SECURITIES AND EXCHANGE COMMISSION
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Company Information

SEC Registration No.: 0000018661
Company Name: RADIO MINDANAO NETWORK, INC. DOING BUSINESS UNDER THE NAMES AND STYLES OF TATAK RMN AND RMN NETWORKS
Industry Classification: O92131
Company Type: Stock Corporation

Document Information

Document ID: OST10815202381561852
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2022
Submission Type: Annual
Remarks: None

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

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number: 1 8 6 6 1

COMPANY NAME

RADIO MINDANAO NETWORK, INC.

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

4th Floor, State Condominium I, Salcedo Street, Legaspi Village, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
mayetnieto@yahoo.com	(+632) 8478-3651	0977-8273-222

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
14	May 5	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Marieta E. Nieto	[redacted]	[redacted]	[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*

[redacted]

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Radio Mindanao Network, Inc.
4th Floor, State Condominium I
Salcedo Street, Legaspi Village
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Radio Mindanao Network, Inc. (a subsidiary of EDCanoy Prime Holdings, Inc.), herein referred to as "the Company", which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 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 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 Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on the Supplementary Information Required Under Revenue Regulations No. 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 under Revenue Regulations No. 15-2010 in Note 22 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Radio Mindanao Network, Inc. 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.

SYCIP GORRES VELAYO & CO.

[redacted]

Djole S. Garcia
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 2022 to 2026 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. [redacted], September 16, 2021, valid until September 15, 2024
PTR No. [redacted] January 3, 2023, Makati City

July 10, 2023

RADIO MINDANAO NETWORK, INC.
(A Subsidiary of EDCanoy Prime Holdings, Inc.)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱207,132,274**	₱193,399,780
Receivables (Notes 5 and 12)	**330,884,246**	373,165,284
Due from related parties (Note 12)	**42,489,281**	19,832,782
Other current assets	**21,195,494**	15,876,642
Total Current Assets	**601,701,295**	602,274,488
Noncurrent Assets		
Property and equipment (Note 6)	**374,430,237**	306,186,300
Right-of-use assets (Note 7)	**193,311,352**	190,832,347
Investment properties (Note 6)	**25,830,000**	–
Investment in associate (Note 8)	**–**	3,500,000
Deferred income tax assets - net (Note 19)	**20,278,500**	16,020,176
Other noncurrent assets (Note 6)	**40,476,502**	72,219,953
Total Noncurrent Assets	**654,326,591**	588,758,776
TOTAL ASSETS	**₱1,256,027,886**	₱1,191,033,264
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 9)	**₱45,144,454**	₱74,325,845
Notes payable - current portion (Note 10)	**–**	1,182,316
Lease liabilities - current portion (Note 7)	**19,936,816**	16,775,144
Income tax payable	**3,745,760**	10,661,725
Total Current Liabilities	**68,827,030**	102,945,030
Noncurrent Liabilities		
Lease liabilities - non-current portion (Note 7)	**197,652,157**	189,523,188
Net pension liability (Note 18)	**25,699,744**	13,698,303
Other employee benefits payable (Note 18)	**13,389,940**	12,826,038
Total Noncurrent Liabilities	**236,741,841**	216,047,529
Total Liabilities	**305,568,871**	318,992,559
Equity (Note 11)		
Capital stock - ₱10 par value		
Authorized - 70,000,000 shares as of December 31, 2022 and 2021		
Issued and outstanding - 47,500,000 shares as of December 31, 2022 and 2021	**475,000,000**	475,000,000
Additional paid-in capital	**128,813**	128,813
Retained earnings (Note 11)		
Appropriated	**50,000,000**	50,000,000
Unappropriated	**447,553,802**	360,221,699
Defined benefit pension plan reserve (Note 18)	**(21,320,766)**	(12,406,973)
Unrealized fair value changes on equity investments	**(902,834)**	(902,834)
Total Equity	**950,459,015**	872,040,705
TOTAL LIABILITIES AND EQUITY	**₱1,256,027,886**	₱1,191,033,264

See accompanying Notes to Financial Statements.

RADIO MINDANAO NETWORK, INC.
(A Subsidiary of EDCanoy Prime Holdings, Inc.)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2022	2021
AIRTIME REVENUE (Note 13)	**₱767,422,391**	₱692,995,915
COST OF SERVICES (Note 15)	**(461,182,606)**	(384,001,702)
GROSS PROFIT	**306,239,785**	308,994,213
GENERAL AND ADMINISTRATIVE EXPENSES (Note 16)	**(137,553,081)**	(125,179,626)
OTHER INCOME (CHARGES)		
Rent income (Note 14)	**5,583,689**	5,174,101
Interest income (Note 4)	**3,916,057**	279,592
Interest expense (Notes 7 and 10)	**(12,428,281)**	(9,823,797)
Others (Note 9)	**10,830,883**	8,432,987
INCOME BEFORE INCOME TAX	**176,589,052**	187,877,470
PROVISION FOR INCOME TAX (Note 19)		
Current	**45,544,009**	49,021,111
Deferred	**(1,287,060)**	1,140,838
	44,256,949	50,161,949
NET INCOME	**132,332,103**	137,715,521
OTHER COMPREHENSIVE INCOME (LOSS)		
Item that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement gain (loss) on defined benefit pension plan (Note 18)	**(11,885,057)**	6,323,366
Income tax effect	**2,971,264**	(1,580,842)
Effect of changes in income tax rate (Note 19)	–	(1,143,300)
	(8,913,793)	3,599,224
TOTAL COMPREHENSIVE INCOME	**₱123,418,310**	₱141,314,745

See accompanying Notes to Financial Statements.

RADIO MINDANAO NETWORK, INC.
(A Subsidiary of EDCanoy Prime Holdings, Inc.)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Capital Stock (Note 11)	Additional Paid-in Capital in Excess of Par Value	Retained Earnings (Note 11) Unappropriated	Retained Earnings (Note 11) Appropriated	Defined Benefit Pension Plan Reserve (Note 18)	Unrealized fair value changes on Equity Investments	Total
BALANCES AT DECEMBER 31, 2020	**₱475,000,000**	**₱128,813**	**₱237,506,178**	**₱50,000,000**	**(₱16,006,197)**	**(₱902,834)**	**₱745,725,960**
Net income	–	–	137,715,521	–	–	–	137,715,521
Other comprehensive	–	–	–	–	3,599,224	–	3,599,224
Total comprehensive income	–	–	137,715,521	–	3,599,224	–	141,314,745
Cash dividends declared (Note 11)	–	–	(15,000,000)	–	–	–	(15,000,000)
BALANCES AT DECEMBER 31, 2021	**475,000,000**	**128,813**	**360,221,699**	**50,000,000**	**(12,406,973)**	**(902,834)**	**872,040,705**
Net income	–	–	132,332,103	–	–	–	132,332,103
Other comprehensive loss	–	–	–	–	(8,913,793)	–	(8,913,793)
Total comprehensive income (loss)	–	–	132,332,103	–	(8,913,793)	–	123,418,310
Cash dividends declared (Note 11)	–	–	(45,000,000)	–	–	–	(45,000,000)
BALANCES AT DECEMBER 31, 2022	**₱475,000,000**	**₱128,813**	**₱447,553,802**	**₱50,000,000**	**(₱21,320,766)**	**(₱902,834)**	**₱950,459,015**

See accompanying Notes to Financial Statements.

RADIO MINDANAO NETWORK, INC.
(A Subsidiary of EDCanoy Prime Holdings, Inc.)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱176,589,052**	₱187,877,470
Adjustments for:		
Depreciation (Notes 6 and 7)	**53,387,127**	41,104,878
Interest expense (Notes 7 and 10)	**12,428,281**	9,823,797
Movement in other employee benefits (Note 18)	**563,902**	854,374
Movements in net pension liability (Note 18)	**116,384**	(56,444)
Interest income (Note 4)	**(3,916,057)**	(279,592)
Operating income before working capital changes	**239,168,689**	239,324,483
Decrease (increase) in:		
Receivables	**42,281,038**	92,041,721
Due from related parties	**(19,156,499)**	36,979,227
Other current assets	**(5,318,852)**	(9,807,642)
Increase in accounts payable and other current liabilities	**(29,181,391)**	18,999,122
Net cash generated from operations	**227,792,985**	377,536,911
Income taxes paid, including creditable withholding taxes	**(52,459,974)**	(43,887,470)
Interest received	**3,916,057**	279,592
Net cash flows provided by operating activities	**179,249,068**	333,929,033
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment (Note 6)	**(74,491,530)**	(56,983,805)
Increase in other noncurrent assets	**(15,034,294)**	(53,891,635)
Net cash used in investing activities	**(89,525,824)**	(110,875,440)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid (Note 11)	**(45,000,000)**	(29,779,123)
Payments of:		
Principal portion of lease liabilities (Note 7)	**(17,380,153)**	(15,922,358)
Interest (Notes 7 and 10)	**(12,428,281)**	(9,823,797)
Loans payable (Note 10)	**(1,182,316)**	(1,966,572)
Net cash used in financing activities	**(75,990,750)**	(57,491,850)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**13,732,494**	165,561,743
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**193,399,780**	27,838,037
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱207,132,274**	₱193,399,780

See accompanying Notes to Financial Statements.

RADIO MINDANAO NETWORK, INC.
(A Subsidiary of EDCanoy Prime Holdings, Inc.)
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of the Financial Statements

Radio Mindanao Network, Inc. (the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on April 21, 1961. It was organized to undertake and engage in the business of radio and television broadcasting and communications anywhere in the Philippines in accordance with existing laws and government regulations.

