61,846

14. **Investments in Associates and Joint Ventures**

Entity	Principal Activities	Percentage of Ownership **2021**	2020
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:

	2021	2020
Acquisition costs –		
Balance at beginning of year	**₱853,049**	₱1,035,049
Return of investment in joint venture	**–**	(182,000)
Balance at end of year	**853,049**	853,049
Accumulated equity in net losses –		
Balance at beginning of year	**(644,022)**	(596,388)
Equity in net loss during the year	**(9,607)**	(47,634)
Balance at end of year	**(653,629)**	(644,022)
Accumulated impairment loss –		
Balance at beginning of year	**(47,645)**	(12,797)
Impairment of investment in joint venture (see Note 27)	**(30,000)**	(34,848)
Balance at end of year	**(77,645)**	(47,645)
	₱121,775	₱161,382
Investments in:		
Joint ventures	**₱18,597**	₱58,204
Associates	**103,178**	103,178
	₱121,775	₱161,382

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, 2021 and 2020.

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 2017, in view of the 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.

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 April 28, 2022, Daum Kakao has returned capital of ₱364 million to the joint venturers.

Combined financial information of the joint ventures follows:

	2021	2020
Current assets	**₱229,216**	₱250,824
Noncurrent assets	**67,243**	73,758
Current liabilities	**(117,122)**	(120,262)
Noncurrent liabilities	**–**	(5,681)
Net equity	**₱179,337**	₱198,639

	Years Ended December 31		
	2021	2020	2019
Revenue	**₱2,679**	₱276,365	₱499,259
Costs and expenses	**(21,980)**	(372,583)	(538,584)
Net loss	**(₱19,301)**	(₱96,218)	(₱39,325)
Equity in net losses of joint ventures	**(₱9,607)**	(₱47,634)	(₱18,721)

Below is the reconciliation of the summarized financial information of the joint ventures to the carrying amount of the Parent Company's investments therein:

	2021			
	A CJ O	**ALA Sports**	**Daum Kakao**	**Total**
Net assets of joint ventures	**₱89,557**	**₱58,137**	**₱31,643**	**₱179,337**
Interest of the Parent Company in the net assets of the joint ventures	**50%**	**44%**	**50%**	
	44,779	**25,580**	**15,822**	**86,180**
Accumulated impairment loss	**(34,848)**	**(30,000)**	**(2,735)**	**(67,583)**
Carrying amount of investments in joint ventures	**₱9,931**	**(₱4,420)**	**₱13,087**	**₱18,597**

	2021			
	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

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 2021 and 2020, 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, 2021 and 2020.

On January 24, 2019, the Company sold its 49% ownership in Amcara.

Combined financial information of associates follows:

	2021	2020
Current assets	**₱138,670**	₱138,670
Noncurrent assets	**26,886**	26,886
Current liabilities	**(62,378)**	(62,378)
Net equity	**₱103,178**	₱103,178

15. **Other Current Assets**

	2021	2020
Creditable withholding and prepaid taxes	**₱2,444,579**	₱3,215,324
Restricted cash (Note 18)	**620,368**	695,471
Advances to suppliers	**408,542**	674,858
Preproduction expenses	**368,629**	236,906
Prepayments:		
Licenses	**93,833**	109,152
Rent	**61,062**	57,513
Subscription	**34,751**	66,268
Insurance	**13,534**	3,564
Transponder services	**6,428**	6,428
Contract cost assets (Note 9)	**35,472**	53,750
Other prepayments	**52,137**	23,142
	₱4,139,335	₱5,142,376

Restricted cash pertains to funds intended for debt repayment due within the next 12 months 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**

	2021	2020
Creditable withholding taxes and tax credits - net of allowance for impairment	**₱1,922,095**	₱478,831
Deposits and bonds - net of allowance for impairment of ₱27 million and ₱15 million as of December 31, 2021 and 2020, respectively	**360,015**	428,353
Others	**147,493**	77,166
	₱2,429,603	₱984,350

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 six 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, 2021 and 2020.

Deposits and bonds pertain to advance payments which serves as either down payment or earnest money to show the Company's interest (reservation) in acquiring right of use over one's property or services from another property for a certain period of time.

Others include the present value of the unguaranteed residual value relating to the exclusive right granted to a telecommunications company for the use of certain portions of the Sky Cable's fiber optic core facilities.

17. Trade and Other Payables

	2021	2020
Trade	**₱1,740,961**	₱1,175,965
Accrued expenses:		
Production costs and other expenses	**3,720,212**	3,584,739
Salaries and other employee benefits (Note 30)	**1,277,988**	1,741,210
Taxes	**513,799**	354,249
Interest	**262,445**	239,139
Customer deposits	**1,400,163**	984,451
Deposits for future subscription (Notes 4 and 22)	**1,360,416**	1,360,416
Dividend payable	**44,481**	44,481
Due to related parties (Note 23)	**34,696**	33,180
Others	**252,016**	309,002
	₱10,607,177	₱9,826,832

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 related to the production of programs.

Customer deposits refer to advanced payments from customers without outstanding contracts with the Company.

Deposits for future subscription include deposits from Sampaquita (see Note 4) and from eligible SPP 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**

	2021			2020		
Borrower	**Current Portion**	**Noncurrent Portion**	**Total**	Current Portion	Noncurrent Portion	Total
Parent Company	**₱1,942,037**	**₱13,686,305**	**₱15,628,342**	₱16,033,608	₱–	₱16,033,608
Sky Cable	**62,845**	**4,564,670**	**4,627,515**	1,019,850	4,433,796	5,453,646
	₱2,004,882	**₱18,250,975**	**₱20,255,857**	₱17,053,458	₱4,433,796	₱5,453,646

Parent Company
The details of interest-bearing loans and borrowings of the Parent Company are as follows:

	2021			2020		
	Current Portion	**Noncurrent Portion**	**Total**	Current Portion	Noncurrent Portion	Total
Term loans:						
Loan agreements	**₱1,942,037**	**₱13,686,305**	**₱15,628,342**	₱16,033,608	₱–	₱16,033,608

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.

(vi) On August 20, 2021, the Parent Company prepaid a portion of its principal with BPI and Unionbank amounting to ₱93.8 million and ₱114.4 million, respectively.

(vii) On February 16, 2022, the Parent Company prepaid a portion of its principal with BPI and Unionbank amounting to ₱322.6 million and ₱396.8 million, respectively.

For the remainder of 2022, the expected proceeds from the sale of investment properties classified as noncurrent assets held for sale as of December 31, 2021 will be used to prepay a portion of its principal with BPI and Unionbank amounting to ₱450.4 million and ₱554.0 million, respectively. First tranche of estimated date of payment will be on May 31, 2022 and the remaining will be until December 31, 2022.

Based on the Company's assessment, the modifications in the contractual cash flows as a result of the actual and expected prepayments of its principal are not substantial. The difference of the net present value of the revised cash flows and the carrying amount of the original loan is recognized in the consolidated statement of income amounting to ₱23.1 million.

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.

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, certain conditions under the Omnibus Security and Intercreditor Agreement were not satisfied. This 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 for the consolidated financial statements as of December 31, 2020.

As of December 31, 2021, the Parent Company received waivers from its creditor banks waiving the compliance with the relevant financial ratios for each of the quarters for the year ended December 31, 2021 and extends to each of the quarters in the year ending December 31, 2022. As a result of the receipt of these waivers as of December 31, 2021, the portion of the loans payable of the Parent Company which are payable in 2023 onwards were classified as non-current liabilities.

As of April 28, 2022, as a result of the execution of the Standstill Effective Date Notice and the receipt of waivers for the quarterly period starting from July 1, 2021 until December 31,2022, the principal payment schedule remains as stipulated in the original loan agreements (i.e. the earliest maturity date is on 2025). 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 amounting to ₱620.4 million and ₱695.5 million as of December 31, 2021 and 2020, respectively (see Note 15).

Unamortized debt issue cost, presented as a deduction from the Company's outstanding loan, amounted to ₱45 million and ₱82 million as at December 31, 2021 and 2020, respectively.

Amortization of debt issue costs amounted to ₱13 million, ₱16 million and ₱12 million for the years ended December 31, 2021, 2020 and 2019, 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 (see Note 28).

Breakdown of the Parent Company's term loans as at December 31, 2021 and 2020 follows:

	2021	2020
Principal	**₱15,673,573**	₱16,115,685
Less unamortized transaction costs	**45,231**	82,077
	15,628,342	16,033,608
Less current portion	**1,942,037**	16,033,608
Noncurrent portion	**₱13,686,305**	₱–

Debt issue costs as at December 31 are amortized over the term of the loans using the effective interest method as follows:

Year	**2021**	2020
Within one year	**₱15,624**	₱82,077
More than 1 year but less than 2 years	**9,854**	–
More than 2 years	**19,753**	–
	₱45,231	₱82,077

Amortization of debt issue costs for the years ended December 31, 2021, 2020 and 2019 amounted to ₱12 million, ₱16 million and ₱21 million, respectively (see Note 28).

Repayments of loans based on nominal values are scheduled as of December 31 follows:

Year	**2021**	2020
Within one year	**₱1,957,661**	₱16,115,685
More than 1 year but less than 2 years	**233,921**	–
More than 2 years	**13,481,991**	–
	₱15,673,573	₱16,115,685

Sky Cable
The details of interest-bearing loans and borrowings of the Sky Cable are as follows:

	December 31, 2021			December 31, 2020		
	Current Portion	**Noncurrent Portion**	**Total**	Current Portion	Noncurrent Portion	Total
Term loans:						
Unsubordinated loan	**₱62,845**	**₱4,564,670**	**₱4,627,515**	₱67,441	₱4,433,796	₱4,501,237
Loan agreement	**–**	**–**	**–**	952,409	–	952,409
	₱62,845	**₱4,564,670**	**₱4,627,515**	₱1,019,850	₱4,433,796	₱5,471,544

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. Sky Cable fully paid the loan as of December 31, 2021.

c. *Advances from STT*

On December 23, 2021, STT granted Sky Cable a USD4.0million loan with an interest of 3.50% payable in 2 years. Debt issue costs incurred from this transaction amounted to ₱1.5 million and was deferred, and will be amortized until 2023 using the effective interest method. Interest expense amounted to ₱0.2 million in 2021.

As at December 31, 2021 and 2020, 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 ₱15 million and ₱19 million as at December 31, 2021 and 2020, respectively. Using the effective interest method, unamortized debt issue costs as at December 31, 2021 to be amortized are presented below:

Year	Amount
2022	₱4,070
2023	4,176
2024	2,887
2025 and onwards	3,552
	₱14,685

Amortization of debt issue costs amounted to ₱5 million, ₱5 million and ₱7 million in 2021, 2020 and 2019, respectively (see Note 28).

Based on nominal values, the schedule of debt repayments of the unsubordinated loans is as follows:

Year	Amount
2022	₱67,350
2023	451,346
2024 and onwards	4,123,504

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.

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.

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:

	2021			2020		
	Gross Value	**Unamortized Discount**	**Carrying Value**	Gross Value	Unamortized Discount	Carrying Value
Within one year	**₱131,120**	**₱6,353**	**₱124,767**	₱246,167	₱12,607	₱233,560
More than one year to four years	**159,084**	**–**	**159,084**	367,349	6,353	360,996
	₱290,204	**₱6,353**	**₱283,851**	₱613,516	₱18,960	₱594,556

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 ₱173 million and ₱243 million as at December 31, 2021 and 2020, respectively.

Accretion of the convertible note recognized as part of interest expense in the consolidated statements of income amounted to ₱11 million, ₱17 million and ₱17 million in 2021, 2020, and 2019, respectively (see Note 28).

21. Other Noncurrent Liabilities

	2021	2020
Customers' deposits	**₱272,580**	₱300,056
Deferred credits	**9,674**	2,573
Others	**33,807**	38,265
	₱316,061	₱340,894

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, 2021 and 2020 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 5,975 and 6,542 as at December 31, 2021 and 2020, 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, 2021 and 2020.

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 nil.

ABS-CBN Stock Purchase Plan and Executive Stock Purchase Plan (SPP). From January 22, 2018 to February 9, 2018, the Parent Company offered to eligible participants its SPP 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 SPP 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 SPP subscription from participants of 11,391,500 common shares. As of December 31, 2021 and 2020, remaining SPP subscription from participants is at 3,300,177 common shares and 4,333,717 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, 2021 and 2020, there are no exercisable shares under SPP.

The SPP 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 of subsidiaries, associates and joint ventures amounting to ₱18,983 million and ₱18,835 million as at December 31, 2021 and 2020, 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 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, 2021 and 2020 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 are presented below:

		Years Ended December 31		
	Nature	**2021**	2020	2019
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
Airtime revenue from A CJ O	Airtime fees	–	16	32,504
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	**81,678**	101,578	127,914
Expenses and charges paid for by the Parent Company which are reimbursed by the concerned related parties	Rent and utilities	**13,260**	10,788	10,780
Revenue of subsidiaries from other related parties	Service fees	**10,310**	2,715	32,549

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	**2021**	2020
Due from (see Note 7)					
Iloilo-Negros Air Express Company (INAEC)	Affiliate under common control	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**₱103,004**	₱97,531
ALA Sports	Joint Venture	30 days upon receipt of billings; noninterest-bearing	Unsecured, with impairment of ₱1.6 million in 2021	**80,128**	80,745
ABS-CBN Lingkod Kapamilya**	Corporate social responsibility sector of ABS-CBN	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**23,491**	29,417
A CJ O	Joint Venture	30 days upon receipt of billings; noninterest-bearing	Unsecured, with impairment of ₱0.2 million in 2021	**12,986**	3,453
Star Cinema	Associate	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**8,343**	8,343
First Philippine Holdings Corporation (FPHC)	Affiliate	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**3,964**	3,886
Knowledge Channel Foundation, Inc.	Affiliate under common control	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**2,929**	2,929
Goldlink	Affiliate under common control	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**2,897**	–

(Forward)

	Relationship*	Terms	Conditions	2021	2020
Rockwell Land Corporation (Rockwell Land)	Affiliate under common control	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**₱1,870**	₱16
First Gas Power Corp.	Affiliate under common control	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, with impairment of ₱0.3 million in 2021	**1,315**	1,315
Lopez, Inc.	Parent	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**716**	472
ABS-CBN Holdings Corporation	Stockholder	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**315**	6,380
Others	Affiliates under common control	30 days upon receipt; noninterest-bearing	Unsecured, no impairment	**2,822**	97,183
Total				**₱246,320**	₱333,210

**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	2021	2020
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**	12,786
Others	Affiliates	30 days upon receipt of billings; noninterest-bearing	Unsecured	**5,220**	3,704
Total				**₱34,696**	₱33,180

**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. Advances to employees and talents amounted to ₱647 million and ₱1,076 million as at December 31, 2021 and 2020, respectively (see Note 7).

c. The Parent Company has advances to ALA Sports amounting to ₱80 million and ₱81 million as at December 31, 2021 and 2020, respectively.

d. Other transactions with related parties include cash advances for working capital requirements.

The Company's Board of Directors reviews and approves those material transactions with related parties which are 10% or higher than the Company's total assets , 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. In 2021, the Company recognized provision for ECL relating to amounts owed by related parties amounting to ₱2 million. For the years ended December 31, 2020 and 2019, the Company did not record 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		
	2021	2020	2019
Compensation (see Notes 25, 26 and 27)	**₱991,597**	₱1,062,401	₱1,468,394
Pension benefits (see Note 30)	**42,407**	46,145	75,289
Termination benefits	**201,495**	36,740	63,077
Vacation leaves and sick leaves	**29,665**	95,052	113,322
	₱1,265,164	₱1,240,338	₱1,720,082

24. Revenues

Set out below is the disaggregation of the Company's revenues:

	Years Ended December 31		
	2021	2020	2019
Subscription revenue	**₱10,485,651**	₱12,546,837	₱13,698,311
Advertising revenue	**5,292,997**	7,060,993	22,942,377
Income from film exhibition	**71,066**	123,191	1,402,693
Royalty income	**58,707**	82,748	358,329
Service fee revenue	**36,001**	27,382	39,698
Sponsorship revenue	**23,721**	87,905	436,637
Installation service revenue	**3,324**	152,078	101,296
Sale of goods	**2,984**	406,171	2,692,424
Admission revenue / ticket sales	**383**	16,891	162,737
Ancillary rights and other revenues	**1,432,983**	755,451	790,925
Total revenue from contracts with customers	**17,407,817**	21,259,647	42,625,427
Channel lease and other rental income	**417,387**	160,110	209,415
Total revenues	**₱17,825,204**	₱21,419,757	₱42,834,842

25. Production Costs

	Years Ended December 31		
	2021	2020	2019
Personnel expenses and talent fees (see Notes 23 and 30)	**₱3,005,110**	₱5,337,013	₱6,677,671
Facilities-related expenses (see Notes 23 and 32)	**889,107**	1,723,868	1,956,882
Amortization of program rights (see Note 12)	**786,422**	1,024,425	1,088,968
Depreciation and amortization (see Note 10)	**694,998**	780,092	1,024,410
Travel and transportation	**282,064**	371,434	987,308
Set requirements	**221,689**	354,831	358,851

(Forward)

	Years Ended December 31		
	2021	2020	2019
Catering and food expenses	**₱116,847**	₱116,893	₱230,288
License and royalty	**33,458**	59,741	469,977
Other program expenses (see Note 23)	**1,122,947**	542,529	341,443
	₱7,152,642	₱10,310,826	₱13,135,798

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 ₱377.0 million in 2021and ₱571.8 million in 2020 relating to ongoing efforts to mitigate risks of COVID-19 to production personnel and financial assistance, which are recorded in various line items in production costs.

26. **Cost of Sales and Services**

Cost of services consists of the following:

	Years Ended December 31		
	2021	2020	2019
Facilities-related expenses (see Notes 23 and 32)	**₱2,406,094**	₱2,820,643	₱3,373,365
Depreciation and amortization (see Note 10)	**2,043,450**	1,911,461	1,787,828
Personnel expenses (see Notes 23 and 30)	**1,458,953**	1,570,718	1,791,139
Programming costs	**673,848**	1,112,711	1,735,839
Bandwidth costs	**650,423**	818,951	722,975
Amortization of program rights (see Note 12)	**101,829**	156,814	195,342
Taxes and licenses	**73,776**	70,078	88,265
Stationery and office supplies	**64,118**	57,144	94,969
Amortization of other intangible assets (see Note 12)	**45,883**	94,546	98,248
Transportation and travel	**45,397**	60,817	265,527
License fees and royalties	**34,908**	29,961	46,753
Set requirements	**11,660**	6,722	16,066
Inventory costs (see Note 8)	**5,428**	57,120	173,589
Freight and delivery	**4,106**	9,093	66,013
Catering and food expenses	**3,761**	4,866	30,421
Amortization of deferred charges	**19**	19	1,383
Installation costs	**–**	78	439
Others (see Note 23)	**266,645**	354,833	522,765
	₱7,890,298	₱9,136,575	₱11,010,926

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		
	2021	2020	2019
Inventory costs (see Note 8)	**₱17,884**	₱276,684	₱2,119,203
Others	**22,662**	8,023	17,477
	₱40,546	₱284,707	₱2,136,680

Personnel expenses include salaries, bonuses, retirement and separation pay and other employee benefits.

