

# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-Q

### QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended  
Sep 30, 2024
2. SEC Identification Number  
1803
3. BIR Tax Identification No.  
00406761000
4. Exact name of issuer as specified in its charter  
ABS-CBN CORPORATION
5. Province, country or other jurisdiction of incorporation or organization  
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office  
ABS-CBN Broadcasting Center, Sgt. Esguerra Ave. cor. Mother Ignacia Street Quezon  
City  
Postal Code  
1103
8. Issuer's telephone number, including area code  
0234152272
9. Former name or former address, and former fiscal year, if changed since last report  
Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	899,848,111

11. Are any or all of registrant's securities listed on a Stock Exchange?

☒ Yes ☐ No

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

Philippine Stock Exchange - Common Shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 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

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



**ABS-CBN**

## ABS-CBN Corporation ABS

### PSE Disclosure Form 17-2 - Quarterly Report References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Sep 30, 2024
Currency (indicate units, if applicable)	Php, in Thousand

#### Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2024	Dec 31, 2023
Current Assets	13,677,480	13,270,540
Total Assets	51,249,734	53,103,037
Current Liabilities	33,033,958	32,569,242
Total Liabilities	45,123,286	43,871,391
Retained Earnings/(Deficit)	-5,299,063	-2,891,939
Stockholders' Equity	6,126,448	9,231,646
Stockholders' Equity - Parent	10,648,823	13,573,856
Book Value per Share	6.81	10.43

#### Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	4,331,820	4,725,033	12,118,907	13,520,067
Gross Expense	4,973,631	5,520,177	15,188,360	16,132,808
Non-Operating Income	521,969	81,179	1,364,870	296,178

<b>Non-Operating Expense</b>	275,743	279,363	822,248	909,110
<b>Income/(Loss) Before Tax</b>	-395,585	-993,328	-2,526,831	-3,225,673
<b>Income Tax Expense</b>	64,062	108,979	60,458	105,337
<b>Net Income/(Loss) After Tax</b>	-459,647	-1,102,307	-2,587,289	-3,331,010
<b>Net Income Attributable to Parent Equity Holder</b>	-389,868	-1,020,985	-2,407,124	-3,148,083
<b>Earnings/(Loss) Per Share (Basic)</b>	-0.44	-1.14	-2.68	-3.5
<b>Earnings/(Loss) Per Share (Diluted)</b>	-0.44	-1.14	-2.68	-3.5

	<b>Current Year (Trailing 12 months)</b>	<b>Previous Year (Trailing 12 months)</b>
<b>Earnings/(Loss) Per Share (Basic)</b>	-2.87	-2.05
<b>Earnings/(Loss) Per Share (Diluted)</b>	-2.87	-2.05

**Other Relevant Information**

N/A

**Filed on behalf by:**

<b>Name</b>	Paul Michael Villanueva Jr.
<b>Designation</b>	Chief Risk Management Officer, Chief Compliance Officer & Head, ABS-CBN Shared Service Center

# 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>
<b>Common Stock, P1.00 par value</b>	<b>899,848,111 shares</b>
<b>Preferred Stock, P0.20 par value</b>	<b>1,000,000,000 shares</b>
Short-term & Long-term debt (current & non-current)	<b><u>P16.3 billion</u></b>

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

#### Consolidated Revenues

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

#### 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>B</b>	<b>Costs and Expenses</b>	<b>15,188</b>	<b>16,133</b>	<b>945</b>	<b>6%</b>

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	%
<b>Content Production &amp; Distribution</b>	(2,169)	(2,960)	791	27%
<b>Cable &amp; Broadband</b>	(418)	(371)	(47)	-13%
<b>Consolidated Net Income (loss)</b>	<b>(2,587)</b>	<b>(3,331)</b>	<b>744</b>	<b>22%</b>

### 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:

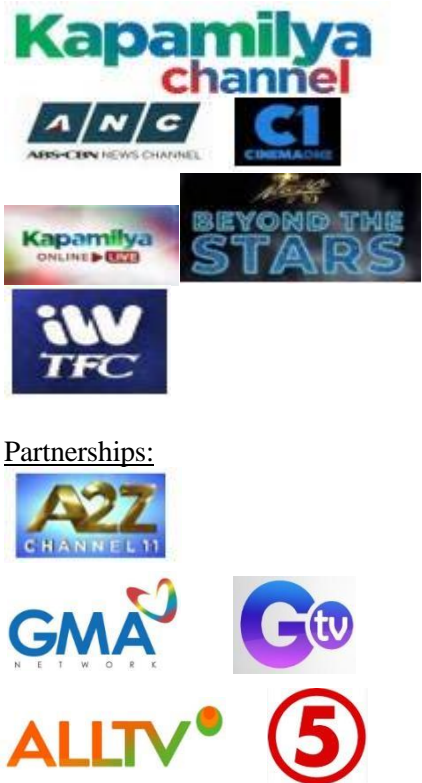

EBITDA for the nine months ended September 30, 2024, was ₱1.1 billion, a decline of ₱103 million or 8% compared to 2023.