On December 20, 2010, EDCanoy Prime Holdings, Inc., a company incorporated in the Philippines and registered with the Philippine SEC on August 26, 2009, acquired 52% ownership interest of the Company. Accordingly, the Company became a subsidiary of EDCanoy Prime Holdings, Inc. (the Parent Company).

On August 27, 2014, the Company filed before the House of Representatives an application for the renewal of legislative franchise to construct, operate and maintain radio and television broadcasting stations in the Philippines for another 25 years. Said application was approved on March 16, 2015 through House Bill 5531, after which it was approved by Senate on December 7, 2015 and passed into law on May 18, 2016. The franchise shall be in effect for a period of 25 years from April 18, 2016.

The registered office address of the Company is 4th Floor, State Condominium I, Salcedo Street, Legaspi Village, Makati City.

The financial statements were authorized for issuance by the BOD on July 10, 2023.

2. Summary of Significant Accounting Policies and Financial Reporting Practices

Basis of Preparation
The financial statements of the Company have been prepared on a historical cost basis. The financial statements are presented in Philippine peso (Peso), which is the Company's functional currency. Amounts are rounded off to the nearest peso, unless otherwise indicated.

Statement of Compliance
The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

The Company is not required to prepare consolidated financial statements as it has met all the criteria set forth in paragraph 4a of PFRS 10, *Consolidated Financial statements*, as follows:

i. it is a wholly-owned subsidiary or is a partially-owned subsidiary of another entity and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements;

ii. its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);

iii. it did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market; and

iv. its ultimate or any intermediate parent produces consolidated financial statements that are available for public use and comply with PFRS.

The Parent Company prepares the consolidated financial statements on the basis of PFRS, which may be obtained from its registered office in 4th Floor, State Condominium I, Salcedo Street, Legaspi Village, Makati City.

<u>Changes in Accounting Policies and Disclosures</u>
The accounting policies adopted are consistent with those of the previous financial year, except for the following new accounting pronouncements adopted by the Company starting January 1, 2022. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- 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.

  - 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.

<u>Standards Issued but Not Yet Effective</u>
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 financial statements. The Company intends to adopt the pronouncements presented below when they become effective.

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*

The Company continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to December 31, 2022 on the financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

Summary of Significant Accounting Policies
The significant accounting policies that have been used in the preparation of these financial statements are summarized below.

Current versus Non-Current Classification
The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

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

All other assets are classified as non-current.

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 non-current.

Deferred tax assets and liabilities and pension assets and liabilities are classified as non-current assets and liabilities, respectively.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value 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 the 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.

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, as described in Note 21 based on the lowest level input that is significant to the fair value measurement as a whole.

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

The Company determines the policies and procedures for both recurring and non-recurring fair value measurements. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

The Company recognizes transfers into and transfers out of fair value hierarchy levels by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) as at the date of the event or change in circumstances that caused the transfer.

<u>Fair Value Hierarchy</u>
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

<u>Financial Instruments</u>
Initial recognition and subsequent measurement
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
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 fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

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.

Subsequent measurement of financial assets
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

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

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

The Company's cash and cash equivalents, receivables, and due from related parties are classified under this category.

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

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

The Company elected to classify irrevocably its unquoted equity instruments under this category.

The Company has no outstanding derivative financial asset at FVPL and debt instruments at FVOCI in 2022 and 2021.

Impairment of Financial Assets
Further disclosures relating to impairment of financial assets are also provided in the following notes:
- Disclosures for significant assumptions;
- Debt instruments at FVOCI;
- Trade receivables, including contract assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

The Company considers a financial asset in default when contractual payments are 90 days past due. However, certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities
Initial recognition and measurement of financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include accounts payable and other current liabilities (excluding payable to government agencies), notes payable, lease liabilities and dividends payable.

Subsequent measurement of financial liabilities - loans and borrowings
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 generally applies to interest-bearing loans and borrowings.

De-recognition of Financial Assets and Liabilities

Financial Assets

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

- the rights to receive cash flows from the asset have expired;
- the Company retains the rights to receive cash flows from the 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 rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the 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 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 in event of insolvency or bankruptcy of the Company and all of its counterparties.

Cash and Cash Equivalents

Cash represents cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the dates of acquisition and that are subject to an insignificant risk of changes in value.

Prepayments

Prepayments, included as part of "Other current assets" account, are expenses paid in advance and recorded as asset before they are utilized. This account comprises prepaid rentals and insurance premiums and other prepaid items. The prepaid rentals and other prepaid items are apportioned over the period covered by the payment and charged to the appropriate accounts in profit or loss when incurred.

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

The net amount of current VAT recoverable from or payable to the taxation authority is included as part of "Other current assets" or "Accounts payable and other current liabilities", respectively, in the statement of financial position.

Investments in Associate

Investment in associate is accounted for under the cost method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Under the cost method, this investment is carried in the statement of financial position at cost less any accumulated impairment losses. The Company recognizes income from this investment only to the extent that it receives (or becomes entitled to) distributions from accumulated profits of the investees arising from the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investments and are recognized as reduction to the cost of investments.

Property and Equipment

Property and equipment (except for land) are stated at cost less accumulated depreciation and amortization and any impairment in value. Land is stated at cost, less impairment in value, if any.

The initial cost of property and equipment consists of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance costs, are normally charged to profit or loss in the period 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 an additional cost of property and equipment.

Construction in progress pertains to equipment under construction and is stated at cost. This includes cost of construction and other direct costs related to the asset being constructed. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives:

Category	Years
Transmitter buildings and office condominium	10 – 40
Land improvements	10
Transportation equipment	5
Furniture, fixtures and equipment	5
Transmitter equipment	20
Communication equipment	8

Leasehold improvements are amortized over the respective lease term or 10 years, whichever is shorter.

The useful lives and depreciation and amortization method are reviewed and adjusted if appropriate, at each reporting date.

Depreciation of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that an item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date when the asset is derecognized.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the items) is included in profit or loss in the year the item is derecognized.

Investment Properties

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

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 properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Leases

The Company assessed whether a contract is, or contains, a lease, at inception of a contract. The Company recognizes a right-of-use (ROU) asset and corresponding lease liabilities with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The Company recognizes depreciation of ROU asset and interest on lease liabilities in the profit or loss and separates the total amount of cash paid into a principal portion and interest in the statements of cash flows.

ROU asset. Measurement of ROU asset at commencement of the lease includes: lease liability; initial direct costs; advance lease payments; and obligations to refurbish leased assets less lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date of the earlier of the end of the useful life of the ROU asset or the end of the lease term. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability. Measurement of lease liability at commencement of the lease is the present value of the total of the lease payments as described in the contract (including payments connected to the reasonably certain exercise of extension or termination options), discounted at the interest rate implicit in the lease contract (if readily determinable) or the lessee's incremental borrowing rate.

Lease payments that depend upon a rate or index are measured at commencement based on the rate or index in effect at that time, and are remeasured if or when the payments linked to the index or rates.

Variable lease payments that do not depend upon an index or rate (e.g., a percentage of sales or based on usage) are not included in the initial measurement of the ROU asset.

The lease liability determined at initial measurement should not exceed the fair value of the underlying asset. An excess of the lease liability value over the fair value of the underlying asset is an indicator that the discount rate being used is too low and must be reassessed.

The difference between the future value (undiscounted) of the total of lease payments and the lease liability represents the financial cost which is to be spread over the period of the lease in form of an annuity calculation.

The Company recognizes the following in profit or loss:
- Depreciation calculated on the value of the asset;
- Interest expense which is part of the annuity calculation; and
- Any amount of variable lease payments excluding amount that depend upon an index or rate.

Other Assets
Other assets are recognized and carried at cost less the amortized portion, if any. These are composed of advances made to contractors/suppliers, creditable withholding tax, input value-added tax (VAT) and prepayments.

Input VAT. Input VAT is accumulated from the Company's purchases of goods and services from VAT-registered individual or corporations and is applied against output VAT. Any remaining balance is recoverable in the future periods. The net amount of VAT recoverable from the taxation authority is included as part of "Other current assets".

Advances to Suppliers. Advances to suppliers consist of advance payments made to the Company's contractors which are recouped every progress billing payment depending on the percentage of accomplishment. Advances to suppliers are carried at cost less any allowance for impairment losses.

Impairment of Nonfinancial Assets
The Company assesses at each reporting date whether there is an indication that its property and equipment, investment properties, right of use assets, investment in associate and other nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use. This is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an

asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate valuation model is used. Any impairment loss is recognized in profit or loss.

Capital Stock and Additional Paid-in Capital
Capital stock is measured at par value for all shares issued and outstanding. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and number of shares issued and outstanding.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Retained Earnings
Retained earnings consist of appropriated and unappropriated retained earnings. Appropriated retained earnings are restricted for specific purposes that are approved by the BOD (e.g., future expansion) but are not available for dividend distributions. Unappropriated retained earnings are not restricted and include the cumulative balance of periodic net income or losses, dividend distributions, effects of changes in accounting policy and other capital adjustments.

Dividend Distributions
Cash dividends and stock dividends are recognized as liability and as additional capital stock, respectively, and deducted from retained earnings when approved by the BOD or shareholders of the Company. Dividends that are approved after the reporting date are dealt with as an event after the reporting date.

Revenue Recognition
The Company is in the business of radio and television broadcasting and communications anywhere in the Philippines in accordance with existing laws and government regulations. Revenue from contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Sale of service
The Company provides radio and television broadcasting and communications services anywhere in the Philippines through radio airtime. It also provides marketing, promotion services, events and out-of-home advertising that are recognized over a period of time (i.e., as the services are rendered). The Company recognizes revenue from sale of services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of services, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

(i) *Variable consideration*
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 services 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. Some contracts for the sale of services provide customers with a right to additional free-of-charge services. These additional free-of-charge services give rise to variable consideration.

