The following document has been received:

Receiving: AARON PAGKATIPUNAN
Receipt Date and Time: May 05, 2023 03:29:29 PM

Company Information

SEC Registration No.: 0000157713
Company Name: CIGNAL TV, INC.
Industry Classification: O92132
Company Type: Stock Corporation

Document Information

Document ID: OST10505202381107244
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2022
Submission Type: Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

Cignal

Securities and Exchange Commission
PHILIPPINES

March 10, 2023

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **CIGNAL TV, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

[redacted]	[redacted]	[redacted]
Albert F. Del Rosario	**Jane J. Basas**	**John L. Andal**
Chairman of the Board	President and Chief Executive Officer	Chief Financial Officer

SUBSCRIBED AND SWORN to before me this ____ day of APR 1 8 2023 2023 affiants exhibiting to me their Passports, as follows:
MANDALUYONG CITY

Name	Passport No.	Date of Expiry	Place of Issue
Jane J. Basas	[redacted]	January 5, 2033	DFA, Manila
John L. Andal	[redacted]	July 7, 2028	DFA, NCR South

Notary Public

[redacted]

ATTY. PAOLO ANGELO C. GO

[redacted]

[redacted] City, Philippines

PTR No [redacted] issued on January 5, 2023

Mandaluyong City, Metro Manila

Roll of Attorney's No. [redacted]

IBP No. [redacted] issued on January 10, 2023

Doc. No. 067 ;
Page No. 14 ;
Book No. V ;
Series of 2023.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

Securities and Exchange Commission PHILIPPINES

SEC Registration Number

	0	0	0	0	1	5	7	7	1	3

COMPANY NAME

CIGNAL TV, INC.

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

5TH FLOOR, LAUNCHPAD BUILDING,
SHERIDAN CORNER RELIANCE
STREET, HIGHWAY HILLS,
MANDALUYONG CITY

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
N/A	+63 (2) 888 0999	N/A

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
9	11/07	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Alona S. Dingle	[redacted]	[redacted]	N/A

CONTACT PERSON's ADDRESS

[redacted]

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.

Independent Auditor's Report

To the Board of Directors and Shareholders of
Cignal TV, Inc.
(A wholly-owned subsidiary of Satventures, Inc.)
5th Floor, Launchpad Building, Sheridan corner Reliance Street
Highway Hills, Mandaluyong City

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cignal TV, Inc. (the "Company") as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2022 and 2021;
- the statements of total comprehensive income for the years ended December 31, 2022 and 2021;
- the statements of changes in equity for the years ended December 31, 2022 and 2021;
- the statements of cash flows for the years ended December 31, 2022 and 2021; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

RECEIVED
APR 13 2023

pwc

Isla Lipana & Co.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Bureau of Internal Revenue Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 26 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

[redacted]

Nelson Charsegun L. Aquino
Partner
CPA Cert. No. [redacted]
P.T.R. No. [redacted], issued on January 9, 2023, Makati City
SEC A.N. (individual) as general auditors [redacted], Category A,
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors [redacted]SEC, Category A;
valid to audit 2020 to 2024 financial statements
TIN [redacted]
BIR A.N. [redacted], issued on December 9, 2021; effective until December 8, 2024
BOA/PRC Reg. No. [redacted], effective until November 14, 2025

Makati City
March 14, 2023

RECEIVED
APR 13 2023

Statement Required by Section 8-A, Revenue Regulations No. V-1

To the Board of Directors and Shareholders of
Cignal TV, Inc.
(A wholly-owned subsidiary of Satventures, Inc.)
5th Floor, Launchpad Building, Sheridan corner Reliance Street
Highway Hills, Mandaluyong City

None of the partners of the firm have any financial interest in Cignal TV, Inc. or any family relationships with its officers or shareholders.

The supplementary information on taxes and licenses for the year ended December 31, 2022 is presented in Note 26 to the financial statements.

Isla Lipana & Co.

[redacted]

Nelson Charsegun L. Aquino
Partner
CPA Cert. No. [redacted]
P.T.R. No. [redacted], issued on January 9, 2023, Makati City
SEC A.N. (individual) as general auditors [redacted], Category A,
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors [redacted]EC, Category A;
valid to audit 2020 to 2024 financial statements
TIN [redacted]
BIR A.N. [redacted], issued on December 9, 2021; effective until December 8, 2024
BOA/PRC [redacted], effective until November 14, 2025

Makati City
March 14, 2023

pwc

Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Cignal TV, Inc.
(A wholly-owned subsidiary of Satventures, Inc.)
5th Floor, Launchpad Building, Sheridan corner Reliance Street
Highway Hills, Mandaluyong City

We have audited the financial statements of Cignal TV, Inc. (the "Company"), as at and for the year ended December 31, 2022, on which we have rendered the attached report dated March 14, 2023.

In compliance with SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of our work done as at December 31, 2022, the Company has one (1) shareholder owning one hundred (100) or more shares.

Isla Lipana & Co.

[redacted]

Nelson [redacted]uino
Partner
CPA Cert. No. [redacted]
P.T.R. No. [redacted] issued on January 9, 2023, Makati City
SEC A.N. (individual) as general auditors [redacted], Category A,
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors [redacted] SEC, Category A;
valid to audit 2020 to 2024 financial statements
TIN [redacted]
BIR A.N. [redacted] issued on December 9, 2021; effective until December 8, 2024
BOA/PRC [redacted]ive until November 14, 2025

Makati City
March 14, 2023

pwc

Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Cignal TV, Inc.
(A wholly-owned subsidiary of Satventures, Inc.)
5th Floor, Launchpad Building, Sheridan corner Reliance Street
Highway Hills, Mandaluyong City

We have audited the financial statements of Cignal TV, Inc. as at and for the year ended December 31, 2022, on which we have rendered the attached report dated March 14, 2023. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration, as additional component required by Rule 68 of the SRC, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the SRC.

Isla Lipana & Co.

[redacted]

Nelson Cha[redacted]quino
Partner
CPA Cert. No. [redacted]
P.T.R. No. [redacted] issued on January 9, 2023, Makati City
SEC A.N. ([redacted]) as general auditor[redacted]EC , Category A,
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors [redacted] SEC, Category A;
valid to audit 2020 to 2024 financial statements
TIN [redacted]
BIR [redacted], issued on December 9, 2021; effective until December 8, 2024
BOA/PRC [redacted], effective until November 14, 2025

Makati City
March 14, 2023

Securities and Exchange Commission
PHILIPPINES

Cignal TV, Inc.
(A wholly-owned subsidiary of Satventures, Inc.)

Statements of Financial Position
As at December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	2	688,056,050	748,803,845
Trade and other receivables, net	3	4,632,348,316	2,861,392,128
Set-top boxes and related equipment, net	4	915,943,853	1,194,839,052
Prepaid expenses and other current assets, net	5	3,613,373,542	3,262,028,181
Total current assets		9,849,721,761	8,067,063,206
Non-current assets			
Property and equipment, net	6	3,508,043,406	4,184,147,278
Investments in associates and joint ventures	8	239,384,701	239,384,701
Notes receivable	20	400,000,000	-
Deferred income tax assets	21	546,225,484	543,588,825
Other non-current assets	9	1,221,757,032	1,383,030,938
Total non-current assets		5,915,410,623	6,350,151,742
Total assets		15,765,132,384	14,417,214,948
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables and other liabilities	10	10,061,246,763	9,405,438,002
Lease liabilities	7,22	585,674,733	385,814,469
Borrowings	13	590,000,000	140,000,000
Provisions	11	118,834,453	133,251,049
Deposit for future stocks subscription	14	-	1,000,000,000
Total current liabilities		11,355,755,949	11,064,503,520
Non-current liabilities			
Retirement benefit liability	12	116,497,200	148,368,900
Unearned revenue	10	3,662,919	4,685,308
Borrowings	13	1,150,000,000	840,000,000
Lease liabilities	7,22	1,148,139,871	1,319,363,821
Total non-current liabilities		2,418,299,990	2,312,418,029
Total liabilities		13,774,055,939	13,376,921,549
Equity			
Share capital	14	104,166,700	104,166,700
Additional paid-in capital	14	393,197,656	393,197,656
Deposit for future stocks subscription	14	1,000,000,000	-
Remeasurements on retirement benefits	12	(3,969,375)	(16,598,025)
Retained earnings		497,681,464	559,527,068
Total equity		1,991,076,445	1,040,293,399
Total liabilities and equity		15,765,132,384	14,417,214,948

(The notes on pages 1 to 60 are integral part of these financial statements.)

Securities and Exchange Commission PHILIPPINES

Cignal TV, Inc.
(A wholly-owned subsidiary of Satventures, Inc.)

Statements of Total Comprehensive Income
For the years ended December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
Revenue from contracts with customers	15		
Subscription		7,624,145,821	7,916,584,428
Airtime and syndication		1,983,263,762	1,615,177,923
Hardware		832,719,863	1,165,331,257
Others		748,610,689	769,489,334
		11,188,740,135	11,466,582,942
Direct costs	16	(8,520,029,047)	(8,322,338,505)
Gross profit		2,668,711,088	3,144,244,437
Operating expenses	17	(2,351,591,218)	(2,482,231,515)
Operating income		317,119,870	662,012,922
Other (expenses) income, net			
Interest expense	19	(217,803,351)	(228,634,119)
Foreign exchange losses, net	24	(150,058,139)	(218,710,572)
Gains on forward foreign exchange contracts	24	30,127,156	56,413,073
Interest income	2	2,760,587	1,742,986
Other (expense) income, net	18	(27,501,523)	115,746,430
		(362,475,270)	(273,442,202)
(Loss) income before income tax		(45,355,400)	388,570,720
Income tax expense	21	(16,490,204)	(194,285,856)
(Loss) profit for the year		(61,845,604)	194,284,864
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Remeasurement gain on retirement benefits, net	12	12,628,650	6,248,995
Total comprehensive (loss) income for the year		(49,216,954)	200,533,859

(The notes on pages 1 to 60 are integral part of these financial statements.)

Cignal TV, Inc.
(A wholly-owned subsidiary of Satventures, Inc.)

Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Share capital (Note 14)	Additional paid-in capital (Note 14)	Deposit for future stocks subscription (Note 14)	Remeasurements on retirement benefits (Note 12)	Retained earnings	Total equity
Balances at January 1, 2021	104,166,700	393,197,656	-	(22,847,020)	365,242,204	839,759,540
Comprehensive income						
Profit for the year	-	-	-	-	194,284,864	194,284,864
Other comprehensive income for the year	-	-	-	6,248,995	-	6,248,995
Total comprehensive income for the year	-	-	-	6,248,995	194,284,864	200,533,859
Balances at December 31, 2021	104,166,700	393,197,656	-	(16,598,025)	559,527,068	1,040,293,399
Comprehensive loss						
Loss for the year	-	-	-	-	(61,845,604)	(61,845,604)
Other comprehensive income for the year	-	-	-	12,628,650	-	12,628,650
Total comprehensive loss for the year	-	-	-	12,628,650	(61,845,604)	(49,216,954
Transaction with owners						
Deposit for future stocks subscriptions	-	-	1,000,000,000	-	-	1,000,000,000
Balances at December 31, 2022	104,166,700	393,197,656	1,000,000,000	(3,969,375)	497,681,464	1,991,076,445

(The notes on pages 1 to 60 are integral part of these financial statements.)

Cignal TV, Inc.
(A wholly-owned subsidiary of Satventures, Inc.)

Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
Cash flows from operating activities			
(Loss) income before income tax		(45,355,400)	388,570,720
Adjustments for:			
Amortization of subscriber acquisition costs	16	1,829,990,054	1,198,530,731
Depreciation	6	1,053,400,203	1,008,353,667
Amortization of audio-visual program rights	5	299,481,651	160,295,459
Interest expense	19	217,803,351	228,634,119
Unrealized foreign exchange losses, net	24	93,500,387	200,764,217
Provision for impairment of receivables	3,17	86,464,300	122,352,570
Retirement benefit expense	12,17	38,492,000	57,290,700
Provision for write-down of inventories	4	259,462	2,736,318
Gains on forward foreign exchange contracts	24	(30,127,156)	(56,413,073)
Interest income	2	(2,760,587)	(1,742,986)
Gain on sale of property and equipment	18	(4,035,673)	(684,905)
Reversal of provisions	18	-	(148,121,688)
Operating income before working capital changes		3,537,112,592	3,160,565,849
(Increase) decrease in:			
Trade and other receivables	3	(1,138,612,910)	(1,022,909,607)
Set-top boxes and related equipment	4	188,289,683	(866,015,187)
Prepaid expenses and other current assets	5	(2,465,533,127)	(2,197,580,153)
Other non-current assets	9	151,491,573	(97,528,643)
Increase (decrease) in:			
Trade payables and other liabilities	10	674,728,898	1,394,684,465
Provision	11	(14,416,596)	19,982,036
Retirement benefits liability	12	(53,525,500)	(65,656,000)
Net cash from operations		879,534,613	325,542,760
Income tax paid		(173,832,701)	(204,748,250)
Interest received	2	2,615,929	1,742,986
Net cash from operating activities		708,317,841	122,537,496
Cash flows from investing activities			
Acquisitions of property and equipment	6	(408,363,833)	(868,863,924)
Advances to a related party	20	(400,000,000)	-
Proceeds from disposal of property and equipment		2,305,106	3,960,717
Net cash used in investing activities		(806,058,727)	(864,903,207)
Cash flows from financing activities			
Proceeds from borrowings	13	900,000,000	-
Payment of lease liabilities	22	(692,988,048)	(614,987,846)
Payments of borrowings	13	(140,000,000)	(190,000,000)
Payment of interest	22	(57,290,625)	(65,503,138)
Deposit for future stocks subscription	14	-	1,000,000,000
Net cash from financing activities		9,721,327	129,509,016
Net decrease in cash and cash equivalents		(88,019,559)	(612,856,695)
Cash and cash equivalents at beginning of year		748,803,845	1,349,881,085
Effect of foreign exchange rate changes on cash and cash equivalents		27,271,764	11,779,455
Cash and cash equivalents at end of year	2	688,056,050	748,803,845

(The notes on pages 1 to 60 are integral part of these financial statements.)

Cignal TV, Inc.
(A wholly-owned subsidiary of Satventures, Inc.)

Notes to the Financial Statements
As at and for the years ended December 31, 2022 and 2021
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - Business information

1.1 Business information

Cignal TV, Inc. (the "Company") was incorporated and registered with the Securities and Exchange Commission (SEC) on November 11, 1988 primarily to operate, maintain and engage in broadcast, transmission and distribution of audio and visual information through radio and television within and outside of the Philippines.

The Company is a wholly-owned subsidiary of Satventures, Inc. (SAT). The immediate parent company of SAT is MediaQuest Holdings, Inc. (MQ) and the ultimate parent company is the Beneficial Trust Fund of PLDT Co. (BTF). SAT and MQ are Philippine incorporated entities.

On July 25, 1994, the Congress of the Philippines enacted Republic Act (RA) No. 8169 (the "Act") granting the Company (then named GV Broadcasting System, Inc.) a franchise to operate radio broadcasting stations. The Act lapsed into law on September 23, 1995 without the signature of the President of the Philippines, in accordance with Article VI Section 27 of the Constitution.

