

COVER SHEET

[illegible]

SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]Enrique I. Quiason

(Contact Person)

3415-2272

(Company Telephone Number)

1	2
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3	1
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Month

Day

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Preliminary (Form Type)

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Month

Day

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

5,169

Total No. of Stockholders

11.34B

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

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Document ID

Cashier

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NOTICE OF SPECIAL STOCKHOLDERS' MEETING

To: All Stockholders of ABS-CBN Corporation

Please take notice that the Special Meeting of Stockholders of ABS-CBN Corporation will be held on Tuesday, February 11, 2025 at 8:00 a.m. [by Zoom] 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. Amendment of Article VI of the Amended Articles of Incorporation to reduce the number of Directors from eleven (11) to seven (7)
5. Other Matters
6. Adjournment

For purposes of the meeting, only stockholders of record as of December 20, 2024 are entitled to attend and vote in the said meeting.

Should you be unable to attend the meeting in person, you may appoint a Proxy by executing the appropriate form. MANAGEMENT IS NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND MANAGEMENT A PROXY. For validation, however, please return your proxies to the undersigned at 11F Investor Relations Office, ELJ Bldg., Mother Ignacia St., Quezon City not later than January 31, 2025.

For your convenience in registering your attendance, please have some form of identification such as a passport, driver's license or voter's I.D.

By order of the Board of Directors:

A handwritten signature in blue ink, appearing to read "Enrique Quiason".

ENRIQUE QUIASON
Corporate Secretary

Annex A

Registration and Validation Procedures for the Special Stockholders' Meeting (Virtual)

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

Note: ABS-CBN Corporation is restricting all communications through the online and designated email address(es) provided. Please be guided accordingly.

1. Stockholders will be validated from January 21, 2025, to 6:00 p.m. on January 31, 2025.
2. Stockholders who will execute a proxy must submit their duly executed proxy through corporatesecretary@abs-cbn.com on or before January 31, 2025. The validation of proxies is scheduled for February 3, 2025.

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

3. Stockholders who intend to participate in the virtual SSM must register through corporatesecretary@abs-cbn.com for validation from January 21, 2025, to 6:00 p.m. of January 31, 2025, and submit the following information:

For certificated stockholders:

- a. Name
- b. Address
- c. Email address
- d. Contact number
- e. A scanned copy of one valid government-issued ID

For stockholders whose shares are lodged with brokers:

- a. Certification from the broker stating the name and number of shares of the beneficial owner and that they are the beneficial owner as of the record date (must be complete)
- b. Address
- c. Email address
- d. Contact number
- e. Scanned copy of one valid government-issued ID

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 through email and will be provided with a link to the virtual SSM on or before January 31, 2025.
5. Validated stockholders and proxies may cast their vote by sending their proxy form to corporatesecretary@abs-cbn.com until January 31, 2025.
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 SSM 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, the Office of the Corporate Secretary and Stock Transfer Agent will tabulate all validated proxies and ballots submitted on or before January 31, 2025, and SGV will validate them.

Questions and comments may be submitted during registration and until 6:00 p.m. January 31, 2025.

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
☐ 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 : February 11, 2025
Time : 8:00 A.M.
Place : [\[By Zoom\]](#)

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

January 17, 2025

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

Common Shares 899,848,111 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 Special Meeting of the Stockholders

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 other things, 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 a quorum exists for a valid meeting based on the number of shares present through remote communication, voting in absentia, or by proxy.

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

- (i) Stockholders may attend the meeting via remote communication (via Zoom). Questions and comments may be sent via email to corporatesecretary@abs-cbn.com on or before 6:00 pm on January 31, 2025, and shall be limited to the Items in the Agenda.
- (ii) Each of the proposed resolutions will be shown on the screen during the online proceedings, as they are discussed 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 by proxy.
- (iv) Voting shall only be allowed through the Chairman of the meeting as a proxy.
- (v) The amendment of the Articles of Incorporation of the Company requires the affirmative vote of at least 2/3 of the issued and outstanding capital stock of the Company. The Office of the Corporate Secretary and the stock transfer agent will tabulate all votes received, and an independent third party will validate the results. The Corporate Secretary shall report the voting results during the meeting.

4. **Amendment of Article VI of the Amended Articles of Incorporation to reduce the number of Directors from eleven (11) to seven (7)**

On November 7, 2024, the Board of Directors approved the amendment of the Company's Articles of Incorporation to reduce the number of directors from eleven (11) to seven (7). The scale and scope of ABS-CBN's operations have been reduced significantly. The Company is streamlining the number of directors in line with the reduced scale of its business. As an added benefit, this also increases the ratio of independent directors to regular directors.

At the stockholders' meeting, it will be proposed that the stockholder approve the amendment of Article VI of the Amended Articles of Incorporation to reduce the number of directors from eleven (11) directors to seven (7), which shall read as follows:

Sixth: That the directors of said corporation are SEVEN (7) who are elected to serve for a term of one (1) year until their successors are duly elected and qualified as provided in the By-laws and are as follows:

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 Special Meeting of the Stockholders of the Corporation scheduled on February 11, 2025, at 8:00 a.m. at, 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 should 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 the Company's stock and transfer agent, RCBC Trust Corporation, validates proxies. The record date for the stockholders entitled to attend and vote in the said meeting is December 20, 2024.

Item 3. Revocability of Proxy

This proxy shall be valid for the Special Meeting of the Stockholders scheduled on February 11, 2025, 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. Amendment of Article VI of the Amended Articles of Incorporation to reduce the number of Directors from eleven (11) to seven (7).			
2. 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 _____, 2025.

(Printed Name of Stockholder & Signature)

(Witness)

NOTE: The completed proxy form, together with copies of valid identification cards, should be delivered to the Office of the Secretary at corporatesecretary@abs-cbn.com on or before January 31, 2025.

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, and is being furnished to stockholders of record of ABS-CBN Corporation ("ABS-CBN" or the Company") as of December 20, 2024, in connection with the Special Meeting of the Stockholders .

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

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A. GENERAL INFORMATION

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

Date - February 11, Tuesday
Time - 8:00 A.M.
Place - Online meeting via zoom

For purposes of the meeting, only stockholders of record as of December 20, 2024, 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 by remote communication will be required to register starting January 21, 2025, and until January 31, 2025. Stockholders who are not able to register by January 31, 2025, can no longer avail of proxy voting but may still participate by remote communication, provided such stockholders shall register not later than January 31, 2024. The **Registration and Validation Procedures for the Special Stockholders' Meeting (Virtual SSM)** are set out below as **Annex "A"**, as attached to this Notice and Agenda. Stockholders intending to participate by remote communication should All stockholders who will not, are unable or do not expect to attend the virtual meeting 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 on or before January 31, 2025. Proxies shall be validated beginning February 3, 2025.

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

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

January 17, 2025

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 INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) The Company has 899,848,111 common shares subscribed and outstanding as of December 20, 2024. 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 December 20, 2024. 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 December 20, 2024, 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/she may accumulate said shares and give one candidate as many votes as the number of directors to be elected or he/she may distribute them on the same principle among as many candidates as he/she shall see fit; provided, that the total number of votes cast by the stockholder shall not exceed the total number of shares owned 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 December 31, 2024:

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. 516/F North Tower, Rockwell Business Center, Sheridan cor. United St., Mandaluyong City	Lopez, Inc.	Filipino	502,256,308	55.82%	26.44%

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	PCD Nominee Corporation* G/F Makati Stock Exchange Bldg., Ayala Ave., Makati City	ABS-CBN Holdings Corporation	Filipino	100,826,070	11.20%	5.31%
Common	PCD Nominee Corporation* G/F Makati Stock Exchange Bldg., Ayala Ave., Makati City	LL Holdings, Inc.	Filipino	75,881,000	8.43%	3.99%
Preferred	Lopez, Inc. 16/F North Tower, Rockwell Business Center, Sheridan cor. United St., Mandaluyong City	Lopez, Inc.	Filipino	987,130,246	98.71%	51.96%

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

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

Lopez, Inc. is the holding company of the Lopez family. It is owned by the respective holding companies of the families of the late Eugenio Lopez, Jr., the late Oscar M. Lopez, the late Presentation L. Psinakis, and the late 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 2025 Special Meeting of the Stockholders, 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 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 Estate of Oscar M. Lopez, Estate of 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), giving the holder thereof the right to delivery or sale of the underlying share. The PDRs are listed with the PSE.

In connection with the 2025 Special Meeting of the Stockholders, Martin L. Lopez was named and appointed to exercise the voting power of ABS-CBN Holdings' shares in ABS-CBN Corporation.

On April 30, 2024, LL Holdings, Inc. (LLH) filed a report with the Securities and Exchange Commission that it owns 75,881,000 ABS common shares under LL Holdings, Inc. and 619,000 PDRs under its parent company, Countryside Investments Holdings Corporation.

On June 4, 2024, LL Holdings, Inc. (LLH) submitted SEC Form 23-A to disclose its holdings of 87,663,300 ABS Common Shares, 1,718,000 PDRs (through PCD Nominee Corporation) and 619,000 PDRs (through Countryside Investments Holdings Corporation and PCD Nominee Corporation) as of May 28, 2024.

Other than the stockholders identified above, as of December 31, 2024, there are no other stockholders other than participants under the PCD account who own more than 5% of the voting securities.

There are no foreign shareholders.

Security Ownership of Management as of December 31, 2024:

As of December 31, 2024, the Company's directors and senior officers owned an aggregate of 9,482,585 shares of the Company, equivalent to the Company's total issued and outstanding capital stock.

Title of Class	Stockholder Name and Position	Position	Nature of Beneficial Ownership	Citizenship	Number of Shares Held	Percent Held
Common	Martin L. Lopez	Chairman	Direct	Filipino	1,056,950	0.12%
Common	Mario L. Bautista	Director and General Counsel	Direct	Filipino	100	0.00%
Common	Randolf S. David	Independent Director	Direct	Filipino	1	0.00%
Common	Rafael L. Andrada	Independent Director	Direct	Filipino	1,000	0.00%
Common	Carlo L. Katigbak	Director, President and Chief Executive Officer	Direct	Filipino	1,289,515	0.14%
Common	Federico R. Lopez	Director	Direct	Filipino	7,951	0.00%
Common	Rafael L. Lopez	Director	Direct	Filipino	1,000	0.00%
Common	Salvador G. Tirona	Director	Direct	Filipino	2	0.00%
Common	Federico M. Garcia	Director	Direct	Filipino	13,898	0.00%
Common	Honorio G. Poblador IV	Independent Director	Direct	Filipino	100	0.00%
Common	Ma. Rosario Santos-Concio	Director	Direct	Filipino	58,825	0.00%
Common	Maria Luisa S. Alcaneses	Data Privacy Officer	Direct	Filipino	1,054	0.00%
Common	Ma. Rosario S. Bartolome	Head, Integrated Marketing and Customer Experience	Direct	Filipino	858,133	0.09%
Common	Ernila L. Bayani	Head, Human Resources and Organizational Development	Direct	Filipino	12,477	0.00%
Common	Kane Errol C. Choa	Head, Integrated Corporate Communications	Direct	Filipino	99,792	0.01%
Common	Carmela Grace C. Del Mundo	Head, Internal Audit	Direct	Filipino	245,922	0.03%
Common	Marifel G. Gaerlan-Cruz	Assistant Corporate Secretary	Direct	Filipino	-	0.00%
Common	Kriz Anthony G. Gazmen	Head, ABS-CBN Film Productions, Inc.	Direct	Filipino	75,869	0.01%
Common	Dennis Marco A. Liquigan	Head, ABS-CBN Music	Direct	Filipino	77,290	0.01%
Common	Eugenio C. Lopez IV	Head, Digital	Direct	Filipino	54,000	0.01%
Common	Ricardo B. Tan Jr.	Group Chief Financial Officer	Direct	Filipino	-	0.00%
Common	Enrique I. Quiason	Corporate Secretary	Direct	Filipino	9,615	0.00%

Common	Mary Anne Francis T. Torres	Head, Integrated News and Current Affairs	Direct	Filipino	11,439	0.00%
Common	Jose Agustin C. Benitez Jr.	Head, Integrated Sales	Direct	Filipino	555,754	0.06%
Common	Ma. Socorro Vidanes	Chief Operating Officer, Broadcast	Direct	Filipino	2,494,314	0.28%

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

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

Common	Paul Michael V. Villanueva, Jr.	Chief Risk Management Officer, Chief Compliance Officer and Head, ABS-CBN Shared Service Center	Direct	Filipino	43,829	0.00%
Common	Claudia Veronica G. Suarez	President and Chief Operating Officer, Sky Cable	Direct	Filipino	30,000	0.00%
Common	Roberto V. Barreiro	Chief Partnership Officer	Direct	Filipino	592,172	0.07%
Common	Ma. Cherrie R. Cruz	Head, Legal Services	Direct	Filipino	-	0.00%
Common	Laurenti M. Dyogi	Head, TV Production	Direct	Filipino	1,891,583	0.21%
	TOTAL				9,482,585	1.05%

- (g) The company has not had a change of control since the beginning of its last fiscal year.

Item 5. Directors and Executive Officers

No action is to be taken with respect to Item 5 during the Special Meeting of the Stockholders.

Item 6. Compensation of Directors and Executive Officers

No action is to be taken with respect to Item 6 during the Special Meeting of the Stockholders.

Item 7. Independent Public Accountants

The Company's principal accountants and external auditors are the accounting firm of SyCip, Gorres, Velayo & Company (SGV & Co.). The accounting firm of SGV & Co. has been the Company's Independent Public Accountant 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 concerning any matter relating to accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

No action is to be taken with respect to Item 7 during the Special Meeting of the Stockholders.

Representatives of SGV & Co. for the current year and for the most recently completed fiscal year are expected to be present at the Special Meeting of the Stockholders.

Item 8. Compensation Plans

No action is to be taken with respect to compensation plans during the Special Meeting of the Stockholders.

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 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 regarding the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

No action is to be taken with respect to reports.

Item 16. Matters Not Required to be Submitted

No action is to be taken regarding 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

On November 7, 2024, the Board of Directors approved the amendment of the Company's Articles of Incorporation to reduce the number of directors from eleven (11) to seven (7). The scale and scope of ABS-CBN's operations have been reduced significantly. The Company is streamlining the number of directors in line with the reduced scale of its business. As an added benefit, this also increases the ratio of independent directors to regular directors.

At the Special Meeting of the Stockholders, it will be proposed that the stockholders approve the amendment of Article VI of the Amended Articles of Incorporation to reduce the number of directors from eleven (11) directors to seven (7), which shall read as follows:

Sixth: That the directors of said corporation are SEVEN (7) who are elected to serve for a term of one (1) year until their successors are duly elected and qualified as provided in the By-laws and are as follows:

Item 18. Other Proposed Actions

- Other Business:

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

The Company has not received any such request to include items on the agenda in accordance with the Memorandum Circular before the filing of this Information Statement. Items proposed to be added to 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 17, as in motions in general, require the affirmative vote of at least 2/3 of the issued and outstanding common stock and preferred stock of the Company.
- (b) Method: The manner of voting for the approval of the Amendment of the Articles of Incorporation is non-cumulative. Stockholders will only be allowed to vote by appointing the Chairman of the meeting as a proxy or via electronic voting in absentia.

Voting will be by poll. Upon registration at the special stockholders' meeting, each stockholder will be provided with an electronic ballot to enable him to vote on each item or proposal in the Agenda. The Corporate Secretary, together with the Stock Transfer Agent, will be responsible for tabulating 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. The results will be validated by SGV & Co.

- (c) Participation via Remote Communication

The meeting will be held via remote communication. The stockholders may vote, as set forth below, by voting through the Chairman of the meeting as proxy.

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.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information in this report is true, complete, and correct. This report was signed in Pasig City on January 3, 2025.

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, the 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 the Company’s corporate name to ABS-CBN Corporation. This change was meant to reflect the Company’s diverse business 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 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 May 5, 2020, the National Telecommunications Commission (“NTC”) issued an Order directing ABS-CBN to cease operating all its radio and television stations throughout the Philippines (the “CDO”). On June 30, 2020, the NTC likewise issued an Alias Cease and Desist Order (the “Alias CDO”) directing the shutdown of ABS-CBN’s Digital Terrestrial Television (DTT) network and Sky Cable’s Sky Direct DTH service.

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 also stated that based on 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.

In a decision dated September 9, 2020, the NTC recalled all the frequencies assigned to the Company and canceled 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) and domestic free TV, through various partnerships with local broadcasters, third-party digital platforms, ABS-CBN’s streaming service iWantTFC, and 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 Creation, Production, and Distribution
- B. Cable, Satellite, and Broadband



CONTENT CREATION, PRODUCTION, AND DISTRIBUTION

Content Production, and Distribution refer to content created and produced by ABS-CBN and exhibited on terrestrial free television (TV), cable and satellite channels, and online streaming and TVOD/SVOD platforms; international syndication and distribution of content and linear channels; feature films; music; digital and online publications; and live events and concerts.

Audiences can watch ABS-CBN programs on free analog and digital terrestrial TV via domestic national networks and domestic and international cable/satellite providers. Co-produced shows with various domestic and international entities are likewise seen on their respective platforms and ABS-CBN platforms, depending on the commercial agreement. Licensed content from the ABS-CBN catalog can also be found in various domestic and international linear and non-linear services. ABS-CBN manages multiple cable/satellite, IPTV, and online linear channels, including Kapamilya Channel, Cinemo, Jeepney TV, CinemaOne, Metro Channel, MYX, Knowledge Channel, and ABS-CBN News Channel (ANC). ABS-CBN content is available across third-party online platforms like YouTube and Facebook, TVOD portals like Amazon and iTunes, and via ABS-CBN's iWantTFC and KTX. Various movies and series are available on international streaming platforms, including Netflix, Viu, and Amazon. ABS-CBN's music and podcasts are available on Spotify, Apple Music, YT Music and different audio streaming platforms.

In 1994, the Global division pioneered the international marketing, promotion, and distribution of ABS-CBN content and media products in the United States through ABS-CBN International. The main goal was to bring global Filipinos back to their roots through programs and products that reflected 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 and is distributed via cable and direct-to-home satellite platforms, while on-demand content and other media are available online on iWantTFC, IPTV (internet protocol television), and other video streaming services, media streaming services, to suit the needs and preferences of over 10 million Filipinos across the United States, Canada, the Middle East, Europe, the United Kingdom, Australia, and Asia Pacific through ABS-CBN's international subsidiaries and/or third-party distributors and carriage partners.

Global is also engaged in promoting and/or producing live entertainment, concerts, shows, and music events for its core audiences and operates MYX, a global platform that offers live and on-demand access to music-centric content by the next generation of Filipino and Asian artists.

The Feature Films segment of the Company is ABS-CBN Film Productions, Inc. (AFPI) more popularly known as Star Cinema. AFPI comprises film brands like Star Cinema, which is for the broader mainstream market and Black Sheep, which caters to a younger demographic. Movies that are produced and co-produced with other local or international producers are distributed by AFPI through global theatrical

distribution and third-party streaming platforms. Lastly, AFPI runs the Rise Artists Studio, which trains and manages future movie stars.

The Music segment of the Company handles the production, promotion, servicing, licensing, and distribution of musical recordings. Its main business is producing, promoting, and monetizing Original Sound Recordings (OSRs) and related videos, administering copyright on recordings and musical compositions, and discovering and developing singers and songwriters. The music division has various music labels such as Star Music, Tarsier Records, Starpop, and DNA Records. In addition, other business units produce audio and video content like 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, Tiktok and YouTube, and the licensing of recordings and musical compositions for films, TV shows, commercial advertisements, and various other usages. 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 recording catalog of iconic Filipino hit songs covering over half a century of repertoire. The Digital segment of ABS-CBN manages and operates the online assets and has strategic oversight of the entire digital business of the company. These assets include some of the top domains and accounts in the world. Combining ABS-CBN's web properties, OTT, YouTube, and Facebook accounts, the overall combined audience reach of these digital properties would make ABS-CBN among the strongest worldwide.

news.abs-cbn.com ranks among the top 10 publishers online in the Philippines and is the top draw of the company's website.

iWantTFC is the global OTT platform owned and operated by ABS-CBN. The home of Filipino stories, the platform's vast content library spans over 60 years of entertainment, news and information, documentaries, music, and sports. Viewers enjoy popular and highly acclaimed movies, the latest and well-loved series, features, kids and lifestyle programs, exclusive live streaming events, and iWantTFC Originals. iWantTFC is available in AVOD and SVOD, depending on a user's location.



CABLE, SATELLITE, AND BROADBAND

Sky Cable Corporation spearheaded innovative and superior cable services in the Philippines over 30 years ago. It offers value-for-money Home Internet, Pay TV, and bundled subscription plans. It also introduced modern in-premise customer equipment, ranging from 2-way digiboxes via the SKY EVO box to high-speed modems and Wi-Fi mesh for seamless home connectivity.

Its products include SKYCable, the pioneering cable TV brand in the country known for its top-notch programming with an extensive lineup of HD channels and Pay per view offerings, as well as SKY Fiber, a hybrid fiber co-axial (HCF) powered broadband service with subscription plans ranging from its best value Plan 999 at 30mbps up to 200Mbps. It also introduced SKY Fiber Edge, which utilizes its fiber-to-the-home (FTTH) backbone and competitive Ultra High-Speed plans of up to 1Gbps, available only in select condominiums and villages in Mega Manila and parts of Visayas.

SKY is also a promising player in the SME and Enterprise market through SKYbiz. SKYbiz provides comprehensive internet and data services tailored to the unique needs of Enterprises, focusing on reliability and scalability designed to empower businesses to thrive in today's digital landscape.

1.3. Subsidiaries

The following is a list of the subsidiaries as at September 30, 2024 and December 31, 2023:

Company	Place of Incorporation	Principal Activities	Functional Currency	Effective Interest
Content Production and Distribution				
<i>Global:</i>				
ABS-CBN Global Ltd. (ABS-CBN Global) ^{(a) (i)}	Cayman Islands	Holding company	United States dollar (USD)	100.0
ABS-CBN Europe Ltd. (ABS-CBN Europe) ^{(b)(c) (i) (dd)}	United Kingdom	Cable and satellite programming services	Great Britain pound (GBP)	100.0
ABS-CBN Japan, Inc. (ABS- CBN Japan) ^{(d) (i)}	Japan	Cable and satellite programming services	Japanese yen (JPY)	100.0
ABS-CBN Middle East FZ-LLC (ABS-CBN Middle East) ^{(b) (i)}	Dubai, UAE	Cable and satellite programming services	United Arab Emirates dirham (AED)	100.0
ABS-CBN Global Hungary Kft. (ABS-CBN Hungary) ⁽ⁱ⁾	Budapest, Hungary	Holding company	USD	100.0
Makati Kft. ⁽ⁱ⁾	Budapest, Hungary	Holding company	USD	100.0
ABS-CBN International, Inc. (ABS-CBN International) ^{(i) (n)}	California, USA	Cable and satellite programming services	USD	100.0
ABS-CBN Australia Pty. Ltd. (ABS-CBN Australia) ^{(i) (k)}	Victoria, Australia	Cable and satellite programming services	Australian dollar (AUD)	100.0
ABS-CBN Canada, ULC (ABS-CBN Canada) ^{(i) (k)}	Canada	Cable and satellite programming services	Canadian dollar (CAD)	100.0
ABS-CBN Telecom North America, Inc. ^{(i) (k)}	California, USA	Telecommunications	USD	100.0
<i>Films and Music:</i>				
ABS-CBN Film Productions, Inc. (ABS-CBN Films)	Philippines	Movie production	Philippine peso	100.0
Cinescreen, Inc. (Cinescreen) ^(f)	Philippines	Theater operator	Philippine peso	100.0
<i>Narrowcast</i>				
Creative Programs, Inc. (CPI) ^(v)	Philippines	Content development, publishing and programming services	Philippine peso	100.0
<i>Others:</i>				
ABS-CBN Europe Remittance Inc. ^{(d) (i) (v) (cc)}	United Kingdom	Services - money remittance	GBP	100.0
E-Money Plus, Inc. ^(b)	Philippines	Services - money remittance	Philippine peso	100.0
ABS-CBN Global Remittance Inc. ^{(i) (k) (v)}	California, USA	Services - money remittance	USD	100.0
ABS-CBN Canada Remittance Inc. ^{(i) (n) (v)}	Canada	Services - money remittance	CAD	100.0
ABS-CBN Center for Communication Arts, Inc. ^(e)	Philippines	Educational/training	Philippine peso	100.0
ABS-CBN Global Cargo Corporation ^(t)	Philippines	Non-vessel operations common carrier	Philippine peso	100.0
ABS-CBN Integrated and Strategic Property Holdings, Inc.	Philippines	Real estate	Philippine peso	100.0
ABS-CBN Shared Service Center PTE. Ltd. ^{(i) (m)}	Singapore	Services - support	Singapore dollar (SGD)	100.0
Professional Services for Television & Radio, Inc.	Philippines	Services - production	Philippine peso	100.0
Grassfed Corporation	Philippines	Services - livestock	Philippine peso	100.0
Probabilistic Insights, Inc. ^(aa)	Philippines	Services - support	Philippine peso	100.0
Rosetta Holdings Corporation (RHC)	Philippines	Holding company	Philippine peso	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
The Big Dipper Digital Content & Design, Inc. (Big Dipper)	Philippines	Digital film archiving and central library, content licensing and transmission	Philippine peso	100.0
The Chosen Bun, Inc. (Chosen Bun) ^(z)	Philippines	Services - restaurant and food	Philippine peso	100.0
TV Food Chefs, Inc. ^(bb)	Philippines	Services - restaurant and food	Philippine peso	100.0
iConnect Convergence, Inc.	Philippines	Service - call center	Philippine peso	100.0
ABS-CBN Studios, Inc.	Philippines	Production facility	Philippine peso	100.0
Medianow Strategies, Inc. (Medianow) ^(x)	Philippines	Marketing, sales and advertising	Philippine peso	79.7
Sapientis Holdings Corporation (Sapientis)	Philippines	Holding company	Philippine peso	100.0
Columbus Technologies, Inc. (CTI) ^(a)	Philippines	Holding company	Philippine peso	70.0

Company	Place of Incorporation	Principal Activities	Functional Currency	Effective Interest
ABS-CBN Convergence, Inc. (ABS-C) ^(a)	Philippines	Telecommunication	Philippine peso	69.3
ABS-CBN Theme Parks and Resorts Holdings, Inc. (ABS-CBN Theme Parks)	Philippines	Holding company	Philippine peso	100.0
ABS-CBN Themed Experiences, Inc. (ABS-CBN Themed Experiences) ^{(u)(bb)}	Philippines	Management of locations	Philippine peso	100.0
Play Innovations, Inc. (PII) ^{(g)(bb)}	Philippines	Theme park	Philippine peso	73.0
Play Innovations Hungary Kft. (Play Innovations) ^{(l)(g)}	Budapest, Hungary	Theme park	USD	73.0
Cable and Broadband				
Sky Vision Corporation (Sky Vision) ^(w) (see Note 4)	Philippines	Holding Company	Philippine peso	75.0
Sky Cable Corporation (Sky Cable) ^(w) (see Note 4)	Philippines	Cable television services	Philippine peso	59.4
Bisaya Cable Television Network, Inc. ^{(h)(i)(w)}	Philippines	Cable television services	Philippine peso	59.4
Bright Moon Cable Networks, Inc. ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Cavite Cable Corporation ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Cepsil Consultancy and Management Corporation ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Davao Cableworld Network, Inc. ^{(h)(o)(w)}	Philippines	Cable television services	Philippine peso	59.4
HM Cable Networks, Inc. ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
HM CATV, Inc. ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Hotel Interactive Systems, Inc. ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Isla Cable TV, Inc. ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Moonsat Cable Television, Inc. ^{(h)(o)(w)}	Philippines	Cable television services	Philippine peso	59.4
Pilipino Cable Corporation (PCC) ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Satellite Cable TV, Inc. ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Sun Cable Holdings, Incorporated (SCHI) ^{(h)(w)}	Philippines	Holding company	Philippine peso	59.4
Sun Cable Systems Davao, Inc. ^{(h)(i)(w)}	Philippines	Cable television services	Philippine peso	59.4
Sunvision Cable, Inc. ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Tarlac Cable Television Network, Inc. ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Telemondial Holdings, Inc. ^{(h)(i)(w)}	Philippines	Holding company	Philippine peso	59.4
JMY Advantage Corporation ^{(h)(w)}	Philippines	Cable television services	Philippine peso	56.4
Cebu Cable Television, Inc. ^{(h)(o)(p)(w)}	Philippines	Cable television services	Philippine peso	57.4
Suburban Cable Network, Inc. ^{(h)(w)}	Philippines	Cable television services	Philippine peso	54.9
Pacific CATV, Inc. (Pacific) ^{(h)(o)(w)}	Philippines	Cable television services	Philippine peso	58.0
First Ilocandia CATV, Inc. ^{(h)(o)(w)}	Philippines	Cable television services	Philippine peso	54.9
Mactan CATV Network, Inc. ^{(h)(o)(p)(w)}	Philippines	Cable television services	Philippine peso	56.6
Discovery Mactan Cable, Inc. ^{(h)(s)(w)}	Philippines	Cable television services	Philippine peso	41.6
Home-Lipa Cable, Inc. ^{(h)(s)(w)}	Philippines	Cable television services	Philippine peso	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 Group 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 Group decided to wind-down its food and beverage and experience operations in July 2020.