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

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

<b>Equity Attributable to Equity Holders of the Parent Company</b>		
Capital stock (Note 23):		
Common	<b>P899,848</b>	P899,848
Preferred	<b>200,000</b>	200,000
Additional paid-in capital	<b>4,428,759</b>	4,428,759
Treasury shares and Philippine depository receipts convertible to common shares (Note 23)	<b>(544,168)</b>	(544,168)
Exchange differences on translation of foreign operations	<b>1,106,165</b>	1,202,087
Fair value reserves on financial assets at FVOCI (Note 14)	<b>144,399</b>	98,344
Shared-based payment plan	<b>(15)</b>	(15)
Revaluation increment - net (Note 11)	<b>9,712,898</b>	10,180,940
Retained earnings (Note 23)	<b>(5,299,063)</b>	(2,891,939)
Equity attributable to equity holders of the Parent Company	<b>10,648,823</b>	13,573,856
<b>Noncontrolling Interests</b> (Note 4)	<b>(4,522,375)</b>	(4,342,210)
Total Equity	<b>6,126,448</b>	9,231,646
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P51,249,734</b>	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
<b>REVENUES</b> (Notes 5, 24 and 25)	<b>₱4,331,820</b>	₱4,725,033	<b>₱12,118,907</b>	₱13,520,067
<b>CONTENT PRODUCTION AND DISTRIBUTION</b>	<b>3,087,149</b>	2,983,894	<b>7,996,650</b>	8,064,024
<b>CABLE TELEVISION AND BROADBAND</b>	<b>1,244,671</b>	1,741,139	<b>4,122,257</b>	5,456,043
<b>PRODUCTION COSTS</b> (Notes 10, 13, 24, 26, 31 and 33)	<b>(1,633,248)</b>	(1,955,628)	<b>(5,006,673)</b>	(5,481,944)
<b>COST OF SERVICES</b> (Notes 8, 10, 13, 24, 27, 31 and 33)	<b>(1,585,274)</b>	(1,833,135)	<b>(4,979,965)</b>	(5,402,457)
<b>CONTENT PRODUCTION AND DISTRIBUTION</b>	<b>(354,953)</b>	(460,626)	<b>(984,723)</b>	(969,581)
<b>CABLE TELEVISION AND BROADBAND</b>	<b>(1,230,321)</b>	(1,372,509)	<b>(3,995,242)</b>	(4,432,876)
<b>COST OF SALES</b> (Notes 8 and 27)	<b>(12,414)</b>	(25,325)	<b>(78,420)</b>	(60,128)
<b>GROSS PROFIT</b>	<b>1,100,884</b>	910,945	<b>2,053,849</b>	2,575,538
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b> (Notes 7, 8, 10, 12, 13, 23, 24, 28, 31 and 32)	<b>(1,742,695)</b>	(1,706,089)	<b>(5,123,302)</b>	(5,188,279)
<b>CONTENT PRODUCTION AND DISTRIBUTION</b>	<b>(1,488,082)</b>	(1,290,430)	<b>(4,184,950)</b>	(3,889,953)
<b>CABLE TELEVISION AND BROADBAND</b>	<b>(254,613)</b>	(415,659)	<b>(938,352)</b>	(1,298,326)
<b>OPERATING LOSS</b>	<b>(641,811)</b>	(795,144)	<b>(3,069,453)</b>	(2,612,741)
<b>CONTENT PRODUCTION AND DISTRIBUTION</b>	<b>(401,547)</b>	(748,115)	<b>(2,258,116)</b>	(2,337,582)
<b>CABLE TELEVISION AND BROADBAND</b>	<b>(240,264)</b>	(47,029)	<b>(811,337)</b>	(275,159)
<b>FINANCE COSTS</b> (Notes 19, 21 and 29)	<b>(275,549)</b>	(240,854)	<b>(818,404)</b>	(859,445)
<b>INTEREST INCOME</b> (Note 6)	<b>4,730</b>	12,612	<b>4,874</b>	18,952
<b>FOREIGN EXCHANGE GAINS (LOSSES) - net</b>	<b>126,526</b>	(28,168)	<b>37,795</b>	(39,142)
<b>EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES AND JOINT VENTURES</b> (Note 15)	<b>(194)</b>	(10,341)	<b>(3,844)</b>	(10,523)
<b>OTHER INCOME - NET</b> (Notes 29 and 33)	<b>390,713</b>	68,567	<b>1,322,201</b>	277,226
<b>LOSS BEFORE INCOME TAX</b>	<b>(395,585)</b>	(993,328)	<b>(2,526,831)</b>	(3,225,673)



