GMA

ANNEX "G"

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

March 25, 2022

Securities and Exchange Commission
Secretariat Building, PICC Complex
Roxas Boulevard, Metro Manila Philippines

The management of **GMA Network, Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

FELIPE L. GOZON
Chairman of the Board
Chief Executive Officer

GILBERTO R. DUAVIT, JR.
President
Chief Operating Officer

FELIPE S. YALONG
Executive Vice President
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this ____ day of APR 0 7 2022 at QUEZON CITY affiants exhibited to me their (Felipe L. Gozon) TIN 106-174-605, (Gilberto R. Duavit, Jr.) TIN 158-147-748 and (Felipe S. Yalong) TIN 102-874-052.

Doc. No. 284
Page No. 57
Book No. 1
Series of 2022.

ATTY. LARRY T. IGUIDEZ
Notary Public
Until Dec. 31, 2022
PTR No. 2443413/1-03-22, Q.C
IBP No. 171610/1-03-22, Q.C
Roll No. 20434
MCLE Compliance No. VI-0017289, 01-24-19
Notarial Comm. Adm Matter
NP 061 (2021-22) RTC Q.C

GMA Network, Inc.
and Subsidiaries

Consolidated Financial Statements
December 31, 2021 and 2020
and Years Ended December 31, 2021, 2020 and
2019

and

Independent Auditor's Report

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number: 5 2 1 3

COMPANY NAME

G M A   N E T W O R K ,   I N C .   A N D   S U B S I D I A R I E S

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

G M A   N e t w o r k   C e n t e r ,   T i m o g   A v e n u e   c o r n e r   E D S A ,   Q u e z o n   C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A C F S	CMD	Not Applicable

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
Not applicable	8982-7777	Not applicable

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,658	5/18	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Felipe S. Yalong	FSY@gmanetwork.com	8928-5133	Not applicable

CONTACT PERSON's ADDRESS

GMA Network Center, Timog Avenue corner EDSA, Quezon City

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
GMA Network, Inc. and Subsidiaries
GMA Network Center
Timog Avenue corner EDSA
Quezon City

Opinion

We have audited the consolidated financial statements of GMA Network, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

(1) Revenue Recognition

The Group derives a significant portion of its revenue from advertising, which represents 94% of the consolidated revenue for the year ended December 31, 2021. Proper recognition of revenue from advertising is significant to our audit given the large volume of transactions processed daily and the highly automated airtime revenue process with multiple information technology (IT) interfaces from initiation to reporting. Further, there are different rates applicable depending on the time slot when the advertisements are aired which are adjusted by discounts granted by the Group on a case-by-case basis as indicated in the telecast orders. Lastly, there are variations in the timing of billings which are made depending on when the advertisements are aired.

Refer to Note 22 of the consolidated financial statements for the disclosure on details about the Group's revenues.

Audit Response

We obtained an understanding of the Group's advertising revenue process, tested the relevant internal controls and involved our internal specialist in testing the revenue-related IT controls. In addition, we selected samples of billing statements and performed re-computation. This was done by comparing the rates applied to the billing statements against the rates on the telecast orders and the billable airtime against the certificates of performance generated when the advertisements were aired. We also tested transactions taking place one month before and after year-end to check the timing of the recognition of the sample advertising revenues.

(2) Adequacy of Allowance for Expected Credit Losses on Trade Receivables

The Group applies the simplified approach in calculating expected credit losses (ECL) on trade receivables. Under this approach, the Group establishes a provision matrix that is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment. Allowance for ECL and the provision for ECL as of and for the year ended December 31, 2021 amounted to ₱909.10 million and ₱142.58 million, respectively. The use of ECL model is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures; defining default; determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts; and incorporating forward-looking information (called overlays), including the impact of the coronavirus pandemic, in calculating ECL.

Refer to Note 7 of the consolidated financial statements for the disclosure on the details of the allowance for credit losses using the ECL model.

Audit response

We obtained an understanding of the methodology used for the Group's trade receivables and assessed whether this considered the requirements of PFRS 9, *Financial Instruments*.

We (a) assessed the Group's segmentation of its credit risk exposure based on homogeneity of credit risk characteristics; (b) tested the definition of default against historical analysis of accounts and credit risk management policies and practices in place, (c) tested historical loss rates by inspecting historical recoveries and write-offs; (d) checked the classification of outstanding exposures to their corresponding aging buckets; and (e) reviewed management's consideration of forward-looking information, including the impact of the coronavirus pandemic in the calculation of ECL.

Further, we checked the data used in the ECL model, such as the historical aging analysis and default and recovery data, by reconciling data from source system reports. We also reconciled sample invoices to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are missing or insufficient data.

We recalculated impairment provisions on a sample basis.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Belinda T. Beng Hui.

SYCIP GORRES VELAYO & CO.

Belinda T. Beng Hui
Partner
CPA Certificate No. 88823
Tax Identification No. 153-978-243
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 88823-SEC (Group A)
Valid to cover audit of 2021 to 2025 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. 08-001998-078-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853472, January 3, 2022, Makati City

March 25, 2022

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
GMA Network, Inc. and Subsidiaries

Opinion

We have audited the consolidated financial statements of GMA Network, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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(3) Revenue Recognition

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Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Belinda T. Beng Hui.

SYCIP GORRES VELAYO & CO.

Belinda T. Beng Hui
Partner
CPA Certificate No. 88823
Tax Identification No. 153-978-243
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 88823-SEC (Group A)
Valid to cover audit of 2021 to 2025 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. 08-001998-078-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853472, January 3, 2022, Makati City

March 25, 2022

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Board of Directors and Stockholders
GMA Network, Inc. and Subsidiaries
GMA Network Center
Timog Avenue corner EDSA
Quezon City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of GMA Network, Inc. and Subsidiaries (the Group) as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 25, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Belinda T. Beng Hui
Partner
CPA Certificate No. 88823
Tax Identification No. 153-978-243
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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PTR No. 8853472, January 3, 2022, Makati City

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
GMA Network, Inc. and Subsidiaries
GMA Network Center
Timog Avenue corner EDSA
Quezon City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of GMA Network, Inc. and Subsidiaries (the Group) as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 25, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Belinda T. Beng Hui
Partner
CPA Certificate No. 88823
Tax Identification No. 153-978-243
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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BIR Accreditation No. 08-001998-078-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853472, January 3, 2022, Makati City

March 25, 2022

GMA NETWORK, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 31 and 32)	**₱4,793,566,154**	₱3,214,817,264
Trade and other receivables (Notes 7, 21, 31 and 32)	**7,784,545,006**	10,466,537,695
Program and other rights (Note 8)	**764,595,163**	750,736,229
Inventories (Note 9)	**1,137,425,573**	237,054,907
Prepaid expenses and other current assets (Note 10)	**1,857,739,245**	1,777,260,399
Total Current Assets	**16,337,871,141**	16,446,406,494
Noncurrent Assets		
Property and equipment:		
At cost (Note 13)	**2,985,503,552**	2,588,113,704
At revalued amounts (Notes 14 and 32)	**2,945,297,014**	2,803,196,184
Right-of-use assets (Note 28)	**123,923,786**	89,268,276
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 11, 31 and 32)	**116,711,276**	192,132,088
Investments and advances (Notes 12 and 21)	**184,791,025**	184,524,315
Program and other rights - net of current portion (Note 8)	**240,982,378**	192,229,776
Investment properties (Notes 15 and 32)	**33,487,447**	34,869,834
Deferred tax assets - net (Note 29)	**843,583,375**	1,172,719,952
Other noncurrent assets (Notes 16, 31 and 32)	**263,574,079**	235,808,847
Total Noncurrent Assets	**7,737,853,932**	7,492,862,976
TOTAL ASSETS	**₱24,075,725,073**	₱23,939,269,470

LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities (Notes 17, 31 and 32)	**₱2,697,163,970**	₱2,977,884,927
Short-term loans (Notes 18, 31 and 32)	**739,485,500**	720,345,000
Income tax payable	**1,075,750,592**	1,776,890,733
Current portion of lease liabilities (Notes 28, 31 and 32)	**17,475,682**	10,485,295
Current portion of obligations for program and other rights (Notes 19, 31 and 32)	**212,578,686**	176,182,128
Dividends payable (Notes 20, 31 and 32)	**39,589,204**	19,894,437
Total Current Liabilities	**4,782,043,634**	5,681,682,520
Noncurrent Liabilities		
Pension liability (Note 27)	**4,169,686,751**	4,915,125,689
Other long-term employee benefits (Note 27)	**393,749,230**	349,702,454
Lease liabilities - net of current portion (Notes 28, 31 and 32)	**101,910,220**	66,370,777
Dismantling provision (Note 28)	**46,097,449**	44,973,410
Obligations for program and other rights - net of current portion (Notes 19, 31 and 32)	**11,237,556**	–
Total Noncurrent Liabilities	**4,722,681,206**	5,376,172,330
Total Liabilities	**9,504,724,840**	11,057,854,850

(Forward)

	December 31	
	2021	2020
Equity		
Capital stock (Note 20)	**₱4,864,692,000**	₱4,864,692,000
Additional paid-in capital	**1,686,556,623**	1,659,035,196
Revaluation increment on land - net of tax (Note 14)	**1,832,684,129**	1,710,505,188
Remeasurement loss on retirement plans - net of tax (Note 27)	**(2,018,678,742)**	(2,596,957,048)
Net unrealized loss on financial assets at FVOCI - net of tax (Note 11)	**(117,945,532)**	(47,709,492)
Retained earnings (Note 20)	**8,222,610,450**	7,253,764,093
Treasury stocks (Note 20)	**–**	(28,483,171)
Underlying shares of the acquired Philippine Deposit Receipts (Note 20)	**–**	(5,790,016)
Total equity attributable to equity holders of the Parent Company	**14,469,918,928**	12,809,056,750
Non-controlling interests (Note 2)	**101,081,305**	72,357,870
Total Equity	**14,571,000,233**	12,881,414,620
TOTAL LIABILITIES AND EQUITY	**₱24,075,725,073**	₱23,939,269,470

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2020	2019
REVENUES (Note 22)	**₱22,450,323,397**	₱19,335,895,538	₱16,493,452,212
PRODUCTION COSTS (Note 23)	**4,876,549,005**	3,452,138,359	6,435,153,765
COST OF SALES (Note 9)	**418,141,643**	479,417,099	–
GROSS PROFIT	**17,155,632,749**	15,404,340,080	10,058,298,447
GENERAL AND ADMINISTRATIVE EXPENSES (Note 24)	**7,260,929,700**	6,847,818,011	6,325,456,794
OTHER INCOME (EXPENSE) - NET			
Foreign currency exchange gain (loss) (Note 18)	**(51,861,281)**	(47,023,770)	(34,892,931)
Interest expense (Notes 18 and 28)	**(48,692,493)**	(20,545,123)	(55,595,345)
Interest income (Note 6)	**16,235,317**	13,715,413	22,906,786
Equity in net earnings of joint ventures (Note 12)	**(1,045,954)**	3,908,740	13,420,076
Others - net (Note 26)	**137,857,160**	85,174,767	87,766,566
	52,492,749	35,230,027	33,605,152
INCOME BEFORE INCOME TAX	**9,947,195,798**	8,591,752,096	3,766,446,805
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 29)			
Current	**2,400,634,670**	2,728,650,540	1,200,778,143
Deferred	**(22,585,153)**	(144,232,767)	(73,607,958)
	2,378,049,517	2,584,417,773	1,127,170,185
NET INCOME	**7,569,146,281**	6,007,334,323	2,639,276,620
OTHER COMPREHENSIVE INCOME (LOSS) - net of tax			
Items not to be reclassified to profit or loss in subsequent periods:			
Net changes in the fair market value of financial assets at FVOCI (Note 11)	**(70,236,040)**	(45,464,038)	2,805,891
Revaluation increment on land (Note 14)	**122,178,941**	–	–
Remeasurement gain (loss) on retirement plans (Note 27)	**575,619,706**	(1,261,623,143)	(300,697,741)
	627,562,607	(1,307,087,181)	(297,891,850)
TOTAL COMPREHENSIVE INCOME	**₱8,196,708,888**	₱4,700,247,142	₱2,341,384,770
Net income attributable to:			
Equity holders of the Parent Company	**₱7,530,114,246**	₱5,984,584,939	₱2,618,460,706
Non-controlling interests (Note 2)	**39,032,035**	22,749,384	20,815,914
	₱7,569,146,281	₱6,007,334,323	₱2,639,276,620
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱8,160,335,453**	₱4,680,682,825	₱2,320,788,743
Non-controlling interests (Note 2)	**36,373,435**	19,564,317	20,596,027
	₱8,196,708,888	₱4,700,247,142	₱2,341,384,770
Basic / Diluted Earnings Per Share (Note 30)	**₱1.548**	₱1.231	₱0.539

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 20)	Additional Paid-in Capital	Revaluation Increment on Land - net of tax (Note 14)	Remeasurement Loss on Retirement Plans - net of tax (Note 27)	Net Unrealized Loss on Financial Assets at FVOCI - net of tax (Note 11)	Retained Earnings (Note 20)	Treasury Stocks (Note 20)	Underlying Shares of the Acquired Philippine Deposit Receipts (Note 20)	Total	Non-controlling Interests (Note 2)	Total Equity
Balances at January 1, 2021	₱4,864,692,000	₱1,659,035,196	₱1,710,505,188	(₱2,596,957,048)	(₱47,709,492)	₱7,253,764,093	(₱28,483,171)	(₱5,790,016)	₱12,809,056,750	₱72,357,870	₱12,881,414,620
Total comprehensive income:											
Net income	–	–	–	–	–	7,530,114,246	–	–	7,530,114,247	39,032,035	7,569,146,281
Other comprehensive income (loss)	–	–	–	758,694,632	(70,236,040)	–	–	–	688,458,592	(2,658,600)	685,799,992
Change in tax rate	–	–	122,178,941	(180,416,326)	–	–	–	–	(58,237,385)	–	(58,237,385)
Contribution to the retirement funds	–	27,521,427	–	–	–	–	28,483,171	5,790,016	61,794,614	–	61,794,614
Cash dividends - ₱1.35 a share (Note 20)	–	–	–	–	–	(6,561,267,889)	–	–	(6,561,267,890)	–	(6,561,267,889)
Cash dividends to non-controlling interests (Note 2)	–	–	–	–	–	–	–	–	–	(7,650,000)	(7,650,000)
Balances at December 31, 2021	₱4,864,692,000	₱1,686,556,623	₱1,832,684,129	(₱2,018,678,742)	(₱117,945,532)	₱8,222,610,450	₱–	₱–	₱14,469,918,928	₱101,081,305	₱14,571,000,233

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 20)	Additional Paid-in Capital	Revaluation Increment on Land - net of tax (Note 14)	Remeasurement Loss on Retirement Plans - net of tax (Note 27)	Net Unrealized Loss on Financial Assets at FVOCI - net of tax (Note 11)	Retained Earnings (Note 20)	Treasury Stocks (Note 20)	Underlying Shares of the Acquired Philippine Deposit Receipts (Note 20)	Total	Non-controlling Interests (Note 2)	Total Equity
Balances at January 1, 2020	₱4,864,692,000	₱1,659,035,196	₱1,710,505,188	(₱1,338,518,972)	(₱2,245,454)	₱2,727,238,685	(₱28,483,171)	(₱5,790,016)	₱9,586,433,456	₱70,643,553	₱9,657,077,009
Total comprehensive income:											
Net income	–	–	–	–	–	5,984,584,939	–	–	5,984,584,939	22,749,384	6,007,334,323
Other comprehensive income (loss)	–	–	–	(1,258,438,076)	(45,464,038)	–	–	–	(1,303,902,114)	(3,185,067)	(1,307,087,181)
Cash dividends - ₱0.30 a share (Note 20)	–	–	–	–	–	(1,458,059,531)	–	–	(1,458,059,531)	–	(1,458,059,531)
Cash dividends to non-controlling interests (Note 2)	–	–	–	–	–	–	–	–	–	(17,850,000)	(17,850,000)
Balances at December 31, 2020	₱4,864,692,000	₱1,659,035,196	₱1,710,505,188	(₱2,596,957,048)	(₱47,709,492)	₱7,253,764,093	(₱28,483,171)	(₱5,790,016)	₱12,809,056,750	₱72,357,870	₱12,881,414,620
Balances at January 1, 2019	₱4,864,692,000	₱1,659,035,196	₱1,710,505,188	(₱1,038,041,118)	(₱5,051,345)	₱2,295,867,276	(28,483,171)	(5,790,016)	₱9,452,734,010	₱62,797,526	₱9,515,531,536
Total comprehensive income:											
Net income	–	–	–	–	–	2,618,460,706	–	–	2,618,460,706	20,815,914	2,639,276,620
Other comprehensive income (loss)	–	–	–	(300,477,854)	2,805,891	–	–	–	(297,671,963)	(219,887)	(297,891,850)
Cash dividends - ₱0.45 a share (Note 20)	–	–	–	–	–	(2,187,089,297)	–	–	(2,187,089,297)	–	(2,187,089,297)
Cash dividends to non-controlling interests (Note 2)	–	–	–	–	–	–	–	–	–	(12,750,000)	(12,750,000)
Balances at December 31, 2019	₱4,864,692,000	₱1,659,035,196	₱1,710,505,188	(₱1,338,518,972)	(₱2,245,454)	₱2,727,238,685	(₱28,483,171)	(₱5,790,016)	₱9,586,433,456	₱70,643,553	₱9,657,077,009

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱9,947,195,798**	₱8,591,752,096	₱3,766,446,805
Adjustments to reconcile income before income tax to net cash flows:			
Program and other rights usage (Notes 8 and 23)	**1,007,347,795**	703,415,807	988,703,737
Pension expense (Note 27)	**639,758,700**	646,198,143	402,209,767
Depreciation (Notes 13, 15, 23, 24 and 28)	**607,773,037**	545,575,201	577,704,447
Provision for ECL (Notes 7 and 24)	**142,577,080**	347,195,883	18,297,347
Contributions to retirement plan assets (Note 27)	**(277,799,873)**	(259,000,000)	(266,448,811)
Amortization of software costs (Notes 16 and 24)	**49,706,646**	40,264,073	26,788,389
Net unrealized foreign currency exchange loss	**33,545,633**	27,377,082	30,284,446
Interest expense (Notes 18 and 28)	**48,692,493**	20,545,123	55,595,345
Net gain on sale of property and equipment and investment properties (Notes 13, 15 and 26)	**(50,519,791)**	(17,250,932)	(21,368,209)
Interest income (Note 6)	**(16,235,317)**	(13,715,413)	(22,906,786)
Equity in net earnings of joint ventures (Note 12)	**1,045,954s**	(3,908,740)	(13,420,076)
Dividend income (Notes 11 and 26)	–	–	–
Provision for impairment of investment properties (Note 15)	–	–	–
Working capital changes:			
Decreases (increases) in:			
Trade and other receivables	**2,563,963,601**	(5,589,407,239)	(492,922,233)
Program and other rights	**(1,069,959,331)**	(607,591,883)	(1,090,259,250)
Prepaid expenses and other current assets	**(980,774,896)**	(1,095,413,947)	(273,963,440)
Increases (decreases) in:			
Trade payables and other current liabilities	**(253,461,951)**	571,870,472	239,761,995
Obligations for program and other rights	**47,539,541**	45,573,277	18,449,846
Other long-term employee benefits	**44,046,776**	13,301,414	37,557,312
Benefits paid out of Group's own funds (Note 27)	**(36,744,104)**	(9,686,893)	(7,955,884)
Cash flows provided by operations	**12,447,697,791**	3,957,093,524	3,972,554,747
Income taxes paid	**(3,101,774,811)**	(1,464,143,968)	(1,113,334,541)
Interest received	**15,421,941**	13,808,751	24,981,846
Net cash flows from operating activities	**9,361,344,921**	2,506,758,307	2,884,202,052
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 13)	**(999,316,838)**	(421,235,387)	(673,419,792)
Software costs (Note 16)	**(51,190,237)**	(10,616,139)	(65,484,770)
Land at revalued amount (Note 14)	**(142,100,830)**	–	–
Proceeds from:			
Sale of property and equipment (Note 13)	**58,438,591**	22,797,518	21,186,426
Sale of investment properties (Note 15)	–	–	4,910,714
Decreases (increases) in other noncurrent assets	**(11,627,909)**	55,903,451	(75,898,945)
Advances to an associate and joint ventures (Notes 12 and 21)	**(1,809,712)**	(848,826)	(8,131,342)