On July 28, 1997, Congress enacted RA No. 8591 amending RA No. 8169. The salient features of the franchise as amended and its related impact on the Company are as follows:

(i) The Company and its successors or assigns were granted a franchise to construct, install, establish, operate and maintain for commercial purposes and in the public interest, radio and television broadcasting stations throughout the Philippines, and such other systems, facilities or structures for the origination, reception, processing, transmission, broadcast, rebroadcast or distribution of audio, video, information, and other electronic signals, for the provision of services such as direct to home/user broadcast via satellite, pay television, multimedia, local multipoint distribution systems and value-added services and other similar services, through electromagnetic waves, fiber optics, satellites and whatever means now available or which in the future may be developed, with the corresponding technical auxiliaries or facilities, relay stations, transmit and receive satellite systems, content production and distribution facilities and other systems as they are essential or convenient to carry out the purposes of this franchise.

(ii) The Company shall secure from the National Telecommunications Commission (NTC) the appropriate permits and licenses for the construction and operation of its stations and facilities and shall not use any frequency in the radio/television spectrum without having been authorized by the NTC. The NTC, however, shall not unreasonably withhold or delay the grant of any such authority.

(iii) A special right is hereby reserved to the President of the Philippines in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order to temporarily take over and operate the stations or facilities of the Company, to temporarily suspend the operation of any station or facility in the interest of public safety, security and public welfare, or to authorize the temporary use and operation thereof by any agency of the government upon due compensation to the Company, for the use of the said stations or facilities during the period when they shall be operated.

(iv) The franchise is for a term of twenty-five (25) years from the date of effectivity of RA No. 8591, unless sooner revoked or cancelled by Congress.

On August 27, 2007, the Company was granted a Provisional Authority to operate a Direct-to-Home (DTH) satellite television service by the NTC. The Company's DTH television service is being offered under the brand "Cignal TV".

The Company was initially granted with a Permit for Trial Broadcast of Mobile TV on January 21, 2008. However, on December 16, 2009, management resolved and approved the suspension of the Company's mobile TV business owing to the delays in the issuance of the rules and regulations on the commercial broadcast of mobile TV service, the lack of availability of Digital Video Broadcast - Hand Held (DVB-H) mobile phones which are necessary to access the mobile TV service and the emergence of new standards for mobile TV broadcast service which hinder the development of the DVB-H system. Accordingly, the Company undertook a review of the entire mobile TV infrastructure for usability within the MQ Group and other prospective third parties.

In 2013, MQ issued Philippine Depository Receipts (PDRs) to ePLDT, Inc. (ePLDT), amounting to P6.0 billion, with the Company's common shares as the underlying shares. This gave ePLDT a 40% economic interest in the Company. SAT and MQ signed a joint undertaking in 2013 wherein SAT shall pledge the underlying shares to MQ.

Also in 2013, MQ issued PDRs to ePLDT amounting to P3.6 billion, with SAT's common shares as the underlying shares, which gave ePLDT 40% economic interest in SAT.

On March 29, 2022, the President of the Philippines signed into law Republic Act No. 11668 which renewed the Company's franchise for a period of twenty-five (25) years from the effectivity of RA No. 11668, unless sooner revoked or cancelled by Congress.

The registered office address of the Company is at 5th Floor, Launchpad Building, Sheridan corner Reliance Street, Highway Hills, Mandaluyong City.

1.2 Current financial condition and business initiatives

The Company has generated net loss for the year ended December 31, 2022 amounting to P61.8 million (2021 net income - P194.3 million). As at December 31, 2022, the Company is in an equity position amounting to P1.99 billion (2021 - P1.04 billion). The Company has been generating profit and positive operating cash flows due to increasing number of subscribers since 2017, except for 2022 where the Company was affected by the global economic headwinds. The Company expects to continue generating profits for the financial year 2023 onwards.

Business initiatives are continuously being pursued to expand both the subscriber base and its market opportunities. At the end of 2022, its subscriber base totaled 4,195,656 from 3,907,905 in 2021. It expects to continue its subscriber growth by (i) accelerating digital transformation to build real, long-term competitive advantage; (ii) owning individual and international expansion to drive subscriber growth; (iii) ensuring product and content relevance to be able to adapt to changes in media consumption.

Further, the Company endeavors to monitor and control costs by driving operational efficiencies, continuing discussions with content providers for mutually beneficial arrangements and optimizing satellite distribution.

These business initiatives are expected to generate funds from internal operations to reverse the Company's negative working capital position and improve its financial capability in the ensuing years.

1.3 Approval of the financial statements

The financial statements of the Company were authorized and approved for issuance by the BOD on March 10, 2023.

Note 2 - Cash and cash equivalents

Cash as at December 31 consist of:

	2022	2021
Temporary cash investments	100,000,000	100,015,000
Cash in banks	584,607,792	646,146,943
Cash on hand	3,448,258	2,641,902
	688,056,050	748,803,845

Temporary cash investments and cash in banks earn annual interest rates ranging from 0.06% to 0.15% in 2022 and 2021. Interest income from temporary cash investments and cash in banks amounted to P2.8 million for the year ended December 31, 2022 (2021 - P1.7 million).

Note 3 - Trade and other receivables, net

Trade and other receivables, net as at December 31 consist of:

	Notes	2022	2021
Trade receivables			
Third parties		2,132,006,980	1,766,567,127
Related parties	20	1,844,736,332	1,417,726,262
Derivative financial assets	24	-	12,128,857
Other receivables			
Third parties		12,577,572	11,236,590
Related parties	20	1,236,342,714	160,584,274
		5,225,663,598	3,368,243,110
Allowance for impairment			
Trade receivables		(592,524,700)	(506,060,400)
Other receivables		(790,582)	(790,582)
		(593,315,282)	(506,850,982)
		4,632,348,316	2,861,392,128

Third party and other receivables are collectible in cash, unsecured and non-interest bearing.

Other third party receivables mainly comprise advances to officers and employees and other non-trade receivables.

Movements in the allowance for impairment of receivables for the years ended December 31 are as follows:

	Note	2022	2021
Beginning of year		506,850,982	484,503,305
Provision during the year	17	86,464,300	122,352,570
Write-offs during the year		-	(100,004,893)
End of year		593,315,282	506,850,982

Critical accounting judgment: Impairment of trade and other receivables and amounts due from related parties

Provision for impairment of trade and other receivables and amounts due from related parties is maintained at a level considered adequate to provide for uncollectible receivables. Provision for impairment is calculated using expected credit losses (ECL). ECL are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Company has used relevant historical information and loss experience to determine the probability of default of the receivables and incorporated forward-looking information, which involved significant estimates and judgements.

The Company also evaluates specific account of customers and related parties who are unable to meet their financial obligations. In these cases, management uses judgment and assessment based on the best available facts, including but not limited to, the customer's payment history and the result of Company's follow-up action to recover overdue debts.

Any change in the Company's assessment of the collectability of receivables could impact the recorded carrying amount of receivables and related provision for impairment.

Note 4 - Set-top boxes and related equipment, net

Details of set-top boxes and related equipment at net realizable value as at December 31 follows:

	2022	2021
Cost	916,203,315	1,197,575,370
Less: Allowance for inventory write-down	(259,462)	(2,736,318)
At net realizable value	915,943,853	1,194,839,052

The cost of set-top boxes and related equipment recognized as hardware costs within direct costs amounted to P831.4 million for the year ended December 31, 2022 (2021 - P1,178.8 million) (Note 16).

The movements in allowance for inventory write-down for the years ended December 31 are as follows:

	2022	2021
Beginning of the year	2,736,318	11,012,851
Provision	259,462	2,736,318
Write-off	(2,736,318)	(11,012,851)
End of the year	259,462	2,736,318

Provision for inventory write-down are recognized as part of hardware costs (Note 16).

Critical accounting estimate: Net realizable value of set-top boxes and related equipment

The Company provides allowance for inventory write-down for cost of set-top boxes and related equipment whenever their net realizable value becomes lower than cost due to damage, physical deterioration, obsolescence, change in price levels or other causes. The lower of cost and net realizable value of set-top boxes and related equipment is reviewed on a periodic basis and any provision is recognized as part of direct costs in the statement of total comprehensive income.

Note 5 - Prepaid expenses and other current assets, net

Prepaid expenses and other current assets, net as at December 31 consist of:

	Notes	2022	2021
Current portion of deferred subscriber acquisition costs	15	1,533,276,813	1,520,649,509
Current portion of deferred programming and production costs		603,111,812	616,048,837
Deferred set-top boxes		378,989,593	346,507,542
Advances to suppliers		360,490,877	274,139,569
Creditable withholding tax		276,848,032	126,351,744
Current portion of deferred input value-added tax (VAT)		232,485,747	132,958,609
Current portion of audio-visual program rights		177,363,723	161,767,601
Input VAT, net		434,169	45,545,146
Sinking find	13	223,523	223,023
Prepaid expenses and others		50,149,253	37,836,601
		3,613,373,542	3,262,028,181

Deferred production costs are the costs to develop and produce narrative contents which are recognized as production costs in the statement of comprehensive income over certain number of years depending on the genre.

Deferred programming costs arise from agreements with third party content providers for pay-per-view and linear programs. These agreements generally span for 1 to 3 years and vary in amount depending on the terms set by the content providers. Certain content providers charge a flat (fixed) fee while others charge a minimum guarantee fee plus a fee based on the number of monthly subscribers for their linear programs.

At December 31, 2022, deferred production and programming and costs related to programs or episodes expected to be aired beyond 12 months from reporting date amounting to P484 million (2021 - P513 million) are presented as part of other non-current assets in the statement of financial position (Note 9).

Amortized production and programming costs recognized within direct costs in profit or loss amounted to P4,339.0 million for the year ended December 31, 2022 (2021 - P4,409.7 million) (Note 16).

Deferred input VAT relates to various purchases of goods and services which cannot be claimed yet as credits against output VAT liabilities, pursuant to existing VAT rules and regulations. Deferred input VAT as at December 31 can be applied against future output VAT liabilities as follows:

	Note	2022	2021
Due for credit within 12 months		232,485,747	132,958,609
Due for credit beyond 12 months	9	40,895,767	83,388,623
		273,381,514	216,347,232

As part of its overall programming strategy, the Company regularly acquires audio-visual program rights for sports program, movies and TV series. Movements in audio-visual program rights for the years ended December 31 are as follows:

	Note	2022	2021
Beginning of year		323,448,493	97,167,012
Additions		266,779,116	386,576,940
Amortization		(299,481,651)	(160,295,459)
End of year		290,745,958	323,448,493
Non-current portion of audio-visual program rights	9	(113,382,235)	(161,680,892)
		177,363,723	161,767,601

Amortization of audio-visual program rights is recognized as part of programing and production costs under direct costs in profit or loss (Note 16).

Critical accounting estimate: Deferred subscriber acquisition costs

The Company's deferred subscriber acquisitions costs are amortized over the period during which the future economic benefits are expected to be obtained. This is estimated based on a collective assessment of practices of similar business and historical subscriber relationship period. The carrying value of deferred subscriber acquisition costs at reporting date and the amount and timing of recorded amortization expense for any period could be materially affected by changes in estimates brought about by changes in the factors mentioned above

Note 6 - Property and equipment, net

The movements in property and equipment as at and for the years ended December 31 are as follows:

	Towers, transmitters and improvements	Customer premises equipment	Broadcast and communication equipment	Office and leasehold improvements	Furniture and office equipment	General purpose computers and peripherals	Passenger vehicles	Building	Land	Constructions in progress	Total
At January 1, 2021											
Cost	176,981,691	3,527,929,061	5,301,987,767	113,936,904	81,681,222	590,942,348	164,814,313	675,530,755	75,000,000	782,071,072	11,490,875,133
Accumulated depreciation and amortization	(176,981,691)	(3,191,061,475)	(3,547,037,094)	(70,236,622)	(73,438,215)	(379,004,509)	(81,727,152)	(81,337,943)	-	-	(7,600,824,701)
Net carrying value	-	336,867,586	1,754,950,673	43,700,282	8,243,007	211,937,839	83,087,161	594,192,812	75,000,000	782,071,072	3,890,050,432
Year ended December 31, 2021											
Opening net carrying value	-	336,867,586	1,754,950,673	43,700,282	8,243,007	211,937,839	83,087,161	594,192,812	75,000,000	782,071,072	3,890,050,432
Additions	-	280,021,138	287,340,791	-	1,807,361	110,117,731	34,196,727	-	96,411,229	495,831,348	1,305,726,325
Reclassifications	-	21,008,007	297,496,046	8,373,721	-	10,310,399	-	-	-	(337,188,173)	-
Disposals											
Cost	-	-	-	-	-	(785,151)	(18,643,025)	-	-	-	(19,428,176)
Accumulated depreciation and amortization	-	-	-	-	-	785,151	15,367,213	-	-	-	16,152,364
Depreciation and amortization	-	(258,117,957)	(558,798,179)	(15,006,753)	(5,246,856)	(114,360,230)	(29,818,546)	(27,005,146)	-	-	(1,008,353,667)
Closing net carrying value	-	379,778,774	1,780,989,331	37,067,250	4,803,512	218,005,739	84,189,530	567,187,666	171,411,229	940,714,247	4,184,147,278
At December 31, 2021											
Cost	176,981,691	3,828,958,206	5,886,824,604	122,310,625	83,488,583	710,585,327	180,368,015	675,530,755	171,411,229	940,714,247	12,777,173,282
Accumulated depreciation and amortization	(176,981,691)	(3,449,179,432)	(4,105,835,273)	(85,243,375)	(78,685,071)	(492,579,588)	(96,178,485)	(108,343,089)	-	-	(8,593,026,004)
Net carrying value	-	379,778,774	1,780,989,331	37,067,250	4,803,512	218,005,739	84,189,530	567,187,666	171,411,229	940,714,247	4,184,147,278
Year ended December 31, 2022											
Opening net carrying value	-	379,778,774	1,780,989,331	37,067,250	4,803,512	218,005,739	84,189,530	567,187,666	171,411,229	940,714,247	4,184,147,278
Additions	-	236,599,184	518,866,113	13,016,573	1,885,466	68,240,159	34,765,723	-	-	237,942,082	1,111,315,300
Reclassifications	-	13,255,385	281,975,126	20,447,073	1,647,648	76,907,545	-	-	-	(394,232,777)	-
Disposals											
Cost	-	-	(344,575,738)	-	-	(88,057,548)	(24,629,695)	-	-	(372,586,537)	(829,849,518)
Accumulated depreciation and amortization	-	-	34,047,913	-	-	38,016,894	23,765,742	-	-	-	95,830,549
Depreciation and amortization	-	(265,927,749)	(603,544,602)	(15,885,182)	(3,322,904)	(106,467,114)	(31,247,506)	(27,005,146)	-	-	(1,053,400,203)
Closing net carrying value	-	363,705,594	1,667,758,143	54,645,714	5,013,722	206,645,675	86,843,794	540,182,520	171,411,229	411,837,015	3,508,043,406
At December 31, 2022											
Cost	176,981,691	4,078,812,775	6,343,090,105	155,774,271	87,021,697	767,675,483	190,504,043	675,530,755	171,411,229	411,837,015	13,058,639,064
Accumulated depreciation and amortization	(176,981,691)	(3,715,107,181)	(4,675,331,962)	(101,128,557)	(82,007,975)	(561,029,808)	(103,660,249)	(135,348,235)	-	-	(9,550,595,658)
Net carrying value	-	363,705,594	1,667,758,143	54,645,714	5,013,722	206,645,675	86,843,794	540,182,520	171,411,229	411,837,015	3,508,043,406

Construction-in-progress mainly relates to the construction of the Company's broadcast equipment, cabling projects, and database upgrade which are reclassified to specific depreciable property and equipment classes when assets become available for use.

