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SEC Registration Number

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

(Group's Full Name)

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

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

Mr. Ronaldo P. Mastrili

(Contact Person)

8982-7777

(Group Telephone Number)

0 3 **3 1**

Month *Day*

(Fiscal Year)

1 7 - Q

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2023**

2. SEC Identification Number **5213**

3. BIR Tax Identification No. **000-917-916-000V**

4. Exact name of issuer as specified in its charter **GMA Network, Inc.**

5. **Philippines**
   Province, country or other jurisdiction of incorporation

6. ______ (SEC Use Only)
   Industry Classification Code

7. **GMA Network Center, Timog Avenue corner EDSA**
   Quezon City **1103**
   Address of principal office Postal Code

8. **(632) 8982-7777**
   Issuer's telephone number, including area code

9. **Not applicable** ……………………………
   Former name or former address, if changed since last report

10. Securities registered pursuant to Section 8 and 12 of the SRC and Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding……………..
Common Stock	**3,364,692,000**
Preferred Stock	**7,500,000,000**

11. Are any or all of the securities listed on a Stock Exchange?

Yes [X] No [ ]

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [X] No [ ]

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

Yes [X] No [ ]

TABLE OF CONTENTS

Management Discussion and Analysis of Financial Condition and Results of Operations for the Three Months Ended March 31, 2023 and 2022

GMA Network and Subsidiaries (GMA/the Company) sealed the first three months of the year with revenues of ₱4,016 million, behind same period last year's robust sales of ₱5,862 million. The absence this year of almost ₱1.5-billion worth of political advocacies and advertisements in Q1 of 2022 factored considerably into the Company's top line-reduction. With not much positive developments in the local and global business landscape, recurring sales likewise dipped by 10% in between periods.

Income Data	**3M 2023** *(in millions PhP)*	3M 2022 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Revenues				
Advertising revenue	**3,697.10**	5,528.72	(1,831.62)	-33%
Consumer sales				
Sale of services	**210.42**	240.55	(30.13)	-13%
Sale of goods	**108.24**	92.53	15.71	17%
	4,015.75	5,861.79	(1,846.04)	-31%
Total operating expenses	**3,263.89**	3,079.42	184.47	6%
EBITDA	**1,219.58**	3,220.12	(2,000.53)	-62%
Net income	**602.31**	2,128.38	(1,526.07)	-72%
Attributable to Equity Holders of Parent Co.	***603.57***	*2,120.21*	*(1,516.64)*	*-72%*
Noncontrolling Interest	***(1.26)***	*8.17*	*(9.44)*	*-115%*

At the outset of 2023, the global economy has seen some positive signs as inflation and energy prices eased from their peak levels. However, levels remained comparatively high, thus for the Philippine economy, there was a seen slowdown in the first quarter of this year. Household spending, which is one of the biggest contributors and key drivers of growth in the local economy, has weakened amid elevated inflation and rising borrowing costs, accordingly to analysts. As a result, major fast-moving consumer goods (FMCG) clients of the Company which largely bank on individual purchasing power have likewise scaled down their ad spending.

With this, GMA generated consolidated revenues of ₱4,016 million, representing a reduction of ₱1,846 million from last year's top line of ₱5,862 million. Advertising revenues remained the lifeblood of GMA, comprising more than 90% of the total revenue pie. Compared to same period in 2022, it was also the biggest source of the drag, with a contraction of ₱1,832 million, mainly due to the absence of incremental sales from last year's elections placements.

Despite lukewarm sales performance during the quarter, operations have returned to pre-pandemic levels, with costs also rising due to more fresh episodes produced as well as the resumption of face-to-face activities. The Company's total consolidated cost and other operating expenses (OPEX) from January to March this year reached ₱3,264 million, albeit edging last year by only a single-digit of 6%. Management has made a concerted effort to keep spending at bay given the economic challenges, nonetheless ensuring that commitment of the Company to its viewers and stakeholders are at the forefront. Both Production and other direct costs, as well as general and administrative expenses, finished higher versus Q1 of last year. Cost of goods sold also recorded an increase.

Wrapping up at ₱1,220 million for the first three months of 2023, consolidated Earnings before interest, taxes, depreciation and amortization (EBITDA) recorded a decline compared to last year's ₱3,220 million. Fortunately, despite the dearth in the top line which was aggravated by the moderate climb in expenses, the Company was still able to end the quarter with more than half a billion in consolidated Net Income after Tax, albeit less than last year's ₱2,128 million.

Revenues

Given the absence of the significant boost from political advocacies and advertisements following the national and local elections in 2022, GMA's revenues by the end of three months this year registered a decline of ₱1,846 million or 31%. Recurring sales which was also affected by consumer sentiments on the weak economy have also affected advertising placements of the Company's volume accounts which are mainly FMCG conglomerates. Advertising continued to comprise the lion's share in the Company's revenue pie.

Revenues	**3M 2023** *(in millions PhP)*	3M 2022 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Advertising revenues	**3,697.10**	5,528.72	(1,831.62)	-33%
Consumer sales				
Sale of services	**210.42**	240.55	(30.13)	-13%
Sale of goods	**108.24**	92.53	15.71	17%
	4,015.75	5,861.79	(1,846.04)	-31%

On a per platform basis, airtime advertising revenues contributed the biggest chunk to the total revenue pie. This segment however was also the source of the main drag this period due to the absence of election-related boost of nearly a billion and a half pesos. While airtime sales have posted improvements month on month basis since January this year, there was still a notable drop versus YTD sales of prior year. All airtime-generating platforms yielded sales reductions in between years – with the exception of the Digital Terrestrial TV (DTT) channels. Suffering the biggest setback was GMA 7, with sales down 37%, notwithstanding the ratings dominance in TV broadcasting. The Kapuso Channel's historical portal fantasy series on weekday primetime *Maria Clara at Ibarra* maintained double-digit TV ratings while it aired in October last year until its finale in February this year, wherein it bade farewell at the top of the ratings chart. It has also consistently trended on Twitter and has been acclaimed by its wide range of audience.

The Company's second free-to-air channel, Good TV or GTV, remained a strong contender in second place in terms of ratings, vis-à-vis other channels. GTV has likewise shown its financial viability as a stand-alone channel with its revenue-generating capacity, which for the first three months of 2023 registered a hefty 41% hike in recurring sales. Inclusive of political advocacies and advertisements in last year's top line, the channel nonetheless recorded a 6% growth in terms of revenues in between periods. Biggest revenue-generating program for the GTV was the primetime movie slot - *G! Flicks*, which grabbed the highest rating among all programs in the channel.

Meanwhile, Radio operations finished the first three months of this year with recurring sales climbing by 5% compared to same period in 2022. With some election-related placements boosting Radio's sales last year, sales dipped by 18%. In terms of Radio stations, DWLS FM 97.1 was the driver for the growth this quarter, posting year-to-date sales hike of 21%.

The influx of national and local election-related placements last year was quite significant for the Company's Regional TV (RTV) operations. Thus, combined top line for RTV was cut by more than half by the end of the first quarter this year while revenues from recurring sales likewise dipped by 27% versus Q1 a year ago. This did not deter the Company from expanding its reach by launching this March its 12th regional station in the Philippines and the 5th in Luzon via the local station in Ilocos Norte. This development was aimed at strengthening local news coverage in (Ilocos Region) and Central Luzon and further solidifying GMA Integrated News' position as the news authority among Filipinos.

Bucking the trend in terms of top-line generation were the digital terrestrial television (DTT) channels, which, for the first three months of this year, all registered improvements against same period in 2022. Heart of Asia finished with sales up 24% while I Heart Movies bagged sales more than three times higher than comparable period a year ago. Meanwhile, Hallypop's topline decline by 12% this quarter, while Pinoy Hits which went on air in mid-January of this year was also able to pitch in incremental sales.

For Online advertising, there was also a noted increase of 2% this period versus Q1 2022. This was despite the boost from political advocacies and advertisements in the Company's digital platform last year. Minus this non-recurring ads, online advertising grew revenues by 18% year-on-year. GMA opened 2023 on a high note as it continues its solid presence on various online platforms. By end March this year, GMA's Network's YouTube channel has already reached over 30 million subscribers and is gearing up to reach more Filipinos beyond on-air platforms.

Sale of services wrapped up at ₱210 million this quarter compared with ₱241 million in Q1 last year. Subscription revenues from the Company's International operations comprised the biggest chunk of this segment. For the first three months, GMA Pinoy TV, Life and News TV's revenues ended shy by 3% versus same period in 2022. The attrition in subscriber count was the main reason for the decline, mitigated by the average increase in forex by 7% or by PhP3.36 to USD1 this period. Meanwhile, Q1 syndication revenues also trailed behind last year by 10%. There were also less revenues from production costs (i.e. portion buys, etc.) this quarter compared to prior period which further aggravated the decline from the aforementioned revenue streams.

Finally, sale of merchandise for the past three months wrapped up at ₱108 million, ahead of same period last year by ₱16 million or 17%. Units sold for GMA Affordabox finished 39% higher over quantity sold in the first quarter of 2022. The slower growth in terms of amount vis-à-vis climb in quantities sold was due to the price reduction in July of last year. Since launch in mid-2020, the set-top box has already sold more than two and a half million units nationwide.

Expenses

Operating Expenses	**3M 2023** *(in millions PhP)*	3M 2022 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Production costs	**1,672.91**	1,576.70	96.21	6%
Cost of sales	**105.19**	75.23	29.96	40%
Total Direct Costs	**1,778.10**	1,651.93	126.17	8%
General and administrative expensex	**1,485.79**	1,427.49	58.30	4%
	3,263.89	3,079.42	184.47	6%

After three months in 2023, total consolidated operating expenses concluded at ₱3,264 million, slightly ahead by 6% or by ₱184 million versus same period in 2022. Direct production costs escalated by 6% or ₱96 million while general and administrative expenses edged last year by 4%. Meanwhile, cost of sales grew by 40% attuned to the ramp up in total units sold of the set-top box this period versus Q1 last year.

Production Costs	**3M 2023** *(in millions PhP)*	3M 2022 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Talent fees and production personnel costs	**893.13**	805.70	87.43	11%
Rentals and outside services	**147.49**	107.28	40.21	37%
Other program expenses	**287.16**	357.41	(70.26)	-20%
Sub-total - Cash Production Costs	**1,327.78**	1,270.39	57.39	5%
Program rights amortization	**218.97**	202.25	16.72	8%
Depreciation and amortization	**126.17**	104.06	22.11	21%
Sub-total - Non-cash Production Costs	**345.14**	306.31	38.83	13%
Total production costs	**1,672.91**	1,576.70	96.21	6%

Production costs composed of cash and non-cash direct costs hiked to ₱1,673 million, up by 6% or ₱96 million versus same period in 2022. Cash production costs posted a moderate growth of 5% or ₱57 million as the Network continued to produce fresh episodes compared to a year ago which still included some replays. Additional cost was likewise incurred by the airing of *NCAA's Season 98: Achieve Greatness Everyday* during the quarter versus no scheduled games in Q1 of last year. Meanwhile, non-cash direct cost also pegged a 13% increase from a year ago, coming from the 21% hike in depreciation and 8% escalation in program rights amortization. The climb in depreciation resulted from the aggressive rollout of the Company's DTT expansion projects all over the country. During the quarter, the Company implemented the Network-wide standard definition - full height anamorphic (FHA) project with the aim of further enhancing broadcast quality to its audience by elevating viewing level to cinematic experience from full screen to the widescreen aspect ratio of FHA.