(Forward)

	Years Ended December 31		
	2021	2020	2019
Cash dividends received	**₱–**	₱381,500	₱–
Return of investment in financial asset at FVOCI (Note 11)	**–**	–	–
Collection from an associate and joint ventures (Notes 12 and 21)	**497,048**	–	–
Net cash flows used in investing activities	**(1,147,109,887)**	(353,617,883)	(796,837,709)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of short-term loans (Notes 18 and 33)	**4,479,150,000**	984,340,000	1,517,500,000
Payments of:			
Cash dividends (Notes 2, 20 and 33)	**(6,549,223,122)**	(1,474,749,102)	(2,198,159,065)
Short-term loans (Notes 18 and 33)	**(4,542,575,000)**	(641,895,000)	(1,617,500,000)
Principal portion of lease liabilities (Notes 28 and 33)	**(26,744,140)**	(21,762,363)	(21,694,663)
Interest expense (Note 33)	**(38,330,656)**	(12,856,998)	(45,663,399)
Net cash flows used in financing activities	**(6,677,722,918)**	(1,166,923,463)	(2,365,517,127)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,536,512,116**	986,216,961	(278,152,784)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**42,236,774**	(26,371,353)	(25,980,882)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,214,817,264**	2,254,971,656	2,559,105,322
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱4,793,566,154**	₱3,214,817,264	₱2,254,971,656

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

GMA Network, Inc. (GNI or the Parent Company) and its subsidiaries (collectively referred to as "the Group") are incorporated in the Philippines. The Group is primarily involved in the business of radio and television broadcasting. The Group is also involved in film production and other information and entertainment-related businesses. The Parent Company was registered with the Philippine Securities and Exchange Commission (SEC) on June 14, 1950. On July 20, 1995, the Board of Directors (BOD) approved the extension of the corporate term of the Parent Company for another 50 years from June 14, 2000. In 1997, the SEC approved the said extension.

The Parent Company's shares of stock are publicly listed and traded in the Philippine Stock Exchange.

The registered office address of the Parent Company is GMA Network Center, Timog Avenue corner EDSA, Quezon City.

The accompanying consolidated financial statements of the Group were approved and authorized for issuance by the BOD on March 25, 2022.

2. Basis of Preparation and Consolidation, Statement of Compliance and Changes in Accounting Policies and Disclosures

Basis of Preparation
The consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) and land at revalued amounts, which are measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021. The Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Right arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Parent Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, NCI and other components of equity while any resultant gain or loss is recognized in the consolidated statement of comprehensive income. Any investment retained is recognized at fair value.

NCI represents the portion of profit or loss and the net assets not held by owners of the Parent Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to holders of the Parent Company. NCI shares in losses even if the losses exceed the non-controlling equity interest in the subsidiary. NCI represents the equity interest in RGMA Network, Inc. (RGMA Network), a subsidiary incorporated in the Philippines with principal place of business at GMA Network Center, Timog Avenue corner EDSA Quezon City.

The consolidated financial statements include additional information about subsidiary that have NCI that are material to the Parent Company. Management determined material partly-owned subsidiary as those with greater than 5% of non-controlling interests and/or subsidiaries whose activities are important to the Group as at end of the year.

Financial information of RGMA Network, a subsidiary that has material NCI, are summarized below:

	2021	2020
Proportion of equity interest held by NCI	**51%**	51%
Accumulated balances of material NCI	**₱101,081,305**	₱72,357,870
Net income allocated to material NCI	**39,032,035**	22,749,384

The summarized financial information of RGMA Network are provided below.

Summarized Statements of Comprehensive Income

	2021	2020	2019
Revenues	**₱340,609,783**	₱283,910,546	₱265,084,575
Expenses	**(242,989,698)**	(220,191,603)	(202,103,725)
Provision for income tax	**(21,086,683)**	(19,112,307)	(22,165,333)
Net income	**76,533,402**	44,606,636	40,815,517
Other comprehensive income (loss)	**(5,212,941)**	(6,245,230)	(431,151)
Total comprehensive income	**₱71,320,461**	₱38,361,406	₱40,384,366
Net income attributable to:			
NCI	**₱39,032,035**	₱22,749,384	₱20,815,914
Parent Company	**37,501,367**	21,857,252	19,999,603
Total comprehensive income attributable to:			
NCI	**₱36,373,435**	₱19,564,317	₱20,596,027
Parent Company	**34,947,026**	18,797,089	19,788,339

Summarized Statements of Financial Position

	2021	2020
Total current assets	**₱271,241,324**	₱232,111,479
Total noncurrent assets	**52,017,880**	36,449,915
Total current liabilities	**31,240,973**	42,339,392
Total noncurrent liabilities	**92,031,658**	84,343,827
Total equity	**199,986,573**	141,878,175
Attributable to NCI	**₱101,081,305**	₱72,357,870
Attributable to equity holders of the Parent Company	**₱98,905,268**	₱69,520,305

Summarized Cash Flows Information

	2021	2020	2019
Operating	**₱205,174,862**	(₱7,293,612)	₱68,068,256
Investing	**(7,575,777)**	(4,846,596)	(838,659)
Financing	**(15,000,000)**	(35,000,000)	(25,000,000)
Net increase (decrease) in cash and cash equivalents	**₱182,599,085**	(₱47,140,208)	₱42,229,597

In 2021 and 2020, RGMA declared and paid dividends amounting to ₱7.65 million and ₱17.85 million, respectively, to NCI.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries as at December 31, 2021 and 2020:

	Principal Activities	Percentage of Ownership Direct	Percentage of Ownership Indirect
Entertainment Business:			
Alta Productions Group, Inc. (Alta)	Pre and post-production services	100	–
Citynet Network Marketing and Productions, Inc. (Citynet)	Television entertainment production	100	–
GMA Network Films, Inc.	Film production	100	–
GMA New Media, Inc. (GNMI)	Converging technology	100	–
GMA Worldwide (Philippines), Inc.*	International marketing, handling foreign program acquisitions and international syndication of the Parent Company's programs	100	–
Scenarios, Inc.**	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation services	100	–
RGMA Marketing and Productions, Inc.	Music recording, publishing and video distribution	100	–
RGMA Network	Radio broadcasting and management	49	–
Script2010, Inc.***	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation and manpower services	–	100
Holding Company:			
GMA Ventures, Inc. (GVI)	Identifying, investing in, and/or building strong and sustainable businesses	100	–
Advertising Business:			
GMA Marketing & Productions, Inc. (GMPI)****	Exclusive marketing and sales arm of Parent Company's airtime, events management, sales implementation, traffic services and monitoring	100	–
Digify, Inc.*****	Crafting, planning and handling advertising and other forms of promotion including multi-media productions	–	100
Others:			
Media Merge Corporation******	Business development and operations for the Parent Company's online publishing and advertising intiatives	–	100
Ninja Graphics, Inc.*******	Ceased commercial operations in 2004.	–	51

**Ceased commercial operations in 2020*
***Under liquidation*
****Indirectly owned through Citynet*
*****Ceased commercial operations in 2015*
******Indirectly owned through GNMI*
*******Indirectly owned through GNMI; ceased commercial operations in 2020*
********Indirectly owned through Alta; ceased commercial operations in 2004*

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new pronouncements starting January 1, 2021.

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

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and

- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

The Group adopted the amendment beginning April 1, 2021. These amendments had no impact on the financial statements of the Group.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:
  - The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The Group adopted the amendments beginning January 1, 2021. These amendments had no impact on the financial statements of the Group.

New Accounting Standards, Interpretations and Amendments to Existing Standards
Effective Subsequent to December 31, 2021

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

Effective beginning on or after January 1, 2022

- 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.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

The Group is currently assessing the impact of adopting these amendments.

- Amendments to PAS 16, *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.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Group.

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

  These amendments are not expected to have any impact to the Group.

- *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 by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- 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. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

- 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.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

  The Group is currently assessing the impact of adopting these amendments.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

  The Group is currently assessing the impact of adopting these amendments.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

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

  PFRS 17 is not applicable to the Group since it is not engaged in providing insurance nor issuing 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 amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  The Group is currently assessing the impact of adopting these amendments.

3. Summary of Significant Accounting and Financial Reporting Policies

Current versus Noncurrent Classification
The Group presents assets and liabilities in consolidated statement of financial position based on current/noncurrent classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- 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 noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

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

The Group also modifies classification of prior year amounts to conform to current year's presentation.

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

Fair Value Measurement
The Group measures financial instruments at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Disclosures for significant estimates and assumptions, see Note 4
- Quantitative disclosures of fair value measurement hierarchy, see Note 32
- Land, see Note 14
- Investment properties, see Note 15
- Financial instruments (including those carried at amortized cost), see Note 32

Fair value is the estimated 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 by the Group.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

For the purpose of fair value disclosures, the Group 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 as explained above.

"Day 1" Difference
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated statement of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where the data used is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference amount.

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

Financial Assets

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, 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 Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

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

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

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

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

- financial assets at amortized cost (debt instruments)
- financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- financial assets at FVPL

The Group does not have debt instruments at FVOCI and financial assets at FVPL as at December 31, 2021 and 2020.

Financial Assets at Amortized Cost (Debt Instruments). The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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

The Group's financial assets at amortized cost includes cash and cash equivalents, trade and other receivables and refundable deposits (included under "Other noncurrent assets" account in the consolidated statement of financial position) as at December 31, 2021 and 2020 (see Notes 6, 7, 16 and 31).

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as "Dividend income" included under "Others - Net" account in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group 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 Group elected to classify irrevocably under this category its listed and non-listed equity instruments and investment in quoted club shares as at December 31, 2020 and 2019 (see Notes 11 and 31).

Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
  - the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

The Group recognizes an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group 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.

For other financial assets such as due from related parties and advances to associates and joint ventures, the Group applies a general approach which measures ECL on either a 12-month or lifetime basis depending on whether a significant increase in credit risks has occurred since initial recognition or whether an asset is considered to be credit-impaired, adjusted for the effects of collateral, forward-looking factors and time value of money.

For cash and cash equivalents, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit rating of the debt instrument or comparable instruments.

The Group, in general, considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off, in whole or in part, when the asset is considered uncollectible, the Group has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

<u>Financial Liabilities</u>
Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade payables and other current liabilities (excluding payable to government agencies, customers' deposits and contract liabilities), short-term loans, obligations for program and other rights, dividends payable and lease liabilities.

Subsequent Measurement. The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at FVPL. Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL as at December 31, 2021 and 2020.

Loans and Borrowings. After initial recognition, interest-bearing loans and borrowings and other payables 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 "Interest expense" in the consolidated statement of comprehensive income.

This category generally applies to trade payables and other current liabilities (excluding payable to government agencies, customers' deposits and contract liabilities), short-term loans, obligations for program and other rights, dividends payable and lease liabilities (see Notes 17, 18, 19, 20, 28 and 31).

Derecognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Classification of Financial Instruments Between Liability and Equity

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

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

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

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting of Financial Instruments

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

Program and Other Rights
Program and other rights with finite lives are stated at cost less amortization and impairment in value. The estimated useful lives and the amortization method used depend on the manner and pattern of usage of the acquired rights. The cost of program and other rights with multiple number of runs within a specified term is amortized using straight line method up to the date of expiry.

From September 1, 2019, the Group changed its accounting policy for amortizing the cost of program and other rights with no definite expiration from accelerated method based on the sum of the year's digit of ten years with salvage value of 10% of the total cost to straight-line method over ten years based on the current book values so as to allow recognition of amortization equally and to be consistent with the method of amortizing program rights with multiple number of runs within a specified term. Management takes the view that this policy provides reliable and more relevant information because it is reflective of the pattern of consumption of program rights.

Amortization expense is shown as "Program and other rights usage" included under "Production costs" account in the consolidated statement of comprehensive income.

For series of rights acquired, the cost is charged to profit or loss as each series is aired on a per episode basis.

For rights intended for airing over the international channels, the cost is amortized on a straight-line basis over the number of years indicated in the contract.

Prepaid Production Costs
Prepaid production costs, included under "Prepaid expenses and other current assets" account in the consolidated statement of financial position, represent costs paid in advance prior to the airing of the programs or episodes. These costs include talent fees of artists and production staff and other costs directly attributable to production of programs. These are charged to expense under "Production costs" account in the consolidated statement of comprehensive income upon airing of the related program or episodes. Costs related to previously taped episodes determined not to be aired are charged to expense.

Inventories
Merchandise inventory and materials and supplies inventory is stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value of inventories that are for sale is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Net realizable value of inventories not held for sale is the current replacement cost.

Tax Credits
Tax credits represent claims from the government arising from airing of government commercials and advertisements availed under Presidential Decree (PD) No. 1362. Pursuant to PD No. 1362, these will be collected in the form of tax credits which the Group can use in paying for import duties and taxes on imported broadcasting related equipment. The tax credits cannot be used to pay for any other tax obligation to the government.

As at December 31, 2021 and 2020, the Group's tax credits are classified as current under "Prepaid expenses and other current assets" account in the consolidated statement of financial position.

Advances to Suppliers
Advances to suppliers, included under "Prepaid expenses and other current assets" account in the consolidated statement of financial position, are noninterest-bearing and are generally applied to acquisition of inventories, programs and other rights, availments of services and others.

Property and Equipment
Property and equipment, except for land, are stated at cost, net of accumulated depreciation and amortization and impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in profit or loss as incurred.

Land is measured at fair value less accumulated impairment losses, if any, recognized after the date of the revaluation. Valuations are generally performed every three to five years or more frequently as deemed necessary to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recorded in other comprehensive income and hence, credited to the "Revaluation increment on land - net of tax" account under equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case, the increase is recognized in profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the "Revaluation increment on land - net of tax" account.

Depreciation and amortization are computed on a straight-line basis over the following estimated useful lives of the assets:

Buildings, towers and improvements	11-20 years
Antenna and transmitter systems and broadcast equipment	5-10 years
Communication and mechanical equipment	3-5 years
Transportation equipment	4-5 years
Furniture, fixtures and equipment	5 years

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. 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 asset) is included in profit or loss when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation and amortization are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization is credited or charged to current operations.

Construction in progress is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Investment Properties
Investment properties consist of real estate held for capital appreciation and rental.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties, except land, are measured at cost less accumulated depreciation and amortization and impairment in value. Land is stated at cost less any impairment in value.

Depreciation and amortization are computed using the straight-line method over 11-20 years.

The remaining useful lives and depreciation and amortization method are reviewed and adjusted, if appropriate, at each financial year-end.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefits are 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 period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment in Artworks
Investment in artworks, included under "Other noncurrent assets" account in the consolidated statement of financial position, is stated at cost less any impairment in value.

Software Costs
Costs incurred in the acquisition and customization of new software, included under "Other noncurrent assets" account in the consolidated statement of financial position, are capitalized and amortized on a straight-line basis over three to ten years.

Impairment of Nonfinancial Assets
The carrying values of program and other rights, prepaid production costs, deferred production costs, tax credits, investments and advances, property and equipment, right-of-use assets, investment properties, software costs and investment in artworks are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets are considered impaired and are written down to their recoverable amount. The recoverable amount of these nonfinancial assets is the greater of an asset's or cash-generating unit's fair value less cost to sell or value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. Impairment losses, if any, are recognized in profit or loss in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the recoverable amount is estimated. A previously recognized impairment loss, except for land at revalued amount where the revaluation is taken to OCI, is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization charges are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. For land at revalued amounts, the reversal of impairment is also recognized in OCI up to the amount of any previous revaluation.

In the case of investments in associate and interests in joint ventures, after application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's investments in associate and interests in joint ventures. The Group determines at each reporting period whether there is any objective evidence that the investments in associate and interests in joint ventures are impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount of investments in associate and interests in joint ventures, and the acquisition cost and recognizes the amount in the consolidated statement of comprehensive income.

Investments in an Associate and Joint Ventures
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Group's share of the results of operations of the associate or joint venture is included in profit or loss. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and NCI in the subsidiaries of the associate or joint venture.

If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group discontinues recognizing its share of further losses.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss under "Equity in net earnings (losses) of joint ventures" in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of comprehensive income.

<u>Equity</u>
Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value are recognized as additional paid-in capital.

Retained earnings include all current and prior period results of operations as reported in the consolidated statement of comprehensive income, net of any dividend declaration, adjusted for the effects of changes in accounting policies as may be required by PFRS' transitional provisions.

<u>Treasury Stocks and Underlying Shares of the Acquired Philippine Deposit Receipts (PDRs)</u>
The Parent Company's own reacquired equity instruments are deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

Each PDR entitles the holder to the economic interest of the underlying common share of the Parent Company. The Parent Company's ownership of the PDRs are presented similar to treasury shares in the consolidated statement of financial position.

<u>Dividends on Common Shares of the Parent Company</u>
Dividends on common shares are recognized as liability and deducted from equity when approved by the BOD of the Parent Company. Dividends for the year that are approved after reporting period are dealt with as an event after reporting period.

<u>Revenue Recognition</u>

a. PFRS 15, *Revenue from Contracts with Customers*

   Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

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

Advertising Revenue. Revenue is recognized in the period the advertisements are aired.

Payments received for advertisements before broadcast (pay before broadcast) are recognized as income on the dates the advertisements are aired. Prior to liquidation, these are classified as unearned revenue under "Contract liabilities" under "Trade payables and other current liabilities" account, in the consolidated statement of financial position.

Goods received in exchange for airtime usage pursuant to exchange deal contracts executed between the Group and its customers are recorded at fair market values of assets received. Fair market value is the current market price.

Tax credits on aggregate airtime credits from government sales availed of under PD No. 1362 are recognized as revenue when there is reasonable certainty that these can be used to pay duties and taxes on imported broadcasting related equipment.

Subscription Revenue. Subscription fees are recognized over the subscription period in accordance with the terms of the subscription agreements.

Sale of goods. Sale of goods pertain to sale of set-top boxes, digital TV mobile receivers and other merchandises. Revenue is recognized at a point in time when delivery has taken place and transfer of control has been completed. These are stated net of sales discounts.