To estimate the variable consideration for the expected future performance of free-of-charge services, the Company applies the most likely amount method for contracts using the relative stand-alone selling price of the services. The Company then applies the requirements on constraining estimates of variable consideration and recognizes a contract liability for the expected future performance of services.

(ii) *Significant financing component*
Generally, the Company receives customer deposits from its customers. Using the practical expedient in PFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. The Company then recognizes a contract liability for the customer deposits received.

(iii) *Non-cash considerations*
The Company receives non-cash items from certain customers in lieu of cash considerations. The fair value of such non-cash consideration received from the customer is included in the transaction price and measured when the Company obtains control of the non-cash items received.

The Company applies the requirements of PFRS 13, *Fair Value Measurement,* in measuring the fair value of the non-cash consideration. 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 non-cash items received.

<u>*Contract Balances*</u>
Contract assets. A contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by transferring 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.

Trade receivables. A receivable represents the Company’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under Financial Assets and Financial Liabilities - Financial assets at amortized cost (debt instruments).

Contract liabilities. A contract liability is the obligation to transfer services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Company transfers 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.

Rent Income
Rent income under cancellable leases on properties is recognized in profit or loss in accordance with the provisions of the lease agreements. Non-cancellable operating leases are recorded as rental income on a straight-line basis over the term of the lease.

Interest Income
Revenue is recognized as the interest accrues using the effective interest method.

Other Income
Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Company through an increase in asset or reduction in liability.

Other Comprehensive Income (Loss)
Other comprehensive income (loss) comprises items of income and expenses, including reclassification adjustments, which are not recognized in profit or loss as required or permitted by other standards.

Cost of Services and General and Administrative Expenses
Cost of services, which includes expenses incurred by the Company for the generation of revenue arising from the rendering of services, are expensed as incurred.

General and administrative expenses, which include the cost of administering the business and are not directly associated with the generation of revenue, are expensed as incurred.

Retirement Benefits Cost
Retirement benefits cost are actuarially determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

The net pension benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Retirement benefits cost comprise service costs, net interest on the 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 as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net pension benefit liability or asset is the change during the period in the net benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined pension liability or asset. Net interest on the net defined pension 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 other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

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.

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

<u>Income Taxes</u>
Current income tax
Current income tax assets and liabilities for the current and the prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or are substantively enacted at the reporting date.

Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability under "Income tax payable" account in the statement of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset under "Other current assets" account in the statement of financial position.

Deferred income tax
Deferred income tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused MCIT and unused NOLCO can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income 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 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. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax asset to be recovered.

Deferred income tax assets and deferred income 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 are enacted or substantively enacted at the reporting date.

Deferred income tax relating to items directly recognized in equity and those directly in comprehensive income are recognized in other comprehensive income and not in profit or loss.

Deferred income tax assets and liabilities are set off if, and only if, a legally enforceable right exists to set off current income tax assets against current income tax liabilities and deferred income taxes relate to the same taxable entity and the same taxation authority.

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (whether 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 value cash flows at a pretax 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 the provisions due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

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

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3. **Management's Use of Significant Judgments and Estimates**

The preparation of the financial statements in compliance with PFRS requires management to make judgments and estimates that affect certain reported amounts and disclosures. Management has made its best judgments and estimates of certain amounts, giving due consideration to materiality. Actual results could differ from those estimates, and such estimates will be adjusted accordingly when the effects become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

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

Determining the lease term of contracts with renewal and termination options - Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset) (see Note 7).

Operating lease commitment - Company as a lessor

The Company has entered into a lease contract covering broadcasting and transmitting facilities and equipment. The Company has determined that it retains all the significant risks and rewards of ownership of the property. Thus, this is classified as operating lease.

Distinction between investment properties and owner-occupied properties

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flow largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Certain properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately as of the financial reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

Impairment of nonfinancial assets

Impairment review is performed when certain impairment indicators are present which include the following:

- significant underperformance relative to expected historical or projected future operating results; and
- significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value-in-use 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 asset or, if it is not possible, for the cash-generating unit to which the asset belongs.

The Company determines at the end of each reporting year whether there is any objective evidence that nonfinancial assets are impaired. Based on management's assessment, there were no impairment indicators in 2022 and 2021.

The carrying values of nonfinancial assets that are subjected to impairment testing when impairment indicators are present are as follows:

	2022	2021
Property and equipment (Note 6)	**₱374,430,237**	₱306,186,300
Investment properties (Note 6)	**25,830,000**	−
Right-of-use assets (Note 7)	**193,311,352**	190,832,347
Investment in associate (Note 8)	−	3,500,000
Other noncurrent assets (Note 6)	**40,476,502**	72,219,953

Estimates
The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of reporting date.

- *Due from related parties using general approach*
  The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The Company used the general approach which considers the probability of its counterparty to default in its obligation and the expected loss at default after considering the effects of collateral, any potential value when realized, forward-looking estimates and time value of money.

  Under PFRS 9, additional judgments are also made in assessing a significant increase in credit risk in the case of financial assets measured using the general approach. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

  The Company's due from related parties, net of allowance for expected credit losses, amounted to ₱280.2 million and ₱342.3 million as of December 31, 2022 and 2021, respectively (see Notes 5 and 12).

- *Trade and other receivables using simplified approach*
  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 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 debtors and the economic environment.

  As of December 31, 2022 and 2021, the Company's trade and other receivables (excluding due from related parties) amounted to ₱93.2 million and ₱50.7 million, respectively (see Note 5).

Estimation of useful lives of property and equipment
The useful life of each of the Company's item of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar businesses and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible,

however, that future results of operations can be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment will increase the recorded depreciation and amortization expense and decrease the carrying value of property and equipment.

The carrying values of depreciable property and equipment amounted to ₱289.4 million and ₱185.4 million as of December 31, 2022 and 2021, respectively. Accumulated depreciation and amortization amounted to ₱565.9 million and ₱539.8 million as of December 31, 2022 and 2021, respectively (see Note 6).

Estimation of retirement benefits cost
The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the PH BVAL rates at various tenors. The rates for intermediate durations were interpolated and then weighted by the expected benefits payments at those durations to arrive at the single weighted average discount rate. Future salary increases are based on expected future inflation rates. Further details about pension obligations are given in Note 18.

The retirement benefit cost amounted to ₱5.5 million and ₱6.1 million in 2022 and 2021, respectively. Net pension liability amounted to ₱25.7 million and ₱13.7 million as of December 31, 2022 and 2021, respectively (see Note 18).

Recognition of deferred income tax assets
The Company's assessment of the recognition of deferred income tax assets on future deductible temporary differences is based on the Company's past results and future expectations on revenue and expenses. The carrying amounts of deferred income tax assets are reviewed at each 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. As of December 31, 2022 and 2021, deferred income tax assets which amounted to ₱20.3 million and ₱16.0 million, respectively, were recognized as management believes that future taxable profits will be available to allow all or part of the deferred income tax assets and liability to be recovered (see Note 19).

Estimation of provisions and contingencies
The Company is a party to lawsuits and claims arising from the ordinary course of business. The estimate of probable costs of resolution of possible claims has been developed in consultation with the Company's legal counsel handling their defense in these matters and is based upon an analysis of potential results. Provision for probable losses amounted to ₱0.6 million and ₱4.7 million as of December 31, 2022 and 2021, respectively (see Note 9).

4. Cash and Cash Equivalents

	2022	2021
Cash on hand and in banks	**₱44,689,317**	₱74,886,733
Cash equivalents	**162,442,957**	118,513,047
	₱207,132,274	₱193,399,780

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods up to three months depending on the immediate cash requirements of the Company and earn interest at the prevailing cash equivalents rates.

Interest income amounted to ₱3.9 million and ₱0.3 million in 2022 and 2021, respectively.

5. **Receivables**

	2022	2021
Trade (Note 13)	**₱63,658,153**	₱33,699,215
Due from a related party (Notes 12 and 13)	**245,624,565**	330,413,167
Advances to employees	**23,599,181**	11,195,462
Other receivables	**5,922,945**	5,778,038
	338,804,844	381,085,882
Less allowance for ECL	**7,920,598**	7,920,598
	₱330,884,246	₱373,165,284

Trade receivables are non-interest bearing and are generally on 60 to 90 day terms.

Advances to employees represent salary loans and expenses incurred by employees that are advanced by the Company. These are generally on 90 to 120-day terms.

The Company maintains allowance for ECL based on the result of collective assessment of receivables. The Company believes that the unimpaired amounts that are past due by more than 90 days are still collectible based on analyses of the underlying credit quality.

Allowance for ECL amounted to ₱7.9 million as of December 31, 2022 and 2021.