(cc) On December 21, 2021, ABS-CBN Europe Remittance Inc closed.

(dd) In April 2022 and July 2021, ABS-CBN Europe closed its branches in Italy and Spain, respectively.

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 C J 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
Media Serbisyo Production Corporation	Content Production	05 July 2023	49% owned by ABS-CBN

*Formerly Benpres Holdings Corporation

** On June 25, 2020, the stockholders and BOD of the A C J 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 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 ventures. Refer to Note 15 of the Company's 2023 audited consolidated financial statements.

1.5. Competition

MEDIA NETWORK AND STUDIO ENTERTAINMENT

Content Production and Distribution

ABS-CBN continues to be a significant supplier of Filipino entertainment, news, and current affairs programs for free TV, cable, and satellite channels and online platforms both in the Philippines and worldwide.

The Company faces competition for program distribution from other producers of Filipino programming as well as international producers. ABS-CBN 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 price 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.

Global

Global's TFC subscription service presently competes for audience attention not only with other Filipino content providers but also with mainstream entertainment and media services on satellite television and cable systems, national broadcast networks, regional and local broadcast stations, on-demand video streaming services, and other forms of entertainment.

With respect to live events and music concerts, Global also faces competition with other event promoters and producers across the regions where it operates.

Films and Music

Feature 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 products in the market, reducing 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 primary business is the production and promotion of Original Sound Recordings (OSRs), songs, lyrics, and musical compositions, as well as the development of singers and songwriters. Revenues come mainly from audio and video streaming and downloads from various Digital Service Providers (DSPs) like Spotify, Apple Music, Amazon, and YouTube. 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, films, and brands and distributes recordings for independent artists and music and movie producers. Recently, music servicing has expanded its services to include bespoke recordings, music videos, and promotional campaigns for selected clientele.

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



CABLE, SATELLITE, AND BROADBAND

SKY Cable is one of the significant providers of cable and broadband services in the Philippines. It competes with pay TV operators in cities and covers 1.7 million homes nationally.

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

SKYFiber, Sky Cable's broadband service, has several direct competitors. These competitors range from large telecommunications companies to smaller, dedicated cable broadband service providers catering to individuals and businesses alike. Key competitive factors aside from price include fiber facilities, speed, service reliability, and easy access to 24/7 customer service through its virtual assistant KYLA.

DIGITAL

As of December 2024, ABS-CBN Entertainment YouTube channel remains the most subscribed and viewed YouTube Channel in the Media & Entertainment Category ranking in Southeast Asia with 50.6 million subscribers and over 66.8 billion lifetime views. Viewership increased by 7.6% from 2023 Nov to 2024 Nov as ABS-CBN strengthened its digital presence to make its content more accessible to audiences on many platforms.

Other ABS-CBN YouTube channels that rank among the most subscribed and most viewed in the Philippines are ABS-CBN News (17.2M subscribers and 12.2B views), ABS-CBN Star Music (9.4M subscribers and 4.7B views), ABS-CBN Star Cinema (10.3M subscribers and 4.1B views), iWantTFC (4.3M subscribers and 1.1B views), Idol Philippines (2.4M subscribers and 807M views) and Pinoy Big Brother ABS-CBN (6.3M subscribers and 3.2B views).

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

ABS-CBN produces programs, recordings, and music and provides programming services over which it directly or indirectly owns and holds intellectual property rights. ABS-CBN owns various trademarks and copyrights over most of its programs. It has also acquired the rights over the content of several third-party production entities and its co-produced content.

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

ABS-CBN and its subsidiaries have licenses from foreign and local program and feature film owners to distribute the same through its platforms and other programming services in the Philippines and territories where said platforms and programming services are distributed. These licenses have an average term of 2 to 3 years. In some instances, ABS-CBN is granted sub-license or assignment rights over programs, films, or events produced by third parties exhibited under license, distribution, and other industry standard arrangements with third-party platform owners and/or operators.

Music Licenses

ABS-CBN and its subsidiaries secure mechanical and/or synchronization licenses from various music publishers for musical compositions or recordings used in films and TV programs. Fees for TFC's public performance rights are paid to the relevant collecting societies in the territories where the channels are operated.

Additionally, ABS-CBN controls a large music composition catalog and produces original sound recordings that are used in its films and television programs.

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

The DICT is the primary policy, planning, coordinating, implementing, and administrative entity of the Executive Branch of the government that plans, promotes, and develops the national ICT agenda.

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

The OMB was created under the state's policy 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 and implement 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 authority also encompasses inspections, applying for and obtaining search warrants, and acting as a complainant in criminal prosecutions for violators of the Act. It can hear and resolve administrative cases against violators of the Act, impose sanctions, confiscate optical media, and suspend, cancel, or deny renewal of licenses.

In addition to the restrictions imposed by government agencies, a mass media company must also follow the 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 classified by law as environmentally critical or projects within statutorily defined environmentally critical areas must obtain an Environmental Compliance Certificate (ECC) before commencement. The Department of Environment and Natural Resources (DENR) determines whether a project is environmentally critical or located in an ecologically critical area through its regional offices or the Environmental Management Bureau (EMB).

The ECC is a government certification that (i) the proposed project or undertaking will not cause a significant adverse environmental impact, (ii) the proponent has complied with all the requirements of the Environmental Impact System (EIS) system, and (iii) the proponent is committed to implementing 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 project's operation and, in some cases, during the abandonment phase of the project to mitigate the 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 secure proper permits, clearances, or exemptions from the DENR, Department of Health, Civil Aviation Authority of the Philippines, and other regulatory agencies, as may be necessary for the conduct of its business operations.

Employees and agreements of labor contracts, including duration

ABS-CBN and its Subsidiaries had 2,888 regular employees, 166 project employees, 588 program-based employees, and 609 independent contractors as of November 30, 2024.

The Philippine Labor Code and other statutory enactments provide the minimum benefits employers must provide to their employees. These 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. 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). These remittances enable 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 contributions to the SSS. For corporate employers, the penalty is imposed on its president and board of directors members.

The National Health Insurance Act created the National Health Insurance Program (NHIP) to provide health insurance coverage and ensure affordable and accessible healthcare 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 must 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 specific terms and conditions under the law. The National Health Insurance Act likewise imposes penal sanctions if an employer does not remit contributions to PhilHealth. For corporate employers, the penalty is imposed on its president and board of directors members.

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 and a fund to provide 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 P5,000, 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 send the contributions to the HDMF.

The Philippine Labor Code provides that, in the absence of a retirement plan provided for 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 five 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 six months being considered as one whole year. To compute 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 3% of the total regular employees of ABS-CBN, while 9% belong to the Rank & File Union. The current CBA for the supervisory union covers the period August 1, 2023, to July 31, 2025, while the CBA for the rank and file employees covers the period December 1, 2024, to November 30, 2026.

For the last three (3) years, there have been no labor strikes nor disputes with the labor unions. CBA negotiations with the Rank and File and Supervisory unions were concluded without any significant 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), also known as ABS-CBN Foundation, Inc. (AFI), was founded in 1989 as a non-stock, non-profit organization dedicated to instilling hope by implementing projects through multisectoral partnerships in the spirit of Bayanihan. Since its founding, ALKFI has remained committed to addressing the needs of Filipinos and their communities through its five pillar advocacies: Children's Rights and Development (Bantay Bata 163), Environmental Stewardship (Bantay Kalikasan), Disaster Risk Reduction and Management (Sagip Kapamilya), Education (Programa Genio), and Sustainable Livelihood (Integrated Area Development).

In 2023, the World Health Organization (WHO) downgraded COVID-19's global health emergency status, therefore loosening the country's pandemic restrictions. The Foundation saw this as an opportunity to build new and lasting relationships on the ground. Recognizing that change lies at the cellular level, active participation has become deeply ingrained in ALKFI's commitment to serving the Filipino people. At its core is the understanding that every child, teacher, parent, and leader plays crucial roles in the improvement of lives within the community.

The same year also allowed the Foundation to further strengthen its advocacies by walking hand-in-hand with parents, teachers, school personnel, and partner schools toward a child-safe world, connecting with environmental advocates through employee engagement activities at the La Mesa Watershed and Ecopark, and empowering community members for the protection of coastal communities such as those located near the Verde Island Passage. ALKFI also partnered with communities at the barangay level for relief operations and disaster resilience training, provided teacher training and career coaching for junior high, senior high, and ALE learners, and engaged with different people's organizations to build grassroots leaders through Journey of the Heart.

Bantay Bata 163.

Established by Gina Lopez in 1997 as a rescue hotline for at-risk children, Bantay Bata 163 has since evolved into a stalwart force for child protection. In 2022, the program launched holistic and proactive projects to address the needs of Filipino children today. Realizing the importance of reaching children in the digital age, the program extended its mental health support through email and social media. This year, Bantay Bata remained steadfast in promoting children's rights and development, benefiting 9,610 partner-beneficiaries and contributing to a safer and nurturing environment for the children, youth, their families, schools, and communities.

Driven by a vision of championing Filipino children's rights, Bantay Bata has continued its child protection services through its core projects:

Helpline 163

For children across the country, the numbers 1-6-3 have symbolized the powerful message of hope in the last 26 years of Bantay Bata's service. From being the Philippines's first childcare hotline as "Hotline 163", the rebranding effort to "Helpline 163" reflects its more comprehensive scope of services. Currently, Helpline 163 extends to responding to concerns of abuse, need for guidance, and inquiries on child-related concerns. The Helpline remains dedicated to providing psychological, social, and emotional support by offering free one-hour Psychotherapy/Talk Therapy for children, teens, and their caregivers. Aside from this, the Helpline 163 email and Facebook Messenger remained a preferred service for inquiries and consultations. This year, Bantay Bata tallied more than two thousand (2,435) valid transactions catered to making children's physical and mental well-being valued and protected.

Other Projects

Children and Youth Advocacy Council (CYAC)

Bantay Bata recently pioneered a project that focuses on child participation — The Bantay Bata 163 Children and Youth Advocacy Council (BB 163 CYAC). Dedicated to children & youth engagement and capacity-building, this project aims to involve children and the youth in Bantay Bata's program delivery, capacitate them to represent the issues of their sector and create opportunities to raise these concerns. For this initiative, Bantay Bata selected six (6) Filipino youth community ambassadors and advocates from across the Philippines. Following a three-session training tackling children's rights, personal development, and leadership, the CYAC members were officially introduced during Bantay Bata's first face-to-face Children's Congress — an annual event celebrating National Children's Month.

Tulong Pagkalusugan

In 2023, Tulong Pangkalusugan served twenty-four (24) patients through partner hospitals in Metro Manila. This partnership provided referrals and financial support to cover the patients' surgical and medical needs. A noteworthy accomplishment of the project was the inclusion of Manila Doctors Hospital as a new partner in the same year.

Bantay Kalikasan (BK)

Bantay Kalikasan (BK), began as a radio program on DZMM, tackling environmental problems raised by listeners. Launched in 1998, the Foundation's environmental advocacy arm boasts a rich history of executing projects dedicated to protecting and enriching the Philippines' natural environment. Through dynamic collaboration across various sectors, BK has undertaken major initiatives following a ridge-to-reef approach. These initiatives include rehabilitating the La Mesa Watershed and Ecopark, advocating responsible waste disposal through Bantay Baterya and Bantay Langis, and engaging communities through citizen science for the protection of the Verde Island Passage and other vital biodiversity hotspots. Bantay Kalikasan envisions a Philippines where communities co-exist harmoniously with the environment and citizens are highly involved and engaged in its protection and conservation. Today, BK continues to advocate for the Filipinos' greener futures through the following major projects:

La Mesa Watershed and Ecopark Management

With the support of BK's key partners, such as Metropolitan Waterworks and Sewerage System (MWSS) and the Quezon City government, the Foundation continued the enrichment, protection, and maintenance of the La Mesa Watershed and Ecopark. Being the sole remaining forest of its size in Metro Manila, the La Mesa Watershed has been a focal point of BK's ongoing reforestation efforts. Over the years, BK restored La Mesa's forest cover to 89% (from 25% at the start of its engagement) and rehabilitated the facilities and amenities within the Ecopark. The Watershed and Ecopark continued to serve as the Filipinos' recreational space, welcoming 5,090 visitors engaged in hiking, biking, and nature appreciation activities.

In 2023 alone, the BK team and its partners planted 96,520 native trees, spanning 241.3 hectares in the La Mesa Watershed. The La Mesa Foresters have also actively nurtured the growth of the 508 hectares of young saplings. The La Mesa Ecopark also became a hub for fostering environmental engagement. Remarkably, it hosted eight (8) employee engagement events with 400 participants, conducted twenty-three (23) Plant-a-Seed and Germination initiatives within La Mesa, and involved over 1,000 participants.

Bantay Baterya, Bantay Langis, and Waste Electrical and Electronic Equipment (WEEE) Collection Project

These projects involve recovering and properly recycling used lead-acid batteries, used oil, and all electrical and electronic waste from partner companies. The monetary value generated from these projects was used to fund BK's environmental undertakings and operations.

SEA INSTITUTE

SEA Institute promotes the SEA VIP, which means Science, Education, and Advocacy for the Protection of the Verde Island Passage (SEA VIP). This project strives to promote science-based conservation in key communities within the five provinces in the VIP - Batangas, Occidental Mindoro, Oriental Mindoro, Marinduque, and Romblon. The SEA Institute plays a significant role in capacity-building and addressing the challenges of sustainable economic development. This gave rise to initiatives such as the Citizen Science Program and Environment, Conservation, and Outdoor Camps (Eco Camps) by SEA VIP.

Citizen Science Program. SEA Institute's Citizen Science Program aims to empower coastal communities with the knowledge and skills to collect critical information on the health of the reef, seagrass, and mangrove ecosystems. The Citizen Science Coral Reef Monitoring project, funded by the United States Agency for International Development (USAID) Philippines through Gerry Roxas Foundation's INSPIRE project, completed its first year of a three-year program. The initiative seeks to engage stakeholders in environmental conservation and governance through Citizen Science, empowering them to conduct assessments that were previously limited to trained scientists and practitioners. It recently rolled out reef monitoring workshops using the ALWAN method in eleven sites across Batangas, Romblon, and Oriental Mindoro. Meanwhile, the Mangrove and Seagrass Citizen Science Monitoring project has completed its phase 2 and 3 workshops in two communities in Batangas, attended by twenty (20) community citizen scientists who underwent training on digital tools and mangrove satellite maps.

EcoCamps by the SEA. In a mission to educate coastal communities about the VIP's global significance, BK organized two EcoCamps this year. The first focused on the Marine Ecosystem and Verde Island Passage biodiversity, benefiting fifteen grade school students. The second EcoCamp, funded by Sun Life Foundation, was centered on Mangrove Environmental Education through the integration of mangrove education materials in the school curriculum, and thirty-two (32) teachers from Sorsogon attended.

BK'S COLLABORATIVE EFFORTS

BK also collaborated with its sister programs to facilitate a more streamlined response to environmental challenges and their impact on communities. In collaboration with Sagip Kapamilya, BK extended assistance to five (5) barangays in Oriental Mindoro by providing relief goods, protective equipment, and oil spill booms in response to the Mindoro oil spill. Diversifying its commitment to community recovery and resilience, BK also collaborated with Bantay Bata 163 via Project MIND and Gerry Roxas Foundation in offering mental health and psychological support to over nine hundred (900) individuals in the same municipality.

Sagip Kapamilya (SK)

Established in late 2004, Sagip Kapamilya primarily functions in response to the country's susceptibility to natural calamities and disasters through a holistic disaster risk reduction framework. As ALFKI's disaster risk reduction and management arm, the program provides emergency assistance to communities, including relief operations and rehabilitation projects. SK also works with partners to better understand risks, strengthen risk governance and management, invest in disaster reduction, and enhance disaster preparedness and response.

In 2023, SK reached the most vulnerable communities and continued to complement government efforts in capacitating communities for disaster preparedness and resiliency. The program served 21,613 families by distributing food packs and hygiene kits to alleviate the impact of emergencies such as typhoons, landslides, earthquakes, fire incidents, volcanic activities, and oil spills. Also, around 10,685 individuals received support through dental and medical missions, donations from special operations, gift-giving initiatives, and training programs.

In collaboration with local government units, SK also conducted Disaster Risk Reduction and Management (DRRM) training sessions tailored to high-risk areas and the disasters LGUs typically weather. This year, around 200 participants attended these trainings held in disaster-prone provinces, including Northern Samar, Camarines Sur, and Leyte. Under SK's Livelihood and Rehabilitation Program, the Legacy Project has successfully turned over three multi-purpose and disaster-resilient buildings to three communities: 1) Lianga, Surigao del Sur, 2) Barbaza, Antique, and 3) Marawi, Lanao del Sur. As a strategic move of disaster preparedness and response, SK partnered with Fujitsu Japan for the construction of a solar-powered potable water system that benefitted sixty-three (63) houses in Sitio Gilun, Barangay Marilog, Davao City. Moreover, SK also established a barangay health station for the community of Barangay Campatud in Loon, Bohol.

Programa Genio (PG)

Launched in 2012, ALFKI's educational advocacy arm operates as a school development program. Program Genio's primary objective is to provide continuing assistance to re-establish schools as institutions where children are nurtured and empowered to define their own path toward a full and productive life. For senior high school students and Alternative Learning Education (ALE) learners, the program strives to impart the knowledge, values, and skills necessary for them to become worthy and caring individuals and responsible citizens. Aligned with this vision, PG collaborates with the school divisions of the Department of Education (DepEd) and maintains ongoing partnerships with private-sector donors committed to school development.

In 2023, nearly two thousand (1,910) teachers from adopted schools' junior high, senior high, and ALE programs underwent various training sessions. These sessions were aimed at assisting them in building emotional resilience and coping with the requirements of different learning modalities brought about by the pandemic. Concurrently, PG collaborated with DepEd schools' division offices to strengthen partner institutions' senior high school programs, which

aim to ensure the overall career readiness of students. In the same year, more than two thousand (2,083) Grade 10 to 12 students underwent career coaching, guiding them in selecting their academic tracks, strands, and subjects.

The program also continued installing Community Learning Hubs, which served as repositories for learning materials. These hubs facilitate continuous learning outside of schools without internet access. Also, to support the implementation of senior high school tracks and strands such as arts and design and agri-fishery arts, PG provided the necessary equipment to empower students to refine their skills before undertaking national certification tests.

Furthermore, funds from donors supported the procurement of computer units, tablets, and technical vocational learning (TVL) materials, which were turned over to PG's adopted schools in Sorsogon, Bohol, Romblon, and Palawan. PG also coordinated with the Department of Science and Technology (DOST) for the installation and usage of Science and Technology Academic and Research-Based Openly Operated Kiosks (STARBOOKS), an information source designed for those with limited or no access to Science and Technology (S&T) information resources. The program remains committed to installing more STARBOOKS in its target provinces for the year 2024.

Integrated Area Development (IAD)

Integrated Area Development (IAD) embodies ALKFI's sustainable livelihood advocacy. IAD's strategy involves building community capacity towards governance, leadership, stewardship, and community-based social enterprise (CBSE) development and management. This bottom-up approach with grassroots communities is a purposive move to encourage localized participation and better sustainability of development projects for a more lasting impact.

In 2023, the IAD team, with the help of its partners, journeyed with twenty-eight (28) communities in the areas of Marikina, Batangas, Romblon, Sorsogon, Samar, Leyte, Biliran and Iloilo. Notably, more than twenty-six (26) livelihood and community development trainings were conducted to enrich the knowledge and skills of leaders, members of associations, cooperatives, and people's organizations. These training sessions also aimed to cultivate their disposition as they establish their own development programs.

The program's 2023 milestones include 1) the turnover of Tulay sa Tibo Phase 2 in collaboration with Sun Life Foundation; 2) the "Journey of the Heart," an experiential tour that showcased ecotourism sites in partner communities including Samar, Leyte, and Lobo in Batangas; 3) and the implementation of CBSE Trainings, which offered economic development support to twenty-eight (28) CBSEs in Taal and Biliran through capacity and network building.

ALKFI's Vision for 2024 & Beyond

As the year ventures into 2024, ALKFI gazes toward its future with immense hope and dedication. The Foundation maintains its commitment to embody the sense of collaboration through its programs dedicated to protecting children, preserving the environment, supporting families, promoting education, and capacitating communities. With the invaluable support of partners, donors, volunteers, and fellow Kapamilyas, ALKFI stands confident that it can continue to champion its pillar advocacies and build a nation where every individual thrives. At the heart of the Foundation's purpose lies its vision of empowering more people from the ground up, ensuring that its endeavors are deeply rooted in the needs and values of every Filipino.

On our Sustainability Report, please refer to the following links for the full report:

<https://corporate.abs-cbn.com/sustainability>

<https://corporate.abs-cbn.com/sustainability/sustainability-report-2023/id-29dc965c-c542-4457-987e-1e3d3cf6d9c2>

1.8. Principal Competitive Strengths of the Company

Diversified businesses

ABS-CBN is considered one of the Philippines' leading media and entertainment companies, with services and offerings across different platforms, demographics, and geographies. The Company delivers diversified revenues, including

advertising, subscriptions, box-office sales, syndication, licensing, and distribution.

The Company provides satellite, IPTV, OTT, and cable programs and services internationally to over 3 million viewers in North America, the Middle East, Europe, Japan, Australia, Canada, and other countries in Asia.

The Company's portfolio includes subsidiaries focused on feature film production, music, cable, and satellite channels, television production, content distribution, creative development, various online assets, live events, and artist

An experienced management team

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

Growth strategy

The Company continues to focus on creating compelling content and stories for domestic and overseas markets and platforms through partnerships and collaborations. 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 serving Filipinos and its stakeholders worldwide. The Company is driven to pioneer, innovate and adapt as it provides information, news, and entertainment that connects Filipinos and their community - wherever they may be. ABS-CBN is firmly committed to pursuing excellence. The critical elements of 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 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, on any device, in any medium.

As ABS-CBN's audience expands worldwide and demands greater control over how and when they consume content, the Company will provide access to its content across the broadest array of platforms possible. Audiences can access ABS-CBN anytime, anywhere, in any medium.

Maintain a solid fiscal position and deliver 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 more excellent 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 24 of the Company's 2023 audited consolidated financial statements.