Revenue from Distribution and Content Provisioning. Revenue is recognized upon delivery of the licensed content to customers.

Production Revenue. Production revenue is recognized at a point in time when project-related services are rendered.

Commission from Artist Center. Revenue is recognized as revenue on an accrual basis in accordance with the terms of the related marketing agreements.

b. Revenue Recognition Outside the Scope of PFRS 15

Rental Income. Revenue from lease of property and equipment and investment properties is accounted for on a straight-line basis over the lease term.

Dividend Income. Revenue is recognized when the Group's right to receive payment is established.

Interest Income. Revenue is recognized as the interest accrues, taking into account the effective yield on the asset.

Equity in Net Earnings (Losses) of Joint Ventures. The Group recognizes its share in the net income or loss of joint ventures proportionate to the equity in the economic shares of such joint ventures, in accordance with the equity 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 Group through an increase in asset or reduction in liability that can be measured reliably.

Contract Balances

Trade Receivables. A receivable represents the Group'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 the accounting policies of Financial Instruments section.

Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group performs under the contract.

Incremental Costs to Obtain a Contract
The Group pays sales commissions to its account executives for each contract that they obtain for advertising agreements with customers. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (presented as part of "Marketing expense" under "General and administrative expenses" account in the consolidated statement of comprehensive income) because the amortization period of the asset that the Group otherwise would have used is less than one year.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Expenses
Expenses, presented as "Production costs", "Cost of sales", and "General and administrative expenses" in the consolidated statement of comprehensive income, are recognized as incurred.

Pension and Other Long-Term Employee Benefits
The Parent Company has a funded, noncontributory defined benefit retirement plan covering permanent employees. Other entities are covered by Republic Act (R.A.) 7641, otherwise known as "The Philippine Retirement Law", which provides for qualified employees to receive an amount equivalent to a certain percentage of monthly salary at normal retirement age. In addition, the Group has agreed to pay the cash equivalent of the accumulated unused vacation leave of the employees upon separation from the Group.

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method.

Defined Benefit Plans. The net defined 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 (if any), 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.

The cost of providing benefits under defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under "Production costs" and "General and administrative expenses" accounts in consolidated statements of comprehensive income (by function):

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income

Plan assets are assets that are held by a long-term employee benefit fund. 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). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group'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.

<u>Leases</u>

Leases. The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as Lessee. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- *Right-of-use Assets.* The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follow:

Land	2 to 12 years
Buildings, studio and office spaces	2 to 6 years

  Right-of-use assets are subject to impairment.

- *Lease Liabilities.* At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

  In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- *Short-term Leases.* The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date or initial application of PFRS 16 and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Group as Lessor. Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income from operating leases are recognized as income in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Foreign Currency-denominated Transactions
Transactions in foreign currencies are initially recorded in the functional currency exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing exchange rate at financial reporting period. All differences are taken to profit or loss in the consolidated statements of comprehensive income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. For income tax purposes, foreign exchange gains and losses are treated as taxable income or deductible expenses when realized.

Taxes

Current Income Tax. Current income tax assets and liabilities for the current period 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 are enacted or substantially enacted at reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and establishes provisions where appropriate.

Deferred Tax. Deferred tax is provided using the liability method on temporary differences at reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting period.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) 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 the carryforward benefits of excess MCIT over RCIT and unused NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws to be enacted or substantially enacted at the reporting period.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

Creditable Withholding Taxes. Creditable withholding taxes represent amounts withheld by the Group's customers and is deducted from the Group's income tax payable.

Value-added Tax (VAT). Revenue, 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 consolidated 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 consolidated statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets" or "Trade payables and other current liabilities" accounts in the consolidated statement of financial position.

Earnings Per Share (EPS)

Basic EPS is computed by dividing the net income for the year attributable to the equity holders of the Parent Company, net of income attributable to preferred shares, by the weighted average number of common shares outstanding during the year, after considering the retroactive adjustments for any stock dividends declared, if any.

Diluted EPS is calculated by dividing the net income for the year attributable to the equity holders of the Parent Company (inclusive of income attributable to preferred shares) by the weighted average number of common shares outstanding during the year, plus the weighted average number of common shares that would be issued upon conversion of all dilutive potential common shares.

Segment Reporting
For management purposes, the Group's operating businesses are organized and managed separately into television and radio airtime, international subscriptions and other business activities. Such business segments are the basis upon which the Group reports its primary segment information. The Group considers television and radio operations as the major business segment. The Group operates in two geographical areas where it derives its revenue. Financial information on business segments is presented in Note 5 to the consolidated financial statements.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

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

Events after Reporting Period
Post year-end events that provide additional information about the Group's position at the reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements and related notes at the end of the reporting period. However, uncertainty about these judgments, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

Consolidation of Entities in which the Group holds less than Majority of Voting Rights. The Group considers that it controls RGMA Network even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of RGMA Network with a 49% equity interest. The remaining 51% of the equity shares in RGMA Network are owned by several parties. Since September 27, 1995, which is the date of incorporation of RGMA Network, there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group. The carrying amount of NCI as at December 31, 2021 and 2020 are ₱101.08 million and ₱72.36 million, respectively.

Assessment of Significant Influence over the Investee. The Parent Company holds 25% ownership interest in Optima Digital, Inc. as at December 31, 2021 and 2020. Even with more than 20% voting rights, management assessed that the Parent Company does not have the power to participate in the policy-making processes, including decisions to affect its returns in the form of dividends. Further, the Parent Company does not have the ability to participate in the financial and operational policies decision-making of the investee to affect its relevant activities.

Determination of Lease Term of Contracts with Renewal and Termination Options – Group as a Lessee. The Group 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 Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group did not include the renewal period as part of the lease term for its leases as these are subject to mutual agreement and are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term because they are reasonably certain not to be exercised.

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

Total rental income amounted to ₱6.19 million, ₱6.89 million and ₱8.56 million in 2021, 2020 and 2019, respectively (see Note 26).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Estimating the Incremental Borrowing Rate. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the counterparty's stand-alone credit rating).

The Group's lease liabilities amounted to ₱119.39 million and ₱76.86 million as at December 31, 2021 and 2020, respectively (see Note 28).

Estimating Allowance for ECL. The following information explains the inputs, assumptions and techniques used by the Group in estimating ECL for trade receivables:

- Simplified approach for trade receivables

  The Group uses a simplified approach for calculating ECL on trade receivables through the use of provision matrix to calculate ECLs. The provision rates are based on days past due for groupings of customer segments that have similar loss patterns (i.e., by customer type).

  The provision matrix is initially based on the Group's historical observed default rates. The Group then calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (e.g., gross domestic product, inflation rate, unemployment rate) are expected to deteriorate over the next year which can lead to an increased number of defaults in the Group's operating segments, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

- Definition of default for trade receivables

  The Group defines a trade receivable as in default, when it meets one or more of the following criteria:

  - The counterparty is experiencing financial difficulty or is insolvent
  - The receivable is more than 360 days past due. The determination of the period is based on the Group's practice and agreement with their customers within the industry.

- Incorporation of forward-looking information

  The Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments that support the calculation of ECLs. A broad range of forward-looking information are considered as economic inputs such as the gross domestic product, inflation rate, unemployment rates and other economic indicators.

  The macroeconomic factors are aligned with information used by the Group for other purposes such as strategic planning and budgeting.

  The Group identifies and documents key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

  Predicted relationship between the key macro-economic indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

- Grouping of instruments for losses measured on collective basis

  For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a segmentation are homogeneous. The Group segmentized its receivables based on the type of customer (e.g., corporate and individuals).

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Provision for ECL amounted to ₱142.58 million, ₱347.20 million and ₱18.30 million in 2021, 2020 and 2019, respectively (see Notes 7 and 24). The allowance for ECL amounted to ₱909.10 million and ₱766.52 million as at December 31, 2021 and 2020, respectively. The carrying amounts of trade and other receivables amounted to ₱7,784.55 million and ₱10,466.54 million as at December 31, 2021 and 2020, respectively (see Note 7).

Classification and Amortization of Program and Other Rights. Portions of program and other rights are classified as current and noncurrent assets. Current portion represents those expected to be aired any time within its normal operating cycle, whereas the noncurrent portion represents those without definite expiration.

From September 1, 2019, the Group changed its accounting policy for amortizing the cost of program and other rights with no definite expiration date from accelerated method based on the sum of the year's digit of ten years with salvage value of 10% of the total cost to straight-line method over ten years based on the current book values so as to allow recognition of amortization equally and to be consistent with the method of amortizing program rights with multiple number of runs within a specified term. Management takes the view that this policy provides reliable and more relevant information because it is reflective of the pattern of consumption of the program rights.

The Group estimates the amortization of program and other rights with finite lives using straight line method up to the date of expiry and those with no definite expiration date of up to ten years, which is the manner and pattern of usage of the acquired rights. In addition, estimation of the amortization of program and other rights is based on the Group's experience with such rights. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Program and other rights usage amounted to ₱1,007.35 million, ₱703.42 million and ₱988.70 million in 2021, 2020 and 2019, respectively (see Notes 8 and 23). Program and other rights, net of accumulated impairment in value of ₱2.70 million, amounted to ₱1,005.58 million and ₱942.97 million as at December 31, 2021 and 2020, respectively (see Note 8).

Estimating Allowance for Inventory Losses. The Group provides allowance for inventory losses whenever the net realizable value becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The allowance account is reviewed periodically to reflect the accurate valuation of the inventories.

The carrying value of merchandise inventory and materials and supplies inventory in the consolidated statement of financial position amounted to ₱1,137.43 million and ₱237.05 million as at December 31, 2021 and 2020, respectively (see Note 9). There were no provisions for inventory losses in 2021, 2020 and 2019.

Estimating Useful Lives of Property and Equipment, Software Costs and Investment Properties. The Group estimates the useful lives of property and equipment, software costs and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment, software costs and investment properties are reviewed periodically and are 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 assets. In addition, estimation of the useful lives of property and equipment, software costs and investment properties is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment, software costs and investment properties would increase the recorded general and administrative expenses and decrease noncurrent assets.

There has been no change in the Group's estimate of useful lives of its property and equipment, software costs and investment properties in 2021 and 2020.

Total depreciation and amortization expense for the years ended December 31, 2021, 2020 and 2019, amounted to ₱630.37 million, ₱558.06 million and ₱573.83 million, respectively (see Notes 13, 15, 16, 23 and 24).

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

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

In 2021 and 2020, there were no additional revaluation increment on land due to insignificant movements in the fair value of the land. There is a revaluation increment on land in 2018 amounting to ₱990.37 million. The revalued amount of land, which is classified under "Property and equipment" account in the statements of financial position, amounted to ₱2,945.30 million and ₱2,803.20 million as at December 31, 2021 and 2020, respectively (see Notes 14 and 32).

Impairment of Nonfinancial Assets. For prepaid production costs, tax credits, investments and advances, property and equipment, right-of-use assets, investment properties, program and other rights, investment in artworks, deferred production costs and software costs, impairment testing is performed whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business;
- significant negative industry or economic trends; and
- obsolescence or physical damage of an asset.

The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of fair value less costs to sell or asset's value in use. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

As at December 31, 2021 and 2020, the Group did not identify any indicator of impairment on its nonfinancial assets, hence, no impairment tests were carried out.

The carrying values of nonfinancial assets as at December 31 follow:

	2021	2020
Land at revalued amounts (see Note 14)	**₱2,945,297,014**	₱2,803,196,184
Property and equipment - at cost (see Note 13)	**2,985,503,552**	2,588,113,704
Program and other rights (see Note 8)	**1,005,577,541**	942,966,005
Prepaid production costs (see Note 10)	**708,980,295**	428,553,144
Investments and advances (see Note 12)	**184,791,025**	184,524,315
Tax credits (see Note 10)	**169,447,579**	174,199,496
Software costs (see Note 16)	**113,208,864**	97,071,541
Right-of-use assets (see Note 28)	**123,923,786**	89,268,276
Investment properties (see Note 15)	**33,487,447**	34,869,834
Investment in artworks (see Note 16)	**10,186,136**	10,186,136
Deferred production costs (see Note 16)	**1,196,276**	1,061,628

Estimating Realizability of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary difference and carryforward benefits of NOLCO and excess MCIT over RCIT is based on the projected taxable income in the following periods.

Recognized deferred tax assets amounted to ₱1,485.26 million and ₱1,932.25 million as at December 31, 2021 and 2020, respectively, while unrecognized deferred tax assets amounted to ₱8.51 million and ₱8.56 million as at December 31, 2021 and 2020, respectively (see Note 29).

Pension and Other Employee Benefits. The determination of the Group's obligation and cost of pension benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 27 and include, among others, discount rate and salary increase rate. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

Pension liability amounted to ₱4,169.69 million and ₱4,915.13 million as at December 31, 2021 and 2020, respectively (see Note 27).

Determination of Fair Value of Financial Assets at FVOCI. Financial assets at FVOCI are carried and disclosed at fair value, which requires extensive use of accounting estimates and judgments. When the fair values cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The fair value of financial assets at FVOCI are enumerated in Note 32.

Determination of Fair Value of Investment Properties. PFRS requires disclosure of fair value of investment properties when measured at cost.

The Group used the services of an independent professional appraiser in estimating the fair value of properties. The appraisers conducted an actual inspection of the property and considered the following in the study and analyses in arriving at the estimate of fair value: (a) extent, character and utility of the property; (b) sales and holding prices of similar properties; and (c) highest and best use of the property. The description of valuation techniques used and key inputs to fair valuation of investment properties are enumerated in Note 15 of the consolidated financial statements.

Contingencies. The Group is currently involved in various claims and legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with legal counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material adverse effect on the Group's financial position.

5. Segment Information

Business Segments
For management purposes, the Group is organized into business units based on its products and services and has three reportable segments, as follows:

- The television and radio segment, which engages in television and radio broadcasting activities and which generates revenue from sale of national and regional advertising time.
- The international subscription segment which engages in subscription arrangements with international cable companies.
- Other businesses which include movie production, consumer products and other services.

The Executive Committee, the chief operating decision maker, and Management monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income or loss and is measured consistently with the net income or loss in the consolidated financial statements. On a consolidated basis, the Group's performance is evaluated based on consolidated net income for the year.

Geographical Segments
The Group operates in two major geographical segments - local and international. Local refers to revenues earned in the Philippines, the home country. Significant portion of the revenues earned locally pertain to television and radio airtime. International refers to revenues earned in United States and in other locations (which include Middle East, Europe, Australia, Canada, Guam, Singapore, Hongkong and Japan). The Group ties up with cable providers to bring local television programming outside the Philippines.

The Group's revenues are mostly generated in the Philippines, which is the Group's country of domicile.

Noncurrent assets consist of property and equipment, land at revalued amounts, investment properties and intangible assets which are all located in the Philippines.

The Group does not have a single external customer whose revenue accounts for 10% or more of the Group's revenues.

Inter-segment Transactions
Segment revenues, segment expenses and segment results include transfers among business segments and among geographical segments. The transfers are accounted for at competitive market prices charged to unrelated customers for similar services. Such transfers are eliminated upon consolidation.

Measurement Basis
The amount of segment assets and liabilities and segment profit or loss are based on measurement principles that are similar to those used in measuring the assets and liabilities and profit or loss in the consolidated financial statements, which is in accordance with PFRS.

Geographical	Local						International								
Business Segment	Television and radio airtime			Other businesses			International subscription			Eliminations			Consolidated		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
REVENUES															
External sales	**₱20,043,198,544**	₱16,995,165,502	₱15,101,963,669	**₱1,519,164,368**	₱1,366,560,977	₱186,329,988	**₱887,960,485**	₱974,169,059	₱1,205,158,555	**₱–**	₱–	₱–	**₱22,450,323,397**	₱19,335,895,538	₱16,493,452,212
Inter-segment sales	–	–	–	**664,531,248**	531,379,738	536,119,799	–	–	–	**(664,531,248)**	(531,379,738)	(536,119,799)	–	–	–
	₱20,043,198,544	₱16,995,165,502	₱15,101,963,669	**₱2,183,695,616**	₱1,897,940,715	₱722,449,787	**₱887,960,485**	₱974,169,059	₱1,205,158,555	**(₱664,531,248)**	(₱531,379,738)	(₱536,119,799)	**₱22,450,323,397**	₱19,335,895,538	₱16,493,452,212
NET INCOME															
Segment results	**₱7,473,391,881**	₱6,994,189,084	₱2,268,960,957	**₱1,676,386,958**	₱700,697,768	₱526,366,347	**₱734,795,951**	₱831,254,645	₱909,748,278	**₱10,128,259**	₱30,380,572	₱27,766,071	**₱9,894,703,049**	₱8,556,522,069	₱3,732,841,653
Interest expense	**(47,858,629)**	(20,188,727)	(54,935,964)	**(833,864)**	(356,396)	(659,381)	–	–	–	–	–	–	**(48,692,493)**	(20,545,123)	(55,595,345)
Foreign exchange gain (loss)	**(84,068,774)**	(8,536,333)	(13,903,776)	**2,992,061**	(1,563,956)	(2,401,508)	**29,215,432**	(36,923,481)	(18,587,647)	–	–	–	**(51,861,281)**	(47,023,770)	(34,892,931)
Interest income	**16,029,136**	12,757,893	20,509,610	**206,181**	957,520	2,403,176	–	–		–	–	–	**16,235,317**	13,715,413	22,906,786
Equity in net earnings of joint ventures	–	–	–	**(1,045,954)**	3,908,740	13,420,076	–	–	–	–	–	–	**(1,045,954)**	3,908,740	13,420,076
Other income (expenses)	**245,652,608**	194,893,594	161,322,563	**14,004,552**	65,311,872	44,260,074	–	–	–	**(121,800,000)**	(175,030,699)	(117,816,071)	**137,857,160**	85,174,767	87,766,566
Income tax	**(1,935,402,004)**	(2,115,479,505)	(687,778,631)	**(247,144,667)**	(226,138,919)	(167,543,365)	**(191,002,846)**	(238,299,349)	(267,348,189)	**(4,500,000)**	(4,500,000)	(4,500,000)	**(2,378,049,517)**	(2,584,417,773)	(1,127,170,185)
	₱5,667,744,218	₱5,057,636,006	₱1,694,168,759	**₱1,444,565,267**	₱542,816,629	₱415,845,419	**₱573,008,537**	₱556,031,815	₱623,812,442	**(₱116,171,741)**	(₱149,150,127)	(₱94,550,000)	**₱7,569,146,281**	₱6,007,334,323	₱2,639,276,620
ASSETS AND LIABILITIES															
Assets															
Segment assets	**₱22,422,877,737**	₱21,942,534,724	₱15,111,267,351	**₱1,404,096,259**	₱1,421,716,054	₱1,324,408,671	**₱586,178,847**	₱684,457,746	₱747,452,665	**(₱1,263,947,765)**	(₱1,366,141,580)	(₱1,390,741,230)	**₱23,149,205,078**	₱22,682,566,944	₱15,792,387,457
Investment in associates - at equity	**38,350,619**	38,350,619	38,350,619	**44,586,001**	45,631,955	41,723,215	–	–	–	–	–	–	**82,936,620**	83,982,574	80,073,834
Deferred tax assets	**719,410,111**	993,543,921	295,060,775	**54,258,885**	59,409,461	52,600,016	–	–	–	**69,914,379**	119,766,570	126,756,487	**843,583,375**	1,172,719,952	474,417,278
	₱23,180,638,467	₱22,974,429,264	₱15,444,678,745	**₱1,502,941,145**	₱1,526,757,470	₱1,418,731,902	**₱586,178,847**	₱684,457,746	₱747,452,665	**(₱1,194,033,386)**	(₱1,246,375,010)	(₱1,263,984,743)	**₱24,075,725,073**	₱23,939,269,470	₱16,346,878,569
Liabilities															
Segment liabilities	**₱9,304,434,001**	₱10,471,472,009	₱6,085,809,119	**₱645,895,763**	₱897,504,654	₱792,653,142	**₱214,201,882**	₱397,742,063	₱526,202,498	**(₱659,806,806)**	(₱708,863,876)	(₱714,863,199)	**₱9,504,724,840**	₱11,057,854,850	₱6,689,801,560
Other Segment Information															
Capital expenditures:															
Program and other rights and software cost	**₱1,076,648,238**	₱617,348,781	₱1,141,571,861	**₱169,014**	₱859,241	₱–	**₱50,000,000**	₱–	₱14,172,159	**₱–**	₱–	₱	**₱1,126,817,252**	₱618,208,022	₱1,155,744,020
Property and equipment	**958,963,094**	404,690,887	641,812,018	**16,544,500**	16,544,500	31,292,071	**94,848**	–	315,703	–	–	–	**975,602,442**	421,235,387	673,419,792
Land at revalued amount	**142,100,830**	–	–	–	–	–	–	–	–	–	–	–	**142,100,830**	–	–
Depreciation and amortization	**1,654,581,859**	1,262,705,381	1,565,298,847	**22,317,406**	24,454,895	22,388,187	**2,928,213**	17,094,805	20,509,539	**(15,000,000)**	(15,000,000)	(15,000,000)	**1,664,827,478**	1,289,255,081	1,593,196,573

6. Cash and Cash Equivalents

	2021	2020
Cash on hand and in banks	**₱2,919,451,027**	₱2,892,545,281
Short-term deposits	**1,874,115,127**	322,271,983
	₱4,793,566,154	₱3,214,817,264

Cash in banks earn interest at the respective bank deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Interest income earned from bank deposits and short-term deposits amounted to ₱16.24 million, ₱13.72 million and ₱22.91 million in 2021, 2020 and 2019, respectively.