General and Administrative Expenses	**3M 2023** *(in millions PhP)*	3M 2022 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Personnel costs	**908.43**	879.34	29.09	3%
Outside services	**104.50**	119.62	(15.12)	-13%
Facilities costs	**162.12**	124.48	37.64	30%
Taxes and licenses	**51.49**	61.11	(9.62)	-16%
Others	**182.42**	165.70	16.72	10%
Subtotal - Cash GAEX	**1,408.96**	1,350.25	58.71	4%
Depreciation and amortization	**62.73**	62.99	(0.26)	-0.4%
Provision for doubtful accounts	**-**	0.13	(0.13)	-100%
Amortization of software costs	**14.10**	14.12	(0.02)	-0.2%
Subtotal - Non-cash GAEX	**76.83**	77.24	(0.41)	-1%
Total GAEX	**1,485.79**	1,427.49	58.30	4%

The Company's consolidated general and administrative expenses for the first quarter of this year registered a slight increase of 4% or ₱58 million, ending at ₱1,486 million compared with ₱1,427 million during the comparable period in 2022. Personnel cost which comprised a huge part of this cost category inched up by 3% or ₱29 million to ₱908 million after the first three months. This resulted from the annual increases in salaries of the Company's manpower contingent. Meanwhile, biggest hike in spending was seen in Facilities cost, climbing by 30% or ₱38 million. This was primarily due to the spike in utilities owing to higher charges by electricity providers across the country, on top of fuel recovery costs.

EBITDA

Given lukewarm revenues which were aggravated by higher cash spending, consolidated Earnings before interest, taxes, depreciation and amortization for the three-months ended March wrapped up at ₱1,220 million, dropping by 62% or ₱2,001 million from last year's EBITDA of ₱3,220 million.

Net Income

In the same manner, Net Income After Tax sealed first quarter results at ₱602 million, lower by over a billion from the last year's bottom-line performance of ₱2,128 million which was buoyed by political advocacies and advertisements.

Balance Sheet Accounts

As at end-March 2023, the Group's total consolidated assets stood at ₱25,884 million, exhibiting an increase of 5% from December 31, 2022's ₱24,729 million.

Cash and cash equivalents amounting to ₱3,035 million climbed by ₱179 million or 6% from 2022 balance of ₱2,855 million as a result of higher net cash flows provided by operating activities which as of March 31, 2023 amounted to ₱598 million. This was partially netted by acquisition of property and equipment and software costs during the three-month period of 2023 amounting to ₱403 million and ₱30 million, respectively. Trade and other receivables closed at ₱6,178 million, up 5% versus end-2022's ₱5,862 million.

Meanwhile, total consolidated liabilities also hiked by 6% or ₱553 million as at end of 1st quarter of 2023 to ₱9,816 million from ₱9,263 million as at end-December in 2022, consequent to the hike in Income tax payable by ₱269 million. In addition, Obligation for program and other rights also grew in between reporting periods due to higher film and story rights acquisitions.

Equity attributable to Parent Company stockholders of ₱15,992 million as at March 31, 2023 increased by 4% or ₱604 million from December 31, 2022, directly due net income after tax earned for the first quarter of 2023.

Cash Flows	**3M 2023** *(in millions PhP)*	3M 2022 *(in millions PhP)*
Net cash provided by operating activities	**597.55**	4,877.68
Net cash used in investing activities	**(402.14)**	(261.52)
Net cash used in financing activities	**(3.42)**	(689.28)
Effect of exchange rate changes on cash and cash equivalents	**(12.78)**	16.99
Net increase in cash and cash equivalents	**179.21**	3,943.86
Cash and cash equivalents at beginning of year	**2,855.47**	4,793.57
Cash and cash equivalents at end of the period	**3,034.68**	8,737.43

Operating Activities

Net cash provided by operating activities measured at ₱598 million in Q1 2023. This stemmed from income before income tax of ₱803 million, adjusted mainly for Program rights usage of ₱219 million, Depreciation expense of ₱189 million, Net unrealized foreign exchange gain of ₱20 million, Amortization of software costs of ₱14 million, Gain on sale of property and equipment of ₱13 million, Interest income amounting to ₱8 million and Interest expense and financing charges also equivalent to ₱3 million, apart from the changes in working capital. The primary component of the changes in working capital included the ₱317 million and ₱160 million increases in Trade and other receivables and Prepaid expenses and other current assets, respectively.

Investing Activities

Net cash used in investing activities amounted to ₱402 million, coming primarily from the ₱403 million additions to Property and equipment, ₱30 million acquisition of software costs, and ₱46 million increase in Other noncurrent assets. These were partly offset by the ₱76 million proceeds from property sales.

Financing Activities

Net cash used in financing activities amounted to ₱3 million basically due to the partial payment of loan.

Key Financial Performance Indicators

The key financial performance indicators that the Company monitors are the following:

Key Performance Indicators	**3M 2023** *(in millions PhP)*	3M 2022 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Revenues	**4,015.75**	5,861.79	(1,846.04)	-31%
Advertising revenues	**3,697.10**	5,528.72	(1,831.62)	-33%
Cash operating expenses	**2,841.93**	2,695.87	146.06	5%
EBITDA	**1,219.58**	3,220.12	(2,000.53)	-62%
Net income before tax	**802.60**	2,836.84	(2,034.25)	-72%
Net income after tax	**602.31**	2,128.38	(1,526.07)	-72%

Key Performance Indicators	**3M 2023**	3M 2022	Inc/(Dec)	%
Current ratio	**3.35**	1.53	1.82	119%
Asset-to-Equity ratio	**1.61**	2.79	(1.18)	-42%
Interest Rate Coverage Ratio	**230.07**	545.89	(315.82)	-58%
Gross Profit Margin	**56%**	72%	(0.16)	-22%
EBITDA Margin	**30%**	55%	(0.25)	-45%
Net Income Margin	**15%**	36%	(0.21)	-59%

* * * * * * * * * * * *

GMA NETWORK, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2023 Unaudited	December 31, 2022 Audited
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 8 and 32)	**3,034,676,042**	2,855,467,214
Trade and other receivables (Notes 9, 23 and 32)	**6,177,972,494**	5,862,065,892
Program and other rights (Note 10)	**1,548,408,534**	1,246,572,181
Inventories (Note 11)	**1,351,302,863**	1,469,193,884
Prepaid expenses and other current assets (Note 12)	**2,266,848,532**	2,106,378,864
Total Current Assets	**14,379,208,465**	13,539,678,035
Noncurrent Assets		
Property and equipment:		
At cost (Note 15)	**3,519,239,522**	3,361,149,279
At revalued amounts (Note 16)	**6,619,895,148**	6,619,895,148
Right-of-Use assets (Note 30)	**156,100,510**	159,900,385
Financial assets at fair value through comprehesive income (Notes 13, 32 and 33)	**282,614,107**	282,614,107
Investments and advances (Notes 14 and 23)	**175,705,006**	175,705,006
Program and other rights (Note 10)	**232,637,208**	232,446,242
Investment properties (Note 17)	**31,759,463**	32,105,060
Deferred income tax assets - net	**228,057,130**	128,356,573
Other noncurrent assets (Note 18)	**259,184,598**	197,278,059
Total Noncurrent Assets	**11,505,192,692**	11,189,449,859
TOTAL ASSETS	**25,884,401,157**	24,729,127,894
LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities (Notes 20, 24 and 32)	**3,063,145,206**	3,084,848,543
Short-term loans (Note 19)	**23,865,200**	27,125,200
Income tax payable	**825,903,937**	556,448,496
Current portion of lease liabilities (Notes 30 and 32)	**21,280,274**	21,155,761
Obligation for program and other rights (Notes 21 and 32)	**323,298,797**	209,171,643
Dividends payable (Note 32)	**30,366,157**	30,526,306
Total Current Liabilities	**4,287,859,571**	3,929,275,949

(Forward)

	March 31, 2023 Unaudited	December 31, 2022 Audited
Noncurrent Liabilities		
Pension liability	**4,981,142,863**	4,767,249,209
Other long-term employee benefits	**357,989,172**	371,615,932
Lease liabilities - net of current portion (Notes 30 and 32)	**139,607,920**	145,955,243
Dismantling provision (Note 30)	**49,468,516**	49,009,014
Total Noncurrent Liabilities	**5,528,208,471**	5,333,829,398
Total Liabilities	**9,816,068,042**	9,263,105,347
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 23)	**4,864,692,000**	4,864,692,000
Additional paid-in capital (Note 23)	**1,686,556,623**	1,686,556,623
Revaluation increment in land - net of tax (Note 16)	**4,570,402,192**	4,570,402,192
Remeasurements loss on retirement plans - net of tax	**(2,223,725,260)**	(2,223,725,260)
Unrealized loss on available-for-sale financial assets - net of tax	**(120,299,381)**	(120,299,381)
Retained earnings (Note 23)	**7,214,719,944**	6,611,146,364
Total Equity Attributable to Parent Company	**15,992,346,118**	15,388,772,538
Equity Attributable to Non-controlling Interest	**75,986,997**	77,250,009
Total Equity	**16,068,333,115**	15,466,022,547
TOTAL LIABILITIES AND EQUITY	**25,884,401,157**	24,729,127,894

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME

	For the Three Months Ended March 31	
	2023	**2022**
NET REVENUES (Note 25)	**4,015,752,910**	5,861,793,818
PRODUCTION COSTS (Note 26)	**1,672,914,306**	1,576,701,326
COST OF SALES (Note 11**)**	**105,188,241**	75,228,288
GROSS PROFIT	**2,237,650,363**	4,209,864,204
GENERAL AND ADMINISTRATIVE EXPENSES (Note 27)	**1,485,790,680**	1,427,489,586
OTHER INCOME (EXPENSE) - NET		
Net foreign currency exchange gain (loss)	**(11,405,402)**	5,733,508
Interest income (Note 8)	**8,447,159**	5,348,671
Interest expense	**(3,466,799)**	(5,196,408)
Others - net (Note 29)	**57,163,412**	48,583,544
	50,738,370	54,469,315
INCOME BEFORE INCOME TAX	**802,598,053**	2,836,843,933
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	**299,988,042**	665,873,796
Deferred	**(99,700,557)**	42,588,596
	200,287,485	708,462,392
NET INCOME	**602,310,568**	2,128,381,541
OTHER COMPREHENSIVE INCOME (LOSS) - net of tax		
Item not to be reclassified to profit or loss in subsequent periods -		
Remeasurement loss on retirement plan	-	(3,415,156)
	-	(3,415,156)
TOTAL COMPREHENSIVE INCOME	**602,310,568**	2,124,966,385
Net income attributable to:		
Equity holders of Parent Company	**603,573,580**	2,120,208,808
Non-controlling interest	**(1,263,012)**	8,172,733
	602,310,568	2,128,381,541
Total comprehensive income attributable to:		
Equity Holders of Parent Company	**603,573,580**	2,116,793,652
Non-controlling interest	**(1,263,012)**	8,172,733
	602,310,568	2,124,966,385
Basic/Diluted Earnings Per Share (Note 31)	**0.124**	0.436