	For the Quarter Ended September 30 (Unaudited)		Nine Months Ended September 30 (Unaudited)	
	2024	2023	2024	2023
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>				
(Note 30)				
Current	<b>93,258</b>	132,644	<b>189,470</b>	237,857
Deferred	<b>(29,196)</b>	(23,665)	<b>(129,012)</b>	(132,520)
	<b>64,062</b>	108,979	<b>60,458</b>	105,337
<b>NET LOSS</b>	<b>(459,647)</b>	(1,102,307)	<b>(2,587,289)</b>	(3,331,010)
<b>CONTENT PRODUCTION AND DISTRIBUTION</b>	<b>(290,064)</b>	(961,398)	<b>(2,169,225)</b>	(2,960,279)
<b>CABLE TELEVISION AND BROADBAND</b>	<b>(169,583)</b>	(140,907)	<b>(418,064)</b>	(370,729)
<b>Attributable to</b>				
Equity holders of the Parent Company (Note 36)	<b>(389,868)</b>	(1,020,985)	<b>(2,407,124)</b>	(3,148,083)
Noncontrolling interests	<b>(69,779)</b>	(81,322)	<b>(180,165)</b>	(182,927)
	<b>(459,647)</b>	(1,102,307)	<b>(2,587,289)</b>	(3,331,010)
<b>Basic/Diluted Earnings per Share Attributable</b>				
<b>to Equity Holders of the Parent Company</b> (Note 36)	<b>(P0.438)</b>	(P1.139)	<b>(P2.679)</b>	(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
<b>NET LOSS</b>	<b>(P459,647)</b>	<b>(P1,102,307)</b>	<b>(P2,587,289)</b>	<b>(P3,331,010)</b>
<b>OTHER COMPREHENSIVE LOSS</b>				
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
	<b>(250,483)</b>		<b>(421,987)</b>	
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
	<b>(76,896)</b>	<b>93,281</b>	<b>(95,922)</b>	<b>210,093</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>(327,379)</b>	<b>93,281</b>	<b>(517,909)</b>	<b>214,631</b>
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>(P787,026)</b>	<b>(P1,009,026)</b>	<b>(P 3,105,198)</b>	<b>(P3,116,379)</b>
<b>Attributable to:</b>				
Equity holders of the Parent Company	<b>(P717,247)</b>	<b>(P927,704)</b>	<b>(P2,925,033)</b>	<b>(P2,933,452)</b>
Noncontrolling interests	<b>(69,779)</b>	<b>(81,322)</b>	<b>(180,165)</b>	<b>(182,927)</b>
	<b>(P787,026)</b>	<b>(P1,009,026)</b>	<b>(P3,105,198)</b>	<b>(P3,116,379)</b>

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)	Total	Noncontrolling Interests (Note 4)	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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	(P2,526,831)	(P3,225,673)
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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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)

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

*See accompanying Notes to Interim Condensed Consolidated Financial Statements.*

# **ABS-CBN CORPORATION AND SUBSIDIARIES**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Amounts in Thousands Unless Otherwise Specified)**

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### **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.

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## 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
<b>Content Production and Distribution</b>				
<i>Global:</i>				
ABS-CBN Global Ltd. (ABS-CBN Global) <sup>(a) (j)</sup>	Cayman Islands	Holding company	United States dollar (USD)	100.0
ABS-CBN Europe Ltd. (ABS-CBN Europe) <sup>(b)(c) (j) (dd)</sup>	United Kingdom	Cable and satellite programming services	Great Britain pound (GBP)	100.0
ABS-CBN Japan, Inc. (ABS-CBN Japan) <sup>(d) (j)</sup>	Japan	Cable and satellite programming services	Japanese yen (JPY)	100.0
ABS-CBN Middle East FZ-LLC (ABS-CBN Middle East) <sup>(b) (j)</sup>	Dubai, UAE	Cable and satellite programming services	United Arab Emirates dirham (AED)	100.0
ABS-CBN Global Hungary Kft. (ABS-CBN Hungary) <sup>(j)</sup>	Budapest, Hungary	Holding company	USD	100.0
Makati Kft. <sup>(j)</sup>	Budapest, Hungary	Holding company	USD	100.0
ABS-CBN International, Inc. (ABS-CBN International) <sup>(j) (n)</sup>	California, USA	Cable and satellite programming services	USD	100.0
ABS-CBN Australia Pty. Ltd. (ABS-CBN Australia) <sup>(j) (k)</sup>	Victoria, Australia	Cable and satellite programming services	Australian dollar (AUD)	100.0
ABS-CBN Canada, ULC (ABS-CBN Canada) <sup>(j) (k)</sup>	Canada	Cable and satellite programming services	Canadian dollar (CAD)	100.0
ABS-CBN Telecom North America, Inc. <sup>(j) (k)</sup>	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) <sup>(f)</sup>	Philippines	Theater operator	Philippine peso	100.0
<i>Narrowcast</i>				
Creative Programs, Inc. (CPI) <sup>(v)</sup>	Philippines	Content development, publishing and programming services	Philippine peso	100.0
<i>Others:</i>				
ABS-CBN Europe Remittance Inc. <sup>(d) (j) (y) (cc)</sup>	United Kingdom	Services - money remittance	GBP	100.0
E-Money Plus, Inc. <sup>(b)</sup>	Philippines	Services - money remittance	Philippine peso	100.0
ABS-CBN Global Remittance Inc. <sup>(j) (k) (y)</sup>	California, USA	Services - money remittance	USD	100.0
ABS-CBN Canada Remittance Inc. <sup>(j) (n) (y)</sup>	Canada	Services - money remittance	CAD	100.0
ABS-CBN Center for Communication Arts, Inc. <sup>(e)</sup>	Philippines	Educational/training	Philippine peso	100.0
ABS-CBN Global Cargo Corporation <sup>(t)</sup>	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. <sup>(j) (m)</sup>	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. <sup>(aa)</sup>	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) <sup>(z)</sup>	Philippines	Services - restaurant and food	Philippine peso	100.0
TV Food Chefs, Inc. <sup>(bb)</sup>	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) <sup>(x)</sup>	Philippines	Marketing, sales and advertising	Philippine peso	79.7
Sapientis Holdings Corporation (Sapientis)	Philippines	Holding company	Philippine peso	100.0
Columbus Technologies, Inc. (CTI) <sup>(q)</sup>	Philippines	Holding company	Philippine peso	70.0