7. Trade and Other Receivables

	2021	2020
Trade:		
Television and radio airtime	**₱8,136,404,457**	₱10,642,475,005
Subscriptions	**239,809,789**	264,493,491
Others	**193,276,811**	169,931,862
Nontrade:		
Advances to officers and employees	**9,363,276**	6,866,866
Others (see Note 21)	**114,786,067**	149,288,785
	8,693,640,400	11,233,056,009
Less allowance for ECL	**909,095,394**	766,518,314
	₱7,784,545,006	₱10,466,537,695

<u>Trade Receivables</u>

Television and Radio Airtime. Television and radio airtime receivables are unsecured, noninterest-bearing and are generally on 60-90 day terms upon receipt of invoice by the customers. The receivables are normally collected within 360 days.

Television and radio airtime receivables include unbilled airtime receivables, arising when advertisements have been aired but billing or acceptance by the customer has been delayed due to time lag in completing all required documents.

Subscriptions Receivable. Subscriptions receivable pertain to receivables from international channel subscriptions and advertisements. These are unsecured, noninterest-bearing and normally collected within 360 days.

Other Trade Receivables. Other trade receivables are unsecured, noninterest-bearing and are generally on 60-90 day terms upon receipt of invoice by the customers.

<u>Nontrade Receivables</u>

Advances to Officers and Employees and Other Nontrade Receivables. Advances to officers and employees and other nontrade receivables are noninterest-bearing and are normally collected within the next financial year.

Allowance for ECL on Trade Receivables

The movements in the allowance for ECLs are as follows:

	2021		
	Corporate	**Individual**	**Total**
Balance at beginning of year	**₱756,208,776**	**₱10,309,538**	**₱766,518,314**
Provision (reversal) for the year (see Note 24)	**142,978,268**	**(401,188)**	**142,577,080**
Balance at end of year	**₱899,187,044**	**₱ 9,908,350**	**₱909,095,394**

	2020		
	Corporate	Individual	Total
Balance at beginning of year	₱539,184,505	₱10,455,097	₱549,639,602
Provision (reversal) for the year (see Note 24)	347,341,442	(145,559)	347,195,883
Writeoff	(130,317,171)	–	(130,317,171)
Balance at end of year	₱756,208,776	₱10,309,538	₱766,518,314

8. Program and Other Rights

Details and movement in this account are as follows:

	2021			
	Program Rights	**Story/Format Rights**	**Program Rights - Incidentals**	**Total**
Cost:				
Balance at beginning of year	**₱894,413,394**	**₱27,147,444**	**₱24,107,427**	**₱945,668,265**
Additions	**955,453,367**	**4,657,217**	**109,848,747**	**1,069,959,331**
Program and other rights usage (see Note 23)	**(893,937,251)**	**(3,807,787)**	**(109,602,757)**	**(1,007,347,795)**
Balance at end of year	**955,929,510**	**27,996,874**	**24,353,417**	**1,008,279,801**
Accumulated impairment in value	**(2,702,260)**	–	–	**(2,702,260)**
	953,227,250	**27,996,874**	**24,353,417**	**1,005,577,541**
Less noncurrent portion	**240,982,378**	–	–	**240,982,378**
Current portion	**₱712,244,872**	**₱27,996,874**	**₱24,353,417**	**₱764,595,163**

	2020			
	Program Rights	Story/Format Rights	Program Rights - Incidentals	Total
Cost:				
Balance at beginning of year	₱983,996,591	₱30,699,307	₱26,796,291	₱1,041,492,189
Additions	536,438,931	6,724,630	64,428,322	607,591,883
Program and other rights usage (see Note 23)	(626,022,128)	(10,276,493)	(67,117,186)	(703,415,807)
Balance at end of year	894,413,394	27,147,444	24,107,427	945,668,265
Accumulated impairment in value	(2,702,260)	–	–	(2,702,260)
	891,711,134	27,147,444	24,107,427	942,966,005
Less noncurrent portion	192,229,776	–	–	192,229,776
Current portion	₱699,481,358	₱27,147,444	₱24,107,427	₱750,736,229

9. Inventories

This account consists of the following:

	2021	2020
Merchandise inventory	**₱1,120,260,877**	₱220,554,349
Materials and supplies inventory	**17,164,696**	16,500,558
	₱1,137,425,573	₱1,137,425,573

The following are the details of merchandise inventory account:

	2021	2020
Set-top box model	**₱905,944,866**	₱178,627,462
ITE chipset dongle	**214,316,011**	41,926,887
	₱1,120,260,877	₱220,554,349

Merchandise inventory consists mainly of set-top boxes, digital TV mobile receiver and other merchandises for sale by the Group. In 2020, the Group launched the GMA Affordabox, a digital box which allows users to receive clear pictures and sounds in their television sets through digital transmission. Cost of sales related to digital boxes amounted to ₱418.14 million and ₱479.42 million in 2021 and 2020, respectively.

Materials and supplies inventory includes the Group's office supplies, spare parts and production materials.

10. Prepaid Expenses and Other Current Assets

	2021	2020
Prepaid production costs	**₱708,980,295**	₱428,553,144
Advances to suppliers (see Note 28)	**607,253,805**	844,130,982
Input VAT	**225,923,751**	191,780,897
Tax credits	**169,447,579**	174,199,496
Prepaid expenses	**89,081,249**	82,521,474
Creditable withholding taxes	**55,474,553**	55,821,536
Others	**1,578,013**	252,870
	₱1,857,739,245	₱1,777,260,399

Advances to suppliers are noninterest-bearing and are generally applied to acquisition of program and other rights, inventories, availment of services and others within the next financial year.

Prepaid production costs represent costs paid in advance prior to the airing of the programs or episodes. The Group expects to air the related programs or episodes within the next financial year.

Input VAT pertains to VAT on purchase or importation of goods and services which are to be claimed and credited in the succeeding month's filing of VAT return.

Tax credits represent claims of the Parent Company from the government arising from airing of government commercials and advertisements. The Parent Company expects to utilize these tax credits within the next financial year.

Prepaid expenses include prepayments for rentals, insurance and other expenses.

Creditable withholding taxes represent amounts withheld by the Group's customers and is deducted from the Group's income tax payable.

11. Financial Assets at Fair Value Through Other Comprehensive Income

This account consists of the following:

	2021	2020
Non-listed equity instruments	**₱92,936,018**	₱74,859,083
Listed equity instruments	**23,775,258**	117,273,005
	₱116,711,276	₱192,132,088

Investment in equity instruments pertains to shares of stock and club shares which are not held for trading. The Group assessed the equity instruments to be strategic in nature.

The movement of financial assets at FVOCI are as follows:

	2021	2020
Balance at beginning of year	**₱192,132,088**	₱243,433,060
Unrealized gain (loss) on fair value changes during the year	**(75,420,812)**	(51,300,972)
Balance at end of year	**₱116,711,276**	₱192,132,088

Dividend income earned from financial assets at FVOCI amounted to nil in 2021, 2020 and 2019.

The movements in net unrealized loss on financial assets at FVOCI are as follows:

	2021	2020
Balance at beginning of year - net of tax	**(₱47,709,492)**	(₱2,245,454)
Net unrealized gain (loss) on fair value changes during the year	**(75,420,812)**	(51,300,972)
Tax effect of the changes in fair market values	**5,184,772**	5,836,934
Balance at end of year	**(₱117,945,532)**	(₱47,709,492)

IP E-Games Ventures, Inc.
In 2015, IP E-Games Ventures, Inc. (IPE) issued 13,000.00 million of its own common shares to the Group in exchange of the Group's investment in X-Play Online Games Incorporated (X-Play) and in settlement of ₱30.00 million advances and ₱50.00 million airtime credits granted by the Group to X-Play. At initial recognition, the Group recognized at fair value the IPE shares amounting to ₱130.00 million.

Of the ₱50.00 million airtime credits, ₱22.00 million has not been implemented at the date of exchange and therefore was recognized by the Group as unearned revenue presented as "Contract liabilities", included as part of "Trade payables and other current liabilities" in 2021 and 2020 (see Note 17).

12. Investments and Advances

The following are the details of this account:

	2021	2020
Investment in an associate and interests in joint ventures	**₱82,936,620**	₱83,982,574
Advances to an associate and joint ventures (see Note 21)	**101,854,405**	100,541,741
	₱184,791,025	₱184,524,315

The movements in the account are as follows:

	2021	2020
Investment in an associate and interests in joint ventures:		
Acquisition cost -		
Balance at beginning and end of year	**₱131,722,056**	₱131,722,056
Accumulated equity in net losses:		
Balance at beginning of year	**(47,739,482)**	(51,648,222)
Equity in net earnings during the year	**(1,045,954)**	3,908,740
Balance at end of year	**(48,785,436)**	(47,739,482)
	82,936,620	83,982,574
Advances to an associate:		
Balance at beginning of year	**97,722,016**	97,121,830
Advances during the year (see Note 21)	**1,809,712**	600,186
Balance at end of year	**99,531,728**	97,722,016
Advances to joint ventures:		
Balance at beginning of year	**2,819,725**	2,571,085
Advances during the year (see Note 21)	–	248,640
Payments during the year	**(497,048)**	–
Balance at end of year	**2,322,677**	2,819,725
Total investments and advances	**₱184,791,025**	₱184,524,315

The ownership interests in joint ventures and an associate, which were all incorporated in the Philippines, and are accounted for under the equity method, as at December 31, 2021 and 2020 follows:

	Principal Activities	Percentage of Ownership	
		Direct	Indirect
Associate -			
Mont-Aire Realty and Development Corporation (Mont-Aire)	Real Estate	49	–
Joint Ventures:			
INQ7 Interactive, Inc. (INQ7)*	Internet Publishing	50	–
Philippine Entertainment Portal (PEP)**	Internet Publishing	–	50
Gamespan, Inc. (Gamespan)**	Betting Games	–	50

**Not operational.*
***Indirect investment through GNMI.*

The carrying values of investments and the related advances are as follows:

	2021		
	Investments	**Advances** (Note 21)	**Total**
Associate -			
Mont-Aire	**₱38,350,619**	**₱99,531,728**	**₱137,882,347**
Joint ventures:			
Gamespan	**8,947,966**	**1,959,670**	**10,907,636**
PEP	**35,638,035**	**363,007**	**36,001,042**
	44,586,001	**2,322,677**	**46,908,678**
	₱82,936,620	**₱101,854,405**	**₱184,791,025**

	2020		
	Investments	**Advances** (Note 21)	**Total**
Associate -			
Mont-Aire	₱38,350,619	₱97,722,016	₱136,072,635
Joint ventures:			
Gamespan	8,947,966	1,959,670	10,907,636
PEP	36,683,989	860,055	37,544,044
	45,631,955	2,819,725	48,451,680
	₱83,982,574	₱100,541,741	₱184,524,315

The associate and joint ventures are not listed in any public stock exchanges.

PEP

On April 16, 2007, the Group and Summit Publishing, Co. entered into a shareholder's agreement for the establishment of PEP. The joint venture was organized to design, conceptualize, operate and maintain websites that make available all kinds of show business, entertainment and celebrity information, video or pictures in the internet worldwide web or other forms of seamless communication.

The Group recognized its share in net earnings (losses) of PEP amounting to (₱1.05 million), ₱3.91 million and ₱13.42 million in 2021, 2020 and 2019, respectively.

Gamespan

On March 22, 2012, the Group, through GNMI, executed a Shareholder's Agreement with Manila Jockey Club (MJC) for the establishment of Gamespan, a joint venture corporation. The joint venture was organized to operate and manage the hardware and software owned by MJC, set-up new media infrastructure for offering and taking bets in horse racing and other sports.

Gamespan has not started its commercial operations since its establishment. In 2014, the Group and MJC agreed to terminate its shareholder's agreement and to close Gamespan. As at December 31, 2020, the process of cessation of Gamespan is ongoing. Since Gamespan already ceased its operations, the Group did not recognize any share in net earnings in 2021, 2020 and 2019.

INQ7

Losses of INQ7 recognized under the equity method in excess of the Group's carrying value of investment were applied against its advances to the Parent Company thereby reducing both advances and investments to zero as at December 31, 2021 and 2020. INQ7 ceased operations in

2007. In 2013, INQ7 submitted a request to liquidate its assets to SEC. The liquidation is still ongoing as at December 31, 2020.

The Group believes that its interests in joint ventures are not individually material. Aggregate information of joint ventures that are not individually material are as follows:

	2021	2020	2019
The Group's share in income / total comprehensive income	**(₱1,045,954)**	₱3,908,740	₱13,420,076
Aggregate carrying value of the Group's interests and advances	**46,908,678**	48,451,681	44,294,300

Mont-Aire
The table below shows the condensed financial information of Mont-Aire as at December 31, 2021 and 2020:

Current assets	₱59,665,203
Noncurrent assets	107,619,616
	167,284,819
Current liabilities	1,066,320
Noncurrent liabilities	105,691,504
	106,757,824
Net assets	60,526,995
Proportion of the Group's ownership	49%
Carrying amount of investment	₱29,658,228

Mont-Aire ceased its commercial operations in 2009. Assets include real estate and parcels of land with an aggregate cost of ₱105.08 million and fair market value of ₱158.64 million, as determined by an accredited appraiser as at June 3, 2019, enough to cover for the carrying amount of the Group's investment in Mont-Aire. Management believes that there are no events or changes in circumstances indicating a significant unfavorable change in the fair value of the abovementioned properties from the last appraisal made.

13. Property and Equipment at Cost

	2021						
	Land, buildings, towers and improvements	Antenna and transmitter systems and broadcast equipment	Communication and mechanical equipment	Transportation equipment	Furniture, fixtures and equipment	Construction in progress and equipment for installation	Total
Cost							
At January 1, 2021	₱3,057,833,927	₱7,348,274,084	₱1,487,373,983	₱709,719,574	₱168,036,544	₱484,717,737	₱13,255,955,849
Additions	12,467,813	208,444,459	91,928,822	89,521,212	2,312,212	594,642,320	999,316,838
Disposals	(2,587,652)	(97,323,201)	(28,384,602)	(139,595,300)	(54,598)	–	(267,945,353)
Reclassifications (see Notes 10 and 16)	59,587,451	474,890,837	45,378,181	921,429	1,218,902	(596,725,148)	(14,728,348)
At December 31, 2021	3,127,301,539	7,934,286,179	1,596,296,384	660,566,915	171,513,060	482,634,909	13,972,598,986
Accumulated Depreciation							
At January 1, 2021	2,422,497,339	6,234,662,075	1,282,146,776	570,633,667	157,902,288	-	10,667,842,145
Depreciation (see Notes 23 and 24)	81,047,090	313,824,202	117,390,619	63,157,719	3,860,212	-	579,279,842
Disposals	(2,121,129)	(95,702,989)	(28,258,207)	(133,891,991))	(52,238)	–	(260,026,553)
At December 31, 2021	2,501,423,300	6,452,783,289	1,371,279,188	499,899,395	161,710,262	–	10,987,095,434
Net Book Value	₱625,878,239	₱1,481,502,890	₱225,017,196	₱160,667,520	₱9,802,798	₱482,634,909	₱2,985,503,552

	2020						
	Land, buildings, towers and improvements	Antenna and transmitter systems and broadcast equipment	Communication and mechanical equipment	Transportation equipment	Furniture, fixtures and equipment	Construction in progress and equipment for installation	Total
Cost							
At January 1, 2020	₱3,036,255,584	₱6,925,656,694	₱1,395,705,030	₱683,069,684	₱164,319,492	₱749,346,732	₱12,954,353,216
Additions	208,436	105,555,680	50,426,560	66,295,729	5,064,918	193,684,064	421,235,387
Disposals	-	(70,791,107)	(1,525,217)	(39,645,839)	(1,347,866)	–	(113,310,029)
Reclassifications (Note 16)	21,369,907	387,852,817	42,767,610	–	–	(458,313,059)	(6,322,725)
At December 31, 2020	3,057,833,927	7,348,274,084	1,487,373,983	709,719,574	168,036,544	484,717,737	13,255,955,849
Accumulated Depreciation							
At January 1, 2019	2,297,846,060	6,066,907,770	1,197,047,853	543,061,237	154,327,809	-	10,259,190,729
Depreciation (see Notes 23 and 24)	124,651,279	234,813,675	86,624,140	65,454,350	4,871,415	–	516,414,859
Disposals	–	(67,059,370)	(1,525,217)	(37,881,920)	(1,296,936)	–	(107,763,443)
Reclassifications							
At December 31, 2020	2,422,497,339	6,234,662,075	1,282,146,776	570,633,667	157,902,288	-	10,667,842,145
Net Book Value	₱635,336,588	₱1,113,612,009	₱205,227,207	₱139,085,907	₱10,134,256	₱484,717,737	₱2,588,113,704

Construction in progress pertains to costs incurred for installation of equipment, signal strengthening of transmitters nationwide and construction/improvement of studios and stations in the regions.