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of Parent Company								
	Capital Stock (Note 23)	**Additional Paid-in Capital** (Note 23)	**Revaluation Increment in Land** - Net of Tax	**Remeasurements on Retirement Plans -** Net of Tax	**Net Unrealized Loss on Financial Assets at FVOCI -** Net of Tax	**Retained Earnings** (Note 23)	**Total Equity Attributable to Parent Company**	**Non-controlling Interests**	**Total Equity**
At January 1, 2023	**4,864,692,000**	**1,686,556,623**	**4,570,402,192**	**(2,223,725,260)**	**(120,299,381)**	**6,611,146,364**	**15,388,772,538**	**77,250,009**	**15,466,022,547**
Net income	-	-	-	-	-	603,573,580	603,573,580	(1,263,012)	602,310,568
At as March 31, 2023	**4,864,692,000**	**1,686,556,623**	**4,570,402,192**	**(2,223,725,260)**	**(120,299,381)**	**7,214,719,944**	**15,992,346,118**	**75,986,997**	**16,068,333,115**
At January 1, 2022	**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**
Net income	-	-	-	-	-	2,120,208,808	2,120,208,808	8,172,733	2,128,381,541
Other comprehensive income (loss)	-	-	-	(3,415,156)	-	-	(3,415,156)	-	(3,415,156)
Total comprehensive income	-	-	-	(3,415,156)	-	2,120,208,808	2,116,793,652	8,172,733	2,124,966,385
Cash dividends (see Note 22)	-	-	-	-	-	(7,053,803,400)	(7,053,803,400)	(37,740,000)	(7,091,543,400)
At as March 31, 2022	**4,864,692,000**	**1,686,556,623**	**1,832,684,129**	**(2,022,093,898)**	**(117,945,532)**	**3,289,015,858**	**9,532,909,180**	**71,514,038**	**9,604,423,218**

See accompanying Notes to Consolidated Financial Statements.

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

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**802,598,053**	2,836,843,933
Adjustments for:		
Depreciation and amortization (Notes 15, 17 and 30)	**188,895,576**	167,048,948
Net unrealized foreign exchange gain (loss)	**20,143,684**	(81,301,999)
Amortization of software costs (Notes 18 and 27)	**14,100,830**	14,122,281
Gain on sale of property and equipment (Note 29)	**(13,142,808)**	(10,646,224)
Interest income (Note 8)	**(8,447,159)**	(5,348,671)
Interest expense	**3,466,799**	5,196,407
Provision for doubtful accounts (Notes 9 and 27)	**-**	125,000
Operating income before working capital changes	**1,007,614,975**	2,926,039,675
Program rights usage (Note 10)	**218,969,410**	202,252,959
Decreases (increases) in:		
Trade and other receivables	**(317,200,918)**	1,897,041,250
Program and other rights	**(520,996,729)**	(877,482,002)
Inventories	**117,891,021**	(43,056,653)
Prepaid expenses and other current assets	**(160,469,668)**	70,128,241
Right-of-use assets	**(3,566,238)**	-
Increases (decreases) in:		
Trade payables and other current liabilities	**(22,359,630)**	270,578,986
Obligations for program and other rights	**109,983,470**	380,457,971
Lease liabilities	**(8,573,814)**	(10,017,992)
Pension liability	**213,893,654**	74,116,917
Other long-term employee benefits	**(13,626,760)**	165,000
Net cash generated from operations	**621,558,773**	4,890,224,352
Income taxes paid	**(30,532,601)**	(18,157,078)
Interest received	**6,520,446**	5,148,055
Net cash provided by operating activities	**597,546,618**	4,877,215,329
Acquisitions of:		
Property and equipment (Note 15)	**(402,992,722)**	(206,302,950)
Software costs (Note 18)	**(30,068,817)**	-
Land at revalued amounts (Note 16)	**-**	(120,000)
Proceeds from sale of properties	**76,861,421**	10,951,005
Decreases (increases) in:		
Financial asset at FVOCI	**-**	(72,044,877)
Investments and advances	**-**	(500)
Other noncurrent assets	**(45,938,552)**	5,998,644
Net cash used in investing activities	**(402,138,670)**	(261,518,678)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Short-term loans (Note 19)	**(3,260,000)**	(685,850,000)
Cash dividends (Note 23)	**(160,149)**	461,795
Interest expense (Note 19)	**-**	(3,432,834)
Net cash used in financing activities	**(3,420,149)**	(688,821,039)
EFFECT OF EXCHANGE RATE CHANGES ON CASH ON HAND AND CASH EQUIVALENTS	**(12,778,971)**	16,988,043
NET INCREASE IN CASH AND CASH EQUIVALENTS	**179,208,828**	3,943,863,655
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,855,467,214**	4,793,566,154
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3,034,676,042**	8,737,429,809

See accompanying 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.

2. Basis of Preparation

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 March 31, 2023 and December 31, 2022 and for each of the two years in the period ended March 31, 2023. 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.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries as at March 31, 2023 and December 31, 2022:

		Percentage of Ownership	
	Principal Activities	Direct	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, Inc.	Radio broadcasting and management	49	–
Script2010, Inc.**	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation and manpower services	–	100

	Principal Activities	Percentage of Ownership	
		Direct	Indirect
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 the 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/advertising initiatives	–	100
Ninja Graphics, Inc.*****	Ceased commercial operations in 2004	–	51

**Under liquidation*
***Indirectly owned through Citynet*
****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 for the adoption of new standards effective in 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

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.

- 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.

- 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.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippine 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.

  - 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 applied 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 applied 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.

  - 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 applied 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.

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

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.

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

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.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

  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

<u>Current versus Noncurrent Classification</u>
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 33
- Land, see Note 16
- Investment properties, see Note 17
- Financial instruments (including those carried at amortized cost), see Note 33

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 March 31, 2023 and December 31, 2022.

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 March 31, 2023 and December 31, 2022 (see Notes 8, 9, 18 and 33).

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 March 31, 2023 and December 31, 2022 (see Notes 13 and 33).

<u>Derecognition of Financial Assets</u>
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.

Financial Liabilities

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

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

The 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 March 31, 2023 and December 31, 2022.

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 19, 20, 21 and 33).

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, included under "Prepaid expenses and other current assets" account in the consolidated statement of financial position, 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 March 31, 2023 and December 31, 2022, 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, equipment under installation 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.

Equity

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.

Treasury Stocks and Underlying Shares of the Acquired Philippine Deposit Receipts (PDRs)

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.

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

Dividends on Common Shares of the Parent Company

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.

Revenue Recognition

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.

<u>Contract Balances</u>

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.

<u>Borrowing Costs</u>
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.

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

<u>Pension and Other Long-Term Employee Benefits</u>
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 Pay 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 25 years
Buildings, studio and office spaces	2 to 15 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 7 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 March 31, 2023 and December 31, 2022 amounted to ₱75.99 million and ₱77.25 million, respectively.

Assessment of Significant Influence over the Investee. The Parent Company holds 25% ownership interest in Optima Digital, Inc. as at March 31, 2023 and December 31, 2022. 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 as the Group has only one (1) board seat out of the total five (5) board seats. The investment is presented as a financial asset at FVOCI amounting to ₱0.66 million as at March 31, 2023 and December 31, 2022.

Determination of Lease Term of Contracts with Renewal and Termination Options – Group as a Lessee (Starting January 1, 2019 - Upon Adoption of PFRS 16). 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 only when 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 ₱1.58 million and ₱1.64 million in March 31, 2023 and 2022, respectively (see Note 29).

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 (Starting January 1, 2019 - Upon Adoption of PFRS 16). 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 liability amounted to ₱160.88 million and ₱167.11 million as at March 31, 2023 and December 31, 2022, respectively (see Note 30).

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 receivables through the use of provision matrix to calculate ECLs. The provision rates are based on days past due for groupings of customer segment 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.

- 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).

- 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.

  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. As uncertainties in the market trend and economic conditions may remain persistent amidst the continuous spread of COVID-19, 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 nil and ₱0.13 million as of March 31, 2023 and 2022, respectively. The allowance for ECL amounted to ₱908.67 million as at March 31, 2023 and December 31, 2022, respectively. The carrying amounts of trade and other receivables amounted to ₱6,177.97 million and ₱5,862.07 million as at March 31, 2023 and December 31, 2022, respectively (see Note 9).

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.

The Group estimates the amortization of program and other rights with finite lives using straight line method up to the date of expiry, 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 ₱218.97 million and ₱202.25 million for the periods ended March 31, 2023 and 2022, respectively (see Note 26). Program and other rights, net of accumulated impairment loss of ₱2.70 million, amounted to ₱1,781.05 million and ₱1,479.02 million as at March 31, 2023 and December 31, 2022, respectively (see Note 10).

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 ₱1,351.30 million and ₱1,469.19 million as at March 31, 2023 and December 31, 2022, respectively (see Note 11). There were no provisions for inventory losses as of March 31, 2023 and 2022.

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 as of March 31, 2023 and December 31, 2022.

Total depreciation and amortization expense for the periods ended March 31, 2023 and 2022 amounted to ₱203.00 million and ₱181.17 million, respectively (see Notes 15, 17, 18, 26 and 27).

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 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.

As of March 31, 2023, there is no additional revaluation increment on land due to insignificant movements in the fair value of the land. In 2022, the Group assessed those certain parcels of land at revalued amounts, comprising majority of the balance of the account have significant movements in its current carrying values and obtained updated appraisals as at December 31, 2022. For the land that were not appraised, the Group referred to the published comparable prices for the fair values. Total additional revaluation increment recognized in 2022 amounted to ₱2,737.72 million, net of tax.

The revalued amount of land, which is classified under "Property and equipment" account in the statements of financial position, amounted to ₱6,619.90 million as at March 31, 2023 and December 31, 2022 (see Note 16).

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, investments 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 and the 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 March 31, 2023 and December 31, 2022, 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 March 31, 2023 and December 31, 2022 follow:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Property and equipment - at cost (see Note 15)	**3,361,149,279**	3,361,149,279
Land at revalued amounts (see Note 16)	**6,619,895,148**	6,619,895,148
Program and other rights (see Note 10)	**1,781,045,742**	1,479,018,423
Prepaid production costs (see Note 12)	**893,898,619**	783,499,847
Investments and advances (see Note 14)	**175,705,006**	175,705,006
Right-of-use assets (see Note 30)	**156,100,510**	159,900,385
Software costs (see Note 18)	**89,759,856**	73,791,869
Tax credits (see Note 12)	**39,496,751**	48,070,848
Investment properties (see Note 17)	**31,759,463**	32,105,060
Investment in artworks (see Note 18)	**10,186,136**	10,186,136
Deferred production costs (see Note 18)	**1,196,276**	1,321,925

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.