(Forward)

Company	Place of Incorporation	Principal Activities	Functional Currency	Effective Interest
ABS-CBN Convergence, Inc. (ABS-C) <sup>(q)</sup>	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) <sup>(u)(bb)</sup>	Philippines	Management of locations	Philippine peso	100.0
Play Innovations, Inc. (PII) <sup>(g)(bb)</sup>	Philippines	Theme park	Philippine peso	73.0
Play Innovations Hungary Kft. (Play Innovations) <sup>(j)(g)</sup>	Budapest, Hungary	Theme park	USD	73.0
<b>Cable and Broadband</b>				
Sky Vision Corporation (Sky Vision) <sup>(w)</sup> (see Note 4)	Philippines	Holding Company	Philippine peso	75.0
Sky Cable Corporation (Sky Cable) <sup>(w)</sup> (see Note 4)	Philippines	Cable television services	Philippine peso	59.4
Bisaya Cable Television Network, Inc. <sup>(h)(i)(w)</sup>	Philippines	Cable television services	Philippine peso	59.4
Bright Moon Cable Networks, Inc. <sup>(h)(w)</sup>	Philippines	Cable television services	Philippine peso	59.4
Cavite Cable Corporation <sup>(h)(w)</sup>	Philippines	Cable television services	Philippine peso	59.4
Cepsil Consultancy and Management Corporation <sup>(h)(w)</sup>	Philippines	Cable television services	Philippine peso	59.4
Davao Cableworld Network, Inc. <sup>(h)(o)(w)</sup>	Philippines	Cable television services	Philippine peso	59.4
HM Cable Networks, Inc. <sup>(h)(w)</sup>	Philippines	Cable television services	Philippine peso	59.4
HM CATV, Inc. <sup>(h)(w)</sup>	Philippines	Cable television services	Philippine peso	59.4
Hotel Interactive Systems, Inc. <sup>(h)(w)</sup>	Philippines	Cable television services	Philippine peso	59.4
Isla Cable TV, Inc. <sup>(h)(w)</sup>	Philippines	Cable television services	Philippine peso	59.4
Moonsat Cable Television, Inc. <sup>(h)(o)(w)</sup>	Philippines	Cable television services	Philippine peso	59.4
Pilipino Cable Corporation (PCC) <sup>(h)(w)</sup>	Philippines	Cable television services	Philippine peso	59.4
Satellite Cable TV, Inc. <sup>(h)(w)</sup>	Philippines	Cable television services	Philippine peso	59.4
Sun Cable Holdings, Incorporated (SCHI) <sup>(h)(w)</sup>	Philippines	Holding company	Philippine peso	59.4
Sun Cable Systems Davao, Inc. <sup>(h)(i)(w)</sup>	Philippines	Cable television services	Philippine peso	59.4
Sunvision Cable, Inc. <sup>(h)(w)</sup>	Philippines	Cable television services	Philippine peso	59.4
Tarlac Cable Television Network, Inc. <sup>(h)(w)</sup>	Philippines	Cable television services	Philippine peso	59.4
Telemondial Holdings, Inc. <sup>(h)(i)(w)</sup>	Philippines	Holding company	Philippine peso	59.4
JMY Advantage Corporation <sup>(h)(w)</sup>	Philippines	Cable television services	Philippine peso	56.4
Cebu Cable Television, Inc. <sup>(h)(o)(p)(w)</sup>	Philippines	Cable television services	Philippine peso	57.4
Suburban Cable Network, Inc. <sup>(h)(w)</sup>	Philippines	Cable television services	Philippine peso	54.9
Pacific CATV, Inc. (Pacific) <sup>(h)(o)(w)</sup>	Philippines	Cable television services	Philippine peso	58.0
First Ilocandia CATV, Inc. <sup>(h)(o)(w)</sup>	Philippines	Cable television services	Philippine peso	54.9
Mactan CATV Network, Inc. <sup>(h)(o)(p)(w)</sup>	Philippines	Cable television services	Philippine peso	56.6
Discovery Mactan Cable, Inc. <sup>(h)(s)(w)</sup>	Philippines	Cable television services	Philippine peso	41.6
Home-Lipa Cable, Inc. <sup>(h)(s)(w)</sup>	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.

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### **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):

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

	<b>September 30, 2024 (Unaudited)</b>	December 31, 2023 (Audited)
Property and equipment	<b>₱16,895,190</b>	₱18,681,512
Land at revalued amount	<b>13,825,190</b>	14,574,775
Program rights	<b>907,934</b>	1,150,628
Movie in-process and filmed entertainment	<b>914,930</b>	861,629
Non-current assets held for sale	<b>443,305</b>	513,621
Tax credits	<b>270,839</b>	289,659
Story and publication, video rights, and record master	<b>248,706</b>	248,451
Cable channels	<b>117,731</b>	151,624
Investments in associates and joint venture	<b>116,676</b>	120,521
Preproduction expenses	<b>530,992</b>	78,041
Production and distribution business - Middle East	<b>1,987</b>	2,310
Investment properties	<b>988</b>	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	<b>P277,021</b>	P273,758
IP block	<b>18,184</b>	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.

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## **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*

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

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

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



*Summarized Consolidated Statements of Cash Flows*

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

*b. Sapiensis*

*Summarized Consolidated Statements of Financial Position*

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

*Summarized Consolidated Statements of Comprehensive Income*

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

*Summarized Consolidated Statements of Cash Flows*

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

c. *ABS-CBN Theme Parks*

*Summarized Consolidated Statements of Financial Position*

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

*Summarized Consolidated Statements of Comprehensive Income*

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

*Summarized Consolidated Statements of Cash Flows*

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

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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):

	<b>Nine Months Ended September 30 (Unaudited)</b>	
	<b>2024</b>	<b>2023</b>
Consolidated EBITDA	<b>₱548,324</b>	₱200,415
Depreciation and amortization	<b>(1,867,219)</b>	(2,074,823)
Amortization of intangible assets**	<b>(402,410)</b>	(506,195)
Finance costs*	<b>(810,167)</b>	(856,944)
Interest income	<b>4,874</b>	18,952
Provision for (benefit from) income tax	<b>(60,458)</b>	(105,336)
Impairment loss	<b>(233)</b>	(7,079)
Consolidated net loss	<b>(₱2,587,289)</b>	(₱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
<b>Revenue</b>								
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
<b>Results</b>								
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)
<b>EBITDA</b>							P548,324	P200,415
<b>EBITDA Margin</b>							4%	1%
<b>Assets and Liabilities</b>								
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
<b>Other Segment Information</b>								
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
<b>Revenue</b>										
External sales	<b>P11,249,235</b>	P11,531,828	<b>P1,761,097</b>	P2,319,517	<b>P776,865</b>	P258,091	<b>P-</b>	P-	<b>P13,787,197</b>	P14,109,436
Inter-segment sales	<b>980,530</b>	942,184	-	-	-	-	<b>(980,530)</b>	(942,184)	-	-
Revenue deductions	<b>(1,668,290)</b>	(589,369)	-	-	-	-	-	-	<b>(1,668,290)</b>	(589,369)
Total revenue	<b>P10,561,475</b>	P11,884,643	<b>P1,761,097</b>	P2,319,517	<b>P776,865</b>	P258,091	<b>(P980,530)</b>	(P942,184)	<b>P12,118,907</b>	P13,520,067
<b>Assets</b>										
Operating assets	<b>P47,545,744</b>	P50,655,598	<b>P6,790,338</b>	P2,175,601	<b>(P1,474,129)</b>	P4,358,372	<b>(P4,295,455)</b>	(P6,402,735)	<b>P48,566,498</b>	P50,786,836
Noncurrent assets held for sale	<b>443,305</b>	513,621	-	-	-	-	-	-	<b>443,305</b>	513,621
Contract assets	<b>19,495</b>	19,416	-	-	-	-	-	-	<b>19,495</b>	19,416
Investments in associates and joint ventures	<b>10,721,915</b>	10,272,586	-	-	-	-	<b>(10,605,238)</b>	(10,152,065)	<b>116,677</b>	120,521
Deferred tax assets – net	<b>1,688,383</b>	1,288,110	<b>58,396</b>	71,377	<b>19,996</b>	4,331	<b>336,986</b>	298,825	<b>2,103,761</b>	1,662,643
Total assets	<b>P60,418,842</b>	P62,749,331	<b>P6,848,734</b>	P2,246,978	<b>(P1,454,133)</b>	P4,362,703	<b>(P14,563,707)</b>	(P16,255,975)	<b>P51,249,736</b>	P53,103,037
<b>Liabilities</b>										
Operating liabilities	<b>P21,661,012</b>	P19,089,531	<b>P721,320</b>	P741,377	<b>(P1,287,529)</b>	P2,542,214	<b>P53,656</b>	(P3,163,486)	<b>P21,148,459</b>	P19,209,636
Contract liabilities	<b>2,840,974</b>	2,783,420	-	-	-	-	-	-	<b>2,840,974</b>	2,783,420
Interest-bearing loans and borrowings	<b>16,585,115</b>	17,459,790	-	-	-	-	<b>(270,000)</b>	(270,000)	<b>16,315,115</b>	17,189,790
Deferred tax liability	<b>3,979,554</b>	3,866,502	-	-	-	-	<b>336,986</b>	298,825	<b>4,316,540</b>	4,165,327
Lease liabilities	<b>971,853</b>	993,253	-	-	-	-	<b>(469,655)</b>	(470,035)	<b>502,198</b>	523,218
Total liabilities	<b>P46,038,508</b>	P44,192,496	<b>P721,320</b>	P741,377	<b>(P1,287,529)</b>	P2,542,214	<b>(P349,013)</b>	(P3,604,696)	<b>P45,123,286</b>	P43,871,391
<b>Other Segment Information</b>										
Capital expenditures:										
Property and equipment	<b>P795,252</b>	P1,079,380	<b>P604</b>	P-	<b>P4,462</b>	P857	<b>P-</b>	P-	<b>P800,318</b>	P1,080,237
Intangible assets	<b>362,128</b>	343,526	-	-	-	-	-	-	<b>362,128</b>	343,526

## 6. Cash and Cash Equivalents and Short-term Investments

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

	<b>September 30, 2024</b>	December 31, 2023
	(Unaudited)	(Audited)
Trade:		
Airtime	<b>₱2,825,751</b>	₱2,803,802
Subscriptions	<b>2,803,013</b>	2,613,340
Others	<b>1,319,923</b>	1,071,736
Due from related parties (Note 24)	<b>112,672</b>	165,462
Advances to employees and talents (Note 24)	<b>210,963</b>	986,596
Others	<b>1,291,410</b>	1,327,598
	<b>8,563,732</b>	8,968,534
Less allowance for ECL	<b>3,036,095</b>	2,824,685
	<b>₱5,527,637</b>	₱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)
<b>Balance at September 30, 2024</b>	<b>P329,630</b>	<b>P2,006,445</b>	<b>P125,080</b>	<b>P574,940</b>	<b>P3,036,095</b>

## 8. Inventories

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

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

	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	Right-of-use assets	
							Buildings and Improvements	Total
<b>Cost</b>								
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 sale (Note 32)	—	—	—	—	—	—	—	—
Reclassification to revaluation model (Note 11)	—	—	—	—	—	—	—	—
Translation adjustments	—	202	(98,862)	(298,766)	(408,376)	(188)	(47,831)	(853,821)
<b>Balance at end of year</b>	<b>210,833</b>	<b>14,455,871</b>	<b>33,002,163</b>	<b>12,977,828</b>	<b>3,833,338</b>	<b>1,908,563</b>	<b>300,935</b>	<b>66,689,531</b>
<b>Accumulated Depreciation, Amortization and Impairment</b>								
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
<b>Balance at end of year</b>	<b>83,826</b>	<b>9,927,818</b>	<b>26,591,916</b>	<b>10,353,070</b>	<b>1,590,418</b>	<b>1,074,211</b>	<b>173,083</b>	<b>49,794,342</b>
<b>Net Book Value</b>	<b>P127,007</b>	<b>P4,528,053</b>	<b>P6,410,247</b>	<b>P2,624,758</b>	<b>P2,242,920</b>	<b>P834,352</b>	<b>P127,852</b>	<b>P16,895,189</b>

December 31, 2023 (Audited – One Year)

	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	Right-of-use assets	
							Buildings and Improvements	Total
<b>Cost</b>								
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 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)
<b>Balance at end of year</b>	<b>210,833</b>	<b>14,426,996</b>	<b>33,484,082</b>	<b>13,296,341</b>	<b>4,041,595</b>	<b>2,002,681</b>	<b>323,977</b>	<b>67,786,505</b>
<b>Accumulated Depreciation, Amortization and Impairment</b>								
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

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

	<b>September 30, 2024 (Unaudited)</b>	December 31, 2023 (Audited)
Sky Cable	<b>₱4,491,817</b>	₱4,491,817
ABS-CBN International*	<b>278,925</b>	275,662
	<b>4,770,742</b>	4,767,479
Allowance for impairment	<b>(4,491,817)</b>	(4,491,817)
	<b>₱278,925</b>	₱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	<b>₱70,199</b>	<b>₱67,333</b>

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	<b>₱67,333</b>	<b>₱44,357</b>
Unrealized fair value gain/(loss)	<b>(2,866)</b>	<b>22,976</b>
Sale of Investment	—	—
Balance at end of year	<b>₱70,199</b>	<b>₱67,333</b>

#### 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:

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

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

Equity in net earnings (losses) of joint ventures	<b>(₱3,844)</b>	(₱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:

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

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

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:

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

#### 16. Other Current Assets

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

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

	<b>September 30, 2024</b>	December 31, 2023
	(Unaudited)	(Audited)
Trade	<b>₱2,199,964</b>	₱1,912,914
Accrued expenses:		
Production costs and other expenses	<b>5,367,104</b>	4,911,750
Salaries and other employee benefits (Note 31)	<b>1,810,281</b>	1,341,018
Taxes	<b>2,370,208</b>	2,040,779
Interest	<b>118,497</b>	207,476
Deposits for future subscription (Notes 4 and 23)	<b>1,287,434</b>	1,287,421
Dividend payable	<b>44,481</b>	44,481
Due to related parties (Note 24)	<b>4,710</b>	12,424
Others	<b>351,093</b>	443,851
	<b>₱13,553,772</b>	₱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	<b>₱11,842,306</b>	<b>₱–</b>	<b>₱11,842,306</b>	₱12,658,069	₱–	₱12,658,069
Sky Cable	<b>4,472,809</b>	<b>–</b>	<b>4,472,809</b>	4,531,721	–	4,531,721
	<b>₱16,315,115</b>	<b>₱–</b>	<b>₱16,315,115</b>	₱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	<b>₱11,842,306</b>	<b>₱–</b>	<b>₱11,842,306</b>	₱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	—	—
	<b>11,842,306</b>	12,658,069
Less current portion	<b>11,842,306</b>	12,658,069
Noncurrent portion	<b>₱—</b>	<b>₱—</b>

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
	<b>₱11,842,306</b>	<b>₱12,658,069</b>

#### 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
	<b>₱4,472,809</b>	<b>₱—</b>	<b>₱4,472,809</b>	<b>₱4,531,721</b>	<b>₱—</b>	<b>₱4,531,721</b>

#### *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.

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

More than 1 year but less than 2 years	<b>1,623</b>	1,623
More than 2 years	<b>1,930</b>	1,930
	<b>P5,671</b>	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:

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

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

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## 22. Other Noncurrent Liabilities

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

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.

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## 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.

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## 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
<b>Entities under Common Control</b>			
Expenses paid by the Parent Company to Goldlink Securities and Investigative Services, Inc. (Goldlink) and other related parties	Service fees and utilities expenses	<b>₱85,005</b>	₱62,278
Expenses and charges paid for by the Parent Company which are reimbursed by the concerned related parties	Rent and utilities	<b>13,294</b>	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)
<b>Due from</b> (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-	<b>₱78,259</b>	₱78,274
Iloilo-Negros Air Express Company (INAEC)	Affiliate under common control	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	<b>26,099</b>	26,282
Rockwell Land Corporation (Rockwell Land)	Affiliate under common control	Payable in tranches based on the agreement; noninterest-bearing	Unsecured, no impairment	<b>798</b>	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
<b>Total</b>				<b>₱112,672</b>	<b>₱165,462</b>

\*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		
<b>Due to</b> (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
<b>Total</b>				<b>₱4,710</b>	<b>₱12,424</b>

\*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

	<b>Nine Months Ended September 30</b>	
	<b>(Unaudited)</b>	
	<b>2024</b>	<b>2023</b>
Compensation (see Notes 26, 27 and 28)	<b>₱689,657</b>	₱678,525
Pension benefits (see Note 31)	<b>31,375</b>	28,005
Termination benefits	<b>110,086</b>	145,690
Vacation leaves and sick leaves	<b>22,498</b>	27,574
	<b>₱853,616</b>	₱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	<b>P5,551,479</b>	P6,972,572
Advertising revenue	<b>4,761,441</b>	4,828,788
Royalty income	<b>109,696</b>	72,273
Income from film exhibition	<b>447,726</b>	130,943
Sponsorship revenue	<b>78,637</b>	33,192
Service fee revenue	<b>62,811</b>	58,485
Sale of goods	<b>67,236</b>	27,278
Installation service revenue	<b>145,312</b>	46,633
Ancillary rights and other revenues	<b>805,549</b>	1,322,450
Total revenue from contracts with customers	<b>12,029,887</b>	13,492,614
Channel lease and other rental income	<b>5,950</b>	27,453
Total revenues	<b>P12,035,837</b>	P13,520,067
Attributable to:		
Content production and distribution	<b>P7,996,650</b>	P8,064,024
Cable television and broadband	<b>4,122,257</b>	5,456,043
Total revenues	<b>P12,118,907</b>	P13,520,067