The reclassification relates to the low value assets included under "Prepaid expenses and other current assets" amounting to ₱0.08 million in 2021 and the software that were transferred to other noncurrent assets amounting to ₱14.65 million and ₱6.32 million in 2021 and 2020, respectively (see Notes 10 and 16).

The Group leases out a portion of its property and equipment at cost. Total rental income recognized for the leased portion amounted to ₱3.13 million, ₱2.95 million and ₱4.11 million in 2021, 2020 and 2019, respectively (see Note 26).

The Group disposed various property and equipment in 2021, 2020 and 2019 resulting to the recognition of gain on sale amounting to ₱50.52 million, ₱17.25 million and ₱18.79 million, respectively (see Note 26).

As at December 31, 2021 and 2020, no property and equipment have been pledged as collateral or security for any of the Group's liabilities.

14. Land at Revalued Amounts

The movement of the land at revalued amount is shown below:

	2021			2020		
	Cost	**Revaluation Increment**	**Total**	Cost	Revaluation Increment	Total
At beginning of year	**₱359,617,345**	**₱2,443,578,839**	**₱2,803,196,184**	₱359,617,345	₱2,443,578,839	₱2,803,196,184
Additions during the year	**142,100,830**	**–**	**142,100,830**	–	–	–
At end of year	**₱501,718,175**	**₱2,443,578,839**	**₱2,945,297,014**	₱359,617,345	₱2,443,578,839	₱2,803,196,184

Land used in operations was last appraised on November 19, 2018 by an accredited firm of appraisers and is valued in terms of its highest and best use. While the fair value of the land was not determined as at December 31, 2021, the Group's management believes that the fair values as at December 31, 2018 approximate the fair values as at December 31, 2021.

On February 23, 2021, the Group acquired lots in Antipolo Rizal amounting to ₱49.69 million for envisioned site of GMA Antipolo DTT Station which will serve to house the possible disaster recovery transmission facilities. On November 22, 2021, the Group acquired two adjacent lots located on the northeast side of Samar Avenue, within Barangay South Triangle, Diliman District, Quezon City amounting to ₱92.41 million. Management believes that the fair values as at acquisition date approximates the fair values as at December 31, 2021.

The fair value was determined using the "Market Data Approach" as determined by independent professionally qualified appraisers. The fair value represents the amount that would be received to sell the property in an orderly transaction between market participants at the date of valuation. The description of valuation techniques used and key inputs to fair valuation are as follows:

	Valuation Technique	Significant Unobservable Inputs	Range
Land	Market comparable assets	Price per square metre	₱200-₱97,000

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

As at December 31, 2021 and 2020, no land has been pledged as collateral or security for any of the Group's liabilities and the Group has no restrictions on the realizability of its land and no contractual obligation to purchase, construct or develop land or for repairs, maintenance and enhancements.

15. Investment Properties

	2021		
	Land and Improvements	**Buildings and Improvements**	**Total**
Cost:			
Balance at beginning and end of year	**₱23,761,823**	**₱72,276,684**	**₱96,038,507**
Accumulated depreciation:			
Balance at beginning of year	–	**57,316,032)**	**57,316,032**
Depreciation during the year (see Note 24)	–	**1,382,387**	**1,382,387**
Balance at end of year	–	**58,698,419**	**58,698,419**
Accumulated impairment:			
Balance at beginning and end of year	–	**3,852,641**	**3,852,641**
	₱23,761,823	**₱ 9,725,624**	**₱33,487,447**

	2020		
	Land and Improvements	Buildings and Improvements	Total
Cost:			
Balance at beginning of year	₱23,761,823	₱72,276,684	₱96,038,507
Disposals	–		
Balance at end of year	23,761,823	72,276,684	96,038,507
Accumulated depreciation:			
Balance at beginning of year	–	55,933,645	55,933,645
Depreciation during the year (see Note 24)	–	1,382,387	1,382,387
Disposals			
Balance at end of year	–	57,316,032	57,316,032
Accumulated impairment:			
Balance at beginning and end of year	–	3,852,641	3,852,641
Balance at end of year	₱23,761,823	₱11,108,011	₱34,869,834

The Group disposed investment properties in 2019 resulting to the recognition of gain on sale amounting to ₱2.58 million (see Note 26).

The fair value of investment properties owned by the Group amounted to ₱203.90 million as at December 31, 2021 and 2020. The land was last appraised on November 19, 2018 by an accredited appraiser and was valued in terms of its highest and best use. The fair value of the land was not determined as at December 31, 2021. While the fair value of the land was not determined as at December 31, 2021, the Group's management believes that the fair values as at December 31, 2018 approximate the fair values as at December 31, 2021.

The fair value was determined using the "Market Data Approach". The fair value represents the amount that would be received to sell the property in an orderly transaction between market participants at the date of valuation.

The description of the valuation techniques used and key inputs to fair valuation are as follows:

	Valuation Technique	Significant Unobservable Inputs	Range
Land	Market comparable assets	Price per square metre	₱1,400-₱3,500
Buildings for lease	Market comparable assets	Price per square metre	₱22,000-₱117,000

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

Rental income and the directly related expense arising from these investment properties follow:

	2021	2020	2019
Rental income (see Note 26)	**₱3,061,017**	₱3,945,824	₱4,450,061
Depreciation expense (see Note 24)	**(1,382,387)**	(1,382,387)	(1,421,877)
	₱1,678,630	₱2,563,437	₱3,028,184

As at December 31, 2021 and 2020, no investment properties have been pledged as collateral or security for any of the Group's liabilities and the Group has no restriction on the realizability of its investment properties and no contractual obligation to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

16. Other Noncurrent Assets

	2021	2020
Software costs	**₱113,208,864**	₱97,071,541
Restricted cash	**52,722,572**	42,348,999
Deferred input VAT	**37,367,138**	30,772,633
Facilities	**19,788,434**	2,359,591
Refundable deposits	**22,165,836**	21,427,422
Investment in artworks	**10,186,136**	10,186,136
Advances to contractors	**3,247,500**	15,704,899
Guarantee deposits	**1,975,638**	6,412,119
Deferred production costs	**1,196,276**	1,061,628
Development costs	–	5,767,800
Others	**1,715,685**	2,696,079
	₱263,574,079	₱235,808,847

Software costs relate to software applications and website development costs which provide an edge on the Group's online presence and other software issues.

Restricted cash pertains to time deposits under the custody of the courts as a collateral for pending litigation.

Deferred input VAT pertains to the VAT on the Group's acquisitions of capital goods exceeding ₱1.00 million in any given month which are to be amortized over the 60 months or the life of the asset, whichever is shorter.

Guarantee and other deposits consist of the Meralco refund and refundable rental deposits used for Parent Company's programs.

Advances to contractors pertain to advance payments made by the Parent Company for the construction of assets to be classified as property and equipment.

Investment in artworks are paintings and other works of art usually displayed in the Parent Company's hallways.

Facilities relate to the paid deposit for facilities used for productions by the Group.

Deferred production costs pertain to the costs incurred in relation to the production of music compact discs and are measured at cost upon recognition. Deferred production costs are being amortized as the related compact discs are sold.

The movements in software costs follows:

	2021	2020
Cost:		
Balance at beginning of year	**₱468,708,120**	₱451,769,256
Additions during the year	**51,190,237**	10,616,139
Reclassifications during the year (see Note 13)	**14,653,732**	6,322,725
Balance at end of year	**534,552,089**	468,708,120
Accumulated amortization:		
Balance at beginning of year	**371,636,579**	331,372,506
Amortization during the year (see Note 24)	**49,706,646**	40,264,073
Balance at end of year	**421,343,225**	371,636,579
	₱113,208,864	₱97,071,541

17. Trade Payables and Other Current Liabilities

	2021	2020
Payable to government agencies	**₱1,501,080,957**	₱1,693,375,218
Trade payables	**352,701,473**	517,862,437
Contract liabilities (see Note 11)	**130,479,722**	35,908,512
Accrued expenses:		
Payroll and talent fees (see Note 27)	**179,251,966**	232,299,305
Utilities and other expenses	**233,553,938**	285,296,940
Production costs	**129,164,437**	67,809,420
Commission	**50,009,144**	44,859,071
Customers' deposits	**46,034,193**	41,685,087
Others	**74,888,140**	58,788,937
	₱2,697,163,970	₱2,977,884,927

Payable to government agencies is composed of the Group's statutory compensation-related contributions to government agencies and net VAT and withholding taxes payable to the Bureau of

Internal Revenue (BIR). The difference between the accrual accounting under the accounting standards and cash-basis accounting as prescribed by the BIR for service-related companies caused the Group to normally incur deferred output VAT which forms a substantial part of the Group's payable to government agencies. These payables are remitted within 30 days after reporting period.

Trade payables to suppliers are noninterest-bearing and are normally settled on terms ranging from seven to 60 days.
Customers' deposits include guaranty deposits from advertising agencies to secure payment of bills by advertisers. These deposits are noninterest-bearing and normally refunded once the related broadcasts are paid by the advertisers. It also includes deposits from the Group's lessees upon inception of the lease agreements.

Contract liabilities pertain to payments received before broadcast and before delivery of goods and services. These are recognized as revenue when the Group performs the obligation under the contract. This account also includes contract liabilities of ₱22.00 million resulting from the sale of the Group's interests in X-Play in 2015 (see Note 11).

Accrued expenses and other payables are noninterest-bearing and are generally settled within the next financial year.

Others include unpaid subscriptions and retention payables. These are noninterest-bearing and are normally settled within one year.

18. Short-term Loans

The Parent Company obtained unsecured short-term peso and US dollar-denominated loans from local banks in 2020 and 2019. Details and movements of the short-term loans are as follows:

	2021	2020
Balance at beginning of year	**₱720,345,000**	₱400,000,000
Availments	**4,479,150,000**	984,340,000
Payments	**(4,542,575,000)**	(641,895,000)
Revaluation	**82,565,500**	(22,100,000)
Balance at end of year	**₱739,485,500**	₱720,345,000

The outstanding loans as at December 31, 2021 and 2020 consist of fixed rate notes with the following details:

Lender	Currency	Amount	Interest Rate (per annum)	Terms	**2021**	2020
Citibank	USD	$14,500,000	1.66%	Availed in 2021; payable in 311 days	**₱739,845,500**	–
Citibank	USDo	₱15,000,000	1.80%	Availed in 2020; payable in 182 days	–	₱720,345,000

Interest expense on peso denominated loans amounted to ₱22.60 million, ₱4.33 million and ₱46.18 million in 2021, 2020 and 2019, respectively. Interest expense on US dollar denominated loans amounted to ₱15.03 million, ₱7.67 million, and ₱10.78 million in 2021, 2020, and 2019, respectively.

19. Obligations for Program and Other Rights

Obligations for program and other rights represent liabilities to foreign and local film suppliers for program and other rights purchased by the Group. Outstanding unpaid balance as at December 31, 2021 and 2020 amounted to ₱223.82 million and ₱176.18 million, respectively. Obligations for program and other rights are generally payable in equal monthly or quarterly installments.

20. Equity

a. Capital Stock

Details of capital stock as at December 31, 2021 and 2020:

	No. of Shares		Amount	
	2021	2020	**2021**	2020
Common - ₱1.00 par value				
Authorized	**5,000,000,000**	5,000,000,000	**₱5,000,000,000**	₱5,000,000,000
Subscribed and issued	**3,364,692,000**	3,364,692,000	**₱3,364,692,000**	₱3,364,692,000
Preferred - ₱0.20 par value				
Authorized	**7,500,000,000**	7,500,000,000	**₱1,500,000,000**	₱1,500,000,000
Subscribed and issued	**7,500,000,000**	7,500,000,000	**₱1,500,000,000**	₱1,500,000,000
Treasury shares:				
Common	–	3,645,000	**₱–**	₱3,645,000
Preferred	–	492,816	–	98,563
			₱–	₱3,743,563
Underlying shares of the acquired PDRs	–	750,000	**₱–**	₱750,000

The cumulative preferred shares are of equal rank, preference and priority and are identical in all respect regardless of series. Preferred shares are participating at the rate of one fifth (1/5) of the dividends paid to common shares, the rate of which is adjusted proportionately by the Parent Company's BOD consequent to any stock split or stock dividend declaration affecting the common shares and preferred shares. Preferred shares are convertible at the option of the shareholders at the ratio of five preferred shares to one common share, based on par value.

Preferred shares enjoy priority over common shares in the distribution of assets of the Parent Company in the event of dissolution and liquidation, at such rates, terms and conditions as the BOD may determine. Each preferred share is entitled to one vote and shall have the same voting rights as the common shares.

The Parent Company's BOD may specify other terms and conditions, qualifications, restrictions and privileges of the preferred shares or series/classes thereof, insofar as such terms, conditions, qualifications, restrictions and privileges are not inconsistent with the articles of incorporation and any applicable law or regulation.

The following summarizes the information on the Parent Company's registration of securities with the SEC which was approved on June 20, 2007, as required by Revised Securities Regulation Code (SRC) Rule 68:

Securities	Authorized and issued shares	Issue/Offer Price
Initial public offering	91,346,000	₱8.50
Underlying common shares of PDRs	945,432,000	8.50
Over-allotment common shares	13,701,000	8.50
Common shares covering employee stock option plan	57,000,000	8.50

In prior years, the Parent Company has acquired 750,000 PDRs issued by GMA Holdings, Inc. at acquisition cost of ₱5.79 million. In as much as each PDR share grants the holder, upon payment of the exercise price and subject to certain other conditions, the delivery of one (1) Parent Company share or the sale and delivery of the proceeds of such sale of Parent Company share, such PDRs held by the Parent Company is being treated similar to a treasury shares.

b. Retained Earnings

The retained earnings of the Parent Company is restricted for the payment of dividends to the extent of nil and ₱34.27 million as at December 31, 2021 and 2020, representing the cost of shares held in treasury and underlying shares of the acquired PDRs amounting to nil in 2021 and ₱28.48 million and ₱5.79 million, respectively in 2020.

The Parent Company's BOD approved the declaration of the following cash dividends:

Year	Declaration Date	Record Date	Cash Dividend Per Share	Total Cash Dividend Declared
2021	**March 26, 2021**	**April 22, 2021**	**₱1.35**	**₱6,561,267,889**
2020	June 8, 2020	June 24, 2020	₱0.30	₱1,458,059,531
2019	March 29, 2019	April 22, 2019	₱0.45	₱2,187,089,297

The Parent Company's outstanding dividends payable amounted to ₱25.59 million and ₱19.89 million as at December 31, 2021 and 2020, respectively.

On March 25, 2022, the Parent Company's BOD approved the declaration and distribution of cash dividends amounting to ₱1.45 per share totaling ₱7,053.80 million to all stockholders of record as at April 25, 2022 and will be paid on May 17, 2022.

The balance of retained earnings includes Parent Company's accumulated equity in net earnings of subsidiaries and associates which are not currently available for dividend declaration until declared by the respective subsidiaries and associates amounting to ₱106.07 million and ₱103.05 million as at December 31, 2021 and 2020, respectively.

21. Related Party Disclosures

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individual or corporate entities.

The Parent Company has an approval requirement such that material related party transactions (RPTs) shall be reviewed by the Audit and Risk Management Committee (the Committee) and submitted to the BOD for approval. Material RPTs are those transactions that meet the threshold value amounting to ten percent (10%) or higher of the Company's total consolidated assets based on its latest audited financial statements either individually, or in aggregate over a twelve (12)-month period with the same related party.

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. For years ended December 31, 2021 and 2020, the Group has not recorded any impairment of receivables on amounts owed by the related parties. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

In the ordinary course of business, the Group transacts with associate, affiliates, joint venture and other related parties on advances, reimbursement of expenses, and future stock subscriptions.

The transactions and balances of accounts as at and for the years ended December 31, 2020 and 2019 with related parties are as follows:

Account Name and Category	Related Party	Year	Amount/ Volume of Transactions	Receivables	Terms	Conditions
Advances (see Note 12)	**Associate:**					
	Mont-Aire	**2021**	**₱1,809,712**	**₱99,531,728**	Noninterest-	Unsecured;
		2020	600,186	97,722,016	bearing	not impaired
	Joint ventures:					
	Gamespan	**2021**	–	**1,356,049**	Noninterest-	Unsecured;
		2020	–	1,959,670	bearing	not impaired
	PEP	**2021**		**363,007**	Noninterest-	Unsecured;
		2020	248,640	860,055	bearing	not impaired
	INQ7	**2021**		**11,544,000**	Noninterest-	Unsecured;
		2020	–	11,544,000	bearing	fully impaired
	Total	**2021**	**₱1,809,712**	**₱112,794,784**		
		2020	₱848,826	₱112,085,741		
Nontrade Receivables						
Reimbursable charges (see Note 7)	**Common stockholders:**					
	GMA Kapuso	**2021**	**₱–**	**₱1,356,049**	On demand,	Unsecured;
	Foundation Inc.	2020	₱1,167,042	**3,361,550**	noninterest-bearing	not impaired
Legal, consulting and retainers' fees	Belo, Gozon, Elma	**2021**	**19,517,527**		On demand,	Unsecured;
	Law	2020	13,711,015	–	noninterest-bearing	not impaired
	Total	**2021**	**₱19,517,527**	**₱1,356,049**		
		2020	14,878,057	3,361,550		

The advances made by the Parent Company to Mont-Aire and PEP are intended for future capital subscription. On the other hand, the advances to INQ7 were fully impaired as a result of the application of the Group's share in the losses of INQ7 recognized under the equity method in excess of the Group's carrying value of investment.

Compensation of Key Management Personnel
The compensation of key management personnel of the Group, by benefit type, are as follows:

	2021	2020	2019
Salaries and other long-term benefits (see Notes 24 and 25)	**₱993,291,360**	₱913,703,843	₱711,908,901
Pension benefits (see Notes 24 and 25)	**190,689,516**	165,255,983	95,819,977
	₱1,183,980,876	₱1,078,959,826	₱807,728,878

Pension benefits under OCI amounted to (₱313.83 million), ₱454.32 million and ₱171.62 million as of December 31, 2021, 2020 and 2019, respectively.

Equity Investments of the Retirement Fund
The Group's retirement fund includes equity investments in GMA Network, Inc. and GMA PDRs amounting to ₱11.22 million and ₱962.98 million in 2021, respectively, and ₱41.78 million and ₱331.39 million in 2020, respectively (see Note 27).