Except for related party transactions discussed in the accompanying notes to the Company's 2023 audited consolidated financial statements, there have 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 a 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 a direct or indirect material interest.

Furthermore, there have 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 may be negatively affected by global and domestic events, and possible adverse economic conditions in the Philippines and abroad. Its operations depend on its ability to sell airtime for advertising, to sell various goods and services to consumers, and to collect subscription fees from its subscribers. Historically, the advertising industry, relative to other sectors, has been susceptible 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 and access to retail outlets. Consequently, the Company's business may be affected by the country's economic condition and the territories where it conducts its business.

ABS-CBN's Board of Directors and management are mindful of the potential impact of various risks on the Company's ability to operate a viable business. Strategy formulation and decision-making always consider these potential risks, and the Company ensures that it takes all the steps necessary to minimize, if not eliminate, such risks. ABS-CBN provides that it has the proper control systems in place and, to the extent possible, adopts 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, takes over from the Audit Committee the oversight responsibility for enterprise risk management (ERM).

2. Properties

The company's properties consist of production, distribution, playout, and office facilities, the majority of which it owns. Playout and studio operations are conducted in the 44,000-square-meter ABS-CBN Center at Sgt. Esguerra Avenue corner Mother Ignacia St. Quezon City. The center consists of several buildings, one of which is a fifteen (15)-story building known as the Eugenio Lopez Jr. Communications Center (ELJCC). ELJCC houses the company's corporate offices and subsidiaries.

The compound includes various television studios, sound recording studios, and other television production facilities. ELJCC has a gross floor area of approximately 108,000 square meters and a total office space of about 58,000 square meters. The ground floor is leased to various businesses, including banks and clinics. The broadcast center also houses the Company's other buildings and properties.

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

In 2020, the Company agreed with its existing lenders to create a mortgage and security interest over real properties and equipment in Mega Manila. ABS-CBN also owns real estate properties in various parts of the country.

The Company has entered into various lease agreements as lessor of some of its properties in the usual course of its business, including co-location agreements for towers and transmitter sites.

3. Legal Proceedings

For the past five years, the Company and its subsidiaries have not been a party to any legal proceedings involving a claim for damages exceeding 10% of ABS-CBN's current assets, exclusive of interest and cost.

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 , while the PDRs (PSE: ABSP) closed at on December 27, 2024.

High and Low Share Prices

		ABS		ABSP	
		High	Low	High	Low
2024	First Quarter	5.95	3.98	5.50	3.80
	Second Quarter	8.15	3.02	8.00	2.70
	Third Quarter	5.94	4.30	6.03	4.02
	Fourth Quarter	5.25	3.94	4.93	3.52
2023	First Quarter	8.35	7.00	7.90	6.90
	Second Quarter	8.00	6.10	7.47	5.11
	Third Quarter	6.53	3.10	6.06	2.03
	Fourth Quarter	4.75	3.40	4.60	3.20
2022	First Quarter	8.00	7.03	8.60	7.50
	Second Quarter	13.32	7.84	13.46	8.50
	Third Quarter	13.20	8.70	12.70	9.00
	Fourth Quarter	14.26	11.34	13.48	10.92
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	6.80

2. Holders

The number of shareholders of record as of December 31, 2024 is 5,169. Common shares issued as of December 31, 2024 is 899,848,111. Preferred Shares outstanding as of December 31, 2024 is 1,000,000,000.

As of December 31, 2024, the foreign equity ownership of ABS-CBN is at 0%.

Top 20 Common Shares Stockholders

As of December 31, 2024, ABS-CBN's Top 20 stockholders own an aggregate of 888.213,288, or 99% of issued and outstanding common shares.

RANK	NAME	CITIZENSHIP	RECORD/ BENEFICIAL	ISSUED SHARES	%
1	LOPEZ, INC.	PH	Record	502,256,308	56%
2	PCD NOMINEE CORPORATION	PH	Record	377,690,210	42%
3	ABS-CBN FAO VARIOUS PARTICIPANTS OF SPP1 AND SPP2	PH	Record	1,934,953	0%
4	CHAN,JOSE MARI LIM	PH	Record	1,257,130	0%
5	CHING TIONG KENG	PH	Record	1,111,500	0%
6	ABS-CBN FOUNDATION, INC.	PH	Record	780,995	0%
7	TOWER SECURITIES, INC. A/C IGODED11	PH	Record	600,000	0%
8	I INVESTMENT CORPORATION	PH	Record	417,486	0%
9	FG HOLDINGS	PH	Record	386,270	0%
10	CHENG, CHARLOTTE C.	PH	Record	340,000	0%
11	LA SUERTE CIGAR & CIGARETTE FACTORY	PH	Record	205,000	0%
12	ALBERTO G. MENDOZA &/OR JEANIE MENDOZA	PH	Record	168,250	0%
13	CHUA, MIMI	PH	Record	162,390	0%
14	MANUEL M. LOPEZ	PH	Record	146,186	0%
15	MAJOGRAJO DEV. CORPORATION	PH	Record	140,700	0%
16	JOANNA SANTOS	PH	Record	129,030	0%
17	CHUNGUNCO JR., LEONCIO N.	PH	Record	126,000	0%
18	DE CASTRO, NOLI	PH	Record	125,880	0%
19	MA. JOSEFINA G. BELMONTE &/OR FELICIANO R. BELMONTE JR.	PH	Record	120,000	0%
20	HUANG, HELEN	PH	Record	115,000	0%
	Subtotal of Top 20 Stockholders			888,213,288	99%
	OTHERS			11,634,823	1%
	TOTAL NO. OF ISSUED & OUTSTANDING SHARES			899,848,111	100%

Top 20 Preferred Shares Stockholders

As of December 31, 2024, 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%

Rank	Name	Citizenship	Record / Beneficial	No. of Shares	%
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%

3. Dividends

Certain conditions apply to the declaration and payment of dividends under the Company's existing long-term loan agreements with various banks. There were no cash dividends declared from 2020 up to December 2024. The declaration and payment of dividends are subject to certain conditions under the Company's existing long-term loan agreements with various banks.

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	March 28, 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

Stock Dividend (Per Share)

4. No stock dividend was declared since July 2, 1996. 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 P0.20 per share through a rights offering solely to its stockholders. No underwriters were involved in the offer, and no commission or remuneration was paid in connection with the offer. The offer and issuance of the Preferred Shares is an exempt transaction under Section 10.1 (e) of the Securities Regulation Code since the 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 P43.125 per share. The offer and issuance of the said Common Shares is an exempt transaction under Section 10.1 (k) of the Securities Regulation Code since the securities were sold to fewer than twenty (20) persons in the Philippines during any twelve months. On June 25, 2013, Lopez, Inc. subscribed to 34,702,140 Common Shares at a subscription price of P43.225 per share. The offer and issuance of the said Common Shares is an exempt transaction under Section 10.1 (k) of the Securities Regulation Code since the securities were sold to fewer than twenty (20) persons in the Philippines during any twelve months.

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 a participant under this plan may subscribe to is 2,000 shares. The subscription price was PHP29.50, 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, artists, and members of the Board of Directors with at least one (1) year tenure. Managers and artists can subscribe to a maximum of shares equivalent to 2.5 months of their monthly salary or income. Members of the Board of Directors can subscribe to up to 100,000 shares. The subscription price for the first 2,000 shares was PHP29.50, 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 under 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. As of February 22, 2018, the Company accepted a total subscription of 11,391,500 common shares from participants. As of March 31, 2023, a total of 41,440 were fully paid by the participants. The total withdrawn shares up to March 31, 2023, is 11,350,060 common shares, which reverted to the Company as part of its unissued 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 (SPP1) was given to employees who agreed to a pay reduction from September 2020 until February 2021. The ABS-CBN Stock Purchase Plan 2 (SPP2) was given to 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 were given to employees who were promoted anytime between September 2020 and December 2021 and who did not receive

any salary adjustment for the 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 under Section 10.2 of the Securities and Regulation Code, on December 9, 2021. The Philippine Stock Exchange approved listing 19,150,319 shares for the SPP1 & SPP2 on August 25, 2022, and 8,534,000 shares for the Stock Grant on October 6, 2022.

Information on Independent Accountants and other Related Matters

The Company's principal accountants and external auditors are the accounting firm of SyCip, Gorres, Velayo & Company (SGV & Co.). The accounting firm of SGV & Co. has been the Company's Independent Public Accountant 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 concerning 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, to audit the Company's books in 2024. The Company has complied with the revised SRC Rule 68, paragraph 3(b) (iv) regarding the external auditor's rotation requirements.

TAXABLE YEAR	SGV Signing Partner
2023	Ms. Djole S. Garcia
2022	Ms. Djole S. Garcia
2021	Ms. Djole S. Garcia
2020	Ms. Djole S. Garcia
2019	Ms. Catherine E. Lopez

SGV & Co. was re-elected at the Annual Stockholders' Meeting last June 20, 2024.

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 P6.4 million in 2023 and P10.3 million in 2022. The non-audit fees in 2023 amounted to P17.2 million, including tax compliance services, ASM validation procedures, and various advisory services. 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.

Any Non-Assurance Service by any of the external auditors of ABS-CBN Corporation and its subsidiaries has to be approved by the Audit Committee before it is entered into or the provision of services begins. If Non-Assurance Service fees exceed the audit fees, they must be presented to the Audit Committee for approval.

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	Q3 2024	2023	Formula
Current Ratio	0.41	0.41	Current Assets/Current Liabilities
Net Debt-to-Equity Ratio	2.47	1.71	Interest-bearing loans and borrowings less Cash and Cash equivalent/ Total Stockholders' Equity
Asset-to-equity ratio	8.37	5.75	Total Assets/ Total Stockholders' Equity

Interest rate coverage ratio	(2.12)	(10.44)	EBIT/ Interest Expense
Return on Equity	(42.23%)	(139.03%)	Net Income/ Total Stockholders' Equity
Return on Assets	(5.05%)	(24.17%)	Net Income/Total Asset
Profitability Ratios:			
Gross Profit Margin	(16.95%)	19.75%	Gross Profit/ Net Revenue
Net Income Margin	(21.35%)	(69.34%)	Net Profit/ Net Revenue

5. Financial Statements

The Company's Statement of Management's Responsibility and Audited Financial Statements as of September 30, 2024 is in **Annex C**. Financial Statements are prepared in accordance with SRC Rule 68, as amended and Rule 68.1.

Annex C also includes the Schedule for Determination of Retained Earnings available for Dividend Declaration prepared in accordance with SEC Memorandum Circular No. 11.

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 periods.

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:

	2022	2023	2024E ³
Salaries (Guaranteed) ¹	187,638,870	198,022,487	210,476,212
Bonuses	-	-	
Others: Employee Stock Plan; other cash benefits/ allowance	74,812,003 ²	1,486,154	
	262,450,873	199,508,641	210,476,212
	Katigbak, Carlo Cerrado, Aldrin Lopez, Martin Miranda, Raymund Vidanes, Ma. Socorro	Katigbak, Carlo Cerrado, Aldrin Dyogi, Laurenti Lopez, Martin Vidanes, Ma. Socorro	

Managers and up	2022	2023	2024E
Salaries (Guaranteed) ¹	1,222,382,474	1,125,844,766	1,187,836,851
Bonuses	-	-	-
Others: Employee Stock Plan; other cash benefits/allowance	206,685,358	51,372,539	
	1,429,067,832	1,177,217,305	1,187,836,851

¹Salaries (Guaranteed) - reflect salaries, 13th and 14th months' pay and taxable allowance

²This figure includes the Employee Stock Plan that allowed employees to own shares of the company as compensation for voluntary pay cuts from September 2020 to December 2021

³The aggregate compensation of the highest compensated executives for 2024 indicated above is based only on an estimate for the entire year and the identities of the top highest compensated executives cannot be definitively identified at this point.

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 the Company's income tax during the preceding year.

ANNEX B

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

The following is a discussion of ABS-CBN Corporation and its Subsidiaries ("ABS-CBN" or the "Company") financial performance for the twelve months ended December 31, 2023, and 2022.

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

The table below summarizes the results of operations for the year ending December 31, 2023.

Amount in Millions Php		2023	2022	Inc (Dec)	%
A	REVENUES	18,511	18,552	-42	0%
B	PRODUCTION COSTS	-7,412	-7,287	125	2%
C	COST OF SERVICES	-7,332	-8,165	-833	-10%
D	COST OF SALES	-111	-114	-4	-3%
E	GROSS PROFIT	3,656	2,986	670	22%
F	General and administrative expenses	-7,175	-7,781	-606	-8%
G	NET OPERATING INCOME (LOSS)	-3,519	-4,796	-1,277	-27%
H	Finance costs	-1,110	-1,132	-22	-2%
I	Interest income	13	13	0	0%
J	Foreign exchange gain (loss) - net	-11	-180	-169	-94%
K	Equity in net losses of associates and joint ventures	-16	0	-16	-5554%
L	Other Income	208	266	-57	-22%
L	INCOME (LOSS) BEFORE IMPAIRMENT, ONE-TIME GAIN & TAXES	-4,434	-5,828	-1,394	-24%
M	Impairment Loss	-9,125	-50	9,075	18213%
N	One-time Gain	967	3,581	-2,614	-73%
O	INCOME (LOSS) BEFORE INCOME TAX	-12,592	-2,297	10,295	448%
P	PROVISION FOR INCOME TAX	243	339	-96	-28%
Q	NET INCOME (LOSS)	-12,835	-2,636	10,199	387%
R	EBITDA	1,348	2,876	-1,527	-53%

		2023	2022	Inc (Dec)	%
A	EBITDA	1,348	2,876	- 1,527	-53%
B	Less: One-time Gain	967	3,581	- 2,614	-73%
C	EBITDA excluding One-time Gain	381	- 705	1,086	154%

Consolidated Revenues

	REVENUES	2023	2022	Inc (Dec)	%
A	Regular Advertising Revenue	6,663	5,751	912	16%
B	Consumer Sales Revenue	11,848	12,802	-954	-7%
C	TOTAL	18,511	18,552	-42	0%

Regular advertising revenue for 2023 was ₱6.7 billion, an increase of 16% or ₱912 million compared to 2022. Consumer sales revenue, at ₱11.8 billion, is lower by ₱954 million or 7% compared to 2022, mainly due to lower subscription sales of Sky Cable.

For the year ending December 31, 2023, total consolidated revenues were at ₱18.51 billion, almost flat compared to the previous year's ₱18.55 billion.

The comparative revenue mix is as follows:

	2023	2022
Advertising revenue	36%	31%
Consumer sales	64%	69%

Consolidated Operating Costs and Expenses

Consolidated operating costs and expenses amounted to ₱22 billion, a significant reduction of ₱1.3 billion, or 6% decrease year-on-year.

Cost reduction mainly comes from facilities-related expenses in the cable and broadband business. In addition, an Employee Stock Plan (ESP) was provided in 2022, wherein company stocks were granted to employees to compensate for the voluntary pay cuts they took to help the Company.

Net Operating Loss, Net Loss and EBITDA

Net Operating loss amounted to ₱3.5 billion, an improvement of ₱1.3 billion or 27% versus the previous year's ₱4.8 billion. This is driven by higher advertising revenue and lower costs.

Net Loss before impairment, one-time gain, and taxes amounted to ₱4.4 billion, lower by ₱1.4 billion or 24% versus the previous year's ₱5.8 billion loss.


EBITDA, excluding one-time gain, also showed an improvement of ₱1.1 billion, from (₱705) million in 2022 to ₱381 million in 2023.

	2023	2022	Inc (Dec)	%
A EBITDA	1,348	2,876	- 1,527	-53%
B Less: One-time Gain	967	3,581	- 2,614	-73%
C EBITDA excluding One-time Gain	381	- 705	1,086	154%

Business Segments

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

	<u>Content Production and Distribution</u> <ul style="list-style-type: none"> - Entertainment - News - International - Film & Music - Cable Networks - Digital - Live Events
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	Sky Cable <ul style="list-style-type: none"> - Cable TV - Broadband
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The following analysis presents the results of operation of the Company's business segments for the twelve months ending December 31, 2023:

Segment	Operating Revenue		Net Income (Loss)	
	2023	2022	2023	2022
Content Production and Distribution	₱11,310	₱10,455	₱ (5,752)	₱ (2,245)
Cable & Broadband	₱7,201	₱8,097	₱ (7,082)	₱ (391)

A. Content Production and Distribution

Excluding non-recurring expenses, the segment's net income improved by 29% from the previous year.

Despite the non-renewal of ABS-CBN Corporation's franchise, it continued to explore and pursue other business relationships with local and foreign entities to ensure the maximum exposure and monetization of its content assets.

To continue serving the Filipino and our audiences worldwide, the Parent Company launched its Kapamilya Channel on cable TV and its digital streaming channel "Kapamilya Online Live" on August 1, 2020. It also partnered with broadcasting companies for wider reach. On October 6, 2020, the Parent Company secured a content supply agreement with Zoe Broadcasting, allowing ABS-CBN's programs to be shown on channel A2Z. On January 4, 2021, some ABS-CBN shows also began airing on select time slots on TV5, and on July 1, 2023, "It's Showtime" started airing on GMA Network's second free-to-air channel, GTV.

The Group also began ramping up content sales, co-productions, and licensing of its content and library to both domestic and international clients—a roster that includes TV5, GMA Network, AllTV, Amazon, Netflix, and Viu.

In addition, the Group widened its international reach by merging its own domestic and international OTT platforms into "iWantTFC." It continues to utilize various 3rd party platforms like YouTube, Facebook, TikTok, and Instagram to maximize its reach and generate advertising.

The company's Film and Digital divisions delivered marked improvements in their businesses driven by an increase in box office performance and improvements in subscription and advertising revenues on its digital properties.

Its Music and Talent divisions have also seen improvements in their revenues and performance. The continued opening up of economies has also generated growth in its experiences and events businesses.

These initiatives diversified the Company's revenue streams, generating ₱11.3 billion in Content Production and Distribution revenues in 2023.

B. Cable & Broadband

Following its franchise's lapse, Sky Cable could not continue providing direct-to-home (DTH) service beginning in August 2020. Therefore, the Company continued to focus on growing its broadband subscriber base. Sky Cable's revenues amounted to ₱7.2 billion despite the absence of DTH services.

Capital Expenditures

Capital expenditures and program rights acquisitions amounted to ₱2.3 billion as of December 31, 2023.

Statement of Financial Position Accounts

As of December 31, 2023, total consolidated assets stood at ₱53.1 billion, 6% higher than total assets of ₱49.9 billion as of December 31, 2022.

Shareholders' equity is at ₱9.2 billion, ₱2.2 billion, or 19% lower than on December 31, 2022.

The Company's net debt-to-equity ratio was at 1.71x and 1.38x as of December 31, 2023, and December 31, 2022, respectively.

EXHIBIT 1 – Aging of Accounts Receivable

As of December 31, 2023 (Audited)

	December 31, 2023					
	Neither Past Due nor Impaired	Past Due but not Impaired		Impaired	Allowance	Total
		Less than 30 days	30 Days and Over			
Trade receivables:						
Airtime	₱1,947,921	₱190,780	₱516,425	₱337,466	(₱337,466)	₱2,655,126
Subscriptions	384,003	120,043	283,449	1,800,226	(1,800,226)	787,495
Others	470,198	4,489	262,135	104,369	(104,369)	736,822
Nontrade receivables*	488,888	106,014	217,446	582,624	(582,624)	812,348
Due from related parties	10,948	–	154,514	–	–	165,462
	₱3,301,958	₱421,326	₱1,433,969	₱2,824,685	(₱2,824,685)	₱5,157,253

**Excluding advances to employees and talents*

As of December 31, 2022 (Audited)

	December 31, 2022					
	Neither Past Due nor Impaired	Past Due but not Impaired		Impaired	Allowance	Total
		Less than 30 days	30 Days and Over			
Trade receivables:						
Airtime	₱1,487,480	₱210,584	₱959,603	₱319,349	(₱339,601)	₱2,637,415
Subscriptions	360,370	34,747	237,798	1,692,734	(1,576,404)	749,245
Others	143,735	54,968	196,781	409,492	(283,505)	521,471
Nontrade receivables*	330,115	10,915	102,703	535,818	(607,424)	372,127
Due from related parties	248,094	–	–	55,443	(67,374)	236,163
	₱2,569,794	₱311,214	₱1,496,885	₱3,012,836	(2,874,308)	₱4,516,421

**Excluding advances to employees and talents*

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

The following is a discussion of ABS-CBN Corporation and its Subsidiaries ("ABS-CBN" or the "Company") financial performance for the twelve months ended December 31, 2022, and 2021.

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

FOR THE YEAR ENDED DECEMBER 31, 2022

The table below summarizes the results of operations for the year ending December 31, 2022.

(Amounts in million Pesos)*	2022	2021	Variance	
			Amount	%
Consolidated Revenues	19,197	17,825	1,372	8%
Advertising Revenues	6,395	5,293	1,102	21%
Consumer Sales	12,802	12,532	270	2%
Costs and Expenses	(23,451)	(22,535)	916	4%
Production Costs	(7,340)	(7,153)	187	3%
Cost of Sales and Services	(8,280)	(7,931)	349	4%
GAEX	(7,831)	(7,451)	380	5%
Financial Costs – net	(1,299)	(1,088)	211	19%
Equity in Net Income (Losses) of Assoc. and JV	0.29	(9.61)	9.90	103%
Other Income - net	3,256	572	2,684	469%
Loss Before Income Tax	(2,297)	(5,234)	2,937	56%
Provision for Income Tax	339	436	(97)	(22%)
Net Loss	(2,636)	(5,670)	3,034	54%
EBITDA	2,876	553	2,323	420%

**Numbers are rounded off to the nearest PHP million which may cause small discrepancies in the displayed totals*

Consolidated Revenues

For the year ended December 31, 2022, ABS-CBN generated consolidated revenues of ₱19.2 billion from advertising and consumer sales, ₱1.4 billion or 8% higher year-on-year.

Advertising revenues increased by ₱1.1 billion or 21% higher, attributable to election-related placements and regular advertising growth. Consumer sales increased by ₱270 million, driven by increased licensing and syndication of the Company's content library.

The comparative revenue mix is as follows:

	2022	2021
Advertising revenues	33%	30%
Consumer sales	67%	70%

Consolidated Costs and Expenses

Total costs and expenses amounted to ₱23.5 billion, ₱917 million, or a 4% increase year-on-year.

Production costs increased by ₱187 million or 3% higher year-on-year due to additional programs for IWANTTFC.

Cost of sales and services increased by ₱349 million, 4% higher year-on-year. The increase is attributable to the return of international events and movies released in 2022.

GAEX increased by ₱381 million or 5% compared to the previous year. The increase is mainly attributable to the Employee Stock Plan (ESP). The Company implemented the ESP, wherein company stocks were given to its employees to compensate for the voluntary pay cuts they took to help the Company in the previous year. The facilities-related expenses of cable and broadband business also drove the increase.

Net Loss and EBITDA

The Company registered a ₱2.6 billion net loss for the year ending December 31, 2022, a reduction in the net loss by ₱3 billion or 54% compared to last year.

EBITDA improved to ₱2.9 billion, a 433% improvement year-on-year.

Business Segments

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

	<p><u>Content Production and Distribution</u></p> <ul style="list-style-type: none"> - Entertainment - News - International - Film & Music - Cable Networks - Digital - Live Events
	<p><u>Sky Cable</u></p> <ul style="list-style-type: none"> - Cable TV - Broadband

The following analysis presents the results of operations of the Company's business segments for the twelve months ending December 31, 2022:

Segment	Operating Revenue		Net Income (Loss)	
	2022	2021	2022	2021
Content Production and Distribution	11,100	9,342	(2,239)	(5,548)
Cable & Broadband	8,097	8,483	(397)	(122)

A. Content Production and Distribution

Despite the non-renewal of the Company's franchise, ABS-CBN remains committed to serving the Filipino. The Company continues to look for ways to serve as many Filipino families as possible. On June 2020, the Company launched its Kapamilya Channel on cable TV and its digital streaming channel "Kapamilya Online Live" on August 2020. On October 2020, ABS-CBN secured a content supply agreement with Zoe Broadcasting that allowed ABS-CBN's programs to air on Channel A2Z. On January 2021, some ABS-CBN shows also began airing on select time slots on TV5. Other partnerships include PIE Channel with Kroma Entertainment and BEAM. These initiatives helped the Company generate ₱6.4 billion in advertising revenues in 2022.

The Company also began ramping up content sales and licensing to domestic and international clients – including TV5, GMA Network, AMBS, Netflix, Viu, iQiyi, and WeTV. The Company distributed over 381 titles to various territories in Asia, Africa, the Middle East, and Europe, as well as over-the-top platforms generating ₱1.3 billion in revenue in 2022.

In addition, the Company widened its international reach by merging its owned domestic and international OTT platforms into "iWantTFC." It continues to utilize various 3rd party platforms like Youtube, Facebook, Tiktok, and Instagram to maximize its reach and generate advertising.

As economies began to open up, the Company restarted staging events and releasing movies in various countries worldwide.

B. Cable & Broadband

With Sky Cable 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 billion, despite the absence of DTH services.

Capital Expenditures

Capital expenditures and program rights acquisitions amounted to ₱2.9 billion as of December 31, 2022.

Statement of Financial Position Accounts

As of December 31, 2022, total consolidated assets stood at ₱50 billion, 6.4%% lower than total assets of ₱53.4 billion as of December 31, 2021.

Shareholders' equity was at ₱11.4 billion, ₱672 million or 6% lower, vs. December 31, 2021.

The Company's net debt-to-equity ratio was at 1.38x and 1.46x as of December 31, 2022, and December 31, 2021, respectively.