Acquisitions of property and equipment as shown in the statements of cash flows for the years ended December 31 were determined as follows:

	Note	2022	2021
Acquisitions of property and equipment		1,111,315,300	1,305,726,325
Set-top boxes capitalized as part of property and equipment		(225,558,403)	(218,909,405)
Additions to right-of-use assets	7	(460,131,222)	(250,943,449)
Movement in unpaid portion of property and equipment		(17,261,842)	32,990,453
Acquisitions of property and equipment per statements of cash flows		408,363,833	868,863,924

There were no capitalized borrowing costs for the years ended December 31, 2022 and 2021 as there were no qualifying assets.

Disposals for the year ended December 31, 2022 includes the transfer of Digital Terrestrial TV (DTT) related assets to TV5 amounting to P698,861,969 (Note 20).

Depreciation and amortization expense for the years ended December 31 were charged to profit or loss as follows:

	Notes	2022	2021
Direct costs	16	873,436,495	815,759,051
Operating expenses	17	179,963,708	192,594,616
		1,053,400,203	1,008,353,667

Critical accounting estimate: Useful lives of property and equipment

The useful life of each of the Company's item of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar business, internal technical evaluation and experience with similar assets. The carrying value of property and equipment at reporting date and the amount and timing of recorded depreciation expense for any period could be materially affected by changes in estimates brought about by changes in the factors mentioned above.

Critical accounting judgment: Impairment of property and equipment

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Management believes that there are no significant events or changes in circumstances which indicate that the carrying amounts of property and equipment may not be recoverable at the reporting dates.

Note 7 - Leases

The Company leases various office space and equipment for its operations.

Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

DTH Transponder Service Agreement - New Skies Satellites B.V.

The Company entered into an agreement with New Skies Satellites B.V. (SES) on July 30, 2008 for the use of the latter's transponder space for the Company's DTH service. The term of the agreement commenced on September 1, 2008 until the end of life of the satellite. Security deposit related to this agreement amounted to $625,000 or P28.3 million.

In May 2013, the Company entered into a Service Order (SO) agreement with SES, wherein SES shall provide the Company with the space segment capacity of Satellite SES-7. The Company shall be permitted to brand the customer transponders as Cignal Sat1 during the service term for marketing purposes only. Customer transponders are the transponders made available by SES which meet the Company's technical and commercial requirements. The agreement commenced effectively on January 1, 2013 until the end of life of the satellite. Additional security deposit was made to SES amounting to $417,000 or P18 million in accordance with the SO agreement.

In August 2015, the Company entered into a Service Order (SO) agreement with SES wherein SES shall provide the Company with the additional transponder space with free trial period from August 11, 2015 to April 10, 2016. The agreement commenced effectively on August 11, 2015 until the end of life of the satellite.

DTH Transponder Service Agreement - KTSAT Co. LTD

On December 20, 2017, the Company entered into an agreement with KTSAT Co. LTD for the use of the latter's transponder space for the Company's DTH service. The term of the agreement commenced on January 1, 2018 and will expire on June 30, 2033 with 6 months grace period for the monthly service fee starting January 1, 2018 until June 30, 2018. KTSAT shall provide the Company with space segment capacity of KOREASAT-5A. The Company shall be permitted to brand the customer transponders as Cignal Satellite during the service term for marketing purposes only.

On October 19, 2020, in reference to the existing agreement, the Company has decided to increase the satellite's segment service capacity from 36MHz to 54MHz with KTSAT effective January 1, 2021 to June 30, 2033.

VSAT Broadband Transponder Service Agreement - KTSAT Co. LTD

On November 27, 2019, the Company entered into an agreement with KTSAT Co. LTD for the use of the latter's transponder space for the Company's VSAT broadband via Satellite service. The term of the agreement commenced on July 1, 2020 and will expire on February 28, 2022. KTSAT shall provide the Company with space segment capacity of KOREASAT-7.

On April 13, 2022, the Company renewed the agreement to provide 270 MHz satellite capacity to Cignal for another five years starting from March 1, 2022 until February 28, 2025.

DTT Transponder Service Agreement - APT Satellite Company Limited

On September 1, 2021, the Company entered into an agreement with APT Satellite Company Limited for the use of the latter's transponder space for the Company's DTT business. The term of the agreement commenced on September 1, 2021 and will expire on August 31, 2026 with a one-month grace period for the monthly service fee starting September 1, 2021 until September 30, 2021. APT Satellite shall provide the Company with space segment capacity of Apstar 5C satellite.

On May 31, 2022, in relation to the transfer of DTT-related assets to TV5, the Company has entered into an agreement with TV5 whereby the Company assigned all its obligations, rights, title and interest in the service agreement with APT Satellite Company Limited for the use of the latter's transponder space for TV5's DTT business until August 31, 2026.

Office and leasehold improvements

On July and November 2022, the Company entered into agreements with TV5 to lease additional units in Launchpad Building, Mandaluyong. The leases are effective for a period of five (5) years commencing on August 1 and December 1, 2022, respectively.

Amounts recognized in the statements of financial position.

The statements of financial position as at December 31 show the following amounts relating to leases:

	2022	2021
Right-of-use assets (presented within property and equipment)		
Broadcast and communication equipment	1,136,141,472	1,113,179,245
Office and leasehold improvements	23,301,299	20,395,637
	1,159,442,771	1,133,574,882
Lease liabilities		
Current	585,674,733	385,814,469
Non-current	1,148,139,871	1,319,363,821
	1,733,814,604	1,705,178,290

Details of movements of right-of-use assets for the years ended December 31 are as follows:

	Broadcast and communication equipment	Office and leasehold improvements	Total
At January 1, 2021			
Cost	2,932,230,325	46,004,974	2,978,235,299
Accumulated amortization	(1,686,016,110)	(16,043,779)	(1,702,059,889)
Net carrying value	1,246,214,215	29,961,195	1,276,175,410
For the year ended December 31, 2021			
Opening net carrying value	1,246,214,215	29,961,195	1,276,175,410
Additions	250,943,449	-	250,943,449
Amortization	(383,978,419)	(9,565,558)	(393,543,977)
Closing net carrying value	1,113,179,245	20,395,637	1,133,574,882
At December 31, 2021			
Cost	3,183,173,774	46,004,974	3,229,178,748
Accumulated amortization	(2,069,994,529)	(25,609,337)	(2,095,603,866)
Net carrying value	1,113,179,245	20,395,637	1,133,574,882

	Broadcast and communication equipment	Office and leasehold improvements	Total
At January 1, 2022			
Cost	3,183,173,774	46,004,974	3,229,178,748
Accumulated amortization	(2,069,994,529)	(25,609,337)	(2,095,603,866)
Net carrying value	1,113,179,245	20,395,637	1,133,574,882
For the year ended December 31, 2022			
Opening net carrying value	1,113,179,245	20,395,637	1,133,574,882
Additions	447,614,649	12,516,573	460,131,222
Retirement			
Cost	(57,069,133)	-	(57,069,133)
Accumulated amortization	23,042,992	-	23,042,992
Amortization	(390,626,281)	(9,610,911)	(400,237,192)
Closing net carrying value	1,136,141,472	23,301,299	1,159,442,771
At December 31, 2022			
Cost	3,573,719,290	58,521,547	3,632,240,837
Accumulated amortization	(2,437,577,818)	(35,220,248)	(2,472,798,066)
Net carrying value	1,136,141,472	23,301,299	1,159,442,771

Amounts recognized in the statements of total comprehensive income

The statements of total comprehensive income show the following amounts relating to leases for the years ended December 31:

	Notes	2022	2021
Amortization expense			
Broadcast and communication equipment		390,626,281	383,978,419
Office and leasehold improvements		9,610,911	9,565,558
	16, 17	400,237,192	393,543,977
Interest expense	19	111,066,058	115,922,227
Rental expense	17	9,019,481	8,905,278
Gain on retirement		(2,861,425)	-
		517,461,306	518,371,482

Rental expense for the years ended December 31, 2022 and 2021 relates to payments associated with short-term leases and leases of low-value assets which are recognized on a straight-line basis in the statements of total comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

The total cash outflows for lease liabilities and short-term leases for the years ended December 31, 2022 amounted to P701.3 million (2021 - P608.9 million).

Discount rate

Payments for leases of various office space and equipment are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Critical accounting estimate: Determination of incremental borrowing rate

To determine the incremental borrowing rate, the Company uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Where third party financing cannot be obtained, the Company uses the government bond yield, adjusted for the (1) credit spread specific to the Company and (2) security using the right-of-use asset.

Critical accounting judgment: Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Future minimum lease payments under lease liabilities and the net present value of the minimum lease payments as at December 31 follow:

	Note	2022	2021
Not later than 1 year		665,225,481	477,686,364
Later than 1 year but not later than 5 years		923,422,427	1,127,504,803
Later than 5 years		326,663,228	343,523,986
Contractual cash flows	24	1,915,311,136	1,948,715,153
Future finance charges		(181,496,532)	(243,536,863)
Present value of minimum lease payments		1,733,814,604	1,705,178,290

The present value of lease liabilities at December 31 are as follows:

	2022	2021
Not later than 1 year	585,674,733	385,814,469
Later than 1 year but not later than 5 years	884,602,114	1,064,350,154
Later than 5 years	263,537,757	255,013,667
	1,733,814,604	1,705,178,290

Note 8 - Investments in associates and joint ventures

Investments in associates and joint venture as at December 31, 2022 and 2021 consist of:

Investments in associates	
Cignal Cable Corporation (Cignal Cable)	122,401,875
Epik Studios, Inc. (Epik)	105,711,881
Investments in joint venture	
Philippine Online Sports League, Inc. (POSLI)	10,000,000
Sari Sari Network Inc. (Sari Sari)	1,270,945
	239,384,701

Investments in associates

Cignal Cable

On July 9, 2015, the Company acquired 40% of the existing outstanding shares of Cignal Cable from Celestial Corporation for a total amount of P120 million. Total costs directly attributable to the acquisition of Cignal Cable shares and recognized as part of the investment cost amounted to P2.4 million.

Cignal Cable is incorporated in the Philippines and established to organize, establish, construct, maintain, manage and operate Community Antennae Television Systems/Cable Television Systems for public and commercial purpose and consideration, in various municipalities, provinces, cities and other areas and localities in the Philippines. Cignal Cable has a provisional authority to install, operate and maintain a cable television system or render cable television service within 17 cities in Metro Manila. Cignal Cable's principal place of business is at 5th Floor, Launchpad Building, Sheridan corner Reliance Street, Highway Hills, Mandaluyong City.

Epik

On March 28, 2018, the Company subscribed to 13,461 common shares of Epik out of its existing authorized capital stock for P105 million. This represents 35% of the total issued and outstanding capital stock of Epik. Total costs directly attributable to the acquisition of shares and recognized as part of the investment cost amounted to P0.7 million.

Epik is a Philippine corporation engaged in the creation, acquisition, production, marketing and distribution of characters, movies, television and online content, including games and/or applications for the consumption of the market in all forms and media. Epik's principal office is at 7F East Tower Philippine Stock Exchange Center, Ortigas Center, Pasig City.

Investments in joint ventures

Sari Sari

On August 11, 2015, the Company and Viva Communications, Inc. (Viva) agreed to form Sari Sari that will develop, operate and maintain Sari Sari Channel (Channel). The Company and Viva have a 50%-50% interest in the joint venture. The Channel will be populated with locally produced programs and will be carried and aired exclusively in various platforms owned or operated by Cignal and its affiliates. The Company will guarantee carriage of the Channel on Cignal for a period of five years subject to a certain annual fee.

Total investment of the Company in Sari Sari amounted to P1.3 million, including costs directly attributable to the investment of P20,945.

Sari Sari was incorporated and registered with the Philippine SEC on October 7, 2015 primarily to create, operate, manage, develop, distribute, sell and export audit and visual content and to engage in the acquisition, aggregation, management, development, production, distribution and/or marketing of original program content and/or program content acquired by way of license, for commercial exhibition on television and other media. Its principal place of business is at 5th Floor, Launchpad Building, Sheridan corner Reliance streets, Mandaluyong City.

POSLI

On August 7, 2019, the Company subscribed to 99,999 common shares of POSLI out of its existing authorized capital stock for P10 million. This represents 14% of the total issued and outstanding capital stock of POSLI.

POSLI is a Philippine corporation engaged in the development, operation and maintenance of a national multi-game esports league for various esports game disciplines aimed to promote and develop esports in the Philippines, raise the level of competitiveness of Philippine esports to international standards and to develop professional esports player throughout the country.

Note 9 - Other non-current assets

Other non-current assets at December 31 consist of:

	Notes	2022	2021
Refundable deposits	24	92,977,430	86,734,050
Allowance for impairment		(8,772,570)	(8,772,570)
		84,204,860	77,961,480
Deferred subscriber acquisition cost, net of current portion	15	499,268,734	546,987,442
Deferred programming and production cost, net of current portion	5	484,005,436	513,012,501
Audio-visual program rights, net of current portion	5	113,382,235	161,680,892
Deferred input VAT, net of current portion	5	40,895,767	83,388,623
		1,221,757,032	1,383,030,938

Note 10 - Trade payables and other liabilities

Trade payables and other liabilities at December 31 consist of:

	Notes	2022	2021
Trade payables			
Third parties		2,730,600,746	3,156,395,404
Related parties	20	107,296,355	138,517,504
Unearned revenues	15	548,376,739	622,948,963
Payables to government agencies		238,050,526	282,807,328
Derivative financial liabilities	24	62,232,326	
Accrued expenses:			
Production and programming costs		3,147,462,500	2,692,959,928
Advertising and promotion		780,346,889	718,052,036
Professional and other services		582,233,918	644,721,790
Utilities and maintenance		354,712,893	220,693,092
Communication, training and travel		115,165,032	131,149,825
Freight and hauling		77,356,328	75,046,041
Rent		36,264,756	35,553,152
Interest	13, 22	27,629,044	18,653,928
Others		48,593,900	146,930,036
Other related party payables	20	1,204,924,811	521,008,975
		10,061,246,763	9,405,438,002

Trade payables are unsecured, non-interest bearing, payable in cash, and with credit terms ranging from 30 to 90 days, except for trust receipts which bear market interest rates ranging from 5.0% to 7.5% for the year ended December 31, 2022 (2021 - 2.7% to 5.9%) and have maturity terms of 3 to 6 months. Interest expense recognized in profit or loss for the year ended December 31, 2022 in relation to the Company's trust receipts amounted to P43.5 million (2021 - P50.1 million) (Note 19).