## 26. Production Costs

	Nine Months Ended September 30 (Unaudited)	
	2024	2023
Personnel expenses and talent fees (see Notes 24 and 31)	<b>P2,383,600</b>	P2,612,272
Facilities-related expenses (see Notes 24 and 33)	<b>800,427</b>	909,904
Depreciation and amortization (see Note 10)	<b>263,546</b>	303,396
Amortization of program rights (see Note 13)	<b>262,113</b>	314,377
Travel and transportation	<b>81,903</b>	182,086
License and royalty	<b>98,756</b>	7,802
Set requirements	<b>103,720</b>	226,194
Catering and food expenses	<b>46,268</b>	76,740
Other program expenses	<b>966,340</b>	849,173
	<b>P5,006,673</b>	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)	<b>P1,683,385</b>	P1,666,291
Depreciation and amortization (see Note 10)	<b>1,346,521</b>	1,387,374
Personnel expenses (see Notes 24 and 31)	<b>1,108,534</b>	1,038,907
Bandwidth costs	<b>273,507</b>	498,001
Amortization of program rights (see Note 13)	<b>9,083</b>	78,398
Stationery and office supplies	<b>26,055</b>	69,212
License fees and royalties	<b>38,723</b>	27,149
Transportation and travel	<b>104,757</b>	83,448
Amortization of other intangible assets (see Note 13)	<b>92,492</b>	3,255
Taxes and licenses	<b>53,305</b>	60,943
Freight and delivery	<b>1,495</b>	1,367
Catering and food expenses	<b>14,708</b>	10,938
Set requirements	<b>6,944</b>	15,400
Inventory costs (see Note 8)	<b>6,182</b>	385
Others	<b>214,274</b>	461,389
	<b>P4,979,965</b>	P5,402,457
Attributable to:		
Content production and distribution	<b>984,723</b>	969,581
Cable television and broadband	<b>3,995,242</b>	4,432,876
Total Cost of Services	<b>P4,979,965</b>	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)	<b>P70,871</b>	P50,615
Others	<b>7,549</b>	9,513
	<b>P78,420</b>	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)	<b>P2,648,469</b>	P2,796,488
Contracted services	<b>708,945</b>	576,728
Depreciation and amortization (see Notes 10 and 12)	<b>257,151</b>	384,053
Facilities related expenses (see Notes 24 and 33)	<b>366,337</b>	402,952
Research and survey	<b>105,179</b>	107,741
Taxes and licenses	<b>305,658</b>	285,075
Provision for ECL (see Note 7)	<b>236,520</b>	268,072
Advertising and promotion (see Note 9)	<b>79,445</b>	41,291
Amortization of other intangible assets (see Note 13)	<b>38,722</b>	110,165
Transportation and travel	<b>147,835</b>	144,160
Entertainment, amusement and recreation	<b>26,040</b>	29,362
Donations and contributions	<b>3,324</b>	5,514
Inventory losses (see Note 8)	<b>233</b>	-
Provision for impairment loss	-	7,079
Others	<b>199,444</b>	29,599
	<b>P5,123,302</b>	P5,188,279

Attributable to:

Content production and distribution	<b>P4,184,950</b>	P3,889,953
Cable television and broadband	<b>938,352</b>	1,298,326
Total General and Administrative Expenses	<b>P5,123,302</b>	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)	<b>P796,899</b>	P851,411
Amortization of debt issue costs (see Note 19)	<b>13,268</b>	5,533
Bank service charges	<b>8,237</b>	2,501
	<b>P818,404</b>	P859,445

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

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

Other Income

	<b>Nine Months Ended September 30</b>	
	(Unaudited)	
	<b>2024</b>	<b>2023</b>
Gain on sale of property and equipment	<b>P678,597</b>	P39,582
Gain on sale of noncurrent assets held for sale (see Note 32)	<b>414,684</b>	58,821
Leasing operations (see Note 32)	<b>70,495</b>	81,193
Others - net (see Notes 21 and 22)	<b>158,425</b>	97,631
	<b>P1,322,201</b>	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
	<b>P2,103,761</b>	<b>P1,662,643</b>
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
	<b>P3,981,031</b>	<b>P4,165,327</b>

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
		<b>P242,546</b>

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	<b>P5,746,013</b>	P5,292,235
Other employee benefits	<b>1,230,315</b>	1,208,504
	<b>P6,976,328</b>	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)	<b>P109,812</b>	P109,812
Noncurrent	<b>6,866,516</b>	6,390,927
	<b>P6,976,328</b>	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	<b>P327,321</b>	(P105,002)
Net interest cost	<b>195,515</b>	103,799
Net pension expense	<b>P522,836</b>	(P1,203)

#### Accrued Pension Obligation

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

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

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

	<b>December 31 2023</b>	<b>January 1</b>	
		<b>2023</b>	<b>2022</b>
Discount rate	<b>6.05% -6.14%</b>	6.35% -7.35%	4.89%-5.18%
Future salary rate increases	<b>5.00% - 6.00%</b>	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:

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

*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.

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

<b>December 31, 2023 (Audited – One Year)</b>				
	<b>Number of Shares</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Unrealized Loss</b>
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:

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

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

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

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

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

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### 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:

	<b>September 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Within one year	<b>P26</b>	P2,942
After one year but not more than five years	—	—
	<b>P26</b>	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)
<b>Cost:</b>		
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
<b>Accumulated Depreciation:</b>		
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
	<b>P962,204</b>	<b>P1,189,614</b>

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
	<b>P291,360</b>	<b>P312,609</b>



### 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
<b>Financial Assets</b>					
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
	<b>303,960</b>	<b>281,322</b>	<b>–</b>	<b>–</b>	<b>281,322</b>
<b>Financial Liabilities</b>					
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
	<b>P17,074,645</b>	<b>P16,821,297</b>	<b>P–</b>	<b>P43,186</b>	<b>P16,778,111</b>
December 31, 2023 (Audited – One Year)					
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
<b>Financial Assets</b>					
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
	<b>358,325</b>	<b>268,309</b>	<b>–</b>	<b>–</b>	<b>268,309</b>
<b>Financial Liabilities</b>					
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
	<b>P17,989,188</b>	<b>P17,566,488</b>	<b>P–</b>	<b>P73,647</b>	<b>P17,492,841</b>

### 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.

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### 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

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**ATHENA LOUISE FERNANDIO**

Commission No. 178

Notary Public for Quezon City

Until December 31, 2024

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