EXHIBIT 1 – Aging of Accounts Receivable

As of December 31, 2022 (Audited)

	Neither Past Due nor Impaired	Past Due but not Impaired		Impaired	Allowance	Total
		Less than 30 days	30 Days and Over			
Trade receivables:						
Airtime	₱1,581,810	₱223,938	₱1,020,457	₱339,601	(₱339,601)	₱2,826,205
Subscriptions	335,604	32,359	221,456	1,576,404	(1,576,404)	589,419
Others	99,513	38,056	136,238	283,505	(283,505)	273,807
Nontrade receivables	374,231	12,374	307,053	607,424	(607,424)	693,658
Due from related parties	301,485	–	–	67,374	(67,374)	301,485
	₱ 2,692,643	₱306,727	₱ 1,685,204	₱2,874,308	(₱2,874,308)	₱ 4,684,574

As of December 31, 2021 (Audited)

	Neither Past Due nor Impaired	Past Due but not Impaired		Impaired	Allowance	Total
		Less than 30 days	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

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 and 2020.

All values are presented in Philippine pesos 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)
<i>Sale of Services</i>	<i>12,505</i>	<i>13,953</i>	<i>(1,448)</i>	<i>(10.4)</i>
<i>Sale of Goods</i>	<i>27</i>	<i>406</i>	<i>(379)</i>	<i>(93.3)</i>
Costs and Expenses	(22,535)	(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)	(7,451)	(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	(9.61)	(48)	(38)	(79.2)
Other Income – net	572	93	479	515
Net Income (Loss)	(₱5,670)	(₱13,531)	₱7,861	(58.1)
EBITDA	₱553	(₱6,234)	₱6,787	(108.9)

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 or 25.0% lower, attributable to the 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. The cease-and-desist order similarly affected consumer sales, prohibiting the Company from engaging in Sky Cable's DTH services and distributing TV Plus Boxes. In addition, the impact of the COVID-19 outbreak resulted in the Company being unable to generate

revenues from concerts and events and box office receipts. The pandemic also resulted in the cessation of 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 comparative revenue mix is as follows:

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

Consolidated Costs and Expenses

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 social distancing measures on March 15, 2020, the Company ceased production of content the same day. This production stoppage was further extended after the NTC issued the cease-and-desist order to the Company. Instead, the Company decided to align the number of programs based on partnerships closed by the Company with various Free-to-Air operators. This alignment reduced 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 reduced the cost of sales and services by ₱379 million, or a 93.3% decrease year-on-year.

Following the franchise denial and the impact of COVID-19, the Company enforced stringent cost-cutting measures to manage the Company's financial performance further. 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 ₱5.7 billion net loss for the year ended December 31, 2021, a reduction in a net loss of ₱7.9 billion or 58.1% vs. last year.

EBITDA improved to ₱553 million, a 108.9% increase year-on-year.

Business Segments

The Company categorizes its operations for management purposes 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.

	<p><u>Content Production and Distribution</u></p> <ul style="list-style-type: none"> - Entertainment - News - International - Film & Music - Cable Networks - Digital - Live Events - Themeparks (<i>Ceased in 2020</i>) - Home Shopping (<i>Ceased in 2020</i>) - Licensing & Merchandising (<i>Ceased in 2020</i>)
	<p><u>Sky Cable</u></p> <ul style="list-style-type: none"> - 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)	(₱13,541)
Cable & Broadband	8,483	9,604	(135)	14

C. Content Production and Distribution

Despite the non-renewal of the Company's franchise, ABS-CBN remained committed to producing meaningful and quality content to continue serving the Filipino worldwide. The Company continued to look for ways to reach as many Filipinos as possible. On June 13, 2020, the Company launched its Kapamilya Channel on cable TV and its digital streaming channel "Kapamilya Online Live" on August 1, 2020. These platforms showcased the entertainment and news programs of ABS-CBN. On October 2020, ABS-CBN secured a content supply agreement with Zoe Broadcasting that allowed ABS-CBN's programs to air on Channel A2Z. On January 2021, some ABS-CBN shows also began airing on select time slots on TV5. These initiatives allowed ABS-CBN to increase its audience size and reach domestically. These initiatives allowed the Company to generate ₱5.1 billion in advertising revenues.

The Company widened its international reach by consolidating its owned and operated streaming platforms into "iWantTFC" while lifting geographic restrictions for entertainment and news content in certain regions worldwide. The Company also licensed over 180 titles to multiple territories in Asia, Africa, the Middle East, Europe, and various international OTT platforms generating over ₱528 million.

D. Sky Cable

With Sky Cable 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.

Capital Expenditures

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

Statement of Financial Position Accounts

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

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

The company's net debt-to-equity ratio was 1.46x and 0.88x as of December 31, 2021, and 2020, respectively.



ABS-CBN CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

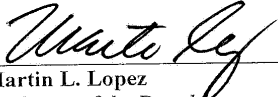
The management of **ABS-CBN Corporation and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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


Martin L. Lopez
Chairman of the Board

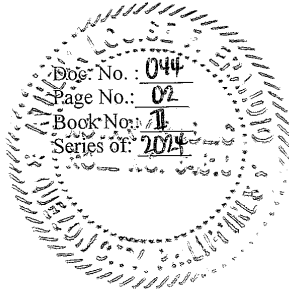

Carlo L. Katigbak
President and Chief Executive Officer



Ricardo B. Tan, Jr.
Group Chief Financial Officer

Signed this APR 15 2024 day of April, 2024

SUBSCRIBED AND SWORN to me before this APR 15 2024, 2024. Affiants exhibiting to me their Passports, as follows:

<u>NAMES</u>	<u>PASSPORT NO.</u>	<u>DATE OF EXPIRY</u>	<u>PLACE OF ISSUE</u>
Martin L. Lopez	P9450479A	11/6/2028	DFA, Manila
Carlo L. Katigbak	P5367822B	7/27/2030	DFA, Manila
Ricardo B. Tan, Jr.	P7898714B	10/17/2031	DFA, Manila




ATHENA LOUISE E. BRANDIO
Commission No. 278
Notary Public for Quezon City
Until December 31, 2024
4/F, ELJ Communications Center
Eugenio Lopez Drive, Quezon City
Roll No. 64810
PTR No. 5567485D/01.10.2024/Quezon City
IBP No. 402277/01.05.2024/Quezon City
MCLE Compliance No. VII-0010151/Valid until April 14, 2025

COVER SHEET

SEC Registration Number

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COMPANY NAME

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

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

A	B	S	-	C	B	N		B	r	o	a	d	c	a	s	t		C	e	n	t	e	r	,		S	g	t	.
E	s	g	u	e	r	R	a		A	v	e	n	u	e		c	o	r	n	e	r		M	o	t	h	e	r	
I	g	n	a	c	i	A		S	t	.	,		Q	u	e	z	o	n		C	i	t	y						

Form Type

1	7	-	Q
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

IR@abs-cbn.com

Company's Telephone Number

(632) 3415 - 2272

Mobile Number

—

No. of Stockholders

5,182

Annual Meeting (Month / Day)

June 25

Fiscal Year (Month / Day)

September 30

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Ricardo B. Tan Jr.

Email Address

Rick_Tan@abs-cbn.com

Telephone Number/s

(632) 3415-2272

Mobile Number

—

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.

**SECURITIES AND EXCHANGE
COMMISSION SEC FORM 17-Q**
QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **September 30, 2024**
2. SEC Identification Number: **1803** 3. BIR Tax Identification No.: **000-406-761-000**
4. Exact name of issuer as specified in its charter: **ABS-CBN CORPORATION AND SUBSIDIARIES**
5. **Philippines** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **ABS-CBN Broadcast Center, Sgt. Esguerra Avenue corner Mother Ignacia St., Quezon City 1100**
Address of principal office
8. **(632) 924-4101 to 22 / (632) 415-2272**
Issuer's telephone number, including area code
9. **Not applicable**
Former name, former address, and former fiscal year, if changed since last report.

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

<u>Title of Each Class</u>	<u>Number of Shares of Stock Issued</u>
Common Stock, P1.00 par value	899,848,111 shares
Preferred Stock, P0.20 par value	1,000,000,000 shares
Short-term & Long-term debt (current & non-current)	<u>P16.3 billion</u>

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

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange Common Stock

12. Check whether the issuer:

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

Yes [☒] No [☐]

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

Yes [☒] No [☐]



ABS-CBN CORPORATION 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 AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of ABS-CBN Corporation and its Subsidiaries' ("ABS-CBN" or the "Company") financial performance for the nine months ended September 30, 2024, and 2023.

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

The table below summarizes the operations results for the nine months that ended on September 30, 2024.

(Amounts in million Pesos)		9 Months 2024	9 Months 2023	Fav (Unfav)	
				Amount	%
a1	Content Production & Distribution	7,996	8,064	(68)	-1%
a2	Cable TV & Broadband	4,122	5,456	(1,334)	-24%
A	Consolidated Revenues	12,118	13,520	(1,402)	-10%
b1	Content Production & Distribution	10,255	10,402	148	1%
b2	Cable TV & Broadband	4,933	5,730	797	14%
B	Costs and Expenses	15,188	16,133	945	6%
c1	Content Production & Distribution	(2,259)	(2,338)	80	3%
c2	Cable TV & Broadband	(811)	(274)	(537)	-196%
C	Operating Income (loss)	(3,070)	(2,613)	(457)	-17%
d1	Content Production & Distribution	90	(622)	711	114%
d2	Cable TV & Broadband	393	(96)	490	508%
D	Other Income (Expenses)	483	(718)	1,201	167%
g1	Content Production & Distribution	(2,169)	(2,960)	791	27%
g2	Cable TV & Broadband	(418)	(371)	(47)	-13%
G	Net Income (Loss)	(2,587)	(3,331)	744	22%
h1	Content Production & Distribution	(572)	(1,023)	452	44%
h2	Cable TV & Broadband	1,120	1,223	(103)	-8%
H	EBITDA	548	200	349	175%

Consolidated Revenues

(Amounts in million Pesos)	9 Months 2024	9 Months 2023	Fav (Unfav)	
			Amount	%
Content Production & Distribution	7,996	8,064	(68)	-1%
Cable TV & Broadband	4,122	5,456	(1,334)	-24%
Consolidated Revenues	12,118	13,520	(1,402)	-10%

Content Production & Distribution:

Total Revenue for the nine months ending September 30, 2024, was ₱8 billion, almost flat compared to the same period last year.

Cable TV & broadband:

Revenue for the nine months ending September 30, 2024, was ₱4.1 billion, ₱1.3 billion lower or 24% compared to 2023, mainly due to the decline in subscribers.

Consolidated Revenues:

For the nine months ended September 30, 2024, total consolidated revenues were ₱12.1 billion, ₱1.4 billion lower or 10% lower than the previous year's ₱13.5 billion, primarily due to the decline in the Cable TV & broadband revenues.

Consolidated Operating Costs and Expenses

(Amounts in million Pesos)		9 Months 2024	9 Months 2023	Fav (Unfav)	
				Amount	%
b1	Content Production & Distribution	10,255	10,402	148	1%
b2	Cable TV & Broadband	4,933	5,730	797	14%
B	Costs and Expenses	15,188	16,133	945	6%

Consolidated operating costs and expenses amounted to ₱15.2 billion, a reduction of ₱945 million or 6% year-on-year. The ₱148 million decrease in costs under Content Production & Distribution came primarily from a reduction in production costs, while ₱797 million for Cable TV & Broadband was due to a cut in facilities-related expenses.

Net Loss

NET LOSS	9 Months 2024	9 Months 2023	Fav (Unfav)	
			Amount	%
Content Production & Distribution	(2,169)	(2,960)	791	27%
Cable & Broadband	(418)	(371)	(47)	-13%
Consolidated Net Income (loss)	(2,587)	(3,331)	744	22%

Content Production & Distribution:

There was a ₱791 million, or 27% improvement for the nine months ended September 30, 2024. From a net loss of (₱2.96) billion in the nine months of 2023, the net loss for the comparable period this year was (₱2.17) billion.

Cable TV & broadband:

Net loss for the nine months ended September 30, 2024, was (₱418) million, higher by ₱47 million or 13% compared to 2023.

Consolidated Net Loss:

Consolidated Net loss for the first nine months amounted to (₱2.6) billion, an improvement of ₱744 million or 22% versus the comparable period last year (₱3.3) billion.

EBITDA

EBITDA	9 Months 2024	9 Months 2023	Fav (Unfav)	
			Amount	%
Content Production & Distribution	(572)	(1,023)	452	44%
Cable & Broadband	1,120	1,223	(103)	-8%
EBITDA	548	200	349	175%

Content Production & Distribution:

EBITDA for the nine months ended September 30, 2024, was (₱572) million, an improvement of ₱452 million or 44% compared to 2023.

Cable TV & broadband:

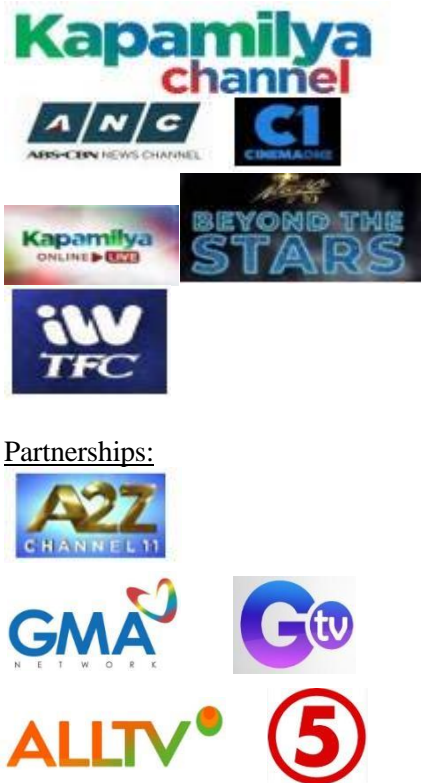

EBITDA for the nine months ended September 30, 2024, was ₱1.1 billion, a decline of ₱103 million or 8% compared to 2023.

Consolidated EBITDA:

Consolidated EBITDA amounted to ₱548 million, an improvement of ₱349 million or 175% compared to the first nine months of 2023.

Business Segments

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

 <p><u>Partnerships:</u></p>	<p><u>Content Production and Distribution</u></p> <ul style="list-style-type: none"> - Entertainment - News - International - Feature Films - Music - Licensing and Syndication - Cable Networks - Digital - Live Events - Talent Management
	<p><u>Sky Cable</u></p> <ul style="list-style-type: none"> - Cable TV - Broadband

The following analysis presents the results of the operation of the Company's business segments for the nine months ending September 30, 2024:

Segment	Revenue		Net Income (Loss)	
	9 months 2024	9 months 2023	9 months 2024	9 months 2023
Content Production and Distribution	₱7,996	₱8,064	₱ (2,169)	₱ (2,960)
Cable & Broadband	₱4,122	₱5,456	₱ (418)	₱ (371)

A. Content Production and Distribution

The segment's net income improved by 27% from the previous year.

Despite the non-renewal of ABS-CBN Corporation's franchise, it continued to explore and pursue other business relationships with local and foreign entities to ensure maximum exposure and monetization of its content assets.

To continue serving the Filipino and our audiences worldwide, the Parent Company launched its Kapamilya Channel on cable TV and its digital streaming channel "Kapamilya Online Live" on August 1, 2020. It also partnered with domestic broadcasting companies for broader reach. On October 6, 2020, the Parent

Company secured a content supply agreement with Zoe Broadcasting, allowing ABS-CBN's programs to be shown on channel A2Z. On January 4, 2021, several ABS-CBN shows began airing on select time slots on TV5. On July 1, 2023, "It's Showtime" started airing on GMA Network's second free-to-air channel, GTV, and starting April 6, 2024, it simultaneously aired on GMA Network's main free-to-air channel, GMA 7.

The Group also began ramping up content sales, co-productions, and licensing its content and library to domestic and international clients.

In addition, the Group widened its international reach by merging its owned domestic and global OTT platforms into "iWantTFC." It continues to utilize various 3rd party platforms like YouTube, Facebook, TikTok, X (formerly Twitter), and Instagram to maximize its reach and generate advertising.

The company's Film and Digital divisions delivered marked improvements in their businesses driven by an increase in box office performance and enhancements in subscription and advertising revenues on its digital properties.

Its Music and Talent divisions continue to deliver revenue growth and performance improvements. The continued opening up of economies has generated growth in its experiences and events businesses, both in the domestic and international markets.

These initiatives diversified the Company's revenue streams, generating ₱8 billion in Content Production and Distribution revenues for the nine (9) months ended September 30, 2024.

B. Cable & Broadband

Following the expiration of its franchise, Sky Cable could not continue providing direct-to-home (DTH) service beginning in August 2020. Therefore, the Company continued to focus on growing its broadband subscriber base. Sky Cable's revenues amounted to ₱4.1 billion.

Capital Expenditures

Capital expenditures and program rights acquisitions amounted to ₱ 1.2 billion as of September 30, 2024.

Statement of Financial Position Accounts

As of September 30, 2024, total consolidated assets stood at ₱51.2 billion, 3.5% lower than the total assets of ₱53.1 billion as of December 31, 2023.

Shareholders' equity is at ₱6.1 billion, ₱3.1 billion, or 34% lower than December 31, 2023.

The Company's net debt-to-equity ratio was 2.47x as of September 30, 2024, compared to 1.71x as of December 31, 2023.

EXHIBIT 1 – Aging of Accounts Receivable**As of September 30, 2024 (Unaudited)**

September 30, 2024						
	Neither Past Due nor Impaired	Past Due but not Less than 30 days	Impaired 30 Days and Over	Impaired	Allowance	Total
Trade receivables:						
Airtime	₱1,885,681	₱337,600	₱272,840	₱329,630	(₱329,630)	₱2,496,121
Subscriptions	240,300	126,329	429,940	2,006,445	(2,006,445)	796,569
Others	681,024	151,111	362,708	125,080	(125,080)	1,194,843
Nontrade receivables*	376,538	189,275	218,032	507,565	(507,565)	783,845
Due from related parties	-	-	45,296	67,375	(67,375)	45,296
	₱3,183,543	₱804,315	₱1,328,816	₱3,036,095	(₱3,036,095)	₱5,316,674

*Excluding advances to employees and talents

As of December 31, 2023 (Audited)

December 31, 2023						
	Neither Past Due nor Impaired	Past Due but not Less than 30 days	Impaired 30 Days and Over	Impaired	Allowance	Total
Trade receivables:						
Airtime	₱1,947,921	₱190,780	₱516,425	₱337,466	(₱337,466)	₱2,655,126
Subscriptions	384,003	120,043	283,449	1,800,226	(1,800,226)	787,495
Others	470,198	4,489	262,135	104,369	(104,369)	736,822
Nontrade receivables*	488,888	106,014	217,446	582,624	(582,624)	812,348
Due from related parties	10,948	-	154,514	-	-	165,462
	₱3,301,958	₱421,326	₱1,433,969	₱2,824,685	(₱2,824,685)	₱5,157,253

*Excluding advances to employees and talents

ABS–CBN Corporation and Subsidiaries

Unaudited Interim Condensed Consolidated Financial
Statements September 30, 2024
and for the Nine Months Ended September 30, 2024 and 2023
(With Comparative Audited Consolidated Statements of
Financial Position as at December 31, 2023)

ABS-CBN CORPORATION AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION

(Unaudited)

(Amounts in Thousands)

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	P1,156,141	P1,403,528
Short-term investments (Note 6)	10,713	10,701
Trade and other receivables (Notes 7 and 24)	5,527,637	6,143,849
Inventories (Note 8)	91,100	189,409
Program rights and other intangible assets (Note 13)	447,435	481,182
Other current assets (Notes 9 and 16)	6,001,149	4,528,250
	13,234,175	12,756,919
Noncurrent assets held for sale (Note 32)	443,305	513,621
Total Current Assets	13,677,480	13,270,540
Noncurrent Assets		
Property and equipment:		
At cost (Note 10)	16,895,189	18,681,512
At revalued amounts (Note 11)	13,825,190	14,574,775
Goodwill, program rights and other intangible assets - net of current portion (Note 13)	2,079,644	2,225,406
Financial assets at fair value through other comprehensive income (FVOCI) (Note 14)	70,199	67,333
Investment properties (Notes 12 and 19)	988	1,099
Investments in associates and joint ventures (Note 15)	116,677	120,521
Deferred tax assets (Note 30)	2,103,761	1,662,643
Other noncurrent assets (Note 17)	2,480,606	2,499,208
Total Noncurrent Assets	37,572,254	39,832,497
TOTAL ASSETS	P51,249,734	P53,103,037
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 4, 18, 24 and 31)	P13,553,772	P12,202,114
Contract liabilities (Note 9)	2,840,974	2,783,420
Income tax payable	70,073	109,662
Obligations for program rights (Note 20)	43,186	73,647
Current lease liabilities (Note 33)	210,838	210,609
Interest-bearing loans and borrowings (Notes 10 and 19)	16,315,115	17,189,790
Total Current Liabilities	33,033,958	32,569,242
Noncurrent Liabilities		
Accrued pension obligation and other employee benefits (Note 31)	6,866,516	6,390,927
Deferred tax liabilities (Note 30)	4,316,540	4,165,327
Noncurrent lease liabilities (Note 33)	291,360	312,609
Convertible notes (Note 21)	214,146	202,532
Other noncurrent liabilities (Note 22)	400,766	230,754
Total Noncurrent Liabilities	12,089,328	11,302,149
Total Liabilities	P45,123,286	P43,871,391

Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 23):		
Common	P899,848	P899,848
Preferred	200,000	200,000
Additional paid-in capital	4,428,759	4,428,759
Treasury shares and Philippine depository receipts convertible to common shares (Note 23)	(544,168)	(544,168)
Exchange differences on translation of foreign operations	1,106,165	1,202,087
Fair value reserves on financial assets at FVOCI (Note 14)	144,399	98,344
Shared-based payment plan	(15)	(15)
Revaluation increment - net (Note 11)	9,712,898	10,180,940
Retained earnings (Note 23)	(5,299,063)	(2,891,939)
Equity attributable to equity holders of the Parent Company	10,648,823	13,573,856
Noncontrolling Interests (Note 4)	(4,522,375)	(4,342,210)
Total Equity	6,126,448	9,231,646
TOTAL LIABILITIES AND EQUITY	P51,249,734	P53,103,037

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)

	For the Quarter Ended September 30 (Unaudited)		Nine Months Ended September 30 (Unaudited)	
	2024	2023	2024	2023
REVENUES (Notes 5, 24 and 25)	₱4,331,820	₱4,725,033	₱12,118,907	₱13,520,067
CONTENT PRODUCTION AND DISTRIBUTION	3,087,149	2,983,894	7,996,650	8,064,024
CABLE TELEVISION AND BROADBAND	1,244,671	1,741,139	4,122,257	5,456,043
PRODUCTION COSTS (Notes 10, 13, 24, 26, 31 and 33)	(1,633,248)	(1,955,628)	(5,006,673)	(5,481,944)
COST OF SERVICES (Notes 8, 10, 13, 24, 27, 31 and 33)	(1,585,274)	(1,833,135)	(4,979,965)	(5,402,457)
CONTENT PRODUCTION AND DISTRIBUTION	(354,953)	(460,626)	(984,723)	(969,581)
CABLE TELEVISION AND BROADBAND	(1,230,321)	(1,372,509)	(3,995,242)	(4,432,876)
COST OF SALES (Notes 8 and 27)	(12,414)	(25,325)	(78,420)	(60,128)
GROSS PROFIT	1,100,884	910,945	2,053,849	2,575,538
GENERAL AND ADMINISTRATIVE EXPENSES (Notes 7, 8, 10, 12, 13, 23, 24, 28, 31 and 32)	(1,742,695)	(1,706,089)	(5,123,302)	(5,188,279)
CONTENT PRODUCTION AND DISTRIBUTION	(1,488,082)	(1,290,430)	(4,184,950)	(3,889,953)
CABLE TELEVISION AND BROADBAND	(254,613)	(415,659)	(938,352)	(1,298,326)
OPERATING LOSS	(641,811)	(795,144)	(3,069,453)	(2,612,741)
CONTENT PRODUCTION AND DISTRIBUTION	(401,547)	(748,115)	(2,258,116)	(2,337,582)
CABLE TELEVISION AND BROADBAND	(240,264)	(47,029)	(811,337)	(275,159)
FINANCE COSTS (Notes 19, 21 and 29)	(275,549)	(240,854)	(818,404)	(859,445)
INTEREST INCOME (Note 6)	4,730	12,612	4,874	18,952
FOREIGN EXCHANGE GAINS (LOSSES) - net	126,526	(28,168)	37,795	(39,142)
EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES AND JOINT VENTURES (Note 15)	(194)	(10,341)	(3,844)	(10,523)
OTHER INCOME - NET (Notes 29 and 33)	390,713	68,567	1,322,201	277,226
LOSS BEFORE INCOME TAX	(395,585)	(993,328)	(2,526,831)	(3,225,673)

	For the Quarter Ended September 30 (Unaudited)		Nine Months Ended September 30 (Unaudited)	
	2024	2023	2024	2023
PROVISION FOR (BENEFIT FROM) INCOME TAX				
(Note 30)				
Current	93,258	132,644	189,470	237,857
Deferred	(29,196)	(23,665)	(129,012)	(132,520)
	64,062	108,979	60,458	105,337
NET LOSS	(459,647)	(1,102,307)	(2,587,289)	(3,331,010)
CONTENT PRODUCTION AND DISTRIBUTION	(290,064)	(961,398)	(2,169,225)	(2,960,279)
CABLE TELEVISION AND BROADBAND	(169,583)	(140,907)	(418,064)	(370,729)
Attributable to				
Equity holders of the Parent Company (Note 36)	(389,868)	(1,020,985)	(2,407,124)	(3,148,083)
Noncontrolling interests	(69,779)	(81,322)	(180,165)	(182,927)
	(459,647)	(1,102,307)	(2,587,289)	(3,331,010)
Basic/Diluted Earnings per Share Attributable				
to Equity Holders of the Parent Company (Note 36)	(P0.438)	(P1.139)	(P2.679)	(P3.503)