27. General and Administrative Expenses

	Years Ended December 31		
	2021	2020	2019
Personnel expenses (see Notes 22, 23 and 30)	**₱3,439,490**	₱5,863,918	₱6,371,136
Depreciation and amortization (see Notes 10 and 11)	**687,006**	900,215	905,706
Contracted services	**703,040**	1,171,668	890,342
Facilities-related expenses (see Notes 23 and 32)	**514,528**	923,056	1,125,417
Taxes and licenses	**448,948**	563,100	553,561
Research and survey	**336,626**	211,809	426,419
Transportation and travel	**229,754**	432,349	658,532
Provision for impairment losses (see Notes 10, 12, 14)	**118,309**	699,692	3,331,266
Provision for ECL (see Note 7)	**159,400**	1,411,037	599,976
Advertising and promotion (see Note 9)	**133,190**	146,621	532,812
Inventory losses (see Note 8)	**83,132**	605,602	56,951
Amortization of other intangible assets (see Note 12)	**66,579**	64,712	68,621
Entertainment, amusement and recreation	**23,063**	94,252	108,414
Donations and contributions	**12,146**	111,823	202,627
Others	**495,316**	615,914	282,029
	₱7,450,527	₱13,815,768	₱16,113,809

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 ₱54.6 million in 2021 and ₱257.3 million in 2020 relating to projects for COVID-19 prevention and “Pantawid Pag-ibig”.

28. **Other Income and Expenses**

Finance Costs

	Years Ended December 31		
	2021	2020	2019
Interest expense (see Notes 18, 20 and 32)	**₱1,149,831**	₱1,180,429	₱1,423,504
Amortization of debt issue costs (see Note 18)	**17,874**	20,831	25,740
Loss on early redemption of term loan and bonds payable (see Note 18)	**–**	–	80,788
Bank service charges	**10,390**	12,674	17,390
	₱1,178,095	₱1,213,934	₱1,547,422

The following are the sources of the Company's interest expense:

	Years Ended December 31		
	2021	2020	2019
Long-term debt (see Note 18)	**₱1,101,591**	₱1,097,029	₱1,224,850
Lease liabilities (see Note 32)	**37,717**	66,039	70,432
Convertible note (see Note 20)	**10,523**	17,361	17,088
Bonds payable (see Note 18)	**–**	–	111,134
	₱1,149,831	₱1,180,429	₱1,423,504

Other Income

	Years Ended December 31		
	2021	2020	2019
Gain (loss) on sale of property and equipment (see Note 10)	**₱184,484**	(₱279,519)	₱27,870
Leasing operations (see Note 32)	**115,711**	118,163	166,851
Dividend income	**7,245**	7,862	9,183
Others - net	**264,850**	246,331	326,565
	₱572,290	₱92,837	₱530,469

Others mainly consist of income from installation services, unclaimed deposits, service fees and other miscellaneous income.

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:

	2021	2020
Deferred tax assets - net:		
Allowance for ECL	**₱396,307**	₱687,234
Accrued pension obligation and other employee benefits	**270,295**	616,345
Excess of the purchase price over the fair value of net assets acquired	**(268,423)**	(258,795)

(Forward)

	2021	2020
NOLCO	**₱217,435**	₱262,851
Accrued expenses	**173,678**	77,366
Lease liabilities	**114,018**	95,012
Contract liabilities	**90,360**	114,313
MCIT	**20,393**	30,861
Allowance for inventory obsolescence	**19,402**	21,635
Customers' deposits	**18,780**	25,277
Net unrealized foreign exchange loss	**3,218**	31,825
Allowance for impairment loss on property and equipment	**2,684**	2,780
Unearned revenue	**912**	3,993
Others	**38,891**	4,355
	₱1,097,950	₱1,715,052
Deferred tax liabilities -		
Capitalized interest, duties, and taxes	**₱177,459**	₱221,498
Imputed discount	**70,447**	84,536
Right-of-use asset - net	**1,856**	47,605
	₱249,762	₱353,639

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:

	2021	2020
NOLCO	**₱16,579,004**	₱14,641,705
Allowance for ECL	**11,807,830**	10,887,970
Accrued pension obligation and others	**5,665,268**	5,191,740
Contract liabilities	**2,619,702**	203,922
Allowance for impairment loss	**1,496,258**	68,839
Allowance for decline in value of inventories	**733,407**	778,232
Unearned revenue	**460,483**	477,750
MCIT	**46,318**	222,477
Lease liabilities	**65,853**	61,815
Allowance for impairment loss on property and equipment	**53,873**	92,444

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 ₱593 million and ₱201 million have expired in 2021 and 2020, respectively. NOLCO amounting to ₱128 million and ₱91 million were claimed as deduction against taxable income in 2021 and 2020, respectively.

MCIT amounting to ₱175 million have expired and were written off in 2021. MCIT amounting to ₱49 million were claimed as deduction against regular corporate income tax in 2020.

MCIT amounting to ₱67 million can be claimed as tax credit against future RCIT as follows:

Year Paid	Expiry Dates	Amount
2019	December 31, 2022	**₱21,653**
2020	December 31, 2023	**11,676**
2021	December 31, 2024	**33,382**
		₱66,711

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, 2021, the Group has incurred NOLCO before taxable year 2021 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
2019	2020 to 2022	**₱887,530**
		₱887,530

As of December 31, 2021, the Group has incurred NOLCO in taxable year 2021 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	**₱12,866,900**
2021	2022 to 2026	**3,694,314**

As at December 31, 2021 and 2020, deferred tax liability on undistributed earnings of ABS-CBN Global, holding company of the Parent Company's foreign subsidiaries, amounting to ₱1,023 million and ₱785 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		
	2021	2020	2019
Statutory tax rate	**25%**	30%	30%
Additions to (reduction in) income taxes resulting from the tax effects of:			
Interest income subjected to final tax	**0**	(2)	(48)
Nondeductible interest expense	**(5)**	(3)	(1)
Change in unrecognized deferred tax assets and change in tax rate	**(28)**	(25)	(637)
Effective tax rates	**(8%)**	–%	(656%)

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 took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following were the key changes to the Philippine tax law pursuant to the CREATE Act which had 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 was 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 was considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 was 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%. It resulted 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 was reflected in the Parent Company and respective subsidiaries' 2020 annual income tax return. However, for financial reporting purposes, the changes were recognized in the 2021 financial statements.

- There was 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.

<u>Registration with the PEZA</u>
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:

	2021	2020
Pension obligation	**₱5,555,875**	₱5,498,092
Other employee benefits	**1,454,392**	1,550,836
	₱7,010,267	₱7,048,928

These are presented in the consolidated statements of financial position as follows:

	2021	2020
Current (see Note 17)	**₱159,306**	₱89,973
Noncurrent	**6,850,961**	6,958,955
	₱7,010,267	₱7,048,928

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 and latest actuarial valuation report is as of December 31, 2021.

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		
	2021	2020	2019
Current service cost	**₱455,118**	₱520,257	₱570,511
Net interest cost	**186,390**	214,644	253,384
Past service cost	**–**	30,997	–
Net pension expense	**₱641,508**	₱765,898	₱823,895

Accrued Pension Obligation

	2021	2020
Present value of obligation	**₱6,144,753**	₱6,466,823
Fair value of plan assets	**(588,878)**	(968,731)
Accrued pension obligation	**₱5,555,875**	₱5,498,092

Consolidated changes in the present value of the defined benefit obligation are as follows:

	2021	2020
Defined benefit obligation at beginning of year	**₱6,466,823**	₱6,989,191
Current service cost	**455,118**	520,257
Interest cost	**214,638**	279,087
Actuarial losses (gains) arising from:		
Change in financial assumptions	**(662,599)**	676,393
Change in demographic assumptions		–
Experience adjustments	**363,763**	(402,985)
Benefits paid*	**(692,990)**	(1,614,484)
Past service cost	**–**	30,997
Net released obligation due to employee transfers	**–**	(11,633)
Defined benefit obligation at end of year**	**₱6,144,753**	₱6,466,823

** includes benefits paid out of Company's operating fund amounting to ₱344 million and ₱773 million for 2021 and 2020, 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:

	2021	2020
Fair value of plan assets at beginning of year	**₱968,731**	₱1,903,907
Interest income included in net interest cost	**28,248**	64,443
Benefits paid from retirement fund	**(318,174)**	(841,852)
Return on plan assets excluding amount included in net interest cost	**(89,927)**	(157,767)
Fair value of plan assets at end of year	**₱588,878**	₱968,731

Income tax effect of re-measurement gains and losses on defined benefit plan presented in OCI amounted to ₱93 million, (₱87 million) and (₱203 million) in 2021, 2020 and 2019 respectively.

The Parent Company and Sky Cable expects no contributions to be made to the retirement fund in 2022.

The major categories of the fair value of total plan assets are as follows:

	2021	2020
Investment in fixed/floating rate treasury note	**₱146,237**	₱223,644
Investment in government securities and bonds	**11,189**	22,605
Investment in stocks	**428,677**	717,780
Others	**2,775**	4,702
	₱588,878	₱968,731

The ranges of principal assumptions used in determining pension benefit obligations for the Company's plans are shown below:

	December 31	January 1	
	2021	**2021**	2020
Discount rate	**4.89%-5.18%**	3.45%-4.05%	4.70%-5.39%
Future salary rate increases	**3.0%-6.0%**	4.0%-6.4%	4.0%-6.0%

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 99% and 1% as at December 31, 2021, respectively, and 88% and 12% as at December 31, 2020, respectively. The Parent Company did not contribute to the plan in 2021 and 2020.

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, 2021 and 2020 are as follows:

	2021	2020
Fixed Income:		
Short-term	**₱3,439**	₱93,899
Equities:		
Investment in shares of stock and other securities of related parties	**422,362**	712,100
	₱425,801	₱805,999

Short-term Fixed Income. Short-term fixed income investment includes investments in short term UITF including money market funds and short-term funds in 2021 and 2020.

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, 2021			
	Number of Shares	**Cost**	**Fair Value**	**Unrealized Gain (Loss)**
ABS-CBN Holdings PDRs	**34,903,160**	**₱1,515,862**	**₱416,045**	**(₱1,099,817)**
ABS-CBN Common	**501,320**	**24,052**	**6,317**	**(17,735)**
	35,404,480	**₱1,539,914**	**₱422,362**	**(1,117,552)**

	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)

As at December 31, 2021 and 2020, the value of each ABS-CBN PDRs held by the retirement fund is at ₱11.92 and ₱12.60, respectively.

Total loss from investments in shares of stock and other securities of related parties amounted to ₱1,118 million and ₱1,082 million in 2021 and 2020, respectively.

Sky Cable and PCC
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, 2021 and 2020 are as follows:

	2021	2020
Short-term fixed income	**₱2,775**	₱6,516
Investment in medium and long-term fixed income:		
Government securities	**142,799**	127,931
Corporate bonds and debt securities	**11,189**	22,605
Unit investment trust fund	**511**	2,575
Investment in shares of stock of First Gen Corporation (First Gen)	**–**	1,080
Preferred shares	**5,803**	2,025
	₱163,077	₱162,732

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, 2021 and 2020.

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 1.82% to 6.25% and 2.45% to 6.25% as at December 31, 2021 and 2020, 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 (₱1) million and ₱3 million for the years ended December 31, 2021 and 2020, respectively.

Investment in Corporate Bonds. These pertain to ₱11 million and ₱22 million unsecured bonds with terms ranging from 5 to 10 years as at December 31, 2021 and 2020, respectively. Yield to maturity rate ranges from 3.29% to 7.51% with gains (losses) of ₱90 thousand and ₱64 thousand in 2021 and 2020, respectively.

Investment in Debt Securities. This refers to a nil and ₱1 million unsecured subordinated note with a term of 5 years and yield to maturity of nil and 6.7% as at December 31, 2021 and 2020, respectively.

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 nil and ₱1 million as at December 31, 2021 and 2020. Total gain from these investments amounted to ₱80 thousand 2020.

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		
	2021	2020	2019
Current service cost	**₱90,580**	₱133,736	₱157,455
Interest cost	**51,661**	95,385	207,643
Net actuarial loss (gain)	**(177,443)**	(29,238)	119,870
Net benefit expense (income)	**(₱35,202)**	₱199,883	₱484,968

Consolidated changes in the present value of the defined benefit obligation are as follows:

	2021	2020
Defined benefit obligation at beginning of year	**₱1,550,836**	₱2,054,986
Current service cost	**90,580**	133,736
Interest cost	**51,661**	95,385
Actuarial gain	**(177,443)**	(29,238)
Benefits paid	**(61,242)**	(704,033)
Defined benefit obligation at end of year	**₱1,454,392**	₱1,550,836

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.

	2021	2020
	Increase (Decrease) in Defined Benefit Obligation	Increase (Decrease) in Defined Benefit Obligation
Discount rate:		
Increase by 1%	**(₱458,769)**	(₱311,052)
Decrease by 1%	**454,983**	359,923
Future salary increases:		
Increase by 1%	**₱479,275**	₱370,784
Decrease by 1%	**(502,840)**	(326,484)

Shown below is the maturity analysis of the undiscounted benefit payments:

Year	December 31, 2021	December 31, 2020
One year	**839,088**	641,755
More than one year but less than five years	**1,916,645**	1,833,988
More than five years but less than ten years	**3,997,240**	3,316,015
Beyond ten years	**11,415,906**	12,165,353

The average duration of the defined benefit obligation at the end of the period ranges from 13 to 22 years.

31. Noncurrent Assets Held for Sale

In 2021, the Company classified certain transmitter equipment and land under investment properties amounting to ₱37 million and ₱136 million, respectively, as noncurrent assets held for sale (see Notes 10 and 11). The sale is expected to be completed within a year from the reporting date. In February 2022, the Company sold its transmitter equipment for ₱99 million.

Noncurrent assets held for sale are included as part of "Content Production and Distribution" business segment until December 31, 2021 (see Note 5).

32. 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 ₱270 million, ₱386 million and ₱721 million in 2021, 2020 and 2019, respectively.

Partnership Agreements
In 2020 and 2021, the Company has continued partnerships with various reputable companies that will allow the Company to broaden the reach of its Free-to-Air content for a period of 2 to 5 years.

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	₱280,924
After one year but not more than five years	58,371

**Includes variable fees based on the number of active subscribers as at December 31, 2021.*

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.

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:

	2021	2020
Within one year	**₱5,424**	₱5,308
After one year but not more than five years	**3,874**	281
	₱9,298	₱5,589

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 2021 and 2020:

	2021	2020
Depreciation expense of right-of-use asset (see Note 10)	**₱215,156**	₱237,472
Interest expense on lease liability (see Note 28)	**37,717**	66,039
Expenses relating to short-term leases (included under "Facilities-related expense" in cost of services)	**66,190**	86,880
Expenses relating to short-term leases (included under "Facilities-related expense" in general and administrative expenses)	**16,138**	74,775
Total amount recognized in the consolidated statement of comprehensive income	**₱335,201**	₱465,166

The rollforward analysis of right-of-use (ROU) asset in 2021 and 2020 follows:

	2021	2020
Cost:		
Balance at beginning of year	**₱2,445,768**	₱1,879,309
Additions	**17,520**	1,296,641
Disposals	**(58,041)**	(702,813)
Translation adjustments	**1,522**	(27,369)
Balance at end of year	**2,406,769**	2,445,768
Accumulated Depreciation:		
Balance at beginning of year	**643,217**	609,863
Additions	**215,156**	237,472
Disposals	**(58,041)**	(211,692)
Translation adjustments	**(27,749)**	7,574
Balance at end of year	**772,583**	643,217
	₱1,634,186	₱1,802,551

The rollforward analysis of lease liability in 2021 and 2020 follows:

	2021	2020
Balance at beginning of year	**₱946,322**	₱1,083,366
Additions	**10,177**	688,377
Interest expense	**37,717**	66,039
Interest paid	**(37,717)**	(66,039)
Termination	**(43,180)**	(534,150)
Payments	**(284,948)**	(255,131)
Translation adjustments	**5,028**	(36,140)
Balance at end of year	**633,399**	946,322
Less current portion	**172,727**	310,088
	₱460,672	₱636,234

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 in 2020 (see Note 28).

33. **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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020:

	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, 2021															
Financial assets:															
Cash and cash equivalents	**54,704**	**1,199**	**21,093**	**1,032**	**307**	**1,873**	**567**	**–**	**270**	**–**	**75**	**2**		**58**	**3,011,810**
Trade and other receivables	**239,423**	**212**	**295**	**9,948**	**950**	**722**	**63**	**–**	**90**	**–**	**110**	**83**	**36**	**3**	**12,719,753**
	294,127	**1,411**	**21,388**	**10,980**	**1,257**	**2,595**	**630**	**–**	**360**	**–**	**185**	**85**	**36**	**61**	**15,731,563**
Financial liabilities:															
Trade and other payables	**347,384**	**1,418**	**14,619**	**153**	**2,449**	**491**	**2,309**	**–**	**53**	**–**	**170**	**215**	**12**	**3**	**18,034,645**
Obligations for program rights	**1,121**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**57,168**
	348,505	**1,418**	**14,619**	**153**	**2,449**	**491**	**2,309**	**–**	**53**	**–**	**170**	**215**	**12**	**3**	**18,091,813**
Net foreign currency-denominated financial assets (liabilities)	**(54,378)**	**(7)**	**6,769**	**10,827**	**(1,192)**	**2,104**	**(1,679)**	**–**	**307**	**–**	**15**	**(130)**	**24**	**58**	**(2,360,250)**
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

In translating the foreign currency-denominated monetary assets and liabilities into Philippine peso amounts, the Company used the following exchange rates:

Currency	**2021**	2020
USD	**51.00**	48.02
EUR	**57.99**	58.83
JPY	**.44**	0.46
CAD	**40.35**	37.47
GBP	**69.02**	64.86
AUD	**37.04**	36.53
AED	**13.87**	13.08
NOK	**5.78**	5.57
SEK	**5.63**	5.85
SAR	**13.58**	12.80
TWD	**1.84**	1.71
ILS	**16.46**	14.92

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.