22. Revenues

Set out below is the disaggregation of the Group's revenues from contract with customers for the year ended December 31:

	2021	2020	2019
Revenue source			
Sale of service			
Advertising revenue	**₱21,015,167,014**	₱17,727,494,901	₱15,173,925,007
Subscription revenue (see Note 28)	**786,471,873**	911,005,081	1,056,700,874
Revenue from distribution and content provisioning	**41,962,566**	63,653,634	89,350,710
Production revenue	**78,698,883**	49,947,752	173,475,621
Sale of goods	**528,023,061**	583,794,170	–
Total revenue from contracts with customers	**₱22,450,323,397**	₱19,335,895,538	₱16,493,452,212
Geographical markets			
Local	**₱21,521,575,148**	₱18,311,968,706	₱15,288,293,657
International	**928,748,249**	1,023,926,832	1,205,158,555
Total revenue from contracts with customers	**₱22,450,323,397**	₱19,335,895,538	₱16,493,452,212
Timing of revenue recognition			
Goods/services transferred at a point in time	**₱21,663,851,524**	₱18,424,890,457	₱15,436,751,338
Services transferred over time	**786,471,873**	911,005,081	1,056,700,874
Total revenue from contracts with customers	**₱22,450,323,397**	₱19,335,895,538	₱16,493,452,212

23. Production Costs

	2021	2020	2019
Talent fees and production personnel costs (see Note 25)	**₱2,251,169,738**	₱1,705,667,865	₱2,947,995,874
Program and other rights usage (see Note 8)	**1,007,347,795**	703,415,807	988,703,737
Facilities and amortization of production services	**567,428,491**	460,116,613	818,967,334
Rental (see Note 28)	**344,890,966**	210,239,334	812,006,080
Depreciation (see Notes 13 and 24)	**262,708,006**	164,639,078	168,170,547
Tapes, sets and production supplies	**233,146,587**	142,401,105	533,463,632
Transportation and communication	**209,857,422**	65,658,557	165,846,561
	₱4,876,549,005	₱3,452,138,359	₱6,435,153,765

24. General and Administrative Expenses

	2021	2020	2019
Personnel costs (see Note 25)	**₱4,858,698,218**	₱4,525,101,340	₱4,127,118,304
Professional fees	**353,199,611**	305,734,976	202,048,149
Depreciation (see Notes 13, 15 and 28)	**345,065,031**	380,936,123	409,533,900
Communication, light and water	**273,962,056**	235,051,327	317,381,955
Taxes and licenses	**235,505,518**	182,104,942	174,361,923
Repairs and maintenance	**221,155,954**	144,785,132	173,414,414
Provision for ECL (see Note 7)	**142,577,080**	347,195,883	18,297,347
Advertising	**117,274,073**	84,866,697	257,877,219
Software maintenance	**99,307,025**	81,430,010	78,875,726
Research and surveys	**87,958,450**	91,769,435	66,103,888
Marketing expense	**86,992,865**	55,136,499	87,255,502
Security services	**65,559,440**	66,865,570	69,686,464
Facilities related expenses	**58,691,533**	69,849,171	64,498,251
Amortization of software costs (see Note 16)	**49,706,646**	40,264,073	26,788,389
Transportation and travel	**34,717,950**	54,407,006	57,432,446
Insurance	**30,673,665**	29,028,379	31,241,255
Janitorial services	**24,026,812**	22,863,052	25,805,533
Rental (see Note 28)	**20,915,132**	9,603,762	11,967,504
Materials and supplies	**15,706,090**	12,525,485	17,505,157
Freight and handling	**16,913,034**	6,092,430	6,415,072
Dues and subscriptions	**10,881,727**	8,254,093	8,382,407
Entertainment, amusement and recreation	**7,001,601**	8,452,628	13,195,672
Others	**104,440,189**	85,499,998	80,270,317
	₱7,260,929,700	₱6,847,818,011	₱6,325,456,794

Others include expenses incurred for messengerial services, other manpower, donations and other miscellaneous expenses.

Depreciation

	2021	2020	2019
Property and equipment (see Note 13)			
Production costs (see Note 23)	**₱262,708,006**	₱164,639,078	₱168,170,547
General and administrative expenses	**316,571,836**	351,775,781	377,448,970
	579,279,842	516,414,859	545,619,517
Right-of-use assets (see Note 28)			
General and administrative expenses	**27,110,808**	27,777,955	30,663,053
Investment properties (see Note 15)			
General and administrative expenses	**1,382,387**	1,382,387	1,421,877
	₱607,773,037	₱545,575,201	₱577,704,447

25. Personnel Costs

	2021	2020	2019
Salaries and wages	**₱2,710,384,916**	₱2,578,012,608	₱2,305,819,824
Talent fees	**2,162,673,093**	1,617,514,239	2,862,447,231
Employee benefits and allowances	**1,414,885,770**	1,245,873,978	1,346,669,079
Pension expense (see Note 27)	**639,758,700**	646,198,143	402,209,767
Sick and vacation leaves expense	**182,165,477**	143,170,237	157,968,277
	₱7,109,867,956	₱6,230,769,205	₱7,075,114,178

The above amounts were distributed as follows:

	2021	2020	2019
Production costs (see Note 23)	**₱2,251,169,738**	₱1,705,667,865	₱2,947,995,874
General and administrative expenses (see Note 24)	**4,858,698,218**	4,525,101,340	4,127,118,304
	₱7,109,867,956	₱6,230,769,205	₱7,075,114,178

26. Others - Net

	2021	2020	2019
Commission from Artist Center	**₱77,547,912**	₱45,128,337	₱41,633,736
Net gain on sale of property and equipment and investment properties (see Notes 13 and 15)	**50,519,791**	17,250,932	21,368,209
VAT difference on sales to government per Revenue Regulations 16-2005	–	10,218,187	6,701,064
Rental income (see Notes 13, 15 and 28)	**6,189,114**	6,894,304	8,561,148
Merchandising license fees and others	**3,455,733**	2,549,637	8,651,427
Bank charges	**(1,480,403)**	(1,411,850)	(2,281,842)
Others	**1,625,013**	4,545,220	3,132,824
	₱137,857,160	₱85,174,767	₱87,766,566

Merchandising license fees and others include income from mall shows, sale of DVDs and integrated receiver decoders and dividend income (see Note 11).

27. Pension and Other Employee Benefits

As at December 31, pension and other employee benefits consist of:

	2021	2020
Pension liability	**₱4,169,686,751**	₱4,915,125,689
Vacation and sick leave accrual	**399,171,250**	355,988,220
	4,568,858,001	5,271,113,909
Less current portion of vacation and sick leave accrual*	**5,422,020**	6,285,766
Pension and other long-term employee benefits	**₱4,574,280,021**	₱5,264,828,143

**Included in "Accrued expenses" under Trade payables and other current liabilities (see Note 17).*

Pension Benefits

The Group operates non-contributory defined benefit retirement plans.

Under the existing regulatory framework, R.A. 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.

Pension benefits recognized in the statements of comprehensive income are as follows (see Note 25):

	2021	2020	2019
Current service cost	**₱437,943,972**	₱438,234,725	₱234,746,730
Net interest cost	**186,984,422**	207,963,418	167,463,037
Settlement loss	**14,830,306**	–	–
	₱639,758,700	₱646,198,143	₱402,209,767

Net pension liability recognized in the consolidated statements of financial position is as follows:

	2021	2020	2019
Present value of defined benefit obligation	**₱6,348,352,226**	₱6,359,224,091	₱3,984,474,739
Fair value of plan assets	**2,178,665,475**	1,444,098,402	1,250,881,611
Pension liability	**₱4,169,686,751**	₱4,915,125,689	₱2,733,593,128

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

	2021	2020	2019
Balance at beginning of year	**₱6,359,224,091**	₱3,984,474,739	₱3,180,957,326
Current service cost	**437,943,972**	438,234,725	234,746,730
Interest cost	**244,726,249**	306,876,971	242,805,975
Settlement loss	**14,830,306**	–	–
Benefits paid:			
From plan assets	**(197,265,904)**	(189,229,662)	(110,958,955)
From Group's own funds	**(36,744,104)**	(9,686,893)	(7,955,884)
Remeasurement losses (gains):			
Changes in financial assumptions	**(711,238,384)**	1,530,340,215	778,107,846
Changes in demographic assumptions	**3,217,607**	(10,076,998)	–
Experience adjustment	**233,658,393**	308,290,994	(333,228,299)
Balance at end of year	**₱6,348,352,226**	₱6,359,224,091	₱3,984,474,739

The changes in the fair value of plan assets are as follows:

	2021	2020	2019
Balance at beginning of year	**₱1,444,098,402**	₱1,250,881,611	₱997,963,191
Contribution during the year	**339,594,487**	259,000,000	266,448,811
Interest income	**57,741,827**	98,913,553	75,342,938
Benefits paid	**(197,265,904)**	(189,229,662)	(110,958,955)
Remeasurement gain - return on plan assets	**534,496,663**	24,532,900	22,085,626
Balance at end of year	**₱2,178,665,475**	₱1,444,098,402	₱1,250,881,611

Remeasurement gain on retirement plans amounting to ₱575.62 million in 2021 and remeasurement loss on retirement plans amounting to ₱1,261.62 million and ₱300.70 million reported under the consolidated statement of comprehensive income in 2020 and 2019, respectively, is presented net of deferred tax.

At each reporting period, the Group determines its contribution based on the performance of its retirement fund.

The Group expects to contribute ₱290.00 million to the fund in 2022.

The funds are managed and supervised by trustee banks for the benefits of the members. However, the general administration of the funds is vested in a Retirement Committee.

The following table presents the carrying amounts and estimated fair values of the plan assets:

	2021	2020
	Carrying Value/Fair Value	Carrying Value/Fair Value
Cash and cash equivalents	**₱176,916,929**	₱41,228,384
Equity instruments (see Note 21):		
GMA PDRs	**962,978,924**	331,387,630
GMA Network, Inc.	**11,219,115**	41,784,000
Debt instruments -		
Government securities	**338,675,992**	668,129,819
Unit Investment Trust Funds (UITFs)	**740,790,995**	361,468,966
Others	**(51,916,480)**	99,603
	₱2,178,665,475	₱1,444,098,402

The plan assets consist of the following:

- Cash and cash equivalents consist of regular savings and time deposits.
- Investments in equity instruments consist of listed shares of GMA Network, Inc. and GMA PDRs (see Note 21). Changes in the fair market value of these investments resulted to ₱33.37 million gain in 2021, ₱23.95 million gain in 2020 and ₱16.91 million loss in 2019.
- Investments in debt instruments bear interest ranging from 3.00% to 6.30% and have maturities from April 2022 to March 2025. Equity and debt instruments held have quoted prices in active market.
- Investment in UITFs are measured at their net asset value per unit amounting to ₱258.89 and ₱255.39 as at December 31, 2021 and 2020, respectively.
- Others consist of loans and receivables which are collectible within the next twelve months.

The person who exercises voting rights over shares is within the powers of the Trustee, who do not have any relationship with the directors or officers of the Group.

The plan assets are primarily exposed to financial risks such as liquidity risk and price risk.

Liquidity risk pertains to the plan's ability to meet its obligation to the employees upon retirement. To effectively manage liquidity risk, the Board of Trustees invests at least the equivalent amount of actuarially computed expected compulsory retirement benefit payments for the year to liquid/semi-liquid assets such as treasury notes, treasury bills, and savings and time deposits with commercial banks.

The Group performs an Asset-Liability Matching Study (ALM) annually. The principal technique of the Group's ALM in order to minimize the portfolio liquidation risk is to ensure that the expected return on assets will be sufficient to support the desired level of funding arising from the defined benefit plans.

Price risk pertains mainly to fluctuations in market prices of equity securities listed in the Philippine Stock Exchange. In order to effectively manage price risk, the Board of Trustees continuously assesses these risks by closely monitoring the market value of the securities and implementing prudent investment strategies.

However, in the event a benefit claim arises under the retirement plan and the retirement fund is not sufficient to pay the benefit, the unfunded portion of the claim shall immediately be due and payable to the retirement fund from the Group.

The principal assumptions used in determining pension liability for the Group's plans are shown below:

	2021	2020	2019
Discount rate	**3.10-5.13%**	3.10-7.70%	4.13-7.70%
Expected rate of salary increase	**4.00-5.00%**	4.00-5.00%	1.44-5.00%
Turn-over rates:			
19-24 years old	**7.50-11.67%**	7.26-9.48%	4.00-36.00%
25-29 years old	**6.00-9.23%**	5.56-7.88%	6.00-70.00%
30-34 years old	**3.86-12.99%**	3.70-6.14%	4.40-24.00%
35-39 years old	**2.50-6.54%**	2.69-4.22%	2.00-12.00%
40-44 years old	**2.00-6.58%**	2.00-3.81%	2.00-10.00%
≥45 years old	**0.00-3.36%**	0.00-3.05%	1.30-2.00%

The sensitivity analysis below has been determined by remeasuring the defined benefit obligation at the reporting period after first adjusting one of the current assumption that were reasonably possible at the valuation date while all other assumptions remained unchanged. It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation		
		2021	2020	2019
Discount rate	50	**(₱290,833,103)**	(₱320,849,879)	(₱190,958,480)
	(50)	**314,400,163**	348,403,037	202,730,781
Future salary increases	50	**315,633,737**	346,062,010	210,769,378
	(50)	**(294,598,995)**	(321,818,707)	(194,862,800)

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2021:

Less than one year	₱718,887,410
More than 1 year to 3 years	1,922,473,331
More than 3 years to 7 years	2,900,953,586
More than 7 years to 15 years	4,206,988,115
More than 15 years to 20 years	5,115,087,405
More than 20 years	7,843,916,762

Other Long-Term Employee Benefits

Other long-term employee benefits consist of accumulated and unexpired employee sick and vacation leave entitlements. Noncurrent portion of other employee benefits amounted to ₱393.75 million and ₱349.7 million as at December 31, 2021 and 2020, respectively, while current portion of other employee benefits recorded in "Accrued payroll and talent fees" included under "Trade and other current liabilities" account amounted to ₱5.42 million and ₱6.29 million as at December 31, 2021 and 2020, respectively (see Note 17).

28. Agreements

Lease Agreements

Group as a Lessee

The Group entered into various lease agreements for land, building, studio and office spaces that it presently occupies and uses for periods ranging from two to 12 years. The lease agreements can be renewed subject to mutual agreement. Most of the lease agreements can be terminated at the option of the Group while the termination option in the lease agreements of NMI, a subsidiary is subject to mutual agreement. Previously, these leases were classified as operating leases under PAS 17, *Leases*.

The Group also has certain leases with lease terms of 12 months or less. The Group applies the "short-term lease" recognition exemptions for these leases.

The rollforward analysis of right-of-use assets follows:

	2021		
	Right-of-use: Land	**Right-of-use: Buildings, studio and office spaces**	**Right-of-use: Total**
Cost			
Balance at beginning of year	**₱94,553,476**	**₱47,708,092**	**₱142,261,568**
Additions	**26,127,108**	**35,639,210**	**61,766,318**
Balance at the end of year	**120,680,584**	**83,347,302**	**204,027,886**
Accumulated Depreciation			
Balance at beginning of year	**28,798,918**	**24,194,374**	**52,993,292**
Depreciation (see Note 24)	**12,853,827**	**14,256,981**	**27,110,808**
Balance at the end of year	**41,652,745**	**38,451,355**	**80,104,100**
Net Book Value	**₱79,027,839**	**₱44,895,947**	**₱123,923,786**

	2020		
	Right-of-use: Land	Right-of-use: Buildings, studio and office spaces	Right-of-use: Total
Cost			
Balance at beginning of year	₱94,553,476	₱65,911,763	₱160,465,239
Pre-termination	–	(18,203,671)	(18,203,671)
Balance at the end of year	94,553,476	47,708,092	142,261,568
Accumulated Depreciation			
Balance at beginning of year	16,797,383	13,865,670	30,663,053
Depreciation (see Note 24)	12,001,535	15,776,420	27,777,955
Pre-termination	–	(5,447,716)	(5,447,716)
Balance at end of year	28,798,918	24,194,374	52,993,292
Net Book Value	₱65,754,558	₱23,513,718	₱89,268,276

The rollforward analysis of lease liabilities follows:

	2021	2020
Balance at beginning of year	**₱76,856,072**	₱105,788,115
Additions	**60,877,091**	–
Accretion of interest	**8,396,879**	5,817,214
Payments	**(26,744,140)**	(21,762,363)
Pre-termination	–	(12,986,894)
Balance at end of year	**₱119,385,902**	₱76,856,072

	2021	2020
Current portion	**₱17,475,682**	₱10,485,295
Noncurrent portion	**101,910,220**	66,370,777
Balance at end of year	**₱119,385,902**	₱76,856,072

The rollforward analysis of dismantling provision follows:

	2021	2020
Balance at beginning of year	**₱44,973,410**	₱42,392,195
Accretion of interest	**2,209,525**	2,581,215
Termination	**(1,085,486)**	–
Balance at end of year	**₱46,097,449**	₱44,973,410

The following are the amounts recognized in the consolidated statement of comprehensive income:

	2021	2020
Depreciation expense of right-of-use assets (see Note 24)	**₱27,110,808**	₱27,777,955
Interest expense on lease liabilities	**8,396,879**	5,817,214
Interest expense on dismantling provision	**2,209,525**	2,581,215
Expense relating to short-term leases (included in "Production costs") (see Note 23)	**344,890,966**	210,239,334
Expense relating to short-term leases (included in "General and Administrative expenses") (see Note 24)	**20,915,132**	9,603,762

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

	2021	2020
1 year	**₱23,362,036**	₱15,550,271
more than 1 year to 2 years	**20,613,087**	14,079,568
more than 2 years to 3 years	**18,751,169**	12,759,983
more than 3 years to 4 years	**17,198,705**	10,992,270
More than 5 years	**44,119,711**	45,501,281

Also, in June 2012, the Parent Company agreed to extend its non-cancellable Co-production/ Blocktime Rental Agreement with ZOE Broadcasting Network, Inc. (ZBN) for another seven (7) years from June 2012 to May 2019. On the first year of the contract renewal, the Parent Company shall pay ZBN an amount equivalent to total payments from June 2011 to May 2012, subject to yearly escalation of 10.00%. The agreement has ended in May 2019. The rental expense recognized on the agreement with ZBN amounted to ₱77.03 million in 2019.

Total rental expense on short-term leases amounted to ₱219.84 million and ₱746.94 million in 2020 and 2019, respectively (see Notes 23 and 24).

Group as Lessor. The Group leases out certain properties for a period of one year, renewable annually. The leased-out properties include investment properties, and broadcasting equipment. Total rental income amounted to ₱6.89 million and ₱8.56 million in 2020 and 2019, respectively (see Note 26).

Subscription Agreements

The Parent Company entered into various subscription agreements with international cable providers for the airing of its programs and shows abroad. The agreements generally have terms of three to five years and are based on certain agreed service package rates.

Total subscription revenue amounted to ₱786.47 million, ₱911.00 million and ₱1,056.70 million in 2021, 2020 and 2019, respectively (see Note 22).

Purchase Agreement for Set-top Boxes

In 2021 and 2020, the Parent Company entered into several contracts with Ablee Electronic Company Limited for the supply of set-top boxes with complete accessories. Total purchases amounted to ₱1,377.00 million and ₱896.80 million in 2021 and 2020, respectively. As at December 31, 2021, total advances for set-top boxes to be delivered in 2022 amounted to ₱441.27 million (see Note 9).