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)

	For the Quarter Ended September 30 (Unaudited)		Nine Months Ended September 30 (Unaudited)	
	2024	2023	2024	2023
NET LOSS	(P459,647)	(P1,102,307)	(P2,587,289)	(P3,331,010)
OTHER COMPREHENSIVE LOSS				
Other comprehensive loss not to be reclassified to profit and loss in subsequent periods:				
Revaluation increment	(224,254)	-	(468,042)	-
Fair value adjustments on financial assets at FVOCI - net of tax (Note 14)	26,229	-	46,055	4,538
	(250,483)		(421,987)	
Other comprehensive income to be reclassified to profit and loss in subsequent periods:				
Exchange differences on translation of foreign operations	(76,896)	93,281	(95,922)	210,093
	(76,896)	93,281	(95,922)	210,093
OTHER COMPREHENSIVE INCOME	(327,379)	93,281	(517,909)	214,631
TOTAL COMPREHENSIVE LOSS	(P787,026)	(P1,009,026)	(P 3,105,198)	(P3,116,379)
Attributable to:				
Equity holders of the Parent Company	(P717,247)	(P927,704)	(P2,925,033)	(P2,933,452)
Noncontrolling interests	(69,779)	(81,322)	(180,165)	(182,927)
	(P787,026)	(P1,009,026)	(P3,105,198)	(P3,116,379)

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABS-CBN CORPORATION AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(Unaudited)

(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company												
	Capital Stock (Note 23)		Additional Paid-in Capital	Treasury Shares and Philippine Depository Receipts Convertible to Common Shares (Note 23)	Exchange Differences in Translation of Foreign Operations	Fair Value Reserves on Financial Assets At FVOCI (Note 14)	Revaluation increment - Net (Note 11)	Remeasurement Gain (Loss) on Defined Benefit Plan - Net (Note 31)	Share-based Payment Plan	Retained Earnings (Note 23)	Noncontrolling Interests (Note 4)	Total	Total Equity
	Common	Preferred											
At December 31, 2023 (Audited)	P899,848	P200,000	P4,428,759	(P544,168)	P1,202,087	P98,344	P10,180,940	P-	(P15)	(P2,891,939)	P13,573,856	(P4,342,210)	P9,231,646
Net loss	-	-	-	-	-	-	-	-	-	(2,419,298)	(2,419,298)	(167,991)	(2,587,289)
Other comprehensive income	-	-	-	-	(95,922)	46,055	(468,042)	-	-	-	(517,909)	-	(517,909)
Total comprehensive income (loss)	-	-	-	-	(95,922)	46,055	(468,042)	-	-	(2,419,298)	(2,937,207)	(167,991)	(3,105,198)
Remeasurement gain on defined benefit plan transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payment (Note 23)	-	-	-	-	-	-	-	-	-	-	-	-	-
At September 30, 2024 (Unaudited)	P899,848	P200,000	P4,428,759	(P544,168)	P1,106,165	P144,399	P9,712,898	P-	(P15)	(P5,311,237)	P10,636,649	(P4,510,201)	P6,126,447

	Capital Stock (Note 23)		Treasury Shares and Philippine Depository Receipts	Exchange Differences in Translation of Foreign Operations	Fair Value Reserves on Financial Assets At FVOCI (Note 14)	Revaluation increment - Net (Note 11)	Remeasureme nt Gain (Loss) on Defined Benefit Plan - Net (Note 31)	Share-based Payment Plan	Retained Earnings (Note 23)	Noncontrolling Interests (Note 4)	Total	Total Equity	
	Common	Preferred											
	Additional Paid-in Capital	Convertible to Common Shares (Note 23)											
At December 31, 2022 (Audited)	P899,807	P200,000	P4,428,800	(P544,168)	P854,231	P75,368	P–	P–	(P264)	P6,855,255	P12,769,029	(P1,346,625)	P11,422,404
Net loss	–	–	–	–	–	–	–	–	–	(9,759,905)	(9,759,905)	(3,074,733)	(12,834,638)
Other comprehensive income	–	–	–	–	347,856	22,976	10,180,940	12,711	–	–	10,564,483	79,148	10,643,631
Total comprehensive income (loss)	–	–	–	–	347,856	22,976	10,180,940	12,711	–	(9,759,905)	804,578	(2,995,585)	(2,191,007)
Remeasurement gain on defined benefit plan transferred to retained earnings	–	–	–	–	–	–	–	(12,711)	–	12,711	–	–	–
Share-based payment	–	–	–	–	–	–	–	–	249	–	249	–	249
Others (Note 22)	41	–	(41)	–	–	–	–	–	–	–	–	–	–
At September 30, 2023 (Unaudited)	P899,848	P200,000	P4,428,759	(P544,168)	P1,202,087	P98,344	P10,180,940	P-	(P15)	(P2,891,939)	P13,573,856	(P4,342,210)	P9,231,646

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)

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(₱2,526,831)	(₱3,225,673)
Adjustments to reconcile income before tax to net cash flows:		
Depreciation and amortization (Notes 10, 12, 26, 27 and 28)	1,867,338	2,074,824
Amortization of:		
Program rights and other intangibles (Note 13, 26, 27 and 28)	545,515	506,194
Debt issue costs (Note 29)	13	5,533
Interest expense (Note 29)	796,899	851,412
Movements in accrued pension obligation and other employee benefits (Note 31)	475,589	374,937
Gain on sale of noncurrent assets held for sale (Notes 24, 29 and 32)	(414,685)	(58,822)
Gain on sale of property and equipment (Notes 11 and 29)	(678,597)	(39,582)
Interest income (Notes 6)	(4,874)	(18,952)
Net unrealized foreign exchange (gain) loss	(34,873)	8,046
Equity in net (gains) losses of associates and joint ventures (Note 15)	3,844	10,523
Working capital changes:		
Decrease (increase) in:		
Trade and other receivables	999,857	(506,220)
Other current assets	(1,540,776)	(626,666)
Inventories	98,309	47,556
Increase (decrease) in:		
Trade and other payables	2,655,442	1,097,539
Contract liabilities	57,554	1,114,955
Obligations for program rights	(31,324)	63,149
Other noncurrent liabilities	170,012	(241,312)
Cash generated from (used in) operations	2,438,413	1,437,441
Income taxes paid	(229,059)	(188,257)
Net cash provided by (used in) operating activities	2,209,354	1,249,184
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property and equipment (Note 10)	(775,529)	(1,079,417)
Goodwill, program rights and other intangible assets (Notes 13)	(362,129)	(343,527)
Decrease (increase) in other noncurrent assets	(321,954)	432,394
Proceeds from sale of noncurrent assets held for sale (Note 32)	485,003	60,727
Proceeds from sale of property and equipment (Note 10)	(275,671)	685,398
Decrease in short-term investments	(12)	354
Interest received	31,329	21,253
Additional investments in joint venture (Note 14)	-	(19,600)
Net cash used in investing activities	(667,621)	(242,419)

(Forward)

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Long-term debt (Note 19 and 37)	(P879,208)	(P341,163)
Interest (Note 37)	(874,265)	(847,242)
Lease liabilities (Note 35)	(33,643)	(71,448)
Additions to (decrease in) restricted cash	-	146,859
Net cash used in financing activities (Note 37)	(1,787,116)	(1,112,994)
EFFECTS OF EXCHANGE RATE CHANGES AND TRANSLATION		
ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(2,004)	787
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(247,387)	(105,442)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,403,528	1,936,852
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	P1,156,141	P1,831,410

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

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. On July 27, 1994, the Philippine Securities and Exchange Commission (“SEC”) approved the extension of the corporate term of the Parent Company for another 50 years. The Parent Company’s core business is television and radio broadcasting. Its subsidiaries and associates are involved in the following related businesses: cable and television distribution and movie production, audio recording and distribution, video/audio post-production and film distribution. Other activities of the subsidiaries include merchandising and internet services. 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”).

ABS-CBN and Subsidiaries (collectively referred to as “the Group”) incurred net losses of ₱12.8 billion, ₱2.6 billion and ₱5.7 billion for the years ended December 31, 2023, 2022 and 2021, respectively. The Group’s current liabilities exceeded its current assets by ₱19.3 billion and ₱2.7 billion as of December 31, 2023 and 2022, respectively. Moreover, the Parent Company is required to maintain certain financial ratios and the effectivity of the standstill provision in the Parent Company’s Omnibus Intercreditor and Security Agreement with its lenders has been extended until December 31, 2023 (the “Long Stop date”). With this, the Parent Company’s interest-bearing loans have been classified as current (see Note 19). Despite the current classification of the interest-bearing loans, the Parent Company continues to service its loan obligations with its creditor banks according to the original maturity schedule. The Parent Company is in discussions with its lenders to address the effect of the expiry of the standstill, including, but not limited to, the waiver of financial ratios for 2024 and the long-stop date, and possible options for the early settlement of the loan through sale of certain assets. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

The Group continues to explore and pursue other business relationships with local and foreign entities to ensure the maximum exposure and monetization of its content assets. To continue to be of service to “The Filipino People”, the Parent Company launched its Kapamilya Channel on cable TV, and subsequently, its digital streaming channel “Kapamilya Online Live” on August 2020. The Parent Company also partnered with broadcasting companies for a wider reach by providing content. On October 2020, the Parent Company secured a content supply agreement with Zoe Broadcasting that allowed ABS-CBN’s programs to be shown on Channel A2Z. In January 2021, some ABS-CBN shows also began airing on select time slots on TV5, and on July 2023, “It’s Showtime” started airing on GMA Network’s second free-to-air channel, GTV. These initiatives generated revenue amounting to ₱6.7 billion in advertising revenue in 2023.

In addition, the Group also began ramping up content sales and licensing of its contents to both domestic and international clients - a roster that includes TV5, GMA Network, Amazon, Netflix, and Viu.

Management assessed that the Group 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 consolidated financial statements of the Group have been prepared on a historical cost basis, except for investments in equity shares and club shares which have been measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional and presentation currency. All values are rounded to the nearest thousands, except for number of shares, per share amounts and when otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group 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 2023, but do not have an impact on the consolidated financial statements of the Group, unless otherwise indicated. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

▪ 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.

- 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 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 12, *International Tax Reform - Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

The Group adopted and applied the exceptions introduced by PAS 12. Current income tax expense related to Pillar Two income taxes amounted to nil in 2023.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the Group operates. As at September 30, 2024, the Group is in the process of gathering information and assessing the potential exposure arising from the Pillar Two legislation.

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 September 30, 2024 and December 31, 2023:

Company	Place of Incorporation	Principal Activities	Functional Currency	Effective Interest
Content Production and Distribution				
<i>Global:</i>				
ABS-CBN Global Ltd. (ABS-CBN Global) ^{(a) (j)}	Cayman Islands	Holding company	United States dollar (USD)	100.0
ABS-CBN Europe Ltd. (ABS-CBN Europe) ^{(b)(c) (j) (dd)}	United Kingdom	Cable and satellite programming services	Great Britain pound (GBP)	100.0
ABS-CBN Japan, Inc. (ABS-CBN Japan) ^{(d) (j)}	Japan	Cable and satellite programming services	Japanese yen (JPY)	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
ABS-CBN Global Hungary Kft. (ABS-CBN Hungary) ^(j)	Budapest, Hungary	Holding company	USD	100.0
Makati Kft. ^(j)	Budapest, Hungary	Holding company	USD	100.0
ABS-CBN International, Inc. (ABS-CBN International) ^{(j) (n)}	California, USA	Cable and satellite programming services	USD	100.0
ABS-CBN Australia Pty. Ltd. (ABS-CBN Australia) ^{(j) (k)}	Victoria, Australia	Cable and satellite programming services	Australian dollar (AUD)	100.0
ABS-CBN Canada, ULC (ABS-CBN Canada) ^{(j) (k)}	Canada	Cable and satellite programming services	Canadian dollar (CAD)	100.0
ABS-CBN Telecom North America, Inc. ^{(j) (k)}	California, USA	Telecommunications	USD	100.0
<i>Films and Music:</i>				
ABS-CBN Film Productions, Inc. (ABS-CBN Films)	Philippines	Movie production	Philippine peso	100.0
Cinescreen, Inc. (Cinescreen) ^(f)	Philippines	Theater operator	Philippine peso	100.0
<i>Narrowcast</i>				
Creative Programs, Inc. (CPI) ^(v)	Philippines	Content development, publishing and programming services	Philippine peso	100.0
<i>Others:</i>				
ABS-CBN Europe Remittance Inc. ^{(d) (j) (y) (cc)}	United Kingdom	Services - money remittance	GBP	100.0
E-Money Plus, Inc. ^(b)	Philippines	Services - money remittance	Philippine peso	100.0
ABS-CBN Global Remittance Inc. ^{(j) (k) (y)}	California, USA	Services - money remittance	USD	100.0
ABS-CBN Canada Remittance Inc. ^{(j) (n) (y)}	Canada	Services - money remittance	CAD	100.0
ABS-CBN Center for Communication Arts, Inc. ^(e)	Philippines	Educational/training	Philippine peso	100.0
ABS-CBN Global Cargo Corporation ^(t)	Philippines	Non-vessel operations common carrier	Philippine peso	100.0
ABS-CBN Integrated and Strategic Property Holdings, Inc.	Philippines	Real estate	Philippine peso	100.0
ABS-CBN Shared Service Center PTE. Ltd. ^{(j) (m)}	Singapore	Services - support	Singapore dollar (SGD)	100.0
Professional Services for Television & Radio, Inc.	Philippines	Services - production	Philippine peso	100.0
Grassfed Corporation	Philippines	Services - livestock	Philippine peso	100.0
Probabilistic Insights, Inc. ^(aa)	Philippines	Services - support	Philippine peso	100.0
Rosetta Holdings Corporation (RHC)	Philippines	Holding company	Philippine peso	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
The Big Dipper Digital Content & Design, Inc. (Big Dipper)	Philippines	Digital film archiving and central library, content licensing and transmission	Philippine peso	100.0
The Chosen Bun, Inc. (Chosen Bun) ^(z)	Philippines	Services - restaurant and food	Philippine peso	100.0
TV Food Chefs, Inc. ^(bb)	Philippines	Services - restaurant and food	Philippine peso	100.0
iConnect Convergence, Inc.	Philippines	Service - call center	Philippine peso	100.0
ABS-CBN Studios, Inc.	Philippines	Production facility	Philippine peso	100.0
Medianow Strategies, Inc. (Medianow) ^(x)	Philippines	Marketing, sales and advertising	Philippine peso	79.7
Sapientis Holdings Corporation (Sapientis)	Philippines	Holding company	Philippine peso	100.0
Columbus Technologies, Inc. (CTI) ^(q)	Philippines	Holding company	Philippine peso	70.0

(Forward)

Company	Place of Incorporation	Principal Activities	Functional Currency	Effective Interest
ABS-CBN Convergence, Inc. (ABS-C) ^(q)	Philippines	Telecommunication	Philippine peso	69.3
ABS-CBN Theme Parks and Resorts Holdings, Inc. (ABS-CBN Theme Parks)	Philippines	Holding company	Philippine peso	100.0
ABS-CBN Themed Experiences, Inc. (ABS-CBN Themed Experiences) ^{(u)(bb)}	Philippines	Management of locations	Philippine peso	100.0
Play Innovations, Inc. (PII) ^{(g)(bb)}	Philippines	Theme park	Philippine peso	73.0
Play Innovations Hungary Kft. (Play Innovations) ^{(j)(g)}	Budapest, Hungary	Theme park	USD	73.0
Cable and Broadband				
Sky Vision Corporation (Sky Vision) ^(w) (see Note 4)	Philippines	Holding Company	Philippine peso	75.0
Sky Cable Corporation (Sky Cable) ^(w) (see Note 4)	Philippines	Cable television services	Philippine peso	59.4
Bisaya Cable Television Network, Inc. ^{(h)(i)(w)}	Philippines	Cable television services	Philippine peso	59.4
Bright Moon Cable Networks, Inc. ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Cavite Cable Corporation ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Cepsil Consultancy and Management Corporation ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Davao Cableworld Network, Inc. ^{(h)(o)(w)}	Philippines	Cable television services	Philippine peso	59.4
HM Cable Networks, Inc. ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
HM CATV, Inc. ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Hotel Interactive Systems, Inc. ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Isla Cable TV, Inc. ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Moonsat Cable Television, Inc. ^{(h)(o)(w)}	Philippines	Cable television services	Philippine peso	59.4
Pilipino Cable Corporation (PCC) ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Satellite Cable TV, Inc. ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Sun Cable Holdings, Incorporated (SCHI) ^{(h)(w)}	Philippines	Holding company	Philippine peso	59.4
Sun Cable Systems Davao, Inc. ^{(h)(i)(w)}	Philippines	Cable television services	Philippine peso	59.4
Sunvision Cable, Inc. ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Tarlac Cable Television Network, Inc. ^{(h)(w)}	Philippines	Cable television services	Philippine peso	59.4
Telemondial Holdings, Inc. ^{(h)(i)(w)}	Philippines	Holding company	Philippine peso	59.4
JMY Advantage Corporation ^{(h)(w)}	Philippines	Cable television services	Philippine peso	56.4
Cebu Cable Television, Inc. ^{(h)(o)(p)(w)}	Philippines	Cable television services	Philippine peso	57.4
Suburban Cable Network, Inc. ^{(h)(w)}	Philippines	Cable television services	Philippine peso	54.9
Pacific CATV, Inc. (Pacific) ^{(h)(o)(w)}	Philippines	Cable television services	Philippine peso	58.0
First Ilocandia CATV, Inc. ^{(h)(o)(w)}	Philippines	Cable television services	Philippine peso	54.9
Mactan CATV Network, Inc. ^{(h)(o)(p)(w)}	Philippines	Cable television services	Philippine peso	56.6
Discovery Mactan Cable, Inc. ^{(h)(s)(w)}	Philippines	Cable television services	Philippine peso	41.6
Home-Lipa Cable, Inc. ^{(h)(s)(w)}	Philippines	Cable television services	Philippine peso	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 Group 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 Group decided to wind-down its food and beverage and experience operations in July 2020.
- (cc) On December 21, 2021, ABS-CBN Europe Remittance Inc closed.
- (dd) In April 2022 and July 2021, ABS-CBN Europe closed its branches in Italy and Spain, respectively.

Future Changes in Accounting Policies

The standards, amendments and interpretations that are issued, but not yet effective as at September 30, 2024 are disclosed below. The Group 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 Group's consolidated financial statements unless otherwise indicated.

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 contract

On December 15, 2021, the FSRSC 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.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

▪ Amendments to PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

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 and Sustainability 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 Group continues to assess the impact of the new and amended accounting standards and interpretations effective subsequent to September 30, 2024 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 Group's interim condensed consolidated financial statements prepared under PFRSs require management to make judgments and estimates that affect amounts reported in the interim condensed 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 interim condensed 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 Group 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 Group. Such changes are reflected in the assumptions when they occur.

Judgments

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

Going Concern Assessment

As discussed in Note 1, the Group incurred net losses of ₱12.8 billion, ₱2.6 billion and ₱5.7 billion for the years ended December 31, 2023, 2022 and 2021, respectively. The Group's current liabilities exceeded its current assets by ₱19.3 billion and ₱2.7 billion as of December 31, 2023 and 2022, respectively. The Parent Company was required to maintain certain financial ratios and the effectivity of the standstill provision in the Parent Company's Omnibus Intercreditor and Security Agreement with its lenders has been extended until December 31, 2023 (the "Long Stop date"). With this, the Parent Company's interest-bearing loans have been classified as current. Despite the current classification of the interest-bearing loans, the Parent Company continues to service its loan obligations with its creditor banks according to the original maturity schedule. The Parent Company is in discussions with its lenders to address the effect of the expiry of the standstill, including, but not limited to, the waiver of financial ratios for 2024 and the long-stop date, and possible options for the early settlement of the loan through sale of certain assets. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

To address the impact of the factors which indicate that there is a material uncertainty in the Group's ability to continue as a going concern:

1. The Group has and will continue to pursue partnerships with various reputable companies that will allow the Parent Company to share its produced content nationwide.
2. The Group 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 and reducing general and administrative expenses or overhead, rationalizing capital expenditures, and streamlining its manpower requirements.
4. The Parent Company continues to service its loan obligations with its creditor banks. The Parent Company is in discussions with its lenders to address the effect of the expiry of the standstill, including, but not limited to, the waiver of financial ratios for 2024 and the long-stop date, and possible options for the early settlement of the loan through sale of certain assets.
5. The Group 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.

Based on the plans above, Management assessed that the Group 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 Group 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 Group 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 Group'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 Group's performance.

b. Principal versus Agent Consideration. The Group enters into contracts with its customers. The Group 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 Group controls the goods and services before they are being transferred to customers. Therefore, the Group determined that it is a principal in these contracts.

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

Based on the foregoing, the Group 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 Group 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 Group 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 Group can recognize revenue outright or over the license period. The Group 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 Group 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 Group'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, EUR, JPY, CAD, GBP, AUD, AED, TWD, HKD, SGD or NZD). Thus, the accounts of foreign subsidiaries were translated to Philippine peso for purposes of consolidation to the Group's accounts.

Group as Lessee - Determination of lease term of contracts with renewal and termination options

The Group has several lease contracts that include extension and termination options. The Group 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 Group 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 Group included the renewal period as part of the lease term for leases of office spaces and warehouses with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on operations if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Group as Lessee - Estimating the Incremental Borrowing Rate

The Group 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 Group 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 Group '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 Group 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).

Operating Leases - Group as Lessor

The Group has entered into various lease agreements as lessor. The Group had determined that the risks and rewards of ownership of the underlying property were retained by the Group. Accordingly, the leases are classified as an operating lease.

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

- *Quantitative Criteria.* The borrower is generally more than 60 to 90 days past due on its contractual payments, which is consistent with the Group'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 Group 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 Group's ECL calculation.

b. *Simplified Approach for Trade and Other Receivables.* The Group 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 Group's historical observed default rates. The Group 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 Group'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 Group 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.

Provision for ECL amounted to ₱237 million and ₱268 million for the nine months ended September 30, 2024 and 2023, respectively (see Notes 7 and 28). Trade and other receivables, net of allowance for ECL, amounted to ₱5.5 billion and ₱6.1 billion as at September 30, 2024 and December 31, 2023,

respectively. Allowance for ECL amounted to P3 billion and P2.8 billion as at September 30, 2024 and December 31, 2023, respectively (see Note 7).

Estimated Useful Lives of Property and Equipment, Investment Properties and Intangible Assets

The useful life of each item of the Group'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 2023.

In 2022, there was a change in useful life of the Group's trademarks from indefinite life (for 2021 and prior years) to remaining useful life of 15 years to reflect the expected pattern of economic benefits from the assets based on management's assessment.

This is accounted for prospectively starting 2022 as a change in accounting estimate, thereby increasing the amortization expense of the Group by P74 million in 2022 and for each succeeding year until the end of its useful life.

In 2021, there was a change in useful life of the Group's studio properties from 3 years to 10-15 years to reflect the expected pattern of economic benefits from the assets based on management's assessment. This was accounted for prospectively starting 2021 as a change in accounting estimate thereby decreasing depreciation expense by P139 million in 2021 and for each succeeding year until the end of its useful life. The depreciation for these assets were recognized in 2021 when they became available for use.

The carrying values of depreciable property and equipment, investment properties and intangible assets with finite life as at September 30, 2024 and December 31, 2023 are as follows (see Notes 10, 12 and 13):

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Property and equipment	P14,652,270	P16,230,335
Program rights	907,934	1,150,627
Movie in-process and filmed entertainment	914,930	861,629
Story and publication, video rights, and record master	248,706	248,451
Cable channels	117,731	151,624
Production and distribution business - Middle East	1,987	2,310

Investment properties	988	1,099
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Revaluation of land

The Group engages accredited appraisers to determine the fair value of the land used in operations. Fair value is determined by reference to market-based evidence adjusted based on certain elements of comparison. The fair value amount would differ if the Group made different judgments and estimates or utilized a different basis for determining fair value.

Valuations by accredited appraisers are generally performed every three to five years or more frequently as deemed necessary to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

In 2023, the Group identified certain parcels of land, comprising majority of the balance of the account, have significant movements in its current carrying values and in-line with the Group's new business model, the Group obtained updated appraisals as at December 31, 2023. For parcels of land that were not appraised, the Group referred to the published comparable prices for the fair values. Total revaluation increment recognized in 2023 amounted to ₱10,369 million, net of tax.

The revalued amount of land, which is classified under "Property and equipment" account in the statements of financial position, amounted to ₱13,825 million as at September 30, 2024 (see Note 11).

Amortization of Program Rights

The Group reviews its program rights inventory and plans for its usage across different platforms to maximize its benefits. The Group amortizes program rights based on usage or specific term.

Program rights amounted to ₱9 billion and ₱1.2 billion as at September 30, 2024 and December 31, 2023, respectively (see Note 13).

Impairment of Nonfinancial Assets

The Group 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 Group 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 Group 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 Group determined the consequences of the Resolution passed by the House Committee on Legislative Franchises denying the franchise application of the Parent Company 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 September 30, 2024 and December 31, 2023 are as follows (see Notes 10, 11, 12, 13, 15, 16, 17 and 32):

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Property and equipment	₱16,895,190	₱18,681,512
Land at revalued amount	13,825,190	14,574,775
Program rights	907,934	1,150,628
Movie in-process and filmed entertainment	914,930	861,629
Non-current assets held for sale	443,305	513,621
Tax credits	270,839	289,659
Story and publication, video rights, and record master	248,706	248,451
Cable channels	117,731	151,624
Investments in associates and joint venture	116,676	120,521
Preproduction expenses	530,992	78,041
Production and distribution business - Middle East	1,987	2,310
Investment properties	988	1,099

No impairment loss was recognized by the Group for the nine months ended September 30, 2024 and 2023.