	2021		2020	
	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	**0.8%**	**₱43,681**	0.1%	₱3,108
	-0.3%	**(15,970)**	-0.5%	(17,736)
EUR	**0.7%**	**959**	0.8%	(33)
	-0.8%	**(1,126)**	-0.4%	19
JPY	**0.6%**	**18**	0.4%	13
	-1.0%	**(30)**	-0.4%	(13)
CAD	**1.0%**	**4,500**	0.5%	1,926
	-0.4%	**(1,898)**	-0.8%	(3,065)
GBP	**1.1%**	**(812)**	0.8%	(550)
	-0.6%	**426**	-1.0%	682
AUD	**0.9%**	**776**	1.4%	1,081
	-0.8%	**(682)**	-1.1%	(868)
AED	**0.8%**	**(78)**	0.1%	(29)
	-0.3%	**32**	-0.6%	130
NOK	**1.1%**	**19**	1.5%	25
	-0.8%	**(14)**	-1.7%	(29)
SEK	**0.8%**	**1**	1.3%	1
	-1.1%	**(1)**	-0.7%	(1)
SAR	**0.8%**	**(15)**	0.1%	(2)
	-0.4%	**6**	-0.6%	10
ILS	**1.2%**	**11**	0.6%	6
	-0.4%	**(4)**	-0.5%	(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 ₱273 million and ₱300 million as at December 31, 2021 and 2020, 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:

	2021	2020
Financial assets at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	**₱2,488,075**	₱6,325,254
Short-term investments	**10,818**	11,680
Trade and other receivables - net	**5,151,725**	5,563,130
Deposits	**307,891**	350,808
Financial asset at FVOCI	**41,658**	61,846
	₱8,000,167	₱12,312,718

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, 2021 and 2020:

	December 31, 2021					
	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	**₱1,862,877**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,862,877**
Cash equivalents	**625,198**	–	–	–	–	**625,198**
Short-term investments	**10,818**	–	–	–	–	**10,818**
Trade receivables:						
Airtime	**917,148**	**292,082**	**24,759**	**1,414,681**	**153,298**	**2,801,968**
Subscriptions	**172,197**	**3,008**	**85,944**	**411,973**	**1,427,949**	**2,101,071**
Others	**18,373**	–	**8,726**	**584,810**	**501,638**	**1,113,547**
Nontrade receivables	**196,922**	**105,117**	**85,919**	**585,798**	**476,904**	**1,450,660**
Due from related parties	–	–	–	**244,268**	**2,052**	**246,320**
Deposits	**307,891**	–	–	–	–	**307,891**
Financial assets at FVOCI	**41,658**	–	–	–	–	**41,658**
	₱4,153,082	**₱400,207**	**₱205,348**	**₱3,241,530**	**₱2,561,841**	**₱10,562,008**

	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:						
Airtime	408,312	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	1,050,441	460,573	1,660,759
Due from related parties	–	–	–	333,210	–	333,210
Deposits	350,808	–	–	–	–	350,808
Financial assets at FVOCI	61,846	–	–	–	–	61,846
	₱7,611,240	₱171,374	₱161,318	₱4,368,786	₱3,458,450	₱15,771,168

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.

Set out below is the information about the credit risk exposure of the Company's trade using a provision matrix:

	December 31, 2021					
	Days Past Due					
	Current	**<30 Days**	**30-60 days**	**61-90 days**	**Credit impaired**	**Total**
			(In Thousands)			
Expected credit loss	**3-11%**	**16-24%**	**46-49%**	**100%**	**100%**	
Estimated total gross carrying amount at default	**₱2,148,798**	**₱569,152**	**₱114,222**	**₱82,117**	**₱3,102,297**	**₱6,016,586**
Expected credit loss	**575,659**	**161,252**	**38,165**	**35,707**	**1,255,084**	**2,065,867**
	₱1,573,139	**₱407,900**	**₱76,057**	**₱46,410**	**₱1,847,213**	**₱3,950,719**

	December 31, 2020					
	Days Past Due					
	Current	<30 Days	30-60 days	61-90 days	Credit impaired	Total
			(In Thousands)			
Expected credit loss	2-9%	10-37%	31-94%	50-100%	100%	
Estimated total gross carrying amount at default	₱1,621,476	₱262,970	₱137,643	₱167,851	₱4,837,671	₱7,027,611
Expected credit loss	198,215	38,177	27,634	42,543	2,312,163	2,618,732
	₱1,423,261	₱224,793	₱110,009	₱125,308	₱2,525,508	₱4,408,879

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, 2021 and 2020. A financial asset is past due when a counterparty has failed to make a payment when contractually due.

	December 31, 2021					
	Neither Past Due nor Impaired	**Past Due but not Impaired**				
		Less than 30 days	**30 Days and Over**	**Impaired**	**Allowance**	**Total**
Trade receivables:						
Airtime	**₱1,233,989**	**₱276,752**	**₱949,139**	**₱342,088**	**(₱342,088)**	**₱2,459,880**
Subscriptions	**261,150**	**31,526**	**380,444**	**1,427,951**	**(1,427,951)**	**673,120**
Others	**27,099**	**26,531**	**764,089**	**295,828**	**(295,828)**	**817,719**
Nontrade receivables	**385,583**	**16,992**	**554,163**	**493,922**	**(493,922)**	**956,738**
Due from related parties	**–**	**–**	**244,268**	**2,052**	**(2,052)**	**244,268**
	₱1,907,821	**₱351,801**	**₱2,892,103**	**₱2,561,841**	**(₱2,561,841)**	**₱5,151,725**

	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	562,335	839,718	(839,718)	821,041
Due from related parties	–	–	333,210	–	–	333,210
	₱1,190,194	₱394,652	₱3,978,284	₱3,458,450	(₱3,458,450)	₱5,563,130

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 not go below roughly 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 from 2016 to 2019. Currently, the debt maturity profile of the Company ranges from 0.251.5 to 7 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. As of December 31, 2021, the Parent Company has obtained consent and approval from the existing lenders to waive the provisions of the loan agreement requiring the financial covenants up to December 31, 2022. 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, 2021					
	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	**₱2,539,978**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,539,978**
Short-term investment	**10,818**	**–**	**–**	**–**	**–**	**10,818**
Trade receivables:						
Airtime	**2,459,880**	**–**	**–**	**–**	**–**	**2,459,880**
Subscription	**673,120**	**–**	**–**	**–**	**–**	**673,120**
Others	**817,719**	**–**	**–**	**–**	**–**	**817,719**
Nontrade receivables	**956,738**	**–**	**–**	**–**	**–**	**956,738**
Due from related parties	**244,268**	**–**	**–**	**–**	**–**	**244,268**
	7,702,521	**–**	**–**	**–**	**–**	**7,702,521**

	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**
Trade and other payables*	**9,970,499**	**–**	**–**	**–**	**–**	**9,970,499**
Obligations for program rights	**131,120**	**159,084**	**–**	**–**	**–**	**290,204**
Lease liabilities	**173,646**	**155,127**	**153,352**	**154,788**	**2,527**	**639,440**
Interest-bearing loans and borrowings	**1,021,972**	**686,606**	**1,922,399**	**6,876,966**	**9,858,989**	**20,366,932**
Customers' deposits	**2,189**	**61,154**	**z91,116**	**108,841**	**–**	**263,300**
	11,299,426	**1,061,971**	**2,166,867**	**7,140,595**	**9,861,516**	**31,530,375**
Net	**(₱3,596,905)**	**(₱1,061,971)**	**(₱2,166,867)**	**(₱7,140,595)**	**(₱9,861,516)**	**(₱23,827,854)**

**Excluding customers' deposits, accrued taxes and other payables to government agencies.*

	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.*

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 2021, 2020 and 2019.

The Company's approach focuses on efficiently allocating internally generated cash for operational requirements and investments to grow the existing business.

The Company has obtained consent and approval from the existing lenders to waive the provisions of the loan agreement requiring the financial covenants until December 31, 2022 (see Note 18).

2021 Financial Ratios	Required	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
Loan Agreement					
Debt to equity	Less than or equal to 2.50	**2.68**	**3.01**	**3.18**	**3.35**
Debt service coverage ratio	Greater than or equal to 1.20	**(2.87)**	**(3.01)**	**(1.17)**	**1.85**

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

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

34. 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, 2021 and 2020. There are no material unrecognized financial assets and liabilities as at December 31, 2021 and 2020.

	December 31, 2021				
	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)	**₱307,891**	**₱298,530**	**₱–**	**₱–**	**₱298,530**
Financial assets at FVOCI	**41,658**	**41,658**	**–**	**41,658**	**–**
	₱349,549	**₱340,188**	**₱–**	**₱41,658**	**₱298,530**
Financial Liabilities					
Other financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	**₱20,255,857**	**₱21,500,414**	**₱–**	**₱–**	**₱21,500,414**
Obligations for program rights	**283,851**	**290,204**	**–**	**290,204**	**–**
Convertible note	**172,693**	**192,753**	**–**	**–**	**192,753**
Customers' deposits (included as part of "Other noncurrent liabilities")	**272,580**	**241,735**	**–**	**–**	**241,735**
	₱20,984,981	**₱22,225,106**	**₱–**	**₱290,924**	**₱21,934,902**

	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 FVOCI	61,846	61,846	25,317	13,325	23,204
	₱412,654	₱403,293	₱25,317	₱13,325	₱364,651
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 while fair value of golf club shares have been determined by reference to the price of most recent transaction at the end of reporting period. 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 1.0% to 4.8% in 2021 and 1.0% to 3.0% in 2020.

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 2021 and 2020, 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 2.7% to 4.2% in 2021 and prevailing BVAL rates plus applicable credit spread ranging 0.99% to 3.95% in 2020.

There were no transfers between levels in the fair value hierarchy as at December 31, 2021 and 2020.

Offsetting of Financial Assets and Financial Liabilities
There is no offsetting of financial assets and financial liabilities as at December 31, 2021 and 2020.

35. 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		
	2021	2020	2019
Net loss attributable to equity holders of the Parent Company	**(₱5,638,992)**	(₱13,456,161)	(₱1,624,858)
Dividends on preferred shares	**(4,000)**	(4,000)	(4,000)
(a) Net income (loss) attributable to common equity holders of the Parent Company	**(₱5,642,992)**	(₱13,460,161)	(₱1,628,858)
(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)	**(₱6.857)**	(₱16.356)	(₱1.979)

The Company has no dilutive potential common shares outstanding, therefore basic EPS is the same as diluted EPS.

36. Note to Consolidated Statements of Cash Flows

	Years Ended December 31		
	2021	2020	2019
Noncash investing activities:			
Acquisitions of program rights on account	**₱–**	₱161,038	₱428,104
Additions to ROU	**₱17,520**	₱1,296,641	₱397,524

Changes in liabilities arising from financing activities:

	January 1, 2021	**Net cash flows**	**Noncash changes**	**December 31, 2021**
Term loans	**₱21,487,254**	**(₱1,261,535)**	**₱30,138**	**₱20,255,857**
Lease liabilities	**946,322**	**(284,948)**	**(27,975)**	**633,399**
Interest payable (Note 17)	**239,139**	**(1,116,002)**	**1,139,308**	**262,445**
Dividends payable (Note 17)	**44,481**	**–**		**44,481**
Deposits for future subscription (Note 17)	**1,360,416**	**–**	**–**	**1,360,416**
Total liabilities from financing activities	**₱24,077,612**	**(₱2,662,485)**	**₱1,141,471**	**₱22,556,821**

	January 1, 2020	Net 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	Net 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.

37. 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 28, 2022, 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.

38. Other Matters and Events After Reporting Period

COVID-19 Outbreak

The COVID-19 not only affected the health of people but also had severe effects to the economy and various businesses. The pandemic has affected the Company in terms of economic and social aspects and work from home set up brought about by the government-imposed lockdown and alert levels in the country.

Refer to Notes 1 and Note 3 for additional discussions of how management considered the impact of COVID-19 to certain financial statement accounts.

Events after Reporting Period

On January 20, 2022, the Board approved the sale of its treasury shares and PDRs held by ABS-CBN, to interested qualified institutional buyers. On January 21, 2022, a block sale of 21,322,561 ABS-CBN common shares and 11,507,379 PDRs was completed at a price of ₱15.23 for each common share and for each PDR. The purchaser for the common shares and PDRs was ABS-CBN's principal shareholder, Lopez, Inc. at a total purchase price of ₱500 million.

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**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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated April 28, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for 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
Partner
CPA Certificate No. 0097907
Tax Identification No. 201-960-347
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1768-A (Group A)
September 3, 2019, valid until September 2, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-102-2021, September 16, 2021, valid until September 15, 2024
PTR No. 8853496, January 3, 2022, Makati City

April 28, 2022

ABS-CBN CORPORATION AND SUBSIDIARIES

INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex A:	Reconciliation of Retained Earnings Available for Dividend Declaration
Annex B:	Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered
Annex C:	Supplementary Schedules Required by Annex 68-J

Schedule	Contents
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Long-Term Debt
E	Indebtedness to Related Parties
F	Guarantees of Securities of Other Issuers
G	Capital Stock

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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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated April 28, 2022. 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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Djole S. Garcia

Djole S. Garcia
Partner
CPA Certificate No. 0097907
Tax Identification No. 201-960-347
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1768-A (Group A)
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BIR Accreditation No. 08-001998-102-2021, September 16, 2021, valid until September 15, 2024
PTR No. 8853496, January 3, 2022, Makati City

April 28, 2022

ABS-CBN CORPORATION and SUBSIDIARIES
Schedule A. Financial Assets
December 31, 2021

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		₱ 1,914,780	₱ 1,914,780	₱ 7,916
Cash equivalents		625,198	625,198	490
Short-term investments		10,818	10,818	109
Subtotal		***2,550,796***	***2,550,796***	***8,515***
Trade and other receivables (excluding advances to suppliers)				
Airtime		2,801,968	2,801,968	-
Subscriptions		2,101,071	2,101,071	-
Others		1,113,547	1,113,547	-
Advances to employees and talents		646,923	646,923	-
Due from related parties (see Note 23)		246,320	246,320	-
Others		803,737	803,737	-
Allowance for doubtful accounts		(2,561,841)	(2,561,841)	-
Subtotal		***5,151,725***	***5,151,725***	**-**
Deposits		360,015	360,015	**-**
Financial Assets at Fair Value through Other Comprehensive Income		41,658	41,658	**-**
Total	**-**	**₱ 8,104,194**	**₱ 8,104,194**	**₱ 8,515**

ABS-CBN CORPORATION and SUBSIDIARIES
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)
December 31, 2021

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, 2021

			DEDUCTIONS			
Name and Designation of debtor	**Balance at beginning of period**	**Additions**	**Amounts Collected**	**Amounts Written Off**	**Current**	**Balance at end of Period**
(Amounts in Thousands)						
ABS-CBN CORPORATION	₱ 15,752,723	₱ 6,616,297	₱ (7,131,465)	₱ -	₱ 15,237,555	₱ **15,237,555**
ABS-CBN FILM PRODUCTIONS, INC.	459,858	237,499	(301,594)	-	395,763	**395,763**
ABS-CBN GLOBAL CARGO CORPORATION	35	(21)	-	-	14	**14**
ABS-CBN GLOBAL LTD.	2,354,929	2,793,963	(343,784)	-	4,805,108	**4,805,108**
ABS-CBN INTEGRATED AND STRATEGIC PROPERTY HOLDINGS. INC.	8,396	146,840	(135,376)	-	19,860	**19,860**
ABS-CBN SHARED SERVICE CENTER PTE. LTD. - ROHQ	340,785	1,326,125	(1,210,980)	-	455,930	**455,930**
ABS-CBN STUDIOS, INC.	42	49	-	-	91	**91**
ABS-CBN THEME PARKS AND RESORTS HOLDINGS, INC.	25,300	(1)	-	-	25,299	**25,299**
ABS-CBN THEMED EXPERIENCES, INC.	177	43	(43)	-	177	**177**
CINESCREEN, INC.	-	-	-	-	-	**-**
CREATIVE PROGRAMS, INC.	519,401	411,970	(383,148)	-	548,223	**548,223**
ICONNECT CONVERGENCE, INC.	231,191	282,545	(354,350)	-	159,386	**159,386**
SAPIENTIS HOLDINGS CORPORATION	260,591	(41,873)	-	-	218,718	**218,718**
SARIMANOK NEWS NETWORK, INC.	314,474	992,905	(820,316)	-	487,063	**487,063**
SKY CABLE CORPORATION	379,982	125,176	(331,600)	-	173,558	**173,558**
SKY VISION CORPORATION	97,080	-	-	-	97,080	**97,080**
THE BIG DIPPER DIGITAL CONTENT & DESIGN, INC.	3,642,981	599,524	(706,055)	-	3,536,450	**3,536,450**
TV FOOD CHEFS, INC.	5,881	2,646	(7,959)	-	568	**568**
	₱ 24,393,826	**₱ 13,493,687**	**₱ (11,726,670)**	**₱ -**	**₱ 26,160,843**	**₱ 26,160,843**

ABS-CBN CORPORATION and SUBSIDIARIES
Schedule C.2 Amounts Payable from Related Parties which are eliminated during Consolidation of Financial Statements
December 31, 2021

			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.	₱ (1,073,908)	₱ (11,153)	₱ 1,418	₱ -	₱ (1,083,643)	₱ -	₱ **(1,083,643)**
ABS-CBN CENTER FOR COMMUNICATION ARTS, INC	(8,793)	-	-	-	(8,793)	-	**(8,793)**
ABS-CBN CORPORATION	(6,552,719)	(25,811,030)	₱ 23,365,684	-	(8,998,065)	-	**(8,998,065)**
ABS-CBN FILM PRODUCTIONS, INC.	(63,492)	(304,594)	298,848	-	(69,238)	-	**(69,238)**
ABS-CBN GLOBAL CARGO CORPORATION	(2,282)	(92)	-	-	(2,374)	-	**(2,374)**
ABS-CBN GLOBAL LTD.	(13,258)	(846,607)	647,727	-	(212,138)	-	**(212,138)**
ABS-CBN INTEGRATED AND STRATEGIC PROPERTY HOLDINGS. INC.	(17,947)	(173,827)	174,087	-	(17,687)	-	**(17,687)**
ABS-CBN SHARED SERVICE CENTER PTE. LTD. - ROHQ	(7,108)	(1,443,444)	1,447,791	-	(2,761)	-	**(2,761)**
ABS-CBN THEME PARKS AND RESORTS HOLDINGS, INC.	(1,343,843)	(76,572)	-	-	(1,420,415)	-	**(1,420,415)**
ABS-CBN THEMED EXPERIENCES, INC.	(325,538)	(3,280)	533	-	(328,285)	-	**(328,285)**
CAPTAN SERVICES	(41,506)	(3,685)	-	-	(45,191)	-	**(45,191)**
CINESCREEN, INC.	(54,840)	(122,361)	121,522	-	(55,679)	-	**(55,679)**
CREATIVE PROGRAMS, INC.	(622,520)	(715,114)	907,422	-	(430,212)	-	**(430,212)**
ICONNECT CONVERGENCE, INC.	(281,969)	(685,646)	853,712	-	(113,903)	-	**(113,903)**
PANAY MARINE, LTD.	(794,441)	(67,810)	-	-	(862,251)	-	**(862,251)**
PROFESSIONAL SERVICES FOR TELEVISION & RADIO, INC.	(5,016)	-	-	-	(5,016)	-	**(5,016)**
ROSETTA HOLDINGS CORPORATION	(1,980,364)	(32,689)	1,679	-	(2,011,374)	-	**(2,011,374)**
SAPIENTIS HOLDINGS CORPORATION	(5,866,033)	10,656	-	-	(5,855,377)	-	**(5,855,377)**
SARIMANOK NEWS NETWORK, INC.	(19,525)	(1,278,986)	1,277,801	-	(20,710)	-	**(20,710)**
SKY CABLE CORPORATION	(612,724)	(1,152,430)	1,280,821	-	(484,333)	-	**(484,333)**
SKY VISION CORPORATION	(62,882)	-	-	-	(62,882)	-	**(62,882)**
THE BIG DIPPER DIGITAL CONTENT & DESIGN, INC.	(227,479)	(383,364)	433,762	-	(177,081)	-	**(177,081)**
THE CHOSEN BUN, INC.	(40,314)	-	-	-	(40,314)	-	**(40,314)**
TV FOOD CHEFS, INC.	(3,476)	(4,594)	1,730	-	(6,340)	-	**(6,340)**
	₱ (20,021,977)	₱ (33,106,622)	₱ 30,814,537	₱ -	₱ (22,314,062)	₱ -	₱ **(22,314,062)**

ABS-CBN CORPORATION and SUBSIDIARIES
Schedule D. Intangible Assets - Other Assets
December 31, 2021