6. Property and Equipment and Investment Properties

Property and equipment

December 31, 2022:

	Office Condominium	Land and Land Improvements*	Transmitter Buildings	Leasehold Improvements	Transportation Equipment	Furniture, Fixtures and Equipment	Transmitter Equipment	Communication Equipment	Construction in Progress	Total
Cost										
Beginning balances	**₱17,426,905**	**₱125,429,816**	**₱28,208,532**	**₱51,339,477**	**₱34,500,465**	**₱66,358,075**	**₱497,902,343**	**₱5,175,683**	**₱19,596,265**	**₱845,937,561**
Additions	**42,433,758**	**–**	**1,815,325**	**120,500**	**10,419,886**	**4,379,120**	**57,967,487**	**–**	**3,064,570**	**120,200,646**
Reclassifications	**–**	**(25,830,000)**	**13,029,122**	**–**	**–**	**–**	**–**	**–**	**(13,029,122)**	**(25,830,000)**
Ending balances	**59,860,663**	**99,599,816**	**43,052,979**	**51,459,977**	**44,920,351**	**70,737,195**	**555,869,830**	**5,175,683**	**9,631,713**	**940,308,207**
Accumulated Depreciation										
Beginning balances	**16,125,303**	**24,212,439**	**22,509,652**	**45,296,019**	**25,621,023**	**58,408,681**	**342,402,461**	**5,175,683**	**–**	**539,751,261**
Depreciation (Notes 15 and 16)	**3,074,745**	**–**	**1,135,081**	**1,014,456**	**4,502,168**	**2,983,720**	**13,416,539**	**–**	**–**	**26,126,709**
Ending balances	**19,200,048**	**24,212,439**	**23,644,733**	**46,310,475**	**30,123,191**	**61,392,401**	**355,819,000**	**5,175,683**	**–**	**565,877,970**
Net Book Values	**₱40,660,615**	**₱75,387,377**	**₱19,408,246**	**₱5,149,502**	**₱14,797,160**	**₱9,344,794**	**₱200,050,830**	**₱–**	**₱9,631,713**	**₱374,430,237**

**Balance includes land amounting to ₱75.4 million.*

December 31, 2021:

	Office Condominium	Land and Land Improvements*	Transmitter Buildings	Leasehold Improvements	Transportation Equipment	Furniture, Fixtures and Equipment	Transmitter Equipment	Communication Equipment	Construction in Progress	Total
Cost										
Beginning balances	₱17,426,905	₱125,429,816	₱28,208,532	₱51,339,477	₱29,973,679	₱62,341,144	₱469,058,520	₱5,175,683	₱–	₱788,953,756
Additions	–	–	–	–	4,526,786	4,016,931	23,040,252	–	25,399,836	56,983,805
Reclassifications	–	–	–	–	–	–	5,803,571	–	(5,803,571)	–
Ending balances	17,426,905	125,429,816	28,208,532	51,339,477	34,500,465	66,358,075	497,902,343	5,175,683	19,596,265	845,937,561
Accumulated Depreciation										
Beginning balances	14,919,715	24,212,439	22,039,786	44,284,576	23,349,436	55,642,642	332,018,458	5,175,683	–	521,642,735
Depreciation (Notes 15 and 16)	1,205,588	–	469,866	1,011,443	2,271,587	2,766,039	10,384,003	–	–	18,108,526
Ending balances	16,125,303	24,212,439	22,509,652	45,296,019	25,621,023	58,408,681	342,402,461	5,175,683	–	539,751,261
Net Book Values	₱1,301,602	₱101,217,377	₱5,698,880	₱6,043,458	₱8,879,442	₱7,949,394	₱155,499,882	₱–	₱19,596,265	₱306,186,300

**Balance includes land amounting to ₱101.2 million*

In December 2021, a Deed of Absolute Sale was made and executed by and between the Company and a third-party vendor, wherein the Company purchased a condominium unit and parking lots amounting to ₱19.7 million. The documentation requirements necessary for the transfer of title were completed in June 2022. As of December 31, 2021, the advances made for the purchase is recorded under “Other noncurrent assets” account.

In 2022, the Company made advances with an aggregate amount of ₱34.8 million for the purchase of various equipment for the operations of its local stations recorded under “Other noncurrent assets”. As of December 31, 2022 and 2021, outstanding balance of “Other noncurrent assets” amounted to ₱40.5 million and ₱72.2 million, respectively. In 2022 and 2021, the Company reclassified “Advances to suppliers” account to “Property and equipment” amounting to ₱45.7 million and nil, respectively.

Investment properties
On December 19, 2022, the Company reclassified a parcel of land located in Barrio Taliptip, Bulacan amounting to ₱25.8 million from its previous function as the situs of the Company transmitter tower and equipment for its Manila AM’s Operations to “Investment Properties” for capital appreciation moving forward until the Company locates a potential buyer for the said land property.

7. Right-of-Use Assets and Lease Liabilities

Right-of-use assets
The Company has lease contracts for various assets. Leases of these assets generally have lease terms between 2 to 20 years. The Company’s obligations under its leases are secured by the lessor’s title to the leased assets.

The rollforward analysis of this account follows:

December 31, 2022:

	Office Condominium	**Land**	**Transmitter Equipment**	**Total**
Cost				
Beginning balance	**₱49,138,684**	**₱163,933,415**	**₱44,589,320**	**₱257,661,419**
Additions	**24,852,018**	**4,887,405**	**–**	**29,739,423**
Ending balance	**73,990,702**	**168,820,820**	**44,589,320**	**287,400,842**
Accumulated Depreciation				
Beginning balance	**18,645,608**	**33,260,680**	**14,922,784**	**66,829,072**
Depreciation (Notes 15 and 16)	**6,246,954**	**16,069,041**	**4,944,423**	**27,260,418**
Ending balance	**24,892,562**	**49,329,721**	**19,867,207**	**94,089,490**
Net carrying values	**₱49,098,140**	**₱119,491,099**	**₱24,722,113**	**₱193,311,352**

December 31, 2021:

	Office Condominium	Land	Transmitter Equipment	Total
Cost				
Beginning balance	₱34,199,225	₱148,325,126	₱44,589,320	₱227,113,671
Additions	14,939,459	15,608,289	–	30,547,748
Ending balance	49,138,684	163,933,415	44,589,320	257,661,419
Accumulated Depreciation				
Beginning balance	12,727,817	21,126,542	9,978,361	43,832,720
Depreciation (Notes 15 and 16)	5,917,791	12,134,138	4,944,423	22,996,352
Ending balance	18,645,608	33,260,680	14,922,784	66,829,072
Net carrying values	₱30,493,076	₱130,672,735	₱29,666,536	₱190,832,347

<u>Lease liabilities</u>
The future minimum lease payments on lease liabilities together with the present value of the net minimum lease payments as of December 31, 2022 and 2021 are as follows:

December 31, 2022:

	Future Minimum Lease Payments	**Present Value of Minimum Lease payments**
Less than one year	**₱29,462,986**	**₱19,949,015**
Between one and five years	**138,366,741**	**107,318,151**
Beyond five years	**103,407,484**	**90,321,807**
	271,237,211	**217,588,973**
Interest component	**(53,648,238)**	**–**
Present value	**₱217,588,973**	**₱217,588,973**

December 31, 2021:

	Future Minimum Lease Payments	Present Value of Minimum Lease payments
Less than one year	₱25,926,875	₱16,775,144
Between one and five years	136,829,531	105,838,743
Beyond five years	94,184,448	83,684,445
	256,940,854	206,298,332
Interest component	(50,642,522)	–
Present value	₱206,298,332	₱206,298,332

Set out below is the rollforward analysis of lease liabilities:

	2022	2021
Beginning balance	**₱206,298,332**	₱191,672,942
Additions	**28,670,794**	30,547,748
Interest expense	**12,399,035**	9,635,642
Payments	**(29,779,188)**	(25,558,000)
Ending balance	**217,588,973**	206,298,332
Less: current portion	**(19,936,816)**	(16,775,144)
Ending balance, net of current portion	**₱197,652,157**	₱189,523,188

The Company's payments applied to the following:

	2022	2021
Principal	**₱17,380,153**	₱15,922,358
Interest	**12,399,035**	9,635,642
	₱29,779,188	₱25,558,000

Set out below are the amounts recognized in profit and loss for the year ended December 31 in relation to the lease liabilities and the related right-of-use assets.

	2022	2021
Depreciation expense (Notes 15 and 16)	**₱27,260,418**	₱22,996,352
Interest expense	**12,399,035**	9,635,642
Rent expense - short-term leases (Note 15)	**6,904,107**	10,730,941
	₱46,563,560	₱43,362,935

8. Investment in Associate

In 2014, the Company acquired 70% of the subscribed capital stock of RMN Networks Marketing and Media Ventures, Inc. (RMN MMVI), a company incorporated in the Philippines on October 22, 2014 and was organized to engage in the business of developing, promoting, advertising and marketing various services and/or products. The Company assessed that it has control over RMN MMVI and classified this as an investment in a subsidiary. As of December 31, 2020, the Company's investment in subsidiary amounted to ₱3.5 million.

On November 17, 2021, a subscription agreement was made and entered into by and between RMN MMVI and EPHI wherein the latter purchased and subscribed RMN MMVI's shares at carrying amount. This resulted in the Company's loss of control over RMN MMVI. Accordingly, the Company reclassified its investment to "Investment in associate" account as of December 31, 2021.

In 2021, RMN and EPHI also entered into an agreement to acquire at carrying amount the remaining ownership of the over RMN MMVI. The documentation requirements necessary for the transfer of shares were still being processed as of December 31, 2021 and were completed in 2022. This resulted in EPHI obtaining 100% ownership over RMN MMVI and derecognition of investment in associate balance in the Company's books.

Presented below is the summarized financial information of RMN MMVI:

Amounts in millions	**2022**	2021
Current assets	**₱299.3**	₱369.9
Noncurrent assets	**44.0**	37.9
Current liabilities	**416.2**	523.0
Noncurrent liabilities	**4.3**	4.0
Deficit	**(77.2)**	(119.2)
Revenue	**506.2**	515.5
Net income	**30.1**	45.5
Total comprehensive income	**31.3**	46.2

9. Accounts Payable and Other Current Liabilities

	2022	2021
Trade payables	**₱6,693,485**	₱22,322,921
Accrued expenses	**31,890,007**	46,165,245
Statutory and other payables	**6,560,962**	5,837,679
	₱45,144,454	₱74,325,845

Trade payables are noninterest-bearing and are usually settled within 30-90 days.