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. The cash flow forecasts were based on financial budgets approved by senior management of the Group 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 to sell 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, 2023 and 2022, the recoverable amount of towers, transmission, television, radio, movie and auxiliary equipment and program rights were 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 gross revenue, growth rate and discount rate.

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 Group 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 4.7% in 2023 and 4.8% in 2022 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 6.2% and 7.2% in 2023 and 2022, respectively.

Estimation of Net Realizable Values of Inventories

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 ₱91 million and ₱189 million as of September 30, 2024 and December 31, 2023, respectively. No inventory loss was recognized by the Group for the nine months ended in September 30, 2024 and 2023 (see Note 8).

Recoverability of Goodwill and Other Intangible assets with Indefinite Useful Lives

The Group performs recoverability testing annually or more frequently when there are indications of impairment for goodwill and intangible assets with indefinite lives. Until December 31, 2021, the Group has identified that trademarks, IP block and business process re-engineering have indefinite lives. Effective January 1, 2022, in view of the change in the expected pattern of economic benefits from the assets, the Group revised the estimated useful life and amortization method of trademarks from indefinite life to 15 years.

Recoverability testing requires an estimation of the value-in-use of the cash-generating units to which goodwill, IP block and business process re-engineering to operate wireless business are allocated.

The impairment on goodwill, IP block and business process re-engineering 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 in the impairment test of goodwill, IP block and business process re-engineering 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 Group assumed average perpetuity growth rate of 4.7% in 2023 and 4.8% in 2022 at the end of the five-year forecast period.

Revenue growth for the cable and broadband cash-generating unit based on the forecasted homes passed, penetration rates and average revenues per unit is at an average compound annual rate of 2% from 2024 to 2028.

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 Group's Weighted Average Cost of Capital (WACC). WACC was based on the appropriate weights of debt and equity, which were multiplied with the assumed costs of debt and equity. The discount rates applied to the cash flow projections range from 8% to 10% and 7% to 10% in 2023 and 2022, respectively.

e. Terminal Growth Rate

The growth rate used to extrapolate the terminal value of cash flows is 4% and 5% in 2023 and 2022, respectively.

While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse impact on the results of operations.

The carrying values of goodwill and intangible assets with indefinite useful lives as at September 30, 2024 and December 31, 2023 are as follows (see Note 13):

	September 30, 2024	December 31, 2023
Goodwill	₱277,021	₱273,758
IP block	18,184	18,188

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 31.

Employee leave entitlement 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 Group amounted to ₱6.8 billion and ₱6.5 billion as at September 30, 2024 and December 31, 2023, respectively (see Note 31).

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 Group'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 Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities under which the Group 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 Group.

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 judgements and is based on assumptions regarding the entities' current performance, future plans for the business and tax planning strategies. Management exercised judgement 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 September 30, 2024 and December 31, 2023, the Group recognized gross deferred tax assets amounting to ₱2,104 million and ₱1,663 million, respectively. From these amounts, ₱2,006 million and ₱1,589 million as at September 30, 2024 and December 31, 2023 respectively, relate 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. The Group did not recognize deferred tax assets from the Parent Company and certain subsidiaries amounting to ₱11,838 million and ₱11,013 million as at September 30, 2024 and December 31, 2023, respectively, as management believes that sufficient future taxable profit will not be available to allow these deferred tax assets to be utilized (see Note 30).

Provisions and Contingencies

The Group 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 Group'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 Group's consolidated financial statements.

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

Significant Acquisitions and Re-organization

a. Subscription Agreement between Sky Cable, Sky Vision, Sampaquita Communications PTE LTD (Sampaquita) and the Parent Company

On December 18, 2017, Sky Cable, Sky Vision, Sampaquita and the Parent Company entered into a subscription agreement with the following salient provisions:

- The Parent Company agreed to subscribe to 162,373,928 PDRs for ₱9.6853 per PDR from Sky Vision.
- Sky Cable agreed to offer 314,910,225 shares to its shareholders from an increase in capital stock. Sky Vision agreed to subscribe to 288,338,018 offered shares and the Parent Company agreed to subscribe to 26,572,207 offered shares for ₱9.6853 per share.

The Parent Company and Sampaquita agreed that the following aggregate economic interests shall be maintained:

- ABS-CBN, Lopez Holdings Corporation, Lopez, Inc. and Sky Vision shall have an aggregate economic interest of at least 59.4% of the total issued share capital of Sky Cable on a fully diluted basis; and
- Sampaquita shall have an aggregate economic interest of 40% of the total issued share capital of Sky Cable on a fully diluted basis.

On December 19, 2017, the Parent Company and Sky Vision paid Sky Cable their respective subscription for shares. The Parent Company and Sampaquita also paid Sky Vision their subscription for PDRs. The payment of Sampaquita of ₱1.2 billion is recorded as “Deposits for future subscription” under “Trade and Other Payables” account. As at March 14, 2023, 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	
		September 30, 2024 (Unaudited)	December 31, 2023 (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

Group	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Sapientis Holdings Corporation and Subsidiaries	(₱2,413,329)	(₱2,419,789)
Sky Cable Corporation and Subsidiaries	(1,310,755)	(1,591,697)
ABS-CBN Theme Parks and Resorts Holdings, Inc. and Subsidiaries	(816,508)	(537,546)

Net Income (Loss) Attributable to Material Noncontrolling Interests

	Nine Months Ended September 30 (Unaudited)	
Company	2024	2023
Sky Cable Corporation and Subsidiaries	(P179,553)	(P175,963)
ABS-CBN Theme Parks and Resorts Holdings, Inc. and Subsidiaries	(917)	(6,581)
Sapientis Holdings Corporation and Subsidiaries	391	(311)

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash and cash equivalents	P189,590	P404,962
Other current assets	2,630,915	1,769,845
Goodwill	—	—
Trademarks	—	—
Customer relationships	—	—
Land*	578,064	578,064
Other noncurrent assets	15,423,276.82	16,087,541
Current liabilities	(10,524,355)	(10,127,527)
Noncurrent liabilities	(3,635,120)	(3,248,864)

*Carried at cost at Sky's standalone financial statements. 2023 balance represents the revalued amount following the Parent Company's change in accounting policy for Land from cost model to revaluation model.

Summarized Consolidated Statements of Comprehensive Income

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
Revenue	P4,322,257	P5,458,046
Cost of services	(4,194,242)	(4,432,876)
General and administrative expenses	(938,352)	(1,461,326)
Finance costs	(305,535)	(251,689)
Other income - net	561,791	137,866
Income (loss) before income tax	(554,081)	(549,979)
Provision for (benefit from) income tax	(136,017)	(130,249)
Net income (loss)	(418,064)	(419,730)
Other comprehensive income (loss)	(82,429)	411,375
Total comprehensive income (loss)	(P500,493)	(P8,355)

Summarized Consolidated Statements of Cash Flows

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
Operating	₱1,367,933	₱1,328,194
Investing	(862,151)	(767,008)
Financing	(721,154)	(662,484)
Net decrease in cash and cash equivalents	(215,372)	(₱101,298)

b. Sapiensis

Summarized Consolidated Statements of Financial Position

	September 30 2024 (Unaudited)	December 31, 2023 (Audited)
Cash and cash equivalents	₱1,214	₱1,139
Other current assets	808,653	808,439
Other noncurrent assets	3,656	-
Current liabilities	(5,826,330)	(5,821,110)
Noncurrent liabilities	-	(3,007,664)

Summarized Consolidated Statements of Comprehensive Income

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
General and administrative expenses	(₱1,192)	(₱1,280)
Finance Cost	-	(1)
Other income – net	(84)	267
Loss before income tax	(1,276)	(1,014)
Provision for income tax	-	-
Net loss	(1,276)	(1,014)
Total comprehensive loss	(₱1,276)	(₱1,014)

Summarized Consolidated Statements of Cash Flows

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
Operating	₱75	(₱1,401)
Investing	-	-
Net increase (decrease) in cash and cash equivalents	₱75	(₱1,401)

c. *ABS-CBN Theme Parks*

Summarized Consolidated Statements of Financial Position

	September 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Cash and cash equivalents	₱3,565	₱3,586
Other current assets	76,880	60,305
Current liabilities	(1,601,295)	(1,576,499)
Noncurrent liabilities	(24,465)	1,176

Summarized Consolidated Statements of Comprehensive Income

	Nine Months Ended September 30	
	(Unaudited)	
	2024	2023
Revenue	(₱7,773)	₱—
General and administrative expenses	(2,750)	(1,891)
Finance costs	(22,768)	(22,626)
Other income - net	(611)	76
Loss before income tax	(33,902)	(₱24,441)
Benefit from income tax	—	(1)
Net loss	(33,902)	(₱24,442)
Total comprehensive loss	(₱33,902)	(₱24,442)

Summarized Consolidated Statements of Cash Flows

	Nine Months Ended September 30	
	(Unaudited)	
	2024	2023
Operating	(₱21)	(₱2,909)
Net decrease in cash and cash equivalents	(₱21)	(₱2,909)

5. **Segment Information**

Segment information is prepared on the following bases:

Business Segments

For management purposes, the Group is organized into two business activities - Content Production and Distribution and Cable and Broadband. This segmentation is the basis upon which the Group 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 Group operates in three major geographical areas namely, the Philippines, United States and Other Countries. In the Philippines, its home country, the Group 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 Group operates its cable and satellite operations to bring its produced content outside the Philippines.

The Group does not have revenue from transactions with a single external customer amounting to 10% or more of the Group'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 Group'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 Group'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 Group recognized impairment losses amounting to ₱0.2 million and ₱7 million for Content Production and Distribution and Cable and Broadband for the nine months ended September 30, 2024 and 2023, respectively.

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

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
Consolidated EBITDA	₱548,324	₱200,415
Depreciation and amortization	(1,867,219)	(2,074,823)
Amortization of intangible assets**	(402,410)	(506,195)
Finance costs*	(810,167)	(856,944)
Interest income	4,874	18,952
Provision for (benefit from) income tax	(60,458)	(105,336)
Impairment loss	(233)	(7,079)
Consolidated net loss	(₱2,587,289)	(₱3,331,010)

***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 nine months ended September 30, 2024 and 2023 and certain asset and liability information regarding business segments as of September 30, 2024 and December 31, 2023:

	Content Production and Distribution		Cable and Broadband		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenue								
External sales	P9,664,940	P8,653,390	P4,122,257	P5,456,046	P-	P-	P13,787,197	P14,109,436
Inter-segment sales	980,530	942,184	-	-	(980,530)	(942,184)	-	-
Revenue deductions	(1,668,290)	(589,369)	-	-	-	-	(1,668,290)	(589,369)
Total revenue	P8,977,180	P9,006,205	P4,122,257	P5,456,046	(P980,530)	(P942,184)	P12,118,907	P13,520,067
Results								
Operating results	(P3,159,152)	(P3,302,824)	(P810,337)	(P274,156)	P900,036	P964,239	(P3,069,453)	(P2,612,741)
Finance costs	(546,610)	(673,626)	(305,535)	(251,689)	33,741	65,869	(818,404)	(859,446)
Foreign exchange gains (losses) – net	(14,680)	240,929	39,938	(140,285)	12,537	(139,785)	37,795	(39,141)
Interest income	36,890	49,524	1,467	11,138	(33,483)	(41,710)	4,874	18,952
Equity in net losses of associates and joint ventures	(3,844)	(10,523)	-	-	-	-	(3,844)	(10,523)
Other income – net	1,271,238	757,345	520,386	154,013	(469,423)	(634,131)	1,322,201	277,227
Income tax	(196,475)	(235,586)	136,017	130,249	-	-	(60,458)	(105,337)
Net income (loss)	(P2,612,633)	(P3,174,761)	(P418,064)	(P370,730)	P443,408	P214,482	(P2,587,289)	(P3,331,010)
EBITDA							P548,324	P200,415
EBITDA Margin							4%	1%
Assets and Liabilities								
Operating assets	P35,789,593	P40,025,838	P17,091,853	P17,183,149	(P4,295,455)	(P6,402,735)	P48,585,991	P50,806,252
Noncurrent assets held for sale	443,305	513,621	-	-	-	-	443,305	513,621
Investments in associates and joint ventures	10,721,915	10,272,586	-	-	(10,605,238)	(10,152,065)	116,677	120,521
Deferred tax assets	36,782	72,310	1,729,993	1,291,508	336,986	298,825	2,103,761	1,662,643
Total assets	P46,991,595	P50,884,355	P18,821,846	P18,474,657	(P14,563,707)	(P16,255,975)	P51,249,734	P53,103,037
Operating liabilities	P12,971,330	P14,817,451	P8,123,473	P7,555,671	P53,656	(P3,163,486)	P21,148,459	P19,209,636
Contract liabilities	2,503,671	2,469,345	337,303	314,075	-	-	2,840,974	2,783,420
Interest-bearing loans and borrowings	11,842,306	12,658,069	4,742,809	4,801,721	(270,000)	(270,000)	16,315,115	17,189,790
Deferred tax liability	3,979,554	3,866,502	-	-	336,986	298,825	4,316,540	4,165,327
Lease liabilities	548,990	549,128	422,863	444,125	(469,655)	(470,035)	502,198	523,218
Total liabilities	P31,845,851	P34,360,495	P13,626,448	P13,115,592	(P349,013)	(P3,604,696)	P45,123,286	P43,871,391
Other Segment Information								
Capital expenditures:								
Property and equipment	P65,568	P85,808	P734,750	P994,429	P-	P-	P800,318	P1,080,237
Intangible assets	321,546	285,428	40,582	58,098	-	-	362,128	343,526
Depreciation and amortization	1,797,381	1,655,066	1,384,766	1,532,298	(769,413)	(603,090)	2,412,734	2,584,274
Noncash expenses other than depreciation and amortization	5,772	9,116	244,016	264,489	-	-	249,788	273,605

Geographical Segment Data

The following tables present revenue and expenditure for the nine months ended September 30, 2024 and 2023 and certain asset information regarding geographical segments as of September 30, 2024, and December 31, 2023:

	Philippines		United States		Others		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue										
External sales	P11,249,235	P11,531,828	P1,761,097	P2,319,517	P776,865	P258,091	P-	P-	P13,787,197	P14,109,436
Inter-segment sales	980,530	942,184	-	-	-	-	(980,530)	(942,184)	-	-
Revenue deductions	(1,668,290)	(589,369)	-	-	-	-	-	-	(1,668,290)	(589,369)
Total revenue	P10,561,475	P11,884,643	P1,761,097	P2,319,517	P776,865	P258,091	(P980,530)	(P942,184)	P12,118,907	P13,520,067
Assets										
Operating assets	P47,545,744	P50,655,598	P6,790,338	P2,175,601	(P1,474,129)	P4,358,372	(P4,295,455)	(P6,402,735)	P48,566,498	P50,786,836
Noncurrent assets held for sale	443,305	513,621	-	-	-	-	-	-	443,305	513,621
Contract assets	19,495	19,416	-	-	-	-	-	-	19,495	19,416
Investments in associates and joint ventures	10,721,915	10,272,586	-	-	-	-	(10,605,238)	(10,152,065)	116,677	120,521
Deferred tax assets – net	1,688,383	1,288,110	58,396	71,377	19,996	4,331	336,986	298,825	2,103,761	1,662,643
Total assets	P60,418,842	P62,749,331	P6,848,734	P2,246,978	(P1,454,133)	P4,362,703	(P14,563,707)	(P16,255,975)	P51,249,736	P53,103,037
Liabilities										
Operating liabilities	P21,661,012	P19,089,531	P721,320	P741,377	(P1,287,529)	P2,542,214	P53,656	(P3,163,486)	P21,148,459	P19,209,636
Contract liabilities	2,840,974	2,783,420	-	-	-	-	-	-	2,840,974	2,783,420
Interest-bearing loans and borrowings	16,585,115	17,459,790	-	-	-	-	(270,000)	(270,000)	16,315,115	17,189,790
Deferred tax liability	3,979,554	3,866,502	-	-	-	-	336,986	298,825	4,316,540	4,165,327
Lease liabilities	971,853	993,253	-	-	-	-	(469,655)	(470,035)	502,198	523,218
Total liabilities	P46,038,508	P44,192,496	P721,320	P741,377	(P1,287,529)	P2,542,214	(P349,013)	(P3,604,696)	P45,123,286	P43,871,391
Other Segment Information										
Capital expenditures:										
Property and equipment	P795,252	P1,079,380	P604	P-	P4,462	P857	P-	P-	P800,318	P1,080,237
Intangible assets	362,128	343,526	-	-	-	-	-	-	362,128	343,526

6. Cash and Cash Equivalents and Short-term Investments

	September 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Cash on hand and in banks	₱1,143,524	₱1,384,475
Cash equivalents	12,617	19,053
	₱1,156,141	₱1,403,528

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 Group and earn interest at the respective short-term placement rates.

Cash deposits amounting to ₱11 million as at September 30, 2024 and December 31, 2023, 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 ₱5 million and ₱19 million for the nine months ended September 30, 2024 and 2023, respectively.

7. Trade and Other Receivables

	September 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Trade:		
Airtime	₱2,825,751	₱2,803,802
Subscriptions	2,803,013	2,613,340
Others	1,319,923	1,071,736
Due from related parties (Note 24)	112,672	165,462
Advances to employees and talents (Note 24)	210,963	986,596
Others	1,291,410	1,327,598
	8,563,732	8,968,534
Less allowance for ECL	3,036,095	2,824,685
	₱5,527,637	₱6,143,849

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.

Other trade receivables pertain to trade accruals, trade creditable withholding taxes and receivables related to sponsored production, ancillary rights and royalties. These are usually collected within one year.

Advances to employees and talents includes advances provided to talents for the upcoming shows and programs and loans to regular and project employees. These are usually settled within one year.

Other receivables include interest receivable and receivables related to the sale of Amcara Broadcasting Network, Inc. (Amcara) amounting to P261 million and is fully provided with allowance. It also includes claims arising from sources other than the sale of airtime and subscription and advances to employees and talents that are reasonably expected to be realized in cash within the next financial year.

Allowance for ECL

Movements in the allowance for ECL are as follows:

	Trade			Nontrade	Total
	Airtime	Subscriptions	Others		
Balance at January 1, 2023	P339,601	P1,576,404	P283,505	P674,798	P2,874,308
Provisions (Note 28)	21,778	441,232	24,007	5	487,022
Write-offs and others	(23,913)	(217,410)	(203,143)	(92,179)	(536,645)
Balance at December 31, 2023	337,466	1,800,226	104,369	582,624	2,824,685
Provisions (Note 28)	–	236,520	–	–	236,520
Write-offs and others	(7,836)	(30,301)	20,711	(7,684)	(25,110)
Balance at September 30, 2024	P329,630	P2,006,445	P125,080	P574,940	P3,036,095

8. Inventories

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
At cost:		
Office supplies	P4,933	P4,933
At net realizable value:		
Merchandise inventories	51,225	122,106
Materials, supplies and spare parts	34,942	62,370
	P91,100	P189,409

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 nil for the nine months ended September 30, 2024 and 2023, is recorded as part of "Inventory costs" under the "Cost of sales" account in the consolidated statements of income (see Note 27). Total inventory costs recognized under "Cost of sales and services" amounted to P77 million and P51 million, for the nine months ended September 30, 2024 and 2023, respectively (see Note 27).

The cost of inventories carried at net realizable value amounted to P572 million and P675 million as at September 30, 2024 and December 31, 2023, respectively. No inventory loss was recognized for the nine months ended September 30, 2024 and 2023, respectively (see Note 27). The Group has no reversal of inventory write-downs as at September 30, 2024 and 2023, respectively.

9. Contract Cost Assets and Contract Liabilities

	September 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Contract cost assets (Note 16)	₱19,495	₱19,416
Contract liabilities	2,840,974	2,783,420

Incremental Costs to Obtain Contracts

Contract cost assets pertain to the incremental costs incurred by the Group 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 ₱17 million and ₱32 million for the nine months ended September 30, 2024 and 2023, respectively.

No impairment loss was recognized for the nine months ended September 30, 2024 and 2023.

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 and payments received for distribution of music catalogue. These are recognized as revenue when the Group performs under the contract.

Contract liabilities also include customer deposits which are cash payments by customers, for which the Group has not yet provided goods or services in exchange. Revenue is recognized once goods or services are provided to customers.

Out of the open contract liabilities, total revenue recognized amounted to ₱644 million for the nine months ended September 30, 2024. Contract liabilities are usually recognized as revenues within one year from receipt.

10. Property and Equipment

September 30, 2024 (Unaudited)

							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	P210,833	P14,426,996	P33,484,082	P13,296,341	P4,041,595	P2,002,681	P323,977	P67,786,505
Additions	—	—	328,867	34,027	412,635	—	24,789	800,318
Disposals/retirements	—	(4,115)	(888,938)	(56,488)	—	(93,930)	—	(1,043,471)
Reclassifications	—	32,788	177,014	2,714	(212,516)	—	—	—
Reclassification to noncurrent assets held for sale (Note 32)	—	—	—	—	—	—	—	—
Reclassification to revaluation model (Note 11)	—	—	—	—	—	—	—	—
Translation adjustments	—	202	(98,862)	(298,766)	(408,376)	(188)	(47,831)	(853,821)
Balance at end of year	210,833	14,455,871	33,002,163	12,977,828	3,833,338	1,908,563	300,935	66,689,531
Accumulated Depreciation, Amortization and Impairment								
Balance at beginning of year	83,826	9,783,375	26,019,848	10,490,482	1,590,418	950,784	186,260	49,104,993
Depreciation and amortization (Notes 26, 27 and 28)	—	146,695	1,201,757	323,008	—	150,077	45,561	1,867,098
Disposals/retirements	—	(2,337)	(630,814)	(52,886)	—	(24,914)	(56,850)	(1,179,819)
Impairment (Note 28)	—	—	—	—	—	—	—	—
Reclassifications	—	—	—	—	—	—	—	—
Reclassification from noncurrent assets held for sale (Note 32)	—	—	—	—	—	—	—	—
Translation adjustments	—	85	1,125	(407,534)	—	(1,736)	(1,888)	2,070
Balance at end of year	83,826	9,927,818	26,591,916	10,353,070	1,590,418	1,074,211	173,083	49,794,342
Net Book Value	P127,007	P4,528,053	P6,410,247	P2,624,758	P2,242,920	P834,352	P127,852	P16,895,189

December 31, 2023 (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	P1,638,590	P14,378,412	P31,890,993	P13,677,462	P5,010,928	P2,241,097	P377,510	P69,214,992
Additions	—	74	326,434	63,894	937,673	63,727	108,900	1,500,702
Disposals/retirements	(379,645)	(4,623)	(165,812)	(465,234)	(767,880)	(45,943)	(162,353)	(1,991,490)
Reclassifications	—	173,850	843,027	378,449	(1,139,126)	(256,200)	—	—
Reclassification from noncurrent assets held for sale (Note 32)	276	—	601,229	—	—	—	—	601,505
Reclassification to noncurrent assets held for sale (Note 32)	(298,878)	(120,564)	(10,895)	(354,327)	—	—	—	(784,664)
Reclassified to revaluation model (Note 11)	(748,828)	—	—	—	—	—	—	(748,828)
Translation adjustments	(682)	(153)	(894)	(3,903)	—	—	(80)	(5,712)
Balance at end of year	210,833	14,426,996	33,484,082	13,296,341	4,041,595	2,002,681	323,977	67,786,505
Accumulated Depreciation, Amortization and Impairment								
Balance at beginning of year	67,151	9,593,527	22,976,011	10,267,927	759,210	801,571	288,110	44,753,507
Depreciation and amortization (Notes 26, 27 and 28)	16,675	292,950	1,673,662	538,740	—	207,939	60,573	2,790,539
Disposals/retirements	—	(3,058)	(137,805)	(206,573)	(483,838)	(14,603)	(162,352)	(1,008,229)

December 31, 2023 (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
Impairment (Note 28)	–	–	1,099,183	–	1,295,673	–	–	2,394,856
Reclassifications	–	–	(9)	24,750	19,373	(44,123)	9	–
Reclassification from noncurrent assets held for sale (Note 32)	–	–	417,579	–	–	–	–	417,579
Reclassification to noncurrent assets held for sale (Note 32)	–	(99,901)	(8,090)	(130,558)	–	–	–	(238,549)
Translation adjustments	–	(143)	(683)	(3,804)	–	–	(80)	(4,710)
Balance at end of year	83,826	9,783,375	26,019,848	10,490,482	1,590,418	950,784	186,260	49,104,993
Net Book Value	₱127,007	₱4,643,621	₱7,464,234	₱2,805,859	₱2,451,177	₱1,051,897	₱137,717	₱18,681,512

Construction in progress pertains to various projects, capitalizable repairs of building and facilities and restorations of regional sites.

In 2024, the Group sold various property and equipment with carrying value of ₱276 million for total proceeds of ₱955 million resulting to a gain on sale of ₱679 million (see Note 29).

In 2023, the Group sold various property and equipment with carrying value of ₱983 million for total proceeds of ₱1,611 million resulting to a gain on sale of properties of ₱628 million (see Note 29).

In 2022, the Group sold various property and equipment with carrying value of ₱1,039 million for total proceeds of ₱1,514 million resulting to a gain on sale of ₱475 million (see Note 29).

To address the impact of the denial of the franchise application (as discussed in Note 1), the Group has entered into an agreement with its existing lenders to provide for the creation of mortgage and security interest over certain assets of the Group. The carrying value of assets mortgaged to secure the long-term debt of ABS-CBN as at December 31, 2023 and December 31, 2022 amounted to ₱4,885 million and ₱4,272 million, respectively (see Note 19). The aggregate appraised value of these properties as of December 31, 2023 amounted to ₱5,513 million based on the latest appraisal report.