29. Income Taxes

Current Income Tax

The current income tax consists of the following:

	2021	2020	2019
RCIT	**₱2,400,604,067**	₱2,728,600,117	₱1,200,771,887
MCIT	**30,603**	50,423	6,256
	₱2,400,634,670	₱2,728,650,540	₱1,200,778,143

The reconciliation between the statutory income tax rates and effective income tax rates are shown below:

	2021	2020	2019
Statutory income tax	**25.00%**	30.00%	30.00%
Additions (deductions) in income tax resulting from:			
Interest income already subjected to final tax	**(0.02)**	(0.03)	(0.18)
Nondeductible interest expense	**0.09**	0.10	0.05
Nondeductible tax deficiency payment	**(0.03)**	–	0.06
Changes in applicable income tax rates	**(1.14)**	–	–
Others - net	**0.01**	0.01	–
Effective income tax	**23.91%**	30.08%	29.93%

Deferred Taxes

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

	2021	2020
Deferred tax assets:		
Pension liability	**₱1,041,784,250**	₱1,473,503,571
Allowance for ECL	**224,507,665**	227,801,136
Other long-term employee benefits	**98,240,972**	104,910,736
Contract liabilities	**32,619,931**	10,772,554
Lease liabilities	**29,570,900**	22,706,164
Unrealized loss on financial assets at FVOCI	**13,046,917**	6,218,787
Dismantling provision	**11,524,362**	13,492,023
Intercompany sale of intangible assets	**11,250,000**	18,000,000
Unrealized foreign exchange loss	**8,386,408**	8,213,125
Allowance for probable losses in advances	**7,197,236**	8,187,320
Unamortized past service cost	**6,721,348**	7,862,147
NOLCO	**383,792**	298,058
Excess MCIT over RCIT	**22,619**	22,619
Accrued expenses	–	30,265,904
	1,485,256,400	1,932,254,144
Deferred tax liabilities:		
Revaluation increment on land	**(610,894,710)**	(733,073,652)
Right-of-use assets	**(30,778,315)**	(26,460,540)
	(641,673,025)	(759,534,192)
	₱843,583,375	₱1,172,719,952

The components of deferred tax assets (liabilities) pertaining to accounts presented under equity in the consolidated statements of financial position are as follows:

	2021	2020
Revaluation increment on land	**(₱610,894,710)**	(₱733,073,652)
Pension liability - remeasurement loss on retirement plan	**1,501,579,229**	677,677,431
Revaluation of financial assets at FVOCI	**13,046,917**	7,862,147
	903,731,436	(47,534,074)

The components of the subsidiaries' deductible temporary differences and carryforward benefits of NOLCO and MCIT, for which no deferred tax assets have been recognized in the Group's consolidated statements of financial position, are as follows:

	2021	2020
NOLCO	**₱9,465,804**	₱10,038,762
Allowance for ECL	**11,064,734**	7,181,194
Allowance for inventory stock	**8,899,999**	6,978,287
Pension liability	**3,335,093**	3,447,119
Unamortized past service cost	**970,172**	577,523
Excess MCIT over RCIT	**59,503**	64,334
Others	**78,488**	102,383
	₱33,873,793	₱28,389,602

The unrecognized deferred tax assets from the above deductible temporary differences and carryforward benefits of NOLCO and MCIT amounted to ₱8.51 million and ₱8.56 million as at December 31, 2021 and 2020, respectively.

The deferred tax assets were not recognized as management believes that future taxable income against which the deferred tax assets can be used for these entities may not be available.

As at December 31, 2021, the Group's MCIT is as follows:

Years Paid/Incurred	Carryforward Benefit Up To	MCIT
2019	2022	28,875
2020	2023	50,577
2021	2024	2,670
		₱82,122

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(b) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As at December 31, 2021, the Group has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year incurred	Availment period	Amount	Applications in previous year/s	Expirations	Applications in the current year	Unapplied NOLCO
2018	2019 to 2021	₱3,126,035	₱500,581	₱2,625,454	–	₱–
2019	2020 to 2022	2,731,377	–	–	–	2,731,377
		₱5,857,412	₱500,581	₱2,625,454	₱–	₱2,731,377

As at December 31, 2021 and 2020, the Company has incurred NOLCO which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover as One Act, as follows:

Year incurred	Availment period	Amount	Applications in previous year/s	Expirations	Applications in the current year	Unapplied NOLCO
2020	2021 to 2025	₱5,174,877	₱–	₱–	₱–	₱5,174,877
2021	2022 to 2026	3,094,716	–	–	–	3,094,716
		₱8,269,593	–	–	–	₱8,269,593

30. EPS Computation

The computation of basic and diluted EPS follows:

	2021	2020	2019
Net income attributable to equity holders of the Parent Company (a)	**₱7,530,114,246**	₱5,984,584,939	₱2,618,460,706
Less attributable to preferred shareholders	**2,321,867,730**	1,846,897,337	808,080,787
Net income attributable to common equity holders of the Parent Company (b)	**₱5,208,246,516**	₱4,137,687,602	₱1,810,379,919
Common shares issued at the beginning of year (Note 20)	**3,364,692,000**	3,364,692,000	3,364,692,000
Treasury shares (Note 20)	–	(3,645,000)	(3,645,000)
Underlying shares on acquired PDRs (Note 20)	–	(750,000)	(750,000)
Weighted average number of common shares for basic EPS (c)	**3,364,692,000**	3,360,297,000	3,360,297,000
Weighted average number of common shares	**3,364,692,000**	3,360,297,000	3,360,297,000
Effect of dilution - assumed conversion of preferred shares	**1,500,000,000**	1,500,000,000	1,500,000,000
Reacquired preferred shares	–	(98,563)	(98,563)
Weighted average number of common shares adjusted for the effect of dilution (d)	**4,864,692,000**	4,860,198,437	4,860,198,437
Basic EPS (b/c)	**₱1.548**	₱1.231	₱0.539
Diluted EPS (a/d)	**₱1.548**	₱1.231	₱0.539

31. Financial Risk Management Objectives and Policies

The Group's principal financial instruments include cash and cash equivalents. The main purpose of these financial instruments includes raising financing for the Group's operations and managing identified financial risks. The Group has other financial assets and liabilities such as trade and other receivables, refundable deposits, trade payables and other current liabilities (excluding payable to government agencies, customers' deposits, contract liabilities, and advances from customers), short-term loans, obligations for program and other rights, dividends payable, other long-term employee benefits and lease liabilities, which arise directly from its operations, and financial assets at FVOCI. The main risks arising from the use of financial instruments are liquidity risk, foreign currency exchange risk and credit risk. The Group is not exposed to interest rate risk as most of its financial assets and financial liabilities have fixed rates.

The BOD reviews and approves the Group's objectives and policies.

Liquidity Risk. The Group is exposed to the possibility that adverse changes in the business environment and/or its operations would result in substantially higher working capital requirements and subsequently pose difficulty in financing the additional working capital.

The Group manages liquidity risk by using its cash and cash equivalents from operations to meet its short-term liquidity needs. The Group likewise regularly evaluates other financing instruments and arrangements to broaden the Group's range of financing sources.

The tables below summarize the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted payments as at December 31:

			2021		
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Financial assets at amortized cost:					
Cash and cash equivalents	**₱2,919,451,027**	**₱1,874,115,127**	**₱–**	**₱–**	**₱4,793,566,154**
Trade receivables:					
Television and radio airtime	**3,096,597,816**	**4,230,324,198**	–	–	**7,326,922,014**
Subscriptions	**57,467,274**	**158,484,088**	–	–	**215,951,362**
Others	**81,337,286**	**36,185,002**	–	–	**117,522,288**
Nontrade receivables:			–	–	
Advances to officers and employees	**1,923,767**	**7,439,509**	–	–	**9,363,276**
Others	**52,095,656**	**62,690,411**	–	–	**114,786,067**
Refundable deposits*	–	–	–	**22,165,836**	**22,165,836**
Financial assets at FVOCI	–	–	–	**116,711,276**	**116,711,276**
	6,208,872,826	**6,369,238,335**	–	**138,877,112**	**12,716,988,273**
Loans and borrowings:					
Trade payables and other current liabilities**	**385,382,010**	**606,108,361**	**28,078,727**	–	**1,019,569,098**
Short-term loans***	–	**739,485,500**	–	–	**739,485,500**
Obligations for program and other rights	–	**143,341,523**	**69,237,163**	–	**212,578,686**
Lease liabilities***	–	–	**17,475,682**	**101,910,220**	**119,385,902**
Dividends payable	**39,589,204**	–	–	–	**39,589,204**
	424,971,214	**1,488,935,384**	**114,791,572**	**101,910,220**	**2,130,608,390**
Liquidity Portion (Gap)	**₱5,783,901,612**	**₱4,880,302,951**	**(₱114,791,572)**	**₱36,966,892**	**₱10,586,379,883**

**Included under "Other noncurrent assets" account in the consolidated statement of financial position (see Note 16).*
***Excluding payable to government agencies, contract liabilities and customer deposits amounting to ₱1,501.08 million, ₱130.48 million and ₱46.03 million, respectively (see Note 17).*
****Gross contractual payments.*

			2020		
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial assets at amortized cost:					
Cash and cash equivalents	₱2,892,545,281	₱322,271,983	₱–	₱–	₱3,214,817,264
Trade receivables:					
Television and radio airtime	2,455,964,077	7,478,640,764	–	–	9,934,604,841
Subscriptions	162,802,287	84,098,769	–	–	246,901,056
Others	82,251,529	46,624,618	–	–	128,876,147
Nontrade receivables:					
Advances to officers and employees	1,636,162	5,230,704	–	–	6,866,866
Others	84,639,593	64,649,192	–	–	149,288,785
Refundable deposits*	–	–	–	21,427,422	21,427,422
Financial assets at FVOCI	–	–	–	192,132,088	192,132,088
	5,679,838,929	8,001,516,030	–	213,559,510	13,894,914,469

(Forward)

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
	2020				
Loans and borrowings:					
Trade payables and other current liabilities**	541,916,369	648,035,317	16,964,424	–	1,206,916,110
Short-term loans***	–	720,741,190	–	–	720,741,190
Obligations for program and other rights	–	73,369,390	102,812,738	–	176,182,128
Lease liabilities***	–	4,208,629	12,032,002	83,333,102	99,573,733
Dividends Payable	19,894,437	–	–	–	19,894,437
	561,810,806	1,446,354,526	131,809,164	83,333,102	2,223,307,598
Liquidity Portion (Gap)	₱5,118,028,123	₱6,555,161,504	(₱131,809,164)	₱130,226,408	₱11,671,606,871

**Included under "Other noncurrent assets" account in the consolidated statement of financial position (see Note 16).*
***Excluding payable to government agencies, contract liabilities and customer deposits amounting to ₱979.42 million, ₱127.28 million and ₱53.33 million, respectively (see Note 17).*
****Gross contractual payments.*

Foreign Currency Exchange Risk. Foreign currency exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group's exposure to foreign currency exchange risk results from certain business transactions denominated in foreign currencies. It is the Group's policy to ensure that capabilities exist for active but conservative management of its foreign currency exchange risk.

The Group's foreign currency-denominated monetary assets and liabilities are as follows:

	2021		2020	
Assets				
Cash and cash equivalents	**$15,738,444**	**₱802,644,894**	$14,428,000	₱692,832,539
	C$300,131	**11,961,418**	C$1,515,837	56,692,289
Trade receivables	**$3,370,321**	**171,883,009**	$4,295,851	206,286,757
	C$3,988,075	**158,940,751**	C$1,392,382	52,075,098
	S$141,598	**5,317,676**	S$113,726	4,107,775
	A$144,000	**5,300,078**	A$36,854	1,341,474
	DH132,516	**1,832,040**	DH52,170	682,387
		₱1,157,879,866		₱1,014,018,319
Liabilities				
Short-term loans	**$14,500,000**	**₱739,485,500**	$15,000,000	₱720,345,000
Trade payables	**$130,058**	**6,632,818**	$2,891,699	138,859,374
	€90,100	**5,181,804**	€11,670	684,924
	S$212	**7,962**	S$–	–
Obligations for program and other rights	**$2,933,261**	**149,593,378**	$2,892,613	138,903,262
		₱900,901,462		₱998,792,560
		₱256,978,404		₱15,225,759

In translating the foreign currency-denominated monetary assets and liabilities into Philippine peso amounts, the exchange rate used were ₱51.00 to US$1.00 and ₱48.02 to US$1.00, the Philippine peso to U.S. dollar exchange rate, as at December 31, 2021 and 2020, respectively. The exchange rate for Philippine peso to Canadian dollar was ₱39.85 to CAD$1.00 as at December 31, 2021. The peso equivalents for the Singaporean Dollar, Australian Dollar, Dirham and Euro are ₱37.55, ₱36.81, ₱13.83, and ₱57.51 respectively as at December 31, 2021.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates, with all other variables held constant, of the Group's income before income tax from reporting period up to next reporting period (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Group's equity other than those already affecting profit or loss.

	Appreciation/ (Depreciation) of Peso	USD	CAD	SGD	AUD	AED	EUR	Total
2021	**0.50**	**₱5,847,881**	**₱2,031,554**	**₱70,799**	**₱72,000**	**₱66,258**	**₱11,263**	**₱8,099,754**
	(0.50)	**(5,847,881)**	**(₱2,031,554)**	**(70,799)**	**(₱72,000**	**(₱66,258)**	**(11,263)**	**(8,099,754)**
2020	0.50	₱1,036,534	(₱1,454,109)	(₱56,863)	(₱18,427)	(₱26,085)	₱5,835	513,15516,199. 509
	(0.50)	(1,036,534)	1,454,109	56,863	18,427	26,085	(5,835)	(513,115)

Credit Risk. Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. It is the Group's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk.

The Group ensures that sales of products and services are made to customers with appropriate credit history. The Group has an internal mechanism to monitor the granting of credit and management of credit exposures. The Group has made provisions, where necessary, for potential losses on credits extended. The Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of the instruments. The Group does not require any collateral for its financial assets, thus, maximum exposure to credit risk is equal to the carrying value of the financial instruments.

The table below shows the maximum exposure to credit risk for the components of the consolidated financial position as at December 31:

	2021	2020
Financial assets at amortized cost:		
Cash and cash equivalents*	**₱4,505,373,504**	₱2,557,264,071
Trade receivables:		
Television and radio airtime	**7,326,922,014**	9,934,604,841
Subscriptions	**215,951,362**	246,901,056
Others	**117,522,288**	128,876,147
Nontrade receivables:		
Advances to officers and employees	**1,923,767**	6,866,866
Others	**52,095,656**	149,288,785
Refundable deposits**	**22,165,836**	21,427,422
	12,241,954,427	13,045,229,188
Financial assets at FVOCI	**116,711,276**	192,132,088
	₱12,358,665,703	₱13,237,361,276

**Excluding cash on hand amounting to ₱262.86 million and ₱355.24 million as at December 31, 2021 and 2020, respectively.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 16).*

The maximum exposure for cash and cash equivalents (excluding cash on hand) is the carrying amount less insured amount by the Philippine Deposit Insurance Corporation equivalent to the actual cash balance to a maximum of ₱0.50 million per depositor per bank. The maximum exposure of trade and non-trade receivables and refundable deposits is equal to its carrying amount.

Credit quality of Financial Assets, Other than Trade Receivables

The financial assets of the Group are grouped according to stage whose description is explained as follows:

Stage 1 - Those that are considered current and up to 120 past due and based on change in rating delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - Those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 120 to 360 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 - Those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The credit quality of the Group's financial assets are as follows:

	2021			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Financial assets at amortized cost				
Cash and cash equivalents*	**₱4,505,373,504**	**₱–**	**₱–**	**₱4,505,373,504**
Nontrade receivables:				
Advances to officers and employees	**1,923,767**	–	–	**1,923,767**
Others	**52,095,656**	–	–	**52,095,656**
Refundable deposits**	**22,165,836**	–	–	**22,165,836**
	₱4,581,558,763	**₱–**	**₱–**	**₱4,581,558,763**

*Excluding cash on hand amounting to ₱262.86 million as at December 31, 2021.
** Included under "Other noncurrent assets" account in the consolidated company statement of financial position.

	2020			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Financial assets at amortized cost				
Cash and cash equivalents*	₱2,557,264,071	₱–	₱–	₱2,557,264,071
Nontrade receivables:				
Advances to officers and employees	6,866,866	–	–	6,866,866
Others	149,288,785	–	–	149,288,785
Refundable deposits**	21,427,422	–	–	21,427,422
	₱2,734,847,144	₱–	₱–	₱2,734,847,144

*Excluding cash on hand amounting to ₱355.24 million as at December 31, 2020.
** Included under "Other noncurrent assets" account in the consolidated company statement of financial position.

Credit Quality of Trade Receivables
An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segment with similar loss patterns (i.e. by customer type). 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.

Set out below is the information about the credit risk exposure of the Group's trade receivables using provision matrix:

	2021					
		Days past due				
	Current	0-30 days	31-60 days	61-90 days	91 days and above	Total
Expected credit loss rate	1%	4%	3%	19%	34%	
Estimated total gross carrying amount at default	₱4,424,993,288	₱810,778,577	₱849,804,692	₱178,145,044	₱2,305,769,456	₱8,569,491,057
Expected credit loss	39,815,435	31,489,887	24,905,743	33,419,150	779,465,179	909,095,394

	2020					
		Days past due				
	Current	0-30 days	31-60 days	61-90 days	91 days and above	Total
Expected credit loss rate	1%	4%	11%	11%	29%	
Estimated total gross carrying amount at default	₱7,609,364,151	₱550,621,274	₱409,092,189	₱360,266,377	₱2,147,556,367	₱11,076,900,358
Expected credit loss	44,863,938	21,309,155	45,194,870	41,105,689	614,044,662	766,518,314

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay off existing debts, return capital to shareholders or issue new shares.

The Parent Company is not subject to externally imposed capital requirements.

No changes were made in the objectives, policies or processes for each of the three years ended December 31, 2021, 2020 and 2019.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loan to total equity. The Group's interest-bearing loans, which are the short-term loans, amounted to ₱739.49 million and ₱720.35 million as at December 31, 2021 and 2020, respectively. The Group's total equity attributable to equity holders of the Parent Company as at December 31, 2021 and 2020 amounted to ₱14,469.92 million and ₱12,809.06 million, respectively.

32. Fair Value Measurement

The table below presents the carrying values and fair values of the Group's assets and liabilities, by category and by class, as at December 31:

	2021			
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Assets Measured at Fair Value				
Land at revalued amount	₱2,945,297,014	₱–	₱–	₱2,945,297,014
Financial assets at FVOCI	116,711,276	–	13,371,842	103,339,434
Assets for which Fair Values are Disclosed				
Investment properties	33,487,447	–	–	203,902,548
Financial assets at amortized cost - Refundable deposits*	22,165,836	–	–	17,499,532
	₱3,117,661,573	₱–	₱13,371,842	₱3,270,038,528

**Included under "Other noncurrent assets" account in the consolidated statement of financial position (see Note 16).*

	2020			
			Fair Value	
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Assets Measured at Fair Value				
Land at revalued amount	₱2,803,196,184	₱–	₱–	₱2,803,196,184
Financial assets at FVOCI	192,132,088	–	12,971,842	179,160,246
Assets for which Fair Values are Disclosed				
Investment properties	34,869,834	–	–	203,902,548
Financial assets at amortized cost - Refundable deposits*	21,427,422	–	–	17,422,032
	₱3,051,625,528	₱–	₱12,971,842	₱3,203,681,010

**Included under "Other noncurrent assets" account in the consolidated statement of financial position (see Note 16).*

As at December 31, 2021 and 2020, the fair value of equity instruments in a listed entity is classified under Level 3 due to the investee Company's suspension of trading in the market.

The fair values of equity instruments in listed and non-listed companies classified under Level 3 were determined through asset-based approach. Asset-based approach is based on the value of all the tangible and intangible assets and liabilities of the investee Company.