Accrued expenses mainly represent accruals for utilities, and other station maintenance related liabilities.

Statutory and other payables include VAT and withholding taxes payable, Social Security System premiums and other payroll-related accruals and other liabilities to the government, which are normally settled within 30 days.

In 2022, the Company has written-off long-outstanding liabilities which it deemed no longer collectible amounting to ₱5.3 million recorded in “Others” under Other Income.

Accrued expenses also include accumulated provision for probable losses amounting to ₱0.6 million and ₱4.7 million as of December 31, 2022 and 2021, respectively, which consists of estimated liabilities for losses on claims by third parties. The information usually required by PAS 37*, Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the Company’s negotiation with third parties.

Movements in provision for probable losses for the years ended December 31 are presented below:

	2022	2021
Balance as at January 1	**₱4,651,224**	₱649,336
Additions	**5,645,783**	4,001,888
Settlement	**(9,647,671)**	–
	₱649,336	₱4,651,224

10. Notes Payable

In 2019, the Company obtained an unsecured three (3)-year loan from a local bank amounting to ₱6.2 million, with an outstanding amount of ₱1.2 million as of December 31, 2021 (nil as of December 31, 2022) for its purchase of six (6) transportation equipment. The loan is payable within 36 months and with effective interest rate of 10.87% per annum.

Interest expense amounted to ₱0.03 million and ₱0.2 million in 2022 and 2021, respectively.

Movements in notes payable are as follows:

	2022	2021
Beginning balance	**₱1,182,316**	₱3,148,888
Repayments	**(1,182,316)**	(1,966,572)
Ending balance	–	1,182,316
Less current portion	–	(1,182,316)
Ending balances - net of current portion	**₱–**	₱–

11. Equity

Retained Earnings
On April 20, 2022, the BOD approved the declaration of cash dividend out of the unrestricted retained earnings as of December 31, 2021 amounting to ₱45.0 million to the stockholders of record as of March 31, 2022.

On April 21, 2021, the BOD approved the declaration of cash dividend out of the unrestricted retained earnings as of December 31, 2020 amounting to ₱15.0 million to the stockholders of record as of March 31, 2021.

On December 18, 2019, the BOD approved the declaration of cash dividends amounting to ₱30.0 million or ₱0.8 per share to stockholders of record as of December 18, 2019 in proportion to their respective shareholdings, payable on or before July 15, 2020. Outstanding dividends payable as of December 31, 2020 amounting to ₱14.8 million was paid in 2021.

Rollforward of cash dividends payable follows as of December 31:

	2022	2021
Dividends payable, beginning	**₱–**	₱14,779,123
Declaration	**45,000,000**	15,000,000
Payment including taxes	**(45,000,000)**	(29,779,123)
Dividends payable, ending	**₱–**	₱–

Capital Stock
Details of authorized and issued and outstanding capital stock follow:

	2022		2021	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized capital stock at ₱10.00 par value	**70,000,000**	**₱700,000,000**	70,000,000	₱700,000,000
Issued and outstanding capital stock				
Balance at beginning of year	**47,500,000**	**₱475,000,000**	47,500,000	₱475,000,000
Additions	**–**	**–**	–	–
Balance at end of year	**47,500,000**	**₱475,000,000**	47,500,000	₱475,000,000

On November 16, 2016, the BOD approved the appropriation of retained earnings amounting to ₱50.0 million for expansion and for the establishment of new stations and equipment upgrade of various stations. The Company foresees the utilization of the appropriated retained earnings in 2023.

12. Related Party Transactions

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. It includes companies in which one or more of the directors and/or shareholder of the Company either has a beneficial controlling interest or are in a position to exercise significant influence therein. Outstanding balances at year-end are to be settled in cash. There have been no guarantees provided or received for any related party receivables or payables. Allowance on expected credit losses on receivables from related parties amounted to ₱7.9 million as of December 31, 2022 and 2021 (see Note 5).

	Amount of transactions		Outstanding Balances of Receivable (Payable)		
Nature of transaction	**2022**	2021	**2022**	2021	**Terms and Conditions**
Subsidiary/Associate					
Service fee from MMVI (Notes 5 and 13)*	**₱313,600,000**	₱255,000,000	**₱237,703,967**	₱322,492,569	Unsecured; no definite fixed repayment terms; to be received in cash or through offsetting; not impaired.
Marketing fee for MMVI	**40,445,557**	40,400,712	–	–	Unsecured; no definite fixed repayment terms; to be received in cash or through offsetting; not impaired.
			237,703,967	322,492,569	
Affiliates**					
Cash advances	**13,627,337**	27,147,633	**18,471,011**	4,843,645	Unsecured; no definite fixed repayment terms; to be received in cash or through offsetting; not impaired.
Parent Company					
Sale of shares of MMVI	**3,500,000**	–	**3,500,000**	–	Unsecured; non-interest bearing; expected to be settled within one year and to be received in cash or through offsetting; not impaired.
Stockholders					
Cash advances	**9,029,133**	9,831,594	**20,518,270**	14,989,137	Unsecured; non-interest bearing; expected to be settled within one year and to be received in cash or through offsetting; not impaired.
			42,489,281	19,832,782	
Total			**₱280,193,248**	₱342,325,351	

**This amount is net of allowance amounting to ₱7,920,598 as of December 31, 2022 and 2021.*
*** Entities under common control.*

RMN MMVI is the marketing arm of the Company.

Compensation of key management personnel of the Company are as follows:

	2022	2021
Short-term employee benefits	**₱47,715,005**	₱46,392,898
Retirement costs	**2,352,025**	1,667,176
	₱50,067,030	₱48,060,074

There are no termination benefits, share-based payments or other long-term employee benefits granted to key management personnel.

13. **Revenue from Contracts with Customers**

a. Disaggregated revenue information

The Company presented below the disaggregation of revenue from contracts with customers which are based on types of customers and sources of airtime revenue for the years ended December 31, 2022 and 2021. This presentation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

By type of customers	2022	2021
Third parties	**₱481,208,815**	₱437,995,915
Related party	**286,213,576**	255,000,000
Total	**₱767,422,391**	₱692,995,915

By source of revenue	2022	2021
Local broadcast income	**₱487,422,391**	₱437,995,915
Block airtime	**280,000,000**	255,000,000
	₱767,422,391	₱692,995,915

b. Contract balances

The Company's trade receivables amounted to ₱309.3 million and ₱364.1 million as at December 31, 2022 and 2021, respectively (see Note 5). The decrease in receivables is mainly due to higher collections as a result of recovery from reopening of business activities from COVID-19 situation in the country during the year. Parties also perform periodic review of the service fee rates based on prevailing market conditions.

The Company has no contract assets and contract liabilities as at December 31, 2022 and 2021.

c. Performance obligations

The single performance obligation for the sale of airtime is satisfied when the related services are rendered and payment is generally due within 60 to 90 days from performance of airtime services.

14. Rent Income

The Company entered into a lease contract with Radio Veritas Global covering broadcasting and transmitting facilities and equipment. In November 2021, the Company extended the contract for another 1 year until October 2022. On October 18, 2022, the Company further extended the contract for 1 year until November 3, 2023.

Rent income amounted to ₱5.6 million and ₱5.2 million in 2022 and 2021, respectively. Average future minimum rental receivable under this lease as of December 31 follows:

	2022	2021
Within one year	**₱4,631,579**	₱6,497,916
After one year but not more than five years	**–**	–
	₱4,631,579	₱6,497,916

15. Cost of Services

	2022	2021
Salaries and allowance (Note 17)	**₱137,487,999**	₱126,070,767
Production expenses	**111,885,886**	88,464,212
Communication, light and water	**56,651,520**	41,216,260

(Forward)

	2022	2021
Commission	**₱51,917,160**	₱46,226,768
Depreciation (Notes 6 and 7)	**44,628,728**	32,365,251
Outside services	**21,883,233**	17,319,793
Rental (Note 7)	**6,904,107**	10,730,941
Transportation and travel	**4,926,416**	3,956,592
Repairs and maintenance	**4,569,194**	4,441,495
Taxes and licenses	**3,975,036**	5,279,459
Office supplies	**1,503,306**	1,296,896
Representation and entertainment	**452,239**	109,901
Others	**14,397,782**	6,523,367
	₱461,182,606	₱384,001,702

16. **General and Administrative Expenses**

	2022	2021
Salaries and allowance (Note 17)	**₱69,467,490**	₱64,883,207
Professional fees	**18,072,397**	15,082,413
Taxes and licenses	**10,502,447**	8,131,880
Depreciation (Notes 6 and 7)	**8,758,399**	8,739,627
Representation and entertainment	**4,211,391**	4,127,735
Communication, light and water	**3,814,353**	3,586,284
Transportation and travel	**3,069,973**	192,774
Repairs and maintenance-materials/supplies	**2,847,374**	3,793,062
Office supplies	**2,163,922**	1,535,685
Advertising and promotions	**870,134**	1,737,448
Others	**13,775,201**	13,369,511
	₱137,553,081	₱125,179,626

"Others" include dues and subscriptions, security services, payments for survey and research, donations and insurance expense, among others.