Unamortized borrowing costs capitalized as part of property and equipment amounted to ₱1,728 million and ₱1,756 million as at December 31, 2023 and December 31, 2022, respectively. There were no borrowing costs capitalized in 2023 and 2022.

11. Land at Revalued Amounts

Starting December 31, 2023, the Group adopted the revaluation model for land. Accordingly, land with a carrying amount of 749 million was recorded at fair value amounting to ₱14.6 billion and the Group recognized gross revaluation increment amounting to ₱13.8 billion.

The “Market Data Approach” was used to determine the fair value of the land properties conducted by independent professionally qualified appraisers. With this method, sales/listings of similar property or parcels of land are compared, analyzed, and adjusted to provide a value indication for the property being appraised. The fair value represents the amount that would be received to sell the property in an orderly transaction between market participants at the date of valuation. The description of valuation techniques used and significant unobservable inputs to fair valuation are as follows:

	Valuation Techniques	Significant Unobservable Inputs	Range (Weighted Average)
Land	Sales Comparison	Price	₱2,781- ₱224,000
	Approach/Market	Location	-10% to +15%
	Approach	Site Development	-5% to +5%
		Size	-20% to +15%
		Use	-10% to +10%
		Time Element	+10%

The fair value is categorized under Level 3 of the fair value hierarchy and represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in accordance with International Valuation Standards.

For the land properties that were not appraised, the Group referred to the comparable market value published in various real estate websites adjusted by 20% bargaining allowance.

In May 2024, the Group recognized a reduction in the revaluation of certain land property amounting to ₱210 million, due to area correction, and sold certain land properties with carrying amount of ₱126 million recorded at fair value of ₱539 million. As at September 30, 2024, the Group have land properties with total carrying amount of ₱623 million recorded at fair value amounting to ₱13.8 billion. The Group recognized gross revaluation increment amounting to ₱13.2 billion.

As at September 30, 2024 and December 31, 2023, certain land properties with carrying amount of ₱304 million and ₱430 million, respectively, are part of its mortgaged properties. The revalued amount of these land properties as at September 30, 2024 and December 31, 2023 is at ₱10,733 million and ₱10,781 million, respectively.

12. Investment Properties

Building	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost:		
Balance at beginning of year	₱3,118	₱3,147
Translation adjustments	(21)	(29)
Balance at end of year	3,139	3,118
Accumulated depreciation:		
Balance at beginning of year	2,019	1,881
Depreciation (Note 28)	120	156
Translation adjustments	12	(18)
Balance at end of year	2,151	2,019
Net book value	₱988	₱1,099

Direct operating expenses, which consist mainly of depreciation, amounted to ₱120 thousand and ₱117 thousand for the nine months ended September 30, 2024 and 2023, respectively.

13. Goodwill, Program Rights and Other Intangible Assets

	Goodwill	Program Rights	Movie In-Process and Filmed Entertainment	Story and Publication, and Video Rights	Trademarks	Customer Relationships	Cable Channels - CPI	Production and Distribution Business - Middle East	Business Process Re-engineering	IP Block	Total
Balance as at January 1, 2024	P273,758	P1,150,627	P861,629	P248,451	P-	P-	P151,624	P2,310	P-	P18,188	P2,706,588
Additions	-	28,503	89,682	144,763	-	-	58,599	-	-	40,582	362,129
Amortization (see Notes 26, 27 and 28)	-	(309,918)	(1,805)	(141,300)	-	-	(92,492)	-	-	-	(545,515)
Disposal	-	38,721	(34,576)	(3,208)	-	-	-	-	-	-	937
Translation adjustments	3,263	-	-	-	-	-	-	(323)	-	-	2,940
Balance as at September 30, 2024	277,021	907,934	914,930	248,706	-	-	117,731	1,987	-	58,770	2,527,079
Less current portion	-	331,610	37,783	78,042	-	-	-	-	-	-	447,435
Noncurrent portion	P277,021	P576,324	P877,147	P170,664	P-	P-	P117,731	P1,987	P-	P58,770	P2,079,644
Balance as at January 1, 2023	P4,767,479	P1,432,822	P1,032,304	P108,029	P1,037,665	P353,645	P192,224	P2,777	P545,800	P37,807	P9,510,552
Additions	-	462,631	43,413	144,763	-	-	-	-	72,636	-	723,443
Amortization (see Notes 26, 27 and 28)	-	(744,825)	(206,840)	(4,341)	(61,038)	(85,848)	(40,600)	(467)	-	-	(1,143,959)
Impairment	(4,491,817)	-	(7,248)	-	(976,627)	(267,797)	-	-	(618,436)	(19,619)	(6,381,544)
Translation adjustments	(1,904)	-	-	-	-	-	-	-	-	-	(1904)
Balance as at December 31, 2023	273,758	1,150,628	861,629	248,451	-	-	151,624	2,310	-	18,188	2,706,588
Less current portion	-	382,348	89,521	9,313	-	-	-	-	-	-	481,182
Noncurrent portion	P273,758	P768,280	P772,108	P239,138	P-	P-	P151,624	P2,310	P-	P18,188	P2,225,406

Goodwill

Goodwill arose from the following acquisitions and business combination:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Sky Cable	₱4,491,817	₱4,491,817
ABS-CBN International*	278,925	275,662
	4,770,742	4,767,479
Allowance for impairment	(4,491,817)	(4,491,817)
	₱278,925	₱275,662

**Includes translation adjustments*

In 2023, the Group recognized impairment loss on its goodwill from Sky amounting to ₱4.5 billion. No impairment loss on goodwill was recognized for the nine months ended September 30, 2024.

Program Rights and Other Intangible Assets

Program rights include the acquired rights of the Group to air foreign and local films or programs for a certain period of time. As at September 30, 2024, the remaining useful life of program rights range from one to 21 years. Licenses with finite life include franchise of KidZania brand in the Philippines, acquired in 2012, by PII. License is fully impaired as of September 30, 2024 and December 31, 2023. In 2021, the Group 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 26).

Movie in process pertains to production-related expenses which are deferred until a movie is released. Upon release of a movie content, the related amortization is recognized in various direct production cost accounts, i.e. costumes and sets, location rental and post-production costs.

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 (now Metro 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 Group 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 recognized impairment loss due to the uncertainty in contract renewal and adverse financial position of the major customer in 2020.

Business process re-engineering pertains to cost of replacement of Sky Cable’s IT and network systems and most of the integrated platforms surrounding it.

Other intangible asset with indefinite life pertains to digital platforms and IP block amounting to ₱59 million as of September 30, 2024 and December 31, 2023.

In 2022, the Group reassessed the useful life of the trademarks based on industry trends and changed it from indefinite to remaining useful life of 15 years to reflect the expected pattern of economic benefits from the assets. As of December 31, 2023, trademarks are fully amortized and impaired. No impairment loss and amortization expense were recognized for the nine months ended September 30, 2024.

14. Financial Assets at Fair Value through Other Comprehensive Income

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Listed ordinary common, quoted club shares and others	₱70,199	₱67,333

Investment in quoted equity securities represents the investment in PLDT common shares. Investments in quoted club shares mainly comprise of investments in Manila Polo Club, Baguio Country Club and others.

In 2022, Parent Company sold various investment in equity securities. The fair value on the date of sale is ₱7 million and the accumulated gain recognized in other comprehensive income of ₱6 million was transferred to retained earnings.

Dividend income from quoted equity securities amounted to ₱7.2 million in 2021 (nil in 2023 and 2022) [see Note 29].

Movements in this account follow:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	₱67,333	₱44,357
Unrealized fair value gain/(loss)	(2,866)	22,976
Sale of Investment	—	—
Balance at end of year	₱70,199	₱67,333

15. Investments in Associates and Joint Ventures

Entity	Principal Activities	Percentage of Ownership	
		September 30, 2024 (Unaudited)	December 31, 2023 (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 C J O Shopping Corporation (A C J O)	Home shopping	50.0	50.0

Entity	Principal Activities	Percentage of Ownership	
		September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Daum Kakao Philippines Corporation (Daum Kakao)	Services	50.0	50.0
Media Serbisyo Production Corporation (Media Serbisyo)	Content production	49.0	49.0
ALA Sports Promotions International, Inc. (ALA Sports)	Boxing promotions	44.0	44.0

Details and movement in the account are as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Acquisition costs –		
Balance at beginning of year	₱872,649	₱853,049
Sale of investment in joint venture	–	19,600
Balance at end of year	872,649	₱872,649
Accumulated equity in net losses –		
Balance at beginning of year	(668,941)	(653,343)
Equity in net income (loss) during the year	(3,844)	(15,598)
Balance at end of year	(672,785)	(668,941)
Accumulated impairment loss –		
Balance at beginning of year	(83,187)	(83,229)
Impairment of investment in joint venture	–	42
Balance at end of year	(83,187)	(83,187)
	₱116,677	₱120,521
Investments in:		
Joint ventures	₱13,499	₱17,343
Associates	103,178	103,178
	₱116,677	₱120,521

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 September 30, 2024 and December 31, 2023.

a. Investments in Joint Ventures

i. A C J O

The joint venture operated O Shopping Channel which broadcasted company-produced shopping programs 24/7 via Sky Cable and Destiny Cable.

On June 25, 2020, the stockholders and BOD of the Group approved a plan of liquidation and cessation of operations effective December 31, 2020. In November 2020, the Group decided to discontinue its operations to prevent further losses. Though the Parent Company expects to recover its investment through liquidation of the remaining assets of A C J O, the Parent Company recognized ₱9.9 million impairment loss on this investment

in 2022. As at April 11, 2024, there have been no transactions that affected the joint venture or its status.

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. Due to the circumstances brought by the pandemic, the Parent Company recognized ₱30 million impairment loss on this investment in 2021. In 2022, the Parent Company reversed its allowance of impairment amounting to ₱4.3 million as its allowance already exceeded the net assets of the joint venture. As at April 11, 2024, there have been no transactions that affected the joint venture or its status.

iii. Daum Kakao

In 2015, the Parent Company entered into a joint venture agreement with Kakao Corporation to form a joint venture corporation, Daum Kakao. The primary purpose of Daum Kakao, which was incorporated in February 2015, is to engage in and provide KakaoTalk services developed and/or customized for users in the Philippines for mobile devices, including marketing and sales promotions. The joint venture agreement also includes a put option in favor of the Parent Company for the joint venture partner to purchase all of the Parent Company's stocks in Daum Kakao within 60 days after the second year of Daum Kakao's registration.

On July 29, 2016, the stockholders and the BOD of Daum Kakao approved the resolution to cease business operations and dissolve the corporation, subject to approval of SEC, effective August 30, 2016. Thereafter, the Parent Company recognized ₱3 million impairment loss from its investment in Daum Kakao in 2016.

In view of the recent developments in Daum Kakao, the stockholders and the BOD of Daum Kakao revoked its previous resolution on cessation and dissolution of the corporation, and thereafter approved the continuance of its business operations in 2017.

The Philippine SEC has approved Daum Kakao's decrease in its capital stock from ₱900 million to ₱86 million on January 31, 2019. On June 3, 2021, Daum Kakao has returned capital of ₱364 million to the joint venturers. As at April 11, 2024, there were no transactions that has affected the joint venture nor its status.

iv. Media Serbisyo

On June 30, 2023, ABS-CBN entered into a joint venture with Prime Media Holdings, Inc. The joint venture, Media Serbisyo, will produce various programs, which will be supplied to broadcasters and other third-party platforms including Philippine Collective Media Corporation.

Combined financial information of the joint ventures follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current assets	₱261,976	₱265,927
Noncurrent assets	67,243	67,243
Current liabilities	(148,985)	(145,086)
Net equity	₱180,234	₱188,084

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
Revenue	₱32,514	₱4,535
Costs and expenses	(77,105)	(26,018)
Net loss	(44,591)	(₱21,483)

Equity in net earnings (losses) of joint ventures	(₱3,844)	(₱10,524)
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Below is the reconciliation of the summarized financial information of the joint ventures to the carrying amount of the Parent Company's investments therein:

September 30, 2024 (Unaudited)					
	A C J O	ALA Sports	Daum Kakao	Media Serbisyo	Total
Net assets of joint ventures	₱89,557	₱58,209	₱32,468	₱–	₱180,234
Interest of the Parent Company in the net assets of the joint ventures	50%	44%	50%	49%	
	44,779	25,612	16,245	–	86,625
Accumulated impairment loss	(44,779)	(25,612)	(2,735)	–	(73,126)
Carrying amount of investments in joint ventures	₱–	₱–	₱13,499	₱–	₱13,499

December 31, 2023 (Audited – One Year)					
	A C J O	ALA Sports	Daum Kakao	Media Serbisyo	Total
Net assets of joint ventures	₱89,557	₱58,210	₱32,261	₱8,056	₱188,084
Interest of the Parent Company in the net assets of the joint ventures	50%	44%	50%	49%	
	44,779	25,612	16,131	3,947	90,469
Accumulated impairment loss	(44,779)	(25,612)	(2,735)	–	(73,126)
Carrying amount of investments in joint ventures	₱–	₱–	₱13,396	₱3,947	₱17,343

a. 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 2023 and 2022, the Group 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 P17 million as at September 30, 2024 and December 31, 2023.

Combined financial information of associates follows:

	September 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Current assets	P138,670	P138,670
Noncurrent assets	26,886	26,886
Current liabilities	(62,378)	(62,378)
Net equity	P103,178	P103,178

16. Other Current Assets

	September 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Creditable withholding and prepaid taxes	P4,524,489	P4,152,553
Advances to suppliers	650,514	81,810
Preproduction expenses	530,992	78,041
Prepayments:		
Licenses	132,920	88,171
Rent	57,299	30,244
Subscription	34,512	33,103
Insurance	12,838	5,284
Transponder services	50	—
Contract cost assets (Note 9)	19,495	19,416
Other prepayments	38,040	39,628
	P6,001,149	P4,528,250

Advances to suppliers are generally applied against future billings within next year.

Other prepayments mainly pertain to employee cost of Sky and advertisements and promotions.

17. Other Noncurrent Assets

	September 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Creditable withholding taxes - noncurrent	₱1,877,782	₱1,877,782
Earned tax credits - net of allowance for impairment of ₱379 million as of September 30, 2024 and December 31, 2023	270,839	289,659
Deposits and bonds - net of allowance for impairment of ₱38 as of September 30, 2024 and December 31, 2023	277,804	290,993
Others	54,181	40,774
	₱2,480,606	₱2,499,208

Tax credits represent claims from the government arising from airing of government commercials, advertisements and cablecast services. Pursuant to Presidential Decree No. 1362, these will be collected in the form of tax credits which the Group 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 Group expects to utilize these tax credits within the next six years, from 2021 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.

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

18. Trade and Other Payables

	September 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Trade	₱2,199,964	₱1,912,914
Accrued expenses:		
Production costs and other expenses	5,367,104	4,911,750
Salaries and other employee benefits (Note 31)	1,810,281	1,341,018
Taxes	2,370,208	2,040,779
Interest	118,497	207,476
Deposits for future subscription (Notes 4 and 23)	1,287,434	1,287,421
Dividend payable	44,481	44,481
Due to related parties (Note 24)	4,710	12,424
Others	351,093	443,851
	₱13,553,772	₱12,202,114

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.

Deposits for future subscription include deposits from Sampaquita (see Note 4) and from eligible SPP participants (see Note 23).

Other current liabilities include statutory liabilities which are payable within the next financial year.

19. Interest-bearing Loans and Borrowings

Borrower	September 30, 2024 (Unaudited)			December 31, 2023 (Audited)		
	Current Portion	Noncurrent Portion	Total	Current Portion	Noncurrent Portion	Total
Parent Company	₱11,842,306	₱–	₱11,842,306	₱12,658,069	₱–	₱12,658,069
Sky Cable	4,472,809	–	4,472,809	4,531,721	–	4,531,721
	₱16,315,115	₱–	₱16,315,115	₱17,189,790	₱–	₱17,189,790

Parent Company

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

	September 30, 2024 (Unaudited)			December 31, 2023 (Audited)		
	Current Portion	Noncurrent Portion	Total	Current Portion	Noncurrent Portion	Total
Term loans:						
Loan agreements	₱11,842,306	₱–	₱11,842,306	₱12,658,069	₱–	₱12,658,069

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 Group 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 Group 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 various dates in 2020, the Parent Company prepaid portions of its principal with BPI and Unionbank amounting to ₱1.8 billion and ₱2.2 billion, respectively.
- (vi) On various dates in 2021, the Parent Company prepaid portions of its principal with BPI and Unionbank amounting to ₱93.8 million and ₱114.4 million, respectively.
- (vii) On various dates in 2022, the Parent Company prepaid portions of its principal with BPI and Unionbank amounting to ₱1.0 billion and ₱1.3 billion, respectively.
- (viii) On various dates in 2023, the Parent Company prepaid portions of its principal with BPI and Unionbank amounting to ₱117.8 million and ₱145.9 million, respectively.
- (ix) On various dates in 2024, the Parent Company prepaid portions of its principal with BPI and Unionbank amounting to ₱315.5 million and ₱255.8 million, respectively.

Based on the Group'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 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 Group'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 Group 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 Group, 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 (the "Standstill 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. The Standstill Period shall be from the Standstill Effective until the Long Stop Date (June 30, 2023). 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. The Omnibus Security and Intercreditor Agreement provides for a certain condition to be met prior to the Long Stop Date. Non-occurrence of such condition as of the Long Stop Date shall cause the Standstill effectivity to cease and from and as of such date the lenders shall have the right to declare an event of default and exercise all or any of their rights and remedies as provided under the Omnibus Security and Intercreditor Agreement, including the enforcement of the security interest created under the Omnibus Security and Intercreditor Agreement. The Parent Company obtained an extension on the Long Stop Date until December 31, 2023.

As of October 30, 2024, the Parent Company received conditional extension of long-stop date until December 30, 2024, and waiver of financial ratios for 2024. The conditions for the extension and waiver are expected to be completed within November 2024. Accordingly, the Parent Company's loans were classified as current as of September 30, 2024. Despite the current classification of the Parent Company's loans, the Parent Company continues to service its loan obligations with its creditor banks according to the original schedule.

In 2023, the Parent Company obtained waivers from its creditor banks on various dates waiving the compliance with the relevant financial ratios for all quarters in 2023. In November 2023, the Parent Company received waivers from its creditor banks waiving the compliance with the relevant financial ratios for the last quarter of 2023.

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 aggregate appraised value of the assets pledged as collateral as of September 30, 2024 amounted to ₱17,163 million. The disclosure on the assets pledged as collateral are in Notes 10, 11 and 32. It also required maintaining Debt Reserve Service account for debt repayment amounting to ₱146.9 million as of December 31, 2022. As of September 30, 2024, the Parent Company does not have maintaining debt reserve account balance for debt repayment by virtue of the waivers obtained from creditor banks for this requirement (Note 18).

The Parent Company and its creditors agreed to authorize the sale of portions of the mortgaged assets, the proceeds of which were used to prepay the loan and a portion of annual debt service.

Total proceeds obtained from the sale of these assets from 2021 to September 30, 2024 resulted in the decrease in outstanding loan by ₱3.3 billion.

The Parent Company recognized interest expense amounting to ₱512 million and ₱569 million for the nine months ended September 30, 2024 and 2023, respectively.

Breakdown of the Parent Company's term loans as at September 30, 2024 and December 31, 2023 follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Principal	₱11,842,306	₱12,658,069
Less unamortized transaction costs	—	—
	11,842,306	12,658,069
Less current portion	11,842,306	12,658,069
Noncurrent portion	₱—	₱—

Repayments of loans based on nominal values are scheduled as of September 30, 2024 and December 31, 2023 follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Within one year	₱5,411,599	₱201,921
More than 1 year but less than 2 years	4,388,500	5,674,214
More than 2 years	2,042,207	6,781,934
	₱11,842,306	₱12,658,069

Sky Cable

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

	September 30, 2024 (Unaudited)			December 31, 2023 (Audited)		
	Current Portion	Noncurrent Portion	Total	Current Portion	Noncurrent Portion	Total
Term loans:						
Unsubordinated loan	₱4,472,809	₱—	₱4,472,809	₱4,531,721	₱—	₱4,531,721
	₱4,472,809	₱—	₱4,472,809	₱4,531,721	₱—	₱4,531,721

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.

Sky Cable recognized interest expense amounting to ₱402 million in 2023, ₱226 million in 2022 and ₱297 million in 2021.

b. *Advances from STT*

On December 23, 2021, STT granted Sky Cable a USD 4.0million loan with an interest of 3.50% payable in 2 years. Debt issue costs incurred from this transaction amounted to ₱1.5 million was deferred and will be amortized until 2023 using the effective interest method. Total interest expense recognized from advances from STT, including amortization of debt issue cost, amounted to ₱23 million in 2023, ₱14 million in 2022 and ₱1 million in 2021.

As at December 31, 2023, Sky Cable's bank loans are classified as current due to non-compliance with certain financial covenants as required by its creditors in the loan agreements. Sky Cable is in discussions with its creditors to address the effect of the non-compliance. Sky Cable is continually servicing the current bank debts by paying interest and partial principal repayment based on the amortization schedule. Thus, part of the organizational strategy for its debt is to extend term prior to the maturity dates which recently have extensions until October 2024.

Unamortized debt issue costs, presented as a deduction from the unsubordinated loan, amounted to ₱6 million and ₱8 million as at September 30, 2024 and December 31, 2023, respectively. Using the effective interest method, unamortized debt issue costs as at September 30, 2024 and December 31, 2023 to be amortized are presented in the next page.

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Within one year	₱2,118	₱4,011

More than 1 year but less than 2 years	1,623	1,623
More than 2 years	1,930	1,930
	P5,671	P7,564

Amortization of debt issue costs amounted to P8 million and P3 million for the nine months ended September 30, 2024 and 2023, respectively (see Note 29).

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Within one year	P3,178,480	P2,088,720
More than 1 year but less than 2 years	400,000	1,150,565
More than 2 years	900,000	1,300,001
	P4,478,480	P4,539,286

20. Obligations for Program Rights

This account represents liabilities to foreign and local film suppliers for program rights purchased by the Group. 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.

The schedule of repayments as at September 30, 2024 and December 31, 2023 is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Within one year	P43,186	P73,647
More than 1 year	—	—
	P43,186	P73,647

21. 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 P1,816 million. Simultaneously, Sampaquita completed the subscription of originally issued 149,711,934 PDRs with underlying Sky Cable shares from Sky Vision for P1,450 million and Sky Cable convertible note for P250 million.

On May 12, 2011, Sky Cable, as provided in the SPA dated February 14, 2011, completed the issuance of the P250 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 ₱214 million and ₱203 million as at September 30, 2024 and December 31, 2023, respectively.

Accretion of the convertible note recognized as part of interest expense in the consolidated statements of income amounted to ₱12 million and ₱11 million for the nine months ended September 30, 2024 and 2023, respectively (see Note 29).

22. Other Noncurrent Liabilities

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Contract liabilities	₱357,257	₱222,465
Others	43,509	8,289
	₱400,766	₱230,754

Contract liabilities represent customer deposits on set-top boxes and modems upon subscription and are refunded to the customers upon termination of service and deferred revenue from digital.

23. Equity

Capital Stock

Details of authorized and issued capital stock as at September 30, 2024 and December 31, 2023 are as follows:

September 30, 2024 and December 31, 2023	Number of Shares	Amount
	<i>(Amounts in Thousands, Except Number of Shares)</i>	
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	899,848,111	₱899,848
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
				43.12
January 7, 2014	Issuance	1,500,000	57,836,900	5
				43.22
January 7, 2014	Issuance	1,500,000	34,702,140	5

*Included in the 111,327,200 shares existing at the time of the IPO

The Parent Company's total number of common stockholders is 5,182 and 5,191 as at September 30, 2024 and December 31, 2023, 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. No preferred dividends were distributed since 2020. Preferred cumulative dividends amounted to ₱16 million and ₱12 million as of December 31, 2023 and 2022, respectively.

The Parent Company's total number of preferred shareholders is 197 as at September 30, 2024 and December 31, 2023, respectively.

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 Group	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.

As at September 30, 2024 and December 31, 2023, total number of options exercisable under ESPP is nil.

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 (SPP1) was given to employees who agreed to a pay reduction from September 2020 until February 2021. The ABS-CBN Stock Purchase Plan 2 (SPP2) was given to 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 were given to employees who were promoted anytime between September 2020 to December 2021 and who did not receive any salary adjustment for the 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, under Section 10.2 of the Securities and Regulation Code, on December 9, 2021. The Philippine Stock Exchange approved the listing 19,150,319 shares for the SPP1 & SPP2 on August 25, 2022, and 8,534,000 shares for Stock Grant on October 6, 2022.

The Group has remaining share-based payment amounting to ₱0.02 million as of September 30, 2024 and December 31, 2023, respectively.

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 18).

On February 28, 2018, the Group accepted the total SPP subscription from participants of 11,391,500 common shares. The plan ended on Feb 28, 2023. The total withdrawn shares up to February 28, 2023 is 11,292,623 common shares which reverted to the Company as part of its unissued common shares. A total of 41,440 shares were fully paid and are currently being listed with the Philippine Stock Exchange for further distribution to the participants.

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 September 30, 2024 and December 31, 2023, 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.

On June 20, 2024, the Stockholders approved the ABS-CBN Stock Grant during the Annual Stockholders Meeting. The ABS-CBN Stock Grant is a retention program geared towards the retention of key persons critical to maintaining the competitive advantage of ABS-CBN. The program will cover up to 85 million shares to be awarded at the end of up to a five-year period subject to the eligibility conditions of the program. In addition to stockholders' approval, the ABS-CBN Stock Grant is subject to the approval of the Securities and Exchange Commission and listing with the Philippines Stock Exchange.