Unearned revenues pertain to paid DTH satellite television service but not yet rendered, unused load subscriptions and issued set-top boxes but not yet activated as of reporting date. Non-current portion of unearned revenues amounting to P3.7 million as at December 31, 2022 (2021 - P4.7 million) are presented as part of non-current liabilities in the statement of financial position (Note 15).

Other accrued expenses mainly include security and janitorial services, employee benefits and other operating expenses.

Note 11 - Provisions

Details and movements of provisions as at and for the years ended December 31 are as follows:

	Probable losses	Employee benefits	Total
At January 1, 2021	148,121,688	113,269,013	261,390,701
Additions	-	66,497,172	66,497,172
Reversals	(148,121,688)	-	(148,121,688)
Payments	-	(46,515,136)	(46,515,136)
At December 31, 2021	-	133,251,049	133,251,049
Additions	-	72,321,796	72,321,796
Payments	-	(86,738,392)	(86,738,392)
At December 31, 2022	-	118,834,453	118,834,453

Provision for probable losses representing provision for contingencies relating to a dispute amounting to P148.1 million was reversed in 2021. Provision for employee benefits pertains to estimated amounts of bonuses and other incentives for employees.

Note 12 - Retirement benefits

The Company maintains a trustee-managed, tax-qualified, Group plan (Plan) covering substantially all permanent and regular employees. The Plan has a defined contribution wherein the Company's obligation is limited to specified contributions to the Plan. Employees' contribution is optional.

Defined contribution plan

Contributions to the plan are made by the Company based on an employee's years of tenure and range from 5% to 10% of the employee's monthly salary. Additionally, the Company gives the employee an option to make personal contribution to the fund, at an amount not to exceed 10% of his or her monthly salary. The Company then provides an additional contribution to the fund ranging from 10% to 50% of the employee's contribution based on the latter's years of tenure. Although the plan has a defined contribution format, the Company regularly monitors compliance with RA No. 7641, The Philippine Retirement Law.

Under the existing regulatory framework, RA No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. As at December 31, 2022 and 2021, the Company is in compliance with the minimum requirement of RA No. 7641.

The present value of the defined benefit obligation is calculated using the projected unit credit method and is measured using actuarial assumptions for discount rate, mortality, disability and salary projection rates based on the latest actuarial valuation.

The amounts recognized in the statements of financial position as at December 31 are as follows:

	2022	2021
Present value of defined benefit obligation	223,277,000	206,608,500
Fair value of plan assets	(106,779,800)	(58,239,600)
Retirement benefit liability	116,497,200	148,368,900

The movements in the net retirement benefit liability for the years ended December 31 are as follows:

	2022	2021
Beginning of year	148,368,900	167,242,100
Retirement benefit expense recognized in profit or loss	38,492,000	57,290,700
Remeasurement gain recognized in other comprehensive income	(16,838,200)	(10,507,900)
Employer contributions	(53,525,500)	(65,656,000)
End of year	116,497,200	148,368,900

The changes in the present value of defined benefit obligation for the years ended December 31 are as follows:

	2022	2021
Beginning of year	206,608,500	167,242,100
Current service cost	30,702,600	27,235,300
Interest cost	11,617,600	7,658,000
Past service cost	-	24,695,600
Remeasurement (gain) loss		
Experience adjustments	(11,826,700)	100,800
Effect of changes in actuarial assumptions	(8,382,100)	(15,283,100)
Benefits paid from plan assets	(5,442,900)	(5,040,200)
End of year	223,277,000	206,608,500

The changes in the fair value of plan assets for the years ended December 31 are as follows:

	2022	2021
Beginning of year	58,239,600	-
Employer contributions	53,525,500	65,656,000
Interest income	3,828,200	2,298,200
Benefits paid	(5,442,900)	(5,040,200)
Return on plan assets less than discount rate	(3,370,600)	(4,674,400)
End of year	106,779,800	58,239,600

The components of the retirement benefit expense recognized in profit or loss for the years ended December 31 are as follows:

	Note	2022	2021
Current service cost		30,702,600	27,235,300
Net interest cost		7,789,400	5,359,800
Past service cost		-	24,695,600
	17	38,492,000	57,290,700

The retirement benefit expense is allocated between direct costs and operating expenses within salaries and employee benefits (Notes 16 and 17).

Movements in remeasurements on retirement benefits presented in equity are as follows:

	Note	2022	2021
Beginning of year		(16,598,025)	(22,847,020)
Remeasurements recognized in other comprehensive income			
Remeasurement gain (loss) for the year		16,838,200	10,507,900
Deferred income tax effect	21	(4,209,550)	(4,258,905)
Remeasurements for the year, net		12,628,650	6,248,995
End of year		(3,969,375)	(16,598,025)

The present value of retirement benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the cost for retirement benefits include the discount rate and future salary increases. Any changes in these assumptions will impact the carrying amount of net retirement benefit liability. The principal actuarial assumptions used for the years ended December 31 were as follows:

	2022	2021
Discount rate	7.00%	5.25%
Future salary increase rate	5.00%	5.00%

Discount rate

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated cash outflows expected to be required to settle the retirement benefit obligation. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement benefit obligation.

Future salary increase rate

Future salary increase rate is the expected long-term average rate of salary increase taking into account inflation sensitivity, promotion and other market factors. Salary increase comprise of the general inflationary measure plus a factor increase for individual productivity, merit and promotion. The salary increase rate is set by management over the period which benefits are expected to be paid.

Demographic assumptions

Assumptions regarding future mortality and disability are set based on published statistics and experience in the Philippines.

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

Other key assumptions for net retirement benefit obligation are based in part on current market conditions.

The determination of the Company's net retirement benefit liability is dependent on the selection of certain assumptions used by the actuary in calculating such amount. Those assumptions include among others, discount rate and future salary increase rate. Actual results that differ from the Company's assumptions generally affect the recognized expense and recorded obligation in such future periods. One or more of the actuarial assumptions may differ significantly and as a result, the actuarial present value of the defined benefit obligation estimated at the reporting dates may differ significantly from the amounts reported.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions as at December 31 is as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
2022			
Discount rate	+/- 1.00%	(0.95%)	1.50%
Future salary increase rate	+/- 1.00%	1.52%	(0.97%)
2021			
Discount rate	+/- 1.00%	(1.69%)	4.12%
Future salary increase rate	+/- 1.00%	4.08%	(1.7%)

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the net defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit obligation recognized within the statement of financial position.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Retirement plan

The fund is being managed and invested by the BPI Asset Management, as Trustee, pursuant to a trust agreement in 2021.

The Plan's investment portfolio seeks to achieve regular income and long-term capital growth and consistent performance over its own portfolio benchmark. In order to attain its objective, the trustee's mandate is to invest in a diversified portfolio of bonds and equities, both domestic and international.

Investments in the domestic fixed income securities include Philippine peso denominated bonds such as government securities and corporate debt securities with fixed interest rates from 2.10% to 5.68% per annum for the years ended December 31, 2022 and 2021. Investments in international fixed income securities include exchange traded funds, mutual funds and unit investment trust funds (UITF).

The components of the plan assets at fair value as at December 31 are as follows:

	2022	2021
Fixed income - UITF	67.77%	79.09%
Equities - UITF	7.69%	20.59%
Cash and cash equivalents	0.44%	0.24%
Others	24.10%	0.08%
	100.00%	100.00%

The Company expects to contribute approximately P3.7 million to the fund for the year ending December 31, 2023.

The following table sets forth the expected maturity analysis of undiscounted retirement benefits as at December 31:

	2022	2021
One year to five years	84,148,800	45,879,900
More than five years to ten years	168,590,500	156,952,100
	252,739,300	202,832,000

The weighted average duration of the defined benefit obligation as at December 31, 2022 is 16.10 years (2021 - 12.52 years).

Note 13 - Borrowings

Outstanding borrowings as at December 31 are as follows:

	Note	2022	2021
Current			
Third parties		400,000,000	-
Related parties	20	190,000,000	140,000,000
		590,000,000	140,000,000
Non-current			
Related parties	20	1,150,000,000	840,000,000
		1,740,000,000	980,000,000

Movement of borrowings for the years ended December 31 are as follows:

	2022	2021
Beginning of year	980,000,000	1,170,000,000
Addition during the year	900,000,000	-
Payment during the year	(140,000,000)	(190,000,000)
	1,740,000,000	980,000,000

P250 million term loan facility

On December 23, 2016, the Company obtained a 5-year unsecured P250 million term loan facility with a local bank, maturing on December 23, 2021, at a fixed interest rate. Principal and interest are set to be paid quarterly beginning March 2017. The P250 million loan was fully drawn and a total of P50 million was paid in 2021. The loan was fully paid as at December 31, 2021.

In relation to the P250 million term loan facility, a sinking fund that will serve as the debt servicing account was required to be established. The maintaining balance required in the sinking fund is equivalent to principal and interest amortization and should be deposited to the Company's Debt Service Reserve Account (DSRA) 15 days prior to its due date. As at December 31, 2022 and 2021, the sinking fund balance amounted to P0.2 million and is presented under prepaid expense and other current assets, net in the statements of financial position.

P400 million short-term convertible promissory note

On December 23, 2022, the Company obtained a short-term convertible promissory note from Metro Pacific Investments Corporation Beneficial Trust Fund amounting to P400 million with interest rate of 6.4%. Principal and interest are set to be paid on June 22, 2023.

P500 million term loan from a related party

On May 13, 2022, the Company entered into a five-year loan agreement with a related party amounting to P500 million to finance the Company's day to day operations. The loan is unsecured and bears interest of 3.25% subject to annual repricing until maturity date. Principal and interest are due semi-annually beginning May 13, 2023 until November 13, 2026 and remaining unpaid balance due on May 13, 2027.

P1.4 billion term loan from a related party

On April 1, 2020, upon maturity of the original loan agreement, the Company and a related party agreed that the outstanding balance of the loan amounting to P1.12 billion be extended for another five (5) years. The loan is unsecured and bears interest of 5.75% subject to repricing after three (3) years. Principal and interest are due semi-annually beginning April 1, 2021 until April 1, 2025 and remaining unpaid balance due on October 1, 2025.

Total interest expense recognized in the statement of total comprehensive income in respect of borrowings for the year ended December 31, 2022 amounted to P63.3 million (2021 - P62.6 million) (Note 19). Interest payable related to the outstanding borrowings as at December 31, 2022 amounted to P0.5 million (2021 - nil).

Note 14 - Equity

Details of share capital at December 31 are as follows:

	2022		2021	
	Number of shares	Amount	Number of shares	Amount
Authorized at P100 par value per share				
Common	2,500,000	250,000,000	2,500,000	250,000,000
Preferred	400,000	40,000,000	-	-
Issued, common shares at par value	1,041,667	104,166,700	1,041,667	104,166,700

Additional paid-in-capital as at December 31, 2022 and 2021 amounted to P393.2 million.

Deposit for future stocks subscriptions

On February 26, 2021, the Board of Directors and its stockholders held a special meeting and approved to increase the authorized capital stock from P250 million to P290 million (2.5 million common shares at P100 par value per share and 0.4 million preferred shares at P100 par value per share). Consequently, the Company received P1,000 million in cash from Satventures as advances for subscription to 100,000 preferred shares.

As at December 31, 2021, the application for the proposed increase of authorized capital stock is pending to be filed with the SEC. Accordingly, the advances from Satventures was recorded as deposit for future stock subscription and is presented within current liabilities in the statement of financial position.

On November 18, 2022, the application for the proposed increase of authorized capital stock was approved by the SEC. Accordingly, the advances from Satventures was recorded as deposit for future stocks subscriptions and is presented within equity in the statement of financial position as at December 31, 2022.

Note 15 - Revenue from contracts with customers

Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following revenue streams and types of customers for the years ended December 31:

	Subscription			Sale of hardware			Airtime and syndication	Other services	Total
	Postpaid	Prepaid	Total	Postpaid	Prepaid	Total			
2022									
Revenue from external customers	1,970,469,612	5,440,169,009	7,410,638,621	4,574,611	828,145,252	832,719,863	1,646,247,443	462,551,511	10,352,157,438
Revenue from related parties (Note 20)	213,507,200	-	213,507,200	-	-	-	337,016,319	286,059,178	836,582,697
	2,183,976,812	5,440,169,009	7,624,145,821	4,574,611	828,145,252	832,719,863	1,983,263,762	748,610,689	11,188,740,135
Timing of revenue Recognition									
Over time	2,183,976,812	5,440,169,009	7,624,145,821	-	-	-	1,304,971,609	748,610,689	9,677,728,119
At a point in time	-	-	-	4,574,611	828,145,252	832,719,863	678,292,153	-	1,511,012,016
	2,183,976,812	5,440,169,009	7,624,145,821	4,574,611	828,145,252	832,719,863	1,983,263,762	748,610,689	11,188,740,135
2021									
Revenue from external customers	2,195,477,331	5,460,300,812	7,655,778,143	5,616,095	1,159,644,091	1,165,260,186	1,603,449,425	468,438,850	10,892,926,604
Revenue from related parties (Note 20)	260,806,285	-	260,806,285	71,071	-	71,071	11,728,498	301,050,484	573,656,338
	2,456,283,616	5,460,300,812	7,916,584,428	5,687,166	1,159,644,091	1,165,331,257	1,615,177,923	769,489,334	11,466,582,942
Timing of revenue recognition									
Over time	2,456,283,616	5,460,300,812	7,916,584,428	-	-	-	1,437,762,983	769,489,334	10,123,836,745
At a point in time	-	-	-	5,687,166	1,159,644,091	1,165,331,257	177,414,940	-	1,342,746,197
	2,456,283,616	5,460,300,812	7,916,584,428	5,687,166	1,159,644,091	1,165,331,257	1,615,177,923	769,489,334	11,466,582,942

Assets and liabilities related to contracts with customers

The Company has recognized the following assets and liabilities related to contracts with customers as at December 31:

	Notes	2022	2021
Asset recognized from costs to obtain a contract			
Deferred subscriber acquisition costs	5,9	2,032,545,547	2,067,636,951
Unearned revenue	10		
Prepaid subscription		494,097,841	547,154,485
Postpaid subscription		28,626,064	34,232,206
Hardware		29,315,753	46,247,580
		552,039,658	627,634,271

Revenue recognized in relation to unearned revenue

The following table shows how much of the revenue recognized for the year ended December 31 relates to carried-forward unearned revenues:

	2022	2021
Prepaid subscription	547,154,485	569,393,920
Postpaid subscription	29,546,898	32,242,848
Hardware	46,247,580	34,078,073
	622,948,963	635,715,841

Asset recognized from incremental costs to obtain a contract

Deferred subscriber acquisition costs pertain to the incremental costs incurred relating to the acquisition of new subscription contracts. These are capitalized and subsequently amortized on a straight-line basis over the subscriber relationship period of up to two (2) years and three (3) years from the date of activation for prepaid and postpaid subscription, respectively. Deferred subscriber acquisition costs are presented in the statements of financial position as at December 31 as follows:

	Notes	2022	2021
Current portion within prepaid expenses and other current assets, net	5	1,533,276,813	1,520,649,509
Non-current portion within other non-current assets	9	499,268,734	546,987,442
		2,032,545,547	2,067,636,951

Amortized subscriber acquisition costs recognized within direct costs in profit or loss amounted to P1,830.0 million for the year ended December 31, 2022 (2021 - P1,198.5 million) (Note 16).