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. 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 ₱4,981.14 million and ₱4,767.25 million as at March 31, 2023 and December 31, 2022, respectively.

Determination of Fair Value of Financial Assets and Financial Liabilities. Certain financial assets and financial liabilities are carried and disclosed at fair value, which requires extensive use of accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the amount of changes in fair value would differ if the Group utilized a different valuation methodology. Any changes in the assumptions could affect the fair value of these financial assets and financial liabilities. The fair value of financial assets and liabilities are enumerated in Note 33.

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 16 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. Seasonality or Cyclicality of Interim Operations

The Group's operations are not generally affected by any seasonality or cyclicality.

6. Nature and Amount of Changes in Estimates

2022 figures were restated to conform to the current period's presentation.

7. Segment Information

<u>Business Segments</u>

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 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.

Please refer to Exhibit 1 for the comparative segment information for the three months ended March 31, 2023 and 2022.

8. **Cash and Cash Equivalents**

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand and in banks	**2,120,521,200**	2,170,723,381
Short-term placements	**914,154,842**	684,743,833
	3,034,676,042	2,855,467,214

Cash in banks earn interest at the respective bank deposit rates. Short-term deposits are made for varying periods of up to nine 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 investments amounted to ₱8.45 million and ₱5.35 million for the three months ended March 31, 2023 and 2022, respectively.

9. Trade and Other Receivables

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade:		
Television and radio airtime	**6,665,286,515**	6,287,590,963
Subscription receivable	**207,401,759**	231,894,197
Others	**175,198,817**	192,396,251
Nontrade:		
Advances to officers and employees	**3,109,414**	3,696,291
Others	**35,642,274**	55,154,475
	7,086,638,779	6,770,732,177
Less allowance for doubtful accounts	**908,666,285**	908,666,285
	6,177,972,494	5,862,065,892

Trade Receivables

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

Television and radio airtime receivables include unbilled airtime receivables, arising when advertisements have been aired during the year but billing or acceptance by the customer has been delayed due to time lag in completing all required documents. As at March 31, 2023 and December 31, 2022, the total unbilled airtime receivables, assessed as contract assets, amounted to ₱295.81 million and ₱20.70 million, respectively.

Subscriptions Receivable. Subscriptions receivable include receivables pertaining to revenue generated from international channel subscriptions and advertisements. These are noninterest-bearing and normally collected within 360 days.

Other Trade Receivables. Other trade receivables mainly consist of receivables from customers relating to advertising placements on other platforms other than TV and Radio, sale of merchandise and content provisioning services. These are unsecured, noninterest-bearing and are generally on 60-90 day terms upon receipt of invoice by the customers.

Nontrade Receivables

Advances to Officers and Employees and Other Nontrade Receivables. Other nontrade receivables pertain to loans of regular and project employees and advances given to talents and project employees. These are noninterest-bearing and are normally collected within the next financial year

Allowance for ECL

The movements in the allowance for doubtful accounts on trade receivables are as follows:

	March 31, 2022		
	Corporate	**Individual**	**Total**
Balance at beginning of the year	**898,757,935**	**9,908,350**	**908,666,285**
Provision (reversal) for the year	-	-	-
Balance at end of the period	**898,757,935**	**9,908,350**	**908,666,285**

	December 31, 2022		
	Corporate	Individual	Total
Balance at beginning of the year	899,187,044	9,908,350	909,095,394
Provision for the year	1,457,228	-	1,457,228
Reversal for the year	(1,886,337)	-	(1,886,337)
Balance at end of the year	898,757,935	9,908,350	908,666,285

10. **Program and Other Rights**

Details and movements in this account are as follows:

	March 31, 2023 (Unaudited)			
	Program and Film Rights	**Story / Format Rights**	**Program Rights - Incidentals**	**Total**
Cost:				
Balance at beginning of period	**1,425,742,313**	**41,070,810**	**14,907,560**	**1,481,720,683**
Additions	**479,870,274**	**19,083,205**	**22,044,431**	**520,997,910**
Program and other rights usage (see Note 26)	**(185,212,248)**	**(5,966,852)**	**(27,791,491)**	**(218,970,591)**
Balance at end of period	**1,720,400,339**	**54,187,163**	**9,160,500**	**1,783,748,002**
Accumulated impairment in value	**(2,702,260)**	-	-	**(2,702,260)**
	1,717,698,079	**54,187,163**	**9,160,500**	**1,781,045,742**
Less noncurrent portion	**232,637,208**	-	-	**232,637,208**
	1,485,060,871	**54,187,163**	**9,160,500**	**1,548,408,534**

	December 31, 2022 (Audited)			
	Program and Film Rights	Story / Format Rights	Program Rights - Incidentals	Total
Cost:				
Balance at beginning of period	955,929,510	27,996,874	24,353,417	1,008,279,801
Additions	1,207,928,746	37,500,082	96,751,770	1,342,180,598
Program and other rights usage	(738,115,943)	(24,426,146)	(106,197,627)	(868,739,716)
Balance at end of period	1,425,742,313	41,070,810	14,907,560	1,481,720,683
Accumulated impairment in value -	(2,702,260)	-	-	(2,702,260)
	1,423,040,053	41,070,810	14,907,560	1,479,018,423
Less noncurrent portion	232,446,242	-	-	232,446,242
	1,190,593,811	41,070,810	14,907,560	1,246,572,181

11. Inventories

This account consists of the following:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Merchandise inventory	**1,337,849,250**	1,443,352,533
Materials and supplies inventory	**13,453,613**	25,841,351
	1,351,302,863	1,469,193,884

The following are the details of merchandise inventory account:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Set-top boxes model	**1,129,051,506**	1,233,966,042
ITE chipset dongle	**208,797,744**	209,386,491
	1,337,849,250	1,443,352,533

Merchandise inventory consists mainly of set-top boxes, digital TV mobile receivers 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 ₱105.19 million and ₱75.23 million as of March 31, 2023 and 2022, respectively.

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

12. Prepaid Expenses and Other Current Assets

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Prepaid production costs	**893,898,619**	783,499,847
Advances to suppliers	**786,413,119**	850,951,231
Input VAT	**310,413,995**	245,732,638
Prepaid expenses	**156,181,669**	115,718,638
Creditable withholding taxes	**79,391,356**	60,886,401
Tax credits	**39,496,751**	48,070,848
Others	**1,053,023**	1,519,261
	2,266,848,532	2,106,378,864

Prepaid production represents 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.

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.

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.

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

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.

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

13. Financial Assets at Fair Value Through Other Comprehensive Income

This account consists of the following:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Listed equity instruments	**257,799,260**	257,799,260
Non-listed equity instruments	**24,814,847**	24,814,847
	282,614,107	282,614,107

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.

In 2022, the Group purchased ₱106.77 million, ₱35.69 million, ₱13.66 million and ₱12.55 million worth of preference shares of PX Ventures PTE Ltd, a regional direct-to-patient telehealth startup that provides affordable access to quality healthcare for men and women, shares of stock of TNB Aura Fund 2 Ltd, a Regional Venture Capital fund focused on making Series A and B investments in Southeast Asia, capital shares of Wavemaker Three-Sixty Health II-A,LP., a seed and early stage venture capital firm focused on the US healthcare industry and Simple Agreement for Future Equity (SAFE) from Cloudeats PTE Ltd, a cloud kitchen and restaurant business that utilizes a house of brands model, respectively.

Dividend income earned from financial assets at FVOCI amounted to nil in 2023 and 2022.

<u>IP E-Games</u>
In 2015, IP E-Games Ventures, Inc. (IPE) issued 13 billion 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 as AFS financial assets amounting to ₱130.00 million.

Of the ₱50.00 million airtime credits, ₱22.00 million has not been implemented at 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 as at March 31, 2023 and December 31, 2022.

14. Investments and Advances

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Investments in an associate and interests in joint ventures	**73,904,784**	73,904,784
Permanent advances in an associate (see Note 24)	**101,800,222**	101,800,222
	175,705,006	175,705,006

The movements in the accounts are as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Investments in an associate and joint ventures		
Acquisition cost -		
Balance at beginning and end of period	**131,722,056**	131,722,056
Accumulated equity in net losses:		
Balance at beginning of period	**(57,817,272)**	(48,785,436)
Equity in net earnings during the period	**-**	(9,031,836)
Balance at end of period	**(57,817,272)**	(57,817,272)
	73,904,784	73,904,784
Advances to an associate:		
Balance at beginning of period	**99,618,209**	99,531,728
Advances during the period	**-**	86,481
Balance at end of period	**99,618,209**	99,618,209
Advances to joint ventures:		
Balance at beginning of period	**2,182,013**	2,322,677
Collections during the period	**-**	(140,664)
Balance at end of period	**2,182,013**	2,182,013
Total investments and advances	**175,705,006**	175,705,006

The ownership interests in an associate and joint ventures, which were all incorporated in the Philippines, and are accounted for under the equity method, as at March 31, 2023 and December 31, 2022 follows:

	Principal Activities	Percentage of Ownership	
Associate -		Direct	Indirect
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 as at March 31, 2023 and December 31, 2022 are as follows:

	Investments	**Advances** (see Note 24)	**Total**
Associate - Mont-Aire	**38,350,619**	**99,618,209**	**137,968,828**
Joint ventures:			
Gamespan	**8,947,966**	**1,959,670**	**10,907,636**
PEP	**26,606,199**	**222,343**	**26,828,542**
	35,554,165	**2,182,013**	**37,736,178**
	73,904,784	**101,800,222**	**175,705,006**

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

Mont-aire

The table below shows the condensed financial information of Mont-Aire as at March 31, 2023 and December 31, 2022:

Current assets	₱53,469,276
Noncurrent assets	120,275,583
	173,744,859
Current liabilities	1,269,154
Noncurrent liabilities	94,209,136
	95,478,290
Net assets	78,266,569
Proportion of the Group's ownership	49%
Carrying amount of investment	₱38,350,619

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.

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.

No share in net earnings (losses) of PEP was recognized for the three months period ended March 31, 2023 and 2022.

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 March 31, 2023, the process of cessation of Gamespan is ongoing. Since Gamespan already ceased its operation, the Group did not recognize any share in net earnings as of March 31, 2023 and 2022.

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 March 31, 2023 and December 31, 2022. INQ7 ceased operations in 2007. In 2013, INQ7 submitted a request to liquidate its assets to SEC. The liquidation is still ongoing as at March 31, 2023.

The Group believes that its interests in joint ventures are not individually material.

15. **Property and Equipment at Cost**

Please refer to Exhibit 3 for the rollforward analysis of property and equipment at cost.

Construction in progress pertains to the 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 software that were transferred to other noncurrent assets amounting to ₱1.53 million in December 31, 2022 and 2021 included under "Prepaid expenses and other current assets" (see Note 18).