Description	Beginning balance	Additions at cost	Deductions: Charged to Cost and Expenses	Deductions: Charged to other accounts (Disposal)	Deductions: Other changes additions (deductions)	Ending balance
(Amounts in Thousands)						
Goodwill	₱ 4,729,250	₱ -	₱ -	₱ -	₱ 14,720	₱ 4,743,970
Program Rights	3,347,466	146,572	(888,251)	(409,203)	(80,019)	2,116,565
Movie In- Process and Filmed Entertainment	1,071,277	37,420	(117,475)	-	-	991,222
Story, Video and Publication and Record Master	115,958	-	(5,281)	-	-	110,677
Trademarks	1,111,784	-	-	-	-	1,111,784
Customer Relationships	506,399	-	(66,579)	-	-	439,820
Cable Channels - CPI	273,428	-	(40,602)	-	-	232,826
Production and Distribution Business - Middle East	3,217	-	-	-	(217)	3,000
Business Process Re-engineering	235,768	160,914	-	-	-	396,682
IP Block	37,804	-	-	-	-	37,804
Digital Platforms	3	-	-	-	-	3
Total	**₱ 11,432,354**	**₱ 344,906**	**₱ (1,118,188)**	**₱ (409,203)**	**₱ (65,516)**	**₱ 10,184,353**

ABS-CBN CORPORATION and SUBSIDIARIES
Schedule E. Long-Term Debt
December 31, 2021

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	₱ 4,627,515	₱ 62,845	₱ 4,564,670
Parent Company	15,628,342	1,942,037	13,686,305
Term Loans : Loan Agreement	20,255,857	2,004,882	18,250,975
Total	**₱ 20,255,857**	**₱ 2,004,882**	**₱ 18,250,975**

ABS-CBN CORPORATION and SUBSIDIARIES
Schedule F. Indebtedness to Related Parties
December 31, 2021

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, 2021

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, 2021

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	854,099,968	-	753,043,372	3,725,677	97,330,919
Preferred Shares - ₱0.2 Par value	1,000,000,000	1,000,000,000	-	987,130,246	1,830,550	11,039,204

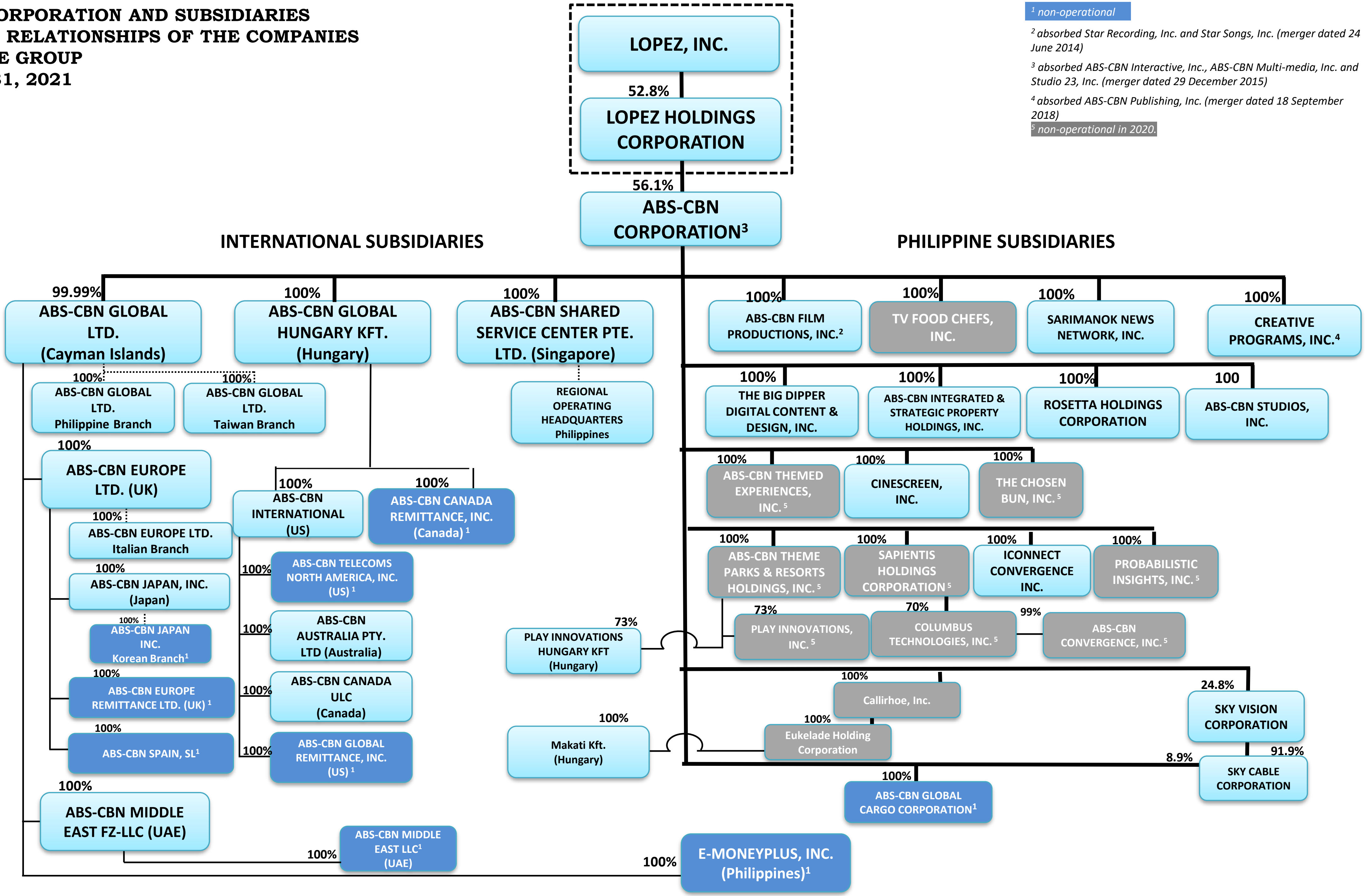
** Net of Philippine depository receipts*

ABS-CBN CORPORATION
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
December 31, 2021
Amounts in Thousands

		2021
Unappropriated retained earnings, beginning	₱	(11,536,503)
Adjustment:		
Remeasurement loss on defined benefit plan from previous years		1,170,134
Deferred tax assets, beginning		-
Treasury shares		(1,638,719)
Retained earnings, beginning, as adjusted to amount available for dividend declaration, beginning		(12,005,088)
Add: Net loss actually realized during the year		(6,249,256)
Net income during the year closed to retained earnings		
Add (deduct):		
Unrealized foreign exchange gain - net of effects of cash and cash equivalents		682,352
Movement of recognized deferred tax assets for the year		-
Net loss actually realized during the year		(5,566,904)
less: dividend declared during the year		-
Retained earnings available for dividend declaration, end	₱	**(17,571,992)**

ABS-CBN CORPORATION AND SUBSIDIARIES
III. MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
December 31, 2021

[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 Ratios
December 31, 2021

RATIOS	Formula	In Php ('000s)	2021	In Php ('000s)	2020
Current Ratio	Current Assets / Current Liabilities	13,103,097 / 14,009,513	0.94	18,682,887 / 28,399,335	0.66
Net Debt-to-equity ratio	Interest-bearing loans and borrowings less Cash and Cash equivalent / Total Stockholders' Equity	17,715,879 / 12,094,067	1.46	15,057,528 / 17,198,851	0.88
Asset-to-equity ratio	Total Assets / Total Stockholders' Equity	52,563,788 / 12,094,067	4.35	58,926,177 / 17,198,851	3.43
Interest rate coverage ratio	EBIT / Interest Expense	(4,074,971) / 1,149,831	(3.54)	(12,478,386) / 1,180,429	(10.57)
Return on Equity	Net Income (Loss) / Total Stockholders' Equity	(5,670,383) / 12,094,067	(46.9%)	(13,530,816) / 17,198,851	(78.7%)
Return on Asset	Net Income (Loss) / Total Asset	(5,670,383) / 52,563,788	(10.8%)	(13,530,816) / 58,926,177	(23.0%)
Profitability ratios					
Gross Profit Margin	Gross Profit / Net Revenue	2,741,718 / 17,825,204	15.4%	1,687,649 / 21,419,757	7.9%
Net Income Margin	Net Income / Net Revenue	(5,670,383) / 17,825,204	(31.8%)	(13,530,816) / 21,419,757	(63.2%)

ANNEX "D"

ABS-CBN CORPORATION
QUARTERLY REPORT

PART I - FINANCIAL INFORMATION

1. Management's Discussion and Analysis of Financial Condition and Results of Operations
2. Financial Statements
    - 2.1 Consolidated Statements of Financial Position
    - 2.2 Consolidated Statements of Income
    - 2.3 Consolidated Statements of Comprehensive Income
    - 2.4 Consolidated Statements of Changes in Equity
    - 2.5 Consolidated Statements of Cash Flows
    - 2.6 Notes to Financial Statements
    - 2.6.1 Business Segment and Geographical Segment Results (Note 5)
    - 2.6.2 Rollforward of Property and Equipment (Note 10)

PART II - OTHER FINANCIAL INFORMATION

EXHIBIT 1 – Aging of Accounts Receivables

SIGNATURES

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 three-month periods ended March 31, 2022 and 2021.

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

The table below summarizes the results of operations for the three-month period ended March 31, 2022.

	1Q 2022	1Q 2021	Variance	
			Amount	%
Consolidated Revenues	**₱4,650**	**₱3,920**	**₱730**	**18.6**
Advertising Revenues	1,485	929	556	59.8%
Consumer Sales	3,165	2,991	174	5.8%
Costs and Expenses	**5,773**	**5,774**	**1**	**(0.0)**
Production Costs	1,769	1,900	(130)	(6.9)
Cost of Sales and Services	1,817	2,017	(200)	(9.9)
General and Administrative Expenses (GAEX)	2,187	1,857	329	17.7
Financial Costs – net	**305**	**134**	**170**	**126.8**
Equity in Net Loss of Associates and Joint Ventures	**–**	**3**	**3**	**(100.0)**
Other Income – net	**(77)**	**(90)**	**(31)**	**(14.5)**
Net Income (Loss)	**(₱1,398)**	**(₱1,944)**	**₱546**	**(28.1)**
EBITDA	**(₱89)**	**(₱605)**	**₱516**	**(85.4)**

<u>Consolidated Revenues</u>

For the three-month period ended March 31, 2022, ABS-CBN generated consolidated revenues of ₱4.7 billion from advertising and consumer sales, ₱730 million or 18.6% higher year-on-year.

Advertising revenues increased by ₱556 million or 59.8% higher, attributable to both political placements and growth in regular advertising as the Company continues to expand its coverage through its partnership various reputable companies. Consumer sales increased by ₱174 million mainly resulting from the licensing and syndication of the Company's films and programs library

Comparative revenue mix is as follows:

	1Q 2022	1Q 2021
Advertising revenues	32%	24%
Consumer sales	68%	76%

Consolidated Costs and Expenses
Direct costs and expenses amounted to ₱5.8 billion and remains flat 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.

Following the events of the franchise denial and the impact of COVID-19, the Company has continued to implement costs cutting measures to further manage the Company's financial performance.

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 costs amounting to ₱130 million or 6.9%.

Cost of sales and services decreased by ₱200 million. The decrease is mainly attributable to the decrease in programming costs and facilities related expenses.

GAEX increased by ₱329 million or by 17.7% compared to the previous year. The increase is mainly attributable to the Employee Stock Plan that the Company provided in 2022 which, allowed the employees to own shares of the Company as compensation for the voluntary pay cuts that they took to help the Company.

Net Loss and EBITDA
The Company incurred a ₱1.39 billion net loss for the three-month period ended March 31, 2022, reduction in net loss by ₱546 million or 28.1% vs last year

EBITDA improved to (₱89 million), a 85.4% improvement 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
- International
- 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 three-month period ended March 31, 2022:

Segment	Operating Revenue		Net Income	
	Q1 2022	Q1 2021	Q1 2022	Q1 2021
Content Production and Distribution	₱2,546	₱1,769	(₱1,392)	(₱1,976)
Cable & Broadband	2,104	2,151	(5)	32

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. On June 13, 2020, the Company launched its Kapamilya Channel on cable TV, and subsequently, its digital streaming channel "Kapamilya Online Live" on August 1, 2020. These platforms showcased the 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. Launching these platforms allowed the Company to generate P1.5 billion in advertising revenues in the first quarter of 2022.

The Company widened its international reach by merging its proprietary digital application to "iWantTFC", and ungeoblocking the 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 P230 million.

B. Cable & Broadband

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 ₱2.1 billion, despite the absence of DTH services.

<u>Capital Expenditures</u>

Capital expenditures and program rights acquisitions amounted to ₱412 million as of March 31, 2022.

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

As at March 31, 2022, total consolidated assets stood at ₱53.4 billion, 1.5% higher than total assets of ₱52.6 billion as of December 31, 2021.

Shareholders' equity decreased to ₱11.6 billion or 4.1% in March 31, 2022 compared to the previous year.

The company's net debt-to-equity ratio was at 1.45x and 1.46x as of March 31, 2022 and December 31, 2021, respectively.

EXHIBIT 1 – Aging of Accounts Receivable

As of March 31, 2022 (Unaudited)

	Neither Past Due nor Impaired	Past Due but not Impaired		Impaired	Allowance	Total
		Less than 30	30 Days and Over			
Trade receivables:						
Airtime	**₱1,284,553**	**₱285,557**	**₱1,194,528**	**₱342,088**	**(₱342,088)**	**₱2,764,638**
Subscriptions	**273,838**	**27,272**	**939,991**	**1,483,929**	**(1,483,929)**	**1,241,101**
Others	**67,129**	**26,924**	**331,168**	**295,828**	**(295,828)**	**425,221**
Nontrade receivables	**372,678**	**502,288**	**839,935**	**493,922**	**(493,922)**	**1,714,901**
Due from related parties			**246,417**	**2,052**	**(2,052)**	**246,417**
	₱1,998,198	**₱842,041**	**₱3,552,039**	**₱2,617,819**	**(₱2,617,819)**	**₱6,392,278**

As of December 31, 2021 (Audited)

	Neither Past Due nor Impaired	Past Due but not Impaired		Impaired	Allowance	Total
		Less than 30	30 Days and Over			
Trade receivables:						
Airtime	₱1,233,989	₱276,752	₱949,139	₱342,088	(₱342,088)	₱2,459,880
Subscriptions	261,150	31,526	380,444	1,427,951	(1,427,951)	673,120
Others	27,099	26,531	764,089	295,828	(295,828)	817,719
Nontrade receivables	385,583	16,992	554,163	493,922	(493,922)	956,738
Due from related parties	–	–	244,268	2,052	(2,052)	244,268
	₱1,907,821	₱351,801	₱2,892,103	₱2,561,841	(₱2,561,841)	₱5,151,725

SIGNATURES

For the SEC 17-Q First Quarter 2022 Report

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

Registrant: ABS-CBN Corporation

By:

DocuSigned by:

A9DDB3A6A2D44FD...

RICARDO B. TAN, Jr.

Group Chief Financial Officer
Date: May 27, 2022

ABS–CBN Corporation and Subsidiaries

Unaudited Interim Condensed Consolidated Financial
Statements March 31, 2022
and for the Three Months Ended March 31, 2022 and 2021
(With Comparative Audited Consolidated Statements of
Financial Position as at December 31, 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)
6,982	June 25	March 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.

ABS-CBN CORPORATION AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Amounts in Thousands)

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱2,646,399**	₱2,539,978
Short-term investments (Note 6)	**10,818**	10,818
Trade and other receivables (Notes 7 and 23)	**6,392,278**	5,151,725
Inventories (Note 8)	**452,763**	385,955
Program rights and other intangible assets (Note 12)	**879,613**	701,796
Other current assets (Notes 9, 15 and 23)	**3,917,502**	4,139,335
	14,299,373	12,929,607
Noncurrent assets held for sale (Note 31)	**135,927**	173,490
Total Current Assets	**14,435,300**	13,103,097
Noncurrent Assets		
Property and equipment (Notes 10, 18 and 31)	**25,918,279**	26,285,854
Goodwill, program rights and other intangible assets - net of current portion (Note 12)	**9,138,175**	9,482,557
Financial assets at fair value through other comprehensive income (FVOCI) (Note 13)	**35,171**	41,658
Investment properties (Notes 11 and 18)	**1,282**	1,294
Investments in associates and joint ventures (Note 14)	**121,777**	121,775
Deferred tax assets (Note 29)	**1,165,007**	1,097,950
Other noncurrent assets (Notes 7, 16 and 23)	**2,546,030**	2,429,603
Total Noncurrent Assets	**38,925,721**	39,460,691
TOTAL ASSETS	**₱53,361,021**	₱52,563,788

LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 4, 17, 23 and 30)	**₱12,625,592**	₱10,607,177
Contract liabilities (Note 9)	**791,405**	765,942
Income tax payable	**203,978**	334,018
Obligations for program rights (Note 19)	**106,158**	124,767
Current lease liabilities (Note 31)	**184,370**	172,727
Interest-bearing loans and borrowings (Notes 10, 11 and 18)	**1,298,353**	2,004,882
Total Current Liabilities	**15,209,856**	14,009,513
Noncurrent Liabilities		
Interest-bearing loans and borrowings - net of current portion (Notes 10, 11 and 18)	**18,151,548**	18,250,975
Obligations for program rights - net of current portion (Note 19)	**158,982**	159,084
Accrued pension obligation and other employee benefits (Note 30)	**7,002,597**	6,850,961
Deferred tax liabilities (Note 29)	**250,060**	249,762
Noncurrent lease liabilities (Note 31)	**408,459**	460,672
Convertible note (Note 20)	**175,899**	172,693
Other noncurrent liabilities (Note 21)	**398,873**	316,061
Total Noncurrent Liabilities	**26,546,418**	26,460,208
Total Liabilities	**41,756,274**	40,469,721

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
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	**4,150,848**	4,745,399
Treasury shares and Philippine depository receipts convertible to common shares (Note 22)	**(544,168)**	(1,638,719)
Exchange differences on translation of foreign operations	**419,511**	207,219
Fair value reserves on financial assets at FVOCI (Note 13)	**71,382**	77,869
Share-based payment plan (Note 22)	**202,186**	–
Retained earnings (Note 22)	**7,308,089**	8,691,759
Equity attributable to equity holders of the Parent Company	**12,679,972**	13,155,651
Noncontrolling Interests (Note 4)	**(1,075,225)**	(1,061,584)
Total Equity	**11,604,747**	12,094,067
TOTAL LIABILITIES AND EQUITY	**₱53,361,021**	₱52,563,788

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABS-CBN CORPORATION AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(Amounts in Thousands, Except Per Share Amounts)

	Three Months Ended March 31 (Unaudited)	
	2022	2021
REVENUES (Notes 23, 24 and 31)	**₱4,649,802**	₱3,920,172
PRODUCTION COSTS (Notes 10, 12, 23, 25, 30 and 31)	**(1,769,232)**	(1,899,639)
COST OF SERVICES (Notes 8, 10, 12, 15, 23, 26, 30 and 31)	**(1,803,290)**	(2,009,698)
COST OF SALES (Notes 8, 10, 23, 26, 30 and 31)	**(13,604)**	(6,911)
GROSS PROFIT	**1,063,676**	3,924
GENERAL AND ADMINISTRATIVE EXPENSES (Notes 7, 8, 10, 11, 12, 22, 23, 27, 30 and 31)	**(2,186,675)**	(1,857,340)
FINANCE COSTS (Notes 18, 20 and 28)	**(283,718)**	(238,810)
INTEREST INCOME (Note 6)	**3,166**	3,185
FOREIGN EXCHANGE GAINS (LOSSES) - net	**(24,037)**	101,326
EQUITY IN NET EARNINGS (LOSSES) OF ASSOCIATES AND JOINT VENTURES (Note 14)	**2**	(2,902)
OTHER INCOME - net (Notes 15, 21, 28 and 31)	**76,942**	89,968
LOSS BEFORE INCOME TAX	**(1,350,644)**	(1,900,649)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 29)		
Current	**81,312**	76,371
Deferred	**(34,645)**	(33,403)
	46,667	42,968
NET LOSS	**(1,397,311)**	(1,943,617)
Attributable to		
Equity holders of the Parent Company (Note 34)	**(1,383,670)**	(₱1,950,661)
Noncontrolling interests	**(13,641)**	7,044
	(1,397,311)	(₱1,943,617)
Basic/Diluted Earnings per Share Attributable to Equity Holders of the Parent Company (Note 34)	**(₱1.686)**	(₱2.375)

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABS-CBN CORPORATION AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(Amounts in Thousands)

	Three Months Ended March 31 (Unaudited)	
	2022	2021
NET LOSS	**(₱1,397,311)**	(₱1,943,617)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss not to be reclassified to profit and loss in subsequent periods:		
Fair value adjustments on financial assets at FVOCI - net of tax (Note 13)	**(6,487)**	–
	(6,487)	–
Other comprehensive income to be reclassified to profit and loss in subsequent periods:		
Exchange differences on translation of foreign operations	**212,292**	7,457
	212,292	7,457
OTHER COMPREHENSIVE INCOME	**205,805**	7,457
TOTAL COMPREHENSIVE LOSS	**(₱1,191,506)**	(₱1,936,160)
Attributable to:		
Equity holders of the Parent Company	**(₱1,177,865)**	(₱1,943,204)
Noncontrolling interests	**(13,641)**	7,044
	(₱1,191,506)	(₱1,936,160)

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABS-CBN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED MARCH 31, 2022 AND DECEMBER 31, 2021

(Unaudited)

(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)	**Share-based Payment plan** (Note 22)	**Appropriated**	**Unappropriated**	**Total**	**Noncontrolling Interests** (Notes 17 and 20)	**Total Equity**
At December 31, 2021 Audited	**₱872,124**	**₱200,000**	**₱4,745,399**	**(₱1,638,719)**	**₱207,219**	**₱77,869**	**₱–**	**₱–**	**₱8,691,759**	**₱13,155,651**	**(₱1,061,584)**	**₱12,094,067**
Net loss	–	–	–	–	–	–	–	–	**(1,383,670)**	**(1,383,670)**	**(13,641)**	**(1,397,311)**
Other comprehensive income (loss)	–	–	–	–	**212,292**	**(6,487)**	–	–	–	**205,805**	–	**205,805**
Total comprehensive income (loss)	–	–	–	–	**212,292**	**(6,487)**	–	–	**(1,383,670)**	**(1,177,865)**	**(13,641)**	**(1,191,506)**
Sale of treasury shares	–	–	**(594,551)**	**1,094,551**	–	–	–	–	–	**500,000**	–	**500,000**
Share-based payment	–	–	–	–	–	–	**202,186**	–	–	**202,186**	–	**202,186**
At March 31, 2022 Unaudited	**₱872,124**	**₱200,000**	**₱4,150,848**	**(₱544,168)**	**₱419,511**	**₱71,382**	**₱202,186**	**₱–**	**₱7,308,089**	**₱12,679,972**	**(₱1,075,225)**	**₱11,604,747**
At December 31, 2020 (Audited)	₱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
Net income (loss)	–	–	–	–	–	–	–	–	(1,950,661)	(1,950,661)	7,044	(1,943,617)
Other comprehensive income	–	–	–	–	7,457	–	–	–		7,457	–	7,457
Total comprehensive income (loss)	–	–	–	–	7,457	–	–	–	(1,950,661)	(1,943,204)	7,044	(1,936,160)
At March 31, 2021 (Unaudited)	₱872,124	₱200,000	₱4,745,399	(₱1,638,719)	₱252,437	₱71,712	–	₱16,200,000	(₱4,356,018)	₱16,346,935	(₱1,084,244)	₱15,262,691

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABS-CBN CORPORATION AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(Amounts in Thousands)

	Three Months Ended March 31 (Unaudited)	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱1,350,644)**	(₱1,900,649)
Adjustments to reconcile income before tax to net cash flows:		
Depreciation and amortization (Notes 10 and 11)	**778,069**	765,901
Amortization of:		
Program rights and other intangibles (Note 12)	**207,813**	504,117
Debt issue costs (Note 28)	**2,677**	4,501
Deferred charges (Note 26)	**–**	19
Interest expense (Note 28)	**278,488**	232,305
Movements in accrued pension obligation and other employee benefits (Note 30)	**151,636**	(53,244)
Gain on sale of property and equipment (Notes 10 and 28)	**(66,574)**	(43,183)
Interest income (Notes 6 and 23)	**(3,166)**	(3,185)
Net unrealized foreign exchange (gain) loss	**(341)**	101,561
Equity in net (gains) losses of associates and joint ventures (Note 14)	**(2)**	2,902
Working capital changes:		
Decrease (increase) in:		
Trade and other receivables	**(749,893)**	217,117
Other current assets	**386,829**	(712,249)
Inventories	**(67,415)**	27,472
Increase (decrease) in:		
Trade and other payables	**1,747,654**	59,287
Contract liabilities	**25,463**	176,844
Obligations for program rights	**(18,707)**	(27,049)
Other noncurrent liabilities	**83,110**	(12,083)
Cash generated from (used in) operations	**1,404,997**	(659,616)
Income taxes paid	**(211,352)**	(46,691)
Net cash provided by (used in) operating activities	**1,193,645**	(706,307)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property and equipment (Notes 5 and 10)	**(412,341)**	(686,323)
Goodwill, program rights and other intangible assets (Notes 12 and 35)	**(20,442)**	(230,621)
Decrease in other noncurrent assets	**(108,445)**	(18,906)
Proceeds from sale of noncurrent assets held for sale	**99,000**	–
Proceeds from sale of property and equipment	**66,879**	224,238
Decrease in short-term investments	**10,818**	974
Interest received	**5,416**	5,480
Net cash used in investing activities	**(369,933)**	(705,158)

(Forward)

	Three Months Ended March 31 (Unaudited)	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Long-term debt (Note 18)	**(₱836,567)**	(₱1,069,741)
Interest	**(202,214)**	(257,855)
Lease liabilities (Note 35)	**(41,028)**	(20,233)
Sale of treasury shares	**500,000**	–
Additions to (decrease in) restricted cash	**(137,440)**	–
Net cash used in financing activities (Note 35)	**(717,249)**	(1,790,787)
EFFECTS OF EXCHANGE RATE CHANGES AND TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(42)**	19,609
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**106,421**	(2,739,685)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,539,978**	6,429,726
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱2,646,399**	₱3,690,041

ABS-CBN CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands Unless Otherwise Specified)

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. 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 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 until May 4, 2020.

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 denial of the Parent Company's franchise application significantly affected the Company's operations, specifically its free to air business. This resulted in a net loss of ₱13.5 billion for the year ended December 31, 2020. This has continued to affect the Parent Company's financial standing for the year ended December 31, 2021, which resulted in a net loss of ₱5.7 billion. The Company's current assets as of December 31, 2021 and 2020 amounted to ₱13,103 million and ₱18,683 million, respectively, and current liabilities as of December 31, 2021 and 2020 amounted to ₱14,010 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 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.

2. **Summary of Significant Accounting and Financial Reporting Policies**

Basis of Preparation
The interim condensed 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 designated at FVOCI which have been measured at fair value. The interim condensed 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 interim condensed consolidated financial statements of the Company were prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

The interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual consolidated financial statement and should be read in conjunction with the 2021 audited annual consolidated financial statements, comprising the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2021, 2020 and 2019, issued and approved on April 28, 2022 (referred to as the "2021 audited annual consolidated financial statements").

Changes in Accounting Policies and Disclosures
Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed 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, *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. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately. At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments have no impact on the interim condensed financial statements of the Company.

- 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.

  The amendments have no impact on the interim condensed financial statements of the Company.

- 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. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments have no impact on the interim condensed financial statements of the Company.

- *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. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - 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. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

  - 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.

  The amendments have no impact on the interim condensed financial statements of the Company.

Basis of Consolidation and Noncontrolling Interests

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

The following is a list of the subsidiaries as at March 31, 2022 and December 31, 2021:

Company	Place of Incorporation	Principal Activities	Functional Currency	Effective Interest 2022	2021
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) (l)]	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 2022	2021
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**	100.0
Eukelade Holding Corporation	Philippines	Holding company	Philippine peso	**100.0**	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.*

Future Changes in Accounting Policies

The standards, amendments and interpretations that are issued, but not yet effective as at March 31, 2022 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 interim condensed consolidated financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2024

- 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. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

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 amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Company continues to assess the impact of the new and amended accounting standards and interpretations effective subsequent to March 31, 2022 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 interim condensed 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 Parent Company's free-to-air business in the Philippines which resulted in a net loss of ₱5,670 million for the year ended December 31, 2021, negative operating cash flows of ₱3,890 million for the year ended December 31, 2021, current assets and current liabilities as of December 31, 2021 amounting to ₱13,103 million and ₱ 14,010 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 ability to settle its liabilities as they fall due within the next 12 months.

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 its 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 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.
4. The Parent Company continues to service its loan obligations with the banks in accordance with the standstill agreement.
5. 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
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.

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 does not include the renewal period as part of the lease term for leases of office spaces and warehouses since these are not reasonably certain to be exercised and are subject to mutual agreement of both parties. 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 ₱54 million and ₱40 million for the three months ended March 31, 2022 and 2021, respectively (see Notes 7 and 27). Trade and other receivables, net of allowance for ECL, amounted to ₱6.4 billion and ₱5.2 billion as at March 31, 2022 and December 31, 2021, respectively. Allowance for ECL amounted to ₱2.6 billion as at March 31, 2022 and December 31, 2021 (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 March 31, 2022 and December 31, 2021.

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):

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Property and equipment	**₱19,124,467**	₱19,546,200
Program rights	**1,935,097**	2,116,565
Movie in-process and filmed entertainment	**996,158**	991,222
Customer relationships	**424,742**	439,820
Cable channels	**232,826**	196,826
Story and publication, video rights, and record master	**108,672**	110,677
Production and distribution business - Middle East	**2,941**	3,000
Investment properties	**1,282**	1,294
Digital platforms	**3**	3

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 ₱1.9 billion and ₱2.1 billion as at March 31, 2022 and December 31, 2021, 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 March 31, 2022 and December 31, 2021 are as follows (see Notes 9, 10, 11, 12, 14 and 15):

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Property and equipment	**₱25,918,279**	₱26,285,854
Program rights	**1,935,097**	2,116,565
Movie in-process and filmed entertainment	**996,158**	991,222
Preproduction expenses	**492,230**	368,629
Customer relationships	**424,742**	439,820
Tax credits - net of allowance for impairment	**368,339**	380,701
Cable channels	**232,826**	232,826
Investments in associates and joint venture	**121,777**	121,775
Story and publication, video rights, and record master	**108,672**	110,677
Production and distribution business - Middle East	**2,941**	3,000
Investment properties	**1,282**	1,294
Digital platforms	**3**	3

The Company recognized impairment losses amounting to nil and ₱76 million, relating to its property and equipment, movie in-progress and filmed entertainment and tax credits, in March 31, 2022 and December 31, 2021, 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 higher of its fair value less cost of disposal or its value in use which is 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 March 31, 2022 and December 31, 2021, the recoverable amount of certain assets was determined using its fair value less cost to sell or 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.

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. Perpetuity growth rates of 3.5% in 2021 and 3.3% in 2020 were 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 range from 7.2% to 8.0% in 2022 and 2021.

Estimation of net realizable values. 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 ₱453 million and ₱386 million as of March 31, 2022 and December 31, 2021, respectively. Inventory losses amounted to ₱1 million and ₱83 million in March 31, 2022 and December 31, 2021, respectively (see Note 8).

Recoverability of Goodwill, 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, trademarks, licenses and IP block to operate wireless business are allocated.

The impairment on goodwill, 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, 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. The Company assumed average perpetuity growth rate of 3.5% in 2021 and 1-4% in 2020 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 7.2% to 8.0% in 2022 and 2021.

The carrying values of goodwill and intangible assets with indefinite useful lives as at March 31, 2022 and December 31, 2021 are as follows (see Note 12):

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Goodwill	**₱4,747,629**	₱4,743,970
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.

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 as at March 31, 2022 and December 31, 2021 (see Note 30).

Taxes. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the diversity of the Company's businesses and the long-term nature and complexity of existing contractual agreements or the nature of the business itself, changes in differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities under which the Company operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile or to the operations of the Company.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. 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 March 31, 2022 and December 31, 2021, the Company recognized gross deferred tax assets amounting to ₱1,165 million and ₱1,098 million, respectively. From this amount, ₱981 million and ₱857 million as at March 31, 2022 and December 31, 2021, respectively, relates to significant subsidiaries that incurred net losses and/or are in a capital deficiency position. 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 ₱10,040 million and ₱9,917 million as at March 31, 2022 and December 31, 2021, 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 37).

Leases - Estimating the Incremental Borrowing Rate. 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 32).

Seasonality of Operations

The Company's operations are not generally affected by any seasonality of cyclicality.

4. Significant Acquisitions, Re-organization and Material Noncontrolling Interests

Significant Acquisitions and Re-organization

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 March 31, 2022, 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

Company	Place of Incorporation	Percentage **March 31, 2022** (Unaudited)	December 31, 2021 (Audited)
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	**March 31, 2022** (Unaudited)	December 31, 2021 (Audited)
Sapientis Holdings Corporation and Subsidiaries	(₱2,417,102)	(₱2,416,545)
Sky Cable Corporation and Subsidiaries	1,918,280	1,921,071
ABS-CBN Theme Parks and Resorts Holdings, Inc. and Subsidiaries	(595,334)	(585,013)

Net Income (Loss) Attributable to Material Noncontrolling Interests

	Three Months Ended March 31 (Unaudited)	
Company	**2022**	2021
Sky Cable Corporation and Subsidiaries	**(₱10,373)**	₱12,639
ABS-CBN Theme Parks and Resorts Holdings, Inc. and Subsidiaries	**(2,686)**	(3,942)
Sapientis Holdings Corporation and Subsidiaries	**(557)**	(1,657)

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash and cash equivalents	**₱642,080**	₱718,694
Other current assets	**1,573,093**	2,195,148
Goodwill	**4,491,817**	4,491,817
Trademarks	**1,111,784**	1,111,784
Customer relationships	**424,741**	439,819
Other noncurrent assets	**16,248,651**	16,263,177
Current liabilities	**(5,348,711)**	(5,083,954)
Noncurrent liabilities	**(7,156,612)**	(7,410,109)

Summarized Consolidated Statements of Comprehensive Income

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Revenue	**₱2,062,233**	₱2,150,719
Cost of services	**(1,483,094)**	(1,666,644)
General and administrative expenses	**(552,221)**	(409,967)
Finance costs	**(60,106)**	(66,814)
Other income - net	**7,143**	35,061
Income (loss) before income tax	**(26,045)**	42,355
Provision for (benefit from) income tax	**(6,512)**	10,410
Net income (loss)	**(19,533)**	31,945
Total comprehensive income (loss)	**(₱19,533)**	₱31,945

Summarized Consolidated Statements of Cash Flows

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Operating	**(₱930,791)**	₱719,944
Investing	**(63,706)**	(584,857)
Financing	**943,699**	(1,106,337)
Net decrease in cash and cash equivalents	**(₱76,614)**	(₱971,250)

c. Sapientis

Summarized Consolidated Statements of Financial Position

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash and cash equivalents	**₱1,599**	₱2,584
Other current assets	**952,904**	951,862
Current liabilities	**(5,957,245)**	(5,955,358)
Noncurrent liabilities	**(3,007,664)**	(3,007,664)

Summarized Consolidated Statements of Comprehensive Income

	Three Months Ended March 31 (Unaudited)	
	2022	2021
General and administrative expenses	**(₱1,717)**	(₱5,195)
Finance costs	–	(212)
Other income – net	**(113)**	36
Loss before income tax	**(1,830)**	(5,371)
Provision for income tax	–	53
Net loss	**(1,830)**	(5,424)
Total comprehensive loss	**(₱1,830)**	(₱5,424)

Summarized Consolidated Statements of Cash Flows

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Operating	**(3)**	₱1,909
Investing	**(982)**	(804)
Financing	–	(2,011)
Net increase (decrease) in cash and cash equivalents	**(₱985)**	(₱906)

d. ABS-CBN Theme Parks

Summarized Consolidated Statements of Financial Position

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash and cash equivalents	**₱955**	₱3,382
Other current assets	**12,540**	10,622
Current liabilities	**(1,468,366)**	(1,459,123)
Noncurrent liabilities	**(18,808)**	(18,597)

Summarized Consolidated Statements of Comprehensive Income

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Cost of services	**(₱314)**	(₱314)
General and administrative expenses	**(2,077)**	(14,160)
Finance costs	**(7,580)**	(280)
Other income - net	**5**	101
Loss before income tax	**(9,966)**	(14,653)
Benefit from income tax	**(3)**	(46)
Net loss	**(9,963)**	(14,607)
Total comprehensive loss	**(₱9,963)**	(₱14,607)

Summarized Consolidated Statements of Cash Flows

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Operating	**(₱2,427)**	(₱3,318)
Net decrease in cash and cash equivalents	**(₱2,427)**	(₱3,318)

5. Segment Information

Segment information is prepared on the following bases:

<u>Business Segments</u>
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.

<u>Geographical Segments</u>
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 ₱0.7 million and nil for Content Production and Distribution for three months ended March 31, 2022 and 2021, respectively (see Note 27).

The following table shows the reconciliation of the consolidated EBITDA to consolidated net income (loss):

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Consolidated EBITDA	**(₱89,512)**	(₱618,659)
Depreciation and amortization	**(778,069)**	(765,901)
Amortization of intangible assets**	**(204,396)**	(282,468)
Finance costs*	**(281,165)**	(236,806)
Interest income	**3,166**	3,185
Provision for (benefit from) income tax	**(46,667)**	(42,968)
Impairment loss	**(668)**	–
Consolidated net loss	**(₱1,397,311)**	(₱1,943,617)

**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 for the three months ended March 31, 2022 and 2021 and certain asset and liability information regarding business segments as of March 31, 2022 and December 31, 2021:

	Content Production and Distribution		Cable and Broadband		Eliminations		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenue								
External sales	₱2,735,255	₱1,819,185	₱2,062,233	₱2,150,719	₱–	₱–	₱4,797,488	₱3,969,904
Inter-segment sales	310,374	476,406	–	–	(310,374)	(476,406)	–	–
Revenue deductions	(147,686)	(49,732)	–	–	–	–	(147,686)	(49,732)
Total revenue	₱2,897,943	₱2,245,859	₱2,062,233	₱2,150,719	(₱310,374)	(₱476,406)	₱4,649,802	₱3,920,172
Results								
Operating results	(₱1,558,740)	(₱2,057,423)	₱26,918	₱74,108	₱408,823	₱129,899	(₱1,122,999)	(₱1,853,416)
Finance costs	(234,283)	(236,840)	(60,106)	(66,814)	10,671	64,844	(283,718)	(238,810)
Foreign exchange gains (losses) - net	(147,392)	63,729	(27,992)	7,097	151,347	30,500	(24,037)	101,326
Interest income	11,803	16,240	2,034	1,879	(10,671)	(14,934)	3,166	3,185
Equity in net earnings (losses) of associates and joint ventures	2	73,542	–	–	–	(76,444)	2	(2,902)
Other income - net	210,117	206,871	33,101	26,085	(166,276)	(142,988)	76,942	89,968
Income tax	(53,179)	(32,558)	6,512	(10,410)	–	–	(46,667)	(42,968)
Net income (loss)	(₱1,771,672)	(₱1,966,439)	(₱19,533)	₱31,945	₱393,894	(₱9,123)	(₱1,397,311)	(₱1,943,617)
EBITDA							(₱89,512)	(₱618,659)
EBITDA Margin							(2%)	(16%)
Assets and Liabilities								
Operating assets	₱29,882,079	₱29,576,873	₱24,274,992	₱23,850,193	(₱2,251,544)	(₱2,291,965)	₱51,905,527	₱51,135,101
Contract assets	32,783	35,472	–	–	–	–	32,783	35,472
Noncurrent assets held for sale	135,927	173,490	–	–	–	–	135,927	173,490
Investments in associates and joint ventures	16,078,962	15,801,696	1,562	1,562	(15,958,747)	(15,681,483)	121,777	121,775
Deferred tax assets	438,677	539,178	726,330	558,772	–	–	1,165,007	1,097,950
Total assets	₱46,568,428	₱46,126,709	₱25,002,884	₱24,410,527	(₱18,210,291)	(₱17,973,448)	₱53,361,021	₱52,563,788
Operating liabilities	₱16,693,374	₱15,090,327	₱7,125,032	₱6,742,944	(₱3,146,327)	(₱3,268,510)	₱20,672,079	₱18,564,761
Contract liabilities	123,838	123,837	667,567	642,105	–	–	791,405	765,942
Interest-bearing loans and borrowings	14,834,921	15,628,343	4,884,980	4,897,514	(270,000)	(270,000)	19,449,901	20,255,857
Deferred tax liability	250,060	249,762	–	–	–	–	250,060	249,762
Lease liabilities	64,479	76,999	533,112	561,162	(4,762)	(4,762)	592,829	633,399
Total liabilities	₱31,966,672	₱31,169,268	₱13,210,691	₱12,843,725	(₱3,421,089)	(₱3,543,272)	₱41,756,274	₱40,469,721
Other Segment Information								
Capital expenditures:								
Property and equipment	₱40,339	₱404,892	₱372,002	₱3,132,446	₱–	₱–	₱412,341	₱3,537,338
Intangible assets	14,198	183,992	23,450	160,914	–	–	37,648	344,906
Depreciation and amortization	796,195	930,433	488,892	473,211	(299,205)	(133,626)	985,882	1,270,018
Noncash expenses other than depreciation and amortization	6,416	7,124	50,587	37,341	–	–	57,003	44,465

Geographical Segment Data

The following tables present revenue and expenditure for the nine months ended March 31, 2022 and 2021 and certain asset information regarding geographical segments as of March 31, 2022 and December 31, 2021:

	Philippines		United States		Others		Eliminations		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Revenue										
External sales	**₱3,921,392**	₱3,206,546	**₱628,096**	₱466,962	**₱248,000**	₱296,396	**₱–**	₱–	**₱4,797,488**	₱3,969,904
Inter-segment sales	**310,374**	476,406	**–**	–	**–**	–	**(310,374)**	(476,406)	**–**	–
Revenue deductions	**(147,686)**	(49,732)	**–**	–	**–**	–	**–**	–	**(147,686)**	(49,732)
Total revenue	**₱4,084,080**	₱3,633,220	**₱628,096**	₱466,962	**₱248,000**	₱296,396	**(₱310,374)**	(₱476,406)	**₱4,649,802**	₱3,920,172
Assets										
Operating assets	**₱47,138,797**	₱46,707,139	**₱2,689,105**	₱2,098,564	**₱4,329,169**	₱4,621,363	**(₱2,251,544)**	(₱2,291,965)	**₱51,905,527**	₱51,135,101
Noncurrent assets held for sale	**135,927**	173,490	**–**	–	**–**	–	**–**	–	**135,927**	173,490
Contract assets	**32,783**	35,472	**–**	–	**–**	–	**–**	–	**32,783**	35,472
Investments in associates and joint ventures	**16,080,524**	15,803,258	**–**	–	**–**	–	**(15,958,747)**	(15,681,483)	**121,777**	121,775
Deferred tax assets - net	**1,097,649**	939,361	**50,813**	144,789	**16,545**	13,800	**–**	–	**1,165,007**	1,097,950
Total assets	**₱64,485,680**	₱63,658,720	**₱2,739,918**	₱2,243,353	**₱4,345,714**	₱4,635,163	**(₱18,210,291)**	(₱17,973,448)	**₱53,361,021**	₱52,563,788
Liabilities										
Operating liabilities	**₱19,831,465**	₱17,855,687	**₱1,571,419**	₱942,048	**₱2,415,522**	₱3,035,536	**(₱3,146,327)**	(₱3,268,510)	**₱20,672,079**	₱18,564,761
Contract liabilities	**791,405**	765,942	**–**	–	**–**	–	**–**	–	**791,405**	765,942
Interest-bearing loans and borrowings	**19,719,901**	20,525,857	**–**	–	**–**	–	**(270,000)**	(270,000)	**19,449,901**	20,255,857
Deferred tax liability	**250,060**	249,762	**–**	–	**–**	–	**–**	–	**250,060**	249,762
Lease liabilities	**593,392**	632,608	**2,598**	3,497	**1,601**	2,056	**(4,762)**	(4,762)	**592,829**	633,399
Total liabilities	**₱41,186,223**	₱40,029,856	**₱1,574,017**	₱945,545	**₱2,417,123**	₱3,037,592	**(₱3,421,089)**	(₱3,543,272)	**₱41,756,274**	₱40,469,721
Other Segment Information										
Capital expenditures:										
Property and equipment	**₱412,341**	₱3,503,325	**₱–**	₱23,671	**₱–**	₱10,342	**₱–**	₱–	**₱412,341**	₱3,537,338
Intangible assets	**37,648**	344,906	**–**	–	**–**	–	**–**	–	**37,648**	344,906

6. Cash and Cash Equivalents and Short-term Investments

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash on hand and in banks	**₱2,079,567**	₱1,914,780
Cash equivalents	**566,832**	625,198
	₱2,646,399	₱2,539,978

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 ₱11 million as at March 31, 2022 and December 31, 2021, and with maturities of more than three months but less than one year are classified as "Short-term investments" in the interim condensed consolidated statements of financial position.

Interest earned from cash and cash equivalents and short-term investments amounted to ₱3 million for the three months ended March 31 2022 and 2021.

7. Trade and Other Receivables

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade:		
Airtime	**₱3,106,726**	₱2,801,968
Subscriptions	**2,725,030**	2,101,071
Others	**721,049**	1,113,547
Due from related parties (Note 23)	**248,469**	246,320
Advances to employees and talents (Note 23)	**762,563**	646,923
Others	**1,446,260**	803,737
	9,010,097	7,713,566
Less allowance for ECL	**2,617,819**	2,561,841
	₱6,392,278	₱5,151,725

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 (see Note 14).

Allowance for ECL
Movements in the allowance for ECL are as follows:

	Trade				
	Airtime	Subscriptions	Others	Nontrade	Total
Balance at January 1, 2021	₱343,739	₱1,920,192	₱354,801	₱839,718	₱3,458,450
Provisions (Note 27)	–	147,711	7,748	3,941	159,400
Write-offs and others	(1,651)	(639,952)	(66,721)	(347,685)	(1,056,009)
Balance at December 31, 2021	342,088	1,427,951	295,828	495,974	2,561,841
Provisions (Note 27)	**–**	**54,326**	**–**	**–**	**54,326**
Write-offs and others	**–**	**1,652**	**–**	**–**	**1,652**
Balance at March 31, 2022	**₱342,088**	**₱1,483,929**	**₱295,828**	**₱495,974**	**₱2,617,819**

8. Inventories

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
At cost:		
Office supplies	**₱4,933**	₱4,933
At net realizable value:		
Merchandise inventories	**269,364**	364,269
Materials, supplies and spare parts	**178,466**	16,753
	₱452,763	₱385,955

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.

Total inventory costs recognized under "Cost of sales and services" amounted to ₱10 million and ₱1 million for the three months ended March 31, 2022 and 2021, respectively (see Note 26).

The cost of inventories carried at net realizable value amounted to ₱1,246 million and ₱1,094 million as at March 31, 2022 and 2021, respectively. Inventory losses amounted to ₱1 million and nil for the three months ended March 31, 2022 and 2021, respectively (see Note 27). The Company has no reversal of inventory write-downs as at March 31, 2022 and 2021.

9. Contract Cost Assets and Contract Liabilities

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Contract cost assets (Note 15)	**₱32,783**	₱35,472
Contract liabilities	**791,405**	765,942

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 interim condensed consolidated statement of income amounted to ₱47 million for the year ended December 31, 2021 (see Notes 27)

No impairment loss was recognized in 2022 and 2021.

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 ₱219 million for the year ended December 31, 2021. Contract liabilities are usually recognized as revenues within one year from receipt.

10. Property and Equipment

	March 31, 2021 (Unaudited – Three Months)							
						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	**₱2,411,166**	**₱14,384,550**	**₱30,799,273**	**₱13,621,257**	**₱5,093,733**	**₱2,106,933**	**₱299,836**	**₱68,716,748**
Additions	**–**	**2,253**	**329,387**	**4,956**	**75,745**	**–**	**–**	**412,341**
Disposals/retirements	**–**	**–**	**(88,167)**	**(39,942)**	**–**	**–**	**–**	**(128,109)**
Reclassification	**–**	**5,924**	**10,927**	**626**	**(17,477)**	**–**	**–**	**–**
Translation adjustments	**(1,097)**	**69**	**(326)**	**(1,772)**	**–**	**(247)**	**156**	**(3,217)**
Balance at end of year	**2,410,069**	**14,392,796**	**31,051,094**	**13,585,125**	**5,152,001**	**2,106,686**	**299,992**	**68,997,763**
Accumulated Depreciation and Amortization								
Balance at beginning of year	**64,522**	**9,317,323**	**21,737,760**	**9,771,835**	**766,871**	**542,300**	**230,283**	**42,430,894**
Depreciation and amortization (see Notes 25, 26 and 27)	**4,176**	**74,998**	**497,514**	**124,079**	**–**	**73,539**	**3,727**	**778,033**
Disposals/retirements	**–**	**–**	**(88,167)**	**(39,637)**	**–**	**–**	**–**	**(127,804)**
Translation adjustments	**–**	**71**	**(261)**	**(589)**		**194**	**(1,054)**	**(1,639)**
Balance at end of year	**68,698**	**9,392,392**	**22,146,846**	**9,855,688**	**766,871**	**616,033**	**232,956**	**43,079,484**
Net Book Value	**₱2,341,371**	**₱5,000,404**	**₱8,904,248**	**₱3,729,437**	**₱4,385,130**	**₱1,490,653**	**₱67,036**	**₱25,918,279**

	December 31, 2021 (Audited – One Year)							
						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	₱2,240,547	₱13,549,916	₱27,862,148	₱13,560,712	₱6,775,436	₱2,104,292	₱341,476	₱66,434,527
Additions	–	44,290	2,146,594	334,391	856,094	7,343	10,177	3,398,889
Disposals/retirements	(54,148)	(79,467)	(33,472)	(862,999)	–	(5,939)	(52,102)	(1,088,127)
Reclassifications	219,496	869,089	884,251	565,042	(2,537,878)	–	–	–
Reclassification to noncurrent assets held for sale (Note 31)	–	–	(63,627)	–	–	–	–	(63,627)
Translation adjustments	5,271	722	3,379	24,111	81	1,237	285	35,086
Balance at end of year	2,411,166	14,384,550	30,799,273	13,621,257	5,093,733	2,106,933	299,836	68,716,748

	December 31, 2021 (Audited – One Year)							
						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
Accumulated Depreciation, Amortization and Impairment								
Balance at beginning of year	₱48,145	₱9,038,953	₱19,909,587	₱9,345,349	₱691,012	₱372,150	₱271,067	₱39,676,263
Depreciation and amortization (Notes 25, 26 and 27)	16,697	327,757	1,870,731	994,713	–	196,818	18,338	3,425,054
Disposals/retirements	(320)	(50,000)	(19,428)	(589,345)	–	(5,939)	(52,102)	(717,134)
Impairment (Note 27)	–	–	–	–	75,859	–	–	75,859
Reclassification to noncurrent assets held for sale (Note 31)	–	–	(26,064)	–	–	–		(26,064)
Translation adjustments	–	613	2,934	21,118	–	(20,729)	(7,020)	(3,084)
Balance at end of year	64,522	9,317,323	21,737,760	9,771,835	766,871	542,300	230,283	42,430,894
Net Book Value	₱2,346,644	₱5,067,227	₱9,061,513	₱3,849,422	₱4,326,862	₱1,564,633	₱69,553	₱26,285,854

Construction in progress pertains to cost of building the production facilities which is expected to be completed in 2022 to 2024.

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 March 31, 2022 and December 31, 2021 amounted to ₱6,809 million and ₱6,834 million, respectively (see Note 18).

Unamortized borrowing costs capitalized as part of property and equipment amounted to ₱1,779 million and ₱1,943 million as at March 31, 2022 and December 31, 2021, respectively. Borrowing costs capitalized in 2022 and 2021 amounted to nil.

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. The Company recognized impairment losses amounting to ₱76 million, relating to its property and equipment in 2021 (see Note 27).

In 2021, the Company sold certain property and equipment with carrying value of ₱509 million. Gain on sale of properties amounted to ₱184 million in 2021 (see Note 28).

11. Investment Properties

	March 31, 2022 (Unaudited – Three Months)		
	Land	**Building**	**Total**
Cost:			
Balance at beginning of year	**₱–**	**₱2,860**	**₱2,860**
Translation adjustments	–	**55**	**55**
Balance at end of year	–	**2,915**	**2,915**
Accumulated depreciation:			
Balance at beginning of year	–	**1,566**	**1,566**
Depreciation (Note 27)	–	**36**	**36**
Translation adjustments	–	**31**	**31**
Balance at end of year	–	**1,633**	**1,633**
Net book value	**₱–**	**₱1,282**	**₱1,282**

	December 31, 2021 (Audited – One Year)		
	Land	Building	Total
Cost:			
Balance at beginning of year	₱135,928	₱7,803	₱143,731
Disposal	–	(5,426)	(5,426)
Reclassification to noncurrent assets held for sale (Note 31)	(135,928)	–	(135,928)
Translation adjustments	–	483	483
Balance at end of year	–	2,860	2,860
Accumulated depreciation:			
Balance at beginning of year	–	2,619	2,619
Depreciation (Note 27)	–	400	400
Disposal	–	(1,572)	(1,572)
Translation adjustments	–	119	119
Balance at end of year	–	1,566	1,566
Net book value	₱–	₱1,294	₱1,294

The Parent Company owns a parcel of land for capital appreciation purposes costing ₱136 million. These properties are located in Scout Borromeo St. and Scout Bayoran St., Brgy. South Triangle, Diliman, Quezon City, and Sgt. Esguerra Avenue corners Scout Bayoran Street and Scout Borromeo Street, within Barangay South Triangle, Diliman, Quezon City. 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.

Direct operating expenses, which consist mainly of depreciation, amounted to ₱36 thousand and ₱98 thousand for the three months ended March 31, 2022 and March 31, 2021, respectively

12. Goodwill, Program Rights and Other Intangible Assets

	Goodwill	**Program Rights**	**Movie In-Process and Filmed Entertainment**	**Story and Publication, Video Rights, and Record Master**	**Trademarks**	**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, 2021	**₱4,743,970**	**₱2,116,565**	**₱991,222**	**₱110,677**	**₱1,111,784**	**₱439,820**	**₱232,826**	**₱3,000**	**₱396,682**	**₱37,807**	**₱10,184,353**
Additions	**–**	**6,731**	**7,109**	**358**	**–**	**–**	**–**	**–**	**23,450**	**–**	**37,648**
Amortization (see Notes 25, 26 and 27)	**–**	**(188,199)**	**(2,173)**	**(2,363)**	**–**	**(15,078)**	**–**	**–**	**–**	**–**	**(207,813)**
Translation adjustments	**3,659**	**–**	**–**	**–**	**–**	**–**	**–**	**(59)**	**–**	**–**	**3,600**
Balance as at March 31, 2022	**4,747,629**	**1,935,097**	**996,158**	**108,672**	**1,111,784**	**424,742**	**232,826**	**2,941**	**420,132**	**37,807**	**10,017,788**
Less current portion	**–**	**806,772**	**70,122**	**2,719**	**–**	**–**	**–**	**–**	**–**	**–**	**879,613**
Noncurrent portion	**₱4,747,629**	**₱1,128,325**	**₱926,036**	**₱105,953**	**₱1,111,784**	**₱424,742**	**₱232,826**	**₱2,941**	**₱420,132**	**₱37,807**	**₱9,138,175**
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
Additions	–	146,572	37,420	–	–	–	–	–	160,914	–	344,906
Amortization (see Notes 25, 26 and 27)	–	(888,251)	(117,475)	(5,281)	–	(66,579)	(40,602)	–	–	–	(1,118,188)
Impairment (see Note 27)	–	(489,222)	–	–	–	–	–	–	–	–	(489,222)
Translation adjustments	14,720	–	–	–	–	–	–	(217)	–	–	14,503
Balance as at December 31, 2021	4,743,970	2,116,565	991,222	110,677	1,111,784	439,820	232,826	3,000	396,682	37,807	10,184,353
Less current portion	–	617,136	82,194	2,466	–	–	–	–	–	–	701,796
Noncurrent portion	₱4,743,970	₱1,499,429	₱909,028	₱108,211	₱1,111,784	₱439,820	₱232,826	₱3,000	₱396,682	₱37,807	₱9,482,557

Goodwill
Goodwill arose from the following acquisitions and business combination:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Sky Cable	**₱4,491,817**	₱4,491,817
ABS-CBN International*	**255,812**	252,153
	₱4,747,629	₱4,743,970

**Includes translation adjustments*

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 March 31, 2022, 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. License is fully impaired as of March 31, 2022 and December 31, 2021. In 2021, the Company cancelled its contract for certain program rights and recognized loss on extinguishment amounting to ₱80 million which is included in "Production costs" account in the interim condensed consolidated income statement (see Note 25).

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.

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 expired in 2021 and management recognised impairment loss amounting to ₱38 million due to the uncertainty in contract renewal and adverse financial position of the major customer in 2020.

Costs of other intangible assets with indefinite life are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trademarks	**₱1,111,784**	₱1,111,784
IP Block	**37,804**	37,804
	₱1,149,588	₱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.

13. Financial Assets at Fair Value through Other Comprehensive Income

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Non-listed ordinary common and quoted club shares	**₱35,171**	₱41,658
	₱35,171	₱41,658

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 proprietary investments in Wack Wack Golf and Country Club, Manila Polo Club and others.

In 2021, the Company sold its investment in equity securities. The fair value on the date of sale is ₱473 million and the accumulated gain recognized in other comprehensive income of ₱446 million was transferred to retained earnings.

Quoted equity securities generated dividends amounting to nil and ₱7.2 million in March 31, 2022 and December 31, 2021, respectively (see Note 28).

Movements in this account follow:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of year	**₱41,658**	₱61,846
Unrealized fair value gain	–	452,425
Sale of investment	**(6,487)**	(472,613)
Balance at end of year	**₱35,171**	₱41,658

14. Investments in Associates and Joint Ventures

		Percentage of Ownership	
Entity	Principal Activities	**March 31, 2022** (Unaudited)	December 31, 2021 (Audited)
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

Entity	Principal Activities	Percentage of Ownership **March 31, 2022** (Unaudited)	 December 31, 2021 (Audited)
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:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Acquisition costs –		
Balance at beginning and end of year	**₱853,049**	₱853,049
Accumulated equity in net losses –		
Balance at beginning of year	**(653,629)**	(644,022)
Equity in net earnings (losses) during the year	**2**	(9,607)
Balance at end of year	**(653,627)**	(653,629)
Accumulated impairment loss –		
Balance at beginning of year	**(77,645)**	(47,645)
Impairment of investment in joint venture (see Note 27)	**–**	(30,000)
Balance at end of year	**(77,645)**	(77,645)
	₱121,777	₱121,775
Investments in:		
Joint ventures	**₱18,599**	₱18,597
Associates	**103,178**	103,178
	₱121,777	₱121,775

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 March 31, 2022 and December 31, 2021.

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 2017, in view of the 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.

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 March 31, 2022, Daum Kakao has returned capital of ₱364 million to the joint venturers.

Combined financial information of the joint ventures follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current assets	**₱229,232**	₱229,216
Noncurrent assets	**67,243**	67,243
Current liabilities	**(117,141)**	(117,122)
Net equity	**₱179,334**	₱179,337

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Revenue	**₱120**	₱1,145
Costs and expenses	**(125)**	(6,946)
Net loss	**(₱5)**	(₱5,801)
Equity in net earnings (losses) of joint ventures	**₱2**	(₱2,902)

Below is the reconciliation of the summarized financial information of the joint ventures to the carrying amount of the Parent Company's investments therein:

	March 31, 2022 (Unaudited – Three Months)			
	A CJ O	**ALA Sports**	**Daum Kakao**	**Total**
Net assets of joint ventures	**₱89,557**	**₱58,067**	**₱31,710**	**₱179,334**
Interest of the Parent Company in the net assets of the joint ventures	**50%**	**44%**	**50%**	
	44,779	**25,549**	**15,855**	**86,183**
Accumulated impairment loss	**(34,848)**	**(30,000)**	**(2,735)**	**(67,583)**
Carrying amount of investments in joint ventures	**₱9,931**	**(₱4,451)**	**₱13,120**	**₱18,600**

	December 31, 2021 (Audited – One Year)			
	A CJ O	ALA Sports	Daum Kakao	Total
Net assets of joint ventures	₱89,557	₱58,137	₱31,643	₱179,337
Interest of the Parent Company in the net assets of the joint ventures	50%	44%	50%	
	44,779	25,580	15,822	86,180
Accumulated impairment loss	(34,848)	(30,000)	(2,735)	(67,583)
Carrying amount of investments in joint ventures	₱9,931	(₱4,420)	₱13,087	₱18,597

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. For the three months ended March 31, 2022 and 2021, 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 March 31, 2022 and 2021.

Combined financial information of associates follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current assets	**₱138,670**	₱138,670
Noncurrent assets	**26,886**	26,886
Current liabilities	**(62,378)**	(62,378)
Net equity	**₱103,178**	₱103,178

15. Other Current Assets

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Creditable withholding and prepaid taxes	**₱2,324,711**	₱2,444,579
Preproduction expenses	**492,230**	368,629
Restricted cash (Note 18)	**482,928**	620,368
Advances to suppliers	**35,545**	408,542
Prepayments:		
Rent	**221,476**	61,062
Licenses	**120,578**	93,833
Subscription	**57,491**	34,751
Insurance	**17,453**	13,534
Transponder services	**4,928**	6,428
Contract cost assets (Note 9)	**32,783**	35,472
Other prepayments	**127,379**	52,137
	₱3,917,502	₱4,139,335

Restricted cash pertains to funds intended for debt repayment due within the next 12 months 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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Creditable withholding taxes and tax credits - net of allowance for impairment	**₱1,980,918**	₱1,922,095
Deposits and bonds - net of allowance for impairment of ₱27 million as of March 31, 2022 and December 31, 2021	**372,687**	360,015
Others	**192,425**	147,493
	₱2,546,030	₱2,429,603

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 six 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 March 31, 2022 and December 31, 2021.

Deposits and bonds pertain to advance payments which serves as either down payment or earnest money to show the Company's interest (reservation) in acquiring right of use over one's property or services from another property for a certain period of time.

Others include the present value of the unguaranteed residual value relating to the exclusive right granted to a telecommunications company for the use of certain portions of the Sky Cable's fiber optic core facilities.

17. Trade and Other Payables

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade	**₱1,368,039**	₱1,740,961
Accrued expenses:		
Production costs and other expenses	**4,759,360**	3,720,212
Salaries and other employee benefits (Note 30)	**1,425,173**	1,277,988
Taxes	**554,576**	513,799
Interest	**335,513**	262,445
Customer deposits	**2,431,119**	1,400,163
Deposits for future subscription (Notes 4 and 22)	**1,360,416**	1,360,416
Dividend payable	**44,481**	44,481
Due to related parties (Note 23)	**33,906**	34,696
Others	**313,009**	252,016
	₱12,625,592	₱10,607,177

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 related to the production of programs.

Customer deposits refer to advanced payments from customers without outstanding contracts with the Company.

Deposits for future subscription include deposits from Sampaquita (see Note 4) and from eligible SPP 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

	March 31, 2022 (Unaudited – Three Months)			December 31, 2021 (Audited – One Year)		
Borrower	**Current Portion**	**Noncurrent Portion**	**Total**	Current Portion	Noncurrent Portion	Total
Parent Company	**₱1,248,733**	**₱13,586,188**	**₱14,834,921**	₱1,942,037	₱13,686,305	₱15,628,342
Sky Cable	**49,620**	**4,565,360**	**4,614,980**	62,845	4,564,670	4,627,515
	₱1,298,353	**₱18,151,548**	**₱19,449,901**	₱2,004,882	₱18,250,975	₱20,255,857

Parent Company

The details of interest-bearing loans and borrowings of the Parent Company are as follows:

	March 31, 2022 (Unaudited – Three Months)			December 31, 2021 (Audited – One Year)		
	Current Portion	**Noncurrent Portion**	**Total**	Current Portion	Noncurrent Portion	Total
Term loans:						
Loan agreements	**₱1,248,733**	**₱13,586,188**	**₱14,834,921**	₱1,942,037	₱13,686,305	₱15,628,342

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.

(vi) On August 20, 2021, the Parent Company prepaid a portion of its principal with BPI and Unionbank amounting to ₱93.8 million and ₱114.4 million, respectively.

(vii) On February 16, 2022, the Parent Company prepaid a portion of its principal with BPI and Unionbank amounting to ₱322.6 million and ₱396.8 million, respectively.

For the remainder of 2022, the expected proceeds from the sale of investment properties classified as noncurrent assets held for sale as of March 31, 2022 will be used to prepay a portion of its principal with BPI and Unionbank amounting to ₱450.4 million and ₱554.0 million, respectively. First tranche of estimated date of payment will be on May 31, 2022 and the remaining will be until December 31, 2022.

Based on the Company’s assessment, the modifications in the contractual cash flows as a result of the actual and expected prepayments of its principal are not substantial. The difference of the net present value of the revised cash flows and the carrying amount of the original loan is recognized in the interim condensed consolidated statement of income amounting to ₱23.1 million.

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.

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, certain conditions under the Omnibus Security and Intercreditor Agreement were not satisfied. This 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 for the interim condensed consolidated financial statements as of December 31, 2020.

As of December 31, 2021, the Parent Company received waivers from its creditor banks waiving the compliance with the relevant financial ratios for each of the quarters for the year ended December 31, 2021 and extends to each of the quarters in the year ending December 31, 2022. As a result of the receipt of these waivers as of December 31, 2021, the portion of the loans payable of the Parent Company which are payable in 2023 onwards were classified as non-current liabilities.

As of March 31, 2022, as a result of the execution of the Standstill Effective Date Notice and the receipt of waivers for the quarterly period starting from July 1, 2021 until December 31,2022, the principal payment schedule remains as stipulated in the original loan agreements (i.e. the earliest maturity date is on 2025). 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 amounting to ₱483 million and ₱620.4 million as of March 31, 2022 and December 31, 2021, respectively (see Note 15).

Unamortized debt issue cost, presented as a deduction from the Company's outstanding loan, amounted to ₱40 million and ₱45 million as at March 31, 2022 and December 31, 2021, respectively.

Amortization of debt issue costs amounted to ₱4 million for the three months ended March 31, 2022 and March 31, 2021 (see Note 28).

Breakdown of the Parent Company's term loans as at March 31, 2021 and December 31, 202 follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Principal	**₱14,875,164**	₱15,673,573
Less unamortized transaction costs	**40,243**	45,231
	14,834,921	15,628,342
Less current portion	**1,248,733**	1,942,037
Noncurrent portion	**₱13,586,188**	₱13,686,305

Debt issue costs as at March 31, 2022 are amortized over the term of the loans using the effective interest method as follows:

Year	**March 31, 2022 (Unaudited)**	December 31, 2021 (Audited)
Within one year	**₱10,636**	₱15,624
More than 1 year but less than 2 years	**9,854**	9,854
More than 2 years	**19,753**	19,753
	₱40,243	₱45,231

Amortization of debt issue costs for the three months ended March 31, 2022 and 2021, amounted to ₱4 million (see Note 28).

Repayments of loans based on nominal values are scheduled as follows:

Year	**March 31, 2022 (Unaudited)**	December 31, 2021 (Audited)
Within one year	**₱1,159,252**	₱1,957,661
More than 1 year but less than 2 years	**233,921**	233,921
More than 2 years	**13,481,991**	13,481,991
	₱14,875,164	₱15,673,573

<u>Sky Cable</u>
The details of interest-bearing loans and borrowings of the Sky Cable are as follows:

	March 31, 2022 (Unaudited – Three Months)			December 31, 2021 (Audited – One Year)		
	Current Portion	**Noncurrent Portion**	**Total**	Current Portion	Noncurrent Portion	Total
Term loans:						
Unsubordinated loan	**₱49,620**	**₱4,565,360**	**₱4,614,980**	₱62,845	₱4,564,670	₱4,627,515
	₱49,620	**₱4,565,360**	**₱4,614,980**	₱62,845	₱4,564,670	₱4,627,515

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. Sky Cable fully paid the loan as of December 31, 2021.

c. *Advances from STT*

On December 23, 2021, STT granted Sky Cable a USD4.0million loan with an interest of 3.50% payable in 2 years. Debt issue costs incurred from this transaction amounted to ₱1.5 million and was deferred, and will be amortized until 2023 using the effective interest method. Interest expense amounted to ₱0.2 million in December 31, 2021.

As at March 31, 2022 and December 31, 2021, 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 ₱14 million and ₱15 million as at March 31, 2022 and December 31, 202, respectively. Using the effective interest method, unamortized debt issue costs as at March 31, 2022 to be amortized are presented below:

Year	Amount
2022	₱3,090
2023	4,176
2024	2,887
2025 and onwards	3,552
	₱13,705

Amortization of debt issue costs amounted to ₱1 million for the three months ended March 31, 2022 and 2021 (see Note 28).

Based on nominal values, the schedule of debt repayments of the unsubordinated loans is as follows:

Year	Amount
2022	₱53,835
2023	451,346
2024 and onwards	4,123,504

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 interim condensed 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 March 31, 2022 and December 31, 2021 is as follows:

	March 31, 2022 (Unaudited – Three Months)			December 31, 2021 (Audited – One Year)		
	Gross Value	**Unamortized Discount**	**Carrying Value**	Gross Value	Unamortized Discount	Carrying Value
Within one year	**₱109,986**	**₱3,828**	**₱29,692**	₱131,120	₱6,353	₱124,767
More than one year to four years	**158,982**	**–**	**235,448**	159,084	–	159,084
	₱268,968	**₱3,828**	**₱265,140**	₱290,204	₱6,353	₱283,851

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 interim consolidated financial statements. The liability component is presented separately as "Convertible note" in the interim consolidated statements of financial position.

The carrying value of the convertible note amounted to ₱176 million and ₱173 million as at March 31, 2022 and December 31, 2021, respectively.

Accretion of the convertible note recognized as part of interest expense in the interim condensed consolidated statements of income amounted to ₱3 million and ₱4 million for three months ended March 31, 2022 and 2021 (see Note 28).

21. Other Noncurrent Liabilities

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Customers' deposits	**₱270,480**	₱272,580
Deferred credits	**9,674**	9,674
Others	**118,719**	33,807
	₱398,873	₱316,061

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 March 31, 2022 and December 31, 2021 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 6,982 and 5,975 as at March 31, 2022 and December 31, 2021, 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 March 31, 2022 and December 31, 2021.

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 nil.

ABS-CBN Stock Purchase Plan and Executive Stock Purchase Plan (SPP). From January 22, 2018 to February 9, 2018, the Parent Company offered to eligible participants its SPP 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 SPP 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 SPP subscription from participants of 11,391,500 common shares. As of March 31, 2022 and December 31, 2021, remaining SPP subscription from participants is at 3,300,177 common shares and 4,333,717 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 March 31, 2022, there are no exercisable shares under SPP.

The SPP 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.

In February 2022, the Company has provided an Employee Stock Plan that allowed employees to own shares of the Company as compensation for voluntary pay cuts that they took to help the Company in the past years.

Retained Earnings

Unappropriated retained earnings available for dividend distribution is adjusted to exclude the Parent Company's accumulated equity in net earnings of subsidiaries, associates and joint ventures amounting to ₱18,866million and ₱18,983 million as at March 31, 2022 and December 31, 2021, 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 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 March 31, 2022 and December 31, 2021 are as follows:

	Treasury Shares	PDRs Convertible to Common Shares	Total	Amount
Balance at beginning of year	21,322,561	27,828,645	49,151,206	₱1,638,719
Sale of treasury shares	**(21,322,561)**	**–**	**(21,322,561)**	**(1,094,551)**
Balance at end of year	**₱–**	**27,828,645**	**27,828,645**	**₱544,168**

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.

On January 20, 2022, the Board approved the sale of its treasury shares and PDRs held by ABS-CBN, to interested qualified institutional buyers. On January 21, 2022, a block sale of 21,322,561 ABS-CBN common shares and 11,507,379 PDRs was completed at a price of ₱15.23 for each common share and for each PDR. The purchaser for the common shares and PDRs was ABS-CBN's principal shareholder, Lopez, Inc. at a total purchase price of ₱500 million.

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 are presented below:

		Three Months Ended March 31 (Unaudited)	
	Nature	**2022**	2021
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	**₱17,695**	₱30,288
Expenses and charges paid for by the Parent Company which are reimbursed by the concerned related parties	Rent and utilities	**580**	10,197

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 interim condensed consolidated statements of financial position, are as follows:

	Relationship*	Terms	Conditions	**March 31, 2022** (Unaudited)	December 31, 2021 (Audited)
Due from (see Note 7)					
Iloilo-Negros Air Express Company (INAEC)	Affiliate under common control	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**₱91,513**	₱103,004
ALA Sports	Joint Venture	30 days upon receipt of billings; noninterest-bearing	Unsecured, with impairment of ₱1.6 million in 2021	**79,888**	80,128
ABS-CBN Lingkod Kapamilya**	Corporate social responsibility sector of ABS-CBN	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**26,295**	23,491
A CJ O	Joint Venture	30 days upon receipt of billings; noninterest-bearing	Unsecured, with impairment of ₱0.2 million in 2021	**12,986**	12,986
Star Cinema	Associate	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**8,343**	8,343
First Philippine Holdings Corporation (FPHC)	Affiliate	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**8,441**	3,964
Goldlink	Affiliate under common control	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**5,771**	2,897
Knowledge Channel Foundation, Inc.	Affiliate under common control	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**2,929**	2,929
Lopez, Inc.	Parent	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**1,754**	716
First Gas Power Corp.	Affiliate under common control	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, with impairment of ₱0.3 million in 2021	**1,315**	1,315

(Forward)

	Relationship*	Terms	Conditions	**March 31, 2022** (Unaudited)	December 31, 2021 (Audited)
ABS-CBN Holdings Corporation	Stockholder	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**₱1,018**	₱315
Rockwell Land Corporation (Rockwell Land)	Affiliate under common control	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	**370**	1,870
Others	Affiliates under common control	30 days upon receipt; noninterest-bearing	Unsecured, no impairment	**6,306**	2,822
Total				**₱248,469**	₱246,320

**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	**March 31, 2022** (Unaudited)	December 31, 2021 (Audited)
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**	12,786
Others	Affiliates	30 days upon receipt of billings; noninterest-bearing	Unsecured	**4,430**	5,220
Total				**₱33,906**	₱34,696

**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. Advances to employees and talents amounted to ₱763 million and ₱647 million as at March 31, 2022 and December 31, 2021, respectively (see Note 7).

c. The Parent Company has advances to ALA Sports amounting to ₱80 million and ₱80 million as at March 31, 2022 and December 31, 2021, respectively.

d. Other transactions with related parties include cash advances for working capital requirements.

The Company's Board of Directors reviews and approves those material transactions with related parties which are 10% or higher than the Company's total assets, 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. In 2021, the Company recognized provision for ECL relating to amounts owed by related parties amounting to ₱2 million. For the for three months ended March 31, 2022 and March 31, 2021, the Company did not record 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

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Compensation (see Notes 25, 26 and 27)	**₱263,114**	₱271,509
Pension benefits (see Note 30)	**11,558**	10,440
Termination benefits	**13,239**	23,002
Vacation leaves and sick leaves	**39,983**	77,239
Shared-based payment*	**171,995**	–
	₱499,889	₱382,190

**This pertains to the 2022 Employee Stock Plan that allowed employees to own ABS-CBN shares as compensation for voluntary pay cuts that they took to help the Company.*

24. Revenues

Set out below is the disaggregation of the Company's revenues:

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Subscription revenue	**₱2,569,321**	₱2,713,288
Advertising revenue	**1,484,354**	929,195
Royalty income	**27,181**	27,048
Income from film exhibition	**13,758**	5,527
Sponsorship revenue	**13,444**	1,209
Service fee revenue	**8,580**	15,743
Sale of goods	**2,902**	1,758
Installation service revenue	**226**	40,743
Ancillary rights and other revenues	**389,821**	138,865
Total revenue from contracts with customers	**4,509,587**	3,873,376
Channel lease and other rental income	**140,215**	46,796
Total revenues	**₱4,649,802**	₱3,920,172

25. Production Costs

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Personnel expenses and talent fees (see Notes 23 and 30)	**₱743,146**	₱672,921
Facilities-related expenses (see Notes 23 and 31)	**277,167**	136,949
Depreciation and amortization (see Note 10)	**161,545**	154,576
Amortization of program rights (see Note 12)	**159,622**	219,734
Travel and transportation	**74,143**	77,626
License and royalty	**67,499**	22,714
Set requirements	**65,570**	60,690
Catering and food expenses	**25,110**	33,914
Other program expenses (see Note 23)	**195,430**	520,515
	₱1,769,232	₱1,899,639

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.

26. Cost of Sales and Services

Cost of services consists of the following:

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Facilities-related expenses (see Notes 23 and 31)	**₱556,374**	₱594,595
Depreciation and amortization (see Note 10)	**470,912**	455,236
Personnel expenses (see Notes 23 and 30)	**306,821**	352,557
Bandwidth costs	**176,462**	170,298
Programming costs	**103,149**	234,641
Amortization of program rights (see Note 12)	**28,577**	46,089
Stationery and office supplies	**12,335**	16,707
License fees and royalties	**9,403**	16,467
Transportation and travel	**9,207**	23,282
Amortization of other intangible assets (see Note 12)	**1,118**	–
Taxes and licenses	**838**	14,333
Freight and delivery	**809**	1,276
Catering and food expenses	**422**	1,990
Set requirements	**341**	10,429
Inventory costs (see Note 8)	**34**	847
Amortization of deferred charges (see Note 15)	–	19
Others (see Note 23)	**126,488**	70,932
	₱1,803,290	₱2,009,698

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:

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Inventory costs (see Note 8)	**₱9,683**	₱–
Others	**3,921**	6,911
	₱13,604	₱6,911

Personnel expenses include salaries, bonuses, retirement and separation pay and other employee benefits.

27. General and Administrative Expenses

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Personnel expenses (see Notes 22, 23 and 30)	**₱1,256,088**	₱1,019,848
Contracted services	**219,238**	180,010
Depreciation and amortization (see Notes 10 and 11)	**145,612**	156,089
Facilities related expenses (see Notes 23 and 31)	**142,217**	160,676
Research and survey	**69,613**	40,942
Taxes and licenses	**66,339**	58,544
Provision for ECL (see Note 7)	**54,326**	39,964
Advertising and promotion (see Note 9)	**32,848**	17,913
Amortization of other intangible assets (see Note 12)	**15,079**	16,645
Transportation and travel	**10,713**	3,109
Entertainment, amusement and recreation	**10,445**	11,901
Donations and contributions	**7,401**	7,409
Inventory losses (see Note 8)	**668**	–
Others	**156,088**	144,290
	₱2,186,675	₱1,857,340

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.

28. Other Income and Expenses

Finance Costs

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Interest expense (see Notes 18, 20 and 31)	**₱278,488**	₱232,305
Amortization of debt issue costs (see Note 18)	**2,677**	4,501
Bank service charges	**2,553**	2,004
	₱283,718	₱238,810

The following are the sources of the Company's interest expense:

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Long-term debt (see Note 18)	**₱267,209**	₱222,769
Lease liability (see Note 31)	**8,073**	5,065
Convertible note (see Note 20)	**3,206**	4,471
	₱278,488	₱232,305

Other Income

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Leasing operations (see Note 31)	**₱27,810**	₱32,413
Gain on sale of property and equipment	**66,574**	43,183
Others - net (see Notes 20 and 21)	**(17,442)**	14,372
	₱76,942	₱89,968

Others mainly consist of income from installation services, unclaimed deposits, service fees and other miscellaneous income.

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:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Deferred tax assets - net:		
Allowance for ECL	**₱410,675**	₱396,307
Accrued pension obligation and other employee benefits	**294,361**	270,295
NOLCO	**230,394**	217,435
(Forward)		

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Excess of the purchase price over the fair value of net assets acquired	**(₱159,909)**	(₱268,423)
Lease liabilities	**114,129**	114,018
Contract liabilities	**97,327**	90,360
Accrued expenses	**78,489**	173,678
MCIT	**23,864**	20,393
Allowance for inventory obsolescence	**19,394**	19,402
Customers' deposits	**18,938**	18,780
Net unrealized foreign exchange loss (gain)	**(6,669)**	3,218
Allowance for impairment loss on property and equipment	**2,684**	2,684
Unearned revenue	**(291)**	912
Others	**41,621**	38,891
	₱1,165,007	₱1,097,950
Deferred tax liabilities -		
Capitalized interest, duties, and taxes	**₱177,757**	₱177,459
Imputed discount	**70,447**	70,447
Right-of-use asset - net	**1,856**	1,856
	₱250,060	₱249,762

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:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
NOLCO	**₱16,231,459**	₱16,579,004
Allowance for ECL	**11,808,638**	11,807,830
Accrued pension obligation and others	**5,476,372**	5,665,268
Contract liabilities	**3,435,734**	2,619,702
Allowance for impairment loss	**1,510,711**	1,496,258
Allowance for decline in value of inventories	**733,407**	733,407
Unearned revenue	**626,911**	460,483
MCIT	**57,241**	46,318
Lease liabilities	**68,724**	65,853
Allowance for impairment loss on property and equipment	**39,421**	53,873

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 ₱593 million have expired in 2021. NOLCO amounting to ₱289 million and ₱128 million were claimed as deduction against taxable income in March 31, 2022 and December 31, 2021, respectively.

MCIT amounting to ₱175 million have expired and were written off in 2021.

MCIT amounting to ₱81 million can be claimed as tax credit against future RCIT as follows:

Year Paid	Expiry Dates	Amount
2019	December 31, 2022	**₱15,704**
2020	December 31, 2023	**9,176**
2021	December 31, 2024	**33,006**
2022	December 31, 2025	**23,219**
		₱81,105

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, 2021, the Group has incurred NOLCO before taxable year 2021 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
2019	2020 to 2022	**₱344,162**
		₱344,162

As of December 31, 2021, the Group has incurred NOLCO in taxable year 2021 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	**₱12,895,723**
2021	2022 to 2026	**3,436,870**
2022	2023 to 2027	**476,280**

As at March 31, 2022 and December 31, 2021, deferred tax liability on undistributed earnings of ABS-CBN Global, holding company of the Parent Company's foreign subsidiaries, amounting to ₱1,012 million and ₱1,023 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:

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Statutory tax rate	**25%**	25%
Additions to (reduction in) income taxes resulting from the tax effects of:		
Interest income subjected to final tax	**0**	0
Nondeductible interest expense	**(5)**	(3)
Change in unrecognized deferred tax assets and others	**(23)**	(24)
Effective tax rates	**(3%)**	(2%)

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 took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following were the key changes to the Philippine tax law pursuant to the CREATE Act which had 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 was 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 was considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 was 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%. It resulted 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 was reflected in the Parent Company and respective subsidiaries' 2020 annual income tax return.

However, for financial reporting purposes, the changes were recognized in the 2021 financial statements.

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:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Pension obligation	**₱5,660,050**	₱5,555,875
Other employee benefits	**1,489,952**	1,454,392
	₱7,150,002	₱7,010,267

These are presented in the interim condensed consolidated statements of financial position as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current (see Note 17)	**₱147,405**	₱159,306
Noncurrent	**7,002,597**	6,850,961
	₱7,150,002	₱7,010,267

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 and latest actuarial valuation report is as of December 31, 2021.

The following tables summarize the components of consolidated net pension expense recognized in the interim condensed consolidated statements of income and accrued pension obligation recognized in the interim condensed consolidated statements of financial position:

Net Pension Expense

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Current service cost	**₱61,812**	₱132,443
Net interest cost	**46,598**	51,275
Net pension expense	**₱108,410**	₱183,718

Accrued Pension Obligation

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Present value of obligation	**₱6,253,160**	₱6,144,753
Fair value of plan assets	**(593,110)**	(588,878)
Accrued pension obligation	**₱5,660,050**	₱5,555,875

Income tax effect of re-measurement gains and losses on defined benefit plan presented in OCI amounted to ₱93 million as at December 31, 2021.

The Parent Company and Sky Cable expects no contributions to be made to the retirement fund in 2022.

The major categories of the fair value of total plan assets are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Investment in fixed/floating rate treasury note	**₱146,241**	₱146,237
Investment in government securities and bonds	**11,189**	11,189
Investment in stocks	**432,905**	428,677
Others	**2,775**	2,775
	₱593,110	₱588,878

The ranges of principal assumptions used in determining pension benefit obligations for the Company's plans are shown below:

	December 31, 2021
Discount rate	**4.89%-5.18%**
Future salary rate increases	**3.0%-6.0%**

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 99% and 1% as at March 31, 2022 and December 31, 2021. The Parent Company did not contribute to the plan in 2022 and 2021.

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 March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Fixed Income:		
Short-term	**₱3,442**	₱3,439
Equities:		
Investment in shares of stock and other securities of related parties	**426,591**	422,362
	₱430,033	₱425,801

Short-term Fixed Income. Short-term fixed income investment includes investments in short term UITF including money market funds and short-term funds in 2022 and 2021.

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.

	March 31, 2022 (Unaudited – Three Months)			
	Number of Shares	**Cost**	**Fair Value**	**Unrealized Loss**
ABS-CBN Holdings PDRs	**34,903,160**	**₱1,515,862**	**₱420,234**	**(₱1,095,628)**
ABS-CBN Common	**501,320**	**24,052**	**6,57**	**(17,695)**
	35,404,480	**₱1,539,914**	**₱426,591**	**(₱1,113,323)**

	December 31, 2021 (Audited – One Year)			
	Number of Shares	Cost	Fair Value	Unrealized Gain (Loss)
ABS-CBN Holdings PDRs	34,903,160	₱1,515,862	₱416,045	(₱1,099,817)
ABS-CBN Common	501,320	24,052	6,317	(17,735)
	35,404,480	₱1,539,914	₱422,362	(₱1,117,552)

As at March 31, 2022 and December 31, 2021, the value of each ABS-CBN PDRs held by the retirement fund is at ₱12.04 and ₱11.92, respectively.

Total loss from investments in shares of stock and other securities of related parties amounted to ₱1,113 million and ₱1,118 million in 2022 and 2021, respectively.

Sky Cable and PCC

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 March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Short-term fixed income	**₱2,775**	₱2,775
Investment in medium and long-term fixed income:		
Government securities	**142,799**	142,799
Corporate bonds and debt securities	**11,189**	11,189
Unit investment trust fund	**511**	511
Preferred shares	**5,803**	5,803
	₱163,077	₱163,077

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 March 31, 2022 and December 31, 2021.

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 1.82% to 6.25% as at March 31, 2022 and December 31, 2021. These securities are fully guaranteed by the government of the Republic of the Philippines. Total oss from investments in government securities amounted to ₱1 million as at March 31, 2022 and December 31, 2021.

Investment in Corporate Bonds. These pertain to ₱11 million unsecured bonds with terms ranging from 5 to 10 years as at March 31, 2022 and December 31, 2021. Yield to maturity rate ranges from 3.29% to 7.51% with gains of ₱90 thousand in 2022 and 2021, 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

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Current service cost	**₱22,645**	₱49,524
Interest cost	**12,915**	23,846
Net benefit expense	**₱35,560**	₱73,370

Consolidated changes in the present value of the defined benefit obligation are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Defined benefit obligation at beginning of year	**₱1,454,392**	₱1,550,836
Current service cost	**22,645**	90,580
Interest cost	**12,915**	51,661
Actuarial gain	–	(177,443)
Benefits paid	–	(61,242)
Defined benefit obligation at end of year	**₱1,489,952**	₱1,454,392

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.

	2021
	Increase (Decrease) in Defined Benefit Obligation
Discount rate:	
Increase by 1%	**(₱458,769)**
Decrease by 1%	**454,983**
Future salary increases:	
Increase by 1%	**₱479,275**
Decrease by 1%	**(502,840)**

Shown below is the maturity analysis of the undiscounted benefit payments:

Year	**December 31, 2021**
One year	**839,088**
More than one year but less than five years	**1,916,645**
More than five years but less than ten years	**3,997,240**
Beyond ten years	**11,415,906**

The average duration of the defined benefit obligation at the end of the period ranges from 13 to 22 years.

31. Noncurrent Assets Held for Sale

In 2021, the Company classified certain transmitter equipment and land under investment properties amounting to ₱37 million and ₱136 million, respectively, as noncurrent assets held for sale (see Notes 10 and 11). In February 2022, the Company sold its transmitter equipment for ₱99 million.

Noncurrent assets held for sale are included as part of "Content Production and Distribution" business segment until March 31, 2022 and December 31, 2021 (see Note 5).

32. Commitments

<u>Deal Memorandum with DirecTV</u>
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 ₱70 million and ₱73 million, for the three months ended March 31, 2022 and March 31, 2021 respectively.

Partnership Agreements
In 2022 and 2021, the Company has continued partnerships with various reputable companies that will allow the Company to broaden the reach of its Free-to-Air content for a period of 2 to 5 years.

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	₱280,924
After one year but not more than five years	58,371

**Includes variable fees based on the number of active subscribers as at March 31, 2022.*

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.

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:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Within one year	**₱4,104**	₱5,424
After one year but not more than five years	**3,874**	3,874
	₱7,979	₱9,298

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 rollforward analysis of right-of-use (ROU) asset follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cost:		
Balance at beginning of year	**₱2,406,769**	₱2,445,768
Additions	**–**	17,520
Disposals	**–**	(58,041)
Translation adjustments	**(91)**	1,522
Balance at end of year	**2,406,678**	2,406,769
Accumulated Depreciation:		
Balance at beginning of year	**772,583**	643,217
Additions	**77,266**	215,156
Disposals	**–**	(58,041)
Translation adjustments	**(860)**	(27,749)
Balance at end of year	**848,989**	772,583
	₱1,557,689	₱1,634,186

The rollforward analysis of lease liability follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of year	**₱633,399**	₱946,322
Additions	**–**	10,177
Interest expense	**8,073**	37,717
Interest paid	**(8,073)**	(37,717)
Termination	**–**	(43,180)
Payments	**(41,028)**	(284,948)
Translation adjustments	**458**	5,028
Balance at end of year	**592,829**	633,399
Less current portion	**184,370**	172,727
	₱408,459	₱460,672

33. Financial Risk Management Objectives and Policies

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 as at March 31, 2022 and December 31, 2021

The Company’s approach focuses on efficiently allocating internally generated cash for operational requirements and investments to grow the existing business.

34. Financial Assets and Financial Liabilities

The following tables set forth the carrying amounts and estimated fair values of interim condensed consolidated financial assets and liabilities recognized as at March 31, 2022 and December 31, 2021. There are no material unrecognized financial assets and liabilities as at March 31, 2022 and December 31, 2021.

	March 31, 2022 (Unaudited – Three Months)				
	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 interim condensed consolidated statements of financial position)	**₱320,340**	**₱310,979**	**₱–**	**₱–**	**₱310,979**
Financial assets at FVOCI	**35,171**	**35,171**	**–**	**–**	**35,171**
	₱355,511	**₱346,150**	**₱–**	**₱–**	**₱346,150**
Financial Liabilities					
Other financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	**₱19,449,901**	**₱19,993,292**	**₱–**	**₱–**	**₱19,993,292**
Obligations for program rights	**265,140**	**268,968**	**–**	**268,968**	**–**
Convertible note	**175,899**	**195,959**	**–**	**–**	**195,959**
Customers’ deposits (included as part of “Other noncurrent liabilities”)	**270,480**	**239,635**	**–**	**–**	**239,635**
	₱20,161,420	**₱20,697,854**	**₱–**	**₱268,968**	**₱20,428,886**

	December 31, 2021 (Audited – Twelve Months)				
	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 interim condensed consolidated statements of financial position)	₱307,891	₱298,530	₱–	₱–	₱298,530
Financial assets at FVOCI	41,658	41,658	–	41,658	–
	₱349,549	₱340,188	₱–	₱41,658	₱298,530
Financial Liabilities					
Other financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	₱20,255,857	₱21,500,414	₱–	₱–	₱21,500,414
Obligations for program rights	283,851	290,204	–	290,204	–
Convertible note	172,693	192,753	–	–	192,753
Customers’ deposits (included as part of “Other noncurrent liabilities”)	272,580	241,735	–	–	241,735
	₱20,984,981	₱22,225,106	₱–	₱290,924	₱21,934,902

<u>Fair Value of Financial Instruments</u>

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 while fair value of golf club shares have been determined by reference to the price of most recent transaction at the end of reporting period. 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 1.0% to 4.8% in 2022 and 2021.

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 2022 and 2021, 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 2.7% to 4.2% in 2022 and 2021.

There were no transfers between levels in the fair value hierarchy as at March 31, 2022 and December 31, 2021.

Offsetting of Financial Assets and Financial Liabilities
There is no offsetting of financial assets and financial liabilities as at March 31, 2022 and December 31, 2021.

35. 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:

	Three Months Ended March 31 (Unaudited)	
	2022	**2021**
Net loss attributable to equity holders of the Parent Company	**(₱1,383,670)**	**(₱1,950,661)**
Dividends on preferred shares	**(4,000)**	**(4,000)**
(a) Net loss attributable to common equity holders of the Parent Company	**(₱1,387,670)**	**(₱1,954,661)**
(b) Weighted average number of shares outstanding:		
At beginning and end of year	**822,972,436**	**822,972,436**
Basic/diluted EPS (a/b)	**(₱1.686)**	**(₱2.375)**

The Company has no dilutive potential common shares outstanding, therefore basic EPS is the same as diluted EPS.

36. Note to Consolidated Statements of Cash Flows

	Three Months Ended March 31 (Unaudited)	
	2022	2021
Noncash investing activities:		
Acquisitions of program rights on account	**₱17,206**	₱–

Changes in liabilities arising from financing activities:

	January 1, 2022	**Net cash flows**	**Noncash changes**	**December 31, 2021**
Term loans	**₱20,255,857**	**(836,567)**	**30,611**	**₱19,449,901**
Lease liabilities	**633,399**	**(41,028)**	**458**	**592,829**
Interest payable (Note 17)	**262,445**	**(202,214)**	**275,282**	**335,513**
Dividends payable (Note 17)	**44,481**	**–**	**–**	**44,481**
Deposits for future subscription (Note 17)	**1,360,416**	**–**	**–**	**1,360,416**
Total liabilities from financing activities	**₱22,556,598**	**(₱1,079,809)**	**₱306,351**	**₱21,783,140**

	January 1, 2021	Net cash flows	Noncash changes	December 31, 2021
Term loans	₱21,487,254	(₱1,261,535)	₱30,138	₱20,255,857
Lease liabilities	946,322	(284,948)	(27,975)	633,399
Interest payable (Note 17)	239,139	(1,116,002)	1,139,308	262,445
Dividends payable (Note 17)	44,481	–		44,481
Deposits for future subscription (Note 17)	1,360,416	–	223	1,360,639
Total liabilities from financing activities	₱24,077,612	(₱2,662,485)	₱1,141,694	₱22,556,821

Noncash changes include effect of accrual of dividends and interests, amortization of debt issue costs and the accretion of interest on finance leases.

37. 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 March 31, 2022, 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 interim condensed 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.

38. Other Matters

COVID-19 Outbreak
The COVID-19 not only affected the health of people but also had severe effects to the economy and various businesses. The pandemic has affected the Company in terms of economic and social aspects and work from home set up brought about by the government-imposed lockdown and alert levels in the country.

Refer to Notes 1 and Note 3 for additional discussions of how management considered the impact of COVID-19 to certain financial statement accounts.