Unsatisfied airtime and other services contracts

All airtime and other services contracts are for periods of one year or less. As permitted under Philippine Financial Reporting Standard (PFRS) 15, Revenue from contracts with customers, the transaction price allocated to these unsatisfied contracts is not disclosed.

Note 16 - Direct costs

Direct costs for the years ended December 31 consist of:

	Notes	2022	2021
Programming and production costs	5	4,338,978,273	4,409,670,416
Subscriber acquisition costs	15	1,829,990,054	1,198,530,731
Depreciation and amortization	6	873,436,495	815,759,051
Hardware costs	4	831,399,773	1,178,761,567
Transmission costs	20	484,881,374	581,216,377
Salaries and employee benefits	17	72,335,446	68,027,242
Repairs and maintenance		41,906,688	13,489,169
Professional fees		39,564,137	47,171,994
Taxes and licenses		2,967,846	7,180,213
Others		4,568,961	2,531,745
		8,520,029,047	8,322,338,505

Note 17 - Operating expenses

Operating expenses for the years ended December 31 consist of:

	Notes	2022	2021
Salaries and employee benefits		660,788,901	642,878,371
Advertising and promotions		556,668,707	610,486,207
Professional fees and contracted services		390,452,279	490,255,667
Repairs and maintenance		202,298,362	184,184,321
Depreciation and amortization	6	179,963,708	192,594,616
Communication, travel and training		153,778,494	93,761,727
Provision for impairment of receivables	3	86,464,300	122,352,570
Freight and hauling		52,749,811	68,769,285
Taxes and licenses		21,139,102	12,445,456
Insurance		9,905,829	12,018,878
Rental	7	9,019,481	8,905,278
Others		28,362,244	43,579,139
		2,351,591,218	2,482,231,515

Salaries and employee benefits for the years ended December 31 consist of:

	Notes	2022	2021
Salary and other short-term benefits		694,632,347	653,614,913
Retirement benefit expense	12	38,492,000	57,290,700
Total		733,124,347	710,905,613
Presented under:			
Direct costs	16	72,335,446	68,027,242
Operating expenses		660,788,901	642,878,371
		733,124,347	710,905,613

Note 18 - Other expense (income), net

Other expense (income), net for the years ended December 31 consists of:

	Note	2022	2021
Bank charges		37,426,482	40,872,550
Gain on sale of property and equipment		(4,035,673)	(684,905)
Gain on reversal of provisions	11	-	(148,121,688)
Rental income		-	(1,041,070)
Miscellaneous income, net		(5,889,286)	(6,771,317)
		27,501,523	(115,746,430)

Miscellaneous income, net mainly consists of insurance claims, penalties charged to suppliers for late deliveries of products, write-off of outstanding accruals where no expected payments are to be made by the Company, net of other miscellaneous expense.

Note 19 - Interest expense

Interest expense for the years ended December 31 consists of interest on:

	Notes	2022	2021
Lease liabilities	7	111,066,058	115,922,227
Borrowings	13	63,259,384	62,564,809
Trust receipts	10	43,477,909	50,147,083
		217,803,351	228,634,119

Note 20 - Related party transactions

Significant related party transactions for the years ended December 31 are as follows:

	Terms and conditions	2022	2021
(A) Airtime and syndication revenues *Entity under common control*	The Company earns revenues from sales of airtime advertising and other airtime monetization activities for programs aired in TV5 Network Inc. (TV5) channels (Note 15). Airtime and syndication revenues are computed based on mutually agreed rates between the parties. Airtime and syndication revenues recognized as a result of these transactions are presented as part of airtime and syndication revenues in profit or loss.	337,016,319	11,728,498

	Terms and conditions	2022	2021
(B) Blocktime and other revenues			
Entity under common control	TV5 uses certain fixed assets and UHF of the Company. As consideration, TV5 pays the Company a monthly service fee based on agreed rates.	19,672,000	13,800,000
Other affiliated companies	The Company entered into an agreement with its affiliates to provide satellite connectivity requirements and site maintenance services. Blocktime and other revenues are presented as part of other revenue in profit or loss (Note 15).	266,387,178	287,250,484
		286,059,178	301,050,484
(C) Subscription and hardware revenues:			
Entity under common control	Related parties subscribe to the Company's monthly DTH services and pay a monthly service fee based on its subscribed plan. The Company entered into an agreement with its affiliated company to offer to the market a bundled product to include the Company's selected subscription plans. The Company also recognizes revenue from sales of set-top boxes to related parties. These are presented as part of subscription and hardware revenue in profit or loss (Note 15).	22,408	120,733
Other affiliated companies		213,484,792	260,756,623
		213,507,200	260,877,356
(D) Production, carriage and syndication agreement			
Entity under common control	The Company entered into agreements with related parties to produce content on behalf of the Company. Amount charged is based on actual cost plus an agreed service fee. Costs are recognized as part of programming and production costs within direct costs (Note 16).	316,516,713	445,053,455
Joint venture		67,392,734	180,673,797
		383,909,447	625,727,252

	Terms and conditions	2022	2021
(E) Blocktime fee			
Entity under common control	The Company entered into a blocktime agreement with TV5 allowing the Company to use certain spots within its channel for the Company's various programs. Costs are recognized as part of transmission costs within direct costs. Refer below for details of the blocktime agreement.	437,500,000	500,000,000
(F) Management fee			
Intermediate parent company	Certain employees of MQ perform common functions among the MQ Group. Management fee is based on a monthly service fee mutually agreed by the parties and is included as part of professional fees and contracted services within operating expenses (Note 17).	67,333,996	49,289,977
(G) Marketing services			
Entity under common control	The Company entered into a marketing services agreement with a related party at an agreed price. Costs incurred are recognized as part of advertising and promotions and professional fees within operating expenses (Note 17).	107,825,058	160,469,333
(H) Advances from related parties and interest expense			
Other affiliated company	Advances are obtained by the Company from related parties to finance day to day operations. These are settled in cash, unless special arrangements are made and agreed with the related parties, interest bearing, unsecured and payable in accordance with the terms agreed by the parties.		
Interest expense		52,325,000	60,375,000
Entity under common control			
Advances		500,000,000	-
Interest expense		10,373,288	-
(I) Advances to a related party and interest income			
Entity under common control	On December 29, 2022, Cignal extended a loan to TV5 amounting to P400 million. The loan is due and demandable on December 29, 2027. Interest payments based on BVAL + 1.39% are subject to annual repricing and due semi-annually.		
Advances		400,000,000	-
Interest income		144,658	-
(J) Billings made on behalf of the Company			
Entity under common control	These are billings made by the related party on behalf of the Company for airtime revenues earned from advertising placements delivered through the blocktime agreement as described in "E" above.	-	341,498,789

	Terms and conditions	2022	2021
(K) Billings made on behalf of a related party			
Entity under common control	These are billings made by the Company on behalf of a related party for advertising placements delivered after termination of the blocktime agreement as described in "E" above.	907,406,709	-
(L) Collections from prepaid subscribers			
Other affiliated company	These are load top ups from prepaid subscribers collected by the related party on behalf of the Company. Collections are recognized as part of trade and other receivables in the statement of financial position.	311,119,475	369,076,353
(M) Reimbursement of expenses			
Entities under common control	At various dates, the related parties pay expenses in behalf of each other mainly consisting of content costs, travel and transportation, utilities, advertising and promotion, and rental expenses.	26,847,202	2,776,024
Associate		14,513,712	-
Other affiliated company		-	12,962,344
Joint venture		-	1,049,561
		41,360,914	16,787,929
(N) Transfer of assets			
Entity under common control	On May 31, 2022, the Company has entered into a sale and purchase agreement with TV5 for the transfer of DTT related assets covering set-top boxes, property and equipment and refundable deposit.	902,352,551	-
(O) Deposit for future stock subscription			
Immediate parent	Refer to Note 14 for related discussions.	-	1,000,000,000

Blocktime agreement with TV5

The Company entered into a blocktime agreement with TV5 to use certain spots within its channel for the Company's various TV programs beginning July 1, 2020 until December 31, 2020, subject to renewal upon mutual agreement by both parties. TV5 shall, throughout the term, continuously air, broadcast, transmit and distribute the programs on its entirety without any downtime, interruption, modification or alteration and in accordance with the agreed service levels and performance. In consideration of the services, the Company shall pay TV5 a fixed monthly blocktime fee, subject to annual escalation in case of renewals.

The agreement was automatically renewed for a period of one (1) year from January 1, 2021 until December 31, 2021. In 2021, the parties agreed to reduce the 2021 blocktime fee due to performance commitments, such as but not limited to committed reach, not having been timely achieved by TV5.

Effective July 31, 2022, the agreement was terminated to comply with the NTC regulation on blocktime arrangements.

Key management compensation

The aggregate compensation paid to the Company's key officers amounted to P65 million for the year ended December 31, 2022 (2021 - P66 million). This includes retirement benefits of key officers amounting to P5.5 million for the year ended December 31, 2022 (2021 - P7.6 million).

Details of outstanding due from and to related parties at December 31 follow:

	Terms	Ref.	2022	2021
Trade and other receivables				
Trade receivables				
Other affiliated companies	These are settled in cash on a net basis, unsecured and non-interest bearing. These are collectible on demand.	B,C,L	636,509,895	742,619,498
Entities under common control		A,B,C,J	1,208,226,437	675,106,764
			1,844,736,332	1,417,726,262
Other receivables				
Entities under common control	These are settled in cash on a net basis, unsecured and non-interest bearing. These are collectible on demand.	A,B, I, M, N	1,203,417,325	127,606,490
Joint venture			32,925,389	32,977,784
			1,236,342,714	160,584,274
			3,081,079,046	1,578,310,536
Notes receivables				
Entity under common control	This is settled in cash on a net basis, unsecured and interest-bearing. This is collectible in accordance with the terms agreed by the parties on December 29, 2027.	I	400,000,000	-
			1,636,342,714	160,584,274
Trade payables and other liabilities				
Trade payables				
Entities under common control	These are settled in cash on a net basis, unsecured and non-interest bearing. These are collectible on demand.	D, E, G	91,020,845	125,182,158
Joint venture		D	16,275,510	13,335,346
			107,296,355	138,517,504
Other liabilities				
Immediate parent company	These are settled in cash on a net basis, unsecured and non-interest bearing. These are payable on demand.		137,978,978	139,978,978
Intermediate parent company		F	283,343,818	322,712,037
Entity under common control		K	783,602,015	58,317,960
			1,204,924,811	521,008,975
			1,312,221,166	*659,526,479*

	Terms	Ref.	2022	2021
Borrowings				
Current				
Entity under common control	These are settled in cash on a net basis, unsecured and interest-bearing. These are payable in accordance with the terms agreed by the parties until May 2027.	H	50,000,000	-
Other affiliated company	These are settled in cash on a net basis, unsecured and interest-bearing. These are payable in accordance with the terms agreed by the parties until October 2025.	H	140,000,000	140,000,000
			190,000,000	140,000,000
Non-current				
Other affiliated company	These are settled in cash on a net basis, unsecured and interest-bearing. These are payable in accordance with the terms agreed by the parties until October 2025.	H	700,000,000	840,000,000
Entity under common control	These are settled in cash on a net basis, unsecured and interest-bearing. These are payable in accordance with the terms agreed by the parties until May 2027.	H	450,000,000	-
			1,150,000,000	840,000,000
			1,340,000,000	980,000,000

No provision was recognized against trade and other receivables and amounts due from related parties as at December 31, 2022 and 2021.

There are no guarantees issued or collaterals held with respect to transactions and balances with related parties.

Note 21 - Income taxes

Components of deferred income tax (DIT) assets, net are as follows:

	Notes	2022	2021
DIT assets			
Provision for impairment of receivables	3	148,328,820	126,712,745
Lease liabilities, net	7	143,592,958	142,900,852
Unearned revenues	15	138,009,915	156,908,568
Provision for employee benefits	11	29,708,613	33,312,762
Retirement benefit obligation	12	29,124,300	37,092,225
Minimum corporate income tax (MCIT)		23,336,413	-
Unamortized past service cost		16,593,136	16,413,994
Unrealized loss on forward contracts	10,24	15,558,082	-
Net operating loss carryover (NOLCO)		6,881,894	-
Provision for impairment of refundable deposits	9	2,193,142	2,193,142
Accumulated write down of inventories to net realizable value	4	64,866	684,080
Unrealized foreign exchange loss, net		-	9,468,969
Others		-	20,933,702
		553,392,139	546,621,039
DIT liabilities			
Unrealized foreign exchange gains, net		(7,166,655)	-
Unrealized gain on forward contracts	3,24	-	(3,032,214)
		(7,166,655)	(3,032,214)
		546,225,484	543,588,825

Critical accounting judgment: Realizability of DIT assets

Realization of the future tax benefit related to DIT assets is dependent on the Company's ability to generate future taxable income during the periods in which the DIT assets are expected to be recovered. The Company has considered these factors in reaching a conclusion as to the recognized DIT assets amounting to P553.4 million at December 31, 2022 (2021 - P546.6 million).

The analysis of the recoverability and settlement of DIT assets and liabilities as at December 31 follows:

	2022	2021
DIT assets to be recovered		
Within one year	306,650,536	273,233,753
Beyond one year	246,741,603	273,387,286
	553,392,139	546,621,039
DIT liabilities to be settled within one year	(7,166,655)	(3,032,214)
	546,225,484	543,588,825

The movements in DIT assets, net are as follows:

	Note	2022	2021
Beginning of year		543,588,825	688,593,701
Credited (charged) to profit or loss		6,846,209	(140,745,971)
Charged to other comprehensive income	12	(4,209,550)	(4,258,905)
End of year		546,225,484	543,588,825

Income tax expense for the years ended December 31 follows:

	2022	2021
Current tax on profits for the year	23,336,413	90,378,896
Adjustments for current tax of prior year	-	(36,839,011)
	23,336,413	53,539,885
Deferred	(6,846,209)	140,745,971
	16,490,204	194,285,856

The reconciliation of income tax expense computed at the statutory income tax rates to the income tax expense reflected in the statements of total comprehensive income for the years ended December are as follows:

	2022	2021
Statutory income tax at 25%	(11,338,850)	97,142,680
Tax effect of:		
Non-deductible expenses	28,483,036	1,064,965
Interest income subject to final tax	(653,982)	(435,747)
Effect of change in income tax rate	-	96,513,958
Income tax expense	16,490,204	194,285,856

In compliance with the Tax Reform Act of 1997, the Company pays MCIT or the normal income tax, whichever is greater. Any excess of MCIT over the normal income tax is carried forward annually and credited against the normal income tax for the next three succeeding years. Excess MCIT paid for the year ended December 31, 2022 amounting to P23,336,413 can be applied as tax credit for the next three (3) consecutive years until 2025.

NOLCO could be carried over as deduction from taxable income for the next three consecutive taxable years following the year of such loss. NOLCO for the year ended December 31, 2022 amounted to P27,527,575 and can be carried over until 2025.

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)

On 26 March 2021, the president signed into law Republic Act No. 11534 or the CREATE Act, which is the reconciled version of the Bicameral Conference Committee. It settled the disagreeing provisions of House Bill No. 4157 and Senate Bill No. 1357. The CREATE Act was previously known as the Corporate Income Tax and Incentives Reform Act (CITIRA) bill. The law became effective on 11 April 2021.

Among the salient provisions of CREATE include changes to the Corporate Income Tax (CIT) as follows:

1. Reduction in CIT rate effective July 1, 2020 as follows:
   a. Domestic corporations will be subject to the following reduced CIT rates depending on their assets and taxable income:
      i. Those with assets amounting to P100,000,000 and below, and with taxable income equivalent to P5,000,000 and below will be subjected to a 20% tax rate; and
      ii. Those with assets above P100,000,000 or those with taxable income amounting to more than P5,000,000 will be subjected to a 25% tax rate.
   b. Foreign corporations (resident and nonresident foreign corporations) will have a fixed reduced tax rate of 25%.
2. Effective July 1, 2020 until June 30, 2023, the minimum corporate income tax rate shall be 1%.

Under CREATE, the Company prepared its annual income tax return for the years ended December 31, 2022 and 2021 using the updated rate of 25%.

For financial reporting purposes, the enactment of CREATE after December 31, 2020 was deemed a non-adjusting subsequent event in the December 31, 2020 financial statements. Hence, effect of changes in the tax rates applied is reflected in the income tax reconciliation for the year ended December 31, 2021.

Note 22 - Notes to cash flow statements

The following sets out the amounts of the Company's financing accounts as December 31:

	Notes	2022	2021
Borrowings, current	13	590,000,000	140,000,000
Borrowings, non-current	13	1,150,000,000	840,000,000
Lease liabilities, current	7	585,674,733	385,814,469
Lease liabilities, non-current	7	1,148,139,871	1,319,363,821
Accrued interest	10	27,629,044	18,653,928
Additional paid in capital	14	393,197,656	393,197,656
Deposit for future stock subscription	14	1,000,000,000	1,000,000,000
		4,894,641,304	4,097,029,874

***Presented as part of due to related parties under current liabilities in the statements of financial position*

Movements in financing activities for the years ended December 31 consist of:

	Borrowings, current	Borrowings, non-current	Lease liabilities, current	Lease liabilities, non-current	Accrued interest	Additional paid in capital	Deposit for future stock subscription	Total
At January 1, 2021	(190,000,000)	(980,000,000)	(428,094,722)	(1,413,435,061)	(17,265,897)	(393,197,656)	-	(3,421,993,336)
Cash flows	190,000,000	-	614,987,846	-	65,503,138	-	(1,000,000,000)	(129,509,016)
Interest expense	-	-	-	(115,922,227)	(112,711,892)	-	-	(228,634,119)
Foreign exchange	-	-	-	(111,770,677)		-	-	(111,770,677)
Reclassification	(140,000,000)	140,000,000	(572,707,593)	572,707,593	45,820,723	-	-	45,820,723
Addition	-	-	-	(250,943,449)	-	-	-	(250,943,449)
At December 31, 2021	(140,000,000)	(840,000,000)	(385,814,469)	(1,319,363,821)	(18,653,928)	(393,197,656)	(1,000,000,000)	(4,097,029,874)
Cash flows	(260,000,000)	(500,000,000)	692,988,048	-	57,290,625	-	-	(9,721,327)
Interest expense	-	-	-	(111,066,058)	(106,737,293)	-	-	(217,803,351)
Foreign exchange	-	-	-	(187,314,649)	-	-	-	(187,314,649)
Reclassification	(190,000,000)	190,000,000	(892,848,312)	892,848,312	40,471,552	-	-	40,471,552
Additions	-	-	-	(460,131,222)	-	-	-	(460,131,222)
Retirement	-	-	-	36,887,567	-	-	-	36,887,567
At December 31, 2022	(590,000,000)	(1,150,000,000)	(585,674,733)	(1,148,139,871)	(27,629,044)	(393,197,656)	(1,000,000,000)	(4,894,641,304)

Other non-cash transactions for the years ended December 31 consist of:

- Additions to customer premises equipment - leased boxes amounting to P235.0 million for the year ended December 31, 2022 (2021 - P218.9 million) (Note 6);
- Net movement of accrued capital expenditures at year-end amounted to a net increase of P17.3 million in 2022 (2021 - net reduction of P33.0 million) (Note 6).
- Outstanding receivables from the transfer of DTT related assets covering property and equipment amounting to P698.9 million (Note 20).

Note 23 - Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments 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. Estimates, assumptions and judgments 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.

(a) Critical accounting estimates and assumptions

- Net realizable value of set-top boxes and related equipment (Note 4)
- Deferred subscriber acquisition costs (Note 5)
- Useful lives of property and equipment (Note 6)
- Determination of incremental borrowing rate (Note 7)

(b) Critical accounting judgments in applying the Company's accounting policies

- Impairment of trade and other receivables (Note 3) and due from related parties (Note 20)
- Impairment of property and equipment (Note 6)
- Determination of lease term (Note 7)
- Realizability of DIT assets (Note 21)

Note 24 - Financial risk and capital management

The Company's activities expose it to a variety of financial risks and these activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's overall risk management program focuses on the unpredictability of financial markets, aims to achieve an appropriate balance between risk and return and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance team under policies approved by the BOD. The BOD provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk, market risk, and liquidity risk. These policies and procedures enable management to make strategic and informed decision with regard to the operations of the Company.

The most important types of risk the Company manages are credit risk, market risk, and liquidity risk. Market risk includes foreign currency exchange, interest and price risks.

24.1 Components of financial assets and financial liabilities

Financial assets

The Company's financial assets, categorized as financial assets at amortized cost, at December 31 are as follows:

	Notes	2022	2021
Cash and cash equivalents	2	688,056,050	748,803,845
Trade and other receivables, gross	3	5,225,663,598	3,368,243,110
Notes receivable	20	400,000,000	-
Refundable deposits, gross	9	92,977,430	86,734,050
Sinking fund	5	223,523	223,023
		6,406,920,601	4,204,004,028

Trade and other receivables above are presented gross of provision for impairment amounting to P593.3 million at December 31, 2022 (2021 - P506.9 million) (Note 3).

Refundable deposits above are presented gross of provision for impairment at December 31, 2022 and 2021 amounting to P8.8 million (Note 9).

Financial liabilities

The Company's financial liabilities, categorized as liabilities at amortized cost, at December 31 are as follows:

	Notes	2022	2021
Trade payables and other liabilities	10	9,274,819,498	8,499,681,711
Borrowings	13	1,740,000,000	980,000,000
Lease liabilities	7	1,733,814,604	1,705,178,290
		12,748,634,102	11,184,860,001

Trade payables and other liabilities presented above exclude unearned revenues from subscription service and payable to government agencies as at December 31, 2022 with an aggregate amount of P786.4 million (2021 - P905.8 million) (Note 10).

24.2 Financial risk factors

(a) Credit risk

The Company takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss to the Company by failing to meet an obligation.

The Company has policies in place to ensure that rendering of services are made to subscribers with satisfactory credit standing.

For other trade receivables, the Company has established a credit policy under which each new customer is evaluated individually for creditworthiness before the standard payment and terms and conditions are agreed. The counterparty's payment pattern and credit exposure are continuously monitored by the Company. Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts.

The Company's receivables are presented in the statements of financial position net of allowance for impairment. Allowance for impairment of receivables is maintained at a level considered adequate to provide for uncollectible receivables. Allowance for impairment is calculated using expected credit losses (ECL).

There is no significant concentration of credit risk, whether through exposure to individual customers or specific industry sectors.

The Company has the following financial assets as at December 31 where the ECL model has been applied:

Class of financial assets	At gross amounts	Allowance provided	Net carrying amount	Internal credit rating	Basis for recognition of ECL
2022					
Cash in banks	584,607,792	-	584,607,792	Performing	12- month ECL
Temporary cash investments	100,000,000	-	100,000,000	Performing	12- month ECL
Trade receivables					
Subscription					
Residential	657,122,847	(503,761,280)	153,361,567	Collective assessment	Lifetime ECL
Corporate (Group 1)	150,514,380	-	150,514,380	Performing	Lifetime ECL
Others					
Group 1	3,080,342,665	-	3,080,342,665	Performing	Lifetime ECL
Group 3	88,763,420	(88,763,420)	-	Credit impaired	Full provision
	3,976,743,312	(592,524,700)	3,384,218,612		
Other receivables					
Group 1	11,786,990	-	11,786,990	Performing	12- month ECL
Related parties (Group 2)	1,236,342,714	-	1,236,342,714	Performing	12- month ECL
Group 3	790,582	(790,582)	-	Credit impaired	Full provision
	1,248,920,286	(790,582)	1,248,129,704		
Notes receivable					
Group 1	400,000,000	-	400,000,000	Performing	12- month ECL
Refundable deposits					
Group 1	84,204,860	-	84,204,860	Performing	12- month ECL
Group 3	8,772,570	(8,772,570)	-	Credit impaired	Full provision
	92,977,430	(8,772,570)	84,204,860		
Sinking fund	223,523	-	223,523	Performing	12- month ECL
Total	6,403,472,343	(602,087,852)	5,801,384,491		
2021					
Cash in banks	646,146,943	-	646,146,943	Performing	12- month ECL
Temporary cash investments	100,015,000	-	100,015,000	Performing	12- month ECL
Trade receivables					
Subscription					
Residential	655,872,722	(428,911,763)	226,960,959	Collective assessment	Lifetime ECL
Corporate (Group 1)	25,328,416	-	25,328,416	Performing	Lifetime ECL
Others					
Group 1	2,425,943,614	-	2,425,943,614	Performing	12- month ECL
Group 3	77,148,637	(77,148,637)	-	Credit impaired	Full provision
	3,184,293,389	(506,060,400)	2,678,232,989		
Other receivables					
Group 1	22,574,865	-	22,574,865	Performing	12- month ECL
Related parties (Group 2)	160,584,274	-	160,584,274	Performing	12- month ECL
Group 3	790,582	(790,582)	-	Credit impaired	Full provision
	183,949,721	(790,582)	183,159,139		
Refundable deposits					
Group 1	77,961,480	-	77,961,480	Performing	12- month ECL
Group 3	8,772,570	(8,772,570)	-	Credit impaired	Full provision
	86,734,050	(8,772,570)	77,961,480		
Sinking fund	223,023	-	223,023	Performing	12- month ECL
Total	4,201,362,126	(515,623,552)	3,685,738,574		

Credit quality of customers are classified as follows:

Group 1 - Customer and counterparty balances without history of default and assessed to be fully recoverable.
Group 2 - Customer and counterparty balances with some defaults in the past. All defaults were fully recovered.
Group 3 - Individually assessed customer with defaults and which the Company no longer expects to recover the balance despite its collection efforts.

Cash in banks and temporary cash investments

To minimize credit risk exposure from cash in banks and temporary cash investments, the Company maintains cash deposits in reputable banks. The Company assesses that cash in banks and temporary cash investments have low credit risk considering the bank's external credit ratings.

The remaining balance of cash as presented in the statement of financial position as at December 31, 2022 amounting to P3.4 million (2021 - P2.6 million), represents cash on hand, which is not exposed to credit risk.

Trade and other receivables

Residential subscription receivables

To measure the ECL, residential subscription receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of subscription over a period of 6 months before December 31, 2022 and 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at December 31 was determined as follows for residential subscription receivables:

		Past due but not impaired				Total
	Current	1-30 days	31-60 days	61-90 days	Over 90 days	
2022						
Expected loss rates	3.00%	5.47%	19.06%	54.43%	100.00%	
Gross carrying amount	92,210,949	51,093,492	17,469,595	3,244,011	493,104,800	657,122,847
Loss allowance	2,766,328	2,794,718	3,329,675	1,765,759	493,104,800	503,761,280
2021						
Expected loss rates	5.00%	5.18%	15.03%	18.19%	100%	
Gross carrying amount	146,856,788	59,208,884	25,146,956	12,148,136	412,511,958	655,872,722
Loss allowance	7,342,839	3,069,207	3,778,495	2,209,264	412,511,958	428,911,763

Corporate subscription receivables and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit quality of corporate subscription receivables and other receivables are further classified and assessed by reference to historical information about each of the counterparty's historical default rates.

At December 31, 2022, credit impaired receivables from certain customers amounting (Group 3) P89.6 million (2021 - P77.9 million) which are deemed uncollectible despite collection efforts have been fully provided with an allowance for impairment.

The Company also has outstanding receivables from related parties, mainly arising from the use of certain fixed assets and Ultra-High Frequency (UHF) of the Company, transfer of assets, advances, advertising expenses, production costs and payment of certain operating expenses made on behalf of the related parties.

Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, including but not limited to, availability of accessible highly liquid asset and internal and external funding of related parties, Company has assessed that the outstanding balances are exposed low credit risk. Expected credit losses on these balances have therefore been assessed to be insignificant.

Refundable deposits

Refundable deposits pertain to required security deposits on certain agreements entered into by the Company which are refundable at the end of the agreement terms.

The Company's credit-impaired refundable deposits amounting to P8.8 million as at December 31, 2022 and 2021 consist of individual counterparties who have been in default and which the Company no longer expects to recover the balance despite its collection efforts. These have been fully provided with an allowance for impairment.

(b) Market risks

Foreign currency exchange risk

Foreign currency exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency.

In the normal course of business, the Company transacts with content and service providers based outside the Philippines with a large portion of these transactions being settled in US Dollar. The Company's exposure to foreign currency exchange risk arises primarily from cash and cash equivalents, trade receivables, refundable deposits, trade payables and other liabilities and lease liabilities. The Company closely monitors changes in foreign currency exchange rates and records any exchange gains or losses in profit or loss.

To manage the Company's foreign currency exchange risks and to stabilize Company's cash flows in order to improve investment and cash flow planning, the Company enters into forward foreign exchange contracts aimed at reducing and/or managing the adverse impact of changes in foreign exchange rates on the Company's operating results and cash flows. The Company uses forward foreign exchange purchase contracts to manage the foreign currency risks associated with the Company's U.S. dollar-linked and U.S. dollar denominated expenses and liabilities. The Company accounted for these instruments as transactions not designated as hedges, wherein changes in the fair value are recognized directly as income or expense for the year.

The table below sets out the information about the Company's outstanding forward foreign exchange contracts as at December 31:

	2022		2021	
	Notional	Mark-to-market loss	Notional	Mark-to-market gain
Deliverable forward purchase contracts	US$6,859,735	(P15,927,263)	US$6,353,399	P3,950,888
Non-deliverable forward purchase contracts	19,210,000	(46,305,063)	13,500,000	8,177,969
	US$26,069,735	(P62,232,326)	US$19,853,399	P12,128,857

On various dates in 2022 and 2021, the Company entered into short-term U.S. dollar deliverable forward foreign exchange purchase contracts with various financial institutions to hedge a portion of monthly dollar denominated expenses. The total outstanding forward foreign exchange purchase contracts at December 31, 2022 amounted to US$6.9 million (2021 - US$6.4 million) with U.S. dollar deliverable forward purchase average exchange rate of P58.2 million (2021 - P50.4) resulting in total mark-to-market loss of P16 million as at December 31, 2022 (2021 - gain of P4 million).

On various dates in 2022 and 2021, the Company entered into short-term U.S. dollar non-deliverable forward foreign exchange purchase contracts with certain financial institution to hedge a portion of outstanding dollar denominated liabilities. The total outstanding forward foreign exchange purchase contracts at December 31, 2022 amounted to US$19.2 million (2021 - US$13.5 million) with U.S. dollar forward purchase average exchange rate of P58.2 million (2021 - P50.40) resulting in total mark-to-market loss of P46.3 million as at December 31, 2022 (2021 - gain of P8.2 million).

Total gain from forward foreign exchange contracts recognized in the Company's statement of total comprehensive income for the year ended December 31, 2022 amounted to P30.1 million (2021 - gain of P56.4 million).

Following are the details of the Company's foreign currency denominated assets and liabilities at December 31:

	2022	2021
Assets		
Cash and cash equivalents	US$2,615,465	US$609,852
Trade receivables	122,213	155,677
Refundable deposits	1,369,284	1,383,984
Liabilities		
Trade payables and other liabilities	(22,860,132)	(73,856,561)
Lease liabilities	(30,352,920)	(27,702,920)
Net foreign currency liabilities	(49,106,090)	(99,409,968)
Closing rate at Philippine Peso	55.815	50.974
Peso equivalent	(2,740,856,413)	(5,067,323,708)

Net foreign exchange losses for the year ended December 31, 2022 amounted to P150.1 million (2021 - net loss of P218.7 million), of which P93.5 million pertains to net unrealized loss (2021 - net loss of P200.8 million).

Management conducted a survey among the Company's banks to determine the outlook of the Philippine peso-U.S. dollar exchange rate until the next reporting period. The Company's outlook is that the Philippine peso-U.S. dollar exchange rate may weaken/strengthen by 0.56% as at December 31, 2022 as compared to the exchange rate of P55.815 to $1.00 (2021 - 2.01% as compared to the exchange rate of P50.974 to $1.00). If the Philippine peso-U.S. dollar exchange rate had weakened/strengthened by 0.56% as at December 31, 2022 (2021 - 2.01%), with all other variables held constant, net loss for the year ended December 31, 2022 would have been approximately P15.3 million higher/lower (2021 - net income would have been P101.9 million lower/higher), mainly as a result of foreign exchange losses and gains on conversion of U.S. dollar-denominated net liabilities. The amounts exclude the impact of gain/loss on outstanding foreign currency forward contracts.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of financial assets and liabilities will fluctuate because of changes in market interest rate. Fair value interest rate risk is the risk that the value of financial assets and liabilities will fluctuate because of changes in market interest rate.

Fair value interest rate risk

The Company has no significant financial assets and liabilities that are exposed to fair value interest rate risk since long-term notes receivable and borrowings are measured at amortized cost and issued at rates which approximate market interest rate.

Cash flow interest rate risk

The Company's exposure to cash flow interest rate risk relates to long-term notes receivable and borrowings which are subject to interest rates that are repriced at periodic intervals in accordance with the terms of the agreements. The Company's practice is to manage its interest cost by reference to current market rates in borrowings.

Management conducted a survey among its banks to determine the outlook of Philippine Peso interest rate until December 31, 2022. The Company's outlook is that the Philippine Peso interest rate may move 35 basis points as compared to the levels as at December 31, 2022 (2021 - 75 basis points). If the Philippine Peso interest rate had been 35 basis points lower/higher as at December 31, 2022 (2021 - 75 basis points) with all other variables held constant, net loss for the year ended December 31, 2022 would have been P4.3 million lower/higher mainly (2021 - net income would have been P7.9 million higher/lower) as a result of the lower/higher net interest expense on net borrowings.

Price risk

The Company has no financial assets and liabilities that are price sensitive nor does it hold equity investments that are subject to price fluctuations. As such, the Company is not exposed to significant price risk.

(c) Liquidity risk

Liquidity risk relates to the failure of the Company or another party to discharge its obligations and commitments.

The Company observes prudent liquidity risk management through maintenance of cash funds and ensuring availability of funding lines to support working capital requirements.

The table below analyzes the contractual undiscounted cash flows of the Company's financial liabilities as at December 31 into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity dates:

	Within one year	Between 1 to 2 years	Over 2 years	Total
2022				
Trade payable and other liabilities	9,274,819,498	-	-	9,274,819,498
Borrowings	602,624,658	190,000,000	960,000,000	1,752,624,658
Lease liabilities	665,225,481	721,182,357	528,903,298	1,915,311,136
	10,542,669,637	911,182,357	1,488,903,298	12,942,755,292
2021				
Trade payable and other liabilities	8,499,681,711	-	-	8,499,681,711
Borrowings	140,000,000	140,000,000	700,000,000	980,000,000
Lease liabilities	477,686,364	505,053,803	965,974,986	1,948,715,153
	9,117,368,075	645,053,803	1,665,974,986	11,428,396,864

Borrowings as at December 31, 2022 include the undiscounted cash flows on interest amounting to P12.6 million.

Lease liabilities disclosed above represents the contractual undiscounted cash flows.

While the Company is in a negative working capital position as at December 31, 2022 and 2021, the Company expects to settle the above financial liabilities in accordance with their contractual maturity dates indicated above. Specifically, the Company will and has undertaken the following actions:

- At December 31, 2022, the Company held deposits at call of P584.6 million (2021 - P646.1 million) and temporary cash investments of P100.0 million (2021 - P100.0 million) that are expected to readily generate cash inflows for managing liquidity risk.
- Maximize the credit terms provided by the suppliers and creditors.
- The Company maintains flexibility in funding by maintaining availability under committed credit lines with various depository banks. As at December 31, 2022, the Company has total credit line amounting to P3,798 million (2021 - P4,500 million).

In addition to the above actions, the Company continues to pursue business initiatives that will sustain and increase the Company's profits and operating cash flows as disclosed in Note 1.

24.3 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can implement its key operating strategies to achieve sustainable profitable operations in the near future.

In order to maintain or adjust the capital structure, the Company may issue new shares or obtain additional funding from shareholders to the extent necessary.

Total capital being managed by the Company is its total equity (excluding remeasurements on retirement benefits) and deposit for future stock subscription as shown in the statements of financial position.

The Company is not subject to externally imposed capital requirements.

24.4 Fair value estimation

As at December 31, 2022 and 2021, the carrying amounts of the short-term financial assets and liabilities disclosed in Note 24.1 reasonably approximate their fair values due to the short-term nature of these financial instruments. Furthermore, the carrying amount of interest-bearing long-term financial liabilities approximates their fair values.

The fair value of forward exchange contracts is determined using quoted forward currency rates at the balance sheet date. This investment is classified as level 2.

Note 25 - Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

25.1 Basis of preparation

The Company's financial statements as at and for the years ended December 31, 2022 and 2021 have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Standing Interpretations Committee (SIC), International Financial Reporting Interpretations Committee (IFRIC) and Philippine Interpretations Committee (PIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

These financial statements have been prepared under the historical cost convention except for derivative financial assets and liabilities.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are summarized in Note 23.

Changes in accounting policies and disclosures

There are no new standards, amendments and interpretations which are effective for the financial year beginning on or after January 1, 2022 that are relevant to and have a material impact on the Company's financial statements.

25.2 Financial assets

Classification

The Company classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and (b) those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes.

The Company did not hold financial assets under category (a) during and as at December 31, 2022 and 2021.

The Company's financial assets at amortized cost category include cash, trade and other receivables, notes receivable and refundable deposits under other non-current assets.

The Company's financial assets are detailed in Note 24.1.

Recognition and subsequent measurement

The Company recognizes a financial asset in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Regular-way purchases and sales of financial assets are recognized on trade date - the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequently, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment losses are presented within operating expenses in the statement of total comprehensive income.

Loss allowances of the Company are measured on either of the following bases:

- 12-month expected credit losses (ECL): these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset

<u>Simplified approach</u>

The Company applies the simplified approach to provide for ECL for all trade receivables.
The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

<u>General approach</u>

Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECL

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in the statement of total comprehensive income and presented in other gains/(losses).

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

25.3 Financial liabilities

Classification

The Company classifies its financial liabilities in the following categories: (a) financial liabilities at fair value through profit or loss; and (b) financial liabilities at amortized cost. Financial liabilities at fair value through profit or loss is composed of two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Company as at fair value through profit or loss upon initial recognition. Management determines the classification of its financial liabilities at initial recognition.

The Company holds derivative financial liabilities accounted for at category (a) and are measured at fair value through profit or loss (Note 10). Financial liabilities that are not classified as at fair value through profit or loss fall into category (b) and are measured at amortized cost. The Company's financial liabilities at amortized cost include trade payables and other liabilities (excluding unearned revenue and payables to government agencies) (Note 10), lease liabilities (Note 7), and borrowings (Note 13). The Company's financial liabilities at amortized cost are detailed in Note 24.1.

Financial liabilities are classified as current liabilities if payment is due within one year or less or if the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. If not, they are presented as non-current liabilities.

Recognition and measurement

The Company recognizes a financial liability in the statement of financial position when the Company becomes a party to the contractual provision of the instrument.

Financial liabilities are initially measured at fair value net of transaction costs. Derivative financial instruments are subsequently remeasured at their fair value at each reporting date, while financial liabilities at category (b) are subsequently measured at amortized cost using the effective interest method.

Derecognition

A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in a contract is discharged or cancelled or has expired.

The accounting policy on offsetting as discussed in Note 25.2 also applies to financial liabilities.

25.4 Fair value measurement

Fair value is 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.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price within the bid-ask spread that is most representative of fair value is used. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Non-financial assets

The fair value of a non-financial asset is measured based on its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Except for derivative financial liabilities, the Company has no other financial and non-financial assets and liabilities measured at fair value during and at the end of each reporting period. The carrying value of the financial assets and liabilities approximates their fair values (Note 24.4).

The fair value of derivative financial liabilities, determined based on a valuation technique that qualifies as Level 2, utilized observable forward exchange rates at reporting dates, with the resulting value discounted to present value.

25.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. These are carried in the statement of financial position at face amount or at nominal amount, which approximates its amortized cost using the effective interest method. Cash in banks and temporary cash investments earn interest at the respective bank deposit rates.

Relevant accounting policies for classification, recognition, measurement, impairment and derecognition are presented in Note 25.2.

25.6 Trade and other receivables

Trade receivables, which generally have a 30-day credit term, are recognized when the related revenue is recognized and a contractual right to receive cash is established. These are measured at the original invoice amount (which approximates fair value as the impact of discounting is immaterial), less any allowance for impairment.

Other receivables are recognized when a contractual right to receive cash is established. These are initially measured at fair value and subsequently carried at amortized cost using effective interest method, less any provision for impairment.

The relevant policies on classification, recognition, measurement, impairment and derecognition are further disclosed in Note 25.2.

25.7 Set-top boxes and related equipment

Set-top boxes and related equipment primarily consist of high and standard definition set-top boxes, smart cards, satellite dishes and related accessories necessary for subscribers to access the DTH satellite television services of the Company, which are yet to be issued and installed to the Company's future subscribers as at the reporting date.

These are carried in the statement of financial position at the lower of cost and net realizable value (NRV). Cost is determined using the moving average method. The cost of inventories does not include borrowing costs. Cost of set-top boxes and related equipment includes the purchase price, import duties and taxes, freight, handling and other costs directly attributable to the acquisition of such assets. Whenever the cost of set-top boxes and related equipment is deemed unrecoverable due to damage, defects and obsolescence, an allowance for impairment is recognized to write-down the cost to NRV. NRV is the current replacement cost or cost less any impairment losses.

Set-top boxes and related equipment issued to and installed for postpaid subscribers are reclassified to customer premises equipment - leased boxes under property and equipment upon activation of postpaid subscription.

Set-top boxes and related equipment issued to territory partners are reclassified to deferred set-top boxes and are subsequently charged to direct costs as hardware costs in profit or loss upon issuance to prepaid subscribers and activation of prepaid subscription.

25.8 Prepaid expenses and other current assets

Prepaid expenses are recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services and measured at nominal amounts. These are derecognized in the statement of financial position upon delivery of goods or services, through amortization over a period of time, and use or consumption.

Prepaid expenses are included in current assets, except when the related goods or services are expected to be received or rendered more than 12 months after the reporting period which are classified as non-current assets.

The policies on deferred set-top boxes and deferred subscriber acquisition costs are disclosed in Notes 25.7 and 25.20.

The policy on deferred production costs is disclosed in Note 25.21.

Other current assets which mainly comprise of creditable withholding taxes and input value-added tax (VAT) are recognized as assets to the extent it is probable that the benefit will flow to the Company. These are derecognized when applied against income taxes and VAT due or when expired or written-off due to impairment.

25.9 Audio-visual program rights

Audio-visual program rights available for broadcast, are considered as intangible assets, and are initially recognized at cost. Subsequently, these are carried at cost less accumulated amortization and any accumulated impairment losses. These are classified as current assets, except those which are expected to be fully aired or its contract license period extended beyond twelve months from the financial reporting date, which are presented as non-current assets.

Audio-visual program rights are amortized on the basis of program usage or contract license period, whichever is shorter, and assessed for impairment whenever events or changes in circumstances indicate that the asset may be impaired (Note 25.12).

The amortization period and method are reviewed at each reporting period. Changes in the expected amortization period or the expected pattern of consumption of future economic benefits embodied in the audio-visual program rights are accounted for by changing the amortization period or method, as appropriate, and treated prospectively as changes in accounting estimates. The amortization expense is recognized in profit or loss as part of programming and production costs.

Audio-visual programs rights are derecognized upon usage, full airing, contract license expiry or when no future economic benefits are expected from its use or disposal.

25.10 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized in profit or loss during the period in which they are incurred.

Depreciation and amortization is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Building	25 years
Broadcast and communication equipment	5 to 17 years
Towers, transmitters and improvements	5 years
Office and leasehold improvements	5 years
Furniture and office equipment	5 years
Passenger vehicles	5 years
General purpose computers and peripherals	3 years
Customer premises equipment - leased boxes	3 years

Office and leasehold improvements and assets held under lease liabilities under broadcast and communication equipment are amortized over the estimated useful life of the improvements or the term of the lease, whichever is shorter.

Assets that are being constructed or developed for future use as property and equipment are classified as property and equipment under construction in-progress. Construction in-progress is stated at cost. Construction in-progress is not depreciated until the relevant assets are completed and ready for intended use. Upon completion, these assets are reclassified to the appropriate property and equipment accounts.