The Group leases out a portion of its property and equipment at cost. Total rental income recognized for the leased portion amounted to ₱1.00 million and ₱0.73 million as of March 31, 2023 and 2022, respectively (see Note 29).

The Group disposed various property and equipment as at March 31, 2023 and 2022 resulting to the recognition of gain on sale amounting to ₱13.14 million and ₱10.65 million, respectively (see Note 29).

As at March 31, 2023 and December 31, 2022, no property and equipment have been pledged as collateral or security for any of the Group's liabilities.

16. **Land at Revalued Amounts**

The following are the details of this account as at March 31, 2023 and December 31, 2022:

Cost	**526,025,559**
Revaluation increment	**6,093,869,589**
	6,619,895,148

In 2022, the Group assessed that certain parcels of land at revalued amounts comprising majority of the balance of the account have significant movements in its current carrying values and obtained updated appraisals as at December 31, 2022. Total additional revaluation increment recognized in 2022 based on updated appraisals amounted to ₱3,650.29 million.

The fair value from the 2022 appraisals 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.

	Comparables			
	1	2	3	4
Adjusted asking price (per square meters)	₱283,500	₱252,000	₱330,750	₱330,750
Adjustments to asking price	5%	–	5%	5%
Lot size (square meters)	1,382.4	1,284	5,000	8,866
Location	Timog Avenue South Triangle Quezon City	Mother Ignacia Avenue South Triangle Lanao del Norte	Epifanio Delos Santos Avenue Bago Bantay Quezon City	Epifanio Delos Santos Avenue Unang Sigaw Quezon City

The appraised value of land is directly proportional to the asking price of the comparable land and adjusted according to the following appraisal considerations:

- Property Rights Conveyed
- Financing/Conditions of Sale/Listing
- Market Conditions (Time of Sale)
- Location
- Size and shape
- Topography, etc.

There was no additional revaluation increment on land as of March 31, 2023 due to insignificant movements in the fair value of the land.

Also on October 1, 2022, the Network purchased a parcel of land in Poblacion 5, Don Rufino Alonzo Street, Cotabato City amounting to ₱12.03 million as a suitable final relocation site for the transfer of GMA TV-12 Cotabato. Other acquisitions of land in Tagaytay, Laguna, Catanduanes, and Albay were also made during 2022 amounting to ₱6.02 million, ₱3.70 million, ₱1.55 million and ₱1.00 million respectively. Management believes that the fair values as at acquisition date approximates the fair values as at December 31, 2022.

For the land that were not appraised, the Group referred to the published comparable prices for the fair values.

As at March 31, 2023 and December 31, 2022, 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.

17. Investment Properties

	March 31, 2023 (Unaudited)		
	Land and Improvements	**Buildings and Improvements**	**Total**
Cost:			
Balance at beginning and end of period	**23,761,823**	**72,276,684**	**96,038,507**
Accumulated depreciation:			
Balance at beginning of period	**-**	**60,080,806**	**60,080,806**
Depreciation during the period	**-**	**345,597**	**345,597**
Balance at end of period	**-**	**60,426,403**	**60,426,403**
Accumulated impairment:			
Balance at beginning and end of period	**-**	**3,852,641**	**3,852,641**
	23,761,823	**7,997,640**	**31,759,463**

	December 31, 2021 (Audited)		
	Land and Improvements	Buildings and Improvements	Total
Cost:			
Balance at beginning and end of period	23,761,823	72,276,684	96,038,507
Accumulated depreciation:			
Balance at beginning of period	-	58,698,419	58,698,419
Depreciation during the period	-	1,382,387	1,382,387
Balance at end of period	-	60,080,806	60,080,806
Accumulated impairment:			
Balance at beginning and end of period	-	3,852,641	3,852,641
	23,761,823	8,343,237	32,105,060

The fair value of investment properties owned by the Group amounted to ₱203.90 million as at March 31, 2023 and December 31, 2022. 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.

The fair value was arrived at through the use of 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
Building 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.

As at March 31, 2023 and December 31, 2022, 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.

18. Other Noncurrent Assets

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Software costs	**89,759,856**	73,791,869
Refundable deposits (see Notes 32 and 33)	**79,065,190**	26,501,499
Restricted cash	**52,722,572**	52,722,572
Deferred input VAT	**16,277,379**	22,291,602
Investments in artworks	**10,186,136**	10,186,136
Facilities	**7,076,515**	7,564,742
Guarantee deposits	**2,162,420**	2,162,420
Deferred production costs	**1,043,148**	1,321,925
Others	**891,382**	735,294
	259,184,598	197,278,059

Software cost relates 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.

Refundable deposits pertain to the deposits made to various electric companies across the country.

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

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

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

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

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 follow:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Cost:		
Balance at beginning of period	**553,398,992**	534,552,087
Additions during the period	**30,068,817**	17,316,702
Reclassifications during the period	**-**	1,530,203
Balance at end of period	**583,467,809**	553,398,992
Accumulated amortization:		
Balance at beginning of period	**479,607,123**	421,343,225
Amortization during the period (see Notes 27)	**14,100,830**	58,263,898
Balance at end of period	**493,707,953**	479,607,123
	89,759,856	73,791,869

19. Short-term Loans

The Group obtained unsecured short-term peso from local bank in 2022. Details and movements of the short-term loans are as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of period	**27,125,200**	739,485,500
Additions	**-**	1,027,125,200
Payments	**(3,260,000)**	(1,685,850,000)
Revaluation	**-**	(53,635,500)
Balance at end of period	**23,865,200**	27,125,200

The loans consist of fixed rate notes with the following details:

Lender	Currency	Interest Rate (per annum)	Terms	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Security Bank	Peso	2.75%	Availed in 2022; payable up to December 2023	₱23,865,200	₱27,125,000

Interest expense on US dollar denominated loans amounted to nil and ₱2.78 million for the three-month period ended March 31, 2023 and 2022, respectively, while interest expense on peso denominated loans amounted to ₱0.66 million and ₱0.14 million for the three-month period ended March 31, 2023 and 2022, respectively.

20. Trade Payables and Other Current Liabilities

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Payable to government agencies	**1,391,628,923**	1,242,808,934
Contract liabilities	**512,391,874**	369,733,835
Trade payables	**366,016,218**	562,649,076
Accrued expenses:		
Utilities and others	**278,408,251**	443,486,485
Payroll and talent fees	**201,866,615**	180,710,548
Production costs	**173,102,745**	108,293,100
Commissions	**55,088,270**	53,693,413
Customers' deposits	**38,503,394**	52,596,784
Others	**46,138,916**	70,876,368
	3,063,145,206	3,084,848,543

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.

Contract liabilities pertain to payments received before broadcast and before delivery of goods and services amounting to ₱512.39 million and ₱369.73 million as at March 31, 2023 and December 31, 2022, respectively. These are recognized as revenue when the Group performs the obligation under the contract. This account also includes contract liabilities of ₱22.00 million from airtime credits that have not been implemented resulting from the exchange of the Group's interests in X-Play in 2015 (see Note 13).

Trade payables to suppliers are noninterest-bearing and are normally settled on terms ranging from seven to 60 days.

Accrued expenses and other payables are noninterest-bearing and are generally settled within the next 12 months.

Customers' deposits include guaranty deposits from advertising agencies to secure payment of bills by advertisers. These deposits are non-interest 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.

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

21. 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 March 31, 2023 and December 31, 2022 amounted to ₱323.30 million and ₱209.17 million, respectively. Obligations for program and other rights are noninterest-bearing and are generally payable in equal monthly or quarterly installments.

22. Material Events

A. Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

As of March 31, 2023, there are no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

B. Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

The 2023 Capital Expenditure budget of the parent company amounts to ₱1,779.41 million. This will be financed from internally-generated funds.

C. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

GMA Network's results of operations depend largely on the ability to sell airtime for advertising. The Company's business may be affected by the general condition of the economy of the Philippines.

D. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration or an obligation.

As of March 31, 2023, there are no events which may trigger a direct or contingent financial obligation that is material to the Company.

E. Any significant elements of income or loss that did not arise from the issuer's continuing operations.

As of March 31, 2023, there are no significant elements of income or loss that did arise from the issuer's continuing operations.

F. Any seasonal aspects that had a material effect on the financial condition or results of operations.

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

G. Any material events that were unusual because of their nature, size or incidents affecting assets, liabilities, equity, net income, or cash flows.

There are no material events that were unusual because of their nature, size or incidents affecting assets, liabilities, equity, net income, or cash flows.

H. Any material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

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

23. Equity

a. Capital Stock

Details of capital stock as at March 31, 2023 and December 31, 2022 are as follow:

	No. of Shares		Amount	
	2023	2022	**2023**	2022
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

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 dividend 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 Securities Regulation Code Rule 68, As Amended (2011):

Securities	Authorized and issued shares	Issue/Offer Price
Initial public offering	91,346,000	8.50
Underlying common share 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 share.

On October 4, 2021, the Parent Company's BOD approved to contribute its treasury common and preferred shares and PDRs to the Group's retirement plan. The contribution of the 3,645,000 treasury common shares and 492,816 treasury preferred shares was executed on December 31, 2021 at a transaction price of ₱13.90 per share and ₱2.77 per share, respectively. As the preferred shares are unlisted, the transaction price was based on the market price of the Parent Company's listed common shares on the transaction date, with the value of the treasury preferred shares computed based on the ratio of 1:5 preferred shares to common shares. The contribution of the 750,000 PDRs was executed on December 20, 2021 at a transaction price of ₱13.02 per share.

b. Retained Earnings

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 Declaration
2022	**March 25, 2022**	**April 22, 2022**	**P1.45**	**P7,053,803,400**
2021	March 26, 2021	April 22, 2021	P1.35	P6,561,267,889
2020	June 15, 2020	June 24, 2020	P0.30	P1,458,059,531

The Parent Company's outstanding dividends payable amounts to ₱30.37 million and ₱30.53 million as at March 31, 2023 and December 31, 2022, respectively.

On March 31, 2023, the Parent Company's BOD approved the declaration and distribution of cash dividends amounting to ₱1.10 per share totaling ₱5,351.16 million to all stockholders of record as at April 21, 2023 and will be paid starting May 16, 2023.

24. 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 periods ended March 31, 2023 and December 31, 2022, 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 associates, affiliates, jointly controlled entities and other related parties on advances, reimbursement of expenses, and future stock subscriptions.

The transactions and balances of accounts as at and for the periods ended March 31, 2023 and December 31, 2022 with related parties are as follows:

Related Party	Category	Year	Amount/ Volume of Transactions	Receivables (Payables)	Terms	Conditions
Associate -						
Mont-Aire	Advances	**2023**	-	**99,618,210**	Noninterest-	Unsecured;
	(see Note 14)	2022	500	99,532,228	bearing	not impaired
Common stockholders:						
GMA Kapuso	Reimbursable	**2023**	**350,000**	**2,038,381**	On demand,	Unsecured;
Foundation, Inc.	charges	2022	94,000	1,169,823	noninterest-bearing	not impaired
Belo, Gozon,	Legal, consulting and	**2023**	**2,665,600**	**-**	On demand,	Unsecured;
Elma Law	retainers' fees	2022	1,803,935	-	noninterest-bearing	not impaired
Joint ventures:						
Gamespan	Advances	**2023**	-	**1,959,670**	Noninterest-	Unsecured;
	(see Note 14)	2022	-	1,959,670	bearing	not impaired
PEP	Advances	**2023**	-	**222,343**	Noninterest-	Unsecured;
	(see Note 14)	2022	-	222,343	bearing	not impaired

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, follows:

	March 31, 2023	March 31, 2022
	(Unaudited)	
Salaries and short-term benefits	**205,146,628**	205,911,438
Pension benefits	**47,410,802**	50,084,354
	252,557,429	255,995,792

Equity Investments of the Retirement Fund

The Group's retirement fund includes equity investments in GMA Network, Inc. and GMA PDRs amounting to ₱792.04 million and ₱9.12 million as at March 31, 2023, respectively and ₱757.31 million and ₱7.92 million as at December 31, 2022, respectively.

25. **Net Revenues**

Set out below is the disaggregation of the Group's revenues from contract with customers for the three months ended March 31:

	March 31, 2023	March 31, 2022
	(Unaudited)	
Type of service		
Sale of service		
Advertising revenue	**3,697,097,085**	5,528,715,565
Subscription revenue	**187,879,880**	193,288,624
Revenue from distribution and content provisioning	**10,127,125**	11,224,721
Production revenue	**12,413,606**	36,038,543
Sale of goods	**108,235,214**	92,526,365
	4,015,752,910	5,861,793,818
Geographical markets		
Local	**3,811,932,007**	5,646,353,526
International	**203,820,903**	215,440,292
	4,015,752,910	5,861,793,818
Timing of revenue recognition		
Services transferred at one point in time	**3,827,873,030**	5,668,505,194
Services transferred over time	**187,879,880**	193,288,624
	4,015,752,910	5,861,793,818

26. **Production Costs**

	March 31, 2023	March 31, 2022
	(Unaudited)	
Talent fees and production personnel costs (see Note 28)	**893,132,331**	805,698,038
Program and other rights usage	**218,969,410**	202,252,959
Facilities and production services	**150,752,016**	210,920,747
Rental	**147,489,583**	107,281,548
Depreciation (see Note 15)	**126,166,407**	104,055,583
Transportation and communication	**44,466,339**	79,180,818
Tapes sets and production supplies	**91,938,220**	67,311,633
	1,672,914,306	1,576,701,326

27. General and Administrative Expenses

	March 31, 2023 (Unaudited)	March 31, 2022
Personnel costs (see Note 28)	**908,427,120**	879,339,542
Communication, light and water	**107,358,536**	73,208,218
Professional fees	**63,682,746**	93,853,910
Depreciation (see Notes 15, 17 and 30)	**62,729,169**	62,993,365
Repairs and maintenance	**54,761,036**	51,267,764
Taxes and licenses	**51,486,845**	61,111,842
Advertising	**40,821,651**	25,765,639
Software maintenance	**31,735,146**	25,359,864
Research and surveys	**28,115,315**	25,373,449
Security services	**17,787,493**	16,242,731
Facilities	**15,599,274**	15,320,338
Amortization of software costs (see Note 19)	**14,100,830**	14,122,281
Marketing expenses	**13,999,313**	17,100,055
Insurance	**9,536,480**	7,577,202
Transportation and travel	**7,182,685**	8,663,987
Janitorial services	**5,839,296**	5,311,067
Rental	**4,243,663**	3,140,238
Materials and supplies	**2,075,158**	3,044,217
Entertainment, amusement and recreation	**1,780,603**	1,604,124
Provision for ECL	**-**	125,000
Others	**44,528,321**	36,964,753
	1,485,790,680	1,427,489,586

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

Depreciation and Amortization

	March 31, 2023 (Unaudited)	March 31, 2022
Property and equipment:		
Production costs (see Note 26)	**120,957,674**	100,907,287
General and administrative expenses	**60,226,192**	59,365,229
Right-of-Use assets:		
Production costs (see Note 26)	**5,208,733**	3,148,296
General and administrative expenses	**2,157,380**	3,282,539
Investment properties -		
General and administrative expenses	**345,597**	345,597
	188,895,576	167,048,948

28. **Personnel Costs**

This account consists of:

	March 31, 2023 (Unaudited)	March 31, 2022
Salaries and wages	**757,837,885**	713,408,064
Talent fees	**608,350,329**	552,472,295
Employee benefits and allowances	**128,886,573**	136,478,053
Sick and vacation leaves expense	**144,755,314**	127,229,372
Pension expense	**161,729,350**	155,449,796
	1,801,559,451	1,685,037,580

The said amounts were distributed as follows:

	March 31, 2023 (Unaudited)	March 31, 2022
Production costs (see Note 26)	**893,132,331**	805,698,038
General and administrative expenses (see Note 27)	**908,427,120**	879,339,542
	1,801,559,451	1,685,037,580

29. **Others** - Net

This account consists of the following income (expenses):

	March 31, 2023 (Unaudited)	March 31, 2022
Commissions from Artist Center	**38,184,927**	25,240,394
Gain on sale of property and equipment	**13,142,808**	10,646,224
Merchandising license fees and others	**4,046,573**	5,367,822
Reversal of receivables previously written-off	**-**	1,886,337
Rental	**1,581,810**	1,402,680
Bank charges	**(114,096)**	(254,369)
Others	**321,390**	4,294,456
	57,163,412	48,583,544

30. **Agreements**

<u>Lease Agreements</u>

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 and can be terminated at the option of the Group. Previously, these leases were classified as operating leases under PAS 17.

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:

	March 31, 2023 (Unaudited)		
	Right-of-use: Land	**Right-of-use: Buildings, studio and office spaces**	**Right-of-use: Total**
Cost -			
Balance at the beginning of the year	**188,940,715**	**81,152,897**	**270,093,612**
Additions	**-**	**3,566,238**	**3,566,238**
Balance at the end of the period	**188,940,715**	**84,719,135**	**273,659,850**
Accumulated Depreciation			
Balance at the beginning of the year	**60,688,849**	**49,504,378**	**110,193,227**
Depreciation (see Note 27)	**3,432,837**	**3,933,276**	**7,366,113**
Balance at the end of the period	**64,121,686**	**53,437,654**	**117,559,340**
Net Book Value	**124,819,029**	**31,281,481**	**156,100,510**

	December 31, 2022 (Audited)		
	Right-of-use: Land	Right-of-use: Buildings, studio and office spaces	Right-of-use: Total
Cost			
Balance at the beginning of the year	120,680,585	83,347,301	204,027,886
Additions	68,260,130	8,732,592	76,992,722
Termination	-	(10,926,996)	(10,926,996)
Balance at the end of the year	188,940,715	81,152,897	270,093,612
Accumulated Depreciation			
Balance at the beginning of the year	41,652,745	38,451,355	80,104,100
Depreciation	19,036,104	12,878,471	31,914,575
Termination	-	(1,825,448)	(1,825,448)
Balance at the end of the year	60,688,849	49,504,378	110,193,227
Net Book Value	128,251,866	31,648,519	159,900,385

The rollforward analysis of lease liabilities follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at the beginning of the year	**167,111,004**	119,385,902
Additions	**3,566,238**	76,992,722
Accretion of interest	**2,351,004**	9,290,443
Payments	**(12,140,052)**	(28,506,823)
Termination	**-**	(10,051,240)
Balance at the end of the period	**160,888,194**	167,111,004

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Current portion	**21,280,274**	21,155,761
Noncurrent portion	**139,607,920**	145,955,243
	160,888,194	167,111,004

The rollforward analysis of dismantling provision follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at the beginning of the year	**49,009,014**	46,097,449
Accretion of interest	**459,502**	2,911,565
Balance at the beginning of the period	**49,468,516**	49,009,014

Total rental expense on short-term leases amounted to ₱151.73 million and ₱110.42 million as of March 31, 2023 and 2022, respectively (see Notes 26 and 27).

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 ₱1.00 million and ₱1.40 million as of March 31, 2023 and 2022, respectively (see Note 29).

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 revenues amounted to ₱187.88 million and ₱193.29 million for the three months ended March 31, 2023 and 2022, respectively (see Note 25).

31. EPS Computation

The computation of basic EPS follows:

	March 31, 2023	March 31, 2022
	(Unaudited)	
Net income attributable to Equity Holders of Parent Company (a)	**603,573,580**	2,120,208,808
Less attributable to preferred shareholders	**186,108,467**	653,754,279
Net income attributable to common shareholders (b)	**417,465,113**	1,466,454,529
Weighted average number of common shares for basic EPS (c)	**3,362,494,500**	3,362,494,500
Weighted average number of common shares	**3,362,494,500**	3,362,494,500
Effect of dilution - assumed conversion of preferred shares	**1,500,000,000**	1,500,000,000
Weighted average number of common shares adjusted for the effect of dilution (d)	**4,862,445,219**	4,862,494,500
Basic EPS (b/c)	**0.124**	0.436
Diluted EPS (a/d)	**0.124**	0.436

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

The Group's principal financial instruments include cash and cash equivalents. The main purposes of these financial instruments include 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 and contract liabilities), short-term loans, obligations for program and other right, dividends payable and other long-term employee benefits, 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 used for liquidity risk based on contractual undiscounted payments as at March 31, 2023 and December 31, 2022:

	March 31, 2023 (Unaudited)				
	On Demand	**> 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Cash and cash equivalents	**2,120,521,200**	**914,154,842**	-	-	**3,034,676,042**
Trade receivables:					
Television and radio airtime	**2,469,630,057**	**3,329,908,022**	-	-	**5,799,538,079**
Subscription	**152,978,027**	**36,831,297**	-	-	**189,809,324**
Others	**47,920,847**	**101,952,556**	-	-	**149,873,403**
Nontrade receivables					
Advances to officers and employees	**640,809**	**2,468,605**	-	-	**3,109,414**
Others	**7,858,771**	**27,783,503**	-	-	**35,642,274**
Refundable deposits*	-	-	-	**79,065,190**	**79,065,190**
Financial assets at FVOCI	-	-	-	**282,614,107**	**282,614,107**
	4,799,549,711	**4,413,098,825**	-	**361,679,297**	**9,574,327,833**
Trade payables and other current liabilities**	**365,844,269**	**467,222,462**	**287,554,284**	-	**1,120,621,015**
Short-term loans***	-	**3,260,000**	**20,605,200**	-	**23,865,200**
Obligation for program and other rights	-	**113,909,038**	**490,178,517**	-	**604,087,555**
Lease liability	-	**5,420,943**	**15,859,331**	**139,607,920**	**160,888,194**
Dividends payable	**30,366,157**		-	-	**30,366,157**
	396,210,426	**589,812,443**	**814,197,332**	**139,607,920**	**1,939,828,121**
Liquidity Portion (Gap)	**4,403,339,285**	**3,823,286,382**	**(814,197,332)**	**222,071,377**	**7,634,499,712**

**Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 18).*
*** Excluding payable to government agencies, customers' deposits and contract liabilities amounting to P1,391.63 million, P38.50 million and P512.39 million, respectively (see Note 20).*
****Gross contractual payments.*

	December 31, 2022 (Audited)				
	On Demand	> 3 Months	3 to 12 Months	More than 1 year	Total
Financial assets at amortized cost:					
Cash and cash equivalents	2,170,723,381	684,743,833	-	-	2,855,467,214
Trade receivables:					
Television and radio airtime	2,794,702,040	2,688,876,934	-	-	5,483,578,974
Subscriptions	23,464,258	179,101,057	-	-	202,565,315
Others	26,261,063	90,809,774	-	-	117,070,837
Nontrade receivables					
Advances to officers and employees	1,831,678	1,864,613	-	-	3,696,291
Others	29,292,643	25,861,832	-	-	55,154,475
Refundable deposits*	-	-	-	26,501,499	26,501,499
Financial assets at FVOCI	-	-	-	282,614,107	282,614,107
	5,046,275,063	3,671,258,043	-	309,115,606	9,026,648,712
Loans and borrowings:					
Trade payables and other current liabilities**	133,560,646	1,247,487,387	38,660,957	-	1,419,708,990
Short-term loans***	-	3,260,000	23,865,200	-	27,125,200
Obligation for program and other rights	-	137,630,803	71,540,840	-	209,171,643
Lease liabilities	-	6,074,285	15,081,476	145,955,243	167,111,004
Dividends payable	30,526,306	-	-	-	30,526,306
	164,086,952	1,394,452,475	149,148,473	145,955,243	1,853,643,143
Liquidity Portion (Gap)	4,882,188,111	2,276,805,568	(149,148,473)	163,160,363	7,173,005,569

**Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 18).*
*** Excluding payable to government agencies, customers' deposits and contract liabilities amounting to P1,242.81 million, P52.60 million and P369.73 million, respectively (see Note 20).*
****Gross contractual payments.*

Foreign Currency Exchange Risk. Foreign currency exchange risk is the risk that the fair value or 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 its 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:

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
Assets				
Cash and cash equivalents	**$7,863,029**	**P438,442,485**	$5,778,415	P314,114,626
	C$166,862	**6,881,384**	C$333,472	13,421,987
Trade receivables	**$3,628,902**	**202,347,566**	$3,391,538	184,363,997
	C$478,316	**19,725,741**	C$351,540	14,149,221
	S$198,925	**8,271,298**	S$351,540	7,338,940
	A$22,947	**867,410**	A$23,743	867,410
	DH44,644	**682,162**	DH46,024	682,162
		P677,218,046		P534,938,344
Liabilities				
Trade payables	**$817,128**	**P45,563,057**	$819,188	P44,531,060
	€78,902	**4,698,614**	€335,316	19,906,629
	S$2,036	**83,965**	S$-	-
Obligations for program and other rights	**$2,557,785**	**142,622,092**	$5,381,330	292,529,099
		P192,967,728		P356,966,428
		P484,250,318		P177,971,916

In translating the foreign currency-denominated monetary assets and liabilities into Philippine peso amounts, the exchange rate used were ₱54.36 to US$1.00 and ₱55.76 to US$1.00 as at March 31, 2023 and December 31, 2022, respectively. The exchange rate for Philippine peso to Canadian dollar was ₱40.25 to CAD$1.00 as at March 31, 2023. The peso equivalents for the Singaporean Dollar, Australian Dollar, Dirham and Euro are ₱41.00, ₱36.53, ₱14.82 and ₱59.37, respectively as at March 31, 2023.

The following table demonstrates the sensitivity to a reasonably possible change in US$ exchange rate, with all other variables held constant, of the Group's income before income tax from reporting date up to next reporting date (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.

		Effect on Income before Income Tax						
	Appreciation/ (Depreciation) of Peso	**USD**	**CAD**	**SGD**	**AUD**	**AED**	**EUR**	**Total**
March 31, 2023	**0.50**	**₱371,179**	**₱85,627**	**₱22,374**	**₱2,968**	**₱5,753**	**(₱41,915)**	**₱445,987**
	(0.50)	**(371,179)**	**(85,627)**	**(22,374)**	**(2,968)**	**(5,753)**	**41,915**	**(445,987)**
December 31, 2022	0.50	₱6,154,529	₱322,589	₱100,480	₱11,474	₱22,322	₱39,451	₱6,650,845
	(0.50)	(6,154,529)	(322,589)	(100,480)	(11,474)	(22,322)	(39,451)	(6,650,845)

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 following table shows the maximum exposure to credit risk for the components of the consolidated financial position as at March 31, 2023 and December 31, 2022:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Financial assets at amortized cost		
Cash and cash equivalents*	**2,465,549,314**	2,398,015,725
Trade receivables:		
Television and radio airtime	**5,799,538,079**	5,483,578,974
Subscription	**189,809,324**	202,565,315
Others	**149,873,403**	117,070,837
Nontrade receivables:		
Advances to officers and employees	**3,109,414**	3,696,291
Others	**35,642,274**	55,154,475
Refundable deposit**	**79,065,190**	26,501,499
	8,722,586,998	8,286,583,116
Financial assets at FVOCI	**282,614,107**	282,614,107
	9,005,201,105	8,569,197,223

**Excluding cash on hand and production fund amounting to P569.13 million and P437.10 million as at March 31, 2023 and December 31, 2022, respectively.*

***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 18).*

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:

	March 31, 2023 (Unaudited)			
	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*	**2,465,549,314**	**-**	**-**	**2,465,549,314**
Nontrade receivables:				
Advances to offices and				**-**
employees	**3,109,414**	**-**	**-**	**3,109,414**
Others	**35,642,274**	**-**	**-**	**35,642,274**
Refundable deposits**	**79,065,190**	**-**	**-**	**79,065,190**
	2,583,366,192	**-**	**-**	**2,583,366,192**

Excluding cash on hand amounting to P569.13 million as at March 31, 2023.

*****Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 18).***

	December 31, 2022 (Audited)			
	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*	2,398,015,725	-	-	2,398,015,725
Nontrade receivables:				
Advances to offices and				
employees	3,696,291	-	-	3,696,291
Others	55,154,475	-	-	55,154,475
Refundable deposits**	26,501,499	-	-	26,501,499
	2,483,367,990	-	-	2,483,367,990

**Excluding cash on hand amounting to P457.45 million as at December 31, 2022.*

***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 18).*

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:

	March 31, 2023 (Unaudited)					
		Days past due				
	Current	**0-30 days**	**31 - 60 days**	**61 - 90 days**	**91 days and above**	**Total**
Expected credit loss rate	**1%**	**8%**	**6%**	**8%**	**42%**	
Estimated total gross carrying amount at default	**₱5,323,083,444**	**₱532,282,400**	**₱107,150,959**	**₱362,228,695**	**₱1,803,141,593**	**₱7,047,887,091**
Expected credit loss	42,885,305	41,679,725	29,547,436	29,705,300	764,848,519	908,666,285

	December 31, 2022 (Audited)					
		Days past due				
	Current	0-30 days	31-60 days	61-90 days	91 days and above	Total
Expected credit loss rate	1%	4%	5%	13%	41%	
Estimated total gross carrying amount at default	₱2,958,787,765	₱1,084,322,063	₱586,549,856	₱230,896,588	₱1,851,325,139	₱6,711,881,411
Expected credit loss	42,885,305	41,679,725	29,547,436	29,705,300	764,848,519	908,666,285

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, payoff 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 periods ended March 31, 2023 and December 31, 2022.

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 short-term loans, amounted to ₱23.87 million and ₱27.13 million as at March 31, 2023 and December 31, 2022, respectively. The Group's total equity attributable to equity holders of the Parent Company as at March 31, 2023 and December 31, 2022 amounted to ₱15,992.35 million and ₱15,388.51 million, respectively.

33. **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 March 31, 2023 and December 31, 2022:

	March 31, 2023 (Unaudited)			
		Fair Value		
	Carrying Value	**Quoted Prices in Active Market (Level 1)**	**Significant Observable Input (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets Measured at Fair Value				
Land at revalued amount	**6,619,895,148**	**-**	**-**	**6,619,895,148**
AFS financial assets	**282,614,107**		**13,371,842**	**269,242,265**
Assets for which Fair Value are Disclosed				
Investment properties	**31,759,463**	**-**	**-**	**203,902,548**
Loans and receivables -				
Refundable deposits*	**79,065,190**	**-**	**-**	**62,420,557**
	7,013,333,908	**-**	**-**	**7,155,460,518**

**Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 18).*

	December 31, 2022 (Audited)			
		Fair Value		
	Carrying Value	Quoted Prices in Active Market (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value				
Land at revalued amount	2,945,297,014	-	-	2,945,297,014
Financial assets at FVOCI	188,756,153	-	13,371,842	175,384,311
Assets for which Fair Value are Disclosed				
Investment properties	33,487,447	-	-	203,902,548
Loans and receivables -				
Refundable deposits*	22,165,836	-	-	17,499,532
	3,189,706,450	-	13,371,842	3,342,083,405

As at March 31, 2023 and December 31, 2022, 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 market approach valuation of the Group's financial assets as at March 31, 2023 and December 31, 2022:

		Range	
Description	**Unobservable Inputs**	**March 31, 2023**	December 31, 2022
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 decrease (increase) the fair value of the equity investments.

<u>Fair Value Determination</u>
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, Short-term Investments and Trade and Other Receivables
The carrying values of cash and cash equivalents, short-term investments 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% as at March 31, 2023 and December 31, 2022.

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 and market approach. The valuation using market approach requires management to make certain judgments in deriving the set of comparable companies for each entity and in the selection of the appropriate multiples within the range, considering qualitative and quantitative factors specific to the measurement.

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 amounts include adjusted price per square meter that ranges from ₱283,500 to ₱330,750.

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, Customers' Deposits and Contract Liabilities), 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 3.39% to 6.78% as at March 31, 2023 and December 31, 2022.

Obligation for program and other rights
Estimated fair value is based on the discounted value of future cash flows using the applicable risk-free rates for similar types of loans adjusted for credit risk.

34. **Causes for Material Changes in the Financial Statements**

Statements of Financial Position (March 31, 2023 vs. December 31, 2022)

- Cash and cash equivalents of ₱3,035 million climbed by ₱179 million or 6% from 2022 balance of ₱2,855 million as a result of higher net cash flows provided by operating activities which as of end of reporting period amounted to ₱598 million. This was primarily offset by acquisition of property and equipment and software costs during the three-month period of 2023 amounting to ₱403 million and ₱30 million, respectively.
- Trade and other receivables closed at ₱6,178 million, 5% higher than end-2022's ₱5,862 million as a result of less collection as of March 31, 2023.
- Inventories declined by 8% or ₱118 million due to higher sales of merchandise inventory during the first three months of 2023.
- Obligation for program and other rights also hiked by 55% or ₱114 million as at end of 1st quarter of 2023 this year to ₱323 million from ₱209 million in 2022 as a result of higher acquisition during the period.
- Equity attributable to Parent Company stockholders of ₱15,992 million as at March 31, 2023 increased by 4% or ₱603 million, mainly due to the net income attributable to Parent Company earned as of end-March 2023.

35. **Other Notes to 2023 and 2022 Operations and Financials**

The key performance indicators that the Group monitors are the following:

	March 31, 2023	March 31, 2022
	(Unaudited)	
Revenues	**4,015,752,910**	5,861,793,818
Airtime revenues	**3,506,463,817**	5,336,573,094
Cash operating expenses	**2,839,450,916**	2,695,870,012
EBITDA	**1,167,785,289**	3,220,115,858
Net income before tax	**802,598,053**	2,836,843,933
Net income after tax	**602,310,568**	2,128,381,541

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Current ratio	**3.35**	3.45
Asset-to-Equity ratio	**1.61**	1.60
Debt-to-Equity ratio	**0.001**	0.002

	March 31, 2023	March 31, 2022
	(Unaudited)	
Interest Rate Coverage ratio	**257.35**	545.89
EBITDA margin	**29%**	55%
Net income margin	**15%**	36%

GMA NETWORK, INC. AND SUBSIDIARIES
UNAUDITED SEGMENTED RESULTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 **EXHIBIT 1**

Business Segment Data

The following table shows revenue and expense information and certain asset and liability information regarding business segments for each of the period ended March 31:

	Television and Radio Airtime		International		Other Businesses		Eliminations		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
NET REVENUES										
External sales	**3,506,463,817**	5,336,573,094	**193,693,779**	204,256,855	**261,320,599**	320,963,869	**-**	-	**3,961,478,195**	5,861,793,818
Inter-segment sales	**-**	-	**-**	-	**384,628,503**	123,173,051	**(384,628,503)**	(123,173,051)	**-**	-
	3,506,463,817	5,336,573,094	**193,693,779**	204,256,855	**645,949,102**	444,136,920	**(384,628,503)**	(123,173,051)	**3,961,478,195**	5,861,793,818
NET INCOME										
Segment results	**410,835,580**	2,252,179,851	**151,960,349**	171,774,559	**185,313,754**	354,670,208	**3,750,000**	3,750,000	**751,859,683**	2,782,374,618
Interest expense	**(2,810,506)**	(5,051,834)	**-**	-	**(656,293)**	(144,574)	**-**	-	**(3,466,799)**	(5,196,408)
Foreign exchange gain (loss)	**9,733,784**	(5,088,000)	**(21,139,186)**	10,656,644	**-**	164,864	**-**	-	**(11,405,402)**	5,733,508
Interest income	**8,447,159**	5,311,490	**-**	-	**-**	37,181	**-**	-	**8,447,159**	5,348,671
Other income	**176,663,412**	83,221,563	**-**	-	**-**	5,171,981	**(119,500,000)**	(39,810,000)	**57,163,412**	48,583,544
Income tax	**(119,697,132)**	(608,043,989)	**(32,705,291)**	(45,607,801)	**(46,760,062)**	(53,685,602)	**(1,125,000)**	(1,125,000)	**(200,287,485)**	(708,462,392)
	483,172,297	1,722,529,081	**98,115,872**	136,823,402	**137,897,399**	306,214,058	**(116,875,000)**	(37,185,000)	**602,310,568**	2,128,381,541
ASSETS AND LIABILITIES										
Assets										
Segment assets	**25,949,105,451**	25,524,821,932	**271,775,751**	273,515,737	**1,467,207,171**	1,388,398,911	**(2,158,814,899)**	(1,241,154,766)	**25,529,273,474**	25,945,581,814
Investment in an associate - at equity	**38,350,619**	38,350,619	**-**	-	**35,554,165**	44,586,001		-	**73,904,784**	82,936,620
Deferred income tax assets	**133,579,781**	677,543,487	**-**	-	**55,642,263**	55,642,263	**94,477,350**	68,947,414	**283,699,394**	802,133,164
	26,121,035,851	26,240,716,038	**271,775,751**	273,515,737	**1,558,403,599**	1,488,627,175	**(2,064,337,549)**	(1,172,207,352)	**25,886,877,652**	26,830,651,598
Liabilities										
Segment liabilities	**9,577,402,078**	17,077,269,284	**226,584,317**	131,278,380	**634,316,383**	673,835,056	**(622,234,736)**	(656,154,340)	**9,816,068,042**	17,226,228,380

Geographical Segment Data

The following table shows revenue information regarding geographical segments for each of the period ended March 31:

	Local									
	Television and Radio Airtime		Other Businesses		International		Eliminations		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
NET REVENUES										
External sales	**3,506,463,817**	5,336,573,094	**261,320,599**	320,963,869	**193,693,779**	204,256,855	**-**	-	**3,961,478,195**	5,861,793,818
Inter-segment sales	**-**	-	**384,628,503**	123,173,051	**-**	-	**(384,628,503)**	(123,173,051)	**-**	-
	3,506,463,817	5,336,573,094	**645,949,102**	444,136,920	**193,693,779**	204,256,855	**(384,628,503)**	(123,173,051)	**3,961,478,195**	5,861,793,818

GMA NETWORK, INC. AND SUBSIDIARIES
UNAUDITED AGING OF RECEIVABLES
AS OF MARCH 31, 2023 **EXHIBIT 2**

	Trade				
	Television and Radio Airtime	**Subscriptions**	**Others**	**Nontrade**	**Total**
Neither past due or impaired	4,195,656,458	54,423,732	73,003,254	24,904,660	4,347,988,104
Past due but not impaired:					
1 - 30 days	463,793,161	59,919,456	8,569,783	2,700,471	534,982,871
31 - 60 days	95,727,179	9,654,971	1,768,809	557,379	107,708,338
61 - 90 days	353,665,136	2,028,676	6,534,883	2,059,242	364,287,937
91 - 180 days	232,768,246	7,036,990	4,300,997	1,355,311	245,461,544
181 - 365 days	63,411,280	14,308,144	1,171,688	369,218	79,260,330
Over 1 year	1,260,265,055	60,029,790	79,849,403	6,805,407	1,406,949,655
	6,665,286,515	207,401,759	175,198,817	38,751,688	7,086,638,779

GMA NETWORK, INC. AND SUBSIDIARIES
UNAUDITED ROLLFORWARD OF PROPERTY AND EQUIPMENT
AS OF MARCH 31, 2023

EXHIBIT 3

	DECEMBER 31, 2022	ADDITIONS	DISPOSALS	RECLASSIFICATIONS	MARCH 31, 2023
At cost					
Buidings and leasehold improvements	3,312,804,796	952,519	(17,699,403)	161,913	3,296,219,825
Broadcast equipment	8,467,903,140	214,777,364	(78,600,736)	-	8,604,079,768
Communication & mechanical equipment	1,784,881,226	43,989,618	(55,417,447)	-	1,773,453,397
Transportation equipment	700,540,378	12,114,875	(132,897,883)	2,837,411	582,594,781
Furniture, fixtures and equipment	174,582,642	-	(28,506,409)	-	146,076,233
	14,440,712,182	271,834,376	(313,121,878)	2,999,324	14,402,424,004
Accumulated Depreciation					
Buidings and leasehold improvements	(2,585,774,642)	(24,128,982)	10,103,018	-	(2,599,800,606)
Broadcast equipment	(6,800,282,345)	(107,463,738)	73,895,107	-	(6,833,850,976)
Communication & mechanical equipment	(1,493,816,100)	(33,782,266)	49,729,772	-	(1,477,868,594)
Transportation equipment	(512,588,653)	(14,998,646)	88,902,647	-	(438,684,652)
Furniture, fixtures and equipment	(165,715,157)	(810,234)	26,772,721	-	(139,752,670)
	(11,558,176,897)	(181,183,866)	249,403,265	-	(11,489,957,498)
Equipment for installation	478,613,994	131,158,346		(2,999,324)	606,773,016
Net book value	**3,361,149,279**	**221,808,856**	**(63,718,613)**	**-**	**3,519,239,522**

GMA Network, Inc. and Subsidiaries
Financial Ratios **Exhibit 4**
For the Three Months Ended March 31, 2023

Ratios	Formula	In PhP	March 31, 2023	December 31, 2022
Current Ratio	Current Assets	14,379,208,465	3.35	3.45
	Current Liabilities	4,287,859,571		
	Interest-bearing loans and borrowings			
Net Debt-to-Equity Ratio	less cash and cash equivalents	(3,010,810,842)	(0.19)	(0.18)
	Total Equity	16,068,333,115		
Assets-to-Equity Ratio	Total Assets	25,884,401,157	1.61	1.60
	Total Equity	16,068,333,115		
Interest Rate Coverage Ratio	EBIT	797,617,693	230.07	291.44
	Interest expense	3,466,799		

Profitability Ratios	Formula	In PhP	March 31, 2023	March 31, 2022
Gross Profit Margin	Gross Profit	2,237,650,363	56%	72%
	Net Revenues	4,015,752,910		
Net Income Margin	Net Income	602,310,568	15%	36%
	Net Revenues	4,015,752,910		

SIGNATURE

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

Issuer: **GMA NETWORK, INC.**

By:

FELIPE S. YALONG
TREASURER, EVP & CHIEF FINANCIAL OFFICER

RONALDO P. MASTRILI
SVP, FINANCE & ICT

Date: April 19, 2023

Certification

We Felipe S. Yalong (Treasurer, EVP and Chief Financial Officer) and Ronaldo P. Mastrili (SVP of Finance and ICT Departments) of GMA Network, Inc. with SEC registration number 5213 with principal office at GMA Network Center, Timog Avenue corner EDSA, Quezon City, on oath state:

1) That on behalf of GMA Network, Inc., we have caused this SEC Form 17-Q to be prepared;

2) That we read and understood its contents which are true and correct of our own personal knowledge and/or based on true records;

3) That the company GMA Network, Inc. will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and

4) That we are fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, we have hereunto set our hands this 19th of April, 2023.

FELIPE S. YALONG
Treasurer, EVP and CFO

RONALDO P. MASTRILI
SVP, Finance and ICT

SUBSCRIBED AND SWORN to before me this APR 19 2023 affiants exhibiting to me their government IDs as follows:

Names	Government I.D.	ID Number
Felipe S. Yalong	SSS	CRN-0111-2468315-3
Ronaldo P. Mastrili	Driver's License	N15-83-035933

Doc. No. 30
Page No. 7
Book No. 1
Series of 2023.

NOTARY PUBLIC

ATTY. JANELLE CRYSTEL J. JAVIER
Notary Public for and in Quezon City
Until December 31, 2024
Adm. Matter No. NP-188 (2023-2024)
PTR No. 3985877-Jan. 6, 2023, QC
IBP Lifetime No. 016879
Roll of Attorney's No. 69611
MCLE Compliance No. VII-0008954