Presented below are the significant unobservable inputs used in the net asset valuations of the Group's financial assets in 2021 and 2020:

		Range	
Description	**Unobservable Inputs**	**2021**	2020
Listed equity instrument:			
Casinos and gaming industry	Discount for lack of marketability	**10%-30%**	10%-30%
	Discount for lack of control	**10%-30%**	10%-30%
Non-listed equity instruments:			
Media and entertainment industry	Discount for lack of marketability	**10%-30%**	10%-30%
	Discount for lack of control	**10%-30%**	10%-30%

An increase (decrease) in the significant unobservable inputs used in the valuation of the equity investments will increase (decrease) the fair value of the equity investments.

Movements in the fair value of equity investments classified under Level 3 are as follows:

	2021	2020
Balance at beginning of year	**₱179,160,246**	₱227,508,061
Fair value adjustment recognized under "Net unrealized gain (loss) on financial assets at FVOCI"	**(75,820,812)**	(48,347,815)
Balance at end of year	**₱103,339,434**	₱179,160,246

Fair Value Determination

The following methods and assumptions are used to estimate the fair value of each asset and liability for which it is practicable to estimate such value:

Cash and Cash Equivalents and Trade and Other Receivables

The carrying values of cash and cash equivalents and trade and nontrade receivables approximate their fair values primarily due to the relatively short-term maturity of these financial instruments.

Refundable Deposits

The fair value of refundable deposits is based on the present value of the future discounted cash flows. Discount rates used range from 3.26% to 4.44% in 2021 and 2020.

Financial assets at FVOCI

The Group's investments in club shares were based on prices readily available from brokers and other regulatory agencies as at reporting date. The fair values of equity investments in listed and non-listed companies have been estimated using the net asset value model. The valuation using adjusted net asset approach requires the management to measure the fair value of the individual assets and liabilities recognized in an investee's statement of financial position as well as the fair value of any unrecognized assets and liabilities at the measurement date.

Investment Properties and Land at Revalued Amount

The valuation for investment properties and land at revalued amount was derived through market data approach based upon prices paid in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property adjusted based on certain elements of comparison (e.g. market conditions, location, physical condition and amenities). Significant unobservable valuation input in determining the fair value of investment properties includes adjusted price per square meter that ranges from ₱1,400 to ₱117,000. On the other hand, significant unobservable valuation input in determining fair value of land at revalued amount includes adjusted price per square meter that ranges from ₱200 to ₱97,000.

Significant increases (decreases) in estimated price per square meter would result in a significantly higher (lower) fair value of the properties.

Trade Payables and Other Current Liabilities (excluding Payable to Government Agencies and Advances from Customers), Short-term Loans, Obligations for Program and Other Rights and Dividends Payable

The carrying values of trade payables and other current liabilities, short-term loans, current portion of obligations for program and other rights and dividends payable approximate their fair values due to the relatively short-term maturity of these financial instruments.

Lease liabilities

The fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans plus the applicable credit spread. Discount rates used ranged from 0.99% to 4.89% in 2021 and 1.59% to 3.57% in 2020.

33. Changes in Liabilities Arising from Financing Activities

	January 1, 2021	Additions	Payments	Others*	December 31, 2021
Short-term loans	₱720,345,000	₱4,479,150,000	(₱4,542,575,000)	₱82,565,500	₱739,485,500
Lease liabilities	76,856,072	60,877,091	(26,744,140)	8,396,879	119,385,902
Dividends payable	19,894,437	6,568,917,889	(6,549,223,122)	–	39,589,204
Accrued interest expense**	756,363	38,086,089	(38,330,656)	–	511,796
Total liabilities from financing activities	₱817,851,872	₱11,147,031,069	(11,156,872,918)	₱90,962,379	₱898,972,402

**Others pertain to revaluation of foreign currency denominated loans, and accretion of interest of lease liabilities.*
***Included under "Accounts payable and other current liabilities" account in the consolidated statement of financial position (see Note 17).*

	January 1, 2020	Additions	Payments	Others*	December 31, 2019
Short-term loans	₱400,000,000	₱984,340,000	(₱641,895,000)	(₱22,100,000)	₱720,345,000
Lease liabilities	105,788,115	–	(21,762,363)	(7,169,680)	76,856,072
Dividends payable	18,734,008	1,475,909,531	(1,474,749,102)	–	19,894,437
Accrued interest expense**	1,466,667	12,146,694	(12,856,998)	–	756,363
Total liabilities from financing activities	₱525,988,790	₱2,472,396,225	(2,151,263,463)	(₱29,269,680)	₱817,851,872

**Others pertain to revaluation of foreign currency denominated loans, and accretion of interest and pre-termination of lease liabilities.*
***Included under "Accounts payable and other current liabilities" account in the consolidated statement of financial position (see Note 17).*

34. Events after the Reporting Period

On March 25, 2022, the Parent Company's BOD approved the declaration and distribution of cash dividends amounting to ₱1.45 per share totaling ₱7,053.80 million to all stockholders of record as at April 25, 2022 and will be paid on May 17, 2022.

GMA NETWORK, INC. AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2021

Annex 68 - J

A. Financial Assets	Attached
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	Not applicable
C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	Attached
D. Long-term Debt	Not applicable
E. Indebtedness to Related Parties (Long-term Loans from Related Companies)	Not applicable
F. Guarantees of Securities of Other Issuers	Not applicable
G. Capital Stock	Attached

Additional Components

i) Reconciliation of Retained Earnings Available for Dividend Declaration	Attached
ii) Map of Relationships of the Companies within the Group	Attached

GMA NETWORK, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J
DECEMBER 31, 2021

Schedule A. Financial Assets

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amounts of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotation at end of Reporting Period	Income Received and Accrued
Cash and cash equivalents				
Cash on hand	₱–	₱262,857,804	₱–	₱–
Cash in banks	–	2,656,593,223	–	1,908,932
Peso Placements:				
Abacus Capital & Investment Corporation	–	153,204,647	–	7,409,714
Amalgamated Investment Bancorporation	–	7,948,642	–	87,149
Bank of the Philippine Islands	–	300,212,253	–	308,037
Bank of Commerce	–	8,157,427	–	–
Charter Ping An	–	6,160,687	–	–
CTBC Bank	–	50,069,602	–	536,224
Land Bank of the Philippines	–	251,654,554	–	1,917,763
Malayan Bank	–	150,742,454	–	1,031,768
Philippine Business Bank	–	2,140,262	–	13,717
Philippine Bank of Communications	–	10,647,532	–	43,517
Philippine National Bank	–	100,390,719	–	522,291
Unicapital, Inc.	–	31,397,624	–	666,203
United Coconut Planters Bank	–	300,937,333	–	1,156,700
Union Bank of the Philippines	–	500,451,391	–	633,302
Total Placements	–	1,874,115,127	–	14,326,385
	₱–	**₱4,793,566,154**	**₱–**	**₱16,235,317**
Financial Assets at Fair Value Through Other Comprehensive Income				
IP E Games Ventures, Inc.	13,000,000,000	₱23,775,258	₱–	₱–
Unicapital, Inc.	778,504	74,295,716	–	–
Mabuhay Philippine Satellite	405,666	244,926	–	–
Optima Studio	75,000	4,805,609	–	–
Ayala Alabang Country Club - A	1	6,000,000	6,000,000	–
Baguio Country Club	1	3,000,000	3,000,000	–
Metropolitan Club (Metroclub) A	7	1,350,000	1,350,000	–
Manila Southwoods A	1	1,185,000	1,185,000	–
Camp John Hay Golf Club	1	250,000	250,000	–
Reefpoint Picture	–	216,925	–	–
Tagaytay Country Club	1	1,486,842	1,486,842	–
Royale Tagaytay	1	100,000	100,000	–
Others	–	1,000	–	–
		₱116,711,276	₱13,371,842	₱–

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2021

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Noncurrent	Balance at End of Period
			Amount Collected	Amount Written Off			

Not Applicable: The Group has no amounts receivable from directors, officers, employees, related parties and principal stockholders as at December 31, 2021 other than those for purchases subject to usual terms, for ordinary travel and expense advances, and for other such items arising in the ordinary course of business.

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2021

Alta Productions Company, Inc. (Alta)

			Deductions				
Account	January 1, 2021	Additions	Amount Collected	Amount written off/ Reclassified	Current	Noncurrent	December 31, 2021
Receivables – Non-Trade	₱309,226	₱–	(₱ 122,602)	₱–	₱–	₱186,624	₱186,624
Payables - Trade	(21,750,698)	(74,149,020)	79,768,768	–	(16,130,950)	–	(16,130,950)
Total	**(₱21,441,472)**	**(₱74,149,020)**	**₱79,646,166**	**₱–**	**(₱16,130,950)**	**₱186,624**	**(₱15,944,326)**

Citynet Network Marketing and Productions, Inc. (Citynet)

			Deductions				
Account	January 1, 2021	Additions	Amount Collected	Amount written off/ Reclassified	Current	Noncurrent	December 31, 2021
Advances to Citynet	**₱118,934,402**	**₱–**	**₱–**	**₱–**	**₱–**	**₱118,934,402**	**₱118,934,402**

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2021

GMA Marketing and Productions, Inc. (GMPI)

			Deductions				
Account	January 1, 2021	Additions	Amount Collected	Amount written off/ Reclassified	Current	Noncurrent	December 31, 2021
Receivables - Non-Trade	₱34,361	₱–	₱–	₱–	₱–	₱34,361	₱34,361
Payables - Trade	(106,549,948)	–	–	–	–	(106,549,948)	(106,549,948)
Payables - Nontrade	(33,200)	–	–	–	–	(33,200)	(33,200)
Total	**(₱106,549,787)**	**₱–**	**₱–**	**₱–**	**₱–**	**(₱106,549,787)**	**(₱106,549,787)**

GMA New Media, Inc. (GNMI)

			Deductions				
Account	January 1, 2021	Additions	Amount Collected	Amount written off/ Reclassified	Current	Noncurrent	December 31, 2021
Receivables - Trade	₱124,388,059	₱331,325,504	(₱363,855,856)	₱–	₱91,857,707	₱–	₱91,857,707
Payables - Trade	(140,974,187)	(130,911,634)	138,176,741		(133,709,080)	–	(133,709,080)
Total	**(₱16,586,128)**	**₱200,413,870**	**(₱225,679,115)**	**₱–**	**(₱41,851,373)**	**₱–**	**(₱41,851,373)**

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2021

GMA Worldwide (Philippines), Inc. (GWI)

			Deductions				
Account	January 1, 2021	Additions	Amount Collected	Amount written off/ Reclassified	Current	Noncurrent	December 31, 2021
Receivables - Non-Trade	₱2,160	₱–	(₱2,160)	₱–	₱–	₱–	₱–
Payables - Trade	(3,925,824)	–	–	–	–	(3,925,824)	(3,925,824)
Total	**(₱3,923,664)**	**₱–**	**(₱2,160)**	**₱–**	**₱–**	**(₱3,925,824)**	**(₱3,925,824)**

RGMA Marketing & Productions, Inc. (GMA Records)

			Deductions				
Account	January 1, 2021	Additions	Amount Collected	Amount written off/ Reclassified	Current	Noncurrent	December 31, 2021
Advances to GMA Records	₱1,268,033	₱–	₱–	₱–	₱–	₱1,268,033	₱1,268,033
Receivables - Trade	39,108,127	29,184,347	(40,536,258)	–	27,756,216	–	27,756,216
Receivables - Nontrade	288,788	6,469,287	(842,971)	–	5,915,104	–	5,915,104
Total	**₱40,664,948**	**₱35,653,634**	**(₱41,379,229)**	**₱–**	**₱33,671,320**	**₱1,268,033**	**₱34,939,353**

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2021

Scenarios, Inc. (Scenarios)

			Deductions				
Account	January 1, 2021	Additions	Amount Collected	Amount written off/ Reclassified	Current	Noncurrent	December 31, 2021
Advances to Scenarios	₱1,014,090	₱–	₱–	₱–	₱–	₱1,014,090	₱1,014,090
Receivables – Trade	5,507,145	–	–	–	–	5,507,145	5,507,145
Payables – Nontrade	(650,000)	–	215,000	–	–	(435,000)	(435,000)
Total	**₱5,871,235**	**₱–**	**₱215,000**	**₱–**	**₱–**	**₱6,086,235**	**₱6,086,235**

Script2010, Inc. (Script2010)

			Deductions				
Account	January 1, 2021	Additions	Amount Collected	Amount written off/ Reclassified	Current	Noncurrent	December 31, 2021
Receivables - Trade	₱15,485	₱–	₱–	(₱15,485)	₱–	₱–	₱–
Receivables - Nontrade	20,798,506	3,717,589	–	15,485	3,717,589	20,813,991	24,531,580
Payables - Trade	(33,326,644)	(93,292,792)	98,257,616	–	(28,361,820)	–	(28,361,820)
Payables - Nontrade	(1,878,486)	–	–	–	–	(1,878,486)	(1,878,486)
Total	**(₱14,391,139)**	**(89,575,203)**	**₱98,257,616**	**₱–**	**(₱24,644,231)**	**₱18,935,505**	**(5,708,726)**

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2021

Media Merge Corporation (MM)

Account	January 1, 2021	Additions	Deductions: Amount Collected	Deductions: Amount written off/ Reclassified	Current	Noncurrent	December 31, 2021
Receivables - Trade	₱1,436,579	₱–	₱–	₱–	₱–	₱1,436,579	₱1,436,579
Payables - Trade	(3,198,847)	–	–	–	–	(3,198,847)	(3,198,847)
Total	**(₱1,762,268)**	**₱–**	**₱–**	**₱–**	**₱–**	**(₱1,762,268)**	**(₱1,762,268)**

RGMA Network, Inc. (RGMA Network)

Account	January 1, 2021	Additions	Deductions: Amount Collected	Deductions: Amount written off/ Reclassified	Current	Noncurrent	December 31, 2021
Receivables - Nontrade	₱210,248	₱227,447	(₱283,368)	₱–	₱154,327	₱–	₱154,327
Payables - Trade	(203,675,811)	(340,609,783)	496,304,773	–	(47,980,821)	–	(47,980,821)
Total	**(₱203,465,563)**	**(₱340,382,336)**	**₱496,021,405**	**₱–**	**(₱47,826,494)**	**₱–**	**(₱47,826,494)**

Schedule D. Long-Term Debt
December 31, 2021

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under caption "Current portion of long term debt" in related balance sheet	Amount shown under caption "Long term debt" in related balance sheet

Not Applicable: The Group has no long-term debt as at December 31, 2021.

Schedule E. Indebtedness to Related Parties (Long-Terms from Related Companies)
December 31, 2021

Name	Balance, January 1, 2021	Balance, December 31, 2021

Not Applicable: The Group has no noncurrent indebtedness to a related party as at December 31, 2021.

Schedule F. Guarantees of Securities of Other Issuers
December 31, 2021

Name of Issuing Entity of Securities Guaranteed by the Company for which this statement is filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which the Statement is Filed	Nature of Guarantee

Not Applicable: The Group has no guarantees of securities of other issuers as at December 31, 2021.

Schedule G. Capital Stock
December 31, 2021

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statements of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers, and employees	Others
Common	5,000,000,000	3,364,692,000	N/A	2,968,602,673	20,235,355	375,853,972
Preferred	7,500,000,000	7,500,000,000	N/A	7,489,630,392	27,294	10,342,314

GMA NETWORK, INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE YEAR ENDED DECEMBER 31, 2021

Unappropriated retained earnings, beginning of the year	₱7,150,714,193
Less: Non-actual/unrealized income	
Deferred tax assets recognized in profit or loss	(664,041,122)
Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning of the year	6,486,673,071
Add: Net income actually earned/realized during the period	
Net income of the Parent Company closed to Retained Earnings	7,527,323,467
Less: Non-actual/unrealized income net of tax	
Provision for deferred income tax	(30,460,274)
Unrealized foreign exchange gain	(78,173,432)
Net income actually earned/realized during the year	7,418,689,761
Less:	
Dividends declaration during the year	(6,561,492,890)
Unappropriated Retained Earnings Available for Dividend Declaration, Ending	**₱7,343,869,942**

GMA NETWORK, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Financial Ratios	Formula		2021	2020
Current/liquidity ratio	**Current assets over current liabilities**		**3.42:1**	2.89:1
	Total current assets	16,337,871,141		
	Divided by:			
	Total current liabilites	4,782,043,634		
	Current ratio	3.42		
Acid Test Ratio	**Quick assets over current liabilities**		**3.18:1**	2.85:1
	Total current assets	16,337,871,141		
	Less:			
	Inventory	1,137,425,573		
	Other current assets	1,578,013		
		15,198,867,555		
	Divided by:			
	Total current liabilites	4,782,043,634		
	Acid test ratio	3.18		
Solvency ratio	**Net income plus non-cash expenses over total liabilities**		**0.99:1**	0.69:1
	Net income	7,569,146,281		
	Add:			
	Non-cash expenses	1,807,404,558		
	Total	9,376,550,839		
	Divided by:			
	Total liabilities	9,504,724,840		
	Solvency ratio	0.99		
Asset-to-equity ratio	**Total asset over total equity**		**1.65:1**	1.86:1
	Total assets	24,075,725,073		
	Divided by:			
	Total equity	14,571,000,233		
	Asset-to-equity ratio	1.65		
Debt-to-equity ratio	**Short-term loans over total equity**		**0.05:1**	0.06:1
	Total short-term loans	739,485,500		
	Divided by:			
	Total equity	14,571,000,233		
	Asset-to-equity ratio	0.05		

Financial Ratios	Formula		2021	2020
Net debt to equity ratio	**Interest-bearing loans and borrowings less cash and cash equivalents over total equity**		**(0.28):1**	(0.19):1
	Total short-term loans	739,485,500		
	Less:			
	Cash and cash equivalents	4,793,566,154		
		(4,054,080,654)		
	Divided by:			
	Total equity	14,571,000,233		
	Net debt-to-equity ratio	(0.28)		
Interest rate coverage ratio	**Earnings before interest, tax over interest expense**		**204.95:1**	418.52:1
	Net income	7,569,146,281		
	Add:			
	Interest	48,692,493		
	Tax	2,378,049,517		
	Less:			
	Interest income	(16,235,317)		
		9,979,652,974		
	Divided by:			
	Interest	48,692,493		
	Interest rate coverage ratio	204.95		
Gross profit margin	**Gross profit over net revenues**		**76.42%**	79.67%
	Gross profit	17,155,632,749		
	Divided by:			
	Net revenue	22,450,323,397		
	Gross profit margin	76.42%		
Net income margin	**Net income over net revenues**		**33.72%**	31.07%
	Net income	7,569,146,281		
	Divided by:			
	Net revenue	22,450,323,397		
	Net income margin	33.72%		
Return on equity	**Net income over average total stockholder's equity**		**55.14%**	53.31%
	Net income	7,569,146,281		
	Divided by:			
	Average equity	13,726,207,427		
	Return on equity	55.14%		

Financial Ratios	Formula		2021	2020
Return on assets	**Net income over average total assets**		**31.53%**	29.82%
	Net income	7,569,146,281		
	Divided by:			
	Average asset	24,007,497,272		
	Return on asset	31.53%		

GMA NETWORK, INC. AND SUBSIDIARIES
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP