COVER SHEET

1674
S.E.C. Registration Number

MANILA BROADCASTING COMPANY

(Company's Full Name)

MBC BLDG., VICENTE SOTTO ST.
CCP COMPLEX, PASAY CITY
1307 PHILIPPINES

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

Mr. Eduardo G. Cordova	8832-6149
Contact Person	**Company Telephone Number**

12 31	20-IS	
Month *Day*	*FORM TYPE*	*Month* *Day*
Fiscal Year		**Annual Meeting**

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders **Domestic** **Foreign**

To be accomplished by SEC Personnel concerned

-

LCU

CASHIER

MANILA BROADCASTING COMPANY

September 14, 2023

SECURITIES AND EXCHANGE COMMISSION
The SEC Headquarters,
7907 Makati Avenue, Salcedo Village,
Barangay Bel-Air, Makati City

Attention: **Mr. Vicente Graciano P. Felizmenio, Jr.**
Director – Markets and Securities Regulation Department

Gentlemen:

We are submitting herewith the Definitive Information Statement (SEC FORM 20-IS) of Manila Broadcasting Company for its Annual Stockholders' Meeting on October 5, 2023.

We trust you will find everything in order.

Very truly yours,

[redacted]

EDUARDO G. CORDOVA
SVP - CFO

MANILA BROADCASTING COMPANY

September 14, 2023

PHILIPPINE STOCK EXCHANGE
6th floor, PSE Tower,
28th Street corner 5th Avenue
Bonifacio Global City, Taguig City

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Gentlemen:

We are submitting herewith the Definitive Information Statement (SEC FORM 20-IS) of Manila Broadcasting Company for its Annual Stockholders' Meeting on October 5, 2023.

We trust you will find everything in order.

Very truly yours,

[redacted]

EDUARDO G. CORDOVA
SVP - CFO

REPUBLIC OF THE PHILIPPINES }
PASAY CITY } S.S.

SECRETARY'S CERTIFICATE

I, **RUDOLPH STEVE E. JULARBAL,** Filipino, of legal age and with office address at [redacted] after having been sworn in accordance with law, hereby depose and state that:

1. I am the Corporate Secretary of **MANILA BROADCASTING COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal business address at MBC Bldg., V. Sotto St., CCP Complex, Pasay City;

2. During the special meeting of the members of the Board of Directors held on May 12, 2023, during which a quorum was present and existed throughout, the following resolutions were unanimously approved and adopted:

   "*RESOLVED*, as it is hereby resolved, that the Board of Directors of MANILA BROADCASTING COMPANY approve as it hereby approves the postponement of the 2023 Annual Stockholders' Meeting scheduled on June 8, 2023 to October 5, 2023 to allow compliance with SEC rules on filing of the appropriate form 20-IS.

   RESOLVED, as it is hereby resolved, that the Board of Directors shall convene at a later date to determine the time and venue for the Annual Stockholders' Meeting.

   RESOLVED, FURTHER, that the Board of Directors approved the setting of the record date for a stockholder entitled to notice and vote to stockholders of record appearing in the books of the Company as of August 31, 2023 and that the SEC, PSE and the stockholders be notified."

3. The foregoing information is in accordance with and form part of the records of the Company and the Securities and Exchange Commission and they have neither been amended nor revoked.

IN WITNESS WHEREOF, I have hereunto affixed my signature this MAY 12 2023 in ~~Pasay City,~~ MANILA CITY Philippines.

[redacted]

ATTY. RUDOLPH STEVE E. JULARBAL
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this MAY 12 2023 at MANILA CITY, Affiant exhibited to me his Community Tax Certificate No[redacted] issued on January 9, 2023 at Pasay City.

Doc. No. 131
Page No. 24
Book No. 17
Series of 2023.

[redacted]
ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
APPOINTMENT [redacted] 12/31/2023 MANILA
IBP NO. [redacted] 01/03/2023
PTR N[redacted] 01/03/2023
ROLL NO. [redacted] TIN NO [redacted]
MCLE COMP. NO. [redacted] VALID UNTIL APRIL 14, 2025
[redacted]

MBC MANILA BROADCASTING COMPANY

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Please be informed that the Annual Meeting of Stockholders of MANILA BROADCASTING COMPANY will be held at Elizalde Hall, MBC Building, V. Sotto St., CCP Complex, Pasay City, 1307 on October 5, 2023 at 3:00 in the afternoon.

AGENDA

1. Call to order
2. Certification of notice or quorum
3. Approval of the minutes of the annual stockholders' meeting held on October 6, 2022
4. President's Report
5. Approval of audited financial statements as of December 31, 2022
6. Approval and ratification of the acts of the Board of Directors and Officers of the Company from the date of last Stockholders' Meeting up to October 5, 2023
7. Election of Directors and Officers for the year 2023 to 2024
8. Appointment of External Auditors
9. Other Matters
10. Adjournment

Record Date

Only Stockholders of record as of August 31, 2023, shall be entitled to attend and vote on the meeting.

[redacted]

ATTY. RUDOLPH [redacted] JULARBAL

Corporate Secretary

[redacted]

Electronic copies of relevant documents

Copies of the Notice of Meeting, Definitive Information Statement, Audited Financial Statements and other related documents in connection with the Meeting may be accessed through the company's website (https://www.manilabroadcasting.com.ph) and on PSE EDGE (https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=117).

Explanation for Agenda Items

1. Call to Order

   The Chairman will call the Annual Stockholders' Meeting to order at 3:00 in the afternoon at the Elizalde Hall, MBC Building. V. Sotto St., CCP Complex, Pasay, City. The Corporate Secretary will record the minutes.

2. Certification of Notice or Quorum

   The Corporate Secretary will certify that there was a quorum to conduct business. Notice of the Annual Stockholders' Meeting will be published in the newspapers and online.

3. Approval of the Minutes of the Annual Stockholders' Meeting held on October 6, 2022

   The minutes of the previous stockholders' meeting will be presented to the stockholders for approval.

4. President's Report

   The President will present to the stockholders the actions taken for the preceding year and plans for the subsequent year.

5. Approval of the Audited Financial Statements as of December 31, 2022

   The audited financial statements for the year 2022 will be presented to the stockholders for approval.

6. Approval and ratification of the acts of the Board of Directors and Officers of the Company

   The acts of the Board of Directors and Officers of the Company from October 6, 2022 up to October 5, 2023 will be presented to the stockholders for approval and ratification.

7. Election of Directors and Officers for the year 2023 to 2024

   Election of the Board of Directors and Officers for the year 2023 to 2024

8. Appointment of External Auditors

   Appointment of External Auditors for the year 2023

9. Other Matters

   Stockholders are allowed to give comments, ask questions, or propose to discuss other issues and matters related to the Company.

10. Adjournment

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY. However, if you are unable to attend the meeting, you may delegate in writing your right to vote and, unless otherwise expressed, such delegation or proxy shall be valid only for the meeting at which it has been presented to the Corporate Secretary. All proxies must be submitted to Manila Broadcasting Company's Legal Department at MBC Building, V. Sotto St., CCP Complex, Pasay City, 1307 not later than ten (10) working days before the time set for the meeting. You may send this form in advance for validation through email to corp.sec@manilabroadcasting.com.

SAMPLE PROXY FORM

I hereby name and appoint ________________________, as my proxy at the Annual Stockholders' Meeting of Manila Broadcasting Company to be held at the Elizalde Hall, MBC Building, V. Sotto St., CCP Complex, Pasay City, 1307 on October 5, 2023 at 3:00 PM.

AGENDA	VOTE FOR APPROVAL	AGAINST	ABSTAIN
1. Approval of the Minutes of the Annual Stockholders' Meeting held on October 6, 2022			
2. Approval of the Audited Financial Statements as of December 31, 2022			
3. Approval and ratification of the acts of the Board of Directors and Officers of the Company			
4. Election of Directors and Officers for 2023 to 2024			
a. Federico J. Elizalde			
b. Ruperto S. Nicdao, Jr.			
c. Eduardo G. Cordova			
d. Julio Manuel P. Macuja			
e. Juan Manuel Elizalde			
f. Robert Pua			
g. Rudolph Steve E. Jularbal			
h. Marvel K. Tan (Independent Director)			
i. George T. Goduco (Independent Director)			
5. Appointment of Sycip Gorres Velayo and Co. as the external auditors for the year 2023			

____
NAME AND SIGNATURE

____
DATE

____
NUMBER OF SHARES HELD

SEC Number: **1674**
File Number

MANILA BROADCASTING COMPANY
(Company's Full Name)

MBC BLDG., V. SOTTO ST., CCP COMPLEX,
PASAY CITY 1307 PHILIPPINES
(Company's Address)

8832-6149 to 50
(Telephone Number)

December 31
(Fiscal Year Ending)

FORM 20-IS
(Form Type)

DEFINITIVE INFORMATION SHEET
(Amendment Designation)

(Period Ended Date)

12 SEPTEMBER 2023
(Date Prepared)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [X] Definitive Information Statement

2. **MANILA BROADCASTING COMPANY**
   Name of registrant as specified in its charter

3. **METRO MANILA**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number – **1674**

5. BIR Tax Identification Code – **000-479-027-000**

6. **MBC Bldg., V. Sotto St., CCP Complex, Pasay City, 1307, Philippines**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code – **(02) 8832-6149 to 50**

8. Date, time and place of the meeting of security holders
   Date – **5 October 2023**
   Time – **3:00 P.M.**
   Place – **Elizalde Hall, MBC Building, V. Sotto St., CCP Complex, Pasay City, 1307, Philippines**

9. Approximate date on which the Information Statement is first to be sent or given to security holders – **14 SEPTEMBER 2023**

10. In case of Proxy Solicitation:

    Name of Person Filing the Statement/Solicitor: **N/A**
    Address and Telephone No.: **N/A**

11. Securities registered pursuant to Section 8 and 12 of the Code or Section 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

TITLE OF EACH CLASS	NUMBER OF SHARES OF COMMON STOCK OUTSTANDING OR AMOUNT OF DEBT OUTSTANDING
Common Shares	402,682,990 shares

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

Yes [✔] No [ ]

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

PHILIPPINE STOCK EXCHANGE – Common Shares

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

a. Date, time, and place of the meeting of security holders:

Date	–	**5 October 2023**
Time	–	**3:00 P.M.**
Place	–	**Elizalde Hall, MBC Building, V. Sotto St., CCP Complex, Pasay City, 1307**

Complete mailing address of the principal office of the registrant:

MANILA BROADCASTING COMPANY
MBC Bldg., V. Sotto St., CCP Complex,
Pasay City, 1307, Philippines

b. Approximate date on which the Information Statement is first to be sent or given to security holders – **14 September 2023**

Item 2. Dissenter's Right of Appraisal

There is no action to be taken during the Stockholders' Meeting which will entitle a stockholder to a right of appraisal as provided under Section 81, Title X, Appraisal Right of the Revised Corporation Code of the Philippines.

Any stockholder has the right to dissent and demand payment of the fair value of his share in case of:

1. Any amendment to the articles of incorporation which has the effect of changing or restricting the rights of any stockholders or of authorizing preference over the outstanding shares or of extending or shortening the term of corporate existence;

2. Sale, lease, exchange, transfer, mortgage, pledge or other disposition of all substantially all the corporate property or assets;

3. Any merger or consolidation; and

4. Investment of corporate funds for any purpose other than the primary purpose of the company.

The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken. Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. If, within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made. Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment. Provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the corporation.

Item 3. Interest of Certain Persons in Matters to be Acted Upon

No person who has been a director or officer, nominee for election as a director of the Company or associate of any of the foregoing persons at any time since the beginning of the last fiscal year has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office.

There were no directors or officers who intends to oppose any action to be taken by the registrant at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

a. Each of the 402,682,990 outstanding shares of the Company as of record date, August 31, 2023 is entitled to one (1) vote. The Company does not allow foreign ownership of the Company's shares.

b. A stockholder entitled to vote at the meeting shall have the right to vote in person or by proxy by the number of shares of stock held in his name on the stock books of the Company as of record date, August 31, 2023 and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit.

c. The setting of the record date, August 31, 2023 has been complied with upon due disclosure with PSE on May 12, 2023.

Security Ownership of Certain Record and Beneficial Owners

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name and Address of Beneficial Owner (as nominee) and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	ELIZALDE HOLDINGS CORPORATION (affiliate company), MBC Bldg., V. Sotto St., CCP Complex, Pasay City, 1307, Philippines	EDUARDO G. CORDOVA (Senior Vice – President), MBC Bldg., V. Sotto St., CCP Complex, Pasay City, 1307, Philippines	Filipino	139,558,774	34.66%
Common	ELIZALDE LAND, INC. (affiliate company), MBC Bldg., V. Sotto St., CCP Complex, Pasay City, 1307, Philippines	EDUARDO G. CORDOVA (Senior Vice – President), MBC Bldg., V. Sotto St., CCP Complex, Pasay City, 1307, Philippines	Filipino	87,000,000	21.61%
Common	ROMULO MABANTA BUENAVENTURA SAYOC & DELOS ANGELES LAW OFFICES (trust fund for the Elizalde Family), 30th floor, Citibank Tower, 8741 Paseo de Roxas, Makati City, Metro Manila	ATTY. REYNALDO G. GERONIMO (Trustee / Partner), 30th floor, Citibank Tower, 8741 Paseo de Roxas, Makati City, Metro Manila	Filipino	69,910,993	17.36%
Common	CEBU BROADCASTING COMPANY (affiliate company), MBC Bldg., V. Sotto St., CCP Complex, Pasay City, 1307, Philippines	ROBERT PUA (Vice President), MBC Bldg., V. Sotto St., CCP Complex, Pasay City, 1307, Philippines	Filipino	50,000,000	12.42%
Common	AQG CORPORATION (Public), 2291	JOEL F. ORTILLO (President &	Filipino	33,000,000	8.19%

	Chino Roces Avenue, Makati City	Chairman), 2291 Chino Roces Avenue, Makati City			

Security Ownership of Management as of August 31, 2023

			DIRECT		INDIRECT	
Title of Class	**Name of the Beneficial Owner**	**Citizenship**	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
Common	Federico J. Elizalde	Filipino	94	0.0000%		
Common	Ruperto S. Nicdao, Jr.	Filipino	5,530	0.0014%		
Common	Julio Manuel P. Macuja	Filipino	36	0.0000%		
Common	Eduardo G. Cordova	Filipino	12,779	0.0032%		
Common	Eduardo G. Cordova (as nominee)	Filipino			139,558,774	34.66%
Common	Eduardo G. Cordova (as nominee)	Filipino			87,000,000	21.61%
Common	Juan Manuel Elizalde	Filipino	1,000	0.0002%		
Common	Robert Pua	Filipino	1,000	0.0002%		
Common	Robert Pua (as nominee)	Filipino			50,000,000	12.42%
Common	Rudolph Steve E. Jularbal	Filipino	10,807	0.0027%		
Common	George T. Goduco	Filipino	1,000	0.0002%		
Common	Marvel K. Tan	Filipino	36	0.0000%		
Common	Albert M. Songco	Filipino	1,000	0.0002%		
Common	Jonathan E. Decena	Filipino	1,000	0.0002%		
Common	Irving A. Lisondra	Filipino	1,000	0.0002%		
Common	Carlea C. Miranda	Filipino	1,000	0.0002%		
Common	Jose Ma. T. Parroco	Filipino	1,200	0.0003%		
Common	Elpidio M. Macalma	Filipino	1,000	0.0002%		
Total Security Ownership of Directors and Officers			**38,482**	**0.01%**	**276,558,774**	**68.69%**

There is no arrangement existing that may result in a change of control of the registrant. There is no change in control since the beginning of the last fiscal year.

Voting Trust Holders of 5% or more

The Chairman, Federico J. Elizalde, holds voting trust or similar agreements to more than 5% of the common stock of the corporation and has voting rights and such powers as provided in the Revised Corporation Code. Elizalde Holdings Corporation is owned by various trust funds that have executed voting trusts in favor of the Chairman, Federico J. Elizalde. Of the 139,558,774 shares of Elizalde Holdings Corporation, the 131,408,542 shares were under the voting trust of Mr. Federico J. Elizalde. The voting trust or similar agreements in the trust fund agreement shall last during the lifetime of Federico J. Elizalde as provided for in the agreements. Mr. Federico J. Elizalde holds office at the principal office of the Corporation. Elizalde Land, Inc. and Cebu Broadcasting Company are 100% owned subsidiaries of Elizalde Holdings Corporation. Mr. Eduardo G. Cordova and Mr. Robert Pua are the persons designated to exercise voting power over the shares of Elizalde Holdings Corporation, Elizalde Land, Inc., and Cebu Broadcasting Company respectively in the registrant and holds office at the principal office of the Corporation also.

Atty. Reynaldo G. Geronimo is the designated Trustee of the Romulo Mabanta Buenaventura Sayoc & Delos Angeles Trust Fund that holds voting trust or similar agreements to more than 5% of the common stock and has voting rights and such powers as provided in the Revised Corporation Code. Pursuant to the provisions of a Trust Agreement executed by Mr. Federico J. Elizalde as trustor, designating Romulo Mabanta Buenaventura Sayoc & Delos Angeles as the trustee, the latter have executed a Voting Trust Agreement in favor of the said Mr. Federico J. Elizalde, under the terms of which Mr. Federico J. Elizalde is granted the authority to vote, on all matters requiring the votes of stockholders. The voting trust involves 69,910,993 shares. The renewal of the designation as voting trustee shall continue up to September 30, 2023. He holds office at 30th Floor, Citibank Tower, 8741 Paseo de Roxas, Makati City.

MBC

MANILA BROADCASTING COMPANY

18 May 2004

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills, Mandaluyong City, M.M.

Attention: MS. JUSTINA F. CALLANGAN
Director

Gentlemen:

In connection with your letter requiring us to submit the Voting Trust Agreement, we regret to inform you that we cannot do so as the portion that refers to such arrangement is part of the trust document the contents of which are confidential in nature. However, we would like to quote the portion of the trust agreement that is relevant to your query, to wit --

> (j) xxx; provided, however, that the TRUSTEE is hereby directed to constitute in favor of the BENEFICIARY's father, FRED J. ELIZALDE, a voting trust for all the shares of stock that the TRUST ESTATE may own in corporation belonging to the Fred J. Elizalde Group of Companies or its successors-in-interests."

We trust that you shall find the foregoing sufficient to comply with your requirements.

Very truly yours,

[redacted]

RUPERTO S. NICDAO, JR.
President

Item 5. Directors and Executive Officers

Directors and Executive Officers of the Registrant

A. Executive Officers

NAME	AGE	CITIZENSHIP	POSITION
Federico J. Elizalde	83	Filipino	Chairman of the Board
Ruperto S. Nicdao, Jr.	68	Filipino	President
Julio Manuel P. Macuja	60	Filipino	EVP – Treasury
Eduardo G. Cordova	75	Filipino	SVP – CFO
Juan Manuel Elizalde	54	Filipino	SVP – Operations
Rudolph Steve E. Jularbal	68	Filipino	VP – Legal and Corporate Secretary
Robert Pua	58	Filipino	VP – Controller and Compliance Officer
Irving A. Lisondra	67	Filipino	VP – Creative Services
Ellen C. Fullido	57	Filipino	VP – HRAS
Carlea C. Miranda	63	Filipino	VP – Treasury
Jonathan E. Decena	58	Filipino	VP – Radyo Natin
Elpidio M. Macalma	68	Filipino	VP – DZRH
Wilfredo Espinosa	50	Filipino	VP – FM Programming
Jose Ma. T. Parroco	68	Filipino	VP - Sales
Albert M. Songco	56	Filipino	AVP – Central Engineering
Johnny Faith Quiling	49	Filipino	AVP – FM Operations
Vince Jaen	54	Filipino	AVP – Integrated Media

B. Directors

NAME	AGE	CITIZENSHIP	TERM
Federico J. Elizalde	83	Filipino	1985 up to present
Ruperto S. Nicdao, Jr.	68	Filipino	1988 up to present
Julio Manuel P. Macuja	60	Filipino	1999 up to present
Eduardo G. Cordova	75	Filipino	1988 up to present
Juan Manuel Elizalde	54	Filipino	1994 up to present
Rudolph Steve E. Jularbal	68	Filipino	2011 up to present
George T. Goduco*	58	Filipino	2003 up to present
Marvel K. Tan*	79	Filipino	2016 up to present
Robert Pua	58	Filipino	2016 up to present

*Independent Directors

The qualifications of the nominees, as submitted by the shareholders of record, were considered by the Corporate Governance Committee after screening and evaluating, based on the qualifications and disqualifications set forth in the Company's Manual for Corporate Governance, the Securities Regulation Code and its Implementing Rules and the criteria prescribed in SEC Memorandum Circular No. 13, Series of 2004. The term of office of the duly elected directors shall be one (1) year or until their successors have been elected.

The Corporate Governance Committee of the Board of Directors is composed of: Mr. George T. Goduco, Chairman; and Mr. Federico J. Elizalde and Mr. Ruperto S. Nicdao, Jr., members.

Mr. George T. Goduco and Mr. Marvel K. Tan, the only nominees nominated as independent directors, are qualified to sit in the Board of the Company as independent directors. The nominees for independent directors were nominated by Mr. Ruperto S. Nicdao, Jr. and there is no relationship between them.

The Company's independent director will serve for a maximum cumulative term of nine (9) years. The reckoning of the cumulative nine-year term is from 2012.

The following are the criteria for Independent Directors:

a. Not a director or officer or substantial stockholder of the corporation or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);

b. Not a relative of any director, officer, or substantial shareholder of the corporation, any of its related companies or any its substantial shareholders. For this purpose, relative included spouse, parent, child, brother, sister and the spouse of such child, brother or sister;

c. Not acting as a nominee or representative of a substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders;

d. Not been employed in any executive capacity by that public company, any of its related companies or any of its substantial shareholders within the last three (3) years;

e. Not retained as professional adviser by that public company, any of its related companies or any of its substantial shareholders within the last three (3) years, either personally or through his firm;

f. Not engaged and does not engage in any transaction with the corporation, or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial or insignificant.

Under Section 3 of the Amended By-Laws adopted on May 30, 2004 and re-ratified on June 09, 2010 by the Board of Directors, nominations for the election of directors may be made by any shareholder entitled to vote for the election of directors if that shareholder complies with all of the provisions.

The following are the procedures for nomination and election of Directors:

a. The Corporate Governance Committee (the “Committee"), shall receive all letters nomination candidates for election as directors/independent directors from stockholders.

b. The Committee shall evaluate and screen nominees for directors vis-à-vis the applicable qualifications and disqualifications as set forth in the Company's Manual on Corporate Governance, By-Laws and other applicable policy, law or regulations while ensuring that said qualifications are in line with the strategic objectives of the Company.

c. For nominees for independent directors, the Committee shall determine whether or not the nominees meet the independence criteria set forth in the Company's Manual on Corporate Governance, By-Laws and other applicable policy, law or regulation.

d. The Committee shall also consider other relevant factors, such as any conflict of interest and directorships and/or positions in other corporations, which may compromise their capacity to diligently and effectively serve and perform their duties to the Board, the Company and its stakeholders, when elected.

e. Nominees for independent directors who accept the nomination are requested to submit to the Committee a Certification of Independent Director stating his/her qualification and a list of affiliations and positions that may directly or indirectly give rise to conflict of interest or may contravene applicable regulations.

f. The Committee shall submit to the Board of Directors its recommended list of final nominees.

g. The nominees approved by the Board are recommended for election as directors at the meeting of the stockholders or the Board, as the case may be.

Below is a summary of the qualifications of the nominees to the Board of Directors and Executive Officers:

- **Federico J. Elizalde** has been serving as Director/Chairman of the Company since 1985. He is also currently serving as Chairman/President of Philippine International Corporation (Philcite), Star Parks Corporation (Star City), Elizalde Holdings Corporation and Northern Capiz Agro- Industrial Development Corporation (Norcaic). He has also served as past Chairman/President of Asean Section, Asean-U.S. Business Council, Philippine Chamber of Commerce & Industry, Confederation of Asian Chambers of Commerce & Industry, etc. In 2005, he was appointed as member of the Boracay Eminent Persons Group. He graduated Magna Cum Laude from Harvard University with a degree of Bachelor of Arts Major in Social Relations.

- **Ruperto S. Nicdao, Jr.** is the current President of the Company. He has been serving as Director of the Company since 1988. He is also serving as Director of Philippine International Corporation, Star Parks Corporation, Elizalde Holdings Corporation and Cultural Center of the Philippines. He is the Chairman of KBP and a member of the Financial Executives Institute of the Philippines, Philippine Chamber of Commerce and Industry and the Makati Business Club. He obtained his Master's in Business Administration from Asian Institute of Management and his AB-Honors (Major in Math), Magna Cum Laude, from De La Salle College.

- **Eduardo G. Cordova** has been a director of the company since 1988 and is currently the SVP- CFO of the Company and Elizalde Holdings Corporation. He is also Chairman/President of our affiliate Philippine Broadcasting Corporation. He is a member of the Philippine Institute of Certified Public Accountants (PICPA). He is a Certified Public Accountant and obtained his Master's in Business Administration, with honors, from University of St. La Salle and his bachelor's degree in business administration from University of the East.

- **Julio Manuel P. Macuja** is the EVP-Treasury of the Company. He is the Chief Information Officer registered with the Philippine Stock Exchange. He is also a Director of Elizalde Holdings Corporation and Star Parks Corporation. He was formerly part of the Treasury Group of the Bank of the Philippine Islands. Prior to this he was Acting Director of the Ateneo Center for Social Policy and Public Affairs and part time faculty member of the Economics Department, Ateneo de Manila University, where he finished his Bachelor of Arts Degree in Economics (Honors) in 1985. He completed his post-graduate studies as a scholar of the British Council at the Victoria University of Manchester in 1989, obtaining a degree of Master of Arts in Economic and Social Studies (Major in Development Studies).

- **Juan Manuel Elizalde** is currently the SVP-Operations and has been connected with the Company since 1994 in various capacities. He is also President of our affiliate Cebu Broadcasting Company. He holds an AB Mass Communication degree from Menlo College, Menlo Park, California, U.S.A.

- **Marvel K. Tan** is one of the nominees nominated as independent director. He is currently the Internal Auditor of the Kapisanan ng mga Brodkaster ng Pilipinas (KBP) and Financial Consultant of Ads Standard Council, Inc. (ASC). He worked with the Elizalde Group of Companies in various capacities from 1974 to 2002. His last position with the Elizalde Group was Vice President- Finance of Manila Broadcasting Company (MBC) and its subsidiaries in 1984-1994; 1996-2002. In 2003-2005, he was the Chief Finance Officer of ABS-CBN Foundation, Inc. (AFI). He is a Certified Public Accountant and obtained his Bachelor in Business Administration (BBA) degree, cum laude, from Silliman University in Dumaguete City, Negros Oriental in 1964; enrolled in the Management Development Program (MDP) of Asian Institute of Management, Makati City, in 1978 and the Corporate Financial Management Program of the University of Michigan administered in Hongkong in 1993.

- **George T. Goduco** has been an independent director of MBC since 2003. At present, he is the President of Healthlab Inc., a full-service diagnostics laboratory and medical examination facility. He was EVP/COO of Star Parks Corporation in 2000-2002. He also served as Vice- President and Treasurer of the FJE Group of Companies in 1997-2000 and its Director for Corporate Planning in 1995 – 1997. He also served as Account Officer in Solidbank and Boston Bank from 1988-1991. He holds an MBA from the University of Bridgeport, Connecticut and a Bachelor of Science in Economics from the University of the Philippines.

- **Rudolph Steve E. Jularbal** is currently the Corporate Secretary. He is also the VP of the Legal and Regulatory Compliance Group and concurrently the Station Manager of the company's AM flagship station, DZRH-Manila. Atty. Jularbal first joined the company in 1986. He resigned in 1999, did a short stint as VP-Legal of Nextel Communications, Phil. from 1999 to 2001 before he went into private practice and was a retained external counsel of the company up to 2011. He was re-engaged on a full-time basis in 2011. Atty. Jularbal obtained his Bachelor's Degree in Law from the University of the Philippines, Diliman, QC in 1979 and was admitted to the Bar the following year. He also holds degrees in Management and Marketing obtained from Saint Louis University in Baguio City.

- **Robert Pua** is currently the VP-Controller as well as the Compliance Officer. He has been connected with the company since 1990 in various capacities. He is President of our affiliate Pacific Broadcasting System, Inc and a Director of Cebu Broadcasting Company and Philippine Broadcasting Corporation. He is a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants. He obtained his Bachelor's Degree in Business Administration, Major in Accounting, from the University of the East, Manila and Master's Degree in Business Administration from the De la Salle University, Manila.

- **Carlea C. Miranda** is currently the Vice-President for Treasury and has been working with the FJE Group of Companies since 1987 in various capacities. She is also a regular Director of our affiliates Cebu Broadcasting Company and Pacific Broadcasting Systems, Inc. She is a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants. She obtained her degree in Bachelor of Science in Commerce major in Accounting from the University of San Carlos, Cebu City, Magna Cum Laude.

- **Irving A. Lisondra** is the Vice-President for Creative Service. He served in various capacities in the Company since 1984 as Area Manager for FM Stations then as Assistant Vice-President for Advertising and Promotions before his current Position. He took up BSC-Management from the Divine Word College in Laoag City.

- **Ellen C. Fullido** is the Vice-President for Human Resources of the Company. She joined the Company in 2001. She obtained her Bachelor of Science Degree in M.I.E. from Mapua Institute of Technology. She is also an undergraduate of Master's Degree in Human Resource Management from the University of Santo Tomas. She is the Immediate Past President of People Management Association of the Philippines (PMAP). She is also a Fellow in People Management conferred by the Philippine Society of Fellows.

- **Elpidio Macalma** is the Vice President for our flagship AM station DZRH. He is best known for the morning segment “Espesyal na Balita" – an expose on current activities of certain personalities. He is the Kapisanan ng mga Brodkaster sa Pilipinas (KBP) VP for Radio and a member of the National Press Club. He holds a degree of Bachelor of Laws from the University of the East and is a B.S. Journalism graduate from Lyceum of the Philippines. He joined the Company in 1982.

- **Jose Ma. T. Parroco** is the Vice-President for Sales for the entire network – DZRH, Love Radio, Yes-FM, Radyo Natin, Easy Rock, Aksyon Radyo and RHTV. He joined the Company in 1992. Previously, he was the Assistant Vice-President for Finance of Star Parks Corporation, an affiliated company, operating the amusement/theme park Star City. He has a Masters in Management Degree from the Asian Institute of Management and Bachelor of Arts in Economics from the University of the Philippines. He is also an undergraduate of Bachelor of Science in Electrical Engineering from the University of the Philippines.

- **Wilfredo Espinosa** is the Vice-President for FM Programming for the networks – Love Radio, Yes-Fm and Easy Rock. He joined the Company in 2000. He is currently the Partner of Yes-FM Dagupan (DWHR).

- **Albert M. Songco** is currently the Assistant Vice-President for Central Engineering since June 2008. He is a graduate of Bachelor of Science in Electronics and Communications Engineering from University of Santo Tomas in 1989.

- **Johnny Faith Quiling** is currently the Assistant Vice-President for FM Operations and has been connected with the Company since 1997. He was previously the Director for FM Operations from 2009 to 2016. He is also the Partner of Love Radio Baguio (DWMB) since 2002, Easy Rock Baguio (DZYS) since 2012, and Aksyon Radyo La Union (DZNL) since July 1, 2017.

- **Jonathan E. Decena** is currently the Vice-President for Radyo Natin since 2003. He was previously the Vice-President for Sales from 2001 to 2003, Sales Manager for FM Division from 1998 to 2001, and Area Manager for Luzon from 1994 to 1998. He was also the Station Manager of Love Radio Zamboanga from 1992 to 1994, Production Supervisor for Love Radio Dagupan from 1989 to 1992, and DJ/Announcer for Love Radio Dagupan from 1988 to 1989. He took up Bachelor of Science in Journalism from University of Pangasinan in 1982.

- **Vince Jaen** is currently the Assistant Vice President for Integrated Media, leading the digital marketing transformation of MBC, spearheading the development of strategic digital products, and managing major digital campaigns. He is also actively involved in the Sales and Marketing activities by consolidating its digital and radio assets and offering them as an integrated solution to clients. He also heads the business unit, which manages and markets the influencers of the network. He has more than 30 years of experience in the industry. He was previously the FM Network Operations and Programming Director of MBC.

No director has resigned or declined to stand for re-election to the board of directors since the last Annual Stockholders Meeting dated October 6, 2022 because of a disagreement with the Company on any matter relating to the Company's operations, policies and practices.

BOARD PERFORMANCE

The Board shall have in place a system that provides criteria and process to determine the performance of the Board, the individual directors, committees, and such system should allow for a feedback mechanism from the shareholders. Self-assessment and evaluation process are based on attendance and contribution to discussion and matters brought to the Board for discussion and approval.

Directorship in Other Companies

- Directorship in the Company's Group

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Federico J. Elizalde	Elizalde Land, Inc.	Executive (Chairman)
	Star Parks Corporation (Star City)	Executive (Chairman)
	Philippine International Corporation (PIC)	Executive (Chairman)
	Elizalde Holdings Corporation	Executive (Chairman)

	(EHC)	
	Sunshine Inns, Inc. (SII)	Executive (Chairman)
Ruperto S. Nicdao, Jr.	Cebu Broadcasting Company (CBC)	Executive
	Elizalde Land, Inc. (ELI)	Executive
	Sunshine Inns, Inc. (SII)	Executive
	Philippine International Corporation (PIC)	Executive
	Star Parks Corporation (Star City)	Executive
	Elizalde Holdings Corporation (EHC)	Executive
Eduardo G. Cordova	Elizalde Holdings Corporation (EHC)	Executive
	Philippine Broadcasting Corporation (PBC)	Executive (Chairman)
	Cebu Broadcasting Company (CBC)	Executive
	Pacific Broadcasting System Inc. (PBSI)	Executive
	Elizalde Land, Inc. (ELI)	Executive
	Sunshine Inns, Inc. (SII)	Executive
	Star Parks Corporation (Star City)	Executive
	Philippine International Corporation (PIC)	Executive
Julio Manuel P. Macuja	Pacific Broadcasting System Inc. (PBSI)	Executive (Chairman)
	Elizalde Holdings Corporation (EHC)	Executive
	Philippine Broadcasting Corporation (PBC)	Executive
	Elizalde Land, Inc. (ELI)	Executive
	Star Parks Corporation (Star City)	Executive
	Sunshine Inns, Inc. (SII)	Executive
	Philippine International Corporation (PIC)	Executive
Juan Manuel Elizalde	Cebu Broadcasting Company (CBC)	Executive (Chairman)
	Philippine Broadcasting Corporation (PBC)	Executive
	Sunshine Inns, Inc. (SII)	Executive
	Elizalde Holdings Corporation (EHC)	Executive
	Star Parks Corporation (Star City)	Executive
	Philippine International Corporation (PIC)	Executive
Rudolph Steve E. Jularbal	Pacific Broadcasting System Inc. (PBSI)	Executive
	Philippine Broadcasting Corporation (PBC)	Executive

	Elizalde Land, Inc. (ELI)	Executive
	Sunshine Inns, Inc. (SII)	Executive
	Elizalde Holdings Corporation (EHC)	Executive
	Star Parks Corporation (Star City)	Executive
	Philippine International Corporation (PIC)	Executive
Robert Pua	Pacific Broadcasting System Inc. (PBSI)	Executive
	Cebu Broadcasting Company (CBC)	Executive
	Philippine Broadcasting Corporation (PBC)	Executive

- Directorship in Other Listed Companies

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
None of the Directors hold a directorship position in other publicly listed companies.		

- Directorship of Independent Directors in Other Companies

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
George T. Goduco	Healthlab Inc.	Executive

- Relationship within the Company and its Group

Director's Name	Name of the Significant Shareholder	Description of the Relationship
Juan Manuel Elizalde (Director / SVP Operations)	Federico J. Elizalde (Director / Chairman)	Mr. Juan Manuel Elizalde is the son of Mr. Federico J. Elizalde.
Julio Manuel P. Macuja (Director / EVP-Treasurer)	Federico J. Elizalde (Director / Chairman)	Mr. Julio Manuel P. Macuja is the brother-in-law of Mr. Federico J. Elizalde

Board Meetings and Attendance

Board	Name	Date of Election	No. of meetings held for the year 2022	No. of meetings attended	%
Chairman	Federico J. Elizalde	Oct. 6, 2022	12	11	92%
Member	Ruperto S. Nicdao, Jr.	Oct. 6, 2022	12	12	100%
Member	Eduardo G. Cordova	Oct. 6, 2022	12	12	100%
Member	Julio Manuel P. Macuja	Oct. 6, 2022	12	12	100%
Member	Juan Manuel Elizalde	Oct. 6, 2022	12	12	100%
Member	Rudolph Steve E. Jularbal	Oct. 6, 2022	12	12	100%
Member	Robert Pua	Oct. 6, 2022	12	12	100%
Independent	Marvel K. Tan	Oct. 6, 2022	12	12	100%
Independent	George T. Goduco	Oct. 6, 2022	12	12	100%

NAME OF DIRECTOR	VOTES RECEIVED (October 6, 2022 Stockholders' Meeting)
Federico J. Elizalde	Majority vote
Ruperto S. Nicdao, Jr.	Majority vote
Julio Manuel P. Macuja	Majority vote
Eduardo G. Cordova	Majority vote
Juan Manuel Elizalde	Majority vote
Robert Pua	Majority vote
Rudolph Steve E. Jularbal	Majority vote
Marvel K. Tan	Majority vote
George T. Goduco	Majority vote

Trainings and Seminar

In compliance with SEC Memorandum Circular No. 20, Series of 2013, we inform the Honorable Commission that Manila Broadcasting Company held its corporate governance webinar for its directors and key officers on December 14, 2022 from 1:00 to 5:00 in the afternoon via Zoom Meeting. The webinar was conducted by RISKS, OPPORTUNITIES, ASSESSMENT AND MANAGEMENT (ROAM), INC. The directors and officers who attended the said webinar are as follows:

NAME	POSITION
Ruperto S. Nicdao, Jr.	President
Julio Manuel P. Macuja	EVP - Treasury
Eduardo G. Cordova	SVP - CFO
Juan Manuel Elizalde	SVP-Operations
Robert Pua	VP-Controller and Compliance Officer
Rudolph Steve E. Jularbal	VP-Legal and Corporate Secretary
Marvel K. Tan	Independent Director
George T. Goduco	Independent Director
Carlea C. Miranda	VP-Treasury
Ellen C. Fullido	VP-HRAS
Irving A. Lisondra	VP-Creative Services
Jonathan E. Decena	VP – Radyo Natin

Jose Ma. T. Parroco	VP - Sales
Albert M. Songco	AVP – Central Engineering
Johnny Faith Quiling	AVP – FM Operations
Vince Jaen	AVP – Integrated Media

Significant Employees
There are no significant employees that the registrant expects will contribute to the business of the registrant.

Family Relationships
Mr. Juan Manuel Elizalde, SVP-Operation/Director is the son of the Chairman / Director, Mr. Federico J. Elizalde while Mr. Julio Manuel P. Macuja, EVP-Treasury, is brother-in-law. Other than the foregoing relationships disclosed, there are no other family relationships up to the Fourth Civil Degrees either by consanguinity or affinity among the directors, executive officers or persons nominated.

Involvement of Directors and Officers in Certain Legal Proceedings
None of the directors and officers was involved during the past five (5) years up to date of this report in any bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment, or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business nor found in action by any court or administrative bodies to have violated any law.

The Company, its subsidiaries and affiliates have no pending material legal proceedings for and against it. Furthermore, it has no violation with the Securities Law.

Certain Relationships and Related Transactions

There had been no material related transactions for the year 2022, nor is any material transaction presently proposed, to which the Company was or is to be a party in which any director or executive officer of the Company or owner of more than 10% of the Company's voting securities, any relative or spouse of any such director or officer who shares the home of such director or executive officer, is involved. Please refer to Note 14 of the 2022 Audited Parent Financial Statements and Note 16 of the 2022 Audited Consolidated Financial Statements for the disclosure on related party transactions.

In the normal course of business, the Company has transactions with the following related parties:

- Elizalde Holding Corporation (EHC), ultimate parent company
- Cebu Broadcasting Company (CBC), an entity under common control
- Philippine Broadcasting Corporation (PBC), an entity under common control
- Pacific Broadcasting System, Inc. (PBSI), an entity under common control
- Feliz Hotel Boracay, Inc. (FHBI), a subsidiary
- Other related parties under common control

There are no other ongoing contractual or other commitments as a result of the arrangement.

Item 6. Compensation of Directors and Executive Officers

Executive Compensation

The Board Directors are paid P22,222.00 each representing Per Diem on every Board Meeting they attended. There were no additional amounts paid for committee participation or special assignments.

The aggregate compensation of the executives of the issuer/Registrant is as follows:

The aggregate compensation of the executives and directors of the issuer/Registrant is P20,540,535 (estimated) in 2023, P20,518,313 in 2022, P20,147,726 in 2021, and P14,308,494 in 2020. There were no additional amounts paid for committee participation or special assignments.

The key management compensation is as follows:

CEO and Top Four (4) Highly Compensated Directors and Officers:

1. Federico J. Elizalde – *Chairman / CEO*
2. Elpidio M. Macalma – *VP – DZRH*
3. Rudolph Steve E. Jularbal – *VP – Legal & Corporate Secretary*
4. Ruperto S. Nicdao, Jr. – *President**
5. Eduardo G. Cordova – *SVP – CFO**

Other Officers and Directors:

1. Julio Manuel P. Macuja – *EVP – Treasury**
2. Juan Manuel Elizalde – *SVP – Operations**
3. Robert Pua – *VP – Controller and Compliance Officer**
4. Irving A. Lisondra – *VP – Creative Services**
5. Carlea C. Miranda – *VP – Treasury**
6. Ellen C. Fullido – *VP – HRAS**
7. Jonathan E. Decena – *VP – Radyo Natin**
8. Wilfredo H. Espinosa – *VP – FM Programming**
9. Jose Ma. T. Parroco – *VP – Sales**
10. Johnny Faith M. Quiling – *AVP – FM Network Operations**
11. Albert M. Songco – *AVP – Central Engineering**
12. Vince Jaen – AVP-Integrated Media*

**Note: These executive officers are receiving compensation and employed under the following affiliated companies of Manila Broadcasting Company:*

1. *MBC Resources, Inc.*
2. *MBC Marketing Services, Inc.*
3. *MBC Radyo Natin*

Name	Year	Salary (Php)	Bonus (Php)	Others (Php)	TOTAL (Php)
CEO and Top Four (4) Highly Compensated Directors	2023 (est.)	17,357,964	2,734,796	381,110	20,473,869
	2022	17,357,964	2,734,796	358,888	20,451,647
	2021	13,966,278	5,655,116	360,666	19,982,060
	2020	12,993,215	992,768	218,045	14,204,028

All other officers and directors as a group	2023 (est.) 2022 2021 2020	- - - -	- - - -	66,666 66,666 165,666 104,466	66,666 66,666 165,666 104,466
TOTAL	2023 (est.) 2022 2021 2020	17,357,964 17,357,963 13,966,278 12,993,215	2,734,796 2,734,796 5,655,116 992,768	447,776 425,554 526,332 322,511	20,540,535 20,518,313 20,147,726 14,308,494

Remuneration Matters

❖ Remuneration Process

PROCESS	CEO / TOP 4 HIGHEST PAID MANAGEMENT OFFICERS
1. Fixed Remuneration	The fixed remuneration is established taking into account the level of responsibility and the professional path of the director/officer within the Company. A wage benchmark is established for each function, reflecting its value to the organization. This wage benchmark is defined by analyzing its equivalence and fairness inside the Company and on the market outside. The fixed remuneration is continuously reviewed by the Corporate Governance Committee against comparable positions.
2. Variable remuneration	The variable component of the total remuneration package is performance related. It is consisting of short and long-term components. Performance targets and conditions are derived from our strategy and annual business plans. The targets are assigned prior to the relevant year and assessment of realization is conducted after year-end by the Senior Management.
3. Per diem allowance	Per diem allowances are fixed rate payments made on a per day basis for attendance at meetings of the Board of Directors.
4. Bonus	Members of the Board have the right to participate in a bonus scheme based on the Company's performance for the year. The bonus is paid out annually after adoption of the annual report for the relevant financial year. The bonus pay-out level is defined by a weighted target achievement and is capped at a certain percentage of the fixed salary with the target and maximum pay-out levels set at a certain percentage of the annual base salary respectively. No pay-out will be made if the targets are not met at the defined minimum acceptable performance level. The bonus scheme is based on target achievement of a number of parameters, including financial key performance indicators like EBIT and cash flows as well as may targets approved by the Board of Directors.
5. Others	Members of the Board have access to a number of work-related benefits, including car incentive, communication allowance, medical, dental and optical allowances, other work-related newspapers and magazine subscriptions. The extent of individual benefits is negotiated with each individual member of the Board and reflects local market practice.

The Company eliminated the Share Option Plan since no directors have requested to avail of stock options.

- Remuneration Policy and Structure for Executive, Non-Executive Directors and Executive Officers

	Remuneration Policy	**Structure of Compensation Packages**	**How Compensation is Calculated**
Executive Directors and Officers	Follows Company's salary structure and benefit package and Board-approved rate/package	Compensation / salary package is composed of basic monthly pay plus number of bonus months as approved by the Board	Compensation is computed based on gross monthly income of employees less government mandated deduction like SSS, Philhealth, Pag-ibig and withholding taxes
Non-Executive Directors	Per diem on BOD Meetings		

Section 7 of Article III of the Company's Amended By-Laws provides that the members of the Board and the Executive Committee shall be given a per diem for every meeting attended in such amount as may be determined by the Board of Directors but in no case shall remuneration exceed five (5%) of the net income of the Corporation before tax.

Item 7. Independent Public Accountants

The accounting firm of Sycip Gorres Velayo & Company is the company's Independent public accountant. The same firm is being recommended for appointment by the stockholders on the forthcoming Stockholder's Meeting. There has not been any disagreement between the company and said accounting firm with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope of procedure. Representatives from SGV & Co. are expected to attend the scheduled stockholders' meeting with an opportunity to make any statements, if they desire, and shall be available to entertain clarifications from the stockholders relating to the financial statements of the corporation.

In compliance with SEC Memo Circular No. 8, Series of 2003, Maria Pilar Hernandez is the partner-in-charge commencing 2021, Christine G. Vallejo is the partner-in-charge from 2014 to 2020. Catherine Lopez has been the partner-in-charge from 2009 to 2013. Ms. Aileen Saringan has been the partner-in-charge from 2004-2008. Formerly, it was Ms. Cynthia Manlapig of the same accounting firm. This rotation of partner-in-charge is in compliance with the requirements of SRC Rule 68, Paragraph 3 (b) (iv) requiring rotation of external auditors. A two-year cooling off period shall be observed in the re-engagement of the same signing partner or individual auditor.

The appointment of the Independent Public Accountants was recommended by the Audit Committee composed of Mr. Marvel K. Tan as Chairman, Mr. Eduardo G. Cordova and Mr. Julio Manuel P. Macuja as members.

EXTERNAL AUDIT FEES

The Audit Committee ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. Prior to the commencement of the audit, the Audit Committee assists the Board in discussing with the external auditors the nature, scope, expenses of the audit, proper coordination, and maintaining an adequate, effective and efficient internal control framework.

A. Audit and Audit-Related Fees

The following table sets out the aggregate fees billed for each of the last calendar years for professional services rendered by Sycip Gorres Velayo & Company:

Audit and Audit-Related Fees	**2022**	**2021**	**2020**
Regular Audit	P1,369,583	P1,164,253	P1,092,680
Review of Proposed Increase in ACS	-	-	-
Long Form Audit	-	-	-
Review of Forecast	-	-	-
All Other Fees	-	2,000	655,608
Total Audit and Audit-Related Fees	P1,369,583	P1,166,253	P1,748,288

B. Tax Fees

There were no tax services performed by the external auditor.

C. All Other Fees

There were no services provided by the external auditor, other than the services reported under item A above.

<u>Item 8. Compensation Plans</u>

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

There are no existing plans for employees, officers and directors for stock warrants, options or any special or standard arrangement to said employees, officers, and directors whereby the registrant is liable.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Financial and Other Information

ACTION WITH RESPECT TO REPORTS:

1. Call to order

2. Certification of notice or quorum

3. Approval of the minutes of the Annual Stockholders' Meeting held on October 6, 2022

4. President's report
   - Result of operations
   - Financial highlights
   - Capital expenditures
   - Targets

5. Approval of the Audited Financial Statements as of December 31, 2022

6. Approval and ratification of the acts of the Board of Directors and Officers of the Company from the date of the last annual stockholders' meeting up to October 5, 2023.

7. Election of Directors for the year 2023 to 2024

   Election of the following individuals to the Board of Directors of the Company to serve as such for the year 2023 to 2024 or until their successors have been elected, to wit:

BOARD OF DIRECTORS

Federico J. Elizalde	*Ruperto S. Nicdao, Jr.*	*Eduardo G. Cordova*
Julio Manuel P. Macuja	*Juan Manuel Elizalde*	*Rudolph Steve E. Jularbal*
Robert Pua	*Marvel K. Tan*	*George T. Goduco*

EXECUTIVE OFFICERS

Federico J. Elizalde	*Ruperto S. Nicdao, Jr.*	*Eduardo G. Cordova*
Julio Manuel P. Macuja	*Juan Manuel Elizalde*	*Rudolph Steve E. Jularbal*
Robert Pua	*Marvel K. Tan*	*George T. Goduco*
Irving A. Lisondra	*Ellen C. Fullido*	*Carlea C. Miranda*
Jonathan E. Decena	*Elpidio M. Macalma*	*Wilfredo Espinosa*
Jose Ma. T. Parroco	*Albert M. Songco*	*Johnny Faith Quiling*

AUDIT COMMITTEE

Marvel K. Tan	*Julio Manuel P. Macuja*	*Eduardo G. Cordova*

CORPORATE GOVERNANCE COMMITTEE

George T. Goduco	*Federico J. Elizalde*	*Ruperto S. Nicdao, Jr.*

8. Appointment of external auditors for the year 2023

9. Other matters

10. Adjournment

Item 10. Modification or Exchange of Securities

No action is to be taken with respect to the modification of any class of securities, or the issuance or authorization for issuance of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

The Company's audited parent financial statement, audited consolidated financial statements, management discussion & analysis, plan of operation, and other documents related to the company's financial information are attached hereto.

Description of Business

Manila Broadcasting Company (the Company) was incorporated in the Philippines on September 30, 1947. The Company is primarily engaged in the business of radio broadcasting.

The registered office address of the Parent Company is MBC Building, Vicente Sotto Street, CCP Complex, Pasay City.

The Company is 72%-owned by Elizalde Holdings Corporation (EHC), a Philippine entity, the immediate and ultimate parent company.

Representatives of the Company's external auditor, SGV & Co., are expected to be present at the annual meeting, and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions from the shareholders. The Company has had no material disagreement with SGV & Co. on any matter of accounting principle or practices or disclosures in the Company's financial statements.

Company Policies

Conflict of Interest
It is a Company's policy that employees acting on the Company's behalf must be free from conflicts of the interest that could adversely influence their judgment, objectivity, or loyalty to the Company in conducting Company's business activities and assignments. The Company recognizes that employees may take part in legitimate financial business, charitable and other activities outside their jobs with the Company, but any potential conflict of interest raised by those activities must be disclosed promptly to management.

Employee Welfare
Manila Broadcasting Company recognizes all their employees to be the most valuable resource and that the health and welfare of all employees is essential in achieving the Company's mission. The Company is committed to producing caring and supportive working environment which is conducive to the welfare of all employees, and which enables them to develop towards their full potential.

- *Equal opportunities*
  We are committed to equal opportunities in all areas of our business, with people gaining promotion on merit. We recruit, train, promote and retain skilled and motivated people irrespective of sex, age, marital status, sexual orientation, race, religion, ethnic or national origin.

- *Whistle blowing*
  In line with our commitment to promote a culture of openness and responsibility within our Company we welcome the reporting of genuine and serious grievances, or alleged breaches of Company policy. No employee will suffer as a consequence of notifying such alleged breaches in accordance with the Whistle Blowing Policy.

- *Bullying and Harassment*
  In line with our core values, we believe that every employee should be treated with the same respect and dignity and we are committed to providing a working environment that is free from bullying and harassment. We will not tolerate bullying or harassment in the workplace either as a management style or between work colleagues and will take disciplinary action against any employee who is proven to have bullied or harassed others.

- *Disciplinary*
  Our reputation and success as a business relies on the ability of our employees to assume responsibility and maintain acceptable standards of conduct in the work environment. The aim of the disciplinary process is to be corrective rather than punitive, setting reasonable standards of performance and behavior to ensure consistency and fairness of treatment for all employees. This objective, however, needs to be balanced with our responsibility to protect the safety of all employees and the reputation of the business and serious misconduct or persistent failure to comply with corporate standards is not tolerated.

<u>Staff Training and Development</u>
The Company is committed to the support of staff development for all staff. The key purpose is to facilitate personal and professional development enabling individuals and groups to achieve their full potential at work. The Company's operational success is based largely on the contribution, commitment, and achievements of individual members of its staff, working individually and in teams or groups. The Company wants to support staff in the performance of their designated roles and to help them to fulfill their potential during the course of their employment. Training and development include any activity, which contributes to the enhancement of their knowledge, skills, competence, and working practices. Staff development is thus a key contributor to the success of individuals an ultimately to the success of the Company as a whole.

<u>Insider Trading</u>
The purpose of this policy is to promote compliance with applicable securities laws by Manila Broadcasting Company and its subsidiaries and all directors, officers, and employees thereof, in order to preserve the reputation and integrity of the Company as well as that of all persons affiliated with it.

No director, officer or employee of, or consultant or contractor to, the Company, and no member of the immediate family or household of any such person, shall engage in any transaction involving a purchase or sale of the Company's securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she possesses Material Nonpublic Information concerning the Company, and ending at the beginning of the Trading Day following the date of public disclosure of that information, or at such time as such nonpublic information is no longer material.

No Insider shall disclose ("tip") Material Nonpublic Information to any other person (including family members) where such information may be used by such person to his or her profit by trading in the securities of companies to which such information relates, nor shall such Insider or related person make recommendations or express opinions on the basis of Material Nonpublic Information as to trading in the Company's securities. Nonpublic information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden. In the event any officer, director or employee of the Company receives any inquiry from outside the Company, such as a stock analyst, for information (particularly financial results and/or projections) that may be Material Nonpublic Information, the inquiry should be referred to the Company's Corporate Secretary, who is responsible for coordinating and overseeing the release of such information to the investing public, analysts and others in compliance with applicable laws and regulations.

Compliance with Environmental Laws

Driven by its desire to fulfill its commitment in giving back to the environment, the Company launched its fund-raising project that will benefit the Manila Bay, the Manila Bay Clean-Up Run which started in 2011. It's a friendly race that aims to raise funds that will help restore and maintain the beauty of Manila Bay, as well as to promote awareness among Filipinos the benefits of exercise in keeping oneself fit and healthy.

Legal Proceedings

Most of the legal proceedings involving MBC are related to its various legal actions arising in the ordinary course of business. However, any ultimate liability, if any, resulting from these matters will not have a material effect on the Company's financial position and results of operation.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

Investment in Subsidiary

Elizalde Hotels and Resorts, Inc. (EHRI) was incorporated in the Philippines and registered with the SEC on March 18, 2015. Feliz Hotel Boracay, Inc. (FHBI) was incorporated in the Philippines and registered with the SEC on April 23, 2015. EHRI and FHBI are engaged in hotel business. EHRI and FHBI started its commercial operations on January 3, 2019 and July 26, 2019, respectively.

Manila Broadcasting Company (the Parent Company) owned a total of 800,000 shares of 1,000,000 issued shares of Elizalde Hotels and Resorts, Inc. (EHRI). Consequently, the Parent Company obtained control over EHRI and its wholly owned subsidiary, Feliz Hotel Boracay, Inc. (FHBI).

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

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

The financial statements of subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognized in assets and liabilities, are eliminated in full on consolidation. Unrealized gains and losses are eliminated.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the non- controlling interest is recognized directly in equity.

Non-controlling Interests

Non-controlling interests is the equity in the subsidiaries not attributable, directly and indirectly, to the Parent Company. These are measured at their proportionate share of the value of net identifiable assets of the subsidiaries. These are presented in the consolidated financial statements within equity, separately from the equity of the owners of the Parent Company. Profit or loss and each component of OCI are attributed to the owners of the Parent Company and to the non-controlling interests. Attribution of total comprehensive income to the non-controlling interests continues even if it results in a deficit balance.

	MBC		**EHRI**		**FHBI**	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Revenue	P1.1 billion	P973.6 million	P4.0 million	P2.8 million	P104.4 million	P19.2 million
Income (loss) from continuing operations	P161.7 million	P150.6 million	P(1.3) million	P(1.5) million	P(73.8) million	P(49.9) million
Long term obligations and redeemable preferred stock	Long-term liabilities = P163.7 million; No preferred stock	Long-term liabilities = P285.0 million; No preferred stock	Long-term liabilities = P3.4 million; No preferred stock	Long-term liabilities = P4.2 million; No preferred stock	Long-term liabilities = P84.9 million; No preferred stock	Long-term liabilities = P109.5 million; No preferred stock
Book value per share	4.0	4.1	-	-	-	-
Cash dividends declared per share	P120.7 million	P120.7 million	-	-	-	-

Dividends

The Company's retained earnings are not available for declaration as dividends to the extent of the cost of treasury stock and recognized deferred tax assets.

Item 13. Acquisition or Disposition of Property

No action will be presented for shareholders' approval in respect of any acquisition or disposition of property of the Company.

Item 14. Restatement of Accounts

No action will be presented for shareholders' approval which involves the restatement of any the Company's assets, capital, or surplus account.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

Agenda for the Annual Stockholders' Meeting:

1. Call to Order

   The Chairman will call the Annual Stockholders' Meeting to order at 3:00 in the afternoon at the Elizalde Hall, MBC Building. V. Sotto St., CCP Complex, Pasay, City. The Corporate Secretary will record the minutes.

2. Certification of Notice or Quorum

   The Corporate Secretary will certify that there was a quorum to conduct business. The notice of the Annual Stockholders' Meeting will be published in the newspapers and online.

3. Approval of the Minutes of the Annual Stockholders' Meeting held on October 6, 2022

   The minutes of the previous stockholders' meeting will be presented to the stockholders for approval.

4. President's Report

   The President will present to the stockholders the actions taken for the preceding year and plans for the subsequent year.

5. Approval of the Audited Financial Statements as of December 31, 2022

   The audited financial statements for the year 2022 will be presented to the stockholders for approval.

6. Approval and ratification of the acts of the Board of Directors and Officers of the Company

   The acts of the Board of Directors and Officers of the Company from October 6, 2022 up to October 5, 2023 will be presented to the stockholders for approval and ratification.

7. Election of Directors and Officers for the year 2023 to 2024

   Election of the Board of Directors and Officers for the year 2023 to 2024

8. Appointment of External Auditors

   Appointment of External Auditors for the year 2023

9. Other Matters

   Stockholders are allowed to give comments, ask questions, or propose to discuss other issues and matters related to the Company.

10. Adjournment

Item 16. Matters not Required to be Submitted

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

Item 17. Amendment of Charter, Bylaws or Other Documents

No action is to be taken with respect to any amendment of the registrant's charter, by-laws or other documents.

Item 19. Voting Procedures

The foregoing matters will require the affirmative vote of a majority of the shares in the Company present or represented and entitled to vote at the Annual Meeting. Likewise, directors shall be elected upon the majority vote of the shares present or represented and entitled to vote at the Annual Meeting.

Unless required by law or demanded by the stockholder present in person or represented and entitled to vote thereat, the vote on any question need not be by ballot.

Voting is by poll and will be counted based on the number of shares represented during the meeting by each stockholder present and as voted by the stockholder. Each common share owned by a stockholder as of record date is entitled to one (1) vote that may be exercised in person or by proxy at the Annual Stockholders' Meeting. For the election of the directors, a stockholder may distribute such number of shares among as many candidates as may be seen fit: Provided, that the total number of votes cast shall not exceed the number of shares owned by the stockholder as shown in the books of the corporation multiplied by the whole number of directors to be elected: Provided, however, that no delinquent stock shall be voted. Should there be no objections to any issue, the votes may be cast and counted as directed by the Chairman of the meeting. The Corporate Secretary is the designated person authorized to count the votes.

Stockholders are informed of the date, time, venue, and agenda of the Stockholders' Meeting at least 15 business days before the scheduled date of the Annual Stockholders' Meeting through print and online publication. Copies of the Notice of Meeting, Definitive Information Statement, Audited Financial Statements and other related documents in connection with the Meeting may also be accessed through the company's website (https://www.manilabroadcasting.com.ph) to enable stockholders to make a sound judgment on all matters brought to their attention for consideration or approval.

The Company has designated relations officers to handle investor and shareholder queries and requests, and their contact information can easily be accessed through the Company's website. The Company continues to actively maintain its website to provide timely information updates on its governance, operational, and financial performance.

The stockholders are encouraged to personally attend the annual stockholders' meeting and if not possible, they should be apprised ahead of time of their right to appoint a proxy.

The stockholders may delegate in writing their right to vote and, unless otherwise expressed, such delegation or proxy shall be valid only for the meeting at which it has been presented to the Corporate Secretary. All proxies must be in the hands of the Corporate Secretary not later than ten (10) working days before the time set for the meeting.

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

MANAGEMENT REPORT

A. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS AND FINANCIAL DISCLOSURE

There are no changes in and disagreements with Accountants on Accounting and Financial Disclosure.

B. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

- Consolidated Financial Statements for the quarter ended June 30, 2023 are attached hereto as Annex "A".
- Audited Parent Financial Statements as of December 31, 2022 are attached hereto as Annex "B".
- Audited Consolidated Financial Statements as of December 31, 2022 are attached hereto as Annex "C".

2022 vs. 2021

1. Results of Operations

In 2022, the Company's total revenue amounted to P1.2 billion, which is a significant increase of 22.7% compared to the previous year. The increase in revenue was primarily due to an increase in election campaign advertisement. The cost of services increased by P27.3 million in 2022, and the operating expenses also increased from P252.2 million in 2021 to P375.2 million in 2022. The increase in 2022 expenses was mainly due to full operational activities, resulting in higher personnel expenses, power costs, repairs and maintenance, travel and related costs compared to 2021. Variable costs also increased due to higher sales and collection volume in 2022 compared to 2021.

Upon reviewing the financial statements, it was noted that the company achieved a net income of P101.6 million. However, after factoring in the net comprehensive losses of P110.4 million, the total comprehensive loss was at P8.8 million. The net comprehensive loss was mainly due to the decline in the fair value of the investee companies, which amounted to P125.8 million during the year 2022. This resulted in the Reserve for Fluctuation in Fair Value at FVOCI decreasing from its year-end balance of P231.1 million in 2021 to P105.3 million.

2. Financial Condition and Changes in Financial Condition

MBC has no cash flow or liquidity problems, nor is it in default or breach of any note, loan, lease, or other indebtedness or financing arrangement within the next 12 months. Additionally, the significant amount of the registrant's trade payables has been paid within the stated trade terms.

3. Causes of Material Changes from Period to Period (5%)

a. The Company's cash and cash equivalents decreased by 22.1% from the 2021 yearend balance of P202.7 million due to the acquisition of land in Taft Avenue, which will be the company's future headquarters.

b. Accounts Receivable decreased by P35.5 million due to better collection and payment patterns during the year, resulting from the opening up of the economy.

c. The balance of the Due from affiliates account as of December 31, 2022, is P166.9 million, which represents interest-free advances made by the Company to Elizalde Holdings Corporation, Cebu Broadcasting Company, Philippine Broadcasting Company, and Pacific Broadcasting System, Inc. All these companies are affiliated with MBC (please refer to note 16 of the audited consolidated financial statements).

d. Inventories increased by 22.9% due to the increase in the purchase of operating supplies and increase of tourists in Boracay.

e. Materials and supplies increased by P1.5 million due to the purchase of various materials for the broadcast studio.

f. Prepaid expenses and other current assets decreased by 5.1%.

g. Financial assets at fair value through other comprehensive income decreased by P148.0 million due to a decline in the fair value of the investee companies during the year 2022.

h. Property and equipment increased by 13.3% due to the ongoing rehabilitation of the MBC building and the acquisition of land in Taft Avenue.

i. Retirement benefit asset decreased by 19.1%. Please refer to Note 22 of the audited consolidated financial statements.

j. Deferred tax assets decreased by P14.2 million. Please refer to Note 23 of the audited consolidated financial statements.

k. Short-term loans increased by P40 million. Please refer to Note 14 of the audited consolidated financial statements.

l. Contract liabilities decreased by P10.1 million due to the fulfillment of contracts through broadcast airings.

m. The current portion of long-term debt increased by P65.3 million. Please refer to Note 14 of the audited consolidated financial statements.

n. The current portion of lease liabilities decreased by P4.6 million. Please refer to Note 24 of the audited consolidated financial statements for the rollforward analysis of lease liabilities.

o. Income tax payable decreased by P5.7 million. Please refer to note 23 of the audited consolidated financial statements.

p. Due to related parties decreased by P25.1 million. Please refer to note 16 of the audited consolidated financial statements.

q. Dividends payable increased by 7.7% due to the declaration of dividends in 2022.

r. Long-term debt decreased by 64.6% due to the payment of bank loans.

s. Lease liabilities increased by P5.1 million. Please refer to Note 24 of the audited consolidated financial statements for the rollforward analysis of lease liabilities

t. Deferred tax liabilities decreased by P15.8 million. Please refer to Note 23 of the audited consolidated financial statements.

4. Plan of Operation

The Company has allocated P50.0 million for regular capital expenditure this year, which will be funded by cash flows from operating activities. In addition, we are excited to announce that we have also embarked on a project to construct our group's corporate center, which is expected to be finished in three years. This new facility will serve as the hub of our operations, enabling us to deliver high-quality content and innovative solutions for our customers.

As we continue to navigate the ever-evolving business landscape, we recognize the challenges posed by the digital and social media arena. To maintain our position as industry leaders, we have taken an aggressive approach towards digital media and are continuously improving our capabilities to harness its potential. Our Manila stations, including Love Radio, Yes-FM, Easy Rock, and DZRH, have undergone website revitalization to ensure that they remain relevant and engaging for our audiences. Furthermore, our leading DJs now provide social networking content on Facebook, Twitter, and Instagram, and we are developing our video content to cater to the digital media requirements of our clients and their advertising agencies.

As we move towards a more digital landscape in the Philippines, we envision partnerships with leading advertising agencies to optimize our content as a publisher through their advanced digital programmatic buying platforms.

Despite these changes, MBC's core competency remains the same - to create high-quality content that touches and empowers our listeners and viewers. We are committed to producing relevant radio content that maximizes our survey ratings and keeps our audience engaged. With our focus on innovation and dedication to excellence, we are confident that we will continue to thrive in the years to come.

5. Other Disclosure matters

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

b. There are no usual items affecting assets, liabilities, equity, net income, or cash flows.

c. There are no changes in estimates of amounts reported in prior interim periods of the current financial year or in estimates of amounts reported in prior financial years.

d. There are no material events subsequent to the end of the accounting period that have not been reflected in the financial statements for the period.

e. There are no changes in the composition of the issuer during the accounting period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

f. There are no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

g. There are no material contingencies and any events or transactions that are material to the understanding of the current interim period.

h. There are no known trends, demands, commitments, events, or uncertainties that will have a material impact on the Company's liquidity.

i. There are no known trends, events or uncertainties that had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

j. There are no seasonal aspects that had a material effect on the financial condition or results of operations.

k. There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

m. There is no business of geographical segments for which information is not reported to the Board of Directors (BOD) and Chief Executive Officer.

n. There were no changes in accounting policies adopted for segment reporting that have a material effect on segment information.

6. Other Disclosure Requirements Per Annex 68.1 M paragraph 7e of Rule 68.1

a. The amounts receivable of more than P100,000.00 from Directors. Officers, Employees, Related Parties, and Principal Stockholders. (Barrios – P468,740, Dela Cruz – P169,377, Banta – P118,856, and Malabanan – P112,553)

b. The Elizalde Holdings Corporation outstanding balance as of December 31, 2022 amounted to P118.3 million. Please see Note 16 of the audited consolidated financial statements.

c. Intangible Assets-Other Assets – Please refer to Note 13 of the audited consolidated financial statements.

d. Long-term Debt – Please refer to Note 14 of the audited consolidated financial statements.

e. Indebtedness to Related Parties – Not applicable

f. Guarantees of Securities of Other Issuers – Not applicable.

g. Capital Stock – there were no significant changes since the date of the last balance sheet filed.

TITLE OF ISSUE	COMMON SHARES
Number of shares authorized	1,000,000,000 shares
Number of shares issued and outstanding	402,803,777 shares
Number of shares reserved for options, warrants, conversion, and other rights	NIL
Number of shares held by related parties	361,469,767 shares
Number of shares held by directors, officers, and employees	38,482 shares
Others	41,174,741 shares

7. **Key Financial Indicators**

		2022	2021
1.	Return on Sales		
	Net Income	101,561,434	82,194,995
	Divide by: Sales	1,218,032,361	992,872,599
	RETURN ON SALES	**8.34%**	**8.28%**
2.	Earnings Per Share (EPS)		
	Net Income	101,561,434	82,194,995
	Divide by: No. of Shares Outstanding	402,682,990	402,682,990
	EPS	**0.25**	**0.20**
3.	Current Ratio		
	Current Assets	823,817,739	1,073,914,728
	Divide by: Current Liabilities	869,973,763	822,595,028
	CURRENT RATIO	**0.95**	**1.31**
4.	Debt-Equity Ratio		
	Total Liabilities	1,132,816,835	1,232,589,168
	Divide by: Stockholders' Equity	1,543,810,217	1,673,411,898
	DEBT-EQUITY RATIO	**0.73**	**0.74**
5.	Book Value Per Share		
	Total Stockholders' Equity	1,543,810,217	1,673,411,898
	Divide by: No. of Shares Outstanding	402,682,990	402,682,990
	BOOK VALUE PER SHARE	**3.83**	**4.16**
6.	Asset-to-Equity Ratio		
	Total Assets	2,676,627,052	2,906,001,066
	Divide by: Stockholders' Equity	1,543,810,217	1,673,411,898
	ASSET-TO-EQUITY RATIO	**1.73**	**1.74**

7.	Interest Rate Coverage Ratio		
	Earnings before Interest and Taxes	195,020,828	159,236,245
	Divide by: Interest Expense	24,414,795	23,202,197
	INTEREST RATE COVERAGE RATIO	**7.99**	**6.86**

Discussion on Key Performance Indicators (2022 & 2021)

a. Return on Sales (ROS):
The return on sales increased from 8.28% in 2021 to 8.34% in 2022. This improvement can be attributed to both an increase in revenues and higher reported net income.

b. Earnings Per Share (EPS):
The EPS grew from P0.20 to P0.25 due to the rise in net income with the total number of outstanding shares remaining constant.

c. Current Ratio:
The current ratio dropped from 1.31 in 2021 to 0.95 in 2022. The decline in the current ratio was mainly caused by the purchase of a property in Pasay City that MBC envisions to be its permanent corporate headquarters. The purchase was funded by cash flows from operations.

d. Debt-Equity Ratio:
The debt-equity ratio decreased to 0.73:1 in 2022 from 0.74:1 in 2021 due to repayment of long-term loans.

e. Book Value Per Share:
The book value per share decreased from 4.16 in 2021 to 3.83 in 2022 mainly due to the decrease in equity during the year as a result of the impact of the adoption of PFRS 9 with the number of outstanding shares remaining constant. However, it is important to note that the book value per share still exceeds the par value per share, indicating a positive net asset value.

f. Asset-to-Equity Ratio:
The asset-to-equity ratio decreased from 1.74 in 2021 to 1.73 in 2022 due to the purchase of new transmitters and repayment of bank loans.

g. Interest Rate Coverage Ratio:
The interest coverage ratio increased from 6.86 to 7.99. At this current level, the Company's earnings before interest and taxes are more than sufficient to cover its interest expenses. This indicates better financial health and the ability to meet interest obligations.

2021 vs. 2020

1. Results of Operations

The Company's total consolidated revenue amounted to P992.9 million for the year 2021, a increase of 11.7% from the revenue posted in the previous year mainly due to the overall improvement of the economy as compared to the previous year when the full impact of the pandemic was felt. Cost of services increased by P115.9

million in 2021. Operating expenses increased by P5.4 million from P246.9 million in 2020 to P252.2 million in 2021. The increase in 2021 expenses was mainly due to the following:

- Resumption of full salary and performance bonuses of employees in 2021. There was a reduction in the salaries of employees and suspension of all performance bonuses in 2020 because of the pandemic.
- Resumption of promotional activities in 2021 which were held in abeyance in 2020 because of the pandemic.
- Full operational activities in 2021 which translates to higher power costs, repairs and maintenance, travel and related costs when compared to 2020.
- Variable costs due to higher sales and collection volume in 2021 compared to 2020.

Interest income decreased by 78.5% million compared to last year's amount mainly due to decreased average investment balance on money market placement during the year.

The Company registered a net income of P82.2 million in 2021.

The Company generated foreign sales of 1.26% of total sales for the year 2021, 1.25% in 2020, and 1.34% in 2019.

2. Financial Condition and Changes in Financial Condition

MBC is not having or does not anticipate having, within the next 12 months, any cash flow or liquidity problems; neither is it in default or in breach of any note, loan, lease, or other indebtedness or financing arrangement, requiring it to make payments; nor a significant amount of the registrant's trade payables have not been paid within the stated trade terms.

3. Causes of Material Changes from Period to Period (5%)

a. Cash and cash equivalents decreased by 38.7% from P330.4 million in 2020 to P202.7 million in 2021 mainly due to reconstruction of MBC building, purchase of equipment, and repayment of notes payable.

b. Accounts Receivable decreased by 16.2% due to the opening up of the economy which resulted to a better collection and payment patterns during the year.

c. Due from related parties represents the interest-free advances made by the Company to Elizalde Holdings Corporation, Cebu Broadcasting Company, Philippine Broadcasting Company and Pacific Broadcasting System, Inc., all of which are affiliated companies. The balance as of December 31, 2021, increased by P96.3 million.

d. Materials and supplies decreased to P1.9 million in 2021 from P4.2 million in 2020.

e. Financial assets at fair value through other comprehensive income increased by 17.9% due to increase in fair value.

f. Intangible assets arise from the Company's acquisition of DWRK which became effective on October 4, 2008. The decrease of P8.9 million represents amortization costs during the year.

g. Advances to suppliers increased by P7.8 million mainly due to increase in down payments to service providers and contractors.

h. Retirement benefit asset decreased by P2.4 million.

i. Deferred tax assets decreased by P3.0 million from P20.1 million in 2020 to P17.1 million in 2019.

j. Other noncurrent assets increased by P3.1 million. Please refer to Note 25 of the 2021 audited consolidated financial statements.

k. Accounts payable and accrued expenses decreased by 6.3% due to the effort to accelerate payment to suppliers during the year.

l. Contract liabilities increased by P27.9 million which represents increased advanced payments from the advertisers.

m. Long-term debt decreased by 19.2% which represent the scheduled amortization of the principal amount of the maturing bank notes payable.

n. Lease liabilities decreased by P7.8 million. Please refer to Note 24 of the audited consolidated financial statements for the roll forward analysis of lease liabilities.

o. Income tax payable decreased by P19.7 million. Please see Note 23 of the audited consolidated financial statements.

p. Dividends payable increased by P14.3 million due to the declaration of dividends in 2021.

q. Retained earnings decreased by P24.9 million mainly due to the net effect of income during the year. Please see statements of changes in equity of 2021 audited consolidated financial statements.

4. Plan of Operation

The Company has earmarked P150.0 million for capital expenditure this year. This will be funded by cash flows from operating activities and the proceeds on insurance claims.

The pace of change in the business arena today can be challenging especially in the digital/social network arena for this will definitely have an impact on our listenership ratings. To respond to the challenge of staying on the top, the company has started to build the backbone to harness the potential of its digital resources. We have revitalized the websites of our Manila stations Love Radio, Yes-FM, Easy Rock and DZRH. Social networking content provided by our leading DJs include Facebook, Twitter, and Instagram. Our capability to do video content continues to be developed to cater to the digital media requirements of our clients and their advertising agencies. As we move on to a more digital landscape in the Philippines in the near future, partnerships with leading advertising agencies are envisioned. This will ensure that our content as a publisher shall be optimized to its maximum through their advanced digital programmatic buying platforms.

While the technology, the production process, and the medium used to access content evolve, MBC's core competency to create quality content that touches and empowers its listeners and viewers will remain constant.

5. Other Disclosure matters

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

b. There are no changes in estimates of amounts reported in prior interim periods of the current financial year or in estimates of amounts reported in prior financial years.

c. There are no material events subsequent to the end of the accounting period that have not been reflected in the financial statements for the period.

d. There are no changes in the composition of the issuer during the accounting period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

e. There are no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

f. There are no material contingencies and any events or transactions that are material to the understanding of the current interim period.

g. There are no known trends, demands, commitments, events, or uncertainties that will have a material impact on the Company's liquidity.

h. The COVID-19 pandemic reduced the company's net income for the year 2020.

i. There are no seasonal aspects that had a material effect on the financial condition or results of operations.

j. There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

l. There is no business of geographical segments for which information is not reported to the Board of Directors (BOD) and Chief Executive Officer.

m. There were no changes in accounting policies adopted for segment reporting that have a material effect on segment information.

6. **Other Disclosure Requirements Per Annex 68.1 M paragraph 7e of Rule 68.1**

   a. The amounts receivable of more than P100,000.00 from Directors. Officers, Employees, Related Parties, and Principal Stockholders. (Barrios – P499,061, Baltazar – P301090, Dela Cruz – P222,640, Malabanan – P163,032, and Banta – P118,856)

   b. The Elizalde Holdings Corporation outstanding balance as of December 31, 2021 is P323.0 million. Please see Note 16 of the audited consolidated financial statements.

   c. Intangible Assets-Other Assets – Please refer to Note 13 of the audited consolidated financial statements.

   d. Long-term Debt – Please refer to Note 14 of the audited consolidated financial statements.

   e. Indebtedness to Related Parties – Not applicable

   f. Guarantees of Securities of Other Issuers – Not applicable.

   g. Capital Stock – there were no significant changes since the date of the last balance sheet filed.

TITLE OF ISSUE	COMMON SHARES
Number of shares authorized	1,000,000,000 shares
Number of shares issued and outstanding	402,803,777 shares
Number of shares reserved for options, warrants, conversion, and other rights	NIL
Number of shares held by related parties	361,469,767 shares
Number of shares held by directors, officers, and employees	38,482 shares
Others	41,174,741 shares

7. **Key Financial Indicators**

		2021	2020
1.	Return on Sales		
	Net Income	82,194,995	93,924,701
	Divide by: Sales	992,872,599	889,268,782
	RETURN ON SALES	**8.28%**	**10.56%**
2.	Earnings Per Share (EPS)		
	Net Income	82,194,995	93,924,701
	Divide by: No. of Shares Outstanding	402,682,990	402,682,990
	EPS	**0.20**	**0.23**
3.	Current Ratio		
	Current Assets	1,073,914,728	1,189,578,973

	Divide by: Current Liabilities	822,595,028	900,404,830
	CURRENT RATIO	**1.31**	**1.32**
4.	Debt-Equity Ratio		
	Total Liabilities	1,232,589,168	1,292,333,536
	Divide by: Stockholders' Equity	1,673,411,898	1,639,342,079
	DEBT-EQUITY RATIO	**0.74**	**0.79**
5.	Book Value Per Share		
	Total Stockholders' Equity	1,673,411,898	1,639,342,079
	Divide by: No. of Shares Outstanding	402,682,990	402,682,990
	BOOK VALUE PER SHARE	**4.16**	**4.07**
6.	Asset-to-Equity Ratio		
	Total Assets	2,906,001,066	2,931,675,615
	Divide by: Stockholders’ Equity	1,673,411,898	1,639,342,079
	ASSET-TO-EQUITY RATIO	**1.74**	**1.79**
7.	Interest Rate Coverage Ratio		
	Earnings before Interest and Taxes	159,236,245	172,762,247
	Divide by: Interest Expense	23,202,197	26,782,722
	INTEREST RATE COVERAGE RATIO	**6.86**	**6.45**

Discussion on Key Performance Indicators (2021 & 2020)

a. Return on sales decreased from 10.56% to 8.28% primarily due to higher rate of increase in operating expenses versus the rate of increase in revenues.

b. The EPS decreased from P0.23 to P0.20 due to decrease in net income with the total number outstanding shares remaining constant.

c. Current ratio decreased from 1.32 to 1.31. At this current level, the Company is capable of meeting its maturing obligation on time.

d. The debt-equity ratio decreased to 0.74:1 from 0.79:1 in 2020 due to decrease in liabilities.

e. The book value per share increased to 4.16 from 4.07 mainly due to the increase in equity during the year as a result of the impact of the adoption of PFRS 9 with the number of outstanding shares remaining constant. This increase in book value per share is a positive indication since this amount exceeds by 3.16 the par value per share of P1.00.

f. The asset-to-equity ratio decreased from 1.79 to 1.74.

g. The interest coverage ratio increased from 6.45 in 2020 to 6.86 in 2021. At this current level, the Company will be capable of meeting interest obligation on time.

2020 vs. 2019

1. Results of Operations

The Company's total consolidated revenue amounted to P889.3 million for the year 2020, a decrease of 18.99% from the revenue posted in the previous year mainly due to decrease in sales caused by the COVID-19 pandemic. Cost of services decreased by P132.8 million or 20.5% in 2020. Operating expenses decreased by P16.9 million from P263.7 million in 2019 to P246.9 million in 2020. Due to the implementation of community quarantine and work-from-home setup, expenses related to operations have decreased.

Interest income increased by P1.0 million compared to last year's amount mainly due to increased average investment balance on money market placement during the year.

The Company registered a net income of P93.9 million in 2020.

The Company generated foreign sales of 1.29% of total sales for the year 2020, 1.39% in 2019, and 0.80% in 2018.

2. Financial Condition and Changes in Financial Condition

MBC is not having or does not anticipate having, within the next 12 months, any cash flow or liquidity problems; neither is it in default or in breach of any note, loan, lease, or other indebtedness or financing arrangement, requiring it to make payments; nor a significant amount of the registrant's trade payables have not been paid within the stated trade terms.

3. Causes of Material Changes from Period to Period (5%)

a. Cash and cash equivalents increased by P67.9 million from P262.5 million in 2019 to P330.4 million in 2020 mainly due to non-declaration of cash dividends for the years 2019 and 2020 as the Company appropriated portion of its retained earnings for the acquisition of land/building for its future permanent headquarters.

b. Accounts Receivable increased by P75.4 million or 17.06%. The increase was mainly due to the slowdown of the economy as a whole brought by the pandemic.

c. Due from related parties represents the interest-free advances made by the Company to Elizalde Holdings Corporation, Cebu Broadcasting Company, Philippine Broadcasting Company and Pacific Broadcasting System, Inc., all of which are affiliated companies (please see note 16 of audited consolidated financial statements). The balance as of December 31, 2020 increased by P97.9 million from P140.0 million to P237.9 million.

d. Materials and supplies decreased by 9% mainly due to the decrease in purchase of non-critical stock items as part of the cost saving measures introduced because of the pandemic.

e. Inventories decreased by P2.9 million or 43.84% from P6.7 million in 2019 to P3.8 million in 2020 due to the decrease in the purchase of operating supplies and reduction of tourists brought by the imposition of community quarantine all over the country.

f. Retirement benefit asset decreased by P2.4 million or 30.96% due to the payment of retirement pay without the corresponding contribution to the retirement fund.

g. Financial assets at fair value through other comprehensive income increased by P89.6 million or 53.72% due to increase in fair value.

h. Intangible assets arise from the Company's acquisition of DWRK which became effective on October 4, 2008. The decrease of P11.8 million or 20.13% represents amortization costs during the year.

i. Property and equipment at revalued amount increased by P100.0 million or 33.44% due to increase in land appraisal.

j. Advances to suppliers decreased by 83.28% mainly due to decrease in down payments to service providers in relation to the construction of the building.

k. Deferred tax assets increased by P13.8 million from P6.4 million in 2019 to P20.1 million in 2020. Please refer to Note 23 of the 2020 audited consolidated financial statements.

l. Other noncurrent assets decreased by P2.8 million or 8.32%. Please refer to Note 25 of the 2020 audited consolidated financial statements.

m. Short-term loans increased to P164.5 million in 2020 from P137.0 million in 2019 due to the renewal of short-term loans with the Bank of the Philippine Islands.

n. Long-term debt increased by P33.8 million or 10.70%. Please refer to Note 14 of 2020 audited consolidated financial statements.

o. Lease liabilities decreased by P9.4 million or 14.17% due to amortization of right-of-use asset during the year.

p. Deferred income tax liabilities - net increased by P42.2 million or 39.46%. Please see Note 23 of the 2020 audited consolidated financial statements.

q. Retained earnings increased by P104.8 million mainly due to the net effect of income during the year. Please see statements of changes in equity of 2020 audited financial statements.

4. Plan of Operation

The Company has earmarked P75.0 million for capital expenditure this year. This will be funded by cash flows from operating activities and the proceeds on insurance claims.

The pace of change in the business arena today can be challenging especially in the digital/social network arena for this will definitely have an impact on our listenership ratings. To respond to the challenge of staying on the top, the company has started to build the backbone to harness the potential of its digital resources. We have revitalized the websites of our Manila stations Love Radio, Yes-FM, Easy Rock and DZRH. Social networking content provided by our leading DJs include Facebook, Twitter, and Instagram. Our capability to do video content continues to be developed to cater to the digital media requirements of our clients and their advertising agencies. As we move on to a more digital landscape in the Philippines in the near future, partnerships with leading advertising agencies are envisioned. This will ensure that our content as a publisher shall be optimized to its maximum through their advanced digital programmatic buying platforms.

While the technology, the production process, and the medium used to access content evolve, MBC's core competency to create quality content that touches and empowers its listeners and viewers will remain constant.

5. Other Disclosure matters

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

b. There are no changes in estimates of amounts reported in prior interim periods of the current financial year or in estimates of amounts reported in prior financial years.

c. There are no material events subsequent to the end of the accounting period that have not been reflected in the financial statements for the period.

d. There are no changes in the composition of the issuer during the accounting period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

e. There are no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

f. There are no material contingencies and any events or transactions that are material to the understanding of the current interim period.

g. There are no known trends, demands, commitments, events, or uncertainties that will have a material impact on the Company's liquidity.

h. The COVID-19 pandemic reduced the company's net income for the year 2020.

i. There are no seasonal aspects that had a material effect on the financial condition or results of operations.

j. There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

k. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the

Company with unconsolidated entities or other persons created during the reporting period.

l. There is no business of geographical segments for which information is not reported to the Board of Directors (BOD) and Chief Executive Officer.

m. There were no changes in accounting policies adopted for segment reporting that have a material effect on segment information.

6. Other Disclosure Requirements Per Annex 68.1 M paragraph 7e of Rule 68.1

a. The amounts receivable of more than P100,000.00 from Directors. Officers, Employees, Related Parties, and Principal Stockholders. (Barrios – P490,021, Uri – P359,005, Dela Cruz – P241,567, and Baltazar – P186,090)

b. The Elizalde Holdings Corporation outstanding balance increased from P141.8 million in 2019 to P236.3 million in 2020. Please see Note 16 of the audited consolidated financial statements.

c. Intangible Assets-Other Assets – Please refer to Note 13 of the audited consolidated financial statements.

d. Long-term Debt – Please refer to Note 14 and 25 of the audited consolidated financial statements.

e. Indebtedness to Related Parties – Not applicable

f. Guarantees of Securities of Other Issuers – Not applicable.

g. Capital Stock – there were no significant changes since the date of the last balance sheet filed.

TITLE OF ISSUE	COMMON SHARES
Number of shares authorized	1,000,000,000 shares
Number of shares issued and outstanding	402,803,777 shares
Number of shares reserved for options, warrants, conversion, and other rights	NIL
Number of shares held by related parties	361,469,767 shares
Number of shares held by directors, officers, and employees	38,482 shares
Others	41,174,741 shares

7. Key Financial Indicators

		2020	2019
1.	Return on Sales		
	Net Income	93,924,701	94,320,068
	Divide by: Sales	889,268,782	1,097,738,417
	RETURN ON SALES	**10.56%**	**8.59%**

2.	Earnings Per Share (EPS)		
	Net Income	93,924,701	94,320,068
	Divide by: No. of Shares Outstanding	402,682,990	402,682,990
	EPS	**0.23**	**0.23**

3.	Current Ratio		
	Current Assets	1,189,578,973	949,168,562
	Divide by: Current Liabilities	900,404,830	765,021,679
	CURRENT RATIO	**1.32**	**1.24**

4.	Debt-Equity Ratio		
	Total Liabilities	1,292,333,536	1,201,126,128
	Divide by: Stockholders' Equity	1,639,342,079	1,408,794,408
	DEBT-EQUITY RATIO	**0.79**	**0.85**

5.	Book Value Per Share		
	Total Stockholders' Equity	1,639,342,079	1,408,794,408
	Divide by: No. of Shares Outstanding	402,682,990	402,682,990
	BOOK VALUE PER SHARE	**4.07**	**3.50**

6.	Asset-to-Equity Ratio		
	Total Assets	2,931,675,615	2,609,920,536
	Divide by: Stockholders’ Equity	1,639,342,079	1,408,794,408
	ASSET-TO-EQUITY RATIO	**1.79**	**1.85**

7.	Interest Rate Coverage Ratio		
	Earnings before Interest and Taxes	172,762,247	178,615,378
	Divide by: Interest Expense	26,782,722	9,901,357
	INTEREST RATE COVERAGE RATIO	**6.45**	**18.04**

Discussion on Key Performance Indicators (2020 & 2019)

a. Return on sales increased from 8.59% to 10.56. Due to the implementation of community quarantine and work-from-home setup, expenses related to operations have decreased.

b. The EPS remain at P0.23 with the total number outstanding shares remaining constant.

c. Current ratio increased from 1.24 to 1.32 mainly due to the increase in cash balance as the Company did not declare cash dividends during the past two years and instead conserved its cash for the planned acquisition of land/office building for its permanent headquarters in the near future.

d. The debt-equity ratio decreased to 0.79:1 from 0.85:1 in 2019 mainly due to increase in both the retained earnings and fair valuation of land and financial assets.

e. The book value per share increased to 4.07 from 3.50 mainly due to the increase in equity during the year as a result of the impact of the adoption of PFRS 9 with the number of outstanding shares remaining constant. This increase in book value per share is a positive indication since this amount exceeds by 3.09 the par value per share of P1.00.

f. The asset-to-equity ratio decreased from 1.85 to 1.79.

g. The interest coverage ratio decreased from 18.04 to 6.45.

C. EXTERNAL AUDIT FEES

Independent Public Accountants

The Audit Committee ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. Prior to the commencement of the audit, the Audit Committee assists the Board in discussing with the external auditors the nature, scope, expenses of the audit, proper coordination, and maintaining an adequate, effective and efficient internal control framework.

The Company's external auditor is Sycip, Gorres, Velayo, & Co.. In compliance with SEC Memorandum Circular No. 8 series of 2003, changes were made in the assignment of Engagement Partners within the group at least every seven (7) years.

Audit Related Fees

The following table sets out the aggregate fees billed for each of the last calendar years for professional services rendered by Sycip, Gorres, Velayo & Co.,:

Audit and Audit-Related Fees	2022	2021	2020
Regular Audit	P1,369,583	P1,164,253	P1,092,680
Review of Proposed Increase in ACS	-	-	-
Long Form Audit	-	-	-
Review of Forecast	-	-	-
All Other Fees	-	2,000	655,608
Total Audit and Audit Related Fees	P1,369,583	P1,166,253	P1,748,288

Tax Fees

There were no tax services performed by the external auditor.

All Other Fees

There were no services provided by the external auditor, other than the services reported under the ‘Audited Related Fees’ above.

D. BUSINESS AND GENERAL INFORMATION

Business Development

Manila Broadcasting Company (MBC) is a trailblazing media conglomerate that has consistently evolved to remain at the forefront of the industry. Our core business in radio advertising remains strong, leading the airwaves in the National Capital Region and key provincial cities throughout the Philippines. Our stations have become household names, and our regular listenership surveys confirm our unwavering popularity.

We understand that radio is the most cost-effective mass communication tool for establishing brand awareness and stimulating brand recall. But we go above and beyond to offer more than just traditional radio advertising. We have embraced the digital media age and expanded our operations to include organizing special events, which provides advertisers with a combination of benefits. Our innovative events such as the Aliwan Fiesta, Paskong Pinoy, Sea Sports Festival, and Manila Bay Clean-up Run, among others, have helped us establish a deeper connection with our audiences and provide high-impact exposure for our advertisers.

Furthermore, we have become more than just a medium and have become a message itself in terms of branding. Our radio stations have unique taglines that invoke a personality and character that forms a personal and emotional bond with listeners, resulting in loyalty that is hard to break.

We have also improved our research to provide major agencies and advertisers with the latest and most reliable data to help them buy into radio. The Kapisanan ng mga Broadkaster ng Pilipinas (KBP), of which MBC is an active member, bridges the information gap between advertisers and radio with the Kantar and AC Nielsen studies. With this, the radio industry can now be measured with a single, uniform yardstick.

In 2022, we successfully integrated Winmedia Solutions and winsales solutions, which significantly improved our radio and TV booking and billing operations. Our integration resulted in faster and more accurate reporting of TOA and IR, faster billing turnaround, and minimized inaccuracies and missed spots. We have also enhanced our quality control measures, improved transparency, and gained more visibility and control over our airtime inventory.

Moreover, our partnership with Spotify has given us access to the world's most popular music streaming service, allowing us to connect with music lovers in a more meaningful way. We can now introduce new music playlists, charts, and superior programming content that resonates better among our listeners.

In conclusion, Manila Broadcasting Company is dedicated to providing innovative solutions for the changing needs of our customers. Our proactive approach has propelled us to industry leadership, and we remain committed to leveraging the power of radio advertising while expanding our digital media marketing space to reach global internet audiences. We are confident that our pioneering spirit and customer-centric approach will keep us at the forefront of the industry for years to come.

Business of Issuer

MBC is a leading player in the radio broadcasting industry in the Philippines, with a diverse range of stations catering to various segments of the market. Its flagship station, DZRH, is the only nationwide AM station via satellite in the country. In addition to DZRH, the company operates Love Radio, YES FM, and Easy Rock, which are the top-rated FM networks in the country. These stations employ an adult contemporary music format, which blends new chart-topping hits with timeless favorites to appeal to a broad audience demographic.

MBC's Aksyon Radyo is a network of provincial AM stations, while Radyo Natin is the largest network of community radio stations in the country, with over 100 small FM stations across the archipelago. The company partners with various local and foreign suppliers for the maintenance and upgrade of its existing stations and new stations. Regular suppliers include Energy Onix Broadcast Equipment, Broadcast World Phils. System, Inc., Broadcast Electronics, Inc., Binariang Satellite of Malaysia, Shanghai Teng Da Broadcasting Equipment Co., Ltd., Array Solution, B & H Foto Electronics, Spin Electronics, and 8BTSI Corporation.

MBC is the largest radio network in the country, with key competitors including Bombo Radyo, Radio Mindanao Network, GMA, NBC, the Vera Group, and ABS-CBN. The company and its competitors all sell radio airtime for advertising.

MBC attributes its success to its good program format, talented broadcasters, and state-of-the-art equipment. The company has a dedicated team of sales executives who work with advertisers and advertising agencies to place ads on its stations. MBC's top-rated stations in almost all areas of the country attest to its commitment to quality programming and strong partnerships.

The Company has eight (8) programming formats, namely DZRH, Aksyon Radyo, Love Radio, Yes-FM, Easy Rock, Radyo Natin, RHTV and New Media, which represent about 15%, 7%, 48%, 14%, 8%, 4%, 2% and 2%, respectively, of the total broadcasting fees in 2022. The Company operates nationwide with one AM and three FM stations in Metro Manila and 10 Aksyon Radyo, 26 Love Radio, 11 Yes-FM, 7 Easy Rock, 18 DZRH Relay Station and 151 Radyo Natin stations in the provinces.

a. Transactions with and/or dependence on related parties

   Please refer to Note 16 of the 2022 audited consolidated financial statements.

b. Patents, trademarks, licenses, franchises, concessions, royalty

   MBC is a grantee of a congressional franchise to operate and own radio and TV stations in the country for a period of 25 years that was granted anew in 2018. For its operations, MBC is required to secure from the National Telecommunications Commission (NTC) appropriate permits and licenses for its stations and any frequency in the TV or radio spectrum.

c. Effect of existing or probable governmental regulations on the business

   There are no new or probable governmental regulations that might have a material adverse effect on the business.

d. Estimate of the amounts spent for research and development activities (3 yrs.)

The Company is not engaged in research and development-intensive business.

e. Costs and effect of compliance with environmental laws

Whenever required, the Company applies for and secures proper permits, clearances or exemptions from the Department of Environment and Natural Resources, Department of Health, Air Transportation Office, and other regulatory agencies, for the installation and operation of proposed broadcast stations nationwide.

f. Number of Employees and CBA, if any

The Company has two hundred twenty-six (226) employees as of December 31, 2022 and anticipates no material change within the ensuing twelve months. One hundred eighty-three (183) employees are under the operations department of the Company while the remaining forty-three (43) are doing administrative functions. The Company has no Collective Bargaining Agreement (CBA) with its employees. The Company's employees are not on strike, nor have been in the past three years, nor threatening to go on strike. MBC has or will have no material supplemental benefits or incentive arrangements for its employees.

g. Other Matters

There were no known major risks, bankruptcy, receivership or similar proceedings involved in each of the business of the Company.

PROPERTIES

Broadcast operations in Manila are principally conducted in the CCP Complex located at Roxas Boulevard, Pasay City. This also houses the transmitter tower and other broadcast facilities and equipment of the Company.

The various stations of MBC are located in the key cities/towns of the Philippines and are standing on leased sites. Except for the transmitter sites located in Malanday, Polo, Bulacan, Ortigas Center in Pasig City, Sto. Tomas, Laoag City, Barangay Lahug, Cebu City, Matina Hills, Davao City, Lucena and Palo Leyte, the rest of the transmitter sites are also leased. The above properties are in good condition and have no mortgage or lien. The carrying values of the property and equipment, investments and other assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Please see Note 2 of the audited consolidated financial statements for the policy on impairment of non-financial assets.

LEASED PROPERTIES:

COUNTER PARTY	DOMICILE	DATE SIGNED	NATURE OF CONTRACT	PAYMENT TERMS	TERM
Atty. Augustus D. Velarde	Koronadal City	May 29, 2019	Lease of radio station’s place (for Love Radio Koronadal)	P20,000 per month. Thereafter, shall be increased	5 years

				by P1,000 every year.	
WSK Realty Ventures, Inc.	Tacloban City	October 27, 2021	Lease of radio station's place (for Love Radio Tacloban)	P31,500 per month	1 year
RD Realty Development Corporation	General Santos City	September 8, 2022	Lease of radio station's place (for Love Radio General Santos)	P24,541.34 + VAT	2 years
Cabid-An Property Logistics Planners Inc.	Sorsogon	June 18, 2021	Lease of radio station's place (for DZRH)	P53,250.75 per month	2 years
Clarita Amao	Cagayan de Oro	August 15, 2019	Lease of radio station's place (for DZRH)	P20,000 per month, at an escalation rate of 5% every year	10 years
Donato C. Cruz Trading Corporation	Negros Occidental	May 24, 2021	Lease of radio station's place (for Aksyon Radyo)	P53,725.90 per month	5 years
Ma. Mae Rowena S. Abalos	Cotabato City	March 30, 2014	Lease of radio station's place (for DZRH)	P48,841.64 per month	10 years
Eduardo D. Fermalino	General Santos City	February 18, 2021	Lease of radio station's place (for DZRH)	P31,124.91 per month, at an escalation rate of 10% every year	5 years
Department of Education	Iloilo City	November 20, 2019	Lease of radio station's place (for Aksyon Radyo)	P37,268 per month, at an escalation rate of 10% every year	5 years
Lolita Salamanca	Santiago, Isabela	November 2014	Lease of radio station's place (for DZRH)	P30,372.61 per month	10 years
MEASAT Satellite Systems Sdn Bhd	Malaysia	October 11, 2017	Satellite lease	$8,500 per month	5 years

The renewal options for the above lease contracts are based upon the mutual agreement of the contracting parties.

The Company has lease agreements with various individuals for the rent of land used principally to its broadcasting business as well as the site for its radio broadcasting stations. The Company is allowed to construct buildings and improvements on the leased premises provided that upon the expiration of the lease term, all structure, except the transmitter, antennae systems, discs and other related broadcast and communications equipment and accessories, shall belong to the lessor without reimbursing the Company for its expenses.

OWNED PROPERTIES:

COVERAGE	LOCATION	SQM.	PROPERTY USAGE
Land	Pasay	800	Future headquarters of MBC
Land	Cebu	29,760	Aksyon Radyo and DZRH transmitter site
Land	Laoag	4,000	Aksyon Radyo and DZRH transmitter site
Land	Leyte	5,201	Aksyon Radyo and DZRH transmitter site
Land	Tacloban	522	Aksyon Radyo studio site
Land	Malanday	134,755	DZRH transmitter site
Land	Davao	200	Love Radio and Easy Rock transmitter site
Land	Bacolod	410	Lot for transmitter site
Land	Pasay	2,669	Donada condominium
Land	Lucena, Quezon	7,606	RH Relay transmitter site

On March 24, 2022, the Company's Board of Directors, approved the acquisition of property amounting to P133.5 million from the Union Bank of the Philippines located at Lot 175-A, No. 2519, Taft Avenue, Barangay 89, Zone 9, District 1, San Rafael, Pasay City, which will be the Company's future headquarters.

LEGAL PROCEEDINGS

Most of the legal proceedings involving MBC are related to its various legal actions arising in the ordinary course of business. However, any ultimate liability, if any, resulting from these matters will not have a material effect on the Company's financial position and results of operation.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the calendar year covered by this report.

E. MARKET PRICE AND DIVIDENDS REQUIRED BY PART V OF ANNEX C AS AMENDED

Market Information

MBC shares are traded in the Philippine Stock Exchange. The last known transaction of MBC shares was on September 12, 2023, the latest practicable trading date, at P6.71 per share involving 100 shares.

Stock Prices

	2023		2022		2021	
	High	**Low**	**High**	**Low**	**High**	**Low**
1st Qtr	7.88	7.78	9.00	9.00	11.48	11.48
2nd Qtr	7.99	7.99	7.77	7.77	10.26	9.90
3rd Qtr			8.37	8.31	8.50	8.50
4th Qtr			5.93	5.93	9.50	9.50

Holders

- There are 604 stockholders as of record date, August 31, 2023
- The top 20 stockholders as of record date, August 31, 2023 are as follows:

#	STOCKHOLDER	NO. OF SHARES	%
1	Elizalde Holding Corporation	139,558,774	34.65%
2	Elizalde Land, Inc.	87,000,000	21.60%
3	Romulo, Mabanta, Buenaventura, Sayoc & delos Angeles	69,910,993	17.36%
4	Cebu Broadcasting Company	50,000,000	12.41%
5	AQG Corporation	33,000,000	8.19%
6	Sunshine Inns, Inc.	10,000,000	2.48%
7	Philippine Broadcasting Corporation	5,000,000	1.24%
8	PCD Nominee Corporation	2,061,641	0.51%
9	Tansengco Uy & Co., Inc.	659,892	0.16%
10	Estate of Allen Cham	626,099	0.16%
11	Luis M. Alberto &/or Manuel C. Alberto	553,368	0.14%
12	L.V.N. Pictures, Inc.	447,961	0.11%
13	A.&/or J.O. del Rosario	363,592	0.09%
14	Ernestina U. de Garcia	122,338	0.03%
15	Consuelo Fajardo	121,149	0.03%
16	Luis G. Ablaza	121,149	0.03%
17	Joaquina Tirona	114,719	0.03%
18	Agapito D. Balagtas	105,370	0.03%
19	Beatriz Hidalgo de Miranda	105,370	0.03%
20	Fabian Carmona, Jr.	101,696	0.03%

Dividends

The following are the dividend declarations for the last three years:

CASH DIVIDENDS (per share)			
Amount in Php	**Declaration Date**	**Record Date**	**Payment Date**
0.30	Dec. 28, 2022	Jan. 27, 2023	Feb. 14, 2023
0.30	Dec. 17, 2021	Jan. 16, 2022	Feb. 3, 2022
No declaration for the year 2020			

Dividend Policy

The Company's current dividend policy is to declare and pay dividends taking into consideration the interests of our shareholders as well as our operational funds, investments in assets, and obligations for debt repayment. Prospective dividend declarations and payouts will be contingent upon the Company's profits, cash inflows, financial health, and other variables that influence the availability of unrestricted retained earnings, as prescribed under the Revised Corporation Code of the Philippines. The retention of earnings is essential to cater to the financial requirements of expanding and advancing our business initiatives. Cash dividends are subject to approval by the Company's Board of Directors.

F. DISCUSSION ON COMPLIANCE WITH LEADING PRACTICES IN CORPORATE GOVERNANCE

The Company, through its Compliance Officer, evaluates the level of compliance of the Board of the Directors and top-level management with the Revised Manual of Corporate Governance semi-annually. The members of the Audit and Corporate Governance Committees have been appointed and will be recommended for re-appointment once the new Board is constituted. The Company continues to strive to integrate the mandate of good corporate governance in its daily life. No deviation from the Company's Revised Manual of Corporate Governance was noted during the year.

The Company's Revised Manual of Corporate Governance shall supplement and complement the Corporation's Articles of Incorporation and By-Laws and shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors and Management, employees. and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create corporate governance awareness within the organization as soon as possible.

The Company has taken steps to establish systems and processes to protect the interests of and add value to its diverse stakeholder groups such as its shareholders, employees, customers, vendors, and community. Two (2) independent members of the Board of Directors were elected to help clarify the direction and values of the organization, oversee performance of the company, and protect stakeholder interests. Audit and Corporate Governance Committees have also been formed as part of the company's plan to improve good corporate governance practices. The company advocates continuous improvement in governance processes by monitoring the progress of the following attributes:

ATTRIBUTES	CHALLENGE
Legal and Regulatory	Maintaining an understanding of the compliance requirements in the dynamic regulatory environment.
Business Practices and Ethics	Establishing ethical business practices that keep up with the expectations of stakeholders.

Disclosure and Transparency	Ensuring that stakeholders receive the information they need in an understandable way.
Risk and Performance Management	Dealing with both Risk Management and Performance Enhancement as two sides of the same coin to increase shareholder value.
Communication	Finding ways to improve the interactions between the stakeholders within various components of the Corporate Governance Framework.

UNDERTAKING

The Company undertakes that a copy of its Annual Report on Form 17-A shall be provided without any charge to any stockholder who makes a written request for such copy or to any person solicited. At the discretion of management, a charge may be made for exhibits limited to reasonable expenses incurred by the registrant in furnishing such exhibits. Any written request shall be addressed as follows,,

MANILA BROADCASTING COMPANY
MBC Bldg., V. Sotto St., CCP Complex,
Pasay City 1307 Philippines

Attention: Atty. Rudolph Steve E. Jularbal

Audited Financial Statements and Unaudited Interim Financial Statements

Enclosed is a copy of the Statement of Management's Responsibility for Financial Statements, Map of the Relationships of the Companies within the Group, 2022 Audited Financial Statements (Parent and Consolidated) and Supplementary Schedules and June 30, 2023 17-Q filed as part of this Form 20-IS.

JUSTIFICATIONS FOR THE RETENTION OF MR. GEORGE T. GODUCO AS MANILA BROADCASTING COMPANY'S INDEPENDENT DIRECTOR AFTER THE NINE-YEAR CUMULATIVE TERM

Mr. George T. Goduco has been an independent director for the Manila Broadcasting Company since 2003, concurrently holding the Corporate Governance Committee Chairman position. He is the President of Healthlab Inc., a comprehensive diagnostics laboratory and medical examination facility. He was EVP/COO of Star Parks Corporation from 2000 to 2002. He also served as Vice-President and Treasurer of the FJE Group of Companies from 1997 to 2000 and its Director for Corporate Planning from 1995 to 1997. He also served as an Account Officer at Solidbank and Boston Bank from 1988 to 1991. He holds an MBA from the University of Bridgeport, Connecticut and a Bachelor of Science in Economics from the University of the Philippines.

Throughout his tenure with the organization, Mr. Goduco has consistently exhibited extraordinary expertise and maintained an impeccable record of ethical conduct. His profound insights and contributions have been instrumental in fostering the company's growth and preserving its stability. As Chairman of the Corporate Governance Committee, he has played a pivotal role in ensuring MBC's unwavering commitment to ethical comportment and corporate responsibility standards. Over the course of his tenure as an Independent Director, he has continually demonstrated the capacity to make impartial, well-informed judgments that prioritize the best interests of the company and its diverse stakeholders. The wealth of experience, unquestionable integrity, and unparalleled dedication Mr. Goduco brings to our organization render him an invaluable asset.

MANILA BROADCASTING COMPANY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GEORGE T. GODUCO**, Filipino, of legal age and a resident of [redacted] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Manila Broadcasting Company** and have been its Independent Director since December 19, 2003.

2. I am affiliated with the following companies or organizations:

Company / Organization	Position / Relationship	Period of Service
Healthlab, Inc,	President	2004 to present

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

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

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

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

7. I shall inform the Corporate Secretary of Manila Broadcasting Company of any changes in the above-mentioned information within five days from its occurrence.

Done this day of AUG 31 2023 at MANILA CITY.

[redacted]

GEORGE T. GODUCO
Affiant

SUBSCRIBED AND SWORN to before me this AUG 31 2023 at MANILA CITY, affiant exhibited to me his Driver's License No. [redacted] issued on March 13, 2019 at Makati City.

[redacted]

ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
APPOINTME[redacted]12/31/2023 MANILA
IBP NO.[redacted]1/03/2023
PTR [redacted]1/03/2023
ROLL NO.[redacted] TIN NO.[redacted]
MCLE COMP. NO[redacted] VALID UNTIL APRIL 14, 2025
[redacted]

Doc No. 324
Page No. 65
Book No. IX
Series of 2023.

MBC MANILA BROADCASTING COMPANY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARVEL K. TAN**, Filipino, of legal age and a resident of [redacted] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Manila Broadcasting Company** and have been its Independent Director since October 6, 2016.

2. I am affiliated with the following companies or organizations:

Company / Organization	Position / Relationship	Period of Service
Kapisanan ng mga Brodkaster ng Pilipinas (KBP)	Internal Auditor	2009 to present
Ads Standard Council, Inc, (ASC)	Financial Consultant	2009 to present
Church of the Risen Lord	Chair of the Church Council	2015 to 2017

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

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

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

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

7. I shall inform the Corporate Secretary of Manila Broadcasting Company of any changes in the above-mentioned information within five days from its occurrence.

Done this day of AUG 31 2023 at MANILA CITY.

[redacted]

MARVEL K. TAN
Affiant

SUBSCRIBED AND SWORN to before me this AUG 31 2023 at MANILA CITY, affiant exhibited to me his OSCA ID No. [redacted] issued on June 9, 201[redacted]

ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
APPOINTM [redacted] 12/31/2023 MANILA
IBP NO [redacted] 01/03/2023
PTR N [redacted] / 01/03/2023
ROLL NO. [redacted] TIN N [redacted]
[redacted] VALID UNTIL APRIL 14, 2025
[redacted]

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Series of 2023.

MANILA BROADCASTING COMPANY

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete, and correct.

This report is signed in the City of Pasay on September 14, 2023.

Issuer: **MANILA BROADCASTING COMPANY**

[redacted]

ATTY. RUDOLPH STEVE E. JULARBAL
Corporate Secretary

[redacted]

CERTIFICATION

Manila Broadcasting Company hereby certifies that none of the directors and officers of the Company named in the Definitive Information Statement for the Annual Meeting of its shareholders for the year 2023 works in the government as of the date hereof.

Issued this 14th day of September 2023.

Issuer: **MANILA BROADCASTING COMPANY**

[redacted]

ATTY. RUDOLPH STEVE E. JULARBAL
Corporate Secretary

ANNEX A

COVER SHEET

							1	6	7	4

S.E.C. Registration Number

MANILA BROADCASTING COMPANY AND SUBSIDIARIES

(Company's Full Name)

MBC BLDG., VICENTE SOTTO ST.
CCP COMPLEX, PASAY CITY
1307 PHILIPPINES

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

Mr. Eduardo G. Cordova

Contact Person

8832-6149

Company Telephone Number

1 2 | 3 1
Month *Day*
Fiscal Year

1 7 - Q
FORM TYPE

Month *Day*
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

-

LCU

CASHIER

MANILA BROADCASTING COMPANY

August 11, 2023

PHILIPPINE STOCK EXCHANGE
6th floor, PSE Tower
28th Street corner 5th Avenue
Bonifacio Global City, Taguig City

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Gentlemen:

We are submitting herewith the Quarterly Report (SEC Form 17-Q) of Manila Broadcasting Company for the quarter ended June 30, 2023.

We trust you will find everything in order.

Very truly yours,

[redacted]

EDUARDO G. CORDOVA
SVP – CFO

MANILA BROADCASTING COMPANY

August 11, 2023

SECURITIES AND EXCHANGE COMMISSION
The SEC Headquarters,
7907 Makati Avenue, Salcedo Village,
Barangay Bel-Air, Makati City

Attention: Mr. Vicente Graciano P. Felizmenio, Jr.
Director – Markets and Securities Regulation Department

Gentlemen:

We are submitting herewith the Quarterly Report (SEC Form 17-Q) of Manila Broadcasting Company for the quarter ended June 30, 2023.

We trust you will find everything in order.

Very truly yours,

[redacted]

EDUARDO G. CORDOVA
SVP - CFO

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the fiscal year ended: **June 30, 2023**

2. SEC Identification Number: **1674**

3. BIR Tax Identification Number: **000-479-027-000**

4. Exact name of issuer as specified in its charter:
   MANILA BROADCASTING COMPANY

5. Province, country or other jurisdiction of incorporation or organization:
   METRO MANILA

6. ____________________ (SEC use only) Industry classification code:

7. Address of principal office / postal code:
   MBC Bldg., Vicente Sotto St., CCP Complex, Pasay City, 1307, Philippines

8. Issuer's telephone number, including area code: **(02) 8832-6149 to 50**

9. Former address: **No change in address since last report**

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

COMMON SHARES	402,682,990

11. Are any or all of these securities listed on a Stock Exchange:

    Yes [✔] No [ ]

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

PHILIPPINE STOCK EXCHANGE - Common Shares

12. Check whether the issuer:

a. Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA rule 11(a)-1 thereunder, and Section 177 of the Revised Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports.)

Yes [✔] No [ ]

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

Yes [ ] No [✔]

MANILA BROADCASTING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2023 and December 31, 2022

Tentative and Unaudited

	2023 Unaudited (6 months)	2022 Audited (1 Year)
ASSETS		
Current Assets		
Cash and cash equivalents	113,807,643	157,831,973
Receivables - net	380,109,077	398,335,222
Due from related parties	183,069,874	166,936,573
Advances to Suppliers	14,005,294	-
Inventories	5,037,139	4,686,835
Materials and supplies - net	3,423,125	3,421,625
Prepaid expenses and other current assets	77,130,313	92,605,511
Total Current Assets	776,582,466	823,817,739
Noncurrent Assets		
Financial assets at FVOCI	141,593,656	141,593,656
Property and Equipment - net		
At cost	980,070,631	1,006,088,440
At revalued amount	568,496,600	568,496,600
Investment Properties - net	43,162,500	43,162,500
Goodwill	38,016,206	38,016,206
Advances to Suppliers	-	17,436,297
Retirement benefit assets - net	2,353,485	2,353,485
Deferred Tax Assets	33,601,286	2,922,692
Other Noncurrent Assets	32,873,649	32,739,437
Total Noncurrent Assets	1,840,168,014	1,852,809,313
TOTAL ASSETS	**2,616,750,480**	**2,676,627,052**
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term loans	201,000,000	201,000,000
Accounts payable & accrued expenses	447,073,464	428,987,137
Contract liabilities	43,220,115	55,363,501
Current portion of long-term debt	109,671,556	136,452,118
Current portion of lease liabilities	11,713,883	16,804,582
Income tax payable	(9,744,352)	6,212,044
Due to related parties	693,454	1,162,483
Dividends payable	11,769,445	23,991,898
Total Current Liabilities	815,397,565	869,973,763
Noncurrent Liabilities		
Long-term debt - net of current portion	59,768,444	74,764,110
Lease liabilities - net of current portion	33,388,335	32,781,745
Accrued separation cost	24,257,595	24,257,595
Deferred income tax liabilities - net	120,231,453	131,039,622
Total Noncurrent Liabilities	237,645,826	262,843,072
Total Liabilities	1,053,043,392	1,132,816,835

MANILA BROADCASTING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2023 and December 31, 2022

Tentative and Unaudited

	2023 Unaudited (6 months)	2022 Audited (1 Year)
Equity		
Capital stock	402,803,777	402,803,777
Additional paid-in capital	79,354	79,354
Revaluation increment on land	314,371,055	314,371,055
Reserve for fluctuation in fair value of financial assets at FV	105,273,587	105,273,585
Remeasurement gain on accrued retirement benefits	49,011,796	49,011,796
Retained earnings		
Unappropriated	342,582,112	327,265,615
Appropriated	200,000,000	200,000,000
Treasury stock (at cost)	(120,787)	(120,787)
	1,414,000,893	1,398,684,395
Non-controlling interest	149,706,195	145,125,822
Total Equity	1,563,707,088	1,543,810,217
TOTAL LIABILITIES & EQUITY	**2,616,750,480**	**2,676,627,052**

MANILA BROADCASTING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT/(LOSS)

For the six months ended June 30, 2022 and 2022

Tentative and Unaudited

	2023 (6 months)	**2022 (6 months)**	2023 (April to June)	2022 (April to June)
REVENUE	**530,187,869**	**704,578,824**	267,013,672	431,878,489
COST OF SERVICES	**(301,744,209)**	**(348,093,212)**	(151,545,820)	(231,608,713)
GROSS PROFIT	**228,443,660**	**356,485,612**	115,467,853	200,269,776
OPERATING EXPENSES	**(194,766,892)**	**(173,886,890)**	(93,285,663)	(110,803,840)
OTHER INCOME (EXPENSES)				
Interest expense on loans	**(14,174,413)**	**(10,719,615)**	(7,160,367)	(5,352,362)
Rental income	**4,621,963**	**4,471,101**	2,233,192	2,175,597
Interest income	**518,636**	**68,388**	464,681	28,782
Other income (expenses)	**1,507,832**	**216,696**	1,136,663	130,900
	(7,525,982)	**(5,963,430)**	(3,325,831)	(3,017,082)
INCOME BEFORE INCOME TAX	**26,150,786**	**176,635,292**	18,856,359	86,448,854
PROVISION FOR INCOME TAX	**(6,253,917)**	**(57,005,543)**	(5,325,497)	(30,839,425)
NET INCOME	**19,896,870**	**119,629,750**	13,530,862	55,609,428
Basic/Diluted Earnings Per Share	**0.05**	**0.30**	0.03	0.14

MANILA BROADCASTING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

For the six months ended June 30, 2023 and 2022

Tentative and Unaudited

	Capital Stock	Additional Paid-in Capital	Revaluation Increment in Land	Reserve for Fluctuation in Fair Value of Financial Assets at FVOCI	Remeasurement Gain on Accrued Retirement Benefits	Retained Earnings	Treasury Stock	Total	Non-controlling Interest	Total
Bal. At December 31, 2022	402,803,777	79,354	314,371,055	105,273,585	49,011,796	527,265,615	(120,787)	1,398,684,395	145,125,822	1,543,810,217
Net Income January to June 2023						15,316,497		15,316,497	4,580,373	19,896,870
Balances at June 30, 2023	**402,803,777**	**79,354**	**314,371,055**	**105,273,585**	**49,011,796**	**542,582,112**	**(120,787)**	**1,414,000,892**	**149,706,195**	**1,563,707,088**
Bal. At December 31, 2021	402,803,777	79,354	297,654,980	231,101,989	50,257,685	534,768,554	(120,787)	1,516,545,552	156,866,346	1,673,411,898
Net Income January to June 2022						134,363,471		134,363,471	(14,733,721)	119,629,750
Balances at June 30, 2022	**402,803,777**	**79,354**	**297,654,980**	**231,101,989**	**50,257,685**	**669,132,025**	**(120,787)**	**1,650,909,022**	**142,132,625**	**1,793,041,649**

MANILA BROADCASTING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2023 and 2022

Tentative and Unaudited

	2023 (6 months)	2022 (6 months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	19,896,870	119,629,750
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	27,967,289	29,570,025
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	16,217,673	5,899,539
Due from affiliates	(16,602,331)	(20,958,958)
Inventories	(350,304)	(461,013)
Materials and supplies	(1,500)	(44,643)
Prepaid expenses and other current assets	14,639,333	2,305,173
Advances to suppliers	8,047,777	(1,256,800)
Increase (decrease) in:		
Accounts payable and accrued expenses	39,926,776	(13,378,136)
Contract liabilities	(10,886,601)	(4,472,042)
Income tax	(21,395,451)	24,048,886
Net cash provided by operating activities	**77,459,532**	**140,881,782**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net addition to property, equipment & investment properties	(38,084,783)	(182,815,020)
Other non-current assets	(134,212)	(3,796)
Cash used in investing activities	**(38,218,995)**	**(182,818,816)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans paid	(67,169,748)	20,006,525
Dividends paid	(12,222,453)	(14,319,782)
Payment of lease liabilities	(3,872,671)	(5,603,182)
Net cash provided by (used in) financing activities	**(83,264,872)**	**83,561**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(44,024,335)**	**(41,853,473)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**157,831,973**	**202,658,474**
CASH AND CASH EQUIVALENTS AS OF JUNE 30	**113,807,643**	**160,804,999**

MANILA BROADCASTING COMPANY AND SUBSIDIARIES

CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE

For the six months ended June 30, 2023 and 2022

In Thousands of Pesos

Tentative and Unaudited

June 30, 2023

	Not yet due	<30 days	31 - 60 days	61 - 90 days	91 - 120 days	Over 120 days	Allowance	TOTAL
Trade	189,124	57,257	43,081	4,044	3,090	23,965	(21,315)	299,246
Advances to Station	16,656	7,669	1,199	1,308	1,855	50,423	(363)	78,746
Others	12	6	53	247	0	8,967	(7,168)	2,117
TOTAL	205,792	64,931	44,332	5,600	4,945	83,355	(28,846)	380,109

June 30, 2022

	Not yet due	<30 days	31 - 60 days	61 - 90 days	91 - 120 days	Over 120 days	Allowance	TOTAL
Trade	138,159	51,596	47,131	16,816	10,289	47,367	(21,764)	289,593
Advances to Station	646	7,670	325	353	6,585	50,505	(363)	65,721
Others	67,832	0	0	42	0	13,448	(7,168)	74,154
TOTAL	206,637	59,265	47,456	17,211	16,873	111,321	(29,295)	429,468

PART I – FINANCIAL INFORMATION

1. Organization and Business

a. Corporate Information

Manila Broadcasting Company (the Parent Company) was incorporated in the Philippines on September 30, 1947. The Company is primarily engaged in the business of radio broadcasting. The registered office address of the Company is MBC Building, V. Sotto Street, CCP Complex, Pasay City.

The Company is 72%-owned by Elizalde Holdings Corporation (EHC), a Philippine entity, the immediate and ultimate parent company.

b. Subsidiaries of the Parent Company

Elizalde Hotels and Resorts Inc. (EHRI) and Feliz Hotel Boracay, Inc. (FHBI).
EHRI was incorporated in the Philippines and registered with the SEC on March 18, 2015. FHBI was incorporated in the Philippines and registered with the SEC on April 23, 2015. EHRI and FHBI are engaged in hotel business. EHRI and FHBI started its commercial operations on January 3, 2019 and July 26, 2019, respectively.

The registered office address of the subsidiaries is MBC Bldg., V. Sotto St., CCP Complex, Pasay City.

2. Summary of Significant Accounting Policies and Disclosures

Basis of Preparation
The Company's consolidated financial statements have been prepared using the historical cost basis, except for unquoted equity investments, which have been measured at fair value, and land under property and equipment, which is carried at revalued amount.

The consolidated financial statements are presented in Philippine peso (Peso), which is the Company's functional currency. Amounts are rounded to the nearest Peso unless otherwise indicated.

Statement of Compliance
The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Company.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- Annual Improvements to PFRSs 2018-2020 Cycle
- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*
- Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

Deferred Effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Significant Accounting Policies

Basis of Consolidation

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

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

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

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

- the contractual arrangements with the other vote holders of the investee;
- rights arising from other contractual arrangements; and

- the Parent Company's voting rights and potential voting rights.

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

The financial statements of subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognized in assets and liabilities, are eliminated in full on consolidation. Unrealized gains and losses are eliminated.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized directly in equity.

If the Parent Company loses control over a subsidiary, it:

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

<u>Non-controlling Interests</u>

Non-controlling interests is the equity in the subsidiaries not attributable, directly and indirectly, to the Parent Company. These are measured at their proportionate share of the value of net identifiable assets of the subsidiaries. These are presented in the consolidated financial statements within equity, separately from the equity of the owners of the Parent Company. Profit or loss and each component of OCI are attributed to the owners of the Parent Company and to the non-controlling interests. Attribution of total comprehensive income to the non-controlling interests continues even if it results in a deficit balance.

<u>Business Combination Involving Entities under Common Control</u>

Business combinations in which all the combining entities within the Company are ultimately controlled by the same party before and after the business combination and that the control is not transitory ("business combinations under common control") are accounted under pooling of interests method.

The general requirements of pooling of interests method are as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.

- No adjustments are made to reflect the fair values, or recognize any new assets or liabilities at the date of the combination. The only adjustments would be to harmonize accounting policies between the combining entities.
- No 'new' goodwill is recognized as a result of the combination.
- Any difference between the consideration transferred and the net asset acquired is reflected within equity.

The Company applied this method prospectively and thus, the financial information for comparative periods and any financial information prior to the business combination are not restated.

Current versus Noncurrent Classification

The Company presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Company classifies all other liabilities as noncurrent.

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

3. **Financial instruments, classification and measurements**:

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to six months or less and that are subject to an insignificant risk of change in value.

Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognized initially at fair value. Directly attributable transaction costs, if any, are included in the initial measurement of financial assets and financial liabilities, except for any financial instrument measured at fair value through profit or loss (FVPL). The Company recognizes a financial asset or liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within a period generally established by regulation or convention in the marketplace.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income, distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Financial instruments are classified as financial assets or financial liabilities at FVPL, loans and receivables, held-to-maturity (HTM) investments, AFS financial assets, or other financial liabilities, as appropriate.

The Company determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost in the balance sheet. Amortization is determined using the effective interest rate method. Loans and receivables are classified as current assets if maturity is within twelve months of the balance sheet date. Otherwise, these are classified as noncurrent assets.

Included under this category are the Company's cash in banks, short-term investments, receivables and due from affiliates.

AFS financial assets
AFS financial assets are those non-derivative financial assets that are designated as such or are not classified in any of the other categories. Financial assets may be designated at initial recognition as AFS if they are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. Included under this category are the Company's quoted and unquoted equity investments.

After initial recognition, quoted AFS financial assets are measured at fair value with gains or losses recognized as a separate component of equity and as OCI until the investment is derecognized or until the investment is determined to be impaired. Unquoted FS financial assets, on the other hand, are carried at cost, net of impairment, until the investment is derecognized. These financial assets are classified as noncurrent assets unless the intention is to dispose such assets within 12 months from balance sheet date.

Other financial liabilities
This category pertains to financial liabilities that are neither held for trading nor designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings.

The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

Included under this category are the Company's accounts payable and accrued expenses, notes and mortgage payable, due to affiliates, dividends payable, and talent fees and commissions payable.

Classification of Financial Instruments

The Company classifies a financial instrument, or its component parts, on initial recognition, as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the balance sheets.

Valuation of financial assets and financial liabilities

The Company carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. The significant components of fair value measurement were determined using verifiable objective evidence.

4. Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash. The main purpose of these financial instruments is to fund the Company's operations. The other financial assets and financial liabilities arising directly from its operations are receivables, due to from affiliates, AFS financial assets, accounts payable and accrued expenses, notes and mortgage payable, talent fees, commissions payable and dividends payable.

The Main risk arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The BOD reviews and approves policies for managing each of these risks.

- **Credit risk**

  Credit risk, or the risk of counterparties defaulting, is controlled by the application of control and monitoring procedures. It is the Company's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. Receivables and due from affiliate's balances are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is not significant. The Company evaluates the concentration of risk with respect to its receivables as low, as its customers are in several industries and operate in largely independent markets.

Gross maximum exposure to credit risk

The maximum exposure to credit risk as of June 30, 2023 and December 31, 2022 is as follows:

	2023 Unaudited (6 months)	2022 Audited (1 year)
Loans and receivables		
Cash in bank and cash equivalents	113,807,643	157,831,973
Receivables:		
Trade	320,560,620	338,128,340
Advances to Station	79,109,428	79,522,180
Others	9,285,082	9,856,933
Allowance	(28,846,053)	(29,172,231)
Due from affiliates	183,069,874	166,936,573
	676,986,595	**723,103,768**

Credit quality of financial assets

The table below summarized the credit quality of the Company's financial assets as of June 30, 2023:

	Neither past due nor impaired		Past due but not impaired	Past due and impaired	TOTAL
	High Grade	Standard Grade			
Cash in banks	113,807,643	-	-	-	113,807,643
Receivables (net)					
Trade	29,786,770	159,337,265	107,471,194	2,650,662	299,245,891
Advances to Station	-	16,656,170	12,030,413	50,059,426	78,746,009
Others	-	12,016	305,984	1,799,177	2,117,177
Due from Affiliates	-	183,069,874	-	-	183,069,874
TOTAL	**143,594,413**	**359,075,325**	**119,807,591**	**54,509,265**	**676,986,595**

- **Liquidity risk**
  Liquidity risk arises when obligations are not met when they fall due. It is the Company's objective to finance capital expenditures, services, and maturing obligations as scheduled. To cover the Company's financing requirements, the Company uses internally generated funds and proceeds from debt. Projected and actual cash flow information is regularly evaluated and funding sources are continuously assessed.

- **Interest rate risk**
  Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to changes in interest rates relates primarily to its long-term debt obligations.

5. The Company has no investment on foreign securities.

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

7. There are no unusual items affecting assets, liabilities, equity, net income or cash flows.

8. Bank loans as of June 30, 2023 amounted to P370.4 million.

9. The Company is organized into only one operating division – radio and television broadcasting, which is its primary activity. The Company has eight (8) programming formats, namely: DZRH, Aksyon Radyo, Love Radio, Yes-FM, Easy Rock, Radyo Natin, RHTV and New Media which represent about 23%, 6%, 45%, 13%, 7%, 4%, and 2% of the total broadcasting fees for the first six months of 2023.

10. The Company plans to earmark P50.0 million capital expenditure this year. This will be funded by cash flows from operating activities and cash reserves.

11. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

12. There are no changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

13. There are no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

14. There are no material contingencies and any events or transactions that are material to an understanding of the current interim period.

15. There are no known trends, demands, commitments, events, or uncertainties that will have a material impact on the Company's liquidity.

16. There are no known trends, events or uncertainties that have had of that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

17. There are no significant elements of income or loss that did not arise from the company's continuing operations.

18. There are no known events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

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

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

The following discussion should be read in conjunction with the Company's interim financial statements for the six months ended June 30, 2023.

JUNE 30, 2023 VS. JUNE 30, 2022

Results of Operations

During the first half of 2023, MBC generated aggregate revenue of P530.2 million, representing a decline of 24.8% compared to the P704.6 million recorded in the corresponding period of 2022. This decline in revenue was primarily due to two key factors:

1. Impact of Election-Related Revenues: In the second quarter of 2022, we experienced non-recurring election-related revenues, which positively influenced our revenue during that period. However, such revenues were not present in the current year's results, leading to a year-over-year decline in revenue.

2. External Factors Affecting Revenue: Additionally, during the second quarter of 2023, the decrease in revenue was mainly attributable to external factors impacting our industry with some multi-national brands cutting their radio advertising budgets, which had an adverse impact on our revenue generation.

Despite the decline in revenue, we effectively managed our cost of services, which decreased by 13.3%. The cost-cutting measures implemented during the period helped mitigate the impact of declining revenues on our expenses. Furthermore, our cost optimization strategies enabled us to maintain a competitive position in the market.

However, operating expenses increased by 12.0% during the first half of 2023 compared to the same period in 2022. The increase in operating expenses was mainly attributed to heightened operational activities during the period. Factors such as higher power costs, repairs and maintenance expenses, and increased travel and related expenditures were necessary to support our strategic growth initiatives and operational requirements. Our management is committed to balancing investments in growth with prudent expense management.

As a result of the aforementioned factors, the net income for the first six months ending June 30, 2023, amounted to P19.9 million.

Liquidity and Capital Resources

We maintain a strong focus on maintaining robust liquidity and capital resources to support our growth objectives and meet financial obligations. During the first half of 2023, our total assets decreased to P2.62 billion from the 2022 year-end balance of P2.68 billion.

Within the total consolidated resources of P2.62 billion, P1.56 billion was accounted for by stockholders' equity, with the balance of P1.05 billion in liabilities.

Our debt-equity ratio remained constant at 0.67, indicating a stable leverage position. We believe in maintaining a balanced capital structure that allows us to manage financial risks effectively while pursuing growth opportunities.

The Company utilized its current income to finance expansion and operations, demonstrating its commitment to growth and capitalizing on potential opportunities. No cash or stock dividends were declared in the period under review, as the Company prioritizes the reinvestment of profits to support its long-term strategic goals.

Key Financial Indicators

	January to June	
	2023	**2022**
1. Return on Sales (ROS)		
Net income	19,896,870	119,629,750
Divide by: Sales	530,187,869	704,578,824
ROS	**3.75%**	**16.98%**
2. Earnings per Share (EPS)		
Net income	19,896,870	119,629,750
Divide by: No. of Shares Outstanding	402,682,990	402,682,990
EPS	**0.05**	**0.30**
3. Current Ratio		
Current assets	776,582,466	1,023,359,346
Divide by: Current liabilities	815,397,565	829,308,354
CURRENT RATIO	**0.95**	**1.23**
4. Debt-Equity Ratio		
Total Liabilities	1,053,043,392	1,193,421,378
Divide by: Total Stockholders' Equity	1,563,707,088	1,793,041,649
DEBT-EQUITY RATIO	**0.67**	**0.67**
5. Book Value Per Share		
Total Stockholders' Equity	1,563,707,088	1,793,041,649
Divide by: No. of Shares Outstanding	402,682,990	402,682,990
BOOK VALUE PER SHARE	**3.88**	**4.45**

Discussion on Key Performance Indicators

1. Return on Sales (ROS):
   The return on sales decreased significantly from 16.98% in 2022 to 3.75% in 2023. This decline can be attributed to both the decrease in reported revenue during the period and the absence of non-recurring election-related revenues from the previous year. Management recognizes the need to explore new revenue streams and improve operational efficiencies to enhance profitability.

2. Earnings per Share (EPS):
   The EPS witnessed a decline, dropping from P0.30 per share in 2022 to P0.05 per share in 2023. This decrease in EPS is primarily a result of the lower net income reported for the period, along with the absence of election-related revenues. Management remains committed to generating sustainable earnings growth for the benefit of shareholders.

3. Current Ratio:
   The current ratio decreased from 1.23 in 2022 to 0.95 in 2023. The decline in the current ratio was influenced by various factors, including the purchase of a new transmitter, repayment of bank loans, and expenditures associated with the planning and design of the Company's new headquarters located in Taft Avenue. Management continues to focus on maintaining adequate liquidity to meet short-term obligations while strategically investing in growth initiatives.

4. Debt-Equity Ratio:
   The debt-equity ratio remained constant at 0.67, indicating a stable leverage position. The Company's prudent debt management approach allows for a balanced capital structure and enhances financial stability.

5. Book Value Per Share:
   The book value per share decreased from P4.45 in 2022 to P3.88 in 2023. This decline is primarily due to the decrease in equity resulting from the lower net income reported during the period. However, it is important to note that the book value per share still exceeds the par value per share, indicating a positive net asset value.

Causes for Material Change from Period to Period (5%)

1. Cash and cash equivalents decreased by 27.9%, primarily due to the purchase of a new transmitter, repayment of bank loans, and expenses related to the planning and design of the Company's new headquarters located in Taft Avenue. The Company remains committed to maintaining an optimal cash position to support its operations and investment plans.

2. The balance of due from related parties of P183.1 million is primarily attributed to interest-free advances provided by the Company to its affiliated companies, including Elizalde Holdings Corporation, Cebu Broadcasting Company, Philippine Broadcasting

Company, and Pacific Broadcasting System, Inc. The Company actively monitors these advances to ensure timely collections and adherence to related party agreements.

3. Advances to suppliers decreased by 19.7% due to the delivery of operating supplies during the period. The Company maintains strong supplier relationships to ensure a steady supply chain and timely procurement of essential resources.

4. Inventories increased by 7.5% due to the purchase of additional food, beverage, and operating supplies for Feliz Hotel Boracay. The Company aligns its inventory management strategies with business demands and customer preferences.

5. Other current assets decreased by 16.7% due to the creditable withholding taxes. The Company ensures compliance with tax regulations while actively managing its tax liabilities.

6. Deferred tax assets increased to P33.6 million as of June 30, 2023. Management continues to monitor and assess the realization of deferred tax assets based on future taxable income projections.

7. The 21.9% decrease in contract liabilities is due to the fulfillment of contracts through broadcast airings. The Company strives to deliver on its contractual obligations promptly and efficiently.

8. The decrease of 19.8% in long-term debt is a result of the quarterly repayment schedule followed for bank loans. The Company adheres to its debt repayment obligations, reducing long-term financial risks.

9. Lease liabilities decreased by 9.0% due to payments made during the period. The Company effectively manages its lease obligations to optimize cash flow and resource allocation.

10. The decrease of P12.2 million in dividends payable is a result of dividend payments made to stockholders. The Company prioritizes shareholder returns while balancing the need for capital reinvestment.

11. The balance of due to related parties is primarily attributed to interest-free advances provided by the Company to its affiliated companies, including Elizalde Holdings Corporation, Cebu Broadcasting Company, Philippine Broadcasting Company, and Pacific Broadcasting System, Inc. The Company diligently tracks and fulfills its obligations to related parties while ensuring transparency and governance.

12. Deferred income tax decreased by P10.8 million due to payments made during the period. The Company adheres to tax compliance and strives to meet its tax obligations promptly.

13. The increase of P15.3 million in retained earnings is primarily due to the income earned by the Company during the first half of 2023. The Company remains committed to enhancing shareholder value through profitable operations and sustainable growth.

Other Matters

- **Rule on Minimum Public Ownership as a Continuing Listing Requirement**

  The Company is a compliant with the 10-percent minimum public ownership requirement for listed companies under Section 3, Article XVIII on the Continuing Listing requirements of the Listing and Disclosure Rules of the Exchange. The public float of the Company is currently at 10.23 percent.

PART II – OTHER INFORMATION

There is no other information not previously reported in SEC Form 17-C that need to be reported in this section.

MBC MANILA BROADCASTING COMPANY

SIGNATURE

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

ISSUER: **MANILA BROADCASTING COMPANY**

[redacted]

By: **EDUARDO G. CORDOVA**
SVP – CFO

Date: August 11, 2023

MANILA BROADCASTING COMPANY

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the 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.

Sycip Gorres Velayo & Co. (SGV & 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 the presentation upon completion of such audit.

[redacted]
FEDERICO J. ELIZALDE
Chairman of the Board

[redacted]
RUPERTO S. NICDAO, JR.
President

[redacted]
EDUARDO G. CORDOVA
SVP – Chief Finance Officer

[redacted]
MARVEL K. TAN
Audit Committee Chairman/Independent Director

SUBSCRIBED AND SWORN to before me on 02 MAY 2023 at CITY OF MANILA, Affiant(s) exhibiting to me their Community Tax Certificates and Senior Citizen ID, as follows:

NAMES	CTC / ID	DATE OF ISSUE	PLACE OF ISSUE
FEDERICO J. ELIZALDE	[redacted]	January 12, 2023	Pasay City
RUPERTO S. NICDAO, JR.	[redacted]	January 12, 2023	Pasay City
EDUARDO G. CORDOVA	[redacted]	January 12, 2023	Pasay City
MARVEL K. TAN	[redacted]	June 9, 2014	Quezon City

Doc No. ____
Page No. ____
Book No. ____
Series of 2023.

[redacted]
ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
APPOINTMENT [redacted]/31/2023 MANILA
IBP NO. [redacted] / 01/03/2023
PTR [redacted] / 01/03/2023
ROLL NO. [redacted] TIN NO. [redacted]
MCLE COMP. NO [redacted] VALID UNTIL APRIL 14, 2025
[redacted]

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

SEC Registration Number

0	0	0	0	0	0	0	1	6	7	4

C O M P A N Y   N A M E

MANILA BROADCASTING COMPANY

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

MBC BUILDING, V. SOTTO STREET,
CCP COMPLEX, PASAY CITY

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

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

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	832-6127	-

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
604	10/7	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
Eduardo G. Cordova	[redacted]@mbcradio.net	[redacted]	-

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.*

[redacted]

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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1226 Makati City
Philippines

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Manila Broadcasting Company
MBC Building, V. Sotto Street
CCP Complex, Pasay City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Manila Broadcasting Company (the Company), which comprise the parent company statements of financial position as at December 31, 2022 and 2021, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the 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 (PFRSs).

Basis for Opinion

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

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

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

In preparing the parent company financial statements, management is responsible for assessing the 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.

[redacted]

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

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

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

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

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

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

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.

[redacted]

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Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 28 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Manila Broadcasting Company. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Maria Pilar B. Hernandez.

SYCIP GORRES VELAYO & CO.

[redacted]

Maria Pilar B. Hernandez
Partner
CPA Certificate No. [redacted]
Tax Identification No. [redacted]
BOA/PRC Reg. No. [redacted], August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. [redacted]-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. [redacted]EC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. [redacted] January 20, 2022, valid until January 19, 2025
PTR No. [redacted], January 3, 2023, Makati City

May 2, 2023

[redacted]

MANILA BROADCASTING COMPANY

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash (Notes 5, 23 and 26)	**₱143,061,109**	₱186,958,386
Receivables (Notes 6, 23 and 26)	**392,183,868**	427,154,885
Due from related parties (Notes 14, 23, 25 and 26)	**64,799,436**	209,636,879
Materials and supplies (net of allowance for inventory obsolescence of ₱1,009,717 and ₱3,916,316 in 2022 and 2021, respectively)	**3,421,625**	1,877,226
Prepaid expenses and other current assets	**4,316,913**	4,658,537
Total Current Assets	**607,782,951**	830,285,913
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 7, 23, and 26)	**141,593,656**	289,627,071
Investment in a subsidiary (Note 8)	**800,000,000**	800,000,000
Property and equipment (Notes 9, 22 and 26):		
At cost	**259,206,257**	192,692,500
At revalued amount	**568,496,600**	412,663,500
Investment properties (Notes 10 and 26)	**43,162,500**	43,162,500
Pension asset - net (Note 20)	**2,353,485**	2,907,511
Goodwill (Note 11)	**38,016,206**	38,016,206
Other noncurrent assets (Note 23)	**31,344,354**	32,434,733
Total Noncurrent Assets	**1,884,173,058**	1,811,504,021
TOTAL ASSETS	**₱2,491,956,009**	₱2,641,789,934
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Notes 12, 23, 24 and 26)	**₱171,000,000**	₱131,000,000
Current portion of long-term debt (Notes 12, 23, 24 and 26)	**116,592,397**	66,319,605
Accounts payable and accrued expenses (Notes 13, 14, 23 and 26)	**356,779,873**	391,564,284
Contract liabilities (Note 17)	**54,106,715**	61,307,818
Current portion of lease liabilities (Notes 22, 23, 24 and 26)	**9,742,623**	9,324,006
Income tax payable	**2,674,583**	12,161,377
Dividends payable (Notes 14, 23 and 26)	**23,991,898**	22,276,875
Total Current Liabilities	**734,888,089**	693,953,965
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 12, 23, 24 and 26)	**–**	116,591,906
Lease liabilities - net of current portion (Notes 22, 23, 24 and 26)	**19,216,827**	8,848,211
Accrued separation costs	**24,257,595**	24,257,595
Deferred tax liabilities - net (Note 21)	**120,231,453**	135,340,580
Total Noncurrent Liabilities	**163,705,875**	285,038,292
TOTAL LIABILITIES	**898,593,964**	978,992,257
Equity		
Capital stock (Note 15)	**402,803,777**	402,803,777
Additional paid-in capital	**79,354**	79,354
Treasury shares - at cost (Note 15)	**(120,787)**	(120,787)
Retained earnings: (Note 16)		
Unappropriated (Note 16)	**521,943,265**	481,020,679
Appropriated (Note 16)	**200,000,000**	200,000,000
Revaluation increment on land (Note 9)	**314,371,055**	297,654,980
Reserve for fluctuation in fair value of financial assets at FVOCI (Note 7)	**105,273,585**	231,101,989
Remeasurement gain on accrued retirement benefits (Note 20)	**49,011,796**	50,257,685
Total Equity	**1,593,362,045**	1,662,797,677
TOTAL LIABILITIES AND EQUITY	**₱2,491,956,009**	₱2,641,789,934

See accompanying Notes to Parent Company Financial Statements.

[redacted]

MANILA BROADCASTING COMPANY
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2022	2021
REVENUE (Note 17)	**₱1,113,611,256**	₱973,613,399
COST OF SERVICES (Notes 9, 14, 18, 20 and 22)	**(641,822,540)**	(579,950,159)
GROSS PROFIT	**471,788,716**	393,663,240
OPERATING EXPENSES (Notes 9, 10, 11, 14, 18, 19 and 20)	**(248,546,890)**	(226,869,160)
OTHER INCOME (EXPENSES)		
Interest expense (Notes 12 and 22)	**(15,426,648)**	(13,207,490)
Rental income (Note 10)	**8,800,092**	9,313,493
Interest income (Note 5)	**232,564**	242,176
Income from insurance claims	**–**	36,294,364
Other income - net	**440,310**	2,411,061
	(5,953,682)	35,053,604
INCOME BEFORE INCOME TAX	**217,288,144**	201,847,684
PROVISION FOR INCOME TAX (Note 21)	**55,560,661**	51,242,198
NET INCOME	**161,727,483**	150,605,486
OTHER COMPREHENSIVE INCOME (LOSS)		
Not to be reclassified to profit or loss in subsequent periods:		
Increase in revaluation increment, net of tax (Note 9)	**16,716,075**	29,306,196
Remeasurement gain (loss) on accrued retirement benefits, net of tax (Note 20)	**(1,245,889)**	5,846,432
Increase (decrease) in fair value of financial asset at FVOCI, net of tax (Note 7)	**(125,828,404)**	37,385,583
	(110,358,218)	72,538,211
TOTAL COMPREHENSIVE INCOME	**₱51,369,265**	₱223,143,697
Basic/Diluted Earnings Per Share (Note 27)	**₱0.40**	₱0.37

See accompanying Notes to Parent Company Financial Statements.

[redacted]

MANILA BROADCASTING COMPANY

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Capital Stock (Note 15)	**Additional Paid-in Capital**	**Treasury Stock**	**Retained Earnings** (Note 16)		**Revaluation Increment on Land** (Note 9)	**Reserve for Fluctuation in Fair Value of Financial Assets at FVOCI** (Note 7)	**Remeasurement Gain on Accrued Retirement Benefits** (Note 20)	**Total**
				Unappropriated	**Appropriated**				
Balances at January 1, 2021	₱402,803,777	₱79,354	(₱120,787)	₱451,078,580	₱200,000,000	₱268,348,784	₱193,716,406	₱44,411,253	₱1,560,317,367
Net income	–	–	–	150,605,486	–	–	–	–	150,605,486
Other comprehensive income	–	–	–	–	–	29,306,196	37,385,583	5,846,432	72,538,211
Appropriation	–	–	–	(120,663,387)	–	–	–	–	(120,663,387)
Balances at December 31, 2021	**402,803,777**	**79,354**	**(120,787)**	**481,020,679**	**200,000,000**	**297,654,980**	**231,101,989**	**50,257,685**	**1,662,797,677**
Net income	**–**	**–**	**–**	**161,727,483**	**–**	**–**	**–**	**–**	**161,727,483**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**16,716,075**	**(125,828,404)**	**(1,245,889)**	**(110,358,218)**
Cash Dividend (Note 16)	**–**	**–**	**–**	**(120,804,897)**	**–**	**–**	**–**	**–**	**(120,804,897)**
Balances at December 31, 2022	**₱402,803,777**	**₱79,354**	**(₱120,787)**	**₱521,943,265**	**₱200,000,000**	**₱314,371,055**	**₱105,273,585**	**₱49,011,796**	**₱1,593,362,045**

See accompanying Notes to Parent Company Financial Statements.

[redacted]

MANILA BROADCASTING COMPANY

PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱217,288,144**	₱201,847,684
Adjustments for:		
Depreciation and amortization (Notes 9, 10, 11 and 18)	**21,237,018**	32,766,436
Interest expense (Notes 12 and 22)	**15,426,648**	13,207,490
Movement in accrued retirement benefits (Note 20)	**(1,107,159)**	4,931,471
Interest income (Note 5)	**(232,564)**	(242,176)
Unrealized foreign exchange loss - net	**214,593**	149,977
Working capital changes:		
Decrease (increase) in:		
Receivables	**34,971,017**	86,288,354
Due from related parties	**38,493,843**	(100,224,242)
Materials and supplies	**(1,544,399)**	2,308,980
Prepaid expenses and other current assets	**341,624**	(157,363)
Increase (decrease) in:		
Accounts payable and accrued expenses	**(34,624,358)**	(31,692,878)
Contract liabilities	**(7,201,103)**	26,453,756
Cash flows generated from operations	**283,263,304**	235,637,489
Income taxes paid, including final and creditable withholding tax	**(63,108,299)**	(59,969,656)
Interest received	**232,564**	193,741
Net cash flows generated from operating activities	**220,387,569**	175,861,574
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment (Note 9)	**(203,908,666)**	(92,264,570)
Decrease (increase) in other noncurrent assets	**1,090,379**	(3,027,865)
Net cash flows used in investing activities	**(202,818,287)**	(95,292,435)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Long-term debt (Notes 12 and 24)	**(66,640,000)**	(66,640,000)
Interest on loans (Notes 12 and 24)	**(14,261,395)**	(11,748,935)
Dividends (Notes 16 and 24)	**(12,746,274)**	(106,343,604)
Short-term loan (Notes 12 and 24)	**(8,000,000)**	(13,500,000)
Lease liabilities (Notes 22 and 24)	**(7,818,890)**	(7,300,427)
Proceeds from availment of short-term loans (Notes 12 and 24)	**48,000,000**	–
Net cash flows used in financing activities	**(61,466,559)**	(205,532,966)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**–**	693,908
NET DECREASE IN CASH	**(43,897,277)**	(124,269,919)
CASH AT BEGINNING OF YEAR	**186,958,386**	311,228,305
CASH AT END OF YEAR (Note 5)	**₱143,061,109**	₱186,958,386

See accompanying Notes to Parent Company Financial Statements.

[redacted]

MANILA BROADCASTING COMPANY
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

Manila Broadcasting Company (the Company) was incorporated in the Philippines on September 30, 1947. The Company is primarily engaged in the business of radio broadcasting.

The registered office address of the Company is MBC Building, V. Sotto Street, CCP Complex, Pasay City.

The Company is 72%-owned by Elizalde Holdings Corporation (EHC), a Philippine entity, the immediate and ultimate parent company.

The parent company financial statements were authorized for issuance by the Board of Directors (BOD) on May 2, 2023.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation
The parent company financial statements have been prepared using the historical cost basis, except for unquoted equity investments, which is carried and measured at fair value, and land under property and equipment, which is carried at revalued amount.

The parent company financial statements are presented in Philippine peso (Peso), which is the Company's functional and presentation currency. Amounts are rounded to the nearest Peso unless otherwise indicated.

Statement of Compliance
The parent company financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

To conform with the provisions of PFRS 10, *Consolidated and Separate Financial Statements*, the Company consolidated Elizalde Hotels and Resorts, Inc. (EHRI), an 80%-owned company, whose relevant activities are controlled by the Company. The Company prepares and issues consolidated financial statements for the same period as the separate financial statements. The consolidated financial statements were prepared in compliance with PFRSs and can be obtained at the SEC and the Company's registered address.

New Standards, Interpretations and Amendments
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Company.

[redacted]

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

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

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

[redacted]

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2023
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

Deferred effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Significant Accounting Policies

Current versus Noncurrent Classification
The Company presents assets and liabilities in the parent company statement of financial position based on current/noncurrent classification.

An asset is current when:
- It is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

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

The Company classifies all other liabilities as noncurrent.

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

[redacted]

Fair Value Measurement
The Company measures financial instruments, such as quoted and unquoted equity investments, and non-financial assets such as land classified as property and equipment at revalued amount, at fair value at the end of each financial reporting period.

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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy. The fair value hierarchy is disclosed in Note 26 to the parent company financial statements.

Cash
Cash includes cash on hand and cash in banks. Cash in banks earn interest at their respective bank deposit rates.

[redacted]

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

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

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

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

Subsequent measurement. For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost
- Financial assets at FVOCI with recycling of cumulative gains and losses
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at FVPL

a) *Financial assets at amortized cost*. The Company measures financial assets at amortized cost if both of the following conditions are met:
   - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
   - The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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

[redacted]

The Company's cash, receivables, due from related parties and refundable deposits (recorded as part of "Other noncurrent assets" account) are included in this category.

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

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

   The Company's unquoted equity investments and investment in club shares are classified as equity instruments designated at FVOCI.

As at December 31, 2022 and 2021, the Company has no financial assets at FVPL and debt instruments at FVOCI.

Impairment of financial assets. The Company recognizes expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash, due from related parties, advances from stations, other receivables and refundable deposits, the Company applies a general approach in calculating ECLs. The Company recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on these assets since initial recognition.

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

The Company considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off, in whole or in part, when the asset is considered uncollectible, the Company has exhausted all practical recovery efforts and has concluded that it has is no reasonable expectation of recovering the contractual cash flows.

[redacted]

Financial Liabilities

Initial recognition and measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company has no financial liabilities at FVPL or derivatives designated as hedging instruments.

Subsequent measurement. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.

This category includes accounts payable and accrued expenses (excluding statutory payables), dividends payable, short-term and long-term loans, and lease liabilities.

Classification of Financial Instruments Between Debt and Equity

A financial instrument is classified as debt if it provides for a contractual obligation to:

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

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

Offsetting Financial Instruments

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

Derecognition of Financial Instruments

Financial assets. A financial asset (or, where applicable a part of a financial asset or part of similar financial assets) is derecognized when:

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

[redacted]

When the Company has transferred its right to receive cash from a financial asset and has neither transferred nor retained substantially all the risks and rewards of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Fair Value Measurement

The Company measures financial instruments, such as quoted and unquoted equity investments, and non-financial assets such as land classified as property and equipment at revalued amount, at fair value at the end of each financial reporting period.

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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

[redacted]

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy. The fair value hierarchy is disclosed in Note 26 to the parent company financial statements.

Materials and Supplies

Materials and supplies are stated at the lower of cost (determined using the first-in, first-out method) and net realizable value (NRV). Cost includes the invoice price and related charges such as freight, insurance, and taxes, among others. NRV is the current replacement cost.

Investment in a Subsidiary

Investment in a subsidiary is accounted for under the cost method of accounting in the financial statements. The investment is carried in the parent company statement of financial position at cost less any impairment in value. The Company recognizes income from the investment only to the extent that the Company receives distributions from accumulated profits of the subsidiaries arising after the date of acquisition.

Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

Property and Equipment

The Company's property and equipment consist of building and leasehold improvements, broadcasting and transmission equipment, furniture, transportation equipment and right-of-use assets that do not qualify as investment properties.

Property and equipment, except land, are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes, and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment. When assets are sold or retired, their cost, accumulated depreciation and amortization, and any impairment in value are eliminated from the accounts. Any gain or loss resulting from the disposal is included in profit or loss.

Land is stated at revalued amount based on the fair market value of the property determined by an independent firm of appraisers as of reporting period. Land is revalued every three years based on independent valuation of external appraisers. The increase in the valuation of land, net of deferred income tax liability, is credited to "Revaluation increment on land" in the Parent Company statement of financial position and recognized as OCI. Upon disposal, the relevant portion of the revaluation increment realized in respect of the previous valuation will be released from the revaluation increment in OCI directly to retained earnings. Decreases that offset previous increases in respect of the same property are charged against the revaluation increment. All other decreases are charged against current operations in profit or loss.

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

Depreciation commences when an asset is in its location and condition and it is capable of being operated in the manner intended by management. It is computed using the straight-line method, based on the estimated useful lives of the assets as follows:

Category	Years
Building	7-17
Broadcasting and transmission equipment	8-11
Furniture and equipment	5
Transportation equipment	4
Right-of-use assets	5-10

Leasehold improvements are amortized over the term of the lease or life of the building and improvements ranging from seven to seventeen years, whichever is shorter.

Construction in-progress represents properties under construction and is stated at cost, including cost of construction and other direct costs. Construction in-progress is not depreciated until such time that the relevant assets are completed and ready for operational use.

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use.

It is the Company's policy to classify right-of-use assets as part of property and equipment. The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date.

Investment Properties

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

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

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when,

[redacted]

there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A change of use occurs if property meets, or ceases to meet, the definition of investment property. These transfers are recorded using the carrying amount of the investment property at the date of change in use.

Building classified as investment property is depreciated on a straight-line basis over its estimated useful life of ten years.

Intangible Assets
Intangible assets consist of frequency license and intellectual property rights. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The Company's intangible assets are assessed as finite and are amortized over the estimated useful life and assessed for impairment whenever there is an indication that these may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization of intangible assets with finite useful lives is recognized in profit or loss.

Amortization commences when the intangible asset is acquired and is capable of being owned and operated in the manner intended by management. It is computed using the straight-line method, based on the estimated useful lives of the assets as follows:

	Years
Frequency license	13
Intellectual property rights	3

Goodwill
Goodwill is initially measured at cost being the excess of the cost of the business combination over the fair value of the acquiree's net identifiable assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment of Nonfinancial Assets
Property and equipment, investment properties, investment in subsidiaries, intangible assets and other assets. The carrying values of property and equipment, investment properties, intangible assets and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists, or when annual impairment testing is required, and where the carrying values exceed the estimated recoverable amounts, the assets or the cash-generating units (CGU) are written down to their recoverable amounts. The recoverable amount of the assets is the greater of the fair value less costs to sell and value-in-use (VIU). The fair value is the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In assessing VIU, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Any impairment loss is recognized in profit or loss.

[redacted]

Goodwill. Goodwill is reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment for goodwill is determined by assessing the recoverable amount of the CGU to which the goodwill relates. An impairment loss is recognized immediately in profit or loss when the recoverable amount of the CGU is less than its carrying amount. Impairment losses relating to goodwill cannot be reversed in future periods.

Capital Stock
Capital stock is the portion of the paid in capital representing the total par value of the shares issued.

Additional Paid-in Capital
Additional paid-in capital represents the amount paid in excess of the par value of the shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration and other capital adjustments.

OCI
OCI comprises items of income and expense that are not recognized in profit or loss in accordance with PFRSs. The Company's OCI includes net changes in fair values of financial assets at FVOCI, revaluation increment on land carried at revalued amount and remeasurement gains (losses) on accrued retirement benefits.

Treasury Stock
Treasury stocks are shares of the Company which are reacquired and are measured at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instrument.

Revenue Recognition
Revenue is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has assessed that it is acting as principal in all of its revenue arrangements.

The following specific criteria must also be met before revenue is recognized:

Broadcasting fees. Revenue is recognized at a point in time upon airing of the advertisements.

The Company receives non-cash considerations (such as merchandise or services) from certain customers in exchange for advertising time. The fair value of such non-cash considerations received from the customers is included in the transaction price and measured upon airing of the advertisement.

The Company applies the requirements of PFRS 13, *Fair Value Measurement,* in measuring the fair value of the non-cash considerations. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the advertisements when aired.

[redacted]

Digital services. Revenue from digital services is recognized at point in time when the materials are posted on the Company's social networking sites. The Company uses the cost as stated in the broadcast order.

Talent fees and customer event. Revenue from talent services and customer event is recognized over time upon rendering of services to its customers in accordance with the broadcast order.

Variable considerations. If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The volume discounts given by the Company to the customers give rise to a variable consideration.

Revenue outside the scope of PFRS 15

Rental income arising from operating leases on investment properties is recognized on a straight-line basis over the lease term.

Interest income is recognized as the interest accrues using the EIR method.

Dividend income is recognized when the Company's right to receive the payment is established.

Contract Balances

Trade receivables. A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

Payments received before broadcast (pay before broadcast) represent contract liabilities, which are recognized as revenue upon airing of related advertisements.

Cost of Services and Operating Expenses
Cost of services and operating expenses are recognized when incurred. They are measured at the fair value of the consideration paid or payable. Cost of services and operating expenses are presented as net of recharges or reimbursements of expenses billed to various partner stations in the parent company statement of comprehensive income.

[redacted]

Value-Added Tax (VAT)
Revenue, expenses and assets are recognized net of the amount of VAT, if applicable.

- When VAT from sales of services (output VAT) exceeds VAT passed on from purchases of goods and services (input VAT), the excess is recognized as payable in the parent company statement of financial position.
- When VAT passed on from purchases of goods and services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognized as an asset in the parent company statement of financial position to the extent of the recoverable amount.

The net amount of output VAT is presented under "Accounts payable and accrued expenses" account in the parent company statement of financial position.

Retirement Benefits
Net pension assets as presented in the parent company statement of financial position, is the present value of the defined benefit obligation (PVDBO) at the financial reporting date reduced by the fair value of plan assets (FVPA), adjusted for the effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method. Retirement benefits costs consist of service costs, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The FVPA is based on market price information. When no market price is available, the FVPA is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the FVPA is higher than the PVDBO, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

[redacted]

Accrued Separation Costs
Accrued separation costs, as presented in the parent company statement of financial position, pertain to the unpaid balance of separation pay of employees as at financial reporting date. These are recognized as a liability and an expense when, and only when, the Company is demonstrably committed to either: (a) terminate the employment of an employee or group of employees before the normal retirement date; or (b) provide separation benefits as a result of an offer made in order to encourage voluntary redundancy.

Borrowing Costs
Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of qualifying assets. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are available for its intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance these projects to the extent that they are regarded as an adjustment to interest cost.

All other borrowing costs are expensed as incurred.

Income Taxes

Current tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the financial reporting date.

Deferred tax. Deferred tax is provided, using the liability method, on all temporary differences at the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax relating to items recognized outside profit or loss is recognized under OCI in equity.

Deferred tax liabilities are recognized for all taxable temporary differences except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the financial reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

[redacted]

Leases
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement.

Company as a Lessee

Lease liabilities. The lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate (IBR).

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the Company's IBR. The IBR is determined based on the rate the Company's bank will charge should an amount equivalent to the value of the asset being leased will be borrowed using the same lease term. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company's right-of-use assets are included in the "Property and equipment" account, and the lease liabilities (current and noncurrent) as separate line item in the parent company statement of financial position.

Short-term leases. The Company applies the short-term lease recognition exemption to its short-term leases of equipment and other rentals (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Company as a Lessor

Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Earnings Per Share
Basic earnings per share is computed by dividing the net income by the weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net income by the weighted average number of shares outstanding during the year and adjusted for the effects of all dilutive potential common shares, if any.

In determining both the basic and the diluted earnings per share, the effect of stock dividends, if any, is accounted for retroactively.

Foreign Currency-denominated Transactions
Foreign currency-denominated transactions are recorded in Philippine Peso using the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange at the financial reporting date. All exchange rate differences, including those arising on the settlement of monetary items at rates different from those at which they were recorded, are recognized in profit or loss in the period in which the differences arise. For income tax

[redacted]

purposes, these gains or losses are treated as taxable income or deductible expense in the period such were realized. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in provisions due to the passage of time is recognized as interest expense and classified as additional provision.

Contingencies
Contingent liabilities are not recognized in the parent company financial statements. These are disclosed in the notes to parent company financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but are disclosed in the notes to parent company financial statements when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the parent company financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the parent company financial statements.

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

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3. Significant Accounting Judgments and Estimates

The preparation of the parent company financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported and disclosed in the parent company financial statements. The judgments, estimates and assumptions used in the parent company financial statements are based upon management's evaluation of relevant facts and circumstances that are believed to be reasonable as at the date of the parent company financial statements. Actual results could differ from such estimates.

The judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgment, apart from those involving estimations, which have the most significant effect on the amounts recognized in the parent company financial statements:

[redacted]

Recognition of Revenue from Contracts with Customers

a. *Identifying Performance Obligations*. The Company identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Company's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

   Revenues earned from contracts with various promises are split into separately identifiable performance obligations based on their relative stand-alone selling price to reflect the substance of the transaction.

   The Company offers bundled radio airtime, digital and hosting and customer event services and is assessed as three separate performance obligations.

b. *Revenue Recognition.* The Company recognizes revenue over time or at a point in time depending on its evaluation of when the customer obtains control of the promised goods or services. Revenue from broadcasting fees are recognized at a point in time when the revenue is aired. Revenues from talent fees and customer event are recognized over time as the Company provides the service. Revenue from digital services is recognized at a point in time when control over goods or services is transferred to the customer upon posting of advertising materials on its social media accounts.

c. *Determining Method to Estimate Variable Consideration and Assessing the Constraint.* The Company provides volume incentives to its customers based on the aggregate annual sales volume for the year. The determination of the sales volume excludes political placements, production costs, prizes, talent fees and other non-revenue accounts. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

   The Company determined that the most likely amount method is appropriate to use in estimating the variable consideration for the volume incentives given to the customers. The most likely amount is the single most likely amount in a range of possible consideration amounts. The Company considered this method to be the more appropriate estimate of the amount of variable consideration since the agreement with its customers has only two possible outcomes, which is, the customer either achieves the required aggregate annual sales volume, or does not.

   Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Definition of Default and Credit-Impaired Financial Assets. The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria*. The borrower is more than 360 days past due on its contractual payments, which is consistent with the Company's definition of default. The determination of the period is based on the Company's practice and agreement with its customers within the industry.

[redacted]

- *Qualitative Criteria*. The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

    a. The borrower is experiencing financial difficulty or is insolvent;
    b. Concessions have been granted by the Company, for economic or contractual reasons relating to the borrower's financial difficulty;
    c. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), loss given default (LGD) and exposure at default (EAD) throughout the Company's ECL calculation.

Simplified Approach for Trade Receivables. The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of advertisers that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Grouping of instruments for losses measured on collective basis. For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. The Company groups its trade receivable based on the type of customer.

Macro-economic Forecasts and Forward-looking Information. Macro-economic forecasts are determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the financial reporting date about past events, current conditions and forecasts of future economic conditions.

The Company takes into consideration using different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The allowance for ECLs amounted to ₱28.8 million and ₱29.3 million as at December 31, 2022 and 2021, respectively. The carrying amount of receivables amounted to ₱392.2 million and ₱427.2 million as at December 31, 2022 and 2021, respectively (see Notes 6 and 18).

Valuation of Unquoted Equity Securities. PFRS 9 requires all investments in equity instruments and contracts on those instruments to be measured at fair value. In 2022 and 2021, The Company determined the fair value of these investments in unquoted shares of stock using the adjusted net asset value approach. The underlying assets primarily consist of investments in quoted and unquoted shares and land. The Company determined the fair value of the investments in unquoted shares using the discounted cash flows approach while the fair value of the land was determined with the assistance of external appraisers. See Note 26 for the valuation methodology used and key inputs to valuation of the investment in shares of stock.

[redacted]

The fair value of unquoted equity securities amounted to ₱166.6million and ₱289.6 million as at December 31, 2022 and 2021, respectively (see Note 7).

Valuation of Lease Liabilities and Right-of-Use Assets. The application of PFRS 16 requires the Company to make judgments that affect the valuation of lease liability and the valuation of right-of-use asset. These include: (1) determining contracts in scope of PFRS 16, and (2) determining the contract term and interest rate for discounting of future cash flows.

a. *Determining contracts in scope of PFRS 16.* The Company has lease agreements covering rental of satellite communications capacity called transponder lease, land used as site for broadcasting business and where the hotel property is located, office spaces and transmitter sites. The Company recognized right-of-use assets and lease liabilities for the leases related to transponder lease and land. The Company has assessed leases for office spaces and transmitter sites as short-term and elected not to recognize right-of-use assets and lease liabilities (see Note 22).

b. *Determining the contract term.* The lease term determined by the Company comprises non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company did not consider the renewal options as they need to be mutually agreed upon by both lessor and lessee. The Company considered the significant leasehold improvements on the leased assets to determine that the option to terminate the lease is not reasonably certain to be exercised. The same economic life is applied to determine the depreciation rate of right-of-use assets.

c. Determining the interest rate for lease assets. The present value of the lease payments is determined using the discount rate representing the interest rate implicit in the lease, if that rate can be readily determined or the lessee's IBR, if that rate cannot be readily determined. The Company cannot readily determine the interest rate implicit in leases of satellite communications capacity, land principally used for broadcasting business, land where hotel property and other facilities are located, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating). The IBR used ranges between 4.85% to 8.01%.

As at December 31, 2022 and 2021, lease liabilities amounted to ₱29 0 million and ₱18.2 million while right of use assets amounted to ₱23.9 million and ₱15.4 million, respectively (see Notes 9 and 22).

Short-term Leases and Leases of Low-value Assets. The Company applies the short-term recognition exemption to its short-term leases of staff house (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to these leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Rent expense amounted to ₱11.5 million and ₱21.6 million in 2022 and 2021, respectively (see Notes 18 and 22).

[redacted]

Company as Lessor. The Company has arrangements with various lessees covering the building units it offers for lease, the ownership over which was determined to have been retained by the Company. Accordingly, these leases were accounted for as operating leases. Rent income amounted to ₱8.8 million and ₱9.3 million in 2022 and 2021, respectively (see Note 10).

Classification of property. The Company determines whether a property is classified as property and equipment or investment property as follows:

- Property and equipment which are occupied for use by, or in the operations of, the Company and not for sale in the ordinary course of business.

- Investment property comprises building spaces and improvements which are not occupied for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

The Company considers each property separately in making its judgment.

Estimations

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of useful lives of property and equipment and intangible assets. The Company estimated the useful lives of its property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives of property and equipment and intangible assets based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

As at December 31, 2022 and 2021, the carrying value of depreciable property and equipment amounted to ₱60.5 million and ₱62.7 million, respectively (see Note 9). Carrying value of net intangible assets amounted to nil as at December 31, 2022 and 2021, respectively (see Note 11). Total depreciation and amortization relating to property and equipment and intangible assets charged to operations amounted to ₱21.2 million and ₱23.9 million in 2022 and 2021 (see Notes 9, 11 and 18).

Revaluation of land. The Company carries land classified under property and equipment at revalued amounts, with changes in fair value being recognized in OCI. The Company engaged an independent valuation specialist to assess the fair value as at the financial reporting date. The key assumptions used to determine the fair value of the properties are provided in Note 9. As at December 31, 2022 and 2021, the carrying value of the land, carried at fair value, amounted to ₱568.5 million and ₱412.7 million, respectively. As at December 31, 2022 and 2021, revaluation increment on land (net of deferred tax) amounted to ₱314.4 million and ₱297.7 million, respectively (see Note 9).

Assessment of impairment of noncurrent nonfinancial assets except goodwill and land at revalued amount. The Company assesses the impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

a. significant adverse changes in the technological, market, or economic environment in which the Company operates;

[redacted]

b. significant decrease in the market value of an asset;
c. significant increase in the discount rate used for the calculations;
d. evidence of obsolescence and physical damage;
e. significant changes in the manner in which an asset is used or expected to be used;
f. plans to restructure or discontinue an operation; and,
g. evidence is available from internal reporting that the economic performance of an asset is, or will be, worse than expected.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's net selling price and VIU. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while VIU is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

Recoverable amount represents the VIU, determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

Based on management's evaluation, no impairment loss needs to be recognized on the Company's property and equipment (except land at revalued amount), investment properties, investment in subsidiaries, intangible assets (except goodwill) and other noncurrent assets in 2022 and 2021. As at December 31, 2022 and 2021, the total carrying values of the Company's noncurrent nonfinancial assets, excluding goodwill and land at revalued amount, amounted to ₱1,102.4 million and ₱1,036.9 million, respectively (see Notes 8, 9, 10 and 11).

Assessment of impairment of goodwill. For goodwill, the Company determines whether it is impaired at least on an annual basis. This requires an estimation of the VIU of the CGU to which the goodwill is allocated. The impairment test for goodwill is based on VIU calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company has not yet committed to or significant future investments that will enhance the asset based of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the revenue growth rate and the long-term growth rate for extrapolation purposes. As at December 31, 2022 and 2021, the carrying value of goodwill amounted to ₱38.0 million. The key assumptions used to determine the recoverable amount for the goodwill, including sensitivity analysis, are disclosed and further explained in Note 11.

Recognition of deferred tax assets. The Company reviews the carrying amounts of deferred tax assets at each financial reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized.

Based on management's evaluation, there will be sufficient future taxable profits against which the deferred tax assets can be applied. As at December 31, 2022 and 2021, recognized deferred tax assets amounted to ₱11.8 million and ₱12.6 million, respectively (see Note 21).

Estimation of retirement benefits cost and liability. The determination of the obligation and retirement benefits cost is dependent on assumptions used by the actuary in calculating such amounts. Those assumptions are described in Note 20 and include among others, discount rates which are

[redacted]

determined by using risk-free interest rate of government bonds consistent with the estimated term of the obligation and salary increase rates. In accordance with PFRSs, actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement benefits obligation.

Net pension asset amounted to ₱2.4 million and ₱2.9 million as at December 31, 2022 and 2021, respectively (see Note 20).

Provisions. The Company provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at the end of the financial reporting date, net of any estimated amount that may be reimbursed to the Company. If the effect of the time value of money is material, provisions are discounted using a pretax rate that reflects the risks specific to the liability. The amount of provision is being reassessed at least on an annual basis to consider new relevant information. There were no provisions recognized in 2022 and 2021.

4. Segment Information

The Company is organized into only one operating division, radio broadcasting, which is its primary activity. The Company has six programming formats, namely DZRH and "Aksyon Radyo" stations, Love Radio, YES FM, Hot-FM, Radyo Natin and Easy Rock.

For management purposes, the Company considers the entire business as one segment. Management monitors the operating results of the business for the purpose of making decisions about resource allocation and performance assessment.

Broadcasting fee (shown as "Revenue" in the parent company statements of comprehensive income), net income, total assets and total liabilities as at and for the years ended December 31, 2022 and 2021 are the same as reported elsewhere in the accompanying parent company financial statements.

	2022		
	Consolidated Balances	**Reconciliation**	**Parent Company Balances**
Broadcasting fee	**₱1,218,032,361**	**(₱104,421,105)**	**₱1,113,611,256**
Net income	**101,561,434**	**68,410,491**	**161,727,483**
Total assets	**2,676,627,052**	**(184,671,043)**	**2,491,956,009**
Total liabilities	**1,132,816,835**	**(234,222,871)**	**898,593,964**

	2021		
	Consolidated Balances	Reconciliation	Parent Company Balances
Broadcasting fee	₱992,872,599	(₱19,259,200)	₱973,613,399
Net income	82,194,995	68,410,491	150,605,486
Total assets	2,906,001,066	(264,211,132)	2,641,789,934
Total liabilities	1,232,589,168	(253,596,911)	978,992,257

[redacted]

The Company has no revenue from transactions with a single external customer accounting for more than 10% or more of the broadcasting fee. All customers of the Company are located in the Philippines.

5. Cash

	2022	2021
Cash on hand	**₱9,745,631**	₱9,872,331
Cash in banks	**133,315,478**	177,086,055
	₱143,061,109	₱186,958,386

Interest income from cash in banks amounted to ₱0.2 million in 2022 and 2021.

6. Receivables

	2022	2021
Trade (see Note 17)	**₱332,018,968**	₱375,226,846
Advances to stations (see Note 14)	**79,522,180**	67,049,300
Others	**9,488,773**	14,173,619
	421,029,921	456,449,765
Less allowance for ECL	**28,846,053**	29,294,880
	₱392,183,868	₱427,154,885

Trade receivables, advances to stations and other receivables are noninterest-bearing and have credit terms of approximately 90 days.

Movement of allowance for ECLs by class is as follows:

	Trade	**Advances to stations**	**Others**	**Total**
Balance as at January 1, 2021	₱32,215,940	₱363,419	₱7,167,906	₱39,747,265
Provision (see Note 18)	2,211,806	–	–	2,211,806
Write-off	(12,664,191)	–	–	(12,664,191)
December 31, 2021	**21,763,555**	**363,419**	**7,167,906**	**29,294,880**
Provision	**1,061,517**	**–**	**–**	**1,061,517**
Write-off (see Note 18)	**(1,510,344)**	**–**	**–**	**(1,510,344)**
December 31, 2022	**₱21,314,728**	**₱363,419**	**₱7,167,906**	**₱28,846,053**

7. Financial Assets at FVOCI

	2022	2021
Investment in corporate shares of stocks and golf shares:		
Unquoted	**₱141,343,656**	₱289,377,071
Quoted	**250,000**	250,000
	₱141,593,656	₱289,627,071

[redacted]

The movements of financial assets at FVOCI in 2022 and 2021 follow:

	2022	2021
Balance at beginning of year	**₱289,627,071**	₱245,656,383
Increase (decrease) in fair value during the year	**(148,033,415)**	43,970,688
Balance at end of year	**₱141,593,656**	₱289,627,071

The fair value of the quoted shares of stock is determined based on quoted market price (see Note 26).

As at December 31, 2022 and 2021, the cumulative changes in the fair value of financial assets at FVOCI are recognized under “Reserve for fluctuation in fair value of financial assets at FVOCI” shown as part of equity in the parent company statement of financial position.

Investments in unquoted shares of stock represent unlisted corporate shares in EHC and Philippine International Corporation (PIC). The cost of the investments in EHC and PIC amounted to ₱17.8 million and ₱16.8 million respectively. In 2022 and 2021, the Company determined the fair value of these investments in unquoted shares of stock using the adjusted net asset value approach. The underlying assets primarily consist of investments in quoted and unquoted shares and land. The Company determined the fair value of the investments in unquoted shares using the discounted cash flows approach while the fair value of the land was determined with the assistance of external appraisers (see Note 26). No dividend income was earned in 2022 and 2021.

8. Investment in a Subsidiary

This account represents 80%-ownership interest in EHRI, a Company engaged in hotel business.

As at December 31, 2022 and 2021, investment in subsidiary amounted to ₱800.0 million.

9. Property and Equipment

a. Property and equipment carried at cost consists of:

	2022							
	Building and Leasehold Improvements	**Broadcasting and Transmission Equipment**	**Furniture and Equipment**	**Transportation Equipment**	**Construction in Progress**	**Right of use asset - Land** (see Note 22)	**Right of use asset - Transponder** (see Note 22)	**Total**
Cost								
Balance at beginning of year	**₱149,808,088**	**₱454,765,574**	**₱117,292,736**	**₱50,910,503**	**₱130,013,648**	**₱18,486,064**	**₱17,762,044**	**₱939,038,657**
Additions	–	**1,057,592**	–	**641,864**	**68,664,210**	**916,386**	**16,470,723**	**87,750,775**
Balance at end of year	**149,808,088**	**455,823,166**	**117,292,736**	**51,552,367**	**198,677,858**	**19,402,450**	**34,232,767**	**1,026,789,432**
Accumulated Depreciation								
Balance at beginning of year	**137,213,002**	**432,338,569**	**105,924,672**	**50,053,176**	–	**6,916,007**	**13,900,731**	**746,346,157**
Depreciation (see Notes 18 and 22)	**2,667,301**	**4,732,174**	**3,985,313**	**910,817**	–	**3,982,051**	**4,959,362**	**21,237,018**
Balance at end of year	**139,880,303**	**437,070,743**	**109,909,985**	**50,963,993**	–	**10,898,058**	**18,860,093**	**767,583,175**
Net Book Values	**₱9,927,785**	**₱18,752,423**	**₱7,382,751**	**₱588,374**	**₱198,677,858**	**₱8,504,392**	**₱15,372,674**	**₱259,206,257**

[redacted]

	2021							
	Building and Leasehold Improvements	Broadcasting and Transmission Equipment	Furniture and Equipment	Transportation Equipment	Construction in Progress	Right of use asset - Land (see Note 22)	Right of use asset - Transponder (see Note 22)	Total
Cost								
Balances at beginning of year	₱149,808,088	₱454,765,574	₱117,292,736	₱50,910,503	₱37,749,078	₱10,904,559	₱17,762,044	₱839,192,582
Additions	–	–	–	–	92,264,570	7,581,505	–	99,846,075
Balance at end of year	149,808,088	454,765,574	117,292,736	50,910,503	130,013,648	18,486,064	17,762,044	939,038,657
Accumulated Depreciation								
Balance at beginning of year	133,739,720	425,600,879	101,331,070	48,989,684	–	3,512,442	9,267,154	722,440,949
Depreciation (see Notes 18 and 22)	3,473,282	6,737,690	4,593,602	1,063,492	–	3,403,565	4,633,577	23,905,208
Balance at end of year	137,213,002	432,338,569	105,924,672	50,053,176	–	6,916,007	13,900,731	746,346,157
Net Book Values	₱12,595,086	₱22,427,005	₱11,368,064	₱857,327	₱130,013,648	₱11,570,057	₱3,861,313	₱192,692,500

b. Land at revalued amount consists of:

	2022	2021
Cost:		
Balance at beginning of year	**₱15,780,194**	₱15,780,194
Additions	**133,545,000**	–
Balance at end of year	**149,325,194**	15,780,194
Revaluation increment on land:		
Balance at beginning of year	**396,883,306**	383,355,406
Increase	**22,288,100**	13,527,900
Balance at end of year	**419,171,406**	396,883,306
Carrying amount	**₱568,496,600**	₱412,663,500

The revalued amounts of ₱568.50 million and ₱412.66 million as at December 31, 2022 and 2021, respectively, are based on the valuation conducted by independent appraisal companies as at December 31, 2022 and 2021, respectively. The appraisal companies used the market data or sales comparison approach where the fair market values are determined by referring to the extent, character and utility, and sales and holding prices of similar land, significantly adjusted for dissimilarities in the nature, location or condition of the specific properties.

The fair values of these parcels of land are determined using Level 3 valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (see Note 26). The significant unobservable input of price per square meter ranges from ₱65,000 to ₱86,500 in 2022 and ₱96,000 to ₱120,000 in 2021. Significant increases (decreases) in the estimated price per square meter in isolation would result in a significantly higher (lower) fair value.

The revaluation increment, net of tax, of ₱314.4 million and ₱297.7 million as at December 31, 2022 and 2021, respectively, is included in the equity section of the parent company statements of financial position.

[redacted]

10. Investment Properties

Investment properties as at December 31, 2022 and 2021 consist of the following:

	Land	Building	Total
Cost at beginning and end of year	₱43,162,500	₱80,381,524	₱123,544,024
Less accumulated depreciation at beginning and end of year	–	80,381,524	80,381,524
Net Book Values	₱43,162,500	₱–	₱43,162,500

Investment properties are leased to employees and third parties. The total fair value of the investment properties, based on the recent appraisal reports, amounted ₱162.8 million for land and ₱79.8 million for building. The latest appraisal report was as at December 31, 2018. The fair values of the properties are based on valuations performed by an accredited independent appraiser.

The fair values of these investment properties were determined using Level 3 valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (see Note 26).

The appraiser used the market data or sales comparison approach in determining the fair value of the land. The valuation was made on the basis of the market value determined by referring to the extent, character and utility, and sales and holding prices of similar properties, significantly adjusted for dissimilarities in the nature, location or condition of the specific properties.

The fair value of building and other property, which represent reproduction cost less depreciation, was arrived at by the appraiser using the cost approach. This method determines the fair value of the building and other property by estimating the cost to create the same structure with the same design and using similar construction materials.

The highest and best use of investment properties, as determined by the appraiser, is a mixed commercial and residential utility, which is similar to their current use.

Rental income generated from these investment properties amounted to ₱8.8 million and ₱9.3 million in 2022 and 2021, respectively. Related direct operating expenses amounted to ₱3.9 million in 2022 and 2021.

11. Intangible Assets and Goodwill

The Company's intangible assets and goodwill pertain to a radio station acquired in 2008 at a cost of ₱229.6 million. The excess of acquisition cost over the adjusted fair values of the identifiable assets amounting to ₱38.0 million was recognized as goodwill.

[redacted]

The net book values of the intangible assets as at December 31 are as follows:

	2022		
	Frequency license	**Intellectual Property Rights**	**Total**
Cost			
Balance at beginning and end of year	**₱153,594,927**	**₱5,810,867**	**₱159,405,794**
Accumulated Amortization			
Balance at beginning of year	**153,594,927**	**5,810,867**	**159,405,794**
Amortization	**–**	**–**	**–**
Balance at end of year	**153,594,927**	**5,810,867**	**159,405,794**
Net Book Values	**₱–**	**₱–**	**₱–**

	2021		
	Frequency license	Intellectual Property Rights	Total
Cost			
Balance at beginning and end of year	₱153,594,927	₱5,810,867	₱159,405,794
Accumulated Amortization			
Balance at beginning of year	144,733,699	5,810,867	150,544,566
Amortization (see Note 18)	8,861,228	–	8,861,228
Balance at end of year	153,594,927	5,810,867	159,405,794
Net Book Values	₱–	₱–	₱–

On December 10, 2020, the Company submitted an application for the renewal of the frequency license of DWRK to the National Telecommunications Commission. The frequency license was approved on December 18, 2020 and will be valid until December 31, 2023. Thus, the remaining estimated useful life of frequency license as at December 31, 2022 is extended to 1 year.

Impairment Testing of Goodwill

The Company performs its annual impairment test every December of each year. Goodwill is allocated to only one CGU, which is the DWRK radio station. The recoverable amount of the CGU determined based on VIU, is compared to its carrying amount. An impairment loss is recognized if the carrying amount of the CGU exceeds its recoverable amount.

The recoverable amount of the CGU, which exceeds its carrying amount by ₱188.5 million and ₱154.7 million as at December 31, 2022 and 2021, respectively, has been determined based on the VIU calculations using cash flow projections from financial budgets covering a five-year period. The pre-tax discount rates applied to the cash flow projections and the expected growth rates used in the extrapolation of the cash flows beyond the five-year period are shown in the key assumptions disclosure below. The expected growth rate is comparable with the long-term average growth rate for the media industry. As a result of this analysis, management has determined that there was no impairment loss in 2022 and 2021 since the VIU exceeds the carrying value of the identifiable assets of the CGU.

Key Assumptions. The following are the key assumptions used in management's analysis:

	2022	2021
Discount rate	**10.44%**	14.35%
Revenue growth rate	**10.00%**	10.00%
Long-term growth rate	**7.0%**	7.5%

**Growth rate will apply starting year 2023*

[redacted]

In 2020, the Company projected under a conservative forecast that DWRK revenues will be back to the 2019 level, 2 years from 2020. Based on the Company's prior year projection, once the operations normalize in 2022, the revenue will increase by 10% on the years that will follow.

In 2022 and 2021, the Company projected that there will be 10% increase in revenue and 5% increase in costs and expenses of DWRK.

Sensitivity to Changes in Assumptions. The discount rates represent the current market assessment of the risk specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate is derived from the weighted average cost of capital, which takes into account both debt and equity. The cost of equity is derived from the expected return on investment of the Company's investors. The cost of debt is based on average lending rates. Segment specific risk is incorporated by applying individual beta factors, evaluated annually based on publicly available market data. The carrying amount of the CGU is enough to absorb significant changes in the discount rates as at December 31, 2022.

On the average, the revenue of the CGU over the next five years is projected to grow in line with the economy or with the forecasted gross output of the broadcasting industry. Historically, advertising spending growth had a direct correlation with economic growth. Even with a revenue growth rate of zero percent, there would still be no impairment in 2022.

The long-term growth rate is based on the projected growth of the Company, based on historical experience, economic conditions and the Company's future plans.

No impairment loss on goodwill was recognized by the Company in 2022 and 2021.

12. **Loans**

Short-term Loans

Short-term loans are peso-denominated loans which the Company availed from a financial institution with annual interest ranging from 4.25% to 7.25% and 4.5% to 5.7% in 2022 and 2021, respectively, to finance its capital expenditure requirements. Interest expense on short-term loans amounted to ₱9.0 million and ₱12.7 million in 2022 and 2021, respectively.

	2022	2021
Balance at beginning of year	**₱131,000,000**	₱144,500,000
Availment	**48,000,000**	–
Payment	**(8,000,000)**	(13,500,000)
Balance at end of year	**₱171,000,000**	₱131,000,000

Interest repricing date is every 30 days from date of inception. Interest repricing date is every 30 days from date of inception. On November 15, 2019, the Company applied for a for a renewal of the short-term loans with Bank of the Philippine Islands and the maturity date was extended until 2020. On August 31 and October 31, 2020, the Company further applied for a renewal of the short-term loans and the maturity date was extended until February 19, 2021.

As at December 31, 2022 and 2021, the short-term loans are not subject to loan covenants.

[redacted]

Long-term Loans

	2022	2021
Principal		
Balance at beginning of year	**₱183,400,000**	₱250,040,000
Payments	**(66,640,000)**	(66,640,000)
Balance at end of year	**116,760,000**	183,400,000
Unamortized discount		
Balance at beginning of year	**488,489**	720,670
Amortization	**(320,886)**	(232,181)
Balance at end of year	**167,603**	488,489
Carrying amount	**116,592,397**	182,911,511
Less current portion of long-term debt*	**116,592,397**	66,319,605
	₱–	₱116,591,906

**Net of unamortized debt discount.*

On May 12, 2017, the Company entered into a ₱350.0 million seven-year term loan facility with Bank of the Philippine Islands (the “Lender” or “BPI”). The proceeds of the loan were used by the Company to finance its investment in EHRI, which will invest in Feliz Hotel Boracay, Inc., for the purpose of constructing and operating a hotel in Boracay Island, Aklan. The facility was fully drawn in 2018.

Details are shown below:

Drawdown Date	Amount
July 2017	₱70,000,000
August 2017	60,000,000
October 2017	50,000,000
December 2017	45,000,000
January 26, 2018	55,000,000
April 4, 2018	70,000,000
	₱350,000,000

The loans are payable over seven years in 21 consecutive quarterly installments on each repayment date commencing on July 4, 2019 while the interest on the unpaid principal amount shall be paid in quarterly payments from the initial drawdown date.

Interest Rate

The Company has an option to pay interest based on a fixed interest rate or a floating interest rate set forth in the notice of borrowing at each drawdown. The Company elected to pay floating interest for all drawdowns made as at year-end. Floating interest rate is the bid yield for the relevant benchmark 3-month PDSTR2 at approximately 4:15pm one banking day prior to the first banking day of each quarterly interest period and a spread of point ninety-five percent (0.95%) per annum subject to a floor rate based on the sum of the prevailing Term Deposit Facility rate or similar rate of the Bangko Sentral ng Pilipinas for tenors closest to the Interest Period ("BSP TDF") plus a spread of 0.50% per annum.

[redacted]

Prepayment Option
The Company also have the option to prepay the loan after the third year from the initial drawdown, wholly or partially, at any time during the term. The amount payable in respect of each prepayment shall be the full or partial outstanding principal amount of the loan plus any accrued but unpaid interest, penalties and other charges, if any.

As at December 31, 2022 and 2021, the fixed interest rate conversion option and prepayment option were not exercised by the Company. Both options were assessed as clearly and closely related to the loan and does not require bifurcation.

Debt Issuance Costs and Interest Expense
Costs incurred in relation to the loan drawdown which amounted to a total of ₱2.1 million were capitalized as debt issue costs at each drawdown date. Debt issue costs were amortized using EIR method.

Borrowing costs related to the long-term loan recognized as expense in the parent company statement of comprehensive income amounted to ₱5.2 million and ₱18.3 million in 2022 and 2021, respectively. This comprises of interest expense amounting to ₱4.9 million and ₱17.9 million in 2022 and 2021, respectively, and amortization of debt issue cost amounting to ₱0.3 million and ₱0.2 million in 2022 and 2021, respectively.

Unamortized debt discount amounting to ₱0.2 million and ₱0.5 million as of December 31, 2022 and 2021, respectively, representing capitalized debt issue costs is presented as deduction from the Company's long-term loans.

Debt Covenants
The Company's loan facility contains certain restrictive covenants that require the Company to comply with specified financial ratios, namely, debt-to-equity ratio which is not allowed to exceed 2:1 and current ratio not to fall below 1:1. As at December 31, 2021, the Company is compliant with its debt covenants (see Note 23).

As of December 31, 2022, the non-current portion of the Company's loan amounting to ₱116.6 million was classified as an accounting adjustment and presented as current in the statement of financial position as a result of the breach of the prescribed current ratio in the loan agreement with the Lender. The reclassification is only for financial statement presentation and does not affect the term of the loan's original maturity.

As of May 2, 2023, the Parent Company was not issued any demand letter from the Lender for the immediate repayment of the outstanding balance.

Suretyship
The loan is secured by a Continuing Suretyship of EHC and Star Parks Corporation (SPC) essentially as primary obligors, being jointly and severally liable with the Company to BPI, its successors and assigns, or its subsidiaries or affiliates for the payment of the loan.

[redacted]

13. Accounts Payable and Accrued Expenses

	2022	2021
Trade	**₱211,396,351**	₱243,231,118
Accrued expenses:		
Service fees	**43,222,191**	44,532,894
Agency commissions	**27,971,714**	28,819,949
Program cost	**15,619,633**	16,093,295
Personnel	**7,079,690**	7,294,380
Dues, membership, subscription fees	**3,043,425**	3,135,716
Communication, light and water	**2,023,779**	2,085,150
Interest	**869,212**	895,571
Professional fees	**639,384**	658,773
Outside services	**434,531**	447,708
Rent	**152,461**	157,084
Others	**2,520,399**	2,596,829
Output VAT – net	**33,647,032**	33,673,117
Withholding taxes payable	**4,255,765**	3,957,980
Others	**3,904,306**	3,984,720
	₱356,779,873	₱391,564,284

Trade payables and accrued expenses consist of amounts due to suppliers and service providers and are usually payable within 30 days.

Other payables consist dues to various government agencies which are normally settled within the following year.

14. Related Party Transactions

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. Key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties.

In the normal course of business, the Company has transactions with the following related parties:
- EHC, ultimate parent company;
- Cebu Broadcasting Company (CBC), an entity under common control;
- Philippine Broadcasting Corporation (PBC), an entity under common control;
- Pacific Broadcasting System, Inc. (PBSI), an entity under common control;
- Star Parks Corporation (SPC), an entity under common control;
- Feliz Hotel Boracay, Inc. (FHBI), a subsidiary;
- Aliwan Productions and Events, Inc. (ALEI), an entity under common control and
- Other related parties under common control

These transactions will be settled through cash.

[redacted]

The summary of transactions and outstanding balances with related parties are presented below:

	2022		2021		
Related Party/Nature	**Transactions during the Year**	**Outstanding Balance**	Transactions during the Year	Outstanding Balance	**Terms and conditions**
Ultimate parent company:					
EHC					
Advances	**₱12,651,011**	**₱208,147,556**	₱86,445,941	₱195,795,647	Unsecured, interest-free with no definite call dates; with offsetting agreement; no impairment
Dividends*	**89,843,600**	**(89,843,600)**	–	–	Unsecured, interest-free, payable within three months; with offsetting agreement against due to related parties (₱20.0 million); no impairment
Entities under common control:					
CBC					
Advances	**33,765,568**	**(76,808,697)**	14,997,934	(43,043,129)	Unsecured, interest-free with no definite call dates; with offsetting agreement; no impairment
Program costs	**148,700,893**	**–**	110,232,973	–	Trade transactions; Refer to discussion on marketing agreements below.
Rent income	**–**	**–**	90,000	–	Unsecured, noninterest bearing
Dividends*	**15,000,000**	**(15,000,000)**	–	–	
PBC					
Advances	**5,922,469**	**7,916,923**	–	13,839,392	Unsecured, interest-free with no definite call dates; with offsetting agreement; no impairment
Program costs	**18,432,958**	**–**	22,745,858	–	Trade transactions Refer to discussion on marketing agreements below.
Rent income	**–**	**–**	90,000	–	Unsecured, noninterest- bearing
Dividends*	**1,500,000**	**(1,500,000)**	–	–	Unsecured, interest-free, payable within three months; with offsetting agreement against due to related parties (₱1.5 million); no impairment
PBSI					
Advances	**11,445,467**	**5,442,956**	637,907	16,888,423	Unsecured, interest-free with no definite call dates; with offsetting agreement; no impairment
Program costs	**69,992,669**	**–**	50,120,618	–	Trade transactions Refer to discussion on marketing agreements below.

(Forward)

[redacted]

Related Party/Nature	2022 Transactions during the Year	2022 Outstanding Balance	2021 Transactions during the Year	2021 Outstanding Balance	Terms and conditions
Rent income	**₱–**	**₱–**	₱90,000	₱–	Unsecured, noninterest-bearing
ALEI					
Advances	**287,752**	**137,752**	–	(150,000)	Unsecured, noninterest-bearing.
Subsidiaries:					
FHBI					
Advances	–	**26,306,546**	27,500,000	26,306,546	Unsecured, interest-free with no definite call dates; with offsetting agreement; no impairment
Other related parties:					
Key management personnel					
Short-term employee benefits	**19,888,829**	–	19,416,263	–	None
Dividends	**11,591,834**	**11,591,834**	10,763,210	10,763,210	Unsecured, interest-free, payable within three months; with offsetting agreement against due to related parties (₱1.5 million); no impairment
Due from Related Parties		**₱64,799,436**		₱209,636,879	
Dividends Payable**		**11,591,834**		10,763,210	

**Lodged under "due from related parties".*
***Dividends payable to third parties amounted to ₱12,400,064 and ₱11,513,665 as at December 31, 2022 and 2021, respectively.*

The Company's significant related party transactions are as follows:

a. The Company and several affiliated broadcasting companies, which are owned and managed by certain stockholders and/or members of the BOD of the Company, entered into marketing agreements, whereby the affiliated broadcasting companies designated the Company as their sole marketing outfit for the sales, promotion, and marketing of the radio commercial airtime of all radio broadcast stations of these affiliated broadcasting companies. The original marketing agreement, which was effective for a period of five years from January 1, 1998, has been renewed annually, thereafter.

   Under the marketing agreements, the Company shall remit to the affiliated broadcasting companies a certain percentage of the annual revenue from the sale of the commercial time of the radio broadcast stations after agency commission. Total fees pertaining to related parties included under "Program costs" presented as part of "Costs of services" in the parent company statements of comprehensive income amounted to in 2022 and 2021 (see Note 18).

b. The Company also charges its affiliated broadcasting companies for their share in the expenses for operating the radio broadcast stations amounting to ₱77.1 million and ₱72.7 million in 2022 and 2021, respectively, which are shown as "Recharges/reimbursements" under "Operating expenses" account in the parent company statement of comprehensive income (see Note 18).

c. On January 4, 2021, CBC, PBC and PBSI (collectively referred to herein as "the Networks"), the Company and EHC, entered into a Memorandum of Agreement confirming the agreement among the parties to the net settlement of the respective receivables and payables as at December 31, 2021 (see Note 25). In 2022, the Company netted dividends against due to related parties amounting to ₱16.5 million.

[redacted]

d. The Company grants and obtains short-term interest-free advances to and from its affiliates, which are owned and managed by certain stockholders and/or members of the BOD of the Company.

e. The payable to affiliated service companies amounting to ₱16.2 million and ₱16.7 million as at December 31, 2022 and 2021, respectively, are included in "Accrued expenses" as part of "Service fees". The advances to affiliated service companies and other related parties amounting to ₱8.9 million and ₱7.7 million in 2022 and 2021, respectively, are included in "Receivables" as part of "Advances to stations" (see Note 6).

f. The short-term employee benefits of key management personnel amounted to ₱19.9 million and ₱19.4 million in 2022 and 2021, respectively. The pension benefits of the key management personnel are not covered by the Company's retirement plan.

15. Capital Stock

The Company was listed with the Philippine Stock Exchange on October 8, 1949. In its initial public offering, the Company offered the share at a price of ₱1.05. As at December 31, 2022 and 2021, the Company had 604 shareholders on record.

As at December 31, 2022 and 2021, capital stock consists of 1,000,000,000 authorized common shares with par value of ₱1.00 per share, of which 402,803,777 shares have been issued.

Treasury shares at cost comprised of 120,787 shares as at December 31, 2022 and 2021.

Set out below is MBC's track record of registration of securities:

Year approved	Number of Shares registered	Issue/Offer Price
1970	1,473,711	₱1.05
1978	2,029,851	1.04
1979	2,232,494	1.04
1980	2,452,735	1.03
1981	2,575,837	1.03
1985	3,803,777	1.02
1997	252,683,164	1.00
1998	252,682,990	1.00
2001	402,682,990	1.00

On October 19, 1976, the stockholders approved the increase in the authorized capital stock of the Company from ₱1.5 million, divided into 1.5 million shares with par value of ₱1.00 each to ₱5.0 million, divided into 5.0 million shares with par value of ₱1.00 each. On the same date, the stockholders approved the declaration of 50% stock dividends payable to stockholders of record as at October 30, 1976.

In 1978, the stockholders reduced the proposed increase to ₱4.0 million, divided into 4.0 million shares with par value of ₱1.00 each, and approved the payment of the 50% stock dividend to stockholders of record as at October 30, 1976. The increase in authorized capital stock was approved by the Philippine SEC on April 28, 1978.

The BOD and stockholders approved on January 29, 1997 and February 26, 1997, respectively, the increase in the Company's authorized capital stock from ₱4.0 million, divided into 4.0 million shares with par value of ₱1.00 each to ₱1.0 billion, divided into 1.0 billion shares with the same par value.

[redacted]

16. **Retained Earnings**

On December 28, 2022, the Company's BOD declared cash dividend of ₱0.30 per share in favor of shareholders of record as of January 27, 2023 amounting to ₱120,804,897.

On December 17, 2021, the BOD of the Company declared cash divi ends amounting to ₱120.8 million or ₱0.30 per share to stockholders on record as at January 16, 2022 payable on February 3, 2022.

On December 23, 2020, at the special meeting of the BOD of the Company, the BOD authorized the additional appropriation of ₱100 million for the acquisition of land or office building to be taken from the unrestricted retained earnings of the Company as of December 31, 2020. The Company plans to acquire a land in December 2021 while construction of the building is targeted to commence on the second half of 2022.

On March 24, 2022, the Parent Company's Board of Directors, approved the acquisition of Union Bank property located Barangay 89, Zone 9, District 1, San Rafael, Pasay City for their future headquarters. As at May 2, 2023, the construction of the building has not yet started.

As at December 31, 2022 and 2021, the appropriated retained earnings amounted to ₱200 million. No additional appropriations were made in 2022 and 2021.

The Company's retained earnings are not available for declaration as dividends to the extent of the cost of treasury stock and recognized deferred tax assets.

17. **Revenue**

	2022	2021
Broadcasting fees	**₱1,117,878,705**	₱978,418,959
Less volume discounts (see Note 13)	**4,267,449**	4,805,560
	₱1,113,611,256	₱973,613,399

In 2022 and 2021, revenue arising from exchange of goods and services, included in broadcasting fees, amounted to ₱1.0 million.

Disaggregated Revenue Information

	2022	2021
Type of services:		
Broadcasting	**₱1,031,971,635**	₱954,264,289
Digital	**15,677,396**	12,654,455
Hosting and customer event	**65,962,225**	6,694,655
	₱1,113,611,256	₱973,613,399

	2022	2021
Timing of revenue recognition:		
Point in time	**₱1,047,649,031**	₱966,918,744
Over time	**65,962,225**	6,694,655
	₱1,113,611,256	₱973,613,399

[redacted]

Contract Balances

	2022	2021
Trade receivables* (see Notes 6 and 23)	**₱353,463,291**	₱353,463,291
Contract liabilities - advances from sponsors	**61,307,818**	61,307,818

**Net of allowance for expected credit loss amounting to ₱21.3 million and ₱21.7 million in 2022 and 2021, respectively.*

Contract liabilities are advances received from sponsors pertaining to non-refundable placement fees paid by customers for future broadcast airings.

Revenue recognized in 2022 and 2021 that was included in the beginning balance of contract liabilities amounted to ₱55.6 million and ₱31.9 million, respectively.

18. Cost of Services and Operating Expenses

Cost of services

	2022	2021
Program costs (see Notes 14 and 23)	**₱305,207,015**	₱287,108,138
Service fees (see Note 14)	**276,907,980**	235,742,343
Personnel expenses (see Notes 14, 19 and 20)	**33,096,679**	29,817,048
Depreciation (see Note 9)	**11,043,249**	17,076,980
Replacement parts	**15,567,617**	10,205,650
	₱641,822,540	₱579,950,159

Operating expenses:

	2022	2021
Personnel (see Notes 14, 19 and 20)	**₱115,825,962**	₱112,678,776
Sales commissions	**46,845,269**	40,951,197
Communication, light and water	**41,170,173**	25,236,838
Rent (see Note 22)	**11,491,949**	21,618,049
Depreciation and amortization (see Notes 9, 10 and 11)	**10,193,769**	15,689,455
Taxes and licenses	**11,201,320**	13,186,446
Outside services	**10,178,831**	9,331,960
Professional fees	**5,754,934**	7,026,448
Travel and transportation	**15,344,748**	6,752,096
Repairs	**6,684,512**	5,912,434
Replacement parts	**4,924,972**	5,170,436
Advertising and promotions	**6,875,029**	4,848,576
Subscription fee	**5,279,468**	4,070,254
Provision for doubtful accounts (see Note 6)	**1,061,517**	2,211,806
Dues and membership	**4,606,878**	1,866,401
Materials and supplies	**2,096,037**	1,454,904
Entertainment, amusement and recreation	**717,814**	493,695
Commissions	**497,995**	143,612
Others	**24,890,786**	20,947,600
	325,641,963	299,590,983
Recharges/reimbursements (see Note 14)	**(77,095,073)**	(72,721,823)
	₱248,546,890	₱226,869,160

[redacted]

19. **Personnel Expenses**

	2022	2021
Salaries, wages and bonuses	**₱129,749,022**	₱123,583,484
Retirement benefits cost (see Note 20)	**3,153,323**	1,735,145
Other short-term employee benefits	**16,020,296**	17,177,195
	₱148,922,641	₱142,495,824

20. **Retirement Benefits**

The Company has a funded, noncontributory defined benefit retirement plan covering all of its remaining employees. The benefits are based on years of service and compensation on the last year of employment. The latest actuarial valuation report is as at December 31, 2022.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of a 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 for the plan.

The components of retirement benefits cost are as follows:

	2022	2021
Current service cost	**₱3,298,117**	₱4,931,471
Net interest cost	**(144,794)**	(3,196,326)
	₱3,153,323	₱1,735,145

Remeasurements on accrued retirement benefits recognized in OCI consist of actuarial gains (losses) on:

	2022	2021
PVBO	**₱2,655,974**	₱8,616,664
FVPA	**(4,317,159)**	(9,280,707)
	(₱1,661,185)	(₱664,043)

Movements in the remeasurement gain on accrued retirement benefits follow:

	2022	2021
Balance at beginning of year	**₱50,257,685**	₱44,411,253
Remeasurement gain, net of tax	**(1,245,889)**	5,846,432
Balance at end of year	**₱49,011,796**	₱50,257,685

Deferred income tax effect of remeasurement gains amounted to ₱0.4 million and ₱0.2 million 2022 and 2021, respectively.

[redacted]

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

	2022	2021
FVPA	**₱73,206,073**	₱73,269,100
PVBO	**70,852,588**	70,361,589
Pension asset - net	**₱2,353,485**	₱2,907,511

Movements in the net pension asset follow:

	2022	2021
Balance at beginning of year	**₱2,907,511**	₱5,306,699
Remeasurement effects in OCI	**(1,661,185)**	(664,043)
Retirement benefits cost	**(3,153,323)**	(1,735,145)
Contribution to the retirement fund	**4,260,482**	–
Balance at end of year	**₱2,353,485**	₱2,907,511

The changes in PVBO are as follows:

	2022	2021
Balance at beginning of year	**₱70,361,589**	₱70,168,066
Current service cost	**3,298,117**	4,931,471
Interest cost	**3,504,007**	2,686,189
Actuarial gains	**(2,655,151)**	(7,424,137)
Benefits paid	**(3,655,974)**	–
Balance at end of year	**₱70,852,588**	₱70,361,589

The changes in FVPA are as follows:

	2022	2021
Balance at beginning of year	**₱73,269,100**	₱75,474,765
Remeasurement loss on plan assets	**(4,317,159)**	(5,051,064)
Interest income	**3,648,801**	2,845,399
Contributions	**4,260,482**	–
Benefits paid	**(3,655,151)**	–
Balance at end of year	**₱73,206,073**	₱73,269,100

The management and the trustee bank review the performance of the retirement fund (the Fund) on a regular basis and assess whether the Fund will achieve an investment return which, together with contributions, will be sufficient to pay retirement benefits when they fall due.

The Fund consists of the following assets and investments:

- Investments in government securities, which include retail treasury bonds and fixed treasury notes that bear interest ranging from 2.60% to 6.30% and will mature in 2.1 to 4.8 years;
- Investments in debt securities, consisting of various corporate bonds which earn interest ranging from 3.25% to 7.50% and have remaining maturities of 0.2 to 4.2 years;
- Investment in stocks of a third party with a market value of ₱100.50 per share; and
- Investment in BDO institutional equity fund.
- Dividend receivables, interest receivables and accounts receivables from brokers;
- Cash and cash equivalents, which include regular savings and time deposits earning interest at their respective bank deposit rates;

[redacted]

The objective of the plans portfolio is capital preservation by earning higher than regular deposit rates over a long period given a small degree of risk on principal and interest. Asset purchases and sales are determined by the plan's trustee bank, who have been given discretionary authority to manage the distribution of the assets to achieve the plan's investment objectives. In order to minimize the risks of the fund, the committee monitors compliance with target asset allocations and composition of the investment portfolio on a regular basis.

The Company expects to contribute ₱4.9 million to the fund in 2023. The Company does not have any asset-liability matching strategy.

The categories of plan assets as a percentage of the FVPA as at December 31 are as follows:

	2022	2021
Investments in government securities:		
Fixed treasury notes	**67.62%**	74.82%
Retail treasury bonds	**–**	2.19%
Investments in debt securities	**22.25%**	19.04%
Investment in unit investment trust fund	**0.71%**	2.34%
Investment in stocks	**0.72%**	1.01%
Receivables	**0.56%**	0.60%
Cash and cash equivalents	**8.14%**	–
	100.00%	100.00%

The assumptions used to determine retirement benefits of the Company as at January 1 are as follows:

	2022	2021
Discount rate	**4.98%**	3.50%
Salary increase rate	**4.00%**	4.00%

The sensitivity analysis below has been determined based on the reasonably possible change of each significant actuarial assumption on the retirement obligation as at December 31, 2022 assuming all other assumptions were held constant:

	Increase (decrease)	Increase (decrease) in retirement benefit obligation
Discount rate:		
Sensitivity 1	0.50%	(₱470,405)
Sensitivity 2	(0.50%)	536,736
Salary increase rate:		
Sensitivity 1	1.00%	1,148,883
Sensitivity 2	(1.00%)	(896,337)

[redacted]

The table below shows the maturity analysis of the undiscounted benefit payments as at December 31, 2022:

Plan year	Amount
Within one year	₱40,527,600
More than one year to five years	5,554,039
More than five years to 10 years	7,181,688
More than 10 years to 15 years	28,800,955
More than 15 years to 20 years	47,204,214
More than 20 years	377,404,221

The defined benefit retirement plan is funded by other participating companies, which are related parties of the Company. The plan contributions are based on the actuarial present value of accumulated plan benefits and fair value of plan assets are determined using an independent actuarial valuation. The net defined benefit cost and the contributions to the plan are specifically identifiable, such that, the Company's PVBO pertains only to the benefit of the Company's employees and the FVPA, pertains only to the contributions made by the Company. The Company shall contribute to the Fund such amounts as shall be required, under actuarial principles, to provide the benefits and the expenses incident to the operation and administration of the Fund.

There are no related party transactions between the Fund and the Company.

21. **Income Taxes**

a. The provision for income tax consists of:

	2022	2021
Regular corporate income tax (current income tax)	**₱53,613,203**	₱40,471,687
Final tax on interest income	**8,302**	18,265
	53,621,505	40,489,952
Provision for deferred income tax	**1,939,156**	10,752,246
	₱55,560,661	₱51,242,198

b. Deferred income tax charged directly to equity follows:

	2022	2021
Revaluation increment on land	**₱5,572,025**	₱15,785,795
Reserve for fluctuations in financial assets at FVOCI	**(22,205,012)**	(6,595,885)
Remeasurements on accrued retirement benefits	**(138,507)**	2,280,832
	₱16,771,494	₱11,470,742

[redacted]

c. The reconciliation of income tax computed at the statutory tax rate to provision for income tax as shown in profit or loss follows:

	2022	2021
Statutory income tax	**₱54,322,036**	₱50,461,921
Additions to (reductions in) income tax resulting from:		
Nondeductible expenses	**1,288,464**	1,080,978
Interest income subjected to final tax at a lower rate	**(49,839)**	(42,279)
Due to change in tax rate	**–**	(258,422)
Provision for income tax	**₱55,560,661**	₱51,242,198

d. The components of the Company's net deferred tax liabilities consist of the tax effects of the following:

	2022	2021
Deferred income tax assets on:		
Allowances for:		
Expected credit loss	**₱7,211,513**	₱7,323,720
Inventory obsolescence	**252,429**	979,079
Accrued separation costs	**2,305,056**	2,305,056
Lease liabilities - net	**1,270,596**	685,212
Unamortized contribution to past service cost	**326,926**	470,805
Unearned rent	**302,927**	297,919
Unrealized foreign exchange loss	**170,379**	290,943
Provisions for volume discounts	**–**	210,439
	11,839,826	12,563,173
Deferred income tax liabilities on:		
Revaluation increment on land	**104,792,852**	99,220,827
Reserve for fluctuations in financial assets at FVOCI	**18,546,121**	40,751,133
Pension assets - net	**588,371**	726,878
Unamortized debt issue costs	**41,901**	99,714
Provision for volume discount	**996,833**	–
Others	**7,105,201**	7,105,201
	132,071,279	147,903,753
	₱120,231,453	₱135,340,580

22. Lease Arrangements

a. The Company leases satellite communications capacity for the performance of its broadcasting services called the Transponder Lease, which considers certain space segment capacity and transponder power. The lease agreement is for a period of five years from November 1, 2012 and was renewed for another five years commencing on November 1, 2017, with a monthly payment of $8,500. The Company entered into a new lease agreement with another lessor. The new lease agreement is for a period of five (5) years from September 1, 2022 to August 30, 2027.

b. The Company has lease agreements with various individuals for the rent of land and office space used principally to its broadcasting business as well as the site for its radio broadcasting stations.

[redacted]

The Company is allowed to construct buildings and improvements on the leased premises provided that upon the expiration of the lease term, all structure, except the transmitter, antennae systems, discs and other related broadcast and communications equipment and accessories, shall belong to the lessor without reimbursing the Company for its expenses.

c. In 2020, the Company entered into three new lease agreements located in Iloilo, General Santos and Koronadal and recognized additional right-of-use assets amounting to ₱4.8 million (see Note 9). The Company's obligations under these leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets except for its related parties. Termination options are mutually agreed by lessor and lessee.

d. In 2021, the Company entered into three new lease agreements located in Sorsogon Province, Cebu City, Benguet and Negros Occidental and recognized additional right-of-use assets amounting to ₱7.6 million (see Note 9). The Company's obligations under these leases are usually the same with the leases entered into in the prior year.

e. In 2022, the Company entered into two new lease agreements for the lease of studios to be used in broadcasting activities. The first lease agreement is for a lease term of one (1) year from October 1, 2022 to September 30, 2023, while the second lease term is for a lease term of two (2) years from August 28, 2022 to August 27, 2024. Monthly lease payments are ₱28,125 and ₱24,541, respectively.

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

	2022	2021
Within one year	**₱7,185,611**	₱8,642,963
After one year but not more than five years	**17,547,868**	8,475,095
More than five years	**1,427,866**	1,427,866
	₱26,161,345	₱18,545,924

The Company also has certain leases of office spaces with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

The following are the amounts recognized in the parent company statement of comprehensive income:

	2022	2021
Depreciation expense of right-of-use assets (see Note 9)	**₱8,941,413**	₱7,581,505
Interest expense on lease liabilities	**1,004,420**	1,126,399
Expenses relating to short-term leases (see Note 18)	**11,491,949**	21,618,049
Total amount recognized in statement of income	**₱21,437,782**	₱30,325,953

[redacted]

The rollforward analysis of lease liabilities follows:

	2022	2021
Balance at beginning of year	**₱18,172,217**	₱16,905,913
Additions	**17,387,109**	7,581,505
Interest expense	**1,004,420**	1,126,399
Payments	**(7,818,889)**	(7,300,427)
Revaluation	**214,593**	(141,173)
Balance at end of year	**28,959,450**	18,172,217
Less current portion	**9,742,623**	9,324,006
	₱19,216,827	₱8,848,211

The Company has no lease contracts that contain variable payments.

Refundable deposits related to the leases included in “Other noncurrent assets” amounted to ₱1.2 million as at December 31, 2022 and 2021.

Rent expense pertaining to short-term leases shown as part of “Operating expenses” in the parent company statement of comprehensive income amounted to ₱11.49 million and ₱21.6 million in 2022 and 2021, respectively (see Note 18).

23. Financial Risk Management Objectives and Policies

The Company’s principal financial instruments consist of cash and loans. The main purpose of these financial instruments is to fund the Company’s operations. The other financial assets and financial liabilities arising directly from its operations are receivables, due from related parties, refundable deposits, financial assets at FVOCI, accounts payable and accrued expenses, dividends payable accrued separation costs and lease liabilities.

The main risks arising from the Company’s financial instruments are credit risk, interest rate risk and liquidity risk. The BOD reviews and approves policies for managing each of these risks.

Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of control and monitoring procedures. It is the Company’s policy that all clients who wish to trade on credit terms are subjected to credit verification procedures. Receivables, due from related parties and refundable deposits are monitored on an ongoing basis to ensure that the Company’s exposure to bad debts is not significant. The Company evaluates the concentration of risk with respect to its receivables as low, as its customers are located in several industries and operate in largely independent markets.

With respect to credit risk arising from the Company’s cash in banks, the Company’s exposure arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company deals only with financial institutions duly evaluated and approved by the BOD. The Company avoids concentrations of credit risk on its liquid assets as these are spread over several financial institutions.

[redacted]

The table below shows the maximum exposure to credit risk for the Company's financial assets as of December 31, 2022 and 2021. The Company does not hold collaterals as security.

	2022	2021
Cash in banks	**₱133,315,478**	₱177,086,055
Receivables	**392,183,868**	427,154,885
Due from related parties	**64,799,436**	209,636,879
Refundable deposits	**2,571,951**	3,523,797
Financial assets at FVOCI	**141,593,656**	289,627,071
	₱734,464,389	₱1,107,028,687

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix as at December 31, 2022 and 2021:

	December 31, 2022							
	Current	**<30 days**	**30-60 days**	**61-90 days**	**91-360 days**	**Over 360 days**	**Credit Impaired**	**Total**
ECL rate	**1.10%**	**2.78%**	**5.19%**	**9.59%**	**36.91%**	**75.69%**	**100%**	
Estimated EAD	**₱168,672,403**	**₱75,822,056**	**₱34,845,404**	**₱19,637,973**	**₱30,352,947**	**₱2,688,185**	**₱–**	**₱332,018,968**
ECL	**2,279,212**	**2,108,602**	**1,806,969**	**1,883,348**	**11,201,853**	**2,034,744**	**–**	**21,314,728**
	₱166,393,192	**₱73,713,453**	**₱33,038,435**	**₱17,754,626**	**₱19,151,095**	**₱653,439**	**₱–**	**₱310,704,240**

	December 31, 2021							
	Current	<30 days	30-60 days	61-90 days	91-360 days	Over 360 days	Credit Impaired	Total
ECL rate	1.08%	1.17%	1.45%	2.33%	4.76%	50.75%	100%	
Estimated EAD	₱131,357,349	₱33,986,397	₱33,528,162	₱62,608,058	₱98,674,199	₱6,560,655	₱8,512,026	₱375,226,846
ECL	(6,640,122)	398,122	485,546	1,489,882	14,188,402	3,329,699	8,512,026	21,763,555
	₱137,997,472	₱33,588,275	₱33,042,616	₱61,118,176	₱84,485,798	₱3,230,955	₱–	₱353,463,292

Liquidity Risk

Liquidity risk arises when obligations are not met when they fall due. It is the Company's objective to finance capital expenditures, services, and maturing obligations as scheduled. To cover the Company's financing requirements and at the same time, manage its liquidity risk, the Company uses internally generated funds and proceeds from debt. Projected and actual cash flow information are regularly evaluated and funding sources are continuously assessed.

The tables below summarize the maturity profile of the Company's financial liabilities as at December 31, 2022 and 2021 based on contractual undiscounted payments:

	2022				
	On demand	**Less than 3 months**	**3 to 12 Months**	**More than 12 months**	**Total**
Other financial liabilities					
Accounts payable and accrued expenses	**₱248,074,716**	**₱62,591,848**	**₱46,113,309**	**₱–**	**₱356,779,873**
Dividends payable	**–**	**–**	**23,991,898**	**–**	**23,991,898**
Talent fees and commissions payable	**–**	**–**	**–**	**–**	**–**
Short-term loans					
Principal	**–**	**171,000,000**	**–**	**–**	**171,000,000**
Interest	**–**	**869,212**	**–**	**–**	**869,212**
Long-term debt					
Principal	**116,760,000**	**–**	**–**	**–**	**116,760,000**
Interest	**2,565,304**	**–**	**–**	**–**	**2,565,304**
Lease liabilities	**–**	**1,796,403**	**5,389,208**	**18,975,734**	**26,161,345**
	₱367,400,020	**₱236,257,463**	**₱75,494,415**	**₱18,975,734**	**₱698,127,632**

[redacted]

	2021				
	On demand	Less than 3 months	3 to 12 Months	More than 12 months	Total
Other financial liabilities					
Accounts payable and accrued expenses	₱269,764,720	₱68,064,463	₱53,735,101	₱–	₱391,564,284
Dividends payable	22,276,875	–	–	–	22,276,875
Short-term loans					
Principal	–	131,000,000	–	–	131,000,000
Interest	–	895,571	–	–	895,571
Long-term debt					
Principal	–	16,660,000	49,980,000	116,760,000	183,400,000
Interest	–	3,633,146	3,208,895	2,307,309	9,149,350
Lease liabilities	–	1,914,646	5,743,939	4,603,913	12,262,498
	₱292,041,595	₱222,167,826	₱112,667,935	₱123,671,222	₱750,548,578

The maturity group of financial liabilities was based on the remaining period from the end of the reporting period to the contractual maturity date. When a counter party has a choice when the amount is paid, the liability is allocated to the earliest period in which the Company is required to pay.

The Company's financial assets (consisting of cash, receivables and due from related parties) which are available to settle maturing obligations amounted to ₱600.0 million and ₱823.8 million as at December 31, 2022 and 2021, respectively.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rates relates primarily to its loans payable with floating interest rates.

The following table demonstrates the sensitivity of the Company's income before income tax (through the impact on floating rate borrowings) in 2022 to a reasonably possible change in interest rates, with all other variables held constant. There is no impact on the Company's equity other than those already affecting the net income.

Drawdown date	EIR	Increase by 1%	Decrease by 1%
July 2017	2.65%	(₱23,005,599)	(₱26,011,547)
August 2017	2.71%	(27,561,131)	(31,163,978)
October 2017	2.83%	(28,628,698)	(22,977,591)
December 2017	2.27%	(20,752,591)	(23,465,128)
January 2018	2.29%	(23,464,557)	(28,583,897)
April 2018	2.14%	(32,138,607)	(32,753,850)

Capital Management

The Company's capital structure pertains to the mix of long-term sources of funds. When the Company expands, it needs capital, and that capital can come from debt or equity.

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios and strong credit ratings while viably supporting its business to maximize shareholder value.

[redacted]

The following table summarized the Company's capital structure as at December 31:

	2022	2022
Capital stock	**₱402,803,777**	₱402,803,777
Additional paid-in capital	**79,354**	79,354
Retained earnings	**721,943,265**	681,020,679
Treasury shares - at cost	**(120,787)**	(120,787)
	₱1,124,705,609	₱1,083,783,023

The Company's approach focuses on efficiently allocating internally generated cash for operational requirements and investments to grow the existing business. Shortages if any and acquisitions or investments in new business are funded by the incurrence of additional debt largely capped by existing loan covenants on financial ratios.

All financial ratios are within the required limits in 2022 and 2021 as follows:

Financial Ratios	Required	**2022**	2021
Loan Agreement			
Debt to equity	Not allowed to exceed 2:1	**0.56:1**	0.59:1
Current ratio	Not allowed to fall below 1:1	**0.83:1**	1.20:1

As at December 31, 2021, the Company is compliant with its debt covenants.

As of December 31, 2022, the non-current portion of the Company's loan amounting to ₱116.6 million was classified as an accounting adjustment and presented as current in the statement of financial position as a result of the breach of the prescribed current ratio in the loan agreement with the Lender. The reclassification is only for financial statement presentation and does not affect the term of the loan's original maturity.

As of May 2, 2023, the Parent Company was not issued any demand letter from the Lender for the immediate repayment of the outstanding balance.

24. Note to Parent Company Statement of Cash Flows

The movements of the Company's liabilities arising from financing activities in the 2022 and 2021 parent company statements of cash flows follow:

	January 1, 2022	**Cash flows**	**Additions**	**Interest expense**	**Others**	**December 31, 2022**
Short-term loans	**₱131,000,000**	**₱40,000,000**	**₱–**	**₱–**	**₱–**	**₱171,000,000**
Long term debt	**182,911,511**	**(66,640,000)**	**–**	**320,886**	**–**	**116,592,397**
Accrued (prepaid) interest	**1,400,051**	**(14,261,395)**	**15,426,648**	**–**	**–**	**2,565,304**
Dividends payable	**22,276,875**	**(12,746,274)**	**120,804,897**	**–**	**(106,343,600)**	**23,991,898**
Lease liabilities	**18,172,217**	**(7,818,890)**	**17,387,109**	**1,004,420**	**214,594**	**28,959,450**
Total liabilities from financing activities	**₱355,760,654**	**(₱61,466,559)**	**₱153,618,654**	**₱1,325,306**	**(₱106,129,006)**	**₱343,109,049**

[redacted]

	January 1, 2021	Cash flows	Additions	Interest expense	Others	December 31, 2021
Short-term loans	₱144,500,000	(₱13,500,000)	₱–	₱–	₱–	₱131,000,000
Long term debt	249,319,330	(66,640,000)	–	232,181	–	182,911,511
Accrued (prepaid) interest	1,367,586	(11,748,935)	–	11,781,400	–	1,400,051
Dividends payable	7,957,092	(106,343,604)	120,663,387	–	–	22,276,875
Lease liabilities	16,905,913	(7,300,427)	7,581,505	1,126,399	(141,173)	18,172,217
Total liabilities from financing activities	₱420,049,921	(₱205,532,966)	₱128,244,892	₱13,139,980	(₱141,173)	₱355,760,654

Others in dividends payable pertain to portion of the dividends offset against "due from related parties", while others in lease liabilities pertain to unrealized foreign exchange loss (gains).

25. **Offsetting of Financial Instruments**

The Company offsets its receivable and payable to its affiliates as the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously (see Note 14). The gross amounts of the due from and due to its affiliates and the amounts disclosed in the parent company statement of financial position as at December 31 are as follows:

	2022			
	Gross amounts	**Amounts offset**(a)	**Reported amounts**(b)	**Net exposure**
Due from related affiliates(c)	**₱156,608,133**	**₱91,808,697**	**₱64,799,436**	**₱64,799,436**
Due to related affiliates (d)	**91,808,697**	**91,808,697**	**–**	**–**

(a) Amounts offset under PAS 32
(b) Reported amounts in the parent company statement of financial position
(c) Total advances in Note 14
(d) Advances from CBC in Note 14

	2021			
	Gross amounts	Amounts offset(a)	Reported amounts(b)	Net exposure
Due from related affiliates(c)	₱253,680,008	₱44,043,129	₱209,636,879	₱209,636,879
Due to related affiliates (d)	44,043,129	44,043,129	–	–

(a) Amounts offset under PAS 32
(b) Reported amounts in the parent company statement of financial position
(c) Total advances in Note 14
(d) Advances from CBC in Note 14

26. **Fair Value Measurement**

As at December 31, 2022 and 2021, the carrying values of financial assets and liabilities are equal to their estimated fair values.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Financial assets at FVOCI

Unquoted Shares of Stock
The Company valued its investment in unquoted shares of stocks in PIC and EHC using adjusted net asset value approach which considers the fair value of the underlying assets and liabilities of the investee companies. Significant unobservable inputs categorized under Level 3, used under this approach include discounts on lack of control (DLOC) and discounts on lack of marketability (DLOM) within the range of 20% to 30%. The underlying assets primarily consist of investments in quoted and unquoted shares and land.

[redacted]

The Company determined the fair value of the underlying investments in unquoted shares using the discounted cash flows approach. Significant unobservable inputs used under this approach include use of valuation inputs such as discount rates ranging from 8.0% to 12.3% and 9% to 14% in 2022 and 2021, respectively, and revenue growth rate and long-term growth rate of 8.0% in 2022 and 2021. These are categorized under Level 3.

On the other hand, the valuation of the land requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors, including any impact associated with coronavirus pandemic. The significant unobservable input of price per square meter ranges from ₱1,150 to ₱33,570 in 2022 and ₱1,100 to ₱25,000 in 2021. These are categorized under Level 3.

The sensitivity analysis below has been determined based on the reasonably possible change of each significant unobservable input on the fair value of the unquoted investments as at December 31, 2022 assuming all other assumptions were held constant:

Significant unobservable input	Increase (Decrease)	Increase (Decrease) in Fair Value of Investment
Revenue growth rate	(2%)	(₱8,012,551)
Long-term growth rate	2%	14,491,611
Discount on lack of control	(5%)	10,523,215
Discount on lack of marketability	(5%)	12,269,317
Sales price of comparable properties	(29%)	(7,855,138)

Quoted Shares of Stock

The fair value of the quoted shares of stock as at December 31, 2022 and 2021 is based on quoted market price (Level 1).

Other financial assets and financial liabilities. Due to the short-term nature of other financial assets and financial liabilities, the fair value of cash, receivables, due from affiliates, accounts payable and accrued expenses and dividends payable approximate the carrying value as at the financial reporting date.

Refundable deposits. The fair value approximates its cost due to uncertain timing of redemption.

Investment properties. The carrying value of investment properties amounted to ₱43.2 million as at December 31, 2022 and 2021. The total fair value of the investment properties, based on the recent appraisal report, amounted ₱162.8 million for land and ₱79.8 million for building. The fair values of the properties are based on valuations performed by an accredited independent appraiser as at December 31, 2018. The fair value of the land was obtained by considering sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. The significant unobservable input of price per square meter ranges from ₱65,000 to ₱86,500 based on the latest appraisal report. Accordingly, the fair value measurement is categorized under Level 3.

Loans payable. The carrying value approximates fair value due to quarterly repricing.

[redacted]

Lease liabilities. The fair value of the lease liabilities amounted to ₱44.7 million and ₱17.3 million as at December 31, 2022 and 2021, respectively. The fair value is estimated to be the present value of the future cash flows discounted using the incremental borrowing rate. Interest rates used for discounting range between 5.21% to 6.56% and 5.01% to 4.19% as at December 31, 2022 and 2021, respectively.

The following table provides the fair value hierarchy of the Company's assets measured at fair value and those for which fair values are disclosed and the carrying amounts differ from fair value as at December 31, 2022 and 2021:

	2022			
	Fair value measurement using			
	Total	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value:				
Financial assets at FVOCI:				
Unquoted equity securities (see Note 7)	**₱141,343,656**	**₱–**	**₱–**	**₱141,343,656**
Quoted equity securities	**250,000**	**250,000**	**–**	**–**
Land at revalued amount (see Note 9)	**568,496,600**	**–**	**–**	**568,496,600**

	2021			
	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:				
Financial assets at FVOCI:				
Unquoted equity securities (see Note 7)	₱289,377,071	₱–	₱–	₱289,377,071
Quoted equity securities	250,000	250,000	–	–
Land at revalued amount (see Note 9)	412,663,500	–	–	412,663,500

There were no transfers between the different hierarchy levels in 2022 and 2021.

27. Earnings per Share (EPS)

Basic EPS is computed based on the weighted average number of issued and outstanding common shares during each year. Diluted EPS is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as at the beginning of the year. When there are no potential common shares or other instruments that may entitle the holder to common shares, diluted EPS, is the same as the basic EPS.

There are no dilutive financial instruments in 2022 and 2021, hence, diluted EPS is the same as the basic EPS.

[redacted]

The Company's EPS was computed as follows:

	2022	2021
(a) Net income	**₱161,727,483**	₱150,605,486
(b) Weighted average number of shares outstanding	**402,682,990**	402,682,990
Basic/diluted EPS (a/b)	**₱0.40**	₱0.37

28. Supplementary Information Required Under Revenue Regulations 15-2010

In compliance with Bureau of Internal Revenue Regulations 15-2010 issued on November 25, 2010, mandating all taxpayers to disclose information on taxes and license fees paid and accrued during the taxable year, summarized below are the taxes paid and accrued by the Company in 2022.

a. Output VAT declared by the Company amounted to ₱146,989,614 based on receipts of ₱1,224,913,450. Outstanding net output tax payable amounted to ₱33,647,032 as at December 31, 2022.

   The Company's revenue on which output VAT is declared, is based on collections, hence, may not be the same as the amounts accrued in the parent company statement of comprehensive income.

   The total output VAT includes deferred output VAT, hence, may not be the same as the amount of net output tax payable declared in the returns.

b. Movements in input VAT are as follows:

	Amount
Balance, January 1	₱–
Current year payments for capital goods subject to amortization	92,467,913
Total available input VAT during the period	92,467,913
Claims for tax credit and other adjustments	(92,467,913)
Balance, December 31	₱–

c. Taxes and licenses paid by the Company are as follows:

	Amount
Business permits	₱3,594,238
Permits and fees	1,147,335
Real property taxes	815,826
Documentary stamp tax	2,133,334
Deficiency taxes	6,729,438
	₱14,420,171

[redacted]

d. Withholding taxes paid and accrued by the Company are as follows:

	Paid	Accrued	Total
Expanded withholding tax	₱22,892,343	₱3,197,707	₱26,090,050
Withholding tax on compensation and benefits	15,191,498	1,058,058	16,249,556
	₱38,083,841	₱4,255,765	₱42,339,606

e. The Company has no ongoing tax assessments or tax cases as at December 31, 2022.

[redacted]

SGV
Building a better
working world

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**INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF RECONCILIATION
OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION**

The Stockholders and the Board of Directors
Manila Broadcasting Company
MBC Building, V. Sotto Street
CCP Complex, Pasay City

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of Manila Broadcasting Company as at December 31, 2022, and have issued our report thereon dated May 2, 2023. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic financial statements. This has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

[redacted]

Maria Pilar B. Hernandez
Partner
CPA Certificate No. [redacted]
Tax Identification No. [redacted]
BOA/PRC Reg. No. [redacted], August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. [redacted]-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. [redacted]-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. [redacted], January 20, 2022, valid until January 19, 2025
PTR No. [redacted] January 3, 2023, Makati City

May 2, 2023

[redacted]

MANILA BROADCASTING COMPANY AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2022

Unappropriated retained earnings, beginning	₱481,020,679
Adjustment:	
Deferred tax assets closed to retained earnings, beginning	(12,563,173)
Unappropriated retained earnings, as adjusted to available for dividend declaration, beginning	468,457,506
Add: Net income actually earned/realized during the year	
Net income during the year closed to retained earnings	161,727,483
Movement in deferred tax assets in profit or loss	(7,920,346)
	153,807,137
Cash dividends during the year	(120,804,897)
Total retained earnings available for dividend declaration, end	₱501,459,746

MANILA BROADCASTING COMPANY

ANNEX C

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Sycip Gorres Velayo & Co. (SGV & 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 the presentation upon completion of such audit.

[redacted]
FEDERICO J. ELIZALDE
Chairman of the Board

[redacted]
RUPERTO S. NICDAO, JR.
President

[redacted]
EDUARDO G. CORDOVA
SVP – Chief Finance Officer

[redacted]
MARVEL K. TAN
Audit Committee Chairman/Independent Director

SUBSCRIBED AND SWORN to before me on 02 MAY 2023 at CITY OF MANILA, Affiant(s) exhibiting to me their Community Tax Certificates and Senior Citizen ID, as follows:

NAMES	CTC / OSCA NO.	DATE OF ISSUE	PLACE OF ISSUE
FEDERICO J. ELIZALDE	[redacted]	January 12, 2023	Pasay City
RUPERTO S. NICDAO, JR.	[redacted]	January 12, 2023	Pasay City
EDUARDO G. CORDOVA	[redacted]	January 12, 2023	Pasay City
MARVEL K. TAN	[redacted]	June 9, 2014	Quezon City

Doc No. ____
Page No. ____
Book No. ____
Series of 2023.

ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
APPOINTMENT [redacted]1/2023 MANILA
IBP NO. [redacted] / 01/03/2023
PTR N.[redacted] / 01/03/2023
ROLL NO [redacted] TIN NO [redacted]
NO [redacted] ALID UNTIL APRIL 14, 2025
[redacted]

C O V E R   S H E E T

for

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEC Registration Number

0 0 0 0 0 0 0 1 6 7 4

C O M P A N Y   N A M E

M A N I L A   B R O A D C A S T I N G   C O M P A N Y

A N D   S U B S I D I A R I E S

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

M B C   B U I L D I N G ,   V .   S O T T O   S T R E E T ,

C C P   C O M P L E X ,   P A S A Y   C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M D	N / A

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

Company's Email Address	Company's Telephone Number	Mobile Number
rapua@manilabroadcasting.com	(02) 832-6127	-

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
604	10/01	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
Eduardo G. Cordova	[redacted]@mbcradio.net	[redacted]	-

CONTACT PERSON's ADDRESS

[redacted]ty

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.*

[redacted]

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Manila Broadcasting Company and Subsidiaries
MBC Building, V. Sotto Street
CCP Complex, Pasay City

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Manila Broadcasting Company and its subsidiaries (the Company), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

[redacted]

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

Revenue Recognition of Broadcasting Fees

The Company's revenue is composed of broadcasting fees. Broadcasting fees are recognized when the programs are broadcasted or advertisements are aired by various radio stations nationwide. This matter is significant to our audit because, in addition to the magnitude of the amount, the determination of the timing of the recognition of the broadcasting fees depends on when the programs are broadcasted or advertisements are aired by various radio stations nationwide as evidenced by signed certificates of performance.

The Company's policy on revenue recognition and details of broadcasting fees are disclosed in Notes 2 and 19 to the consolidated financial statements.

Audit response

We updated our understanding of the Company's processes and related controls over the revenue process on broadcasting fees and tested the relevant controls. For the sample billing invoices, we inspected the signed certificates of performance which provide evidence that the programs were broadcasted and advertisements were aired during their scheduled timeslots. We also tested transactions within the in-scope cutoff test period to check the timing of the recognition of the sample broadcasting fees.

Valuation of Unquoted Investments

The Company has unquoted equity investments in Elizalde Holdings Corporation (EHC) and Philippine International Corporation (PIC) representing 5% and 6% ownership interests, respectively, which are classified as financial assets at fair value through other comprehensive income (FVOCI).

As at December 31, 2022, the fair value of these investments amounted to ₱141.6 million, representing 5.3% of the consolidated total assets as of that date. The valuation of these investments is significant to our audit because it is inherently subjective as it involves the use of valuation inputs such as discount rate, revenue growth rate, long-term growth rate and discounts on lack of marketability and lack of control that are not market observable. Management also applied judgment in selecting the valuation technique and the assumptions to be used.

The Company determined the fair value of these investments in unquoted shares of stock using the adjusted net asset value approach, which considers the fair value of the underlying assets and liabilities of the investee companies. The underlying assets primarily consist of investments in quoted and unquoted shares and land. The Company determined the fair value of the investments in unquoted shares using the discounted cash flows approach. The valuation of the land requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors.

[redacted]

The Company's disclosures about financial assets at FVOCI are included in Notes 2, 10 and 28 to the consolidated financial statements.

Audit Response

We checked and evaluated the valuation technique and assumptions used to determine the fair value of the financial assets. These assumptions include discount rates on lack of marketability and lack of control. We assessed the methodology adopted and the discounts on lack of marketability and lack of control applied by referencing to common valuation methodologies and convention.

The assumptions used in determining the fair value of the investments in unquoted shares of the investee companies using the discounted cash flows approach include discount rate, revenue growth rate and the long-term growth rate. We tested the parameters used in the determination of the discount rate against market data. We inquired from management the rationale for the forecasted revenue and we also compared the revenue growth rate against the historical performance of each investee company and against industry/market outlook. We compared the long-term growth rate used against industry/market outlook and other relevant external data.

We also evaluated the methodology and assumptions used in the valuation of the land. We evaluated the competence, capabilities and objectivity of the external appraiser by considering their qualifications, experience and reporting responsibilities. We assessed the methodology adopted by referencing to common valuation models and checked the relevant information supporting the sales and listings of comparable properties. We also inquired from the external appraiser the basis of adjustments made to the sales price, including any impact associated with coronavirus pandemic.

We also checked the Company's disclosures about those assumptions to which the outcome of the valuation is most sensitive; specifically, those that have the most significant effect on the determination of the fair value of the unquoted equity investments.

Adequacy of Expected Credit Losses on Trade Receivables

The Company applies the simplified approach in calculating expected credit loss (ECL) on its trade receivables. Under this approach, the Company establishes a provision matrix that is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment. Allowance for credit losses and the provision for credit losses as of and for the year ended December 31, 2022 and 2021 amounted to ₱29.2 million and ₱29.6 million, respectively. The use of ECL model is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Company's credit risk exposures; defining default; determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts; and incorporating forward-looking information (called overlays), including the impact of the coronavirus pandemic, in calculating ECL.

The Company's disclosures on the allowance for credit losses using the ECL model are included in Notes 2, 3 and 7 of the consolidated financial statements.

[redacted]

Audit Response

We obtained an understanding of the methodology and model used for the Company's different credit exposures and assessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome, the time value of money, and the best available forward-looking information.

We (a) assessed the Company's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default against historical analysis of accounts and credit risk management policies and practices in place and management's assessment of the impact of the coronavirus pandemic on the counterparties; (c) tested historical loss rates by inspecting historical recoveries and write-offs; (d) checked the classification of outstanding exposures to their corresponding aging buckets; and (e) checked the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Company's receivable portfolios and industry practices, including the impact of the coronavirus pandemic.

Further, we checked the data used in the ECL model such as the historical aging analysis and default and recovery data, by examining the supporting documents and their subsequent settlements. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis.

We recalculated impairment provisions on a sample basis.

Valuation of Land

The Company accounts for its land under property and equipment using the revaluation model. These properties represent 21.2% of the consolidated assets as at December 31, 2022. The determination of the fair values of these properties involves significant management judgment and estimations. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors, including any impact associated with coronavirus pandemic. Thus, we considered the valuation of land as a key audit matter.

The disclosures relating to property and equipment are included in Note 11 of the consolidated financial statements.

Audit Response

We evaluated the competence, capabilities and objectivity of the external appraiser by considering their qualifications, experience and reporting responsibilities. We also evaluated the methodology and assumptions used in the valuation of the land. We assessed the methodology adopted by referencing to common valuation models and checked the relevant information supporting the sales and listings of comparable properties. We also inquired from the external appraiser the basis of adjustments made to the sales price, including any impact associated with coronavirus pandemic.

[redacted]

Recoverability of Goodwill

Under PFRSs, the Company is required to annually test the amount of goodwill for impairment. As at December 31, 2022, the Company's goodwill attributable to the acquisition of DWRK station in 2008 amounted to ₱38.0 million, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically revenue growth rate, discount rate and the long-term growth rate.

See Note 13 to the consolidated financial statements for the Company's disclosure about goodwill.

Audit Response

We involved our internal specialist in evaluating the methodology and the assumption used, specifically the discount rate, for impairment testing. We evaluated the other assumptions used by the management such as revenue growth rate and the long-term growth rate. We tested the parameters used in the determination of the discount rate against market data. We inquired from management the rationale for the forecasted revenue and we also compared the revenue growth rate against the historical performance of the DWRK station and against industry/market outlook. We compared the long-term growth rate used in the impairment calculation against industry/market outlook and other relevant external data taking into consideration the impact associated with coronavirus pandemic. We also checked the Company's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 17-A for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to date of this auditor's report, and the SEC Form 20 IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2022, which are expected to be made available to us after that date.

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

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

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

[redacted]

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

[redacted]

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

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

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

- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Maria Pilar B. Hernandez.

SYCIP GORRES VELAYO & CO.

[redacted]

Maria Pilar B. Hernandez
Partner
CPA Certificate No. [redacted]
Tax Identification No. [redacted]
BOA/PRC Reg. No. [redacted], August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. [redacted] SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0[redacted]-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. [redacted], January 20, 2022, valid until January 19, 2025
PTR No. [redacted], January 3, 2023, Makati City

May 2, 2023

[redacted]

MANILA BROADCASTING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	**2021**
ASSETS		
Current Assets		
Cash (Note 6)	**₱157,831,973**	₱202,658,474
Receivables (Note 7)	**398,335,222**	433,794,260
Due from related parties (Note 16)	**166,936,573**	334,145,731
Inventories (Note 8)	**4,686,835**	3,813,131
Materials and supplies (net of allowance for inventory obsolescence of ₱3.9 million and ₱0.9 million in 2021 and 2020, respectively)	**3,421,625**	1,877,226
Prepaid expenses and other current assets (Note 9)	**92,605,511**	97,625,906
Total Current Assets	**823,817,739**	1,073,914,728
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 2, 10, 25, and 28)	**141,593,656**	289,627,071
Property and equipment (Note 11)		
At cost	**1,006,088,440**	977,666,434
At revalued amount	**568,496,600**	412,663,500
Investment properties (Note 12)	**43,162,500**	43,162,500
Goodwill and other intangible assets (Note 13)	**38,016,206**	38,016,206
Advances to suppliers	**17,436,297**	17,429,197
Retirement benefit assets (Note 22)	**2,353,485**	2,907,511
Deferred tax assets - net (Note 23)	**2,922,692**	17,084,103
Other noncurrent assets (Note 25)	**32,739,437**	33,529,816
Total Noncurrent Assets	**1,852,809,313**	1,832,086,338
TOTAL ASSETS	**₱2,676,627,052**	₱2,906,001,066
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Note 14)	**₱201,000,000**	₱161,000,000
Current portion of long-term debt (Note 14)	**136,452,118**	71,157,641
Accounts payable and accrued expenses (Notes 15 and 16)	**428,987,137**	443,166,710
Contract liabilities (Note 19)	**55,363,501**	65,440,336
Current portion of lease liabilities (Note 24)	**16,804,582**	21,373,333
Income tax payable	**6,212,044**	11,945,935
Due to related parties (Note 16)	**1,162,483**	26,234,198
Dividends payable (Note 16)	**23,991,898**	22,276,875
Total Current Liabilities	**869,973,763**	822,595,028
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 14)	**74,764,110**	211,215,737
Lease liabilities - net of current portion (Note 24)	**32,781,745**	27,642,995
Accrued separation cost (Note 22)	**24,257,595**	24,257,595
Deferred tax liabilities - net (Note 23)	**131,039,622**	146,877,813
Total Noncurrent Liabilities	**262,843,072**	409,994,140
Total Liabilities	**₱1,132,816,835**	₱1,232,589,168

(*Forward*)

[redacted]

	December 31	
	2022	2021
Equity Attributable to the Equity Holders of the Parent Company		
Capital stock (Note 17)	**₱402,803,777**	₱402,803,777
Additional paid-in capital	**79,354**	79,354
Revaluation increment on land (Note 11)	**314,371,055**	297,654,980
Reserve for fluctuation in fair value of financial assets at FVOCI (Note 10)	**105,273,585**	231,101,989
Remeasurements on accrued retirement benefits (Note 22)	**49,011,796**	50,257,685
Retained earnings:		
Unappropriated (Note 18)	**327,265,615**	334,768,554
Appropriated (Note 18)	**200,000,000**	200,000,000
Treasury shares - at cost (Note 17)	**(120,787)**	(120,787)
	1,398,684,395	1,516,545,552
Non-controlling Interest (Note 4)	**145,125,822**	156,866,346
Total Equity	**1,543,810,217**	1,673,411,898
TOTAL LIABILITIES AND EQUITY	**₱2,676,627,052**	₱2,906,001,066

See accompanying Notes to Consolidated Financial Statements.

[redacted]

MANILA BROADCASTING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
REVENUE (Note 19)	**₱1,218,032,361**	₱992,872,599	₱889,268,782
COST OF SALES AND SERVICES (Notes 11, 16, 20, 21 and 22)	**(657,069,504)**	(629,743,640)	(513,818,448)
GROSS PROFIT	**560,962,857**	363,128,959	375,450,334
OPERATING EXPENSES (Notes 11, 12, 13, 14, 16, 20, 21 and 24)	**(375,168,200)**	(252,238,587)	(246,860,729)
OTHER INCOME (EXPENSES)			
Interest expense (Notes 14 and 24)	**(24,414,795)**	(23,202,197)	(26,782,722)
Rental income (Note 12)	**8,800,092**	9,313,493	8,270,249
Interest income (Note 6)	**238,780**	247,565	1,150,448
Income from insurance claims	–	36,294,364	35,015,131
Other income (loss) - net	**187,299**	2,490,451	(263,186)
	(15,188,624)	25,143,676	17,389,920
INCOME BEFORE INCOME TAX	**170,606,033**	136,034,048	145,979,525
PROVISION FOR INCOME TAX (Note 23)	**69,044,599**	53,839,053	52,054,824
NET INCOME	**101,561,434**	82,194,995	93,924,701
OTHER COMPREHENSIVE INCOME (LOSS)			
Not to be reclassified to profit or loss in subsequent periods:			
Change in fair value of financial asset at FVOCI, net of tax (Note 10)	**(125,828,404)**	37,385,583	67,474,651
Increase in revaluation increment, net of tax (Note 11)	**16,716,075**	29,306,196	68,136,040
Remeasurement gain (loss) on accrued retirement benefits, net of tax (Note 22)	**(1,245,889)**	5,846,432	1,012,279
	(110,358,218)	72,538,211	136,622,970
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱8,796,784)**	₱154,733,206	₱230,547,671
Net Income Attributable to:			
Equity holders of the Parent Company	**₱113,301,958**	₱95,789,549	₱104,831,756
Non-controlling interests (Notes 1 and 4)	**(11,740,524)**	(13,594,554)	(10,907,055)
	₱101,561,434	₱82,194,995	₱93,924,701
Total Comprehensive Income Attributable to:			
Equity holders of the Parent Company	**₱2,943,740**	₱168,327,760	₱241,454,726
Non-controlling interests (Notes 1 and 4)	**(11,740,524)**	(13,594,554)	(10,907,055)
	(₱8,796,784)	₱154,733,206	₱230,547,671
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 29)	**₱0.28**	₱0.24	₱0.26

See accompanying Notes to Consolidated Financial Statements.

[redacted]

MANILA BROADCASTING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Equity Attributable to the Equity Holders of the Parent Company										
	Capital Stock (Note 17)	**Additional Paid-in Capital**	**Revaluation Increment on Land** (Note 11)	**Reserve for Fluctuation in Fair Value of Financial Assets at FVOCI** (Notes 2 and 10)	**Remeasurements on Accrued Retirement Benefits** (Note 22)	**Retained Earnings** (Notes 2 and 18) **Unappropriated**	**Appropriated**	**Treasury Stock** (Note 17)	**Total**	**Non-controlling Interest** (Note 4)	**Total**
Balances at January 1, 2020	₱402,803,777	₱79,354	₱200,212,744	₱126,241,755	₱43,398,974	**₱354,810,636**	₱100,000,000	(₱120,787)	₱1,227,426,453	₱181,367,955	₱1,408,794,408
Appropriation	–	–	–	–	–	**(100,000,000)**	100,000,000	–	–	–	–
Net income	–	–	–	–	–	**104,831,756**	–	–	104,831,756	**(10,907,055)**	93,924,701
Other comprehensive income	–	–	68,136,040	67,474,651	1,012,279	**–**	–	–	136,622,970	–	136,622,970
Total comprehensive income	–	–	68,136,040	67,474,651	1,012,279	**104,831,756**	–	–	241,454,726	**(10,907,055)**	230,547,671
Balances at December 31, 2020	**402,803,777**	**79,354**	**268,348,784**	**193,716,406**	**44,411,253**	**359,642,392**	200,000,000	**(120,787)**	**1,468,881,179**	**170,460,900**	**1,639,342,079**
Appropriation	–	–	–	**–**	**–**	**(120,663,387)**	–	**–**	(120,663,387)	**–**	(120,663,387)
Net income	–	–	–	**–**	**–**	**95,789,549**	–	**–**	95,789,549	(13,594,554)	82,194,995
Other comprehensive income	–	–	29,306,196	37,385,583	5,846,432	**–**	–	**–**	72,538,211	**–**	72,538,211
Total comprehensive income	–	–	29,306,196	37,385,583	5,846,432	**95,789,549**	–	**–**	168,327,760	(13,594,554)	154,733,206
Balances at December 31, 2021	**402,803,777**	**79,354**	**297,654,980**	**231,101,989**	**50,257,685**	**334,768,554**	200,000,000	**₱120,787)**	**1,516,545,552**	**156,866,346**	**1,673,411,898**
Cash dividend (Note 18)	–	–	–	**–**	**–**	**(120,804,897)**	–	**–**	(120,804,897)	**–**	(120,663,387)
Net income	–	–	–	**–**	**–**	**113,301,958**	–	**–**	113,301,958	(11,740,524)	101,561,434
Other comprehensive income	–	–	16,716,075	(125,828,404)	(1,245,889)	**–**	–	**–**	(110,358,281)	**–**	(110,358,281)
Total comprehensive income	–	–	16,716,075	(125,828,404)	(1,245,889)	**113,301,958**	–	**–**	2,943,740	(11,740,524)	(8,796,784)
Balances at December 31, 2022	**₱402,803,777**	**₱79,354**	**₱314,371,055**	**₱105,273,585**	**₱49,011,796**	**₱327,265,615**	₱200,000,000	**(₱120,787)**	**₱1,398,684,395**	**₱145,125,882**	**₱1,543,810,217**

See accompanying Notes to Consolidated Financial Statements.

MANILA BROADCASTING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱170,606,033**	₱136,034,048	₱145,979,525
Adjustments for:			
Depreciation and amortization (Notes 11, 12, 13 and 20)	**67,640,346**	79,563,443	80,217,992
Interest expense (Note 14 and 24)	**24,414,795**	23,202,197	26,782,722
Movement in accrued retirement benefits (Note 22)	**(1,107,159)**	4,931,471	3,825,680
Interest income (Note 6)	**(238,780)**	(247,565)	(1,150,448)
Unrealized foreign exchange loss (gain) - net	**214,593**	149,977	(39,594)
Working capital changes:			
Decrease (increase) in:			
Receivables (Notes 7)	**35,459,038**	83,594,371	(75,397,124)
Due from related parties (Note 4)	**60,865,558**	(96,258,440)	(97,849,989)
Inventories, materials and supplies	**(2,418,103)**	2,255,281	3,348,457
Prepaid expenses and other current assets (Notes 9 and 26)	**5,332,039**	(1,683,185)	(2,739,199)
Increase (decrease) in:			
Accounts payable and accrued expenses (Notes 15 and 26)	**(7,361,241)**	(18,910,801)	24,435,861
Due to related parties	**(25,071,715)**	26,234,198	–
Contract liabilities	**(10,076,835)**	27,912,819	2,970,181
Accrued separation cost (Note 22)	**–**	–	(5,078,710)
Cash flows generated from operations	**318,258,569**	266,777,814	105,305,354
Income taxes paid, including final and creditable withholding tax	**(59,718,632)**	(70,937,344)	(54,095,420)
Interest received	**238,780**	247,565	1,150,448
Net cash flows generated from operating activities	**258,778,717**	196,088,035	52,360,382
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment:			
At revalued amount (Notes 4 and 11)	**(133,545,000)**	–	–
At cost (Notes 4, 11 and 26)	**(84,803,144)**	(93,603,127)	(21,057,553)
Decrease in advances to suppliers (Note 26)	**(7,100)**	(7,756,091)	10,849,571
Decrease (increase) in other noncurrent assets	**790,379**	(3,077,867)	2,763,907
Net cash flows used in investing activities	**217,564,865**	(104,437,085)	(7,444,075)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid (Notes 18 and 26)	**(12,746,274)**	(106,343,604)	(296,952)
Payments of:			
Short-term loans (Notes 14 and 26)	**(10,000,000)**	(33,500,000)	–
Long-term debt (Notes 14 and 26)	**(71,640,000)**	(67,390,000)	(66,640,000)
Proceeds from:			
Short-term loans (Notes 14 and 26)	**50,000,000**	30,000,000	27,500,000
Long-term debt (Notes 14 and 26)	**–**	–	100,000,000
Interest paid (Note 26)	**(23,368,947)**	(20,151,454)	(19,741,777)
Payment of lease liabilities (Notes 24 and 26)	**(18,285,132)**	(21,872,133)	(17,291,270)
Net cash flows from financing activities	**(86,040,353)**	(219,257,191)	23,530,001
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**–**	(149,977)	(549,097)
NET INCREASE (INCREASE) IN CASH	**(44,826,501)**	(127,756,218)	67,897,211
CASH AT BEGINNING OF YEAR	**202,658,474**	330,414,692	262,517,481
CASH AT END OF YEAR (Note 6)	**₱157,831,973**	₱202,658,474	₱330,414,692

See accompanying Notes to Consolidated Financial Statements.

[redacted]

MANILA BROADCASTING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Organization and Business**

   a. Corporate Information

   Manila Broadcasting Company (the Parent Company) was incorporated in the Philippines on September 30, 1947. The Parent Company is primarily engaged in the business of radio broadcasting. The registered office address of the Parent Company is MBC Building, V. Sotto Street, CCP Complex, Pasay City.

   The Parent Company is 72%-owned by Elizalde Holdings Corporation (EHC), a Philippine entity, the immediate and ultimate parent company.

   b. Subsidiaries of the Parent Company

   <u>Elizalde Hotels and Resorts, Inc. (EHRI) and Feliz Hotel Boracay, Inc. (FHBI)</u>
   EHRI was incorporated in the Philippines and registered with the SEC on March 18, 2015. FHBI was incorporated in the Philippines and registered with the SEC on April 23, 2015. EHRI and FHBI are engaged in hotel business. EHRI and FHBI started its commercial operations on January 3, 2019 and July 26, 2019, respectively.

   The registered office address of the subsidiaries is MBC Bldg., V. Sotto St., CCP Complex Roxas Blvd., Pasay City.

   c. Approval of the Consolidated Financial Statements

   The accompanying consolidated financial statements of Manila Broadcasting Company and subsidiaries (the Company) were authorized for issuance by the Board of Directors (BOD) on May 2, 2023.

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

   <u>Basis of Preparation</u>
   The Company's consolidated financial statements have been prepared using the historical cost basis, except for unquoted equity investments, which have been measured at fair value, and land under property and equipment, which is carried at revalued amount.

   The consolidated financial statements are presented in Philippine peso (Peso), which is the Company's functional and presentation currency. Amounts are rounded to the nearest Peso unless otherwise indicated.

   <u>Statement of Compliance</u>
   The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

[redacted]

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these new standards did not have an impact on the consolidated financial statements of the Company.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

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

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a First-time Adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

[redacted]

- Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial.

Effective beginning on or after January 1, 2023
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

Deferred effectivity
- Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Significant Accounting Policies

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

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

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

[redacted]

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

- the contractual arrangements with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Parent Company's voting rights and potential voting rights.

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

The financial statements of subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognized in assets and liabilities, are eliminated in full on consolidation. Unrealized gains and losses are eliminated.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the non-controlling interest is recognized directly in equity.

If the Parent Company loses control over a subsidiary, it:

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

Non-controlling Interests
Non-controlling interests is the equity in the subsidiaries not attributable, directly and indirectly, to the Parent Company. These are measured at their proportionate share of the value of net identifiable assets of the subsidiaries. These are presented in the consolidated financial statements within equity, separately from the equity of the owners of the Parent Company. Profit or loss and each component of OCI are attributed to the owners of the Parent Company and to the non-controlling interests. Attribution of total comprehensive income to the non-controlling interests continues even if it results in a deficit balance.

Business Combination Involving Entities under Common Control
Business combinations in which all the combining entities within the Company are ultimately controlled by the same party before and after the business combination and that the control is not transitory ("business combinations under common control") are accounted under pooling of interests method.

The general requirements of pooling of interests method are as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect the fair values, or recognize any new assets or liabilities at the date of the combination. The only adjustments would be to harmonize accounting policies between the combining entities.
- No 'new' goodwill is recognized as a result of the combination.
- Any difference between the consideration transferred and the net asset acquired is reflected within equity.

The Company applied this method prospectively and thus, the financial information for comparative periods and any financial information prior to the business combination are not restated.

Current versus Noncurrent Classification
The Company presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Company classifies all other liabilities as noncurrent.

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

Cash
Cash includes cash on hand and cash in banks. Cash in banks earn interest at their respective bank deposit rates.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

[redacted]

Financial Assets

Initial recognition and measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

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

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest'(SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

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

Subsequent measurement. For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost
- Financial assets at FVOCI with recycling of cumulative gains and losses
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at FVPL

a) *Financial assets at amortized cost.* The Company measures financial assets at amortized cost if both of the following conditions are met:

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

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

   The Company's cash, receivables, due from related parties, construction bond (recorded as part of "Prepaid expenses and other current assets" account) and refundable deposits (recorded as part of "Other noncurrent assets" account) are included in this category.

[redacted]

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

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

   The Company's unquoted equity investments and investment in club shares are classified as equity instruments designated at FVOCI.

As at December 31, 2022 and 2021, the Company has no financial assets at FVPL and debt instruments at FVOCI.

Impairment of financial assets. The Company recognizes expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash, advances from stations, other receivables, due from related parties, construction bond and refundable deposits, the Company applies a general approach in calculating ECLs. The Company recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on these assets since initial recognition.

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

The Company considers a financial asset in default when contractual payments are 360 days past due for the customers of the Parent Company and EHRI and 90 days past due for the customers of FHBI. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off, in whole or in part, when the asset is considered uncollectible, the Company has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the contractual cash flows.

[redacted]

Financial Liabilities

Initial recognition and measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, at amortized cost, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company has no financial liabilities at FVPL or derivatives designated as hedging instruments.

Subsequent measurement. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.

This category includes accounts payable and accrued expenses (excluding statutory payables), dividends payable, short-term and long-term loans, and lease liabilities.

Classification of Financial Instruments Between Debt and Equity
A financial instrument is classified as debt if it provides for a contractual obligation to:
- Deliver cash or another financial asset to another entity; or
- Exchange financial assets or liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

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

Derecognition of Financial Instruments

Financial assets. A financial asset (or, where applicable a part of a financial asset or part of similar financial assets) is derecognized when:

- the contractual right to receive cash flows from the asset has expired;

[redacted]

- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Company has transferred its right to receive cash from the financial asset and either (a) has transferred substantially all the risks and rewards of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

When the Company has transferred its right to receive cash from a financial asset and has neither transferred nor retained substantially all the risks and rewards of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in profit or loss.

<u>Fair Value Measurement</u>
The Company measures financial instruments, such as financial assets at FVOCI and non-financial assets such as land classified as property and equipment at revalued amount, at fair value at the end of each reporting period.

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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

[redacted]

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

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy. The fair value hierarchy is disclosed in Note 28 to the consolidated financial statements.

Inventories
Inventories are valued at the lower of cost and net realizable value ("NRV"). Cost is determined using the moving average method. NRV of food and beverage is based on estimated selling prices less estimated costs to be incurred on completion and disposal. NRV of operating supplies is the replacement cost.

Materials and Supplies
Materials and supplies are stated at the lower of cost (determined using the first-in, first-out method) and NRV. Cost includes the invoice price and related charges such as freight, insurance, and taxes, among others. NRV is the current replacement cost.

Advances to Suppliers
Advances to suppliers are down payments to service-providers in relation to the construction of the building. This is recorded as an asset and is realized through recoupment and application against the amount billed by the contractors.

Property and Equipment
The Company's property and equipment consist of building and leasehold improvements, broadcasting and transmission equipment, furniture, transportation equipment and right-of-use assets that do not qualify as investment properties.

Property and equipment, except land, are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes, and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment. When

[redacted]

assets are sold or retired, their cost, accumulated depreciation and amortization, and any impairment in value are eliminated from the accounts. Any gain or loss resulting from the disposal is included in profit or loss.

Land is stated at revalued amount based on the fair market value of the property determined by an independent firm of appraisers as of reporting period. Land is revalued every three years based on independent valuation of external appraisers. The increase in the valuation of land, net of deferred income tax liability, is credited to "Revaluation increment on land" in the consolidated statements of financial position and recognized as OCI. Upon disposal, the relevant portion of the revaluation increment realized in respect of the previous valuation will be released from the revaluation increment in OCI directly to retained earnings. Decreases that offset previous increases in respect of the same property are charged against the revaluation increment. All other decreases are charged against current operations in profit or loss.

Depreciation commences when an asset is in its location and condition and it is capable of being operated in the manner intended by management. It is computed using the straight-line method, based on the estimated useful lives of the assets as follows:

	Number of Years
Building	7-17
Broadcasting and transmission equipment	8-11
Furniture and equipment	5
Transportation equipment	4
Right-of-use assets	5-10

Leasehold improvements are amortized over the term of the lease or life of the building and improvements ranging from seven to seventeen years, whichever is shorter.

Construction in-progress represents properties under construction and is stated at cost, including cost of construction and other direct costs. This includes rent incurred under operating leases during the period of construction. Construction in-progress is not depreciated until such time that the relevant assets are completed and ready for operational use.

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use.

It is the Company's policy to classify right-of-use assets as part of property and equipment. The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, lease payments made at or before the commencement date.

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

[redacted]

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

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

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A change of use occurs if property meets, or ceases to meet, the definition of investment property. These transfers are recorded using the carrying amount of the investment property at the date of change in use.

Building classified as investment property is depreciated on a straight-line basis over its estimated useful life of ten years.

Intangible Assets
Intangible assets consist of frequency license and intellectual property rights. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The Company's intangible assets are assessed as finite and are amortized over the estimated useful life and assessed for impairment whenever there is an indication that these may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization of intangible assets with finite useful lives is recognized in profit or loss.

Amortization commences when the intangible asset is acquired and is capable of being owned and operated in the manner intended by management. It is computed using the straight-line method, based on the estimated useful lives of the assets as follows:

	Number of Years
Frequency license	13
Intellectual property rights	3

Goodwill
Goodwill is initially measured at cost being the excess of the cost of the business combination over the fair value of the acquiree's net identifiable assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

[redacted]

Impairment of Nonfinancial Assets

Property and equipment, investment properties, intangible assets and other assets. The carrying values of property and equipment, investment properties, intangible assets and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists, or when annual impairment testing is required, and where the carrying values exceed the estimated recoverable amounts, the assets or the cash-generating units (CGU) are written down to their recoverable amounts. The recoverable amount of the assets is the greater of the fair value less costs to sell and value-in-use (VIU). The fair value is the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In assessing VIU, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Any impairment loss is recognized in profit or loss.

Goodwill. Goodwill is reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment for goodwill is determined by assessing the recoverable amount of the CGU to which the goodwill relates. An impairment loss is recognized immediately in profit or loss when the recoverable amount of the CGU is less than its carrying amount. Impairment losses relating to goodwill cannot be reversed in future periods.

Capital Stock
Capital stock is the portion of the paid in capital representing the total par value of the shares issued.

Additional Paid-in Capital
Additional paid-in capital represents the amount paid in excess of the par value of the shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration and other capital adjustments.

Other Comprehensive Income (OCI)
OCI comprises items of income and expense that are not recognized in profit or loss in accordance with PFRSs. The Company's OCI includes net changes in fair values of financial assets at FVOCI, revaluation increment on land carried at revalued amount and remeasurement gains (losses) retirement benefit assets.

Treasury Stock
Treasury stocks are shares of the Company which are reacquired and are measured at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instrument.

Revenue Recognition
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. The Company assesses its revenue arrangements against specific criteria to determine if it is

[redacted]

acting as principal or agent. The Company has assessed that it is acting as principal in all of its revenue arrangements.

The following specific criteria must also be met before revenue is recognized:

Broadcasting fees. Revenue is recognized at a point in time when the programs are broadcasted or advertisements are aired by various radio stations nationwide

The Company receives non-cash considerations (such as merchandise or services) from certain customers in exchange for advertising time. The fair value of such non-cash considerations received from the customers is included in the transaction price and measured upon airing of the advertisement.

The Company applies the requirements of PFRS 13, *Fair Value Measurement,* in measuring the fair value of the non-cash considerations. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the advertisements when aired.

Digital services. Revenue from digital services is recognized at point in time when the materials are posted on the Company's social networking sites. The Company uses the selling price as stated on the broadcast order.

Talent fees and customer event. Revenue from talent services and customer event is recognized over time upon rendering of services to its customers in accordance with the broadcast order.

Hotel revenues. Revenue from hotel accommodation services are recognized over the period of time under the input method, a time-based measure that results in a straight-line recognition of revenue, as the customer simultaneously receives the benefits from the services rendered by the Company throughout the period when rooms are occupied or services are performed. Payment is due as the customer occupies the room and receives the services except for some customers with specific credit terms.

Variable considerations. If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Company provides volume incentives to certain customers once the volume of purchases during the period exceeds a threshold specified in the contract and sales discount for early payment. To estimate these variable considerations, the Company applies the most likely amount method.

The volume incentives and sales discounts given by the Company to the customers give rise to a variable consideration.

<u>Revenue outside the scope of PFRS 15</u>

Rental income arising from operating leases on investment properties is recognized on a straight-line basis over the lease term.

Interest income is recognized as the interest accrues using the EIR method.

Dividend income is recognized when the Company's right to receive the payment is established.

[redacted]

Contract Balances

Trade receivables. A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

Payments received before broadcast (pay before broadcast) represent contract liabilities, which are recognized as revenue upon airing of related advertisements.

Cost of Services and Operating Expenses
Cost of services and operating expenses are recognized when incurred. They are measured at the fair value of the consideration paid or payable. Cost of services and operating expenses are presented as net of recharges or reimbursements of expenses billed to various partner stations in the consolidated statements of comprehensive income.

Value-Added Tax (VAT)
Revenue, expenses and assets are recognized net of the amount of VAT, if applicable.

- When VAT from sales of services (output VAT) exceeds VAT passed on from purchases of goods and services (input VAT), the excess is recognized as payable in the consolidated statement of financial position.
- When VAT passed on from purchases of goods and services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

The net amount of output VAT of the Parent Company and the input VAT of EHRI and FHBI are presented under "Accounts payable and accrued expenses" account and "Other current assets", respectively, in the consolidated statement of financial position.

Retirement Benefits
Retirement benefits asset, as presented in the consolidated statements of financial position, is the present value of the defined benefit obligation (PVDBO) at the financial reporting date reduced by the fair value of plan assets (FVPA), adjusted for the effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method. Retirement benefits costs consist of service costs, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

[redacted]

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The FVPA is based on market price information. When no market price is available, the FVPA is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the FVPA is higher than the PVDBO, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Accrued Separation Costs
Accrued separation costs, as presented in the consolidated statement of financial position, pertain to the unpaid balance of separation pay of employees as at financial reporting date. These are recognized as a liability and an expense when, and only when, the Company is demonstrably committed to either: (a) terminate the employment of an employee or group of employees before the normal retirement date; or (b) provide separation benefits as a result of an offer made in order to encourage voluntary redundancy.

Borrowing Costs
Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of qualifying assets. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are available for its intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance these projects to the extent that they are regarded as an adjustment to interest cost.

All other borrowing costs are expensed as incurred.

[redacted]

Income Taxes

Current tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the financial reporting date.

Deferred tax. Deferred tax is provided, using the liability method, on all temporary differences at the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax relating to items recognized outside profit or loss is recognized under OCI in equity.

Deferred tax liabilities are recognized for all taxable temporary differences except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the financial reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set-off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Leases
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement.

Company as a Lessee

Lease liabilities. The lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate (IBR).

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the Company's IBR. The IBR is determined based on the rate the Company's bank will charge should an amount equivalent to the value of the asset being leased will be borrowed using the same lease term. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

[redacted]

The Company's right-of-use assets are included in the "Property and equipment" account (see Note 11), and the lease liabilities (current and noncurrent) as separate line item in the consolidated statement of financial position (see Note 24).

Short-term Leases and Leases of Low-value Assets. The Company applies the short-term recognition exemption to its short-term leases of staff house (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to these leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a Lessor

Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Earnings Per Share
Basic earnings per share is computed by dividing the net income by the weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net income by the weighted average number of shares outstanding during the year and adjusted for the effects of all dilutive potential common shares, if any.

In determining both the basic and the diluted earnings per share, the effect of stock dividends, if any, is accounted for retroactively.

Foreign Currency-denominated Transactions
Foreign currency-denominated transactions are recorded in Philippine Peso using the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange at the financial reporting date. All exchange rate differences, including those arising on the settlement of monetary items at rates different from those at which they were recorded, are recognized in profit or loss in the period in which the differences arise. For income tax purposes, these gains or losses are treated as taxable income or deductible expense in the period such were realized. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in provisions due to the passage of time is recognized as interest expense and classified as additional provision.

[redacted]

Segment Reporting
For purposes of management reporting, the Company is organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit. Such business segments are the bases upon which the Company reports its primary segment information.

Financial information on business segments is presented in Note 5 to the consolidated financial statements. The Company has one geographical segment and derives substantially of its revenues from domestic operations.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

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

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3. **Significant Accounting Judgments and Estimates**

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported and disclosed in the consolidated financial statements. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances that are believed to be reasonable as at the date of the consolidated financial statements. Actual results could differ from such estimates.

The judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

Recognition of Revenue from Contracts with Customers

a. *Identifying Performance Obligations*. The Company identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Company's

[redacted]

promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

Revenues earned from contracts with various promises are split into separately identifiable performance obligations based on their relative stand-alone selling price to reflect the substance of the transaction.

The Company offers bundled radio airtime, digital and hosting and customer event services and is assessed as three separate performance obligations.

b. The Company recognizes revenue over time or at a point in time depending on its evaluation of when the customer obtains control of the promised goods or services. Revenue from broadcasting fees are recognized at a point in time when the revenue is aired. Revenues from talent fees and customer event are recognized over time as the Company provides the service. Revenue from digital services is recognized at a point in time when control over goods or services is transferred to the customer upon posting of advertising materials on its social media accounts

c. *Determining Method to Estimate Variable Consideration and Assessing the Constraint.* The Company provides volume incentives to its customers based on the aggregate annual sales volume for the year. The determination of the sales volume excludes political placements, production costs, prizes, talent fees and other non-revenue accounts. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Company determined that the most likely amount method is appropriate to use in estimating the variable consideration for the volume incentives given to the customers. The most likely amount is the single most likely amount in a range of possible consideration amounts. The Company considered this method to be the more appropriate estimate of the amount of variable consideration since the agreement with its customers has only two possible outcomes, which is, the customer either achieves the required aggregate annual sales volume, or does not.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Definition of Default and Credit-Impaired Financial Assets. The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria*. The borrower is more than 360 days past due for the customers of the Parent Company and EHRI and 90 days past due for the customers of FHBI on its contractual payments, which is consistent with the Company's definition of default. The determination of the period is based on the Company's practice and agreement with its customers within the industry.

- *Qualitative Criteria*. The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

    a. The borrower is experiencing financial difficulty or is insolvent;

[redacted]

b. Concessions have been granted by the Company, for economic or contractual reasons relating to the borrower's financial difficulty; or
c. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), loss given default (LGD) and exposure at default (EAD) throughout the Company's ECL calculation.

Simplified Approach for Trade Receivables. The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of advertisers that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Grouping of Instruments for Losses Measured on Collective Basis. For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. The Company groups its trade receivable based on the type of customer.

Macro-economic Forecasts and Forward-looking Information. Macro-economic forecasts are determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company takes into consideration using different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 3 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The allowance for ECLs amounted to ₱29.2 million and ₱29.6 million as at December 31, 2022 and 2021, respectively. The carrying amount of receivables amounted to ₱398.3 million and ₱433.8 million as at December 31, 2022 and 2021, respectively (see Notes 7, 19 and 25).

Valuation of Unquoted Equity Securities. PFRS 9 requires all investments in equity instruments and contracts on those instruments to be measured at fair value. In 2022 and 2021, The Company determined the fair value of these investments in unquoted shares of stock using the adjusted net asset value approach. The underlying assets primarily consist of investments in quoted and unquoted shares and land. The Company determined the fair value of the investments in unquoted shares using the discounted cash flows approach while the fair value of the land was determined with the assistance of external appraisers. See Note 28 for the valuation methodology used and key inputs to valuation of the investment in shares of stock.

The fair value of unquoted equity securities amounted to ₱141.3 million and ₱289.6 million as at December 31, 2022 and 2021, respectively (see Note 10).

[redacted]

Valuation of Lease Liabilities and Right-of-Use Assets. The application of PFRS 16 requires the Company to make judgments that affect the valuation of lease liability and the valuation of right-of-use asset. These include: (1) determining contracts in scope of PFRS 16, and (2) determining the contract term and interest rate for discounting of future cash flows.

a. *Determining contracts in scope of PFRS 16.* The Company has lease agreements covering rental of satellite communications capacity called transponder lease, land used as site for broadcasting business and where the hotel property is located, office spaces and transmitter sites. The Company recognized right-of-use assets and lease liabilities for the leases related to transponder lease and land. The Company has assessed leases for office spaces and transmitter sites as short-term and elected not to recognize right-of-use assets and lease liabilities (see Note 24).

b. *Determining the contract term.* The lease term determined by the Company comprises non-cancellable period of lease contracts, and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company did not consider the renewal options as they need to be mutually agreed upon by both lessor and lessee. The Company considered the significant leasehold improvements on the leased assets to determine that the option to terminate the lease is not reasonably certain to be exercised. The same economic life is applied to determine the depreciation rate of right-of-use assets.

c. *Determining the interest rate for lease assets.* The present value of the lease payments is determined using the discount rate representing the interest rate implicit in the lease, if that rate can be readily determined or the lessee's IBR, if that rate cannot be readily determined. The Company cannot readily determine the interest rate implicit in leases of satellite communications capacity, land principally used for broadcasting business, and land where hotel property and other facilities are located, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating). The IBR used ranges between 4.3% to 7.3% in 2022 and 4.8 to 10.9% in 2021.

Company as lessor. The Company has arrangements with various lessees covering the building units it offers for lease. The Company has determined that it retains substantially all the risks and rewards incidental to the ownership of these properties. Accordingly, these leases were accounted for as operating leases. Rent income amounted to ₱8.8 million, ₱6.6 million, and ₱8.3 million in 2022, 2021 and 2020, respectively (see Note 12).

Classification of property. The Company determines whether a property is classified as property and equipment or investment property as follows:

- Property and equipment which are occupied for use by, or in the operations of, the Company and not for sale in the ordinary course of business.

- Investment property comprises building spaces and improvements which are not occupied for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

The Company considers each property separately in making its judgment.

[redacted]

Contingencies. The Company provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at the end of the reporting date, net of any estimated amount that may be reimbursed to the Company. If the effect of the time value of money is material, provisions are discounted using a pretax rate that reflects the risks specific to the liability. The amount of provision is being reassessed at least on an annual basis to consider new relevant information. There were no provisions recognized in 2022 and 2021 (see Note 30).

Estimations

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of useful lives of property and equipment and intangible assets. The Company estimated the useful lives of its property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives of property and equipment and intangible assets based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

As at December 31, 2022 and 2021, the carrying value of depreciable property and equipment amounted to ₱767.6 million and ₱791.8 million, respectively (see Note 11). Carrying value of net intangible assets amounted to nil as at December 31, 2022 and 2021 (see Note 13). Total depreciation and amortization relating to property and equipment and intangible assets charged to operations amounted to ₱67.4 million, ₱79.6 million, and ₱80.2 million in 2022, 2021 and 2020, respectively (see Notes 11 and 13).

Revaluation of land. The Company carries land classified under property and equipment at revalued amounts, with changes in fair value being recognized in OCI. The Company engaged an independent valuation specialist to assess the fair value as at the financial reporting date. The key assumptions used to determine the fair value of the properties are provided in Note 11. As at December 31, 2022 and 2021, the carrying value of the land, carried at fair value, amounted to ₱419.2 million and ₱396.9 million, respectively. As at December 31, 2022 and 2021, revaluation increment on land (net of deferred tax) amounted to ₱314.4 million and ₱297.7 million, respectively (see Note 11).

Assessment of impairment of goodwill. For goodwill, the Company determines whether it is impaired at least on an annual basis. This requires an estimation of the VIU of the CGU to which the goodwill is allocated. The impairment test for goodwill is based on VIU calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company has not yet committed to or significant future investments that will enhance the asset based of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the revenue growth rate and the long-term growth rate for extrapolation purposes. As at December 31, 2022 and 2021, the carrying value of goodwill amounted to ₱38.0 million. The key assumptions used to determine the recoverable amount for the goodwill, including sensitivity analysis, are disclosed and further explained in Note 13.

Recognition of deferred tax assets. The Company reviews the carrying amounts of deferred tax assets at each financial reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized.

[redacted]

Based on management's evaluation, there will be sufficient future taxable profits against which the deferred tax assets of the Parent Company can be applied. As at December 31, 2022 and 2021, recognized deferred tax assets amounted to ₱11.8 million and ₱12.6 million, respectively (see Note 23).

In 2022, deferred tax assets related to the 2019 net operating loss carryover (NOLCO) and minimum corporate income tax (MCIT) amounting to ₱5.1 million and ₱0.06 million, respectively were derecognized by EHRI since management believes that there will be no sufficient future taxable income available to allow said deferred tax assets to be utilized. As at December 31, 2022 and 2021, unrecognized deferred tax assets on the carryforward benefit of NOLCO and MCIT of EHRI amounted to ₱0.03 million and ₱1.3 million, respectively.

The deferred tax assets related to the NOLCO and MCIT amounting to ₱1.06 million and ₱15.96 million, respectively, as of December 31, 2022 and 2021, were not recognized by FHBI since management believes that there will be no sufficient future taxable income available to allow said deferred tax assets to be utilized.

Estimation of retirement benefits cost and liability. The determination of the obligation and retirement benefits cost is dependent on assumptions used by the actuary in calculating such amounts. Those assumptions are described in Note 22 and include among others, discount rates which are determined by using risk-free interest rate of government bonds consistent with the estimated term of the obligation and salary increase rates. In accordance with PFRSs, actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement benefits obligation.

Retirement benefit assets amounted to ₱2.4 million and ₱2.9 million as at December 31, 2022 and 2021, respectively (see Note 22).

4. Noncontrolling Interests

In 2017, the Parent Company acquired additional shares from EHRI amounting to ₱240.0 million to bring its total ownership interest to 80%. Consequently, the Parent Company obtained control over EHRI and its wholly-owned subsidiary, FHBI. The carrying amount of the initial investment and the additional consideration paid is equal to the net assets acquired.

This transaction was accounted for under pooling of interest method since the Parent Company and EHRI are under common control of EHC.

As at December 31, 2022 and 2021, the ownership interest of the Parent Company in EHRI and FHBI follows:

	Effective Percentage of Ownership	
	Direct	Indirect
EHRI Group	80	–
FHBI	–	80

[redacted]

The financial information of subsidiaries that have material non-controlling interests is provided below.

	As at December 31				As at December 31		Year-ended December 31	
	2022		2021		**2022**	2021	**2022**	2021
	Proportion of ownership interest and voting rights held by non-controlling interest				**Non-controlling interest**			
Subsidiaries	**Economic**	**Voting**	Economic	Voting				
		(In Percentages)						
EHRI Group	**20.0**	**20.0**	20.0	20.0	**(₱4,169,784)**	₱156,916,559	**(₱249,098)**	(₱13,544,341)

The summarized financial information (stand-alone financial statements before inter-company eliminations within the Company) of subsidiaries with material non-controlling interests are provided below:

Summarized Statements of Financial Position

	2022		2021	
	EHRI	**FHBI**	EHRI	FHBI
Current assets	**₱146,035,313**	**₱92,788,991**	₱145,335,86	₱102,498,609
Noncurrent assets	**859,359,013**	**595,365,658**	867,388,917	653,368,785
Current liabilities	**23,060,205**	**134,814,984**	28,388,249	97,918,633
Noncurrent liabilities	**3,433,040**	**84,895,988**	4,189,959	115,734,716
Net assets	**₱978,901,081**	**₱468,443,677**	₱980,146,570	₱542,214,04
Attributable to:				
Equity holders of the Parent Company	**783,120,865**	**374,754,942**	784,117,256	433,771,236
Non-controlling Interest	**195,780,216**	**93,688,735**	196,029,314	108,442,809
	₱978,901,081	**₱468,443,677**	₱980,146,570	₱542,214,044

Summarized Statements of Comprehensive Income

	2022		2021		2020	
	EHRI	**FHBI**	EHRI	FHBI	EHRI	FHBI
Revenue	**₱4,031,857**	**₱104,351,761**	₱2,800,655	₱19,187,463	₱3,515,664	₱26,574,859
Cost of sales	**(3,041,705)**	**(99,697,965)**	(2,497,329)	(52,522,399)	(3,235,150)	(64,152,249)
Gross profit (loss)	**990,152**	**4,653,797**	303,326	(33,334,936)	280,514	(37,577,390)
General and administrative expense	**(1,906,795)**	**(38,787,884)**	(1,642,250)	(21,233,397)	(1,848,226)	(22,665,819)
Other expense	**(744,327)**	**(8,490,615)**	(550,965)	(8,882,290)	(333,645)	(6,148,375)
Loss before income tax	**(1,660,970)**	**(42,624,702)**	(1,889,889)	(63,450,624)	(1,901,357)	(66,391,584)
Income tax provision (benefit)	**(415,481)**	**31,145,666**	(371,667)	(13,547,031)	3,188,736	(16,508,682)
Net loss	**(₱1,245,489)**	**(₱73,770,368)**	(₱1,518,222)	(₱49,903,593)	(₱5,090,093)	(₱49,882,902)
Attributable to:						
Equity holders of the Parent Company	**(₱996,391)**	**(₱59,016,295)**	(₱1,214,578)	(₱39,922,874)	(₱4,072,074)	(₱39,906,322)
Non-controlling Interest	**(249,098)**	**(14,754,074)**	(303,644)	(9,980,719)	(1,018,019)	(9,976,580)
	(₱1,245,489)	**(₱73,770,368)**	(₱1,518,222)	(₱49,903,593)	(₱5,090,093)	(₱49,882,902)

[redacted]

Summarized cash flow information:

	2022		2021		2020	
	EHRI	**FHBI**	EHRI	FHBI	EHRI	FHBI
Operating	**(₱3,515,712)**	**₱33,018,328**	(₱2,877,210)	₱50,520,624	(₱19,447,278)	(₱126,054,049)
Investing	**481,322**	**(16,231,551)**	(3,787,876)	(43,874,854)	20,390,668	39,777,242
Financing	**865,298**	**(20,655,079)**	10,000,000	(13,470,224)	(379,824)	87,067,909
Effect of foreign exchange rate changes	–	–	–	3,241	–	(38,141)
Net increase (decrease) in cash	**(₱3,899,688)**	**(₱3,868,302)**	₱3,334,914	(₱6,821,213)	₱563,566	₱752,961

Status of Operations of FHBI
On March 11, 2020, the World Health Organization declared COVID-19 as a global pandemic. In a move to contain the pandemic, the Philippine Government has taken measures in order to contain the effect of COVID-19, including the issuance of a series of memorandums to impose stringent social distancing measures and community quarantine in the country. As part of the restrictions, only hotels that have guests with existing bookings for foreigners, guests with long-term leases and hotels accepting guests from exempted establishments are allowed to operate at a reduced capacity. On June 30, 2020, hotels with Department of Tourism Certificate of Authority were already allowed to operate basic accommodation services to guests through an in-house skeleton workforce, including a maximum operational capacity. On June 1, 2021, an updated operational guidelines for DOT-accredited accommodation establishments and staycation hotels including point-to-point travel guides and lifting of age restrtictions allowing guests below 18 and above 65 years old.

FHBI's plan for future action to address the possible negative effects of the pandemic include effective cost-reduction strategies, working closely with the Department of Tourism, implementation of effective cash conservation efforts and ensuring the availability of cash for working capital requirements.

5. Segment Information

An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The BOD, the Company's chief operating decision maker, monitors operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit and loss in the consolidated financial statements.

[redacted]

The Company is organized into only two operating divisions, radio broadcasting and hotel business. The radio broadcasting division has seven programming formats, namely DZRH and "Aksyon Radyo" stations, Love Radio, YES FM, Hot-FM, Radyo Natin, Easy Rock and New Media. The hotel business has started its operations on July 26, 2019.

Revenues, net income, total assets and total liabilities as at and for the years ended December 31, 2022 and 2021 are the same as reported elsewhere in the accompanying consolidated financial statements.

	2022			
	Radio Broadcasting	**Hotel Business**	**Eliminations**	**Consolidated Financial Statements**
Revenues	**₱1,113,611,256**	**₱108,383,618**	**(₱3,962,513)**	**1,218,032,361**
Net income (loss)	**161,727,483**	**(75,015,857)**	**14,849,807**	**101,561,433**
Total assets	**2,498,794,776**	**1,693,548,975**	**(1,515,716,699)**	**2,676,627,052**
Total liabilities	**905,432,731**	**246,204,217**	**(18,820,113)**	**1,132,816,835**

	2021			
	Radio Broadcasting	Hotel Business	Eliminations	Consolidated Financial Statements
Revenues	₱973,613,399	₱19,187,463	(₱71,737)	₱992,872,599
Net income (loss)	150,605,486	(67,972,765)	437,726	82,194,995
Total assets	2,641,789,934	1,747,895,534	1,483,684,402	2,906,001,067
Total liabilities	978,992,257	242,085,878	(11,511,033)	1,232,589,168

	2020			
	Radio Broadcasting	Hotel Business	Eliminations	Consolidated Financial Statements
Revenues	₱862,693,924	₱26,574,858	₱–	₱889,268,782
Net income (loss)	148,459,979	(54,535,278)	–	93,924,701
Total assets	2,629,068,678	1,786,346,444	(1,483,739,507)	2,931,675,615
Total liabilities	1,068,751,311	212,126,295	11,455,930	1,292,333,536

The Company has no revenue from transactions with a single external customer accounting for more than 10%. All customers of the Company are located in the Philippines.

6. Cash

	2022	2021
Cash on hand	**₱9,860,631**	₱9,987,331
Cash in banks	**147,971,342**	192,671,143
	₱157,831,973	₱202,658,474

Interest income from cash in banks amounted to ₱0.2 million, ₱0.2 million, and ₱1.2 million in 2022, 2021 and 2020, respectively.

[redacted]

7. Receivables

	2022	2021
Trade (see Note 19)	**₱338,128,340**	₱381,491,108
Advances to stations (see Note 16)	**79,522,180**	67,049,300
Others	**9,856,933**	14,874,910
	427,507,453	463,415,318
Less allowance for ECLs	**(29,172,231)**	(29,621,058)
	₱398,335,222	₱433,794,260

Trade receivables and advances to stations are noninterest-bearing and have credit terms of approximately 90 days.

Movement of allowance for ECLs by class is as follows:

	Trade	Advances to stations	Others	Total
Balance as at January 1, 2021	₱32,542,118	₱363,419	₱7,167,906	₱40,073,443
Provision (see Note 20)	2,211,806	–	–	2,211,806
Write-off	(12,664,191)	–	–	(12,664,191)
December 31, 2021	22,089,733	363,419	7,167,906	29,621,058
Provision (see Note 20)	1,061,517	–	–	1,061,517
Write-off	(1,510,344)	–	–	(1,510,344)
December 31, 2022	₱21,640,906	₱363,419	₱7,167,906	₱29,172,231

8. Inventories

	2022	2021
At cost:		
Food and beverage	**₱1,263,872**	₱740,817
Operating supplies	**3,422,963**	3,072,314
	₱4,686,835	₱3,813,131

Inventories charged to cost of sales amounted to ₱12.2 million and ₱3.1 million in 2022 and 2021, respectively (see Note 20).

9. Prepaid Expenses and Other Current Assets

	2022	2021
Input VAT	**₱86,785,316**	₱91,050,784
Prepaid expenses	**4,879,898**	6,160,441
Creditable withholding taxes	**821,325**	398,907
Deferred input VAT	**–**	15,774
Others	**118,972**	–
	₱92,605,511	₱97,625,906

[redacted]

Input VAT arose from the purchases of goods and services of FHBI and EHRI related to the construction and hotel operations.

Prepaid expenses pertain to various prepayments of the Company which are expected to be amortized in the next financial reporting period.

10. **Financial Assets at FVOCI**

	2022	2021
Investment in corporate shares of stocks and golf shares:		
Unquoted	**₱141,343,656**	₱289,377,071
Quoted	**250,000**	250,000
	₱141,593,656	₱289,627,071

The movements of financial assets at FVOCI follow:

	2022	2021
Balance at beginning of year	**₱289,627,071**	₱245,656,383
Increase (decrease) in fair value during the year	**(148,033,415)**	43,970,688
Ending balance at end of year	**₱141,593,656**	₱289,627,071

The fair value of the quoted shares of stock is determined based on quoted market price (see Note 28).

The change in fair value of financial asset at FVOCI, net of tax, recognized in the statements of comprehensive income are as follows:

	2022	2021	2020
Revaluation increment	**(₱148,033,415)**	₱43,970,688	₱79,381,942
Income tax effect	**22,205,011**	(6,585,105)	(11,907,291)
	(₱125,828,404)	₱37,385,583	₱67,474,651

As at December 31, 2022 and 2021, the cumulative changes in the fair value of financial assets at FVOCI are recognized under “Reserve for fluctuation in fair value of financial assets at FVOCI” shown as part of equity in the consolidated statement of financial position.

Investments in unquoted shares of stock represent unlisted corporate shares in EHC and Philippine International Corporation (PIC). The cost of the investments in EHC and PIC amounted to ₱16.8 million and ₱1.0 million, respectively. In 2022 and 2021, the Company determined the fair value of these investments in unquoted shares of stock using the adjusted net asset value approach. The underlying assets primarily consist of investments in quoted and unquoted shares and land. The Company determined the fair value of the investments in unquoted shares using the discounted cash flows approach while the fair value of the land was determined with the assistance of external appraisers (see Note 28). No dividend income was earned in 2022, 2021 and 2020.

[redacted]

11. Property and Equipment

a. Property and equipment carried at cost consists of:

	2022						
	Building and Leasehold Improvements	**Broadcasting and Transmission Equipment**	**Furniture and Equipment**	**Transportation Equipment**	**Construction in-Progress**	**Right-of-use Assets**	**Total**
Cost							
Balance at beginning of year	**₱857,807,814**	**₱454,871,174**	**₱206,785,612**	**₱50,910,503**	**₱185,809,381**	**₱88,314,681**	**₱1,844,499,165**
Effect of rent concession (see Notes 2 and 24)	**–**	**–**	**–**	**–**	**–**	**(193,015)**	**(193,015)**
Additions	**–**	**1,057,592**	**2,174,732**	**641,864**	**80,928,957**	**16,818,609**	**101,621,754**
Reclassifications	**347,312**	**–**	**–**	**–**	**(5,713,698)**	**–**	**(5,366,386)**
Balance at end of year	**858,155,126**	**455,928,766**	**208,960,344**	**51,552,367**	**261,024,640**	**104,940,275**	**1,940,561,518**
Accumulated Depreciation							
Balance at beginning of year	**202,531,973**	**432,733,783**	**134,378,239**	**50,053,176**	**–**	**47,135,560**	**866,832,731**
Depreciation (see Note 20)	**26,702,466**	**4,732,174**	**16,339,753**	**910,817**	**–**	**18,955,137**	**67,640,347**
Balance at end of year	**229,234,439**	**437,465,957**	**150,717,992**	**50,963,993**	**–**	**66,090,697**	**934,473,078**
Net Book Values	**₱628,920,687**	**₱18,462,809**	**₱58,242,352**	**₱588,374**	**₱261,024,640**	**₱38,849,578**	**₱1,006,088,440**

	2021						
	Building and Leasehold Improvements	Broadcasting and Transmission Equipment	Furniture and Equipment	Transportation Equipment	Construction in-Progress	Right-of-use Assets	Total
Cost							
Balance at beginning of year	₱863,154,465	₱454,871,174	₱205,898,139	₱50,910,503	₱87,747,076	₱77,692,963	₱1,740,274,320
Effect of rent concession (see Notes 2 and 24)	–	–	–	–	–	(761,515)	(761,515)
Additions	56,830	–	887,473	–	92,658,824	11,383,233	104,986,360
Reclassifications	(5,403,481)	–	–	–	5,403,481	–	–
Balance at end of year	857,807,814	454,871,174	206,785,612	50,910,503	185,809,381	88,314,681	1,844,499,165
Accumulated Depreciation							
Balance at beginning of year	175,426,164	425,996,093	117,667,487	48,989,684	–	30,480,600	798,560,028
Depreciation (see Note 20)	27,105,809	6,737,690	16,710,752	1,063,492	–	19,084,472	70,702,215
Effect of rent concession (see Notes 2 and 24)	–	–	–	–	–	(2,429,512)	(2,429,512)
Balance at end of year	202,531,973	432,733,783	134,378,239	50,053,176	–	47,135,560	866,832,731
Net Book Values	₱655,275,841	₱22,137,391	₱72,407,373	₱857,327	₱185,809,381	₱41,179,121	₱977,666,434

No borrowing cost was capitalized as part of the construction in-progress in 2022 and 2021.

b. Land at revalued amount as at December 31, 2022 and 2021 consists of:

	2022	2021
Cost:		
Balance at beginning of year	**₱15,780,194**	₱15,780,194
Addition	**133,545,000**	–
Balance at end of year	**149,325,194**	15,780,194
Revaluation increment on land:		
Balance at beginning of year	**396,883,306**	383,355,406
Increase	**22,288,100**	13,527,900
Balance at end of year	**419,171,406**	396,883,306
Carrying amount	**₱568,496,600**	₱412,663,500

The revalued amounts of ₱568.5 million and ₱412.7 million as at December 31, 2022 and 2021, respectively, are based on the valuation conducted by independent appraisal companies as at December 31, 2022 and 2021, respectively. The appraisal companies used the market data or sales comparison approach where the fair market values are determined by referring to the extent,

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character and utility, and sales and holding prices of similar land, significantly adjusted for dissimilarities in the nature, location or condition of the specific properties.

The fair values of these parcels of land are determined using Level 3 valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (see Note 28). The significant unobservable input of price per square meter ranges from ₱1,450 to ₱35,300 in 2022 and ₱1,150 to ₱33,700 in 2022. Significant increases (decreases) in the estimated price per square meter in isolation would result in a significantly higher (lower) fair value.

The increase in revaluation increment recognized in the statements of comprehensive income are as follows:

	2022	2021	2020
Revaluation increment	**₱22,288,100**	₱13,527,900	₱97,337,200
Income tax effect	**(5,572,025)**	(3,381,975)	(29,201,160)
Impact of CREATE Law	–	19,160,272	–
	₱16,716,075	₱29,306,197	₱68,136,040

12. **Investment Properties**

The movement of the account as of December 31, 2022 and 2021 as follows:

	Land	Building	Total
Cost at beginning and end of year	₱43,162,500	₱80,381,524	₱123,544,024
Accumulated depreciation at beginning and end of year	–	80,381,524	80,381,524
Net Book Values	₱43,162,500	₱–	₱43,162,500

Investment properties are leased to employees and third parties. The total fair value of the investment properties, based on the recent appraisal reports, amounted ₱162.8 million for land and ₱79.8 million for building. The latest appraisal report was as at December 31, 2018. The fair values of the properties are based on valuations performed by an accredited independent appraiser.

The fair values of these investment properties were determined using Level 3 valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (see Note 28).

The appraiser used the market data or sales comparison approach in determining the fair value of the land. The valuation was made on the basis of the market value determined by referring to the extent, character and utility, and sales and holding prices of similar properties, significantly adjusted for dissimilarities in the nature, location or condition of the specific properties.

The fair value of building and other property, which represent reproduction cost less depreciation, was arrived at by the appraiser using the cost approach. This method determines the fair value of the building and other property by estimating the cost to create the same structure with the same design and using similar construction materials. The highest and best use of investment properties, as determined by the appraiser, is a mixed commercial and residential utility, which is similar to their current use.

[redacted]

Rental income generated from these investment properties amounted to ₱8.8 million in 2022, ₱6.6 million in 2021 and ₱8.3 million in 2020. Related direct operating expenses amounted to ₱3.4 million, ₱3.9 million and ₱7.1 million in 2022, 2021 and 2020, respectively.

13. Goodwill and Other Intangible Assets

The Company's intangible assets and goodwill pertain to a radio station acquired in 2008 at a cost of ₱229.6 million. The excess of acquisition cost over the adjusted fair values of the identifiable assets amounting to ₱38.0 million was recognized as goodwill.

The net book values of the intangible assets as at December 31 are as follows:

	2022		
	Frequency license	**Intellectual Property Rights**	**Total**
Cost			
Balance at beginning and end of year	**₱153,594,927**	**₱5,810,867**	**₱159,405,794**
Accumulated Amortization			
Balance at beginning of year	**153,594,927**	**5,810,867**	**159,405,794**
Amortization (see Note 20)	**–**	**–**	**–**
Balance at end of year	**153,594,927**	**5,810,867**	**159,405,794**
Net Book Values	**₱–**	**₱–**	**₱–**

	2021		
	Frequency license	Intellectual Property Rights	Total
Cost			
Balance at beginning and end of year	₱153,594,927	₱5,810,867	₱159,405,794
Accumulated Amortization			
Balance at beginning of year	144,733,699	5,810,867	150,544,566
Amortization (see Note 20)	8,861,228	–	8,861,228
Balance at end of year	153,594,927	5,810,867	159,405,794
Net Book Values	₱–	₱–	₱–

As at December 31, 2019, the remaining estimated useful life of frequency license is 2 years.

On December 10, 2020, the Company submitted an application for the renewal of the frequency license of DWRK to the National Telecommunications Commission. The frequency license was approved on December 18, 2020 and will be valid until December 31, 2023. Thus, the remaining estimated useful life of the frequency license as at December 31, 2021 and 2020 is 2 years and 3 years, respectively.

<u>Impairment Testing of Goodwill</u>
The Company performs its annual impairment test every December of each year. Goodwill is allocated to only one CGU, which is the DWRK radio station. The recoverable amount of the CGU determined based on VIU, is compared to its carrying amount. An impairment loss is recognized if the carrying amount of the CGU exceeds its recoverable amount.

The recoverable amount of the CGU, which exceeds its carrying amount by ₱188.5 million, ₱154.7 million, and ₱213.8 million as at December 31, 2022, 2021, and 2020, respectively, has been determined based on the VIU calculations using cash flow projections from financial budgets covering a five-year period. The pre-tax discount rates applied to the cash flow projections and the

[redacted]

expected growth rates used in the extrapolation of the cash flows beyond the five-year period are shown in the key assumptions disclosure below. The expected growth rate is comparable with the long-term average growth rate for the media industry. As a result of this analysis, management has determined that there was no impairment loss in 2022, 2021 and 2020 since the VIU exceeds the carrying value of the identifiable assets of the CGU.

Key Assumptions. The following are the key assumptions used in management's analysis:

	2022	2021	2020
Discount rate	**10.44%**	14.35%	11.90%
Revenue growth rate	**10.00%**	10.00%	10.00%*
Long-term growth rate	**7.0%**	7.5%	6.00%

**Growth rate will apply starting year2023*

The Company projected under a conservative forecast that DWRK revenues will be back to the 2019 level, 2 years from 2020. Based on the Company's projection, once the operations normalize in 2022, the revenue will increase by 10% on the years that will follow.

Sensitivity to Changes in Assumptions. The discount rates represent the current market assessment of the risk specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate is derived from the weighted average cost of capital, which takes into account both debt and equity. The cost of equity is derived from the expected return on investment of the Company's investors. The cost of debt is based on average lending rates. Segment specific risk is incorporated by applying individual beta factors, evaluated annually based on publicly available market data. The carrying amount of the CGU is enough to absorb significant changes in the discount rates as at December 31, 2022.

On the average, the revenue of the CGU over the next five years is projected to grow in line with the economy or with the forecasted gross output of the broadcasting industry. Historically, advertising spending growth had a direct correlation with economic growth. Even with a revenue growth rate of zero percent, there would still be no impairment in 2022.

The long-term growth rate is based on the projected growth of the Company, based on historical experience, economic conditions and the Company's future plans. Even with a revenue growth rate of zero percent, there would still be no impairment in 2022.

[redacted]

14. **Loans**

Short-term Loans
These are peso-denominated loans which the Company availed from a financial institution with annual interest of 4.25% to 7.25% and 4.03% to 5.0% in 2022 and 2021, respectively, to finance its working capital requirements. Interest expense on short-term loans amounted to ₱9 million and ₱8.0 million in 2022 and 2021, respectively.

	2022	2021
Balance at beginning of year	**₱161,000,000**	₱164,500,000
Availments	**50,000,000**	30,000,000
Repayments	**(10,000,000)**	(33,500,000)
Balance at end of year	**₱201,000,000**	₱161,000,000

As at December 31, 2022 and 2021, the short-term loans are unsecured and not subject to loan covenants.

Long-term Loans

	2022	2021
Principal		
Balance at beginning of year	**₱282,650,000**	₱350,040,000
Availment	–	–
Payments	**(71,640,000)**	(67,390,000)
Balance at end of year	**211,760,000**	282,650,000
Unamortized discount		
Balance at beginning of year	**1,026,622**	720,670
Amortization	**(482,850)**	(444,048)
Balance at end of year	**543,772**	276,622
Carrying amount	**211,216,228**	282,373,378
Less current portion*	**136,452,117**	71,157,641
	₱74,764,111	₱211,215,737

a. Parent Company - ₱350.0 million loan
On May 12, 2017, the Parent Company entered into a ₱350.0 million seven-year term loan facility with Bank of the Philippine Islands (the "Lender" or "BPI"). The proceeds of the loan will be used for constructing and operating a hotel in Boracay Island, Aklan. The facility was fully drawn in 2018.

Details are shown below:

Drawdown Dates	Amount
July 2017	₱70,000,000
August 2017	60,000,000
October 2017	50,000,000
December 2017	45,000,000
January 26, 2018	55,000,000
April 4, 2018	70,000,000
	₱350,000,000

[redacted]

The loans are payable over seven years in 21 consecutive quarterly installments on each repayment date commencing on July 4, 2019 while the interest on the unpaid principal amount shall be paid in quarterly payments from the initial drawdown date.

Interest Rate
The Parent Company has an option to pay interest based on a fixed interest rate or a floating interest set forth in the notice of borrowing at each drawdown. The Parent Company elected to pay floating interest for all drawdowns made. Floating interest rate is the bid yield for the relevant benchmark 3-month PDSTR2 at approximately 4:15pm one banking day prior to the first banking day of each quarterly interest period and a spread of point ninety-five percent (0.95%) per annum subject to a floor rate based on the sum of the prevailing Term Deposit Facility rate or similar rate of the Bangko Sentral ng Pilipinas for tenors closest to the Interest Period ("BSP TDF") plus a spread of 0.50% per annum.

Prepayment Option
The Parent Company also has the option to prepay the loan after the third year from the initial drawdown, wholly or partially, at any time during the term. The amount payable in respect of each prepayment shall be the full or partial outstanding principal amount of the loan plus any accrued but unpaid interest, penalties and other charges, if any.

As at December 31, 2022 and 2021, the fixed interest rate conversion option and prepayment option were not exercised by the Parent Company. Both options were assessed as clearly and closely related to the loan and does not require bifurcation.

Debt Issuance and Borrowing Costs
Costs incurred in relation to the loan drawdown which amounted to a total of ₱2.1 million were capitalized as debt issue costs at each drawdown date. Debt issue costs were amortized using EIR method.

Borrowing costs related to the long-term loan recognized as expense in the consolidated statements of comprehensive income amounted to ₱11.2 million in 2022 and 2021. This comprises interest expense and amortization of debt issue cost. No borrowing costs related to the loan were capitalized as part of property and equipment in 2022 and 2021.

Unamortized debt discount amounting to ₱0.5 million and ₱0.3 million as at December 31, 2022 and 2021, respectively, representing capitalized debt issue costs is presented as deduction from the Company's long-term loans.

Debt Covenants
The Parent Company's loan facility contains certain restrictive covenants that require the Parent Company to comply with specified financial ratios, namely, debt-to-equity ratio which is not allowed to exceed 2:1 and current ratio not to fall below 1:1. As at December 31, 2021, the Parent Company is in compliance with its debt covenants (see Note 25).

As of December 31, 2022, the non-current portion of MBC's loan amounting to ₱116.6 million was classified as an accounting adjustment and presented as current in the statement of financial position as a result of the breach of the prescribed current ratio in the loan agreement with the Lender. The reclassification is only for financial statement presentation and does not affect the term of the loan's original maturity.

[redacted]

As at May 2, 2023, the Parent Company was not issued any demand letter from the Lender for the immediate repayment of the outstanding balance. As a result, the Company will follow the original payment terms stipulated in the agreement dated May 12, 2017.

Suretyship
The loan is secured by a Continuing Suretyship of EHC and Star Parks Corporation (SPC) essentially as primary obligors, being jointly and severally liable with the Company to BPI, its successors and assigns, or its subsidiaries or related parties for the payment of the loan.

b. <u>FHBI - ₱100.0 million loan</u>

On July 10, 2020 and October 5, 2020, the FHBI entered into a seven-year term, unsecured loan facility with Metropolitan Bank and Trust Co. with a fixed interest rate of 5.25% per annum amounting to ₱60.0 million and ₱40.0 million, respectively. Both long-term loans will mature on July 9, 2027. The loan is obtained to refinance the construction of FHBI. The loans are payable over seven years in 20 consecutive quarterly installments on each repayment date commencing on October 10, 2022 while the interest on the unpaid principal amount shall be paid in quarterly payments from the initial drawdown date.

Debt Issuance and Borrowing Costs
Costs incurred in relation to the loan drawdowns recognized as expense in the consolidated statement of comprehensive income amounted to ₱0.8 million in 2020. Interest expense recognized in the consolidated statement of comprehensive income amounted to ₱5.4 million and ₱5.4 million in 2022 and 2021, respectively.

Debt Covenants
FHBI's loan facility contains certain restrictive covenants that require FHBI to comply with specified financial ratios, namely, debt service coverage ratio which is not to fall below 1:1, debt-to-equity ratio which is not allowed to exceed 1.5:1 and current ratio not to fall below 0.5:1.

FHBI's operations were significantly affected by the pandemic. This resulted in FHBI not being able to comply with a certain loan covenant which is debt-service coverage ratio. Accordingly, the loan was classified as part of current liabilities in the 2020 statement of financial position. On June 4, 2021, the bank granted FHBI a 2-year grace period from the date of the first drawdown to comply with the financial covenants. As such, the loan as at December 31, 2022 was presented as noncurrent liability in the statement of financial position.

15. Accounts Payable and Accrued Expenses

	2022	2021
Trade	**₱259,792,719**	₱271,788,984
Accrued expenses:		
Service fees (see Note 16)	**46,097,922**	44,532,894
Agency commissions	**27,971,712**	28,819,949
Program cost	**15,619,633**	16,093,295
Personnel	**9,124,627**	7,384,999
Dues, membership and subscription	**3,043,425**	3,135,716
Communication, light and water	**3,427,612**	2,880,138
Interest	**917,406**	2,274,616
Outside services	**639,384**	1,592,228

[redacted]

	2022	2021
Professional fees	**884,531**	658,773
Rent	**152,461**	157,084
Others	**2,730,400**	1,755,074
Output VAT – net	**33,647,032**	₱33,673,117
Retention fee payable	**11,770,622**	12,835,659
Withholding taxes payable	**4,422,722**	4,836,239
Refund liability	–	841,755
Payable to contractors	–	–
Other payables	**8,744,927**	9,906,190
	₱428,987,137	₱443,166,710

Trade payables and accrued expenses consist of amounts due to suppliers and service providers and are usually payable within 30 days.

Payable to contractors are due within 30 to 60 days upon receipt of progress billing.

Retention fee payable is due 60 days after the construction of the property. This is noninterest-bearing and is expected to be settled within the following year .

Other payables consist of dues to various government agencies which are normally settled within the following year.

16. Related Party Transactions

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. Key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties.

In the normal course of business, the Company has transactions with the following related parties:

- EHC, ultimate parent company;
- Cebu Broadcasting Company (CBC), an entity under common control;
- Philippine Broadcasting Corporation (PBC), an entity under common control;
- Pacific Broadcasting System, Inc. (PBSI), an entity under common control;
- Star Parks Corporation (SPC), an entity under common control;
- Aliwan Productions and Events, Inc. (ALEI), an entity under common control and
- Other related parties under common control

These transactions will be settled through cash.

[redacted]

The summary of transactions and outstanding balances with related parties are presented below (in millions):

Related Party/Nature	**2022** Transactions during the Year	**2022** Outstanding Balance	2021 Transactions during the Year	2021 Outstanding Balance	Terms and conditions
Ultimate parent company					
EHC					
Advances	**12.65**	**₱355.62**	86.45	₱322.96	Unsecured, interest-free with no definite call dates; with offsetting agreement; no impairment
Dividend declaration	**89.85**	**(89.84)**	–	–	
Entities under common control:					
CBC					
Advances	**33.77**	**(76.81)**	14.99	(43.04)	Unsecured, interest-free with no definite call dates; with offsetting agreement; no impairment
Program costs	**148.70**	**–**	110.23	(19.36)	Trade transactions. Refer to discussion on marketing agreements below.
Recharges/reimbursements	**–**	**–**	–	–	Unsecured, noninterest-bearing
Rent income	**–**	**–**	0.09	–	Unsecured, noninterest-bearing
PBC					
Advances	**5.92**	**7.92**	0.64	13.84	Unsecured, interest-free with no definite call dates; with offsetting agreement; no impairment
Program costs	**18.43**	**–**	50.12	(2.37)	Trade transaction. Refer to discussion on marketing agreements below.
Recharges/reimbursements	**–**	**–**	–	–	Unsecured, noninterest-bearing
Rent income	**–**	**–**	0.09	–	Unsecured, noninterest- bearing
PBSI					
Advances	**11.45**	**5.44**	–	16.88	Unsecured, interest-free with no definite call dates; with offsetting agreement; no impairment
Program costs	**–**	**–**	–	(3.50)	Trade transaction. Refer to discussion on marketing agreements below.
Recharges/reimbursements	**–**	**–**	–	–	Unsecured, noninterest-bearing
Rent income	**–**	**–**	–	–	Unsecured, noninterest- bearing
SPC					
Rent expense	**–**	**–**	–	(709.71)	Unsecured, noninterest-bearing
Advances	**–**	**0.04**	–	–	
Service fees	**–**	**(0.19)**	–	–	

(Forward)

[redacted]

	2022		2021		
Related Party/Nature	**Transactions during the Year**	**Outstanding Balance**	Transactions during the Year	Outstanding Balance	**Terms and conditions**
Affiliated service companies					
Advances	–	**₱0.04**	27.50	₱–	Unsecured, interest-free with no definite call dates and no impairment
Recharges/reimbursements	**(1.55)**	**(2.90)**	–	–	Unsecured, noninterest-bearing
Rental revenue	**0.08**	**0.05**	–	–	
Service fees	**1.77**	**5.75**	–	–	Unsecured, interest-free with no definite call dates and no impairment
Other related parties:					
Key management personnel					
Short-term employee benefits	**19.89**	–	19.41	–	None

The Company's significant related party transactions are as follows:

a. The Company and several affiliated broadcasting companies, which are owned and managed by certain stockholders and/or members of the BOD of the Company, entered into marketing agreements, whereby the affiliated broadcasting companies designated the Company as their sole marketing outfit for the sales, promotion, and marketing of the radio commercial airtime of all radio broadcast stations of these affiliated broadcasting companies. The original marketing agreement, which was effective for a period of five years from January 1, 1998, has been renewed annually, thereafter.

   Under the marketing agreements, the Company shall remit to the affiliated broadcasting companies a certain percentage of the annual revenue from the sale of the commercial time of the radio broadcast stations after agency commission. Total fees pertaining to related parties included under "Program costs" presented as part of "Costs of services" in the consolidated statements of comprehensive income amounted to ₱167.13 million, ₱160.4 million and ₱174.8 million in 2022, 2021 and 2020, respectively (see Note 20).

b. The Company charges its affiliated broadcasting companies for their share in the expenses for operating the radio broadcast stations amounting to ₱72.7 million, ₱49.9 million, and ₱71.6 million in 2022, 2021 and 2020, respectively, which are shown as "Recharges/ reimbursements" under "Operating expenses" account in the consolidated statements of comprehensive income (see Note 20).

c. On December 29, 2020, CBC, PBC and PBSI (collectively referred to herein as "the Networks"), the Company and EHC, entered into a Memorandum of Agreement confirming the agreement among the parties to the net settlement of the respective receivables and payables as at December 31, 2020. The Networks, the Company and EHC made a similar agreement on December 29, 2020 for the net settlement of receivables and payables as at December 31, 2020 (see Note 27).

d. The Company grants and obtains short-term interest-free advances to and from its related parties, which are owned and managed by certain stockholders and/or members of the BOD of the Company.

[redacted]

e. Payable to affiliated service companies amounting to ₱16.7 million and ₱25.5 million as at December 31, 2021 and 2020, respectively, are included in "Accrued expenses" as part of "Service fees". The advances to affiliated service companies and other related parties amounting to ₱79.5 and ₱27.5 million in 2022 and 2021, respectively, are included in "Receivables" as part of "Advances to stations" (see Note 7).

f. Short-term employee benefits of key management personnel amounted to ₱19.89 million, ₱19.4 million and ₱23.01 million in 2022, 2021 and 2020, respectively. The pension benefits of the key management personnel are not covered by the Company's retirement plan.

17. Capital Stock

The Parent Company was listed with the Philippine Stock Exchange on October 8, 1949. In its initial public offering, the Parent Company offered the share at a price of ₱1.05. The Parent Company had 604, 604, and 605 shareholders on record as at December 31, 2022, 2021 and 2020, respectively.

As at December 31, 2022 and 2021, capital stock consists of 1.0 billion authorized common shares with par value of ₱1.00 per share, 402.7 million shares of which have been issued.

Treasury shares at cost comprised of 120,787 shares as at December 31, 2022 and 2021.

Set out below is MBC's track record of registration of securities:

Year approved	Number of Shares registered	Issue/Offer Price
1970	1,473,711	₱1.05
1978	2,029,851	1.04
1979	2,232,494	1.04
1980	2,452,735	1.03
1981	2,575,837	1.03
1985	3,803,777	1.02
1997	252,683,164	1.00
1998	252,682,990	1.00
2001	402,682,990	1.00

18. Retained Earnings

On December 17, 2021, the BOD of the Company declared cash dividends amounting to ₱120.7 million or ₱0.30 per share to stockholders on record as at January 16, 2022, which was paid on February 3, 2022.

On December 20, 2019, at the special meeting of the BOD of the Parent Company, the BOD authorized the appropriation amounting to ₱100.0 million for the acquisition of land or office building to be taken from the unrestricted retained earnings of the Parent Company as at December 31, 2019 to ensure business continuity and that its operations are not hampered by the uncertainty of the renewal of its sub-lease from SPC. The BOD deems it to the best interest of the Parent Company to purchase its own property for its business operations.

On December 23, 2020, at the special meeting of the BOD of the Parent Company, the BOD authorized the additional appropriation of ₱100 million for the acquisition of land or office building to be taken from the unrestricted retained earnings of the Parent Company as of December 31, 2020.

[redacted]

On December 28, 2022, the Company's BOD declared cash dividends of ₱0.30 per share in favor of shareholders of record as of January 27, 2023 amounting to ₱120,804,897.

The Parent Company's unappropriated retained earnings are not available for declaration as dividends to the extent of the cost of treasury stock and recognized deferred tax assets.

19. Revenues

	2022	2021	2020
Broadcasting fees	**₱1,117,878,705**	₱978,418,959	₱880,866,867
Hotel, food and beverage	**104,421,105**	19,259,200	26,574,858
Less volume and sales discounts	**(4,267,449)**	(4,805,560)	(18,172,943)
	₱1,218,032,361	₱992,872,599	₱889,268,782

<u>Disaggregated Revenue Information</u>

	2022	2021	2020
Type of services:			
Broadcasting	**₱1,031,971,635**	₱954,264,289	₱845,646,696
Hotel, food and beverage	**104,421,105**	21,988,118	26,574,858
Digital	**15,677,396**	12,542,174	11,114,581
Hosting and customer event	**65,962,225**	6,694,655	5,932,647
	₱1,218,032,361	₱995,489,236	₱889,268,782

	2022	2021	2020
Timing of revenue recognition:			
Point in time	**₱1,152,070,136**	₱988,794,581	₱883,336,135
Over time	**65.962,225**	6,694,655	5,932,647
	₱1,218,032,361	₱995,489,236	₱889,268,782

<u>Contract Balances</u>

	2022	2021
Trade receivables - net (see Notes 7 and 25)	**₱380,448,787**	₱380,448,787
Contract liabilities	**55,363,501**	65,440,336

Contract liabilities are advances received from sponsors pertaining to non-refundable placement fees paid by customers for future broadcast airings as well as advances received from customers representing the Company's obligation to provide hotel services to its customers.

Revenue from contract liability is recognized when the related service is rendered.

Revenue recognized in 2022 and 2021 that was included in the beginning balance of contract liabilities amounted to ₱55.6 million and ₱31.9 million, respectively.

[redacted]

20. Cost of Sales and Services and Operating Expenses

Cost of Sales and Services

	2022	2021	2020
Program costs (see Note 16)	**₱305,207,015**	₱287,108,138	₱176,484,984
Service fees (see Note 16)	**276,907,980**	240,448,789	225,992,551
Food and beverage	**12,205,259**	3,150,407	2,685,620
Personnel expenses (see Notes 16, 21 and 22)	**33,096,679**	36,990,826	34,764,607
Replacement parts	**15,567,617**	10,205,650	15,339,590
Depreciation (see Note 11)	**14,010,261**	51,839,830	58,551,096
Insurance	**74,693**	–	–
	₱657,069,504	₱629,743,640	₱513,818,448

Operating Expenses

	2022	2021	2020
Salaries, wages and bonuses (see Notes 16, 21 and 22)	**₱130,889,336**	₱116,897,622	₱95,585,182
Communication, light and water	**55,969,244**	25,511,730	26,414,430
Depreciation and amortization (see Notes 11 and 13)	**53,630,087**	27,723,613	21,666,896
Sales commissions	**46,845,269**	40,951,197	34,783,832
Outside services	**21,864,964**	12,284,417	13,139,984
Travel and transportation	**19,470,669**	7,051,279	3,995,838
Taxes and licenses	**16,735,882**	13,544,231	21,483,976
Rent (see Note 24)	**12,624,160**	22,749,765	11,837,181
Advertising and promotions	**11,983,587**	6,079,229	3,477,150
Repairs	**10,918,173**	5,912,434	17,013,675
Supplies	**8,921,895**	–	–
Professional fees	**6,993,709**	7,912,790	5,920,868
Subscription fee	**5,279,468**	–	–
Replacement parts	**4,924,972**	5,170,436	6,525,474
Dues and membership	**4,606,878**	1,866,401	5,572,216
Commissions	**4,451,618**	451,842	388,979
Entertainment, amusement and recreation	**2,716,383**	1,254,080	394,257
Materials and supplies	**2,096,037**	1,454,904	1,668,449
Insurance	**1,177,997**	–	–
Provision for ECL - net (see Note 7)	**1,061,517**	2,211,806	9,510,036
Others	**29,101,428**	25,932,634	17,371,193
	452,263,273	324,960,410	296,749,616
Reimbursement/recharges (see Note 16)	**(77,095,073)**	(72,721,823)	(49,888,887)
	₱375,168,200	₱252,238,587	₱246,860,729

Materials and supplies that are recognized as part of "Program costs" and "Materials and supplies" accounts under "Cost of services" and "Operating expenses", respectively, amounted to ₱11.0 million, ₱1.5 million, and ₱1.7 million in 2022, 2021 and 2020, respectively.

[redacted]

21. Personnel Expenses

	2022	2021	2020
Salaries, wages and bonuses	**₱144,812,396**	₱134,976,108	₱112,968,192
Retirement benefits cost (see Note 22)	**3,153,323**	1,735,145	3,825,680
Other short-term employee benefits	**16,020,296**	17,177,195	13,555,917
	₱163,986,015	₱153,888,448	₱130,349,789

22. Retirement Benefits and Accrued Separation Cost

Retirement Benefits

The Company has a funded, noncontributory defined benefit retirement plan covering all of its remaining employees. The benefits are based on years of service and compensation on the last year of employment. The latest actuarial valuation report is as at December 31, 2022.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of a 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 for the plan.

The components of retirement benefits cost are as follows:

	2022	2021	2020
Current service cost	**₱3,298,117**	₱4,931,471	₱4,209,224
Net interest cost	**(144,794)**	(3,196,326)	(383,544)
	₱3,153,323	₱1,735,145	₱3,825,680

Remeasurements on retirement benefit assets recognized in OCI consist of actuarial gains (losses) on:

	2022	2021	2020
PVDBO	**₱2,655,974**	₱8,616,664	₱867,593
FVPA	**(4,317,159)**	(9,280,707)	578,520
	(1,661,185)	(664,043)	1,446,113
Income tax effect	–	166,011	(433,834)
Impact of CREATE Law	–	6,344,464	–
	(₱1,661,185)	₱5,846,432	₱1,012,279

Movements in the remeasurements on retirement benefits asset follow:

	2022	2021
Beginning balance	**₱50,257,685**	₱44,411,253
Remeasurement gain, net of deferred tax liability	**(1,245,889)**	(498,032)
Impact of CREATE	–	6,344,464
Ending balance	**₱49,011,796**	₱50,257,685

Deferred income tax effect of remeasurements amounted to ₱0.4 million, ₱0.2 million, and ₱0.4 million in 2022, 2021 and 2020, respectively (see Note 23).

[redacted]

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

	2022	2021
FVPA	**₱73,206,073**	₱73,269,100
PVDBO	**70,852,588**	70,361,589
Retirement benefit assets – net	**₱2,353,485**	₱2,907,511

Movements in the net retirement benefits asset follow:

	2022	2021
Balance at beginning of year	**₱2,907,511**	₱5,306,699
Retirement benefit costs	**(3,153,323)**	(1,735,145)
Remeasurement effects in OCI	**(1,661,185)**	(664,043)
Benefits paid	**4,260,482**	–
Balance at end of year	**₱2,353,485**	₱2,907,511

The changes in PVDBO are as follows:

	2022	2021
Balance at beginning of year	**₱70,361,589**	₱70,168,066
Current service cost	**3,298,117**	4,931,471
Interest cost	**3,504,007**	2,686,189
Actuarial gains arising from changes in assumptions	**(2,655,974)**	(7,424,137)
Benefits paid	**(3,655,151)**	–
Balance at end of year	**₱70,852,588**	₱70,361,589

The changes in FVPA are as follows:

	2022	2021
Balance at beginning of year	**₱73,269,100**	₱75,474,765
Actuarial gain (loss)	**(4,317,159)**	(5,051,064)
Interest income	**3,648,801**	2,845,399
Contribution	**4,260,482**	–
Benefits paid	**(3,655,151)**	–
Balance at end of year	**₱73,206,073**	₱73,269,100

The Fund consists of the following assets and investments:

- Investments in government securities, which include retail treasury bonds and fixed treasury notes that bear interest ranging from 2.60% to 6.30%% and will mature in 2.1 to 4.8 years;
- Investments in debt securities, consisting of various corporate bonds which earn interest ranging from 3.25% to7.50% and have remaining maturities of 0.2 to 4.2 years;
- Investment in stocks of a third party with a market value of ₱100.50 per share;
- Investment in BDO institutional equity fund;
- Dividends receivables, interest receivables and accounts receivables from brokers; and
- Cash and cash equivalents, which include regular savings and time deposits earning interest at their respective bank deposit rates;

The objective of the plans portfolio is capital preservation by earning higher than regular deposit rates over a long period given a small degree of risk on principal and interest. Asset purchases and sales

[redacted]

are determined by the plan's trustee bank, who have been given discretionary authority to manage the distribution of the assets to achieve the plan's investment objectives. In order to minimize the risks of the fund, the committee monitors compliance with target asset allocations and composition of the investment portfolio on a regular basis.

The Company expects to contribute ₱4.9 million in 2023. The Company does not have any asset-liability matching strategy.

The categories of plan assets as a percentage of the FVPA as at December 31 are as follows:

	2022	2021
Investments in government securities:		
Fixed treasury notes	**67.62%**	75.61%
Retail treasury bonds	**0.00%**	0.00%
Investments in debt securities:	**22.25%**	18.92%
Investment in unit investment trust fund	**0.71%**	4.21%
Investment in stocks	**0.72%**	0.75%
Receivables	**0.51%**	0.51%
Cash in banks	**8.14%**	–
	100.00%	100.00%

The assumptions used to determine retirement benefits of the Company as at January 1 are as follows:

	2022	2021
Discount rate	**3.77%**	4.98%
Salary increase rate	**4.00%**	4.00%

The sensitivity analysis below has been determined based on the reasonably possible change of each significant actuarial assumption on the retirement obligation as at December 31, 2022 assuming all other assumptions were held constant:

	Increase (Decrease)	Increase (Decrease) in Retirement Benefit Obligation
Discount rate:		
Sensitivity 1	0.50%	(₱470,405)
Sensitivity 2	-0.50%	536,736
Salary increase rate:		
Sensitivity 1	1.00%	1,148,883
Sensitivity 2	-1.00%	(896,337)

The table below shows the maturity analysis of the undiscounted benefit payments as at December 31, 2022:

Plan year	Amount
Within one year	₱40,527,600
More than one year to five years	5,554,039
More than five years to 10 years	7,181,688
More than 10 years to 15 years	28,800,955
More than 15 years to 20 years	47,204,214
More than 20 years	377,404,221

[redacted]

The defined benefit retirement plan is funded by other participating companies, which are related parties of the Company. The plan contributions are based on the actuarial present value of accumulated plan benefits and FVPA are determined using an independent actuarial valuation. The net defined benefit cost and the contributions to the plan are specifically identifiable, such that, the Company's PVDBO pertains only to the benefit of the Company's employees and the FVPA pertains only to the contributions made by the Company. The Company shall contribute to the Fund such amounts as shall be required, under actuarial principles, to provide the benefits and the expenses incident to the operation and administration of the Fund.

There are no related party transactions between the Fund and the Company.

Accrued Separation Cost

Accrued separation cost pertains to the unpaid balance of separation pay of employees who were transferred in 2002 to the affiliated service companies. These employees expressly agreed in writing to receive their separation pay from the Company only after their final and actual separation or resignation from the affiliated service companies.

As at December 31, 2022 and 2021, accrued separation cost amounted to ₱24.3 million.

23. Income Taxes

Income Taxes

a. The provision for income tax consists of:

	2022	2021	2020
Current income tax			
Regular corporate income tax	**₱53,621,507**	₱56,802,003	₱66,696,320
Minimum corporate income tax	**51,590**	–	5,610
Final tax	–	18,265	36,382
	53,673,097	51,242,198	66,738,312
Deferred income tax	**15,371,502**	(4,831,821)	(14,683,488)
	₱69,044,599	₱53,839,053	₱52,054,824

b. Deferred income tax charged directly to equity during the year follows:

	2022	2021	2020
Reserve for fluctuations in fair value of financial assets at FVOCI	**₱22,205,011**	₱6,588,385	₱11,907,291
Revaluation increment on land	**(5,572,025)**	3,381,975	29,201,160
Remeasurements on retirement benefits	**415,296**	(166,011)	433,834
Adjustment to the beginning balance due to change in the tax rate	–	(12,815,806)	–
	₱17,048,282	(₱3,011,457)	₱41,542,285

c. The reconciliation of income tax computed at the statutory tax rate to provision for income tax as shown in profit or loss follows:

	2022	2021	2020
Statutory income tax	**₱43,250,618**	₱34,021,677	₱43,793,858
Additions to (reductions in) income tax resulting from:			
Expired NOLCO and MCIT	**12,188,244**	764,253	2,784,321
Nondeductible expenses	**1,569,767**	1,161,604	1,502,317
Movement in unrecognized deferred tax assets and others	**12,087,364**	17,935,187	4,283,083
Interest income subjected to final tax at a lower rate	**(51,394)**	(43,668)	(308,755)
Provision for income tax	**₱69,044,599**	₱53,839,053	₱52,054,824

d. The components of the Parent Company's net deferred tax liabilities consist of the tax effects of the following:

	2022	2021
Deferred tax assets on:		
Allowances for:		
Doubtful accounts	**₱7,211,513**	₱7,323,720
Inventory obsolescence	**252,429**	979,079
Lease liabilities - net	**1,270,596**	685,212
Accrued separation costs	**2,305,056**	2,305,056
Unearned rent	**302,927**	297,919
Unamortized past service cost	**326,926**	470,805
Unrealized foreign exchange loss	**170,379**	290,943
Provision for rebates	**–**	210,439
	11,839,826	12,563,173
Deferred tax liabilities on:		
Revaluation increment on land	**104,792,852**	99,220,827
Reserve for fluctuations in fair value of financial assets at FVOCI	**18,546,121**	40,751,133
Retirement benefit assets - net	**588,371**	726,878
Unamortized debt issue costs	**41,901**	99,714
Others	**8,102,034**	18,642,434
	132,071,279	159,440,986
	₱120,231,453	₱146,877,813

[redacted]

The components of net deferred tax assets of EHRI and FHBI as at December 31, 2022 and 2021 are as follows:

	2022	2021
Deferred tax assets on:		
Lease liabilities - net	**₱1,144,724**	₱146,199
NOLCO	**1,007,972**	15,952,104
Contract liability	**718,933**	987,431
MCIT	**54,623**	8,714
	2,926,252	17,094,448
Deferred tax liability on:		
Unrealized foreign exchange gain	**(3,560)**	(10,345)
	₱2,922,692	₱17,084,103

The deferred tax assets related to the NOLCO and MCIT amounting to ₱42.6 million and nil, respectively, as of December 31, 2022 and 2021, were not recognized by FHBI since management believes that there will be no sufficient future taxable income available to allow said deferred tax assets to be utilized.

The carryforward benefits of NOLCO of EHRI and FHBI, which can be claimed as deduction against future regular taxable income, as at December 31, 2022 are as follows:

		EHRI			FHBI		
Year Incurred	Expiry Year	NOLCO	Expired	Balance	NOLCO	Expired	Balance
2020	2025	₱1,313,728	₱–	₱1,313,728	₱43,712,522	₱–	₱43,712,522
2022	2025	1,661,374	–	1,661,374	64,575,542	–	64,575,542
2021	2024	1,056,787	–	1,056,787	61,970,016	–	61,970,016
2019	2022	5,141,549	(5,141,549)	–	40,553,354	(40,553,354)	–
		₱9,173,438	(₱5,141,549)	₱4,031,889	₱210,811,434	(₱40,553,354)	₱170,258,080

Revenue Regulations No. 25-2020

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 (bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As at December 31, 2022, EHRI and FHBI's unused MCIT that can be carried forward and be claimed as deduction against future RCIT due are as follows:

Year Incurred/Paid	Expiry Date	EHRI	FHBI
2022	December 31, 2025	₱9,902	₱41,689
2021	December 31, 2024	3,033	–
2020	December 31, 2023	5,610	–
2019	December 31, 2022	68,103	701,415
		81,648	743,104
Expired during the year		(63,103)	(701,415)
		₱18,545	₱41,689

[redacted]

24. **Lease Arrangements**

a. The Company leases satellite communications capacity for the performance of its broadcasting services called the Transponder Lease, which considers certain space segment capacity and transponder power. The lease agreement is for a period of five years from November 1, 2012 and was renewed for another five years commencing on November 1, 2017, with a monthly payment of $8,500. The Company entered into another new lease agreement with another lessor. The new lease agreement is for a period of five years from September 1, 2022 to August 31, 2027 with monthly rental payments of $5,600.

b. The Company has lease agreements with various individuals for the rent of land used principally to its broadcasting business as well as the site for its radio broadcasting stations. The Company is allowed to construct buildings and improvements on the leased premises provided that upon the expiration of the lease term, all structure, except the transmitter, antennae systems, discs and other related broadcast and communications equipment and accessories, shall belong to the lessor without reimbursing the Company for its expenses.

   On June 1, 2019, the Company entered into another lease agreement for the lease of land located in Pagatpat, Cagayan de Oro City to replace its site in Barrio Bayabas. The lease has a term of 10 years with a monthly payment of ₱20,000 with an escalation of 5% every three years. The Company started leasing the property without terminating the contract on its former site.

   In 2020, the Company entered into three new lease agreements located in Iloilo, General Santos and Koronadal and recognized additional right-of-use assets amounting to ₱4.8 million (see Note 9). The Company's obligations under these leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets except for its related parties. Termination and renewal options are mutually agreed by lessor and lessee.

c. The Company has a lease agreement with ELI, a related party for the land where its hotel property and other facilities are located. The lease agreement is for a period of ten years commencing on October 1, 2018 at ₱116.45 per square meter per month.

   Under the terms of the lease, the Company makes a monthly fixed lease payment. However, due to events arising from COVID-19 in 2020, ELI agreed to forgive 50% of the lease payments from March 16, 2020 until June 30, 2022 amounting to a total of ₱1.5 million. There are no other changes to terms and conditions of the lease.

d. The Company also has a lease agreement with BPI Century Tokyo Leasing and Financing Corporation covering its kitchen and bar equipment, generator sets, and air-conditioning units for a period of 3-4 years commencing on December 2019, March 2019, and April 2019, respectively, at an annual rental amounting to ₱0.21 million, ₱0.55 million, and ₱0.20 million, respectively.

e. The Company has a lease agreement with a related party for its office space, renewable annually with a fixed monthly rental of ₱0.9 million. The Company applies the 'short-term lease' recognition exemptions for these leases. Rent expense on this lease agreement is included under "Rent" presented as part of "Operating expenses" in the 2022, 2021 and 2020 consolidated statements of comprehensive income.

f. The Company has lease agreements with various individuals for the rent of transmitter sites. The Company applies the 'short-term lease' recognition exemptions for these leases. Rent expense on

[redacted]

these lease agreements is included under "Rent" presented as part of "Operating expenses" in the consolidated statements of comprehensive income (see Note 20).

g. During 2022 the Company entered into two (2) new lease agreements for the lease for the rent of studios to be used in broadcasting activies. The first lease agreement is for a lease term of one year from October 1, 2022 to September 30, 2023, while the second lease term is for a lease term of 2 years from August 28, 2022 to August 27, 2024. Monthly lease payments are ₱28,125 and ₱24,541, respectively.

h. The rollforward analysis of lease liabilities follows:

	2022	2021
Balance at beginning of year	**₱49,016,328**	₱56,813,156
Additions (Note 11)	**17,387,109**	11,383,233
Effect of rent concession (see Note 2)	**(761,515)**	(761,515)
Payments	**(19,313,396)**	(22,254,779)
Interest expense	**3,043,208**	3,977,407
Unrealized foreign exchange loss (gain)	**214,593**	(141,174)
Balance at end of year	**49,586,327**	49,016,328
Less current portion	**16,804,582**	21,373,333
	₱32,781,745	₱27,642,995

The following are the amounts recognized in the consolidated statements of comprehensive income:

	2022	2021
Depreciation expense of right-of-use assets (see Notes 11 and 20)	**₱18,955,137**	₱17,629,462
Interest expense on lease liabilities	**3,043,208**	4,670,351
Expenses relating to short-term leases (see Notes 20)	**11,990,462**	22,749,765
	₱33,988,807	₱45,049,578

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

	2022	2021
Within one year	**₱13,434,269**	₱19,216,639
After one year but not more than five years	**28,075,942**	18,187,617
More than five years	**5,846,511**	6,829,660
	₱47,356,722	₱44,233,916

The Company has no lease contracts that contain variable payments.

25. Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash, due from related parties, short-term loan and long-term debt. The main purpose of these financial instruments is to fund the Company's operations. The other financial assets and financial liabilities arising directly from its operations are receivables, due from related parties, construction bond, refundable deposits, accounts payable and accrued expenses, dividends payable, and lease liabilities. Other financial instruments arising from investing activities of the Company include financial assets at FVOCI.

[redacted]

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The BOD reviews and approves policies for managing each of these risks.

Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of control and monitoring procedures. It is the Company's policy that all clients who wish to trade on credit terms are subjected to credit verification procedures. Receivables, due from related parties, construction bond and refundable deposits balances are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is not significant. The Company evaluates the concentration of risk with respect to its receivables as low, as its customers are located in several industries and operate in largely independent markets.

With respect to credit risk arising from the Company's cash in banks, the Company's exposure arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company deals only with financial institutions duly evaluated and approved by the BOD. The Company avoids concentrations of credit risk on its liquid assets as these are spread over several financial institutions.

The table below shows the maximum exposure to credit risk for the Company's financial assets as at December 31, 2022 and 2021. The Company does not hold collaterals as security.

	2022	2021
Cash in banks	**₱157,831,973**	₱192,671,143
Receivables	**398,335,222**	433,794,260
Due from related parties	**166,936,573**	334,145,731
Refundable deposits	**3,967,034**	4,618,880
Financial assets at FVOCI	**141,593,656**	289,627,071
	₱868,664,458	₱1,254,857,085

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix as at December 31, 2022 and 2021:

	December 31, 2022							
	Current	**<30 days**	**30-60 days**	**61-90 days**	**91-360 days**	**Over 360 days**	**Credit Impaired**	**Total**
ECL rate	**1.10%**	**2.78%**	**5.19%**	**9.59%**	**36.91%**	**75.69%**	**100%**	
Estimated EAD	**₱168,672,403**	**₱75,822,056**	**₱34,845,404**	**₱19,637,973**	**₱30,352,947**	**₱2,688,184**	**₱–**	**₱332,018,968**
ECL	**2,279,212**	**2,108,602**	**1,806,969**	**1,883,348**	**11,201,853**	**2,034,745**	**–**	**21,314,728**
	₱137,997,472	**₱33,588,275**	**₱33,042,616**	**₱61,118,176**	**₱84,485,798**	**₱3,230,955**	**₱–**	**₱353,333,696**

	December 31, 2021							
	Current	<30 days	30-60 days	61-90 days	91-360 days	Over 360 days	Credit Impaired	Total
ECL rate	1.08%	1.17%	1.45%	2.75%	13.52%	50.75%	100%	
Estimated EAD	₱111,724,966	₱42,825,110	₱42,626,224	₱71,645,119	₱97,956,179	₱5,345,663	₱9,367,847	₱381,491,108
ECL	1,206,630	501,054	618,080	1,970,848	13,243,675	2,712,924	9,367,847	29,621,058
	₱110,518,336	₱42,324,056	₱42,008,144	₱69,674,271	₱84,712,504	₱2,632,739	₱–	₱351,870,050

Liquidity Risk

Liquidity risk arises when obligations are not met when they fall due. It is the Company's objective to finance capital expenditures, services, and maturing obligations as scheduled. To cover the Company's financing requirements and at the same time, manage its liquidity risk, the Company uses internally generated funds and proceeds from debt. Projected and actual cash flow information are regularly evaluated and funding sources are continuously assessed.

[redacted]

The tables below summarize the maturity profile of the Company's financial liabilities as at December 31, 2022 and 2021 based on contractual undiscounted payments:

	2022				
	On demand	**Less than 3 months**	**3 to 12 Months**	**More than 12 months**	**Total**
Other financial liabilities					
Accounts payable and accrued expenses*	**₱399,067,877**	**₱14,115,965**	**₱11,380,573**	**₱**	**424,564,415**
Dividends payable	**130,335,498**	–	–	–	**130,335,498**
Short-term loans:					
Principal	–	**201,000,000**	–	–	**201,000,000**
Interest	–	**667,887**	–	–	**667,887**
Long-term debt:					
Principal	–	**10,000,000**	**126,592,397**	**75,000,000**	**211,592,397**
Interest	–	**1,017,365**	**3,154,543**	**7,234,931**	**11,406,839**
Lease liabilities	–	**2,306,386**	**6,527,246**	**34,930,284**	**43,763,916**
	₱529,403,375	**₱229,107,603**	**₱147,654,759**	**₱117,165,215**	**₱1,023,330,952**

**Amounts are exclusive of nonfinancial liabilities amounting to ₱4.42 million as at December 31, 2022.*

	2021				
	On demand	Less than 3 months	3 to 12 Months	More than 12 months	Total
Other financial liabilities					
Accounts payable and accrued expenses*	₱110,642,122	₱104,447,059	₱223,241,290	₱–	₱438,330,471
Dividends payable	22,276,875	–	–	–	22,276,875
Short-term loans:					
Principal	–	161,000,000	–	–	161,000,000
Interest	–	632,100	–	–	632,100
Long-term debt:					
Principal	–	–	66,640,000	215,733,378	282,373,378
Interest	–	4,134,243	11,051,863	23,776,761	38,962,867
Lease liabilities	–	1,605,319	19,768,014	27,642,995	49,016,328
	₱132,918,997	₱271,818,721	₱320,701,167	₱267,153,134	₱992,592,019

**Amounts are exclusive of statutory liabilities amounting to ₱4.8 million as at December 31, 2021.*

The maturity group of financial liabilities was based on the remaining period from the end of the reporting period to the contractual maturity date. When a counter party has a choice when the amount is paid, the liability is allocated to the earliest period in which the Company is required to pay.

The Company's financial assets (consisting of cash, receivables and due from related parties) which are available to settle maturing obligations amounted to ₱723.1 million and ₱970.6 million as at December 31, 2022 and 2021, respectively.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rates relates primarily to its long-term debt with floating interest rates.

The following table demonstrates the sensitivity of the Company's income before income tax (through the impact on floating rate borrowings) in 2022 to a reasonably possible change in interest rates, with all other variables held constant. There is no impact on the Company's equity other than those already affecting the net income.

[redacted]

Drawdown date	EIR	Increase by 1%	Decrease by 1%
July 2017	4.57%	₱13,134,104	₱16,070,698
August 2017	4.57%	(15,720,053)	(19,240,944)
October 2017	4.55%	(18,269,847)	(22,373,166)
December 2017	4.81%	(11,824,461)	(14,462,330)
January 2018	4.86%	(14,371,239)	(17,583,268)
April 2018	5.02%	(18,221,773)	(22,299,387)

Capital Management

The Company's capital structure pertains to the mix of long-term sources of funds. When the Company expands, it needs capital, and that capital can come from debt or equity.

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios and strong credit ratings while viably supporting its business to maximize shareholder value.

The following table summarized the Company's capital structure as at December 31:

	2022	2021
Capital stock	**₱402,803,777**	₱402,803,777
Additional paid-in capital	**79,354**	79,354
Retained earnings	**527,265,615**	534,768,554
Treasury stock	**(120,787)**	(120,787)
	₱930,027,959	₱937,530,898

The Company's approach focuses on efficiently allocating internally generated cash for operational requirements and investments to grow the existing business. Shortages if any and acquisitions or investments in new business are funded by the incurrence of additional debt largely capped by existing loan covenants on financial ratios.

All financial ratios of the Parent Company are as follows (see Note 14):

Financial Ratios	Required	**2022**	2021
Loan Agreement			
Debt to equity	Not allowed to exceed 2:1	**0.42:1**	0.81:1
Current ratio	Not allowed to fall below 1:1	**0.95:1**	1.31:1

26. Note to Consolidated Statement of Cash Flows

In 2022, the principal noncash transactions pertain to additional right-of-use assets under "Property and equipment" account in the consolidated statement of financial position amounting to ₱16.8 million and the effect of rent concession amounting to ₱0.8 million (see Notes 2, 11 and 24).

In 2021, the principal noncash transactions pertain to additional right-of-use assets under "Property and equipment" account in the consolidated statement of financial position amounting to ₱11.4 million and the effect of rent concession amounting to ₱0.8 million (see Notes 2, 11 and 24). The Company also applied its advances to suppliers against its retention payable presented under "Accounts payable and accrued expenses" in the consolidated statement of financial position amounting to ₱9.7 million.

[redacted]

The movements of the Company's liabilities (assets) arising from financing activities in the consolidated statements of cash flows follow:

	January 1, 2022	Cash flows	Additions	Interest expense	Translation adjustment	Effect of rent concession (see Note 2)	December 31, 2022
Short-term loans	**₱161,000,000**	**(₱10,000,000)**	**₱50,000,000**	**₱–**	**₱–**	**₱–**	**₱201,000,000**
Long-term debt	**282,373,378**	**(71,640,000)**	**–**	**482,85**	**–**	**–**	**211,216**
Accrued interest	**2,235,658**	**(23,368,947)**	**–**	**21,917,001**	**–**	**–**	**783,712**
Dividends payable	**22,276,875**	**(119,089,874)**	**120,804,897**	**–**	**–**	**–**	**23,991,898**
Lease liabilities	**49,016,328**	**(18,285,132)**	**17,387,109**	**2,014,944**	**214,593**	**(761,515)**	**49,586,327**
Total liabilities from financing activities	**₱514,541,925**	**(₱242,383,953)**	**₱188,192**	**₱**	**₱214,593**	**(₱761,515)**	**₱486,578**

	January 1, 2021	Cash flows	Additions	Interest expense	Translation adjustment	Effect of rent concession (See Note 2)	December 31, 2021
Short-term loans	₱164,500,000	(₱33,500,000)	₱30,000,000	–	₱–	₱–	₱161,000,000
Long term loans	349,319,330	(67,390,000)	–	444,048	–	–	282,373,378
Accrued (prepaid) interest	1,367,586	(20,151,454)	–	18,659,213	–	–	(124,655)
Dividends payable	7,957,092	(106,343,604)	120,663,387	–	–	–	22,276,875
Lease liabilities	56,813,156	(21,872,133)	11,383,233	3,970,245	(141,173)	(1,137,000)	49,016,328
Total liabilities from financing activities	₱579,957,164	(249,257,191)	₱162,046,620	₱23,073,506	(141,173)	(1,137,000)	₱514,541,926

27. Offsetting of Financial Assets and Financial Liabilities

The Company offsets its receivable and payable to its related parties as the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously (see Note 16). The gross amounts of the due from and due to its related parties and the amounts disclosed in the statement of financial position as at December 31 are as follows:

	2022			
	Gross amounts	**Amounts offset[a]**	**Reported amounts[b]**	**Net exposure**
Due from related parties [c]	**₱166,936,573**	**₱–**	**₱166,936,573**	**₱166,936,573**
Due to related parties [d]	–	–	–	–

(a) Amounts offset under PAS 32
(b) Reported amounts in the consolidated statement of financial position
(c) Total advances in Note 16
(d) Advances from CBC and ALEI in Note 16

	2021			
	Gross amounts	Amounts offset[a]	Reported amounts[b]	Net exposure
Due from related parties [c]	₱334,145,731	₱–	₱334,145,731	₱334,145,731
Due to related parties [d]	–	–	–	–

(a) Amounts offset under PAS 32
(b) Reported amounts in the consolidated statement of financial position
(c) Total advances in Note 16
(d) Advances from CBC and ALEI in Note 16

[redacted]

28. **Fair Value Measurement**

As at December 31, 2022 and 2021, the carrying values of financial assets and liabilities are equal to their estimated fair values.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Financial assets at FVOCI

Unquoted Shares of Stock
The Company valued its investment in unquoted shares of stocks in PIC and EHC using adjusted net asset value approach which considers the fair value of the underlying assets and liabilities of the investee companies. Significant unobservable inputs categorized under Level 3, used under this approach include discounts on lack of control (DLOC) and discounts on lack of marketability (DLOM) within the range of 20% to 30%. The underlying assets primarily consist of investments in quoted and unquoted shares and land.

The Company determined the fair value of the underlying investments in unquoted shares using the discounted cash flows approach. Significant unobservable inputs used under this approach include use of valuation inputs such as discount rates ranging from 8% to 12.3% and 9% to 14% in 2022 and 2021, respectively, and revenue growth rate and long-term growth rate of 8% in 2022 and 2021. These inputs are categorized under Level 3.

On the other hand, the valuation of the land requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors, including any impact associated with coronavirus pandemic. The significant unobservable input of price per square meter ranges from ₱1,150 to ₱33,700 in 2022 and ₱1,100 to ₱25,000 in 2021. These inputs are categorized under Level 3.

The sensitivity analysis below has been determined based on the reasonably possible change of each significant unobservable input on the fair value of the unquoted investments as at December 31, 2022 assuming all other assumptions were held constant:

Significant unobservable input	Increase (Decrease)	Increase (Decrease) in Fair Value of Investment
Revenue growth rate	(2%)	(₱8,012,551)
Long-term growth rate	2%	14,491,611
Discount on lack of control	(5%)	10,523,215
Discount on lack of marketability	(5%)	12,269,317
Sales price of comparable properties	(29%)	(7,855,138)

Quoted Shares of Stock
The fair value of the quoted shares of stock as at December 31, 2022 and 2021 is based on quoted market price (Level 1).

Other financial assets and financial liabilities. Due to the short-term nature of other financial assets and financial liabilities, the fair value of cash, receivables, due from related parties, construction bond, accounts payable and accrued expenses and dividends payable approximate the carrying value as at the financial reporting date.

[redacted]

Refundable deposits. The fair value of approximates its cost due to uncertain timing of redemption.

Investment properties. The carrying value of investment properties amounted to ₱43.2 million as at December 31, 2022 and 2021. The total fair value of the investment properties, based on the recent appraisal report, amounted ₱162.8 million for land and ₱79.8 million for building. The fair values of the properties are based on valuations performed by an accredited independent appraiser as at December 31, 2022. The fair value of the land was obtained by considering sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. The significant unobservable input of price per square meter ranges from ₱65,000 to ₱86,500 based on the latest appraisal report. Accordingly, the fair value measurement is categorized under Level 3.

Loans payable. As at December 31, 2022 and 2021, the carrying value of the Parent Company's long term loan approximates fair value due to quarterly repricing. As at December 31, 2022 and 2021, the fair value of the ₱95.0 million loan of FHBI amounted to ₱94.8 million and ₱74.6 million, respectively, using a discount rate of 2.81% and 2.76%, respectively.

Lease liabilities. The fair value of the lease liabilities amounted to ₱44.7 million and ₱45.4 million as at December 31, 2022 and 2020, respectively. The fair value is estimated to be the present value of the future cash flows discounted using the IBR. Interest rates used for discounting range between 5.21% to 6.56% and 5.01% to 4.19% as at December 31, 2022 and 2021, respectively.

The following table provides the fair value hierarchy of the Company's assets measured at fair value and those for which fair values are disclosed and the carrying amounts differ from fair value as at December 31, 2022 and 2021:

	2022			
	Fair Value Measurement Using			
	Total	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets measured at fair value:				
Financial assets at FVOCI (see Note 10):				
Unquoted equity securities	**₱141,343,657**	**₱–**	**₱–**	**₱141,343,657**
Quoted equity securities	**250,000**	**250,000**	–	–
Land at revalued amount (see Note 11)	**568,496,600**	–	–	**568,496,600**

	2021			
	Fair Value Measurement Using			
	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:				
Financial assets at FVOCI (see Note 10):				
Unquoted equity securities	₱289,377,071	₱–	₱–	₱289,377,071
Quoted equity securities	250,000	250,000	–	–
Land at revalued amount (see Note 11)	412,663,500	–	–	412,663,500

There were no transfers between the different hierarchy levels in 2022 and 2021.

[redacted]

29. Earnings per Share (EPS) on Net Income Attributable to Equity Holders of the Company

Basic EPS is computed based on the weighted average number of issued and outstanding common shares during each year. Diluted EPS is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as at the beginning of the year. When there are no potential common shares or other instruments that may entitle the holder to common shares, diluted EPS, is the same as the basic EPS.

There are no dilutive financial instruments in 2022, 2021 and 2020, hence, diluted EPS is the same as the basic EPS.

The Company's EPS were computed as follows:

	2022	2021	2020
(a) Net income attributable to equity holders of the Parent Company	**₱113,301,958**	₱95,789,549	₱104,831,756
(b) Weighted average number of shares outstanding	**402,682,990**	402,682,990	402,682,990
Basic/diluted EPS (a/b)	**₱0.28**	₱0.24	₱0.26

30. Contingencies

Contingent liabilities

The Company is and may become a defendant/respondent in various cases and assessments which are pending in the courts or under protest. Management and its legal counsels believe that the liability, if any, that may result from the outcome of these cases and investigation will not materially affect its financial position and results of operations.

[redacted]

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Manila Broadcasting Company and Subsidiaries
MBC Building, V. Sotto Street
CCP Complex, Pasay City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Manila Broadcasting Company and Subsidiaries (the Company) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, included in this Form 17-A, and have issued our report thereon dated May 2, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

[redacted]

Maria Pilar B. Hernandez
Partner
CPA Certificate No. [redacted]
Tax Identification No. [redacted]
BOA/PRC Reg. No. [redacted] August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. [redacted]-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. [redacted]-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. [redacted] January 20, 2022, valid until January 19, 2025
PTR No. [redacted] January 3, 2023, Makati City

May 2, 2023

[redacted]

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INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF RECONCILIATION
OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND SCHEDULE

The Stockholders and the Board of Directors
Manila Broadcasting Company and Subsidiaries
MBC Building, V. Sotto Street
CCP Complex, Pasay City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Manila Broadcasting Company and Subsidiaries (the Company) as at December 31, 2022, 2021 and 2020, and have issued our report thereon dated May 2, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic consolidated financial statements. This has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

[redacted]

Maria Pilar B. Hernandez
Partner
CPA Certificate No. [redacted]
Tax Identification No. [redacted]
BOA/PRC Reg. No. [redacted], August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. [redacted]SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. [redacted]-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. [redacted], January 20, 2022, valid until January 19, 2025
PTR No. [redacted] January 3, 2023, Makati City

May 2, 2023

[redacted]

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Manila Broadcasting Company and Subsidiaries
MBC Building, V. Sotto Street
CCP Complex, Pasay City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Manila Broadcasting Company and Subsidiaries (the Company) as at and for the year ended December 31, 2022 and have issued our report thereon dated May 2, 2023. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's financial statements as at and for the December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

[redacted]

Partner
CPA Certificate No. [redacted]
Tax Identification No. [redacted]
BOA/PRC Reg. No. [redacted], August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. [redacted]-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. [redacted]-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. [redacted], January 20, 2022, valid until January 19, 2025
PTR No[redacted], January 3, 2023, Makati City

May 2, 2023

[redacted]

MANILA BROADCASTING COMPANY AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

December 31, 2022

I. Schedule of retained earnings available for dividend declaration

II. Map showing the relationship among the Company and its ultimate parent company, subsidiaries, co-subsidiaries and associates

III. Supplementary schedules required by Annex 68-E

MANILA BROADCASTING COMPANY AND SUBSIDIARIES

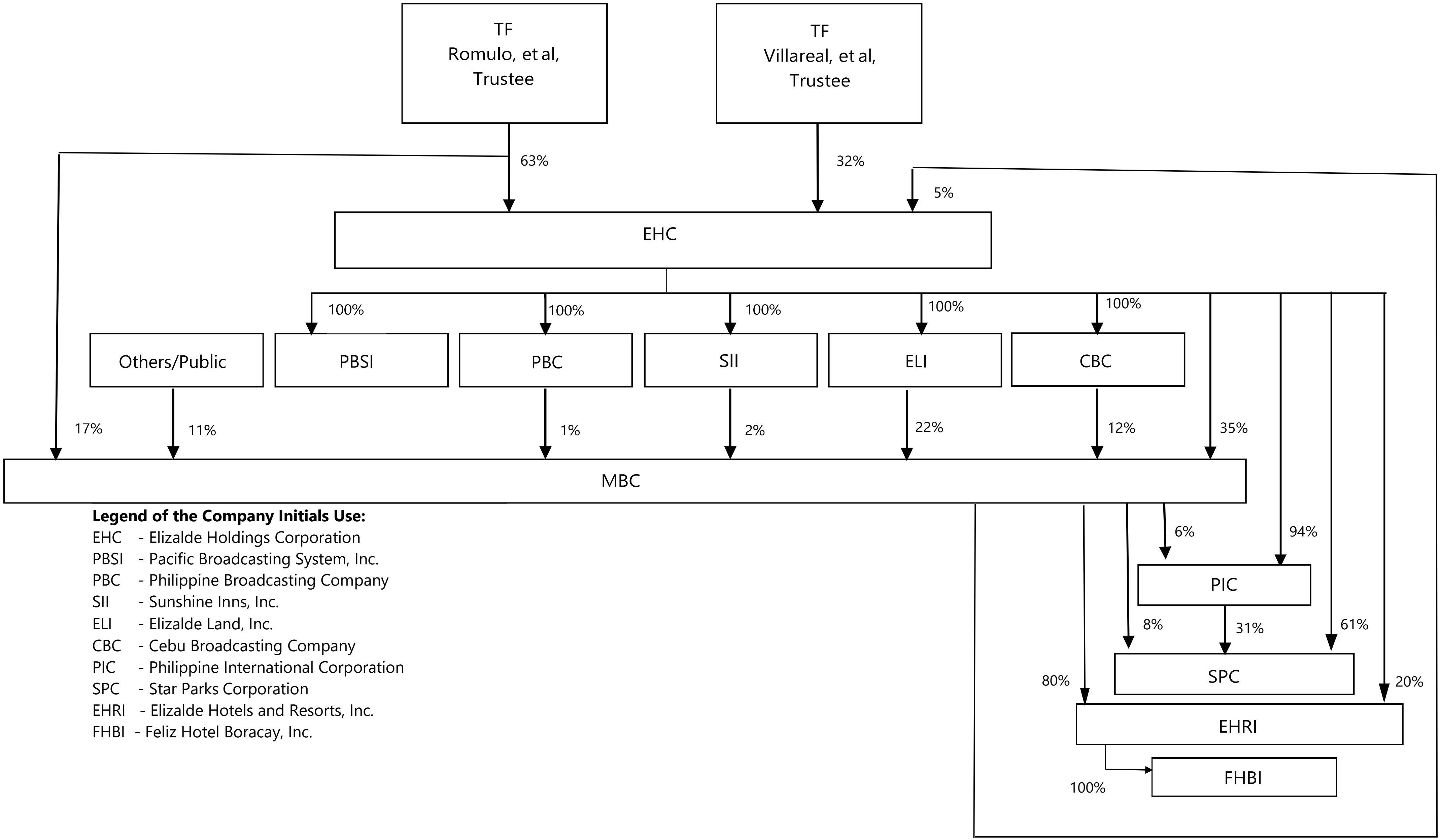
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2022

Unappropriated retained earnings, beginning	₱481,020,679
Adjustment:	
Deferred tax assets closed to retained earnings, beginning	(12,563,173)
Unappropriated retained earnings, as adjusted to available for dividend declaration, beginning	468,457,506
Add: Net income actually earned/realized during the year	
Net income during the year closed to retained earnings	161,727,483
Movement in deferred tax assets in profit or loss	(7,920,346)
	153,807,137
Cash dividends during the year	(120,804,897)
Total retained earnings available for dividend declaration, end	₱501,459,746

MANILA BROADCASTING COMPANY

MANILA BROADCASTING COMPANY
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP



Legend of the Company Initials Use:

EHC - Elizalde Holdings Corporation
PBSI - Pacific Broadcasting System, Inc.
PBC - Philippine Broadcasting Company
SII - Sunshine Inns, Inc.
ELI - Elizalde Land, Inc.
CBC - Cebu Broadcasting Company
PIC - Philippine International Corporation
SPC - Star Parks Corporation
EHRI - Elizalde Hotels and Resorts, Inc.
FHBI - Feliz Hotel Boracay, Inc.

MINUTES

OF THE MEETING OF THE BOARD OF DIRECTORS OF
MANILA BROADCASTING COMPANY
HELD VIA ZOOM VIDEO CONFERENCE ON 6 OCTOBER 2022

P R E S E N T :

STOCKHOLDERS

Outstanding common shares	402,682,990
Number of shares present	361,508,155
Attendance percentage	**89.77%**

MANILA BROADCASTING COMPANY (DIRECTORS AND OFFICERS)

JUAN MANUEL ELIZALDE	DIRECTOR Chairman of the Meeting Senior Vice President – Operations
RUPERTO S. NICDAO, JR.	DIRECTOR President
JULIO MANUEL P. MACUJA	DIRECTOR Executive Vice President – Treasurer
EDUARDO G. CORDOVA	DIRECTOR Senior Vice President – Chief Finance Officer
ROBERT PUA	DIRECTOR Vice President – Controller Compliance Officer
RUDOLPH STEVE E. JULARBAL	DIRECTOR Vice President – Legal Corporate Secretary
MARVEL K. TAN	Independent Director
GEORGE T. GODUCO	Independent Director
CARLEA C. MIRANDA	OFFICER Vice President – Treasury

ELLEN C. FULLIDO	OFFICER Vice President – Human Resources
IRVING A. LISONDRA	OFFICER Vice President – Creative Services
JONATHAN E. DECENA	OFFICER Vice President – Radyo Natin
ELPIDIO MACALMA	OFFICER Vice President – DZRH
WILFREDO H. ESPINOSA	OFFICER Vice President – FM Programming
JOSE MA. T. PARROCO	OFFICER Vice President – Sales
ALBERT M. SONGCO	OFFICER Assistant Vice President – Central Engineering
JOHNNY FAITH QUILING	OFFICER Assistant Vice President – FM Operations
VINCE JAEN	OFFICER Assistant Vice President – Integrated Media

<u>SYCIP, GORRES VELAYO & CO. (EXTERNAL AUDITOR)</u>

MARIA PILAR B. HERNANDEZ
WILSON P. TAN
MARIA VIVIAN C. RUIZ
MARTIN C. GUANTES
NOEL P. RABAJA
JENELYN NARTE

<u>STOCK TRANSFER SERVICE, INC.</u>

RICHARD REGALA
MICHAEL C. CAPOY
JOEL SILVESTRE CORTEZ
LAURO C. CASIPLE
KATH FLAMINIANO

I. CALL TO ORDER

Mr. Juan Manuel Elizalde, acted as Chairman of the meeting and called the Annual Stockholders' Meeting to order at 3:00 p.m. via remote communication through Zoom video conference. The Corporate Secretary, Atty. Rudolph Steve E. Jularbal, recorded the minutes.

II. CERTIFICATION OF QUORUM

The Corporate Secretary certified that there was a quorum to conduct business, all directors, officers, external auditor, and stock transfer agent having been notified and present.

Furthermore, the Notice of Stockholders' Meeting have been sent to stockholders of record by publication in accordance with the By-laws of the Corporation and the SEC guidelines for online remote or video teleconferencing.

III. APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON OCTOBER 7, 2021

The Minutes of the Stockholders' Meeting held on October 7, 2021 was posted on the Company's website as required by the Securities and Exchange Commission.

There being no objection, and upon motion duly made and seconded, the minutes of the Annual Stockholders' Meeting held last October 7, 2021 is hereby approved.

IV. PRESIDENT'S REPORT

<u>Financial highlights</u>

For 2021, total revenues amounted to P992.9, an increase of 11.7 percent compared to the P889.3 million in total revenues in 2020.

Although costs of services and operating expenses rose in 2021, this increase was due to the resumption of full salaries and benefits for employees, and full operations of all your Company's business units.

Gross profit was at P363.1 million, yielding a net income of P82.2 million and total comprehensive income of P154.7 million for 2021.

Our bank loans decreased by P70.4 million or 13.7% from a level of P513.8 million in 2020 to P443.4 million in 2021.

The debt-to-equity ratio of the Company is at .74:1 in 2021 versus .79:1 in 2020.

The Board of Directors of the Company declared cash dividends amounting to P120.7 million or P.30 per share on December 17, 2021 to stockholders on record as at January 16, 2022 which was paid on February 3, 2022.

Seizing opportunities

As manufacturers ramped up production, businesses reopened, and employees returned to full-time work, your Company was ready to provide marketing-and advertising-related services to a rejuvenated local economy.

This readiness, did not arise by chance; rather, this readiness is product of our investment in our people from day one of the pandemic.

In 2020, we preserved the jobs of all our employees through flexible work arrangements; pay cuts across-the-board, including for company executives; a moratorium on overtime pay and bonuses; and other practical belt-tightening measures.

So, when 2021 rolled in, our pool of homegrown talented personnel was right in place to roll out high-quality content and campaigns, which are the hallmark of our Company.

Strength of core business

The marked bounce back of revenues is a testament both to the dedication of our personnel and the strength of our core business.

Our stations continue to lead the airways based on regular listenership surveys conducted in the National Capital Region and key provincial cities through the entire Philippines.

Top local and multinational companies and advertising agencies recognize that radio is a crucial ingredient in the marketing mix as the most cost-effective mass communication tool to establish brand awareness and to stimulate brand recall.

Furthermore, with the increasing frequency and ferocity of natural calamities, radio is the most resilient and reliable mass medium to disseminate emergency relief and rescue information that are vital in saving lives.

Because of radio's unwaning relevance, radio advertising continuously provides your Company with a solidly reliable revenue stream.

Accelerated growth of the digital market

That said, we should not be complacent; rather, we must always take that forward-looking stance that propelled your Company to industry leadership.

Over the past 15 years, innovations in interconnectivity and computer processing power have contributed to the steady growth of the digital media industry.

This growth of digital media was accelerated during the COVID-19 pandemic, when lockdowns kept most of the population at home – literally left to their own devices – spending an unprecedented amount of time, consuming digital content.

Once again, forward planning has made your Company a major player in this fast-growing digital media marketing space.

Accelerated growth of our digital footprint

It was some 15 years ago that our networks began establishing a presence on the then-nascent Internet via first generation websites.

Fast forward to today, some 15 years later, our AM and FM networks are able to reach global Internet audiences through interactive multimedia websites and massive communities on the most popular social media platforms such as Facebook, YouTube, Twitter, and TikTok.

Just as the pandemic accelerated the consumption of digital media, it has also accelerated the growth of your Company's digital footprint.

Expanding audiences and the attention economy

Scholars in media economics unanimously agree that the rise of the Internet has fundamentally changed the global attention economy.

In an attention economy, the ability to earn revenues is directly tied to the ability to attract eyes and ears to your content; and after that, the ability to keep those eyes and ears glued to your content.

Our AM and FM networks have breached the terrestrial barriers of our broadcast footprint and, in recent years, have been reaching out to a growing global audience.

Over the past five years or so, our digital platforms have been the source of a steadily-growing stream of revenues from digital ads.

Your management has kept abreast with the growth in digital advertising spending and we will continue to implement strategies, establish processes, and make investments that will ensure long-term dominance in the digital marketing place.

Digital executions

Beyond competing for our slice of the digital advertising pie, your Company has responded to the demands of corporate clients and advertising agencies for creative online content that reach and engage their respective target audiences.

Throughout the lockdowns until this year, we have been holding the Aliwan Fiesta Digital Queen, the virtual version of the Reyna ng Aliwan beauty pageant; and the MBC Short Film Festival, which showcases the cinematic talent of independent filmmakers.

Advertisers have embraced these virtual events as well as our online casual game, MBC Jackpot Runner, available on Android and iOS.

Additionally, we have beefed up our capability to execute native advertising campaigns – specifically, campaigns wherein branding efforts and promotional messages of clients are subtly interwoven into the regular organic content on our websites and social media platforms.

WinMedia Suite

Complementing the diversification of our services is the streamlining of our business processes.

We will soon be implementing WinMedia Suite, a comprehensive software solution that seamlessly stitches together the work processes of an entire broadcasting network.

WinMedia allows us to efficiently book and implement ad spots, generate billing invoices, and facilitate collections, which means better service for our clients and shorter aging of our accounts receivables.

Rebuilding and property acquisition

Not only are we upgrading our business processes, we are also rebuilding and improving our physical offices.

The MBC building has mostly been restored and rebuilt, and was re-opened for operations in mid-2021.

Over the longer term, your Company has acquired an 800-sqm. property in Pasay City in March 2022.

The long-term plan is to build our new headquarters – Elizalde Corporate Center – which will house state-of-the-art facilities for our broadcasting and digital businesses.

To start the ball rolling, your Company has commissioned FSL & Associates, a full-service Architecture, Interior design and planning Firm with over 700,000 sqms. Of completed projects under its belt, for the architectural design of this new building.

Star City rebuilding

In 2021, we also rebuilt Star City, the Yuletide icon that has become an indispensable part of Christmas in the Philippines.

Overcoming the logistical hurdles of COVID-19 restrictions, we got the gears churning and the wheels turning, so that Star City, in the first quarter of this year, re-opened its doors to the public to rave reviews over both traditional and social media.

EHRI – Feliz Brands

In addition, another one of our properties, Feliz Hotel Boracay, managed by Elizalde Hotels and Resorts, Inc. is now poised to reap returns of a resurgent tourism industry.

COVID-19 infections are petering out and health restrictions are easing down; these developments are paving the way for a surge in “revenge travel,” which refers to vacation-starved people making up for the trips they were robbed of during the pandemic.

V. APPROVAL OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

There being no objection and upon motion duly made and seconded, the 2021 Audited financial statements of Manila Broadcasting Company is hereby approved.

VI. APPROVAL AND RATIFICATION OF THE ACTS OF THE BOARD OF DIRECTORS AND OFFICERS

The details of the acts of the board of directors and officers are included in the Definitive Information Statement. These corporate acts were all conducted in the ordinary course of business.

Hearing no objection, upon Motion duly made and seconded, the motion to ratify all acts of the Company’s Board of Directors and Officers for the period from date of last annual stockholders meeting to 30 September 2022 are ratified.

VII. ELECTION OF DIRECTORS AND OFFICERS FOR THE TERM 2022 TO 2023

The Corporate Secretary certified to the following Directors as having been elected by the stockholder during the stockholders’ meeting which was just concluded, to hold office until their successors have been elected, namely:

BOARD OF DIRECTORS		
FEDERICO J. ELIZALDE	RUPERTO S. NICDAO, JR.	JULIO MANUEL P. MACUJA
JUAN MANUEL ELIZALDE	EDUARDO G. CORDOVA	ROBERT PUA
RUDOLPH STEVE E. JULARBAL	MARVEL K. TAN*	GEORGE T. GODUCO*

**Independent Director*

The newly elected Directors thereupon convened as a Board to appoint the officers of the Corporation. The following were appointed as Officers:

OFFICERS	
FEDERICO J. ELIZALDE	Chairman of the Board
RUPERTO S. NICDAO, JR.	President
JULIO MANUEL P. MACUJA	EVP – Treasurer
JUAN MANUEL ELIZALDE	SVP – Operations
EDUARDO G. CORDOVA	SVP – Chief Finance Officer
ROBERT PUA	VP – Controller and Compliance Officer
RUDOLPH STEVE E. JULARBAL	VP – Legal and Corporate Secretary
IRVING A. LISONDRA	VP – Advertising and Promotions
CARLEA C. MIRANDA	VP – Treasury
ELLEN C. FULLIDO	VP – Human Resources and Administrative Resources
JONATHAN E. DECENA	VP – Radyo Natin
WILFREDO H. ESPINOSA	VP – FM Programming
ELPIDIO M. MACALMA	VP – DZRH
JOSE MA. T. PARROCO	VP – Sales
JOHNNY FAITH F. QUILING	AVP – FM Network Operations
ALBERT M. SONGCO	AVP – Central Engineering
VINCE JAEN	AVP – Integrated Media

There being no objection, and upon motion duly made and seconded, the election of directors and officers for 2022 to 2023 is hereby approved.

VIII. APPOINTMENT OF EXTERNAL AUDITOR

The accounting firm of Sycip Gorres Velayo & Co. was re-appointed as external auditors of the Company for the calendar year 2022.

There being no objections and upon motion duly made and seconded, SGV & Company is appointed as External Auditor of MBC for the calendar year beginning January 1, 2022 and ending December 31, 2022.

IX. OTHER MATTERS

The stockholders were given an opportunity to ask questions or propose to discuss other issues and matters related to the Company.

Question #1: Given that the economy is opening, what are the financial projections for MBC for 2022?

Answer: Because of the drop in sales in the latter part of 2021 into 2022, some of our advertisers were mandated by their head offices to cut down on expenses, particularly advertising. Fortunately, 2022 is an election year. So we'll probably end up with a slight increase or probably flat for 2022.

Question #2: How is the investment of MBC in Feliz Hotel in Boracay? Has business improved?

Answer: As reported, the reopening of the economy and waning of the pandemic has allowed the country to reopen tourism sites, and Boracay, where our hotel is located, is the most popular destination throughout the country. Fortunately, in the second quarter of 2022, we've seen an increase in tourist arrivals in Boracay. In the third quarter of 2022, tourist arrivals returned to pre-pandemic levels. As a result, the hotel has started yielding significant growth. The occupancy has grown from nothing during the pandemic to around 70-85% during the third quarter of this year. We expect that as soon as foreign tourists begin arriving in the country, we will see even further growth and good profitability for the investment that MBC made in the tourism industry.

Question #3: In the report of the President, it was stated that MBC has acquired a property along Taft Avenue for the Corporate Headquarters. When do we expect to move in to the new Corporate headquarters?

Answer: The architects we commissioned said that it would take them about six months to complete the whole process of planning. After the architectural drawings are finished, we'll have to get permits for the building. We expect that process to take another three months or so. If everything goes well, we will probably start the construction a year from now. The construction period will take anywhere from twenty-four to thirty-six months. The earliest we can move in will probably be three years from today, or the latest, about four years.

X. ADJOURNMENT

Upon motion duly made and seconded, the 2022 Annual Stockholders Meeting of Manila Broadcasting Company is hereby adjourned.

ATTESTED:

[redacted]

RUPERTO S. NICDAO, JR.
President

[redacted]

ATTY. RUDOLPH STEVE E. JULARBAL
Corporate Secretary

[redacted]

COVER SHEET

1 6 7 4

S.E.C. Registration Number

M A N I L A   B R O A D C A S T I N G   C O M P A N Y

(Company's Full Name)

M B C   B L D G . ,   V I C E N T E   S O T T O   S T .

C C P   C O M P L E X ,   P A S A Y   C I T Y

1 3 0 7   P H I L I P P I N E S

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

Mr. Eduardo G. Cordova	8832-6149
Contact Person	**Company Telephone Number**

1 2	3 1	1 7 - C		
Month	*Day*	*FORM TYPE*	*Month*	*Day*
Fiscal Year			**Annual Meeting**	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

-

LCU

CASHIER

MANILA BROADCASTING COMPANY

October 6, 2022

PHILIPPINE STOCK EXCHANGE
6th floor, PSE Tower,
28th Street corner 5th Avenue,
Bonifacio Global City, Taguig City

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Gentlemen:

Please find the enclosed copy of Manila Broadcasting Company's SEC Form 17-C regarding various resolutions made during the Company's Annual Stockholders' Meeting held on October 6, 2022.

Very truly yours,

[redacted]

EDUARDO G. CORDOVA
SVP - CFO

MBC MANILA BROADCASTING COMPANY

October 6, 2022

SECURITIES AND EXCHANGE COMMISSION
Ground floor, Secretariat Building,
PICC Complex, Pasay City

Attention: Mr. Vicente Graciano P. Felizmenio, Jr.
Director – Markets and Securities Regulation Department

Gentlemen:

Please find the enclosed copy of Manila Broadcasting Company's SEC Form 17-C regarding various resolutions made during the Company's Annual Stockholders' Meeting held on October 6, 2022.

Very truly yours,

[redacted]

EDUARDO G. CORDOVA
SVP - CFO

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17,(C) THEREUNDER

1. **October 6, 2022**
   Date of Report (Date of earliest event reported)

2. **1674**
   SEC Identification Number

3. **000-479-027-000**
   BIR Tax Identification Number

4. **MANILA BROADCASTING COMPANY**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**
   Province, country, or other jurisdiction of incorporation

6. ____________________ (SEC use only)

7. **MBC Building, Vicente Sotto St., CCP Complex, Pasay City, 1307**
   Address of principal office / Postal code

8. **(02) 8832-6150**
   Issuer's telephone number, including area code

9. **Not applicable**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Shares	402,682,990

11. **Items 4 and 9**
Indicate the item numbers reported herein

The following matters were taken up and approved in the Stockholder's Meeting on October 6, 2022, to wit:

Item 4. Election of Registrant's Directors or Officers

Election of the following individuals to the Board of Directors and Officers of the Company to serve as such for the year 2022 to 2023 or until their successors have been elected to wit:

FEDERICO J. ELIZALDE	DIRECTOR / Chairman of the Board
RUPERTO S. NICDAO, JR.	DIRECTOR / President
JULIO MANUEL P. MACUJA	DIRECTOR / Executive Vice President – Treasurer
EDUARDO G. CORDOVA	DIRECTOR / Senior Vice President – Chief Finance Officer
JUAN MANUEL ELIZALDE	DIRECTOR / Senior Vice President – Operations
ROBERT PUA	DIRECTOR / Vice President – Controller and Compliance Officer
RUDOLPH STEVE E. JULARBAL	DIRECTOR / Vice President – Legal and Corporate Secretary
MARVEL K. TAN	Independent Director
GEORGE T. GODUCO	Independent Director
CARLEA C. MIRANDA	OFFICER / Vice President – Treasury
ELLEN C. FULLIDO	OFFICER / Vice President – Human Resources
IRVING A. LISONDRA	OFFICER / Vice President – Creative Services
JONATHAN E. DECENA	OFFICER / Vice President – Radyo Natin
ELPIDIO MACALMA	OFFICER / Vice President – DZRH
WILFREDO H. ESPINOSA	OFFICER / Vice President – FM Programming
JOSE MA. T. PARROCO	OFFICER / Vice President – Sales
ALBERT M. SONGCO	OFFICER / Assistant Vice President – Central Engineering
JOHNNY FAITH QUILING	OFFICER / Assistant Vice President – FM Operations
VINCE JAEN	OFFICER / Assistant Vice President – Integrated Media

The following have also been re-appointed to the following committees:

AUDIT COMMITTEE	
MARVEL K. TAN*	Chairman
JULIO MANUEL P. MACUJA	Member
EDUARDO G. CORDOVA	Member

CORPORATE GOVERNANCE COMMITTEE	
GEORGE T. GODUCO*	Chairman
FEDERICO J. ELIZALDE	Member
RUPERTO S. NICDAO, JR.	Member

Independent Director

Item 9. Other events

❖ Approval of the Minutes of the Annual Stockholders' Meeting held last October 7, 2021

There being no objection, and upon motion duly made and seconded, the minutes of the Annual Stockholders' Meeting held last October 7, 2021 that is posted in the Company's website is hereby approved.

❖ Reading and approval of the President's Report

There being no objection, and upon motion duly made and seconded, the President's Report is hereby approved.

❖ Approval of the audited financial statements as of December 31, 2021

There being no objection and upon motion duly made and seconded, the 2021 Audited Financial Statements of Manila Broadcasting Company is hereby approved.

❖ Approval and ratification of the acts of the Board of Directors and Officers of the Company

Hearing no objection, upon Motion duly made and seconded, the motion to ratify all acts of the Company's Board of Directors and Officers from date of last annual stockholders meeting to 30 September 2022 are ratified.

❖ Appointment of External Auditor

There being no objections and upon motion duly made and seconded, SGV & Company is appointed as External Auditor of Manila Broadcasting Company for the calendar year beginning January 1, 2022 and ending December 31, 2022.

SIGNATURE

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

MANILA BROADCASTING COMPANY
Issuer

[redacted]

ATTY. RUDOLPH STEVE E. JULARBAL
Corporate Secretary

[redacted]

Date: **October 6, 2022**