Retained Earnings

Unappropriated retained earnings available for dividend distribution is adjusted to exclude the Parent Company's accumulated equity in net earnings (losses) of subsidiaries, associates and joint ventures amounting to ₱872 million and ₱888 million as at December 31, 2023 and December 31, 2022, 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.

On February 27, 2013, the Group'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 Group'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 September 30, 2024 and December 31, 2023 are as follows:

	Number of Shares			
	Treasury Shares	PDRs Convertible to Common Shares	Total	Amount
Balance at beginning and end of year	—	16,321,266	16,321,266	₱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 the Parent Company's principal shareholder, Lopez, Inc. at a total purchase price of ₱500 million.

24. 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 Group'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 Group'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 Group 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 Group with its associates, joint ventures and related parties are presented below:

		Nine Months Ended September 30 (Unaudited)	
	Nature	2024	2023
Entities under Common Control			
Expenses paid by the Parent Company to Goldlink Securities and Investigative Services, Inc. (Goldlink) and other related parties	Service fees and utilities expenses	₱85,005	₱62,278
Expenses and charges paid for by the Parent Company which are reimbursed by the concerned related parties	Rent and utilities	13,294	56,081

The 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	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Due from (see Note 7)					
ALA Sports	Joint Venture	30 days upon receipt of billings; noninterest-bearing	Unsecured, with allowance of impairment of ₱55 million in 2023 and 2022-	₱78,259	₱78,274
Iloilo-Negros Air Express Company (INAEC)	Affiliate under common control	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	26,099	26,282
Rockwell Land Corporation (Rockwell Land)	Affiliate under common control	Payable in tranches based on the agreement; noninterest-bearing	Unsecured, no impairment	798	25,236

				September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	Relationship*	Terms	Conditions		
A C J O	Joint Venture	30 days upon receipt of billings; noninterest-bearing	Unsecured, with allowance of impairment of ₱10.0 million in 2023 and 2022	(9,463)	14,584
Lopez Holdings	Affiliate	30 days upon receipt of billings; noninterest-bearing	Unsecured	7,263	9,285
First Philippine Holdings Corporation (FPHC)	Affiliate	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	2,983	4,667
Knowledge Channel Foundation, Inc.	Affiliate under common control	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	3,052	3,031
Daum Kakao	Joint venture	30 days upon receipt of billings; noninterest-bearing	Unsecured, net of allowance of impairment of ₱0.3 million in 2023 and 2022	1,555	1,555
Lopez, Inc.	Parent	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	1,175	1,086
Goldlink	Affiliate under common control	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	196	1,056
ABS-CBN Holdings Corporation	Stockholder	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	189	24
First Gas Power Corp.	Affiliate under common control	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	—	—
Others	Affiliates under common control	30 days upon receipt; noninterest-bearing	Unsecured, no impairment	566	382
Total				₱112,672	₱165,462

*Affiliate pertains to various entities under common control of Lopez, Inc., ultimate parent company

				September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	Relationship*	Terms	Conditions		
Due to (see Note 18)					
ABS-CBN Bayan Foundation.	Affiliate	30 days upon receipt of billings; noninterest-bearing	Unsecured	₱2,379	₱4,289
Others	Affiliates	30 days upon receipt of billings; noninterest-bearing	Unsecured	2,331	8,135
Total				₱4,710	₱12,424

*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. In 2022, Rockwell Land agreed to purchase land properties of the Group with the following payment terms and conditions:
 1. 10% of the purchase price upon execution and notarization of the contract to sell.
 2. 80% of the purchase price upon execution of the Deed of Absolute Sale.

3. 10% of the purchase price within 7 business days from receipt by Rockwell Land of the electronic Certificate Authorizing Registration issued by the Bureau of Internal Revenue.

In 2023 and 2022, sale of land amounting to ₱733 million and ₱786 million were completed, which resulted to a gain on sale of ₱232 million and ₱246 million, respectively.

As of December 31, 2023 an advance payment of ₱159 million was made by Rockwell Land Corporation to the Group. This transaction is expected to be completed in 2024.

- c. In 2023, the Parent Company sold a certain land to Lopez Holdings Corporation for a total proceeds and gain on sale of ₱368 million.
- d. In 2023, the Parent Company agreed to sell its transportation equipment to INAEC Aviation Corporation. The sale is expected to be completed in 2024. The transportation equipment was reclassified to non-current assets held for sale as of December 31, 2023 (see Note 32).
- e. Other transactions with related parties include cash advances for working capital requirements.

The Group's Board of Directors reviews and approves material transactions with related parties, ensuring that these transactions are in the best interest of the Corporation, after considering all the relevant facts and circumstances available.

Terms and Conditions of Transactions with Related Parties

Except for transactions identified in the previous section as interest-bearing, outstanding balances as at financial reporting date are generally unsecured, interest-free and settlement occurs in cash, and are collectible or payable on demand. For the year ended December 31, 2022, the Group recorded provision for ECL amounting to ₱65 million (nil for the year ended December 31, 2023) [see Note 28]. 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 Group

	Nine Months Ended September 30	
	(Unaudited)	
	2024	2023
Compensation (see Notes 26, 27 and 28)	₱689,657	₱678,525
Pension benefits (see Note 31)	31,375	28,005
Termination benefits	110,086	145,690
Vacation leaves and sick leaves	22,498	27,574
	₱853,616	₱879,794

25. Revenues

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

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
Subscription revenue	P5,551,479	P6,972,572
Advertising revenue	4,761,441	4,828,788
Royalty income	109,696	72,273
Income from film exhibition	447,726	130,943
Sponsorship revenue	78,637	33,192
Service fee revenue	62,811	58,485
Sale of goods	67,236	27,278
Installation service revenue	145,312	46,633
Ancillary rights and other revenues	805,549	1,322,450
Total revenue from contracts with customers	12,029,887	13,492,614
Channel lease and other rental income	5,950	27,453
Total revenues	P12,035,837	P13,520,067
Attributable to:		
Content production and distribution	P7,996,650	P8,064,024
Cable television and broadband	4,122,257	5,456,043
Total revenues	P12,118,907	P13,520,067

26. Production Costs

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
Personnel expenses and talent fees (see Notes 24 and 31)	P2,383,600	P2,612,272
Facilities-related expenses (see Notes 24 and 33)	800,427	909,904
Depreciation and amortization (see Note 10)	263,546	303,396
Amortization of program rights (see Note 13)	262,113	314,377
Travel and transportation	81,903	182,086
License and royalty	98,756	7,802
Set requirements	103,720	226,194
Catering and food expenses	46,268	76,740
Other program expenses	966,340	849,173
	P5,006,673	P5,481,944

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.

27. Cost of Sales and Services

Cost of services consists of the following:

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
Facilities-related expenses (see Notes 24 and 33)	P1,683,385	P1,666,291
Depreciation and amortization (see Note 10)	1,346,521	1,387,374
Personnel expenses (see Notes 24 and 31)	1,108,534	1,038,907
Bandwidth costs	273,507	498,001
Amortization of program rights (see Note 13)	9,083	78,398
Stationery and office supplies	26,055	69,212
License fees and royalties	38,723	27,149
Transportation and travel	104,757	83,448
Amortization of other intangible assets (see Note 13)	92,492	3,255
Taxes and licenses	53,305	60,943
Freight and delivery	1,495	1,367
Catering and food expenses	14,708	10,938
Set requirements	6,944	15,400
Inventory costs (see Note 8)	6,182	385
Others	214,274	461,389
	P4,979,965	P5,402,457
Attributable to:		
Content production and distribution	984,723	969,581
Cable television and broadband	3,995,242	4,432,876
Total Cost of Services	P4,979,965	P5,402,457

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:

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
Inventory costs (see Note 8)	P70,871	P50,615
Others	7,549	9,513
	P78,420	P60,128

28. General and Administrative Expenses

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

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
Personnel expenses (see Notes 23, 24 and 31)	P2,648,469	P2,796,488
Contracted services	708,945	576,728
Depreciation and amortization (see Notes 10 and 12)	257,151	384,053
Facilities related expenses (see Notes 24 and 33)	366,337	402,952
Research and survey	105,179	107,741
Taxes and licenses	305,658	285,075
Provision for ECL (see Note 7)	236,520	268,072
Advertising and promotion (see Note 9)	79,445	41,291
Amortization of other intangible assets (see Note 13)	38,722	110,165
Transportation and travel	147,835	144,160
Entertainment, amusement and recreation	26,040	29,362
Donations and contributions	3,324	5,514
Inventory losses (see Note 8)	233	-
Provision for impairment loss	-	7,079
Others	199,444	29,599
	P5,123,302	P5,188,279

Attributable to:

Content production and distribution	P4,184,950	P3,889,953
Cable television and broadband	938,352	1,298,326
Total General and Administrative Expenses	P5,123,302	P5,188,279

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.

29. Other Income and Expenses

Finance Costs

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
Interest expense (see Notes 19, 21 and 33)	P796,899	P851,411
Amortization of debt issue costs (see Note 19)	13,268	5,533
Bank service charges	8,237	2,501
	P818,404	P859,445

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

	Nine Months Ended September 30	
	(Unaudited)	
	2024	2023
Long-term debt (see Note 19)	P762,696	P813,520
Lease liability (see Note 33)	22,589	27,108
Convertible note (see Note 21)	11,614	10,784
	P796,899	P851,412

Other Income

	Nine Months Ended September 30	
	(Unaudited)	
	2024	2023
Gain on sale of property and equipment	P678,597	P39,582
Gain on sale of noncurrent assets held for sale (see Note 32)	414,684	58,821
Leasing operations (see Note 32)	70,495	81,193
Others - net (see Notes 21 and 22)	158,425	97,631
	P1,322,201	P39,582

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

30. Income Tax and Registration with the Philippine Economic Zone Authority (PEZA)

The components of consolidated net deferred tax assets and liabilities of the Group are as follows:

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:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Deferred tax assets - net:		
Allowance for ECL	P502,171	P420,087
Accrued pension obligation and other employee benefits	855,301	452,465
NOLCO	146,043	371,559
Excess of the purchase price over the fair value of net assets acquired	198,881	115,529
Accrued expenses	43,939	60,381
Lease liabilities	56,716	55,448
MCIT	61,171	46,685
Customers' deposits	24,399	18,018
Allowance for inventory obsolescence	16,081	17,038
Others	204,059	105,433
	P2,103,761	P1,662,643
Deferred tax liabilities - net		
Revaluation increment on land	P3,551,257	P3,456,487
Net unrealized foreign exchange gain	336,985	298,825
Capitalized interest, duties, and taxes	146,886	141,846
Imputed discount	70,447	70,447
Right-of-use asset - net	210,965	197,722
	P3,981,031	P4,165,327

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 nil and P17 million have expired in 2024 and 2023, respectively. NOLCO amounting to P297 million and P76 million were claimed as deduction against taxable income in 2024 and 2023, respectively.

MCIT amounting to P1 million and P4 million expired and were written off in 2024 and 2023, respectively. No MCIT was claimed as deduction against taxable income in 2024 and 2023.

As of September 30, 2024, MCIT amounting to P243 million can be claimed as tax credit against future RCIT as follow:

Year Paid	Expiry Dates	Amount
2021	December 31, 2024	P28,222
2022	December 31, 2025	35,097
2023	December 31, 2026	57,185
2024	December 31, 2027	122,043
		P242,546

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 September 30, 2024, the Group has incurred NOLCO from years 2022 to 2024 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
2022	2023 to 2025	₱2,476,985
2023	2024 to 2026	1,385,497
2024	2025 to 2027	₱2,661,636

As of September 30, 2024, the Group has incurred NOLCO in taxable years 2020 & 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	₱12,741,500
2021	2022 to 2026	3,476,985

As at September 30, 2024 and December 31, 2023, deferred tax liability on undistributed earnings of ABS-CBN Global, holding company of the Parent Company’s foreign subsidiaries, amounting to ₱1,206 million and ₱754 million, respectively, has not been recognized because the Parent Company has control over such earnings, which have been earmarked for expansion in the Group’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:

	Nine Months Ended September 30	
	(Unaudited)	
	2024	2023
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	(4)	(7)
Change in unrecognized deferred tax assets and others	(19)	(15)
Effective tax rates	(2%)	3%

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.

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 December 6, 2022, Big Dipper secured PEZA Board

Resolution No. 22-337 approving the Company's application for cancellation of its PEZA registration. The cancellation took effect on January 6, 2023.

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 Play Innovation Inc'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. PII ceased operations in 2020.

BEPS 2.0 Pillar Two

The Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting published the Pillar Two model rules designed to address the tax challenges arising from the digitalization of the global economy.

PAS 12 is amended to require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group adopted and applied the exceptions introduced by PAS 12. Current income tax expense related to Pillar Two income taxes amounted to nil in 2023. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where ABS-CBN Group operates. As at April 11, 2024, ABS-CBN Group is in the process of gathering information and assessing the potential exposure arising from the Pillar Two legislation.

31. Pension and Other Employee Benefits

Accrued pension obligation and other employee benefits consist of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Pension obligation	P5,746,013	P5,292,235
Other employee benefits	1,230,315	1,208,504
	P6,976,328	P6,500,739

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current (see Note 18)	P109,812	P109,812
Noncurrent	6,866,516	6,390,927
	P6,976,328	P6,500,739

a. Pension Plan

The Group's pension plans are composed of funded (Parent Company and Sky Cable) and unfunded (other subsidiaries), noncontributory and actuarially computed defined benefit pension plans, except for ABS-CBN International (contributory), covering substantially all of its employees. The benefits are based on years of service and compensation during the last year of employment. Actuarial valuation is performed every year-end.

The following tables summarize the components of consolidated net pension expense recognized in the consolidated statements of income and accrued pension obligation recognized in the consolidated statements of financial position:

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
Current service cost	P327,321	(P105,002)
Net interest cost	195,515	103,799
Net pension expense	P522,836	(P1,203)

Accrued Pension Obligation

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Present value of obligation	P6,038,154	P5,610,698
Fair value of plan assets	(292,141)	(318,463)
Accrued pension obligation	P5,746,013	P5,292,635

Income tax effect of re-measurement gains and losses on defined benefit plan presented in OCI amounted to P26 million in 2023, P88 million in 2022 and P93 million in 2021.

The Parent Company and Sky Cable expect to contribute P400 million and P374 million, respectively, to the retirement fund in 2024.

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Investment in stocks	P173,660	P166,187
Investment in fixed/floating rate treasury note	103,529	137,324
Investment in government securities and bonds	8,909	8,909
Others	6,043	6,043
	P292,141	P318,463

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

	December 31 2023	January 1	
		2023	2022
Discount rate	6.05% -6.14%	6.35% -7.35%	4.89%-5.18%
Future salary rate increases	5.00% - 6.00%	2.67% - 6.00%	3.0%-6.0%

ABS-CBN

On March 11, 2010, the BOD approved the re-constitution of the retirement committee who will actively manage the pension fund.

The retirement committee is composed of six members, five 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.

As of September 30, 2024, the investment portfolio consists of 98% and 2% investment in equity and fixed income securities, respectively. The Company contributed P254 million in 2014, P200 million in 2015 and P335 million in 2016. No contributions were made from 2017 to September 2024. The company made a withdrawal amounting to P841.8M in 2020 and P318M in 2021.

The fair value of ABS-CBN's plan assets as at September 30, 2024 and December 31, 2023 are as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Fixed Income:		
Short-term	P2,840	P3,619
Equities:		
Investment in shares of stock and other securities of related parties	170,343	162,871
	P173,183	P166,490

Short-term Fixed Income. Short-term fixed income investment includes investments in short term Unit Investment Trust Funds including Money Market Funds and Short-term Funds.

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.

September 30, 2024 (Unaudited – Nine Months)				
	Number of Shares	Cost	Fair Value	Unrealized Loss
ABS-CBN Holdings PDRs	P-	P-	P-	P-
ABS-CBN Common	32,758	1,571,650	170,343	(1,401,306)
	P32,758	P1,571,650	P170,343	(P1,401,306)

December 31, 2023 (Audited – One Year)				
	Number of Shares	Cost	Fair Value	Unrealized Loss
ABS-CBN Holdings PDRs	34,903,160	P1,515,862	P160,555	(P1,355,307)
ABS-CBN Common	501,320	24,052	2,316	(21,736)
	35,404,480	P1,539,914	P162,871	(P1,377,043)

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

In 2010, the Company contributed 7,400,000 ABS-CBN PDRs to the retirement fund. The contribution was made in open market at an average price of P53.59 each. In 2013, the Company purchased additional 76,000 PDRs at 42.12 which increased total PDRs held to 580,058. From 2015 to June 2017, additional PDRs were acquired in open market at an average price of P48.70. As at September 30, 2024 and December 31, 2023, the value of each ABS-CBN PDRs held by the retirement fund is at P5.90 and P4.60, respectively.

Total unrealized loss from investments in shares of stock and other securities of related parties amounted to P1,401 million as of September 2024 and P1,377 million as of 2023.

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 September 30, 2024 and December 31, 2023 are as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Short-term fixed income	P6,043	P6,043
Investment in medium and long-term fixed income:		
Government securities	100,690	133,705
Corporate bonds	8,909	8,909
Unit investment trust fund	3,316	3,316
	P118,958	P151,973

Short-term Fixed Income. Short-term fixed income investment includes time deposit, special deposit account and special savings account with average interest rate of 5.9% as at September 30, 2024 and December 31, 2023.

Medium and Long-term Fixed Income. Investment in medium and long-term fixed income include Philippine peso-denominated bonds, such as government securities, corporate bonds, notes and debt securities.

Investment in Government Securities. Investment in government securities include treasury bills and fixed-term treasury notes bearing interest ranging from 2.38 % to 6.63% as at September 30, 2024 and December 31, 2023. These securities are fully guaranteed by the government of the Republic of the Philippines. Total loss from investments in government securities amounted to P0.4 million and P6.0 million for the years ended December 31, 2023 and 2022, respectively.

Investment in Corporate Bonds. These pertain to P8.9 million and P12.6 million unsecured bonds with terms ranging from 3 to 7 years as at September 30, 2024 and December 31, 2023, respectively. Yield to maturity rate ranges from 3.29% to 6.85% with losses of P0.2 million in 2023 and 2022.

b. Other Employee Benefits

Other employee benefits consist of accumulated employee sick and vacation leave entitlement.

Net Benefit Expense

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
Current service cost	P64,879	P100,721
Interest cost	66,809	50,805
Net benefit expense	P131,688	P151,526

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Defined benefit obligation at beginning of year	P1,208,504	P1,267,987
Current service cost	64,879	37,449
Past service credit	—	(804)
Interest cost	66,809	82,833
Actuarial loss	—	(70,077)
Benefits paid	(109,877)	(108,884)
Defined benefit obligation at end of year	P1,230,315	P1,208,504

The sensitivity analysis on the next page 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.

	2023	2022
	Increase (Decrease) in Defined Benefit Obligation	Increase (Decrease) in Defined Benefit Obligation
Discount rate:		
Increase by 1%	(P371,810)	(P89,684)
Decrease by 1%	355,753	62,680
Future salary increases:		
Increase by 1%	P378,373	P360,500
Decrease by 1%	(397,719)	(389,098)

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

Year	2023	2022
One year	P998,982	P1,583,004
More than one year but less than five years	1,826,438	1,717,884
More than five years but less than ten years	4,129,921	4,384,518
Beyond ten years	9,343,756	11,099,037

The average duration of the defined benefit obligation at the end of the period ranges from 6 to 17 years.

32. Noncurrent Assets Held for Sale

In 2023, certain land, building, and transmitter equipment with book values of P299 million, P21 million and P3 million, respectively, were classified as noncurrent assets held for sale as of December 31, 2023.

Transportation equipment with book value of P223 million were also classified as held for sale. Its fair value less cost to sell amounted to P191 million. Hence, the Group recognized impairment loss of P32 million in 2023.

As at December 31, 2023, the appraised value of properties under mortgage classified as noncurrent asset held for sale is P1,446 million.

In February 2024, the Group sold properties with cost amounting to P71 million, for total consideration amounting to P485 million.

Noncurrent assets held for sale are included as part of “Content Production and Distribution” business segment (see Note 5).

33. 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.

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:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Within one year	P26	P2,942
After one year but not more than five years	—	—
	P26	P2,942

As Lessee. The Parent Company and subsidiaries lease office facilities, space, equipment and indefeasible right of use (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 Group'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 assets for the nine months ended September 30, 2024 and year ended December 31, 2023 follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost:		
Balance at beginning of year	P2,326,658	P2,618,607
Additions	24,789	172,627
Disposals	(93,930)	(208,296)
Reclassification	(48,019)	(256,200)
Translation adjustments	-	(80)
Balance at end of year	2,209,498	2,326,658
Accumulated Depreciation:		
Balance at beginning of year	1,137,044	1,089,681
Depreciation	195,638	268,512
Disposals	(81,764)	(176,955)
Reclassification	(3,624)	(44,114)
Translation adjustments	-	(80)
Balance at end of year	1,247,294	1,137,044
	P962,204	P1,189,614

The rollforward analysis of lease liabilities for the nine months ended September 30, 2024 and year ended December 31, 2023 follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	P523,218	P664,673
Additions	24,789	172,627
Interest expense	22,589	39,270
Interest paid	(22,589)	(39,270)
Termination	(12,166)	(27,310)
Payments	(33,643)	(286,772)
Translation adjustments	-	-
Balance at end of year	502,198	523,218
Less current portion	210,838	210,609
	P291,360	P312,609

34. 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 September 30, 2024 and December 31, 2023.

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

35. 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 September 30, 2024 and December 31, 2023. There are no material unrecognized financial assets and liabilities as at September 30, 2024 and December 31, 2023.

September 30, 2024 (Unaudited – Nine 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 consolidated statements of financial position)	P233,760	P211,123	P–	P–	P211,123
Financial assets at FVOCI	70,200	70,199	–	–	70,199
	303,960	281,322	–	–	281,322
Financial Liabilities					
Other financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	16,315,115	16,123,892	–	–	16,123,892
Obligations for program rights	43,186	43,186	–	43,186	–
Convertible note	214,146	152,021	–	–	152,021
Lease liabilities	502,198	502,198	–	–	502,198
	P17,074,645	P16,821,297	P–	P43,186	P16,778,111
December 31, 2023 (Audited – One Year)					
	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)	P290,993	P200,977	P–	P–	P200,977
Financial assets at FVOCI	67,333	67,333	–	–	67,333
	358,325	268,309	–	–	268,309
Financial Liabilities					
Other financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	17,189,790	16,817,601	–	–	16,817,601
Obligations for program rights	73,647	73,647	–	73,647	–
Convertible note	202,532	152,022	–	–	152,022
Lease liabilities	523,218	523,218	–	–	523,218
	P17,989,188	P17,566,488	P–	P73,647	P17,492,841

Fair Value Determination

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 3.7% to 9.2% in 2024 and 3.7% to 7.1% in 2023.

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. Fair value was computed based on the discounted value of future cash flows using the applicable BVAL rate plus 1% credit spread, respectively.

Lease liabilities. The fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans plus the applicable credit spread. Discount rates used ranged from 4% to 16% in 2024 and 7% to 16% in 2023.

There were no transfers between levels in the fair value hierarchy as at September 30, 2024 and December 31, 2023.

Offsetting of Financial Assets and Financial Liabilities

There is no offsetting of financial assets and financial liabilities as at September 30, 2024 and December 31, 2023.

36. 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:

Nine Months Ended September 30 (Unaudited)		
	2024	2023
Net loss attributable to equity holders of the Parent Company	(P2,407,124)	(P3,148,083)
Dividends on preferred shares	(4,000)	(4,000)
(a) Net loss attributable to common equity holders of the Parent Company	(P2,411,124)	(P3,152,083)
(b) Weighted average number of shares outstanding:		
At beginning and end of year	899,848,111	899,848,111
Basic/diluted EPS (a/b)	(P2.679)	(P3.503)

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

37. Note to Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities:

	January 1, 2024	Net cash flows	Noncash changes	September 30, 2024
Term loans (Note 19)	P17,189,790	(P879,208)	P4,533	P16,315,115
Lease liabilities (Note 33)	523,218	(33,643)	12,623	502,198
Interest payable (Note 18)	207,476	(874,265)	785,286	118,497
Dividends payable (Note 18)	44,481	-	-	44,481
Deposits for future subscription (Note 18)	1,287,421	-	13	1,287,434
Total liabilities from financing activities	P19,252,386	(P1,787,116)	P802,455	P18,267,725

	January 1, 2023	Net cash flows	Noncash changes	December 31, 2023
Term loans (Note 19)	P17,728,317	(P565,033)	P26,506	P17,189,790
Lease liabilities (Note 33)	664,673	(286,772)	145,317	523,218
Interest payable (Note 18)	213,157	(1,062,975)	1,057,294	207,476
Dividends payable (Note 18)	44,481	-	-	44,481
Deposits for future subscription (Note 18)	1,287,421	-	-	1,287,421
Total liabilities from financing activities	P19,938,049	(P1,914,780)	P1,229,117	P19,252,386

Noncash changes include effect of accrual of dividends and interests, amortization of debt issue costs and the accretion of interest on finance leases.

38. Contingent Liabilities and Other Matters

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 September 30, 2024, 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.

The Group 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 Group's financial position and financial performance.

Disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position. Thus, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only general descriptions were provided.

SIGNATURE

For the SEC 17-Q Third Quarter 2024
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:



RICARDO B. TAN JR.

Group Chief Financial Officer

Signed this 13th day of November, 2024

SUBSCRIBED AND SWORN to me before this NOV 13 2024 day of , 2024. Affiants exhibiting to me their Passports, as follows:

NAMES
RICARDO B. TAN JR.

PASSPORT NO.
P7898714B

DATE OF EXPIRY
October 17, 2031

PLACE OF ISSUE
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Until December 31, 2024

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