The assets' residual values, useful lives and depreciation and amortization method are reviewed at each reporting date and adjusted, if appropriate, to ensure that the values, periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 25.12).

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and the related accumulated depreciation and impairment, if any, are removed from the accounts. Any gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are recognized in profit or loss under other operating income.

25.11 Investments in associate and joint venture

Investments in associate and joint venture are accounted for at cost less any impairment in value.

An associate is an entity on which the Company has a significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but has no control or joint control over those policies.
The existence of significant influence is presumed to exist when the Company holds 20% or more, but less than 50% of the voting power of another entity. Significant influence is also exemplified when the Company has one or more of the following: (a) a representation on the board of directors or the equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions with the investee; (d) interchange managerial personnel with the investee; or (e) provision of essential technical information.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

25.12 Impairment of non-financial assets

Non-financial assets, such as property and equipment subject to depreciation, set-top boxes and related equipment, and audio-visual program rights are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that have been impaired are reviewed for possible reversal of the impairment at each reporting date. Impairment losses, if any, are recognized as provision for impairment loss in profit or loss.

25.13 Trade payables and other liabilities

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and contractors. Trade payables and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are measured at the original invoice amount (as the impact of discounting is immaterial).

Trade payables and other liabilities (excluding unearned revenue from subscription service, and payable to government agencies) are recognized, measured and derecognized using the same accounting policies applied to financial liabilities at amortized cost as discussed in Note 25.3.

25.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed or derecognized.

25.15 Borrowings and borrowing costs

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowings are derecognized when the obligation is discharged, settled, cancelled or has expired.

Borrowing costs

All borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) are capitalized as part of the cost of that asset until such time the asset is substantially ready for its intended use or sale.

All other borrowing costs are expensed as incurred. No borrowing costs were capitalized for the years ended December 31, 2022 and 2021 as there were no qualifying assets.

25.16 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

25.17 Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement benefits

Beginning January 1, 2021, the Company adopted a defined contribution plan that covers permanent and regular employees. Under the defined contribution plan, the Company pays fixed contributions based on an employee's years of tenure and range from 5% to 10% of the employee's monthly salary. Additionally, the Company gives the employee an option to make personal contribution to the fund, at an amount not to exceed 10% of his or her monthly salary. The Company then provides an additional contribution to the fund ranging from 10% to 50% of the employee's contribution based on the latter's years of tenure.

The Company, however, is covered under R.A. No. 7641, which provides for its qualified employees a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of R.A. No. 7641. Accordingly, the Company accounts for its retirement benefit liability at each reporting date under the higher of the defined benefit obligation relating to the minimum guarantee and the sum of the defined contribution liability and the present value of the excess of the projected defined benefit obligation over the projected defined contribution obligation.

The defined benefit obligation and the present value of the excess of the projected defined benefit obligation over the defined contribution obligation are calculated annually by a qualified independent actuary using the projected unit credit method. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

The defined contribution liability, on the other hand, is measured at the fair value of the defined contribution assets upon which the defined contribution benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains or losses on the settlement of a defined benefit plan when the settlement occurs.

Profit-sharing and bonus plans

The Company recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company and employees' individual performance. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

25.18 Current and deferred income tax

The tax for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax (DIT) is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, DIT is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. DIT is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related DIT asset is realized or the DIT liability is settled.

DIT assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, including the carry-forward benefit of unused tax losses (NOLCO) and unused tax credits (excess MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences and unused tax losses and tax credits can be utilized. The Company re-assesses at each reporting date the need to recognize a previously unrecognized DIT asset.

DIT liabilities are recognized in full for all taxable temporary differences, except to the extent that the DIT liability arises from the initial recognition of goodwill.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the DIT assets and liabilities relate to income taxes levied by the same taxation authority on the taxable entity where there is an intention to settle the balance on a net basis.

25.19 Equity

Share capital

Common shares are classified as equity and measured at par value for all shares issued.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Additional paid-in capital

Any amount received by the Company in excess of par value of its shares is credited to additional paid-in capital which forms part of the non-distributable reserves of the Company and can be used only for purposes specified under the Corporation Code.

Deposit for future stocks subscriptions

Deposit for future stocks subscriptions represents advance collection for stocks subscriptions. Deposit for future stock subscriptions is reported as a separate item in the equity section of the statement of financial position if and only if, all of the following elements are present as of end of the reporting period:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- Board of Directors approval of the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- Stockholders approval of said proposed increase; and
- The application for the approval of the proposed increase has been filed with the SEC.

If any or all of the above elements are not present, the deposit for future stocks subscription is recognized as a liability in the statement of financial position. These are included in current liabilities, except when management expects to convert them to equity at least 12 months from the reporting date which are classified as non-current liabilities.

Retained earnings

Retained earnings pertains to the accumulated profits and losses from operations of the Company.

25.20 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over a product or service to a customer

The following is a description of principal activities from which the Company generates its revenue.

Subscription service

The Company recognizes revenue primarily from the rendering of DTH satellite television service. Such revenues consist of service fees from postpaid and prepaid subscriptions.

The total contract price for postpaid subscription arrangements consists of the upfront fee paid by the postpaid subscriber to activate the DTH service, fixed monthly subscription fee, and other service fee arrangements. Postpaid subscription is recognized as revenue based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided as the customer receives and consumes the benefits simultaneously. This is determined based on elapsed time over the duration of the contract.

Contract assets and liabilities

Postpaid subscription and other service fees are normally billed according to the bill cycle of a subscriber. The subscriber pays the fixed amount based on the bill cycle. If the performance obligations fulfilled by the Company exceed the total payments received to date, a contract asset is recognized. If the total payments received to date exceed the performance obligation fulfilled, a contract liability is recognized and is presented as unearned revenue. The contract assets are transferred to receivables when the Company's rights to the contract consideration become unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Any upfront fee is immediately recognized as revenue when a subscriber pre-terminates an existing service agreement, except when pre-termination occurs within 60 days after activation of the account, in which case, the full amount of the upfront fee is refunded to the subscriber.

Proceeds from sale of prepaid load subscription, net of any discounts given, are recognized as contract liabilities and presented as unearned revenue under trade payables and other liabilities. These are recognized as revenue upon actual usage or upon the expiration of the subscription period, which coincides with the lapse of the subscription service.

Multiple performance obligations

Some contracts include multiple deliverables, such as the subscription service, sale of hardware and/or pay-per-view service. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. If contracts include the sale of hardware, revenue for the hardware is recognized at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware. Pay-per-view rights are activated upon payment of pay-per-view service and revenue is recognized when the pay-per-view service is rendered and delivered.

Fulfillment costs

Direct costs incurred in fulfilling a contract with a customer are capitalized as an asset to the extent that the cost generates or enhances resources of the Company that will be used in satisfying performance obligations in the future and are expected to be recovered. Fulfillment costs are amortized on a straight-line basis over the expected life of the customer contract.

Deferred subscriber acquisition costs

Incremental costs incurred to obtain a contract with a customer are capitalized as deferred subscriber acquisition costs if the Company expect to recover those costs. Costs of obtaining a contract are amortized as direct costs in profit or loss on a straight-line basis over the subscriber relationship period of up to two (2) years and three (3) years from the date of activation for prepaid and postpaid subscription, respectively.

Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Hardware revenue

Hardware revenue pertains to the sale of set-top-boxes and related equipment to be used by the subscribers. Revenue for the hardware is recognized at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware which coincides with the date of activation.

Payment of the transaction price is due immediately when the prepaid subscriber purchases the hardware. There is no right of return policy on the sale of hardware.

The Company's obligation to repair or replace faulty hardware under the standard warranty terms is recognized as a provision.

Airtime revenue

Airtime is recognized as revenue based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided as the customer receives and consumes the benefits simultaneously. For fixed-price contracts, this is determined based on the actual time aired of advertisements relative to the total expected airtime.

Syndication

Syndication fees represents revenue from distribution of its content. These are entered under fixed-priced contracts which are recognized at point in time upon delivery of content, the legal right has passed, and the customer has accepted the content.

The Company derives revenue from grants of licenses of distinct intellectual property particularly original audio-visual programs. The Company determines whether the license transfers to a customer either at a point in time or over time. In making this determination, the company considers whether the nature of the Company's promise in granting the license to a customer is to provide the customer with either:

(a) A right to access the Company's original audio visual programs as it exists throughout the license period; or
(b) A right to use the Company's original audio visual programs as it exists at the point in time at which the license is granted.

The Company provides a right to access the original audio visual programs and accordingly recognizes revenue over time if all of the following criteria are met:

- The contract requires, or the customer reasonably expects, that the Company will undertake activities that significantly affect the original audio-visual programs to which the customer has rights;
- The rights granted by the license directly expose the customer to any positive or negative effects of the Company's activities; and
- Those activities do not result in the transfer of a good or service to the customer as those activities occur.

If the criteria above are not met, the Company provides a right to use license of which the corresponding revenue is being recognized at a point time when the license has been transferred which coincides the point in time upon which the customer can direct the use of, and obtain substantially all of the remaining benefits from, the license.

Blocktime revenue

Blocktime revenue represents performance obligations for transmission services on certain airtime spots agreed. These are entered under fixed-priced contracts which are recognized over time as the services are rendered.

The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised services.

25.21 Cost and expenses

Direct costs and operating expenses are recognized in profit or loss in the period in which they are incurred.

Direct costs

Subscriber acquisition costs primarily consist of set-top boxes costs and other incidental expenses directly attributable to the acquisition of new subscribers. These are amortized as direct costs in profit or loss on a straight-line basis over the subscriber relationship period of up to two (2) years and three (3) years from the date of activation for prepaid and postpaid subscription, respectively.

Programming costs represent the cost of license rights of linear programs, pay per view and other contents. Any prepayments are included in prepaid expenses and other current assets or other non-current assets, as applicable. These are charged to expense upon airing or during the license term whichever comes earlier.

Production costs represent costs incurred in relation to the airing of the programs or episodes. These costs include talent fees of artists and production staff, and other costs attributable to production of programs. Costs incurred prior to the airing of the programs or episodes are capitalized and included in prepaid expenses and other current assets, except those which are expected to be shown or aired beyond twelve months from the reporting date which are presented as non-current assets in statement of financial position. These are charged to expense upon showing or airing of the related program or episodes. Costs related to previously capitalized production costs determined not to be aired are recognized in profit or loss under production costs.

Direct costs also include cost of services incurred exclusively for the delivery of the Company's DTH television services.

Operating expenses

Costs of day-to-day operations are generally expensed when incurred.

25.22 Leases

Where the Company is the lessee

The Company recognizes leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as rental expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

25.23 Foreign currency transactions and translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

25.24 Derivative financial instruments

Derivatives are initially recognized at fair value on the date that a derivative contract is entered into, and are subsequently remeasured at their fair value at each reporting date. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. Changes in the fair value of any derivative instrument, not designated as hedges, are recognized immediately in profit or loss and are included in other income or expense in the statement of total comprehensive income.

25.25 Events after the reporting period

Post year-end events that provide additional information about the Company's financial position at reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Note 26 - Supplementary information required by the Bureau of Internal Revenue

The following information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

On December 28, 2010, Revenue Regulations (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS.

Below is the additional information required by RR No. 15-2010.

(i) Output value-added tax (VAT)

Output VAT declared for the year ended December 31, 2022 and the revenues upon which the same was based consist of:

	Gross amount of revenues	Output VAT
Subject to 12% VAT		
Sale of services	8,764,413,437	1,051,729,612
Sale of goods	3,304,622,866	396,554,744
	12,069,036,303	1,448,284,356
Zero-rated sales	18,291,781	-
	12,087,328,084	1,448,284,356

The Company's zero-rated sales amounting P18,291,781 are pursuant to the provisions of Section 106(A)(2) and 108(B) of the Tax Code, as amended.

The gross revenues shown above are based on gross receipts of the Company for VAT purposes while gross revenues amounting P11,188,740,135 presented in the statement of total comprehensive income are measured in accordance with the Company's accounting policy.

Output VAT paid for the year ended December 31, 2022 amounted to P347,105,340. There was correction made on output VAT post filing date resulting to an excess payment of P434,169.

(ii) Input VAT

Movements in input VAT for the year ended December 31, 2022 follow:

Beginning balance	45,545,147
Add: Current year's purchases and payments for:	
Domestic purchase of capital goods	24,438,967
Domestic purchases of goods other than capital goods	14,038,302
Importation of goods other than capital goods	217,988,714
Domestic purchases of services	496,029,400
Purchase of services from non-resident	256,245,015
Amortization of deferred input VAT	26,485,274
Creditable VAT withheld	276,775
Less: Output VAT applied against input VAT	(1,081,047,594)
Ending balance	-

Deferred input VAT on services amounting to P250,951,016 and the unamortized portion of input VAT arising from purchases of capital goods subject to amortization amounting to P22,430,498 were excluded from the analysis above. Such deferred input VAT on services and the unamortized input VAT are presented as part of deferred input VAT under prepaid expenses and other current assets and other non-current assets in the statement of financial position. As an effect of the Tax Reform for Acceleration and Inclusion (TRAIN) Law, the input VAT on capital goods purchased starting January 1, 2022 shall be fully recognized outright and may be claimed as input tax credit against output tax. Purchase of capital goods prior to 2022 is still subject to amortization until fully utilized.

(iii) Importations

The total landed cost of importations and the amount of custom duties and tariff fees paid for the year ended December 31, 2022 consist of:

Landed cost of importation	1,816,572,621
Customs duties and tariff fees	9,188,580

The above customs duties and tariff fees are presented as part of inventory and fixed asset costs.

(iv) Documentary stamp taxes

The Company paid documentary stamp tax amounting to P6,750,000 in relation to the Company's borrowings for the year ended December 31, 2022.

(v) All other local and national taxes

All other local and national taxes paid for the year ended December 31, 2022 consist of:

NTC fees	2,486,822
Real property tax	4,748,228
Business permit and licenses	914,872
Others	4,857,949
	13,007,871

The above local and national taxes along with documentary stamp tax and fringe benefits tax are presented as part of taxes and licenses in the statement of total comprehensive income as part of direct costs and operating expenses.

(vi) Withholding taxes

Withholding taxes accrued and paid as at and for the year ended December 31, 2022 consists of:

	Paid	Accrued	Total
Final withholding tax	129,884,143	126,822,862	256,707,005
Final VAT	226,544,201	29,700,782	256,244,983
Withholding tax on compensation	126,439,583	15,173,296	141,612,879
Expanded withholding tax	116,372,041	61,952,471	178,324,512
Fringe benefits tax	3,221,461	1,127,616	4,349,077
Total	602,461,429	234,777,027	837,238,456

Accrued withholding taxes are presented under trade payables and other liabilities in the statement of financial position.

(vii) Tax assessments

During the year ended December 31, 2022, the Company has received Preliminary Assessment Notices from the BIR covering the taxable years 2018 to 2020 and settled the assessed deficiency taxes aggregating P150,038,349.

(viii) Tax cases

The Company does not have any outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside of the BIR as at and for the year ended December 31, 2022.