17. **Personnel Costs**

	2022	2021
Salaries and wages	**₱150,344,507**	₱137,292,789
Employee benefits	**51,094,770**	47,517,629
Retirement benefits cost (Note 18)	**5,516,212**	6,143,556
	₱206,955,489	₱190,953,974

Personnel cost is distributed as follows:

	2022	2021
Cost of services (Note 15)	**₱137,487,999**	₱126,070,767
General and administrative expenses (Note 16)	**69,467,490**	64,883,207
	₱206,955,489	₱190,953,974

18. **Employee Benefits Cost**

a. *Retirement benefits cost*

The Company has a funded, noncontributory defined benefit retirement plan covering all of its regular and full time employees. Retirement benefits cost and contributions are determined in accordance with an actuarial study and are based on years of service and the employee's final covered compensation.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The fund is administered by a trustee bank under the supervision of the Board of Trustees (BOT) of the plan. The BOT is responsible for investment strategy of the plan.

Retirement benefits cost charged to operations consist of the following:

	2022	2021
Current service cost	**₱4,991,187**	₱5,521,259
Net interest cost	**525,025**	622,297
	₱5,516,212	₱6,143,556

Remeasurement gains (losses) on defined benefit pension plan recognized in other comprehensive income (OCI) comprise the following:

	2022	2021
Remeasurement gain (loss) arising from:		
Changes in financial assumptions	**₱11,907,554**	₱6,672,291
Experience adjustments	**(21,483,708)**	1,034,622
Return on asset excluding amount included in net interest cost	**(2,308,903)**	(1,383,547)
	(₱11,885,057)	₱6,323,366

Net pension liability as of December 31 is derived as follows:

	2022	2021
Present value of defined benefit obligation	**₱75,509,724**	₱60,426,433
Fair value of plan assets	**(49,809,980)**	(46,728,130)
Net pension benefit liability	**₱25,699,744**	₱13,698,303

The cumulative remeasurement loss on defined benefit plan closed to retained earnings follows:

	2022	2021
Beginning balances	**(₱12,406,973)**	(₱16,006,197)
Remeasurement gain (loss) during the year	**(8,913,793)**	3,599,224
Ending balances	**(₱21,320,766)**	(₱12,406,973)

Movements in the net pension liability during the years ended December 31 follow:

	2022	2021
Beginning balances	**₱13,698,303**	₱20,078,113
Retirement benefits cost	**5,516,212**	6,143,556
Remeasurement loss (gain)	**11,885,057**	(6,323,366)
Contributions	**(5,399,828)**	(6,200,000)
Ending balances	**₱25,699,744**	₱13,698,303

Movements of the present value of defined obligation follow:

	2022	2021
Beginning balance	**₱60,426,433**	₱65,881,027
Remeasurement loss (gain):		
Changes in financial assumptions	**(11,907,554)**	(6,672,291)
Change in demographic assumptions	**–**	–
Experience adjustments	**21,483,708**	(1,034,622)
Current service cost	**4,991,187**	5,521,259
Interest cost	**2,876,379**	2,271,341
Benefits paid	**(2,360,429)**	(5,540,281)
Ending balance	**₱75,509,724**	₱60,426,433

Changes in the fair value of plan assets follow:

	2022	2021
Beginning balance	**₱46,728,130**	₱45,802,914
Contributions	**5,399,828**	6,200,000
Interest income included in net interest cost	**2,351,354**	1,649,944
Benefits paid	**(2,360,429)**	(5,540,281)
Return on asset excluding amount included in net interest cost	**(2,308,903)**	(1,383,547)
Ending balance	**₱49,809,980**	₱46,729,030

Actual return on plan assets amounted to ₱42,451 and ₱265,497 in 2022 and 2021, respectively.

The distribution of the net plan assets at year-end are as follows:

	2022	2021
Cash and cash equivalents	**₱804**	₱804
Government bonds	**39,123,396**	39,123,396
Equity investments	**7,614,179**	5,034,266
Receivable	**3,081,850**	2,579,913
Liabilities	**(10,249)**	(10,249)
Net plan assets	**₱49,809,980**	₱46,728,130

All investments have quoted prices in active market. The Company's plan assets are concentrated on government bonds.

The latest actuarial valuation report of the plan is as of December 31, 2022. The principal assumptions used to determine pension benefits costs for the period ended December 31 are as follows:

	2022	2021
Discount rate, January 1	**4.98%**	3.66%
Discount rate, December 31	**7.13%**	4.98%
Salary increase rate, January 1	**2.50%**	2.50%
Salary increase rate, December 31	**2.50%**	2.50%

There are no changes in the method of computing for sensitivity analysis for the years ended December 31, 2022 and 2021. The pension benefit liability is subject to several key assumptions.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation assuming if all other assumptions were held constant:

As of December 31, 2022:	**Increase (decrease) in basis points**	**Increase (decrease) in defined benefit obligation**
Discount rate	**+1.00%**	**₱4,571,760**
	-1.00%	**(5,147,516)**
Salary increase rate	**+1.00%**	**(5,718,076)**
	-1.00%	**5,141,365**

As of December 31, 2021:	Increase (decrease) in basis points	Increase (decrease) in defined benefit obligation
Discount rate	+1.00%	(₱4,338,296)
	-1.00%	4,949,332
Salary increase rate	+1.00%	5,331,028
	-1.00%	(4,739,341)

The Company does not currently employ any asset-liability matching.

The employees' profile of the Company as of December 31 follows:

	2022	2021
Number of plan members	**483**	464
Average age in years	**40.4**	40.57
Average remaining working life	**9.00**	10
Average years of past service	**9.65**	9.86
Total annual compensation	**₱127,598,396**	₱96,906,689
Average annual compensation	**₱264,179**	₱208,851

The plan is underfunded by ₱37.5 million and ₱13.6 million based on funding valuation as of December 31, 2022 and 2021, respectively. While there are no minimum funding standards in the Philippines, the size of underfunding may pose a cash flow risk in about seven years' time when the total expected benefit payments would have exhausted the assets currently in the fund.

Shown below is the maturity analysis of the undiscounted expected benefit payments.

As of December 31, 2022:

Plan year	**Normal retirement**	**Other than normal retirement**	**Total**
Less than one year	**₱5,172,418**	**₱5,705,977**	**₱10,878,395**
More than one year to five years	**14,654,422**	**20,995,357**	**35,649,779**
More than five years to 10 years	**23,489,580**	**28,464,901**	**51,954,481**
More than 10 years to 15 years	**29,332,115**	**26,487,291**	**55,819,406**
More than 15 years to 20 years	**31,762,858**	**18,525,201**	**50,288,059**
More than 20 years	**44,962,762**	**25,350,862**	**70,313,624**
	₱149,374,155	**₱125,529,589**	**₱274,903,744**

As of December 31, 2021:

Plan year	Normal retirement	Other than normal retirement	Total
Less than one year	₱848,500	₱3,947,417	₱4,795,917
More than one year to five years	11,139,101	14,528,454	25,667,555
More than five years to 10 years	17,114,792	21,225,985	38,340,777
More than 10 years to 15 years	22,818,343	20,236,699	43,055,042
More than 15 years to 20 years	22,456,996	14,794,284	37,251,280
More than 20 years	35,077,668	19,979,955	55,057,623
	₱109,455,400	₱94,712,794	₱204,168,194

The average duration of the defined benefit obligation as of December 31, 2022 and 2021 is 9.13 years and 14.33 years, respectively.

The Company expects to contribute ₱6.3 million to the retirement plan in 2023.

b. *Other employee benefits*
Employees can accumulate earned vacation leave, which can be used anytime when needed by the employee or converted to cash, subject to maximum limits defined under the Company's policies and computed based on the employee's final rate upon separation (i.e., resignation or retirement). Accumulated vacation leave benefits payable, included under "Other employee benefits payable" account, amounted to ₱12.4 million and ₱12.8 million as of December 31, 2022 and 2021, respectively.

19. **Income Tax**

a. The provision for income tax consists of:

	2022	2021
Current	**₱45,544,009**	₱49,021,111
Deferred	**(1,287,060)**	
	₱44,256,949	₱50,161,949

b. The reconciliation between income tax computed at the statutory income tax rate and provision for income tax is as follows:

	2022	2021
Provision for income tax at statutory income tax rate	**₱44,147,263**	₱46,969,368
Add (deduct) the following reconciling items:		
Nondeductible expenses	**1,088,700**	850,642
Change in income tax rate of deferred income tax - net	**–**	2,411,837
Interest income subjected to a lower tax rate	**(979,014)**	(69,898)
	₱44,256,949	₱50,161,949

c. Net deferred income tax assets as of December 31 relate to the following:

	2022	2021
Deferred income tax assets		
Lease liabilities, net of ROU assets	**₱6,336,568**	₱3,866,502
Unamortized past service costs	**2,269,773**	3,380,106
Accrued vacation leave	**3,104,740**	3,206,509
Pension liability	**6,424,936**	3,424,576
Allowance for expected credit losses	**1,980,149**	1,980,149
Provision for legal contingencies	**162,334**	162,334
Net deferred income tax assets	**₱20,278,500**	₱16,020,176

d. Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

The President of the Republic of the Philippines signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. RA No. 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

Due to the enactment of CREATE Act on March 26, 2021, the Company recognized adjustments for deferred income tax of prior period amounting to ₱3.56 million recorded in profit and loss and ₱1.14 million in other comprehensive income to reflect the revised effective tax rate. Meanwhile, CREATE has no significant impact on 2021 current income tax of the Company.

20. **Financial Risk Management Objectives and Policies**

The Company's principal financial instruments consist of cash and cash equivalents, receivables, due from related parties and accounts payable and other current liabilities. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as dividends payable which arise from its operations.

The BOD reviews and approves policies for managing each of the following risks:

Credit Risk

Credit risk is the risk that the Company incurs a loss because its customers, clients or counterparties failed to discharge their contractual obligation. To mitigate this risk, it is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which includes evaluation of the customers' financial standing and determination of allowable credit limit and credit terms. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to ECL is not significant.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have significant concentrations of credit risk as the Company's customers and dealers are dispersed throughout the country.

To reduce the Company's exposure to ECL, the Company took a conservative approach in its credit risk management. A policy has been developed to ensure that processes and risk-aversion are carefully observed to eliminate dealings with business entities that may pose collection issues in the future. This policy reinforces the Company's procedures for identifying and managing exposures to credit risk. Since the Company trades only with recognized third parties, there is no requirement for collateral.

With respect to credit risk arising from other financial assets of the Company which consist of cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. There are no collaterals or other credit enhancements held over these assets.

a. Risk concentrations of the maximum exposure to credit risk

   There is a significant concentration of credit risk within the Company given that the Company has limited creditors, stockholders and local banks.

With respect to credit risk arising from the Company's financial assets, which comprise cash and receivables, the Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

The Company's exposure to credit risk arises also on sales made to related parties. The related parties have been evaluated by the Company to have the financial capability and reputation to honor their contractual obligations.

b. Credit quality of financial assets classified as debt instruments at amortized cost as at December 31, 2022 and December 31, 2021 is summarized as follows:

December 31, 2022:

	Current			**Past Due**	**Credit**	
	Minimal Risk	**Average Risk**	**High Risk**	**(1-90 Days)**	**Impaired**	**Total**
Cash in banks and cash equivalents*	**₱206,499,674**	**₱–**	**₱–**	**₱–**	**₱–**	**₱206,499,674**
Receivables						
Trade receivables	–	**63,658,153**	–	–	–	**63,658,153**
Other receivables	–	**5,922,945**	–	–	–	**5,922,945**
Due from related parties	–	**280,193,248**	–	–	**7,920,598**	**288,113,846**
	₱206,499,674	**₱349,774,346**	**₱–**	**₱–**	**₱7,920,598**	**₱564,194,618**

**Excluding cash on hand amounting to ₱632,600.*

December 31, 2021:

	Current			Past Due	Credit	
	Minimal Risk	Average Risk	High Risk	(1-90 Days)	Impaired	Total
Cash in banks and cash equivalents*	₱192,759,138	₱–	₱–	₱–	₱–	₱192,759,138
Receivables						
Trade receivables	–	33,699,215	–	–	–	33,699,215
Advances to employees and Other receivables	–	5,778,038	–	–	–	5,778,038
Due from related parties	–	342,325,351	–	–	7,920,598	350,245,949
	₱192,759,138	₱381,802,604	₱–	₱–	₱7,920,598	₱582,482,340

**Excluding cash on hand amounting to ₱640,642.*

The Company classifies credit quality risk as follows:

- *Minimal risk* - accounts with a high degree of certainty in collection, where counterparties have consistently displayed prompt settlement practices, and have little to no instance of defaults or discrepancies in payment.
- *Average risk* - active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues, but where the likelihood of collection is still moderate to high as the counterparties are generally responsive to credit actions initiated by the Company.
- *High risk* - accounts with low probability of collection and can be considered impaired based on historical experience, where counterparties exhibit a recurring tendency to default despite constant reminder and communication, or even extended payment terms.

c. Impairment analysis

For cash and cash equivalents, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For due from related parties, an impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type or by payors). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, due from related parties are written-off if the account is at least one year past due and are deemed uncollectible after subjecting to all possible collection effort activities. Outstanding ECL on due from related parties amounted to ₱7.9 million as of December 31, 2022 and 2021.

Liquidity Risk

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet or settle its obligations or at a reasonable price.

The Company's objective is to maintain continuity of funding. The Company's policy is to maximize the use of suppliers' credit for all its major purchases and limit major capital expenditures at a reasonable level. The Company monitors its risk to a shortage of funds through monitoring of financial investments and financial assets and projected cash flows from operations. The Company's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

The Company monitors its cash position by a system of cash forecasting. All expected collections, check disbursements and other payments are determined on a weekly basis to arrive at the projected cash position to cover its obligations.

The tables below summarize the maturity profile of the Company's loans and receivables held for managing liquidity and other financial liabilities based on contractual undiscounted payments.

As of December 31, 2022:

	On demand	Less than 6 months	More than 6 months but less than 1 year	Over 1 year	Total
Financial assets:					
Cash and cash equivalents	**₱207,132,274**	**₱–**	**₱–**	**₱–**	**₱207,132,274**
Receivables:					
Trade receivables	**21,567,524**	**36,127,889**	**5,145,412**	**817,328**	**63,658,153**
Other receivables	**144,907**	**4,706,415**	**133,146**	**938,477**	**5,922,945**
Due from related parties	**48,807,660**	**84,100,599**	**100,650,369**	**46,634,620**	**280,193,248**
	277,652,365	**124,934,903**	**105,928,927**	**48,390,425**	**556,906,620**
Financial liabilities:					
Accounts payable and other current liabilities*					
Trade payables	**652,904**	**5,735,845**	**304,736**	–	**6,693,485**
Accrued expenses	**8,490,008**	**21,650,418**	**1,749,581**	–	**31,890,007**
Lease liabilities					
Principal	–	**11,356,171**	**8,592,844**	**197,639,958**	**217,588,973**
Interest**	–	**6,086,680**	**3,427,291**	**44,134,267**	**53,648,238**
	9,142,912	**44,829,114**	**14,074,452**	**241,774,225**	**309,820,703**
Liquidity position (gap)	**₱268,509,453**	**₱80,105,789**	**₱91,854,475**	**(₱193,383,800)**	**₱247,085,917**

**Excluding non-financial liabilities under statutory and other payables amounting to ₱6.6 million as of December 31, 2022.*
***Forecasted interest payable*

As of December 31, 2021:

	On demand	Less than 6 months	More than 6 months but less than 1 year	Over 1 year	Total
Financial assets:					
Cash and cash equivalents	₱193,399,780	₱–	₱–	₱–	₱193,399,780
Receivables:					
Trade receivables	–	33,699,215	–	–	33,699,215
Other receivables	4,706,415	133,146	272,040	666,437	5,778,038
Due from related parties	37,406,486	143,252,523	119,810,965	41,855,377	342,325,351
	235,512,681	177,084,884	120,083,005	42,521,814	575,202,384
Financial liabilities:					
Accounts payable and other current liabilities*					
Trade payables	2,896,687	3,860,588	3,742,715	11,822,931	22,322,921
Accrued expenses	35,697,168	10,468,077	–	–	46,165,245
Notes payable					
Principal	–	1,182,316	–	–	1,182,316
Interest**	–	56,023	–	–	56,023
Lease liabilities					
Principal	–	11,289,564	5,485,580	189,523,188	206,298,332
Interest**	–	5,526,220	3,625,512	41,490,790	50,642,522
	38,593,855	32,382,788	12,853,807	242,836,909	326,667,359
Liquidity position (gap)	₱196,918,826	₱144,702,096	₱107,229,198	(₱200,315,095)	₱248,535,025

**Excluding non-financial liabilities under statutory and other payables amounting to ₱5.8 million as of December 31, 2021.*
***Forecasted interest payable*

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating in order to support its business and maximize shareholder value. The Company's capital management also includes safeguarding the entity's ability to continue as a going concern, so that it can continue to provide returns to stockholders and benefits for other stakeholders. No changes were made in the objectives, policies, or processes in 2022 and 2021. The Company is not subject to externally imposed capital requirements.

The capital being managed by the Company consists mainly of the Company's equity as disclosed in statement of financial position. The Company manages its capital structure by keeping a positive net worth in relation to its total assets.

	2022	2021
Equity	**₱950,459,015**	₱872,040,705
Total assets	**1,256,027,886**	1,191,033,264
Net worth	**75.7%**	73.19%

21. Financial Assets and Financial Liabilities

The following methods and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities for which it is practicable to estimate such value:

Cash and cash equivalents, receivables, due from related parties, accounts payable and other current liabilities (excluding non-financial liabilities under statutory and other payables), notes payable, and dividends payable.

Due to the short-term nature of transactions, the fair values of these instruments approximate the carrying amounts as of reporting date except for the long-term notes payable which has a fair value of 1.2 million as of December 31, 2021 (nil as of December 31, 2022).

Unquoted equity securities measured at FVOCI
The fair value of the investment in unquoted equity instruments recorded as part of "Other noncurrent assets" as of December 31, 2022 and 2021 was based on adjusted net asset value approach (Level 3). The investee company has no significant transactions in 2022. Management believes that the book value represents fair valuation considering that its financial statements have been prepared in accordance with PFRS and majority of its net assets are carried at fair value.

22. Revenue Regulations (RR) No. 15-2010

Below is the additional information required by RR No. 15-2010. The information is presented for purpose of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

a. Net Sales/Receipts and Output VAT declared in the Company's VAT returns filed in 2022.

In 2022, the Company declared output VAT amounting to ₱97.7 million arising from its vatable revenues/receipts which amounted to ₱814.3 million.

b. Input VAT as declared in the Company's VAT returns filed in 2022 follows:

Purchases of goods other than for resale	₱7,396,638
Purchases of services	24,549,716
	31,946,354
Less input VAT claimed as deduction against output VAT	31,946,354
Ending balances	₱–

c. The Company made importations to purchase transmitter equipment for the year with a total landed cost of ₱21.4 million inclusive of customs duties and tariff fees of ₱0.9 million.

d. Taxes and licenses are as follows:

Business and local taxes	₱5,072,302
Regulation and supervision fees	2,589,909
Real property taxes	781,664
Documentary stamp taxes	212,242
Community tax certificate	10,500
Others	5,810,866
	₱14,477,483

e. Withholding taxes

The following are the categories of the Company's withholding taxes:

Compensation and benefits	₱29,688,967
Expanded withholding taxes	8,684,595
	₱38,373,562

f. Tax assessment
In 2022, the Company has settled the tax assessments for taxable years 2018 and 2019 amounting to ₱4.0 million and ₱5.7 million, respectively. The Company has an outstanding tax assessment for taxable year 2020 as of December 31, 2022 which was settled in June 2023 amounting to ₱5.0 million.

<u>Tax cases</u>
The Company has no tax cases, litigation and/or prosecution in courts or bodies outside the BIR.

SGV
Building a better working world

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ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Radio Mindanao Network, Inc.
4th Floor, State Condominium I
Salcedo Street, Legaspi Village
Makati City

We have audited the accompanying financial statements of Radio Mindanao Network, Inc. (a subsidiary of EDCanoy Prime Holdings, Inc.) as of and for the year ended December 31, 2022, on which we have rendered the attached report dated July 10, 2023.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above Company has twelve (12) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

[redacted]

Djole S. Garcia
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 2022 to 2026 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], September 16, 2021, valid until September 15, 2024
PTR No. [redacted] January 3, 2023, Makati City

July 10, 2023

For BIR Use Only: BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No. **1702-RT** January 2018(ENCS) Page 1

Annual Income Tax Return

For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.

[redacted]

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1 For: Calendar / Fiscal
2 Year Ended (MM/20YY): 12/2022
3 Amended Return? Yes / No
4 Short Period Return? Yes / No
5 Alphanumeric Tax Code (ATC): IC055 Minimum Corporate Income Tax (MCIT)

Part I - Background Information

6 Taxpayer Identification Number (TIN)	000 - 493 - 145 - 000
7 RDO Code	126
8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*	RADIO MINDANAO NETWORK, INC.
9A Registered Address *(Indicate complete registered address)*	4/F STATE CONDOMINIUM I SALCEDO ST. LEGASPI VILLAGE MAKATI CITY
9B Zipcode	
10 Date of Incorporation/Organization (MM/DD/YYYY)	
11 Contact Number	8105008
12 Email Address	[redacted]@rmn.ph

13 Method of Deductions: Itemized Deductions [Section 34 (A-J), NIRC] / Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]

Part II - Total Tax Payable *(Do NOT enter Centavos)*

14 Total Income Tax Due (Overpayment) *(From Part IV Item 43)*		45,544,008
15 Less: Total Tax Credits/Payments *(From Part IV Item 55)*		53,239,137
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15) (From Part IV Item 56)*		(7,695,129)
Add Penalties		
17 Surcharge	0	
18 Interest	0	
19 Compromise	0	
20 Total Penalties *(Sum of Items 17 to 19)*		0
21 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Item 16 and 20)*		(7,695,129)

If Overpayment, mark "X" one box only *(Once the choice is made, the same is irrevocable)*

To be refunded / To be issued a Tax Credit Certificate (TCC) / To be carried over as tax credit next year/quarter

We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If Authorized Representative, attach authorization letter and indicate TIN)*

Signature over printed name of President/Principal Officer/Authorized Representative	Signature over printed name of Treasurer/Assistant Treasurer	22 Number of Attachments
Title of Signatory: / TIN:	Title of Signatory: / TIN:	4

Part III - Details of Payment

Particulars	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others *(Specify Below)*				
				0

Machine Validation/Revenue Official Receipts Details *(if not filed with an Authorized Agent Bank)*

Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

BIR Form No. **1702-RT** January 2018(ENCS) **Page 2**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	[redacted] 1702-RT 01/18ENCS P2

Taxpayer Identification Number (TIN)	Registered Name
000 - 493 - 145 - 000	RADIO MINDANAO NETWORK, INC.

Part IV - Computation of Tax	*(Do NOT enter Centavos)*
27 Sales/Receipts/Revenues/Fees	767,422,391
28 Less: Sales Returns, Allowances and Discounts	0
29 Net Sales/Receipts/Revenues/Fees *(Item 27 Less Item 28)*	767,422,391
30 Less: Cost of Sales/Services	455,625,720
31 Gross Income from Operation *(Item 29 Less Item 30)*	311,796,671
32 Add: Other Taxable Income Not Subjected to Final Tax	3,986,291
33 Total Taxable Income *(Sum of Items 31 and 32)*	315,782,962

Less: Deductions Allowable under Existing Law		
34 Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	133,606,929	
35 Special Allowable Itemized Deductions *(From Part VI Schedule II Item 5)*	0	
36 NOLCO *(only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)*	0	
37 Total Deductions *(Sum of Items 34 to 36)*	133,606,929	
***OR** [in case taxable under Sec 27(A) & 28(A)(1)]*		
38 Optional Standard Deduction *(40% of Item 33)*	0	

39 Net Taxable Income/(Loss) *(If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)*	182,176,033
40 Applicable Income Tax Rate	25 %
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) *(Item 39 x Item 40)*	45,544,008
42 MCIT Due *(2% of Item 33)*	3,188,346
43 Tax Due *(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)*	45,544,008

Less: Tax Credits/Payments (attach proof)	
44 Prior Year's Excess Credits Other Than MCIT	0
45 Income Tax Payment under MCIT from Previous Quarter/s	0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	26,944,211
47 Excess MCIT Applied this Current Taxable Year *(From Part VI Schedule IV Item 4)*	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	13,424,124
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	1,429,914
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	11,440,888
52 Special Tax Credits *(To Part V Item 58)*	0
Other Credits/Payments *(Specify)*	
53	0
54	0
55 Total Tax Credits/Payments *(Sum of Items 44 to 54) (To Part II Item 15)*	53,239,137
56 Net Tax Payable / (Overpayment) *(Item 43 Less Item 55)) (To Part II Item 16)*	(7,695,129)

Part V - Tax Relief Availment	
57 Special Allowable Itemized Deductions *(Item 35 of Part IV x Applicable Income Tax Rate)*	0
58 Add: Special Tax Credits *(From Part IV Item 52)*	0
59 Total Tax Relief Availment *(Sum of Items 57 and 58)*	0

BIR Form No. **1702-RT** January 2018(ENCS) **Page 3**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	[redacted] 1702-RT 01/18ENCS P3

Taxpayer Identification Number (TIN)	**Registered Name**
000 - 493 - 145 - 000	RADIO MINDANAO NETWORK, INC.

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

1 Amortizations	0
2 Bad Debts	0
3 Charitable Contributions	1,374,940
4 Depletion	0
5 Depreciation	8,758,398
6 Entertainment, Amusement and Recreation	0
7 Fringe Benefits	0
8 Interest	0
9 Losses	0
10 Pension Trust	0
11 Rental	304,811
12 Research and Development	0
13 Salaries, Wages and Allowances	68,000,081
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	1,467,410
15 Taxes and Licenses	10,340,425
16 Transportation and Travel	3,116,433
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*	
a Janitorial and Messengerial Services	0
b Professional Fees	5,928,011
c Security Services	321,547
d DIRECTOR AND MANAGEMENT FEE	12,144,386
e REPAIRS AND MAINTENANCE	2,849,274
f SUPPLIES	2,164,482
g UTILITIES AND COMMUNICATION	3,856,454
h OTHERS	12,980,277
i	0
18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Part IV Item 34)*	133,606,929

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

Description	Legal Basis	Amount
1		0
2		0
3		0
4		0
5 Total Special Allowable Itemized Deductions *(Sum of Items 1 to 4) (To Part IV Item 35)*		0

BIR Form No. **1702-RT** January 2018(ENCS) Page 4	**Annual Income Tax Return** Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	[redacted] 1702-RT 01/18ENCS P4

Taxpayer Identification Number (TIN)	**Registered Name**
000 - 493 - 145 - 000	RADIO MINDANAO NETWORK, INC.

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1 Gross Income *(From Part IV Item 33)*	0
2 Less: Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	0
3 Net Operating Loss*(Item 1 Less Item 2) (To Schedule IIIA, Item 7A)*	0

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

Net Operating Loss		B) NOLCO Applied Previous Year
Year Incurred	A) Amount	
4	0	0
5	0	0
6	0	0
7	0	0

Continuation of Schedule IIIA (Item numbers continue from table above)

C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) *[E = A Less (B + C + D)]*
4 0	0	0
5 0	0	0
6 0	0	0
7 0	0	0
8 **Total NOLCO** *(Sum of Items 4D to 7D) (To Part IV, Item 36)*	0	

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)

Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1	0	0	0
2	0	0	0
3	0	0	0

Continuation of Schedule IV *(Item numbers continue from table above)*

D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	**F) Excess MCIT Applied this Current Taxable Year**	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1 0	0	0	0
2 0	0	0	0
3 0	0	0	0
Total Excess MCIT Applied *(Sum of Items 1F to 3F) (To Part IV Item 47)*		0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

1 Net Income/(Loss) per books	176,589,052
Add: Non-deductible Expenses/Taxable Other Income	
2 NON-DEDUCTIBLE EXPENSES	13,826,418
3	0
4 Total *(Sum of Items 1 to 3)*	190,415,470
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 SUBJECT TO FINAL TAX	3,916,058
6 PROVISIONS FOR RETIREMENT AND VL	4,323,379
B) Special Deductions	
7	0
8	0
9 Total (Sum of Items 5 to 8)	8,239,437
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	182,176,033

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 000-493-145-000
Name	: RADIO MINDANAO NETWORK, INC.
RDO	: 126
Form Type	: 1702
Reference No.	: 462300054872297
Amount Payable (Over Remittance)	: -7,695,129.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2022
Date Filed	: 07/24/2023
Tax Type	: IT