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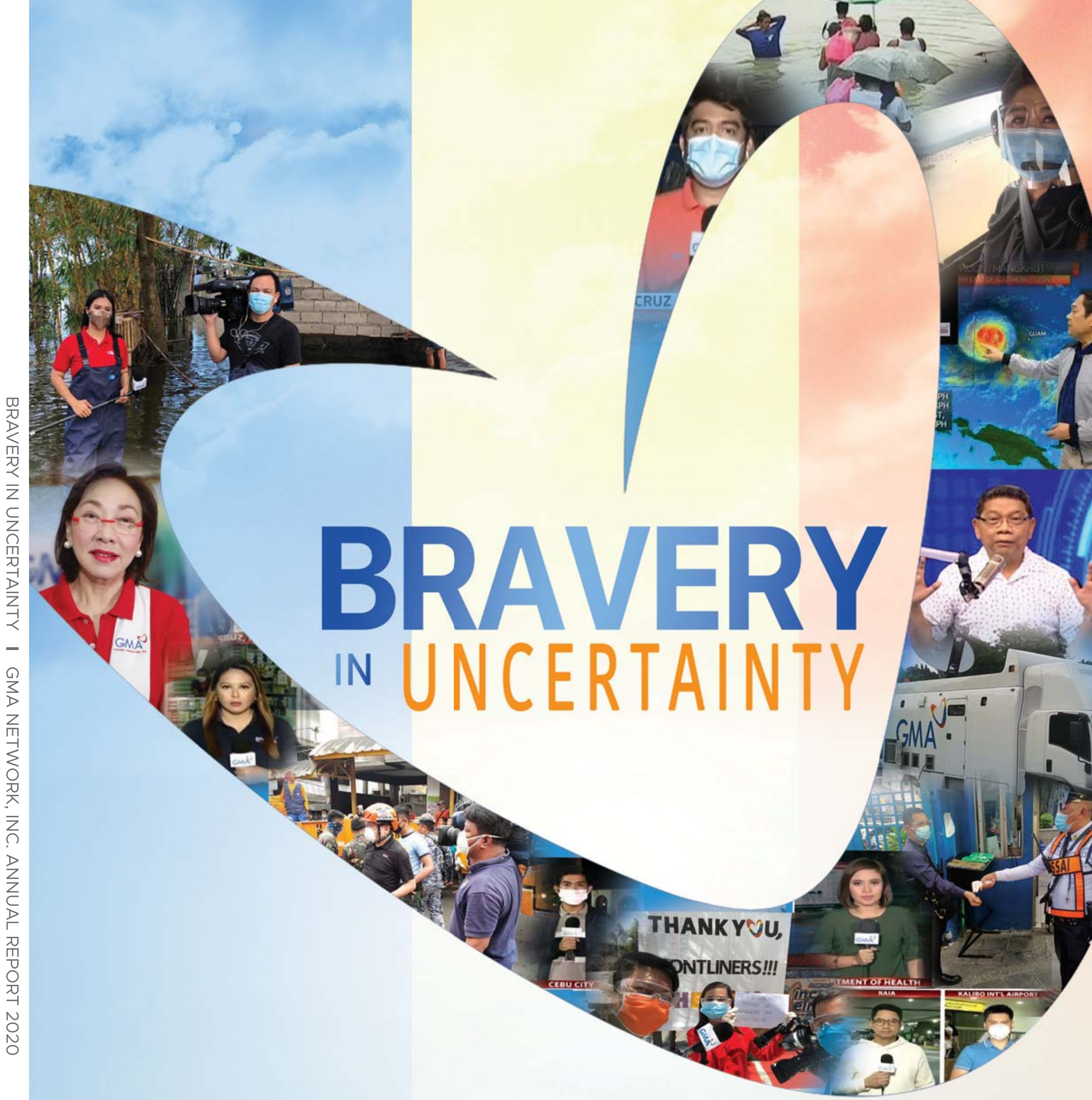
BRAVERY IN UNCERTAINTY | GMA NETWORK, INC. ANNUAL REPORT 2020



BRAVERY IN UNCERTAINTY

BUONG PUSO PARA SA PILIPINO

ANNUAL REPORT 2020

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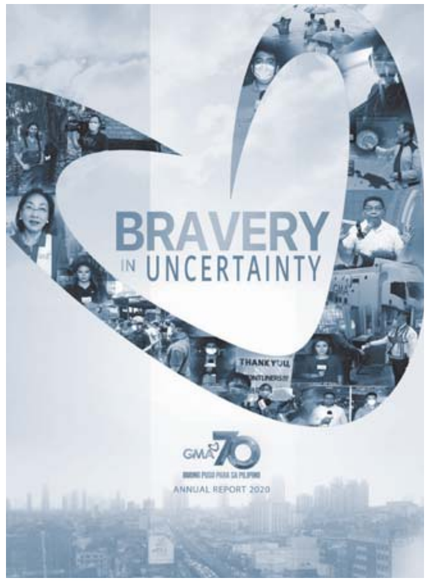


ABOUT THE COVER

The year 2020 was one of the most uncertain periods of all time—explosive volcanic eruptions, more intense typhoons, and rapidly changing technology. Then a pandemic hit the world, crippling even the strongest of nations and economies.

Despite these, GMA Network, Inc. made brave steps forward in content production and the digital landscape. It went beyond its mission by providing trusted information, giving audiences the front row seat in history, and energizing the soul and spirit of the Filipinos in the most desperate times.

CORPORATE PURPOSE

We enrich the lives of Filipinos everywhere
with superior Entertainment and the responsible,
unbiased, and timely delivery
of accurate News and Information.

CORPORATE VISION

We are the most respected, undisputed leader
in the Philippine broadcast industry
and the recognized media innovator
and pacesetter in Asia.
We are the Filipinos' favorite network.
We are the advertisers' preferred partner.
We are the employer of choice in our industry.
We provide the best returns to our shareholders.
We are a key partner in promoting the best
in the Filipino.

CORPORATE VALUES

We place God above all.
We believe that the Viewer is Boss.
We value our People as our best assets.
We uphold Integrity and Transparency.
We are driven by our Passion for Excellence.
We strive for Efficiency in everything we do.
We pursue Creativity and Innovation.

ABOUT GMA

GMA Network, Inc. is the Philippines' leading broadcasting company which produces the most innovative, most trusted, and top-rating TV programs.

Also known as the Kapuso Network, GMA brings superior Entertainment and the responsible, unbiased, and timely delivery of accurate News and Information to Filipinos worldwide. Its flagship channel, GMA, broadcasts free-to-air via VHF channel 7 and its permanent digital TV signal on UHF channel 15.

Based on Nielsen Philippines, GMA reached over 84 million Filipinos across the country with 48.3 percent people audience share in Philippine National TV Audience Measurement (PHINTAM) for the year 2020.

Headquartered in Quezon City, GMA operates a network of 85 TV stations and 23 radio stations throughout the country.

Apart from its television and radio businesses, GMA also owns a wide array of media-related entities engaged in program syndication, film production, music publishing and distribution, set design, audio-visual production, and new media.

GMA Network, Inc. was officially listed on the Philippine Stock Exchange in 2007. The Network is now recognized as one of the notable organizations that promote sustainability in the country, being the first media and broadcasting company in the Philippines to sign with the United Nations (UN) Global Compact.

SUBSIDIARIES
JOINT VENTURES
AFFILIATES

SUBSIDIARIES (100% Ownership)

GMA Network Films, Inc.

Produces movies catering to both local and international markets. Its productions have reaped both critical acclaim and commercial success, foremost among them is the Philippine Centennial offering *Jose Rizal* and *Muro Ami*.

RGMA Marketing and Productions, Inc. (GMA Music)

Engaged in the publishing, licensing, production, and distribution of music. It is a member of the Philippine Association of the Record Industry and has the distinction of having two diamond record awards in the highly competitive music scene.

Alta Productions Group, Inc.

Provides a complete spectrum of production requirements from conceptualization, creatives, shoot, post-production, to execution for its local and international clients

Script2010, Inc. (Script2010)**

Engaged in the design, construction and maintenance of sets for TV, stage plays and concerts, transportation, and manpower services

Scenarios, Inc.*

Handled design, construction and maintenance of sets for TV, stage plays and concerts, transportation services

GMA Worldwide (Philippines), Inc.****

Dedicated to the syndication and distribution of GMA's drama and entertainment programs worldwide

GMA Marketing & Productions, Inc. (GMPI)*

Exclusive marketing and sales arm of GMA's airtime, events management, sales implementation, traffic services and monitoring

Citynet Network Marketing and Productions, Inc.

Involved in television entertainment production

GMA New Media, Inc.

The Network's digital media and technology arm. Since its inception in 2000, it has launched category-breaking projects on the web, mobile, digital television, and other new and emerging platforms.

MediaMerge Corporation****

Handled the business development and operations for the Network's online publishing/ advertising initiatives

Digify, Inc. (Digify)***

Responsible for the crafting, planning, advertising, and other forms of promotion including multimedia productions

JOINT VENTURES (50% Ownership)

INQ7 Interactive, Inc.*

Internet publishing

Philippine Entertainment Portal, Inc. (PEP)***

Internet publishing

AFFILIATES (49% Ownership)

Mont-Aire Realty and Development Corp.

Real estate

RGMA Network, Inc.

Radio broadcasting and management

Notes:
* Not operational
** Indirectly owned through Citynet Network Marketing and Productions, Inc.
*** Indirectly owned through GMA New Media, Inc.
**** Ceased commercial operation in 2020

CHAIRMAN'S MESSAGE

The media industry underwent a difficult time in 2020. Aside from the competition for audiences and advertisers, several other forces hit us swiftly and severely. The biggest of which was COVID-19. The pandemic-induced lockdowns meant suspended productions, cancelled concerts, and great risk for our employees. We asked ourselves - how do we deal with this invisible danger? How do we navigate uncertainty?

Our answer is—with courage and bravery.

In the face of great crisis, every Kapuso responded with tenacity, agility, and bravery. I salute our journalists who fearlessly reported from the frontlines, our technical teams who worked on field to ensure our signal strength and connectivity, and our people working from the office and their homes who were critical in supporting our key business operations. They are the heart of our Network and their safety is our priority. We made work from home options possible while enhancing safety measures for those on the frontlines. As live shows were cancelled, we devoted our energy to creative development, upskilling our employees and artists across the Network. You may read more about these efforts in the COVID-19 Response section of this annual report.

We see courage and bravery running through every segment of our operations. Knowing that information is a national and critical need, our News and Public Affairs pivoted its programming and production. On television, GMA and GTV (formerly GMA News TV) devoted a combined average of 18 hours daily in 2020 for various news and public affairs programs. We quickly created digital programs and exclusive online content that helped the audience understand issues. These programs were produced from home using a cloud-based set up and the reception was extraordinary. They sparked conversations and mobilized action within communities.

Our Entertainment Group launched programs that activated creativity. One of these programs was a new drama anthology which honored our frontliners. This series was lauded for its unique storytelling, beautiful direction, and acting. We were also the first to stage a virtual reality concert, *Alden's Virtual Reality*, to give our audience the best entertainment experience from home.

"Bravery is in our DNA. Since 1950, GMA has been a Network known for its relentless pursuit of truth and public service.

In 2020, we fortified our digital terrestrial television (DTT) with the launch of our DTT channels Heart of Asia and Hallypop and our high-quality and affordable set-top box, the GMA Affordabox. Despite the pandemic, we sold almost 1 million Affordabox units in only six months last year. Completing this year's remarkable digital achievement was the commercial introduction of GMA Now, a dongle for Android smartphones that allows viewers to enjoy digital free-to-air channels on the go.

On digital platforms, GMA News was the most viewed news media organization in the Philippines on both YouTube and Facebook. At the height of the Luzon lockdown in May, it ranked fifth in the world among news publishers. We are also the first Philippine media organization with two Diamond Creator Awards from YouTube as GMA Public Affairs reached 10 million subscribers in 2020.

We remain committed to informing Filipinos wherever they are. Through our Regional TV's stations strategically located in Luzon, Visayas, and Mindanao, our viewers can access local news about their community. Our GMA Pinoy TV, which marked its 15th anniversary in 2020, has evolved from a single-channel offering to a global multiple-channel, multiple-platform player distributed in over 104 countries. As viewing habits evolve, we continue to strategically curate our programming in both linear and non-linear formats and across various demographic segments.

With your support, our employees' hard work, and our audiences' warm reception, we did not just survive 2020, we thrived.

We broke all records in terms of financial performance in 2020. Net income reached a milestone at P6.007 billion, soaring 128% or P3.368 billion from last year's bottom line of P2.639 billion.

In 2020, we reached over 84 million Filipinos across the country. From January to May 5, we were already ahead of ABS-CBN in reach and viewership before the latter went off the air in May. Our flagship stations Super Radyo DZBB and Barangay LS 97.1 were both Number 1 in their categories.

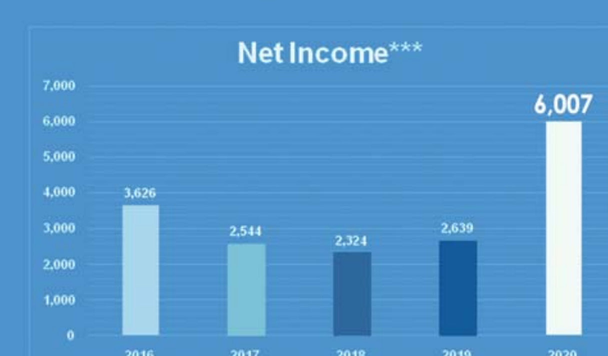
Bravery is in our DNA. Since 1950, GMA has been a Network known for its relentless pursuit of truth and public service. For the past 70 years, from our beginnings in Escolta to where we are today, we have not let any crisis keep us from providing credible news and outstanding entertainment shows for the Filipino. Everyday, we walk the tightrope of political, social, and economic issues to give the viewing public what they deserve—*Katotohanan at Serbisyong Totoo*.

Today, and in the next 70 years, in good times and in challenging times, *palagi po kaming mananatiling Buong Puso Para Sa Pilipino.*

FELIPE L. GOZON
Chairman and CEO

FINANCIAL HIGHLIGHTS

* Amounts in Million Pesos
** Amounts in Pesos
*** Amounts in Million Pesos and attributable to Equity holders of the Parent Company



PRESIDENT'S MESSAGE

> "Driven by our unwavering commitment, dedication, and ingrained responsibility to serve our countrymen by keeping them constantly informed, our TV and Radio News operations nationwide remained uninterrupted from the onset of the COVID-19 pandemic.

Our company's performance and operations in the past year were greatly influenced by two extraordinary factors: the emergence of the COVID-19 pandemic in mid-March and the closure of the broadcast operations of our primary competitor, ABS-CBN Corporation, on the fifth of May 2020.

While our economy was and continues to be battered by the effects of the pandemic, we closed 2020 with unprecedented financial results, posting a consolidated net income of P6.007 billion for growth of 128% over 2019. This, on the back of 17% year-on-year growth in our consolidated revenues coupled with a 16% reduction in our consolidated OPEX, the latter predominantly accounted for by the limited volume of fresh content we produced in 2020 due to the constraints brought about by the COVID-19 pandemic.

Our flagship TV channel, GMA-7, dominated the Nielsen National Urban ratings (NUTAM) throughout the year, with audience shares of 33.8% vs. ABS-CBN Ch 2's 30.2% from January 1 to May 5 and 58.9% vs.TV5's 7.0% from May 6 to December 31. The same was observed in Nielsen's data covering Mega Manila, with GMA-7 posting audience shares of 36.0% vs. ABS-CBN Ch 2's 24.6% between January 1 to May 5 and 58.4% vs. TV5's 4.7% from May 6 to December 31; as well as in Nielsen's Urban Luzon data, with GMA-7's audience shares at 35.4% vs. ABS-CBN Ch 2's 27.1% within January 1 to May 5 and 59.0% vs. TV5's 4.6% from May 6 to December 31. From May 6 to December 31, GMA-7 delivered Nielsen measured audience shares in Urban Visayas of 63.1% vs. TV5's 12.9% and in Urban Mindanao, 54.6% vs. TV5's 13.6%.

Our news channel, GNTV, also performed very well throughout the year, far exceeding the audience shares of all other news channels in the country, surpassing even those of TV5 in Nielsen's Mega Manila and Urban Luzon ratings from January 1 to May 5, with audience shares of 2.4% vs. TV5's 1.4% in Mega Manila, and 2.2% vs. TV5's 1.5% in Urban Luzon. The same was true within the period covering May 6 to December 31, with GNTV coming in 2nd only to GMA-7 posting audience shares of 5.6% vs. TV5's 4.7% in Mega Manila and 5.1% vs. TV5's 4.6% in Urban Luzon. Delivering revenue growth of 28% in 2020, GNTV's programming has been noticeably evolving, leading to the channel's recent rebranding as GTV. Alongside these developments are ongoing initiatives to expand GTV's accessibility to the viewing audience.

Not to be outdone, our Radio business more than played its part in the past year, growing revenue by 15% year-on-year as both our lead stations DZBB-AM and DWLS-FM grew audiences in their respective bands. Ranking among the top radio stations in Nielsen's Mega Manila survey in the first semester, both DZBB-AM and DWLS-FM took the outright lead in the second semester with consistent Number 1 station rankings in the AM and FM bands, respectively.

The same can also be said for Regional TV (RTV) as our local newscasts in Dagupan and Cebu consistently beat their ABS-CBN counterparts in Nielsen People ratings over January to end April. While our local newscasts trailed those of ABS-CBN in Bacolod, Iloilo, Davao, and Cagayan de Oro, our local newscasts in all the six aforementioned areas were left unchallenged from May 5 to December 31; resulting in the computed monthly average People ratings of our local newscasts in Dagupan at 11.8%, Cebu 11.3%, Bacolod 10.3%, Iloilo 10.0%, Davao 12.5%, and Cagayan de Oro 10.0%, within the said period. Posting revenue growth of 46% over 2019, we have started to implement expansion plans for RTV which will result in our ability to better serve a larger number of local, regional areas.

Our International, linear channel (traditional platform) subscription revenue maintained its decline, posting a reduction of 14% year-on-year as the market continued to migrate to OTT, VOD alternatives. Aggravated further to some degree by the economic impact of the pandemic in key international market areas, our linear channels GMA Pinoy TV, GMA Life TV and GMA News TV closed 2020 with subscriber churns of 12%, 1%, and 2%, in that order. That said, our efforts to grow compensating revenue by exploiting AVOD and SVOD opportunities continue, with the former achieving measures of success and the latter, showing promise.

The several initiatives in the Digital space continued to maintain momentum, achieving revenue growth of 29% at the close of the year. Our online sites GMA News Online and GMA Entertainment both performed commendably, with user growth of 34% and 44% respectively vs. 2019; while our GMA portal (gmanetwork.com) closed 2020 with user growth of 41% and with over 2 billion page views. We also continued to further grow our social media following across Facebook, Twitter, Instagram, and YouTube in the past year. Of note was how our channels in YouTube performed, with the GMA Network channel ending 2020 with 21.3 million subscribers for a growth of 57%, the GMA News channel with 8.110 million subscribers for 61% growth, and the GMA Public Affairs channel with 13.4 million subscribers for 60% growth year-on-year. These were further complemented by the year-on-year growth in Facebook views of both GMA News at 108% and GMA Public Affairs at 673% as we ramped up digital content within the period to serve our countrymen's need for more online information relevant to the COVID-19 pandemic. No efforts are spared to ensure the continuing growth of this segment of our business moving forward.

While it was necessary for us to postpone the commissioning of some planned DTT (Digital Terrestrial TV) transmitter facilities in the past year due to the pandemic, we proceeded to implement related initiatives. In the end of June, we brought our DTT set-up box, the GMA Affordabox, to market. Well received by the consumer, Affordabox sales hit 920,438 units by year end, despite the economic conditions and limited retail accessibility resulting from the pandemic. In the course of the year, we also launched two free-to-air DTT channels, Heart of Asia and Hallypop, both of which can be readily viewed by homes with either set-up boxes or Digital TV sets with digital tuners. Despite its having launched only in the end of June and its availability being limited to DTT homes, Heart of Asia registered an audience share of 3.7% in Nielsen's Mega Manila ratings (May 6 to December 31), right behind TV5's 4.7%. In December we commenced with the soft launch of our mobile dongle, GMA Now, which enables the consumer to view DTT channels and access a host of features by simply docking it to a compatible mobile device.

The arrival of the COVID-19 virus to our country and the near-immediate imposition of Enhanced Community Quarantine (ECQ) nationwide in mid-March brought a combination of fear, uncertainty, and even confusion as little was known or understood about either at the time.

Driven by our unwavering commitment, dedication, and ingrained responsibility to serve our countrymen by keeping them constantly informed, our TV and Radio News operations nationwide remained uninterrupted from the onset of the COVID-19 pandemic. From our news teams, field reporters, anchors, production teams to our editors and engineers, all readily and courageously went to work and delivered *Serbisyong Totoo* both on-air and online, to Filipinos here and abroad from the day that the entire country was first put under ECQ.

The same unwavering commitment, dedication, sense of responsibility, and courage were demonstrated when the government relaxed quarantine restrictions and allowed the limited and controlled production of non-news media content, as our teams involved in the production of public affairs and entertainment programs went to meet the challenge of doing their best work despite the restrictive and prevailing, disconcerting conditions.

Moving in parallel, all our support groups exhibited no less from day one, responding with speed, efficiency, and creativity, ensuring the continuous delivery of all necessary support services, from logistical requirements down to the editing and playing out of content over different platforms. Achieved by contingents working in unison both on-site and from home, all the varying needs were met without misstep despite the fluidity and circumstances of the times.

All these, amidst the ongoing COVID-19 pandemic and its risks to personal health, safety and well-being, even as we incessantly work to address, if not greatly mitigate these risks to the extent humanly possible.

We have confronted many challenges over the years but none have come close to those brought about by the pandemic. As we move forward and battle these challenges armed with the strength of the commitment, passion, dedication, resolve, and innovativeness of our people, it is their admirable courage that continues to be our greatest source of pride and inspiration.

More than ever, I am proud to be Kapuso.

GILBERTO R. DUAVIT, Jr.
President and COO

OPERATIONAL HIGHLIGHTS

The year 2020 was one of the most uncertain periods of all time as a range of crises and a global health pandemic disrupted the world.

Despite these challenges, GMA Network faced them bravely. The Network dedicated superior news coverage that Filipinos relied on more than ever, made long-term investments in the digital space, and pivoted its programs around the most pressing needs of its audience.

As a result, the Kapuso Network delivered record-high financial indicators and continued to be the Filipinos' top news and free entertainment source.

FINANCIALS

The year 2020 was GMA's best year in its 70-year history, with its consolidated net income after tax (NIAT) breaching the P6.0-billion mark at P6.007 billion, soaring 128% from its 2019 bottom line.

Consolidated revenues nearly surpassed the P20-billion mark at P19.34 billion, a 17% hike from 2019, notwithstanding the effects of the pandemic and the absence of three-fourths of a billion worth of non-recurring political advocacies and advertisements from the 2019 midterm national elections.

With this year's healthy financial performance, all financial indicators recorded improvements. EBITDA margin stood at 51% ahead of the 33% in 2019. Return on asset was at 25% from 16% while return on equity ended at 47% from 27% a year ago.

Flagship channel GMA 7 propelled the record growth, with absolute sales climbing by 16% versus 2019. Carving out more than half a billion worth of non-recurring political advocacies and advertisements in 2019, revenues from regular sales grew even higher by 23%.

Radio operations followed with the next highest airtime sales contribution, capping the year with a 15% increase in its top line. Excluding election-related placements during 2019, Radio registered a sales improvement of 20%. The growth was buoyed by higher revenues from banner AM station DZBB with its unceasing advocacy to deliver news and public information throughout the day.

GTV (formerly GMA News TV), posted an increase in sales by 20%. Driving the revenue growth for the channel were news programs, which for the greater part of the year aired *Dobol B sa News TV*.

Regional TV (RTV) operations had the highest improvement in the top line, percentage-wise. Its revenues soared by 46% versus 2019. National airtime sales propelled the growth despite the lack of on-ground sponsorships due to community quarantine measures.

In the digital arena, GMA's advertising revenues continued to register healthy revenues despite increasing competition. Online advertisements from the Network's various websites and social media accounts cumulatively grew by 13%.

Another significant development was the Network's venture into the Digital Terrestrial Television (DTT) landscape with the launch of the DTT channels Heart of Asia and Hallypop. In 2020, the Network also launched the GMA Affordabox, its set-top box, and commercially introduced GMA Now, a digital TV receiver for Android smartphones. Combined incremental revenues from these segments further added to the Network's top line.

However, subscription revenues from International operations dropped due to the shift in consumer preference with the emergence of alternative media sources. This was further aggravated by the appreciation of the peso against the dollar.

Other subsidiary operations also resulted in lower top line this year due to the general economic crunch in most industries and businesses. These were slightly mitigated by this year's improvement in syndication revenues abroad which doubled from last year.

RATINGS

In 2020, GMA reached over 98.5% of TV households with an estimated 84.1 million viewers nationwide.*

GMA was the most-watched channel in Total Philippines with a 48.3% people audience share.

In both Total Luzon and Total Visayas, GMA's net reach was at 98.6% of TV households, while posting 49.9% and 47.7% people audience shares, respectively. In Total Mindanao, GMA was able to reach 97.9% of TV households with 42.3% people audience share.

GMA was already ahead of ABS-CBN in terms of both reach and viewership before the latter went off the air in May. For the period of January to May 5, the Network registered over 95% household reach and was also on top with its 33.1% people audience share.

*Based on Nielsen Philippines TV Audience Measurement's Total Philippines

CELEBRATING YEARS

From a young radio station housed in a bakery, GMA has grown into one of the country's top media companies. Today, the country's most respected journalists, brightest stars, and most creative people in the industry call GMA their home.

For 70 years, the Network has captured the country's imagination with stories that inform and inspire. From being the pioneer in local newscasts and political analyses, to redefining world-class Filipino entertainment, GMA takes pride in being constantly at the forefront of broadcasting innovation.

At magpapatuloy kami sa paghahatid ng balita at paglalahad ng mga kuwento para sa ating mga Kapuso. Maaasahan ninyong mananatili kaming Buong Puso Para Sa Pilipino.

1950

Robert "Bob" Stewart sends the first signals of radio station DZBB from a makeshift studio in Escolta.

ROBERT LA RUE STEWART

Popularly known in the Philippines as "Uncle Bob", Robert La Rue Stewart was an American entrepreneur, TV personality, radio and TV producer in the Philippines.

He started as a stringer for an international news agency, dispatching stories from these islands. With the war over, he got a job at a radio station as its all-around man. He thought, if he was going to do all these things for someone else, he might as well do it for his own. Uncle Bob then delivered his station's very first newscast. As they say, once a newsman, always a newsman. This station would be the beginning of GMA Network.

1951

DZBB airs the first live radio coverage of the Senate and Congressional sessions using on-the-air, on-the-spot telephone interviews for the first time.

1961

Following the success of DZBB, RBS Channel 7, the third television station in the country, starts operations with 25 employees, a surplus transmitter, and two old cameras.

1975

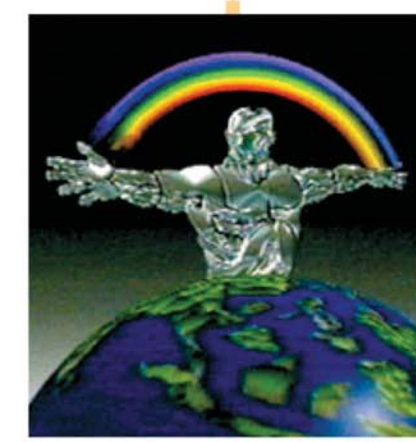
The new management of Gilberto M. Duavit, Menardo R. Jimenez, and Felipe L. Gozon takes over and acquires new equipment, introduces new programs, and adopts the name GMA (Greater Manila Area) Radio Television Arts.

1988

The GMA Tower of Power is inaugurated. At 777 feet, it is the tallest man-made structure with a 100-kilowatt power transmitter.

1991

GMA Foundation (now GMA Kapuso Foundation) is formally established.



1992

The GMA 7 Rainbow Satellite is inaugurated, making GMA programs available simultaneously nationwide and throughout Southeast Asia.

1993

GMA introduces pre-screened entertainment for children through Worry-Free Kid TV, receiving a citation from UNICEF as a model for "children-friendly television."

1996

Republic Broadcasting System, Inc. (RBS) changes its corporate name to GMA Network, Inc. as it evolves into a conglomerate of companies engaged in moviemaking and related services.

1998

GMA Network Films, Inc. releases *Jose Rizal* starring Cesar Montano and directed by Marilou Diaz-Abaya, followed by *Muro Ami* the year later, which sweeps the 1999 Metro Manila Film Fest Awards.

1999

GMA launches *GMA Network News*, the first evening news in Filipino, and *I-Witness*, the first full-length documentary program.

2000

On the eve of its 50th anniversary, GMA becomes the first and thus far only Philippine network to win the internationally prestigious George Foster Peabody Award - considered as the equivalent of the Pulitzer Prize in investigative broadcast journalism.

The state-of-the-art GMA Network Center is inaugurated.

GMA New Media (NMI), a wholly-owned subsidiary of GMA engaged in the interactivity of various media formats is incorporated.

In the last quarter of 2000, a new team takes over GMA's management helm. With Menardo R. Jimenez's retirement, Atty. Felipe L. Gozon assumes leadership as Chairman/President and Chief Executive Officer, while Gilberto R. Duavit, Jr. as Executive Vice President and Chief Operating Officer.

2001

GMA News and Public Affairs delivers the most comprehensive election coverage the country had ever witnessed: *Eleksyon 2001.*

2002

GMA launches the new corporate equity, GMA: *Kapuso ng Pamilyang Pilipino, Anumang Kulay ng Buhay*. For news coverage, *Walang Kinikilingan, Walang Pinoprotektahan, Walang Kasinungalingan, Serbisyong Totoo Lamang* becomes the slogan.

Saksi becomes the first Filipino news program to win the World Gold Medal as best newscast in the New York Festivals.

2003

GMA hits the P1 billion mark–for the first time in its history–and finally grabs the No. 1 spot as GMA overtakes its competitor in overall ratings on the last week of September.

Starstruck, the country's first reality-based talent search, becomes the biggest hit of the year.

GMA renews its presence in the music industry via RGMA Marketing Productions, Inc./GMA Records.

DZBB ranks No. 1 among AM radio stations on primetime and DWLS ranks No. 1 among pop music stations in Metro Manila.

Channel 11

2005

GMA receives the Asian TV Awards Terrestrial Channel of the Year.

Overseas expansion through GMA Pinoy TV, stronger presence in the provinces, and programming for QTV 11 are implemented.

GMA's international channel, GMA Pinoy TV, launches in Japan, Guam, United States, and in Malaysia.

2007

GMA's listing at the Philippine Stock Exchange turns out to be the most successful Initial Public Offering (IPO) of the year.

Primetime series *Marimar* becomes television's biggest success, becoming the highest-rating program of the year.

2008

GMA Network, Inc. inaugurates its P900-million studio annex which sits on a 4,308 square meter land area that houses two big high-definition ready studios.

GMA NEWS TV

2010

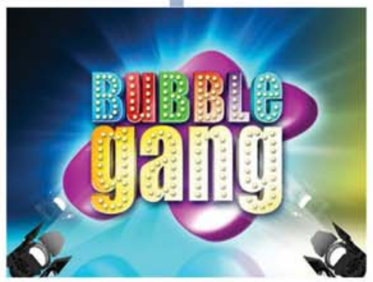
GMA News TV, the first local news channel on free TV, is launched.

GMA invests in a multimillion-dollar technology called the Media Asset Management System (MAMS), making the entire post-production process, playback and archiving of audio and video materials tapeless and digital.

2011

GMA takes the top spot in the nationwide TV ratings.

GMA launches www.gmanetwork.com, the umbrella site of all GMA platforms, enhancing GMA's connection with its audience online.



2015

Bubble Gang celebrates 20 years of making Filipinos happy.

2017

The popular morning programs from DZBB are simultaneously aired on GMA News TV.

STATE OF THE ART

GMA Network mounts the most comprehensive *Eleksyon 2019* coverage and debuts the 63-million state-of-the-art news set.

2019

Unang Hirit celebrates 20 years of great mornings.

GMA News and Public Affairs launches *Stand for Truth*, a daily digital newscast that focuses on data-driven reports for the millennial audience. It incorporates the latest music, mobile journalism, and storytelling tools for online publishing.

BUONG PUSO PARA SA PILIPINO

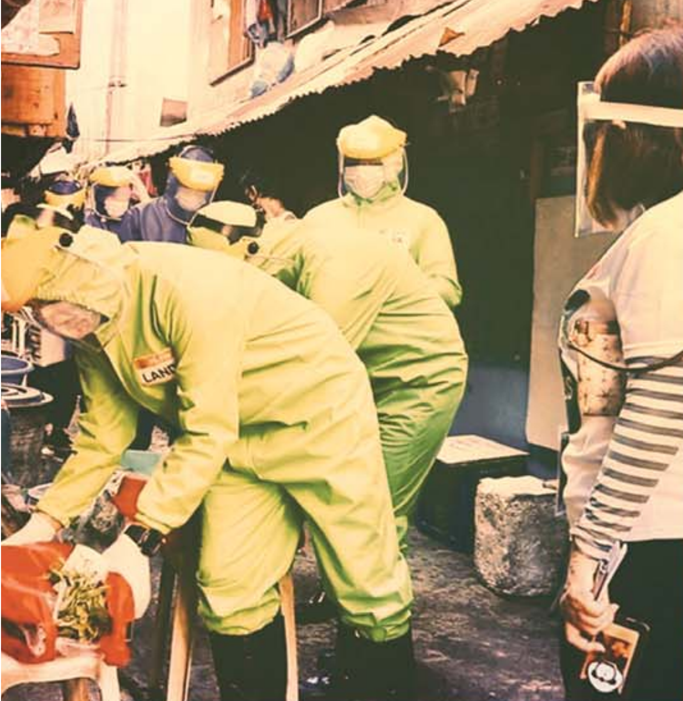
2020

On its 70th anniversary, the Kapuso Network launches two products to make digital television accessible to millions of Filipinos - GMA Affordabox and GMA Now.

Apart from its superior digital reception and competitive price, GMA Affordabox has a built-in multimedia player, a personal video recorder to record and re-watch GMA shows, and a nationwide Emergency Warning Broadcast System that sends alerts about calamity warnings in an area.

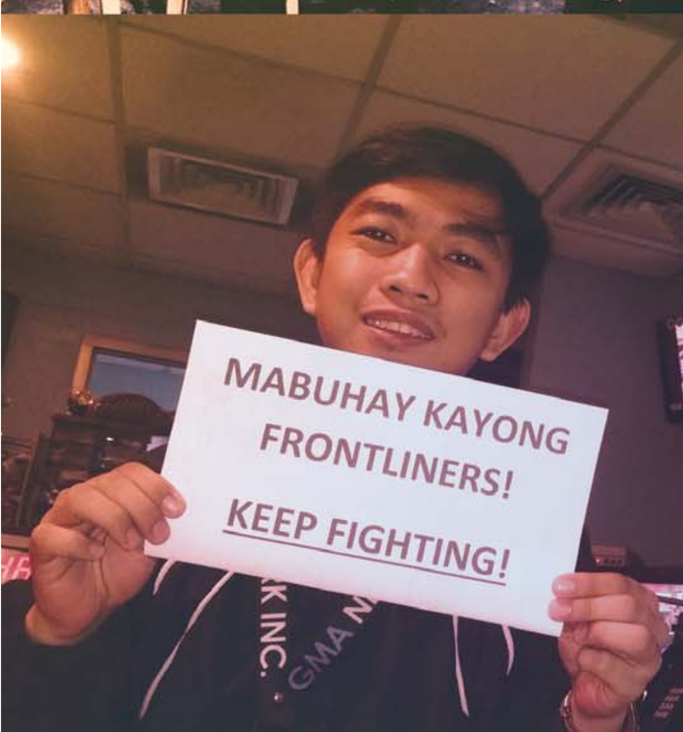
GMA Now, a mobile DTT receiver, allows users to watch live TV for free, stream GMA videos, play interactive games, and chat with Kapuso celebrities.

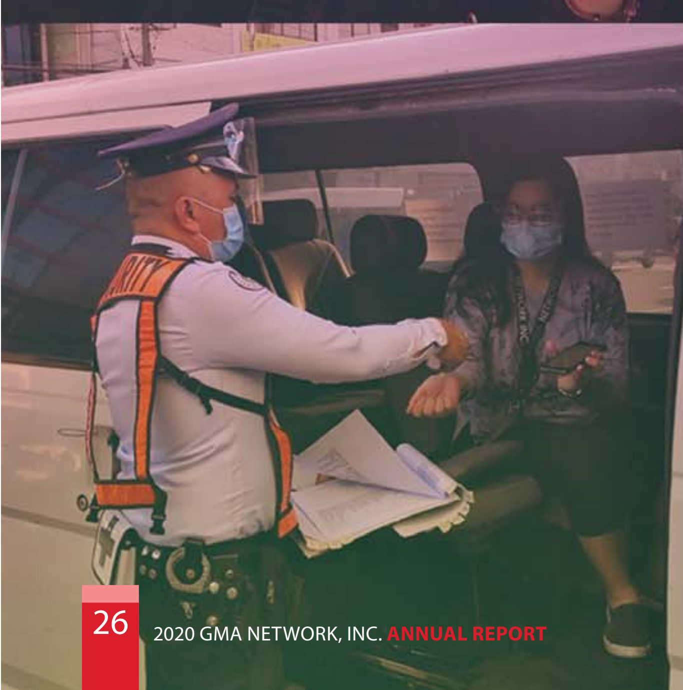
The Network also continues to provide top-notch entertainment and quality education in every Filipino household with its new digital TV channels: Heart of Asia, Hallypop, and DepEd TV.



COVID-19 RESPONSE

The daunting challenges of 2020 reminded us of the mission that we live for every day: providing a vital service for the Filipinos through superior Entertainment and the responsible, unbiased, and timely delivery of accurate News and Information. GMA drew on every part of the organization to meet the pressing needs of its stakeholders by innovating news and production, refocusing shows to honor frontliners and inspire the public, supporting its people, and creating collaborative engagements for the Filipino.



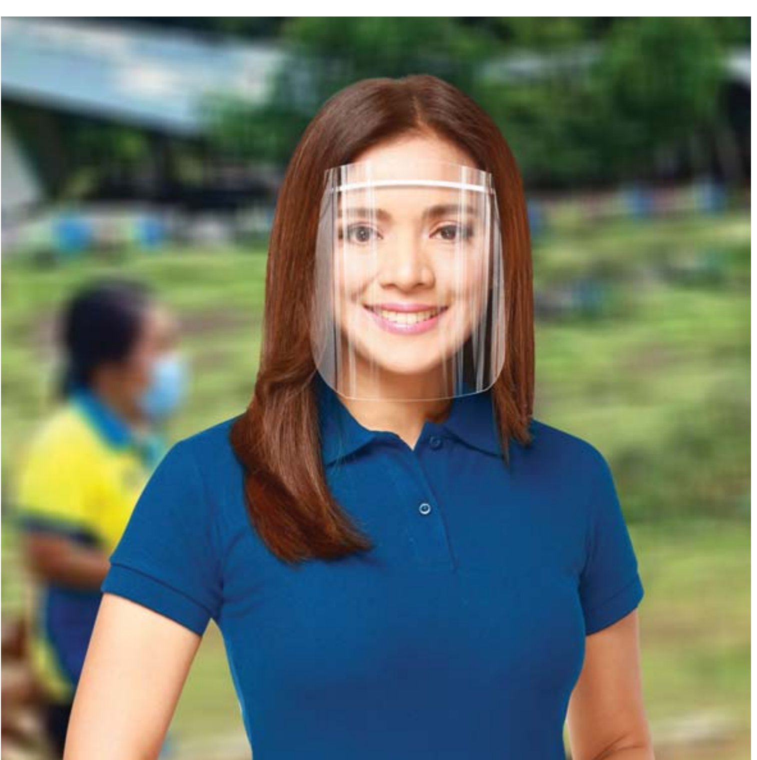


PROVIDING TRUSTED INFORMATION

• Keeping viewers informed

With the rising consumption of news, we devoted 18 hours a day to news and public affairs programs (combined average of GMA and GMA News TV). GMA allotted almost 25 percent of its actual airtime to news and public affairs shows, while these accounted for 75 percent of GMA News TV's programming. We dedicated P100 million worth of airtime to broadcast public service announcements (PSAs) for free.

GMA News pillar Vicky Morales brings hope and inspiration to Filipinos in the special season of *Wish Ko Lang!*



• Advocacy campaigns

We created advocacy campaigns to help and inspire the Filipino. *Nasa Puso Ang Pag-asa* was our on-air and online campaign that featured stories of frontliners, community heroes, and COVID-19 survivors. The country's longest-running morning show, *Unang Hirit*, created two projects: *Serbisyo at Puso* which extended assistance in cash and in-kind to locally stranded individuals and others severely affected by the lockdown and the *Ligtas-Padyak* which provided safety gear and brand-new bicycles to less-fortunate cyclists including essential workers and PWDs.

• Programs for the new normal

We also launched the magazine program strip *New Normal: The Survival Guide* to address the financial and psychological concerns of viewers amid the pandemic. We continued to produce documentaries despite the limitations. One of which was *Lockdown: Food Diaries*, a glimpse into the lives of workers in the food sector. This was hosted by Asia's Multimedia Star and Department of Health's Anti-COVID-19 Awareness Campaign Ambassador Alden Richards.

• Hope and inspiration

In the face of the pandemic, GMA News innovated its newsgathering and production. Our flagship newscast, *24 Oras* created the segment *Pagbangon* which shared stories of Filipinos from all walks of life: high school students turned online ukay-ukay store owners; jeepney driver turned yema maker; flight attendant turned avocado vendor; magician turned delivery rider. We also produced *ThinkTok*, an educational segment for young viewers. Our flagship AM radio station DZBB, launched *Bantay COVID-19* and aired it in simulcast with GMA News TV.

Unang Hirit host Mariz Umali gave a free bike and safety gear for a hero dad who walks to work everyday.

• Pivoting legacy programs

Since its return on air, our medical program, *Pinoy MD* has remained the leading source of comprehensive reports about the current pandemic and other health-related topics. *Wish Ko Lang* was relaunched to maintain the *Serbisyong Totoo* branding while *Imbestigador* aired fresh episodes on COVID-related reports. *I-Witness*, the program which institutionalized the in-depth hour-long documentary, gave audiences a firsthand look at the experience of a COVID-19 survivor through *Ako si Patient 2828*. In a rare moment, GMA News Pillar Howie Severino was featured as host and case study.

• Engaging audiences online

We believe that information is key to combat COVID-19. Through explanatory journalism and original digital programs, we featured stories that highlight Filipinos' strength and ingenuity, as well as offer public service. We created the online shows *Quarantined with Howie Severino, Stand for Truth, Fact or Fake with Joseph Morong, Sumbungan Ng Bayan Libreng Payo Online, Frontliners: A Brigada Special Online Series, RTx, Survivors,* and *ECQusina: Pinoy Kusina Stories Ngayong Quarantine*. Through simple and digestible explainer videos, *Need to Know* gave context to issues surrounding the COVID-19 pandemic. The *Need to Know* series has garnered more than 74 million views and 2 million engagements across different platforms. It has created discussions and debates within our community. On our podcast, the repurposed explainers remain to be among the most consumed content.

MEANINGFUL ENTERTAINMENT

I Can See You featured Jasmine Curtis-Smith and DOH's BIDA Solusyon Ambassador Alden Richards.

Kapuso actress and host Camille Prats hosted *Makulay ang Buhay*, a program that featured food and nutrition, values, easy recipes for moms, and interactive games for the whole family.

GMA Artist Center's (GMAAC) Myrtle Sarrosa joined *Project RICE Up*, an initiative started by GMAAC talents to help those who have temporarily lost their jobs during the pandemic.

• Honoring frontliners

We paid tribute to our frontliners through our programs. *Magpakailanman*, our prime drama anthology, was the first Filipino drama anthology that bravely and carefully tackled a real-life story of a family infected by the deadly virus. Our first episode, *Walang Iwanan: The Layug Family Story*, tackled the effects and horrors of COVID-19. We also created a one-of-a-kind drama series, *I Can See You*. Its pilot episode honored the hard work and dedication of our frontliners. Jasmine Curtis-Smith played as a nurse who navigated life in the "new normal" with the help of her photographer neighbor played by DOH's BIDA Solusyon Ambassador Alden Richards. The series was met with praises from the audience for its unique storytelling, beautiful direction, acting, and recognition given to the sacrifices of our frontliners.

• Education from home

We provided free nationwide airtime for the Department of Education's DepEd TV. To educate children on food and nutrition, we created the new edutainment program *Makulay ang Buhay* that brings together music, storytelling, and other fun activities. Kapuso TV personality and DOST youth icon Chris Tiu explored the world of science with brand-new episodes of award-winning infotainment show *iBilib*.

• Variety of entertainment

We aired pre-taped fresh episodes until we could. After which, we chose the most popular soaps and best episodes to re-run. When production resumed, we ensured the safety of our people while delivering the best entertainment. Our long-running programs were recognized for their innovation. The country's longest-running noontime show, *Eat Bulaga*, was praised for its innovative safety precautions. During its "Bawal Judgmental" segment, the show set up life-sized body shields on stage for the contestants. From *Wowowin, Tutok to Win* was born to help people and spread hope during the pandemic. We brought the concert experience to homes with the first-ever virtual reality concert in the Philippines, *Alden's Reality* which combined cutting-edge technology and immersive interaction between Alden and his fans.

• Using talent to help

Through benefit concerts and fundraising programs, our artists used their talents to build awareness about the pandemic and help the most vulnerable. One of these programs is *Project RICE Up*, a fund-raising drive by GMA Artist Center stars together with GMA Kapuso Foundation (GMAKF) which aimed to help our kababayans who lost their sources of income due to the implementation of enhanced community quarantine in Luzon and in other parts of the country.

• Keeping viewers upbeat

We launched two new channels to help people feel inspired and positive. Heart of Asia brings the biggest and the freshest K-drama titles alongside the best Asianovela series while Hallypop is the Philippines' first-ever digital entertainment channel for K-Pop and all things related to Asian pop culture.

SUPPORTING LOCAL AND INTERNATIONAL COMMUNITIES

- ## Connecting communities

GMA Regional TV stayed true to its battle cry #LocalNewsMatters, by delivering situationers and local updates on its local newscasts and morning shows from various communities, urban and rural areas, affected by COVID-19. We took this a step farther with *Kapuso Barangayan on Wheels*. More than distributing essentials and grocery packs to the Kapuso families in the regions, it is our way of reaching out to every Kapuso, letting them know that they are not alone in this fight against COVID-19.

GMA RTV introduced *Kapuso Barangayan on Wheels* to reach more communities and directly provide residents the assistance they urgently need.

GMA Pinoy TV honored the thousands of Filipinos who are working in various healthcare facilities.

- ## Honoring Filipinos abroad

GMA Pinoy TV team personally honored the thousands of Filipinos who are working in various healthcare facilities by creating a *Buong Puso Para sa Kapuso* music video, with photos and video inserts of actual Pinoy frontliners locally and internationally. A series of special memorial videos featuring fallen Kapuso frontliners here and mostly abroad with quotes from their loved ones—was another way of honoring those who continued to serve others despite the real danger of the pandemic.

PROTECTING OUR PEOPLE

Part of Engineering's skeleton workforce

GMA news reporter Tina Panganiban-Perez with camera men

- **Financial assistance**

We earmarked an estimate of P350 million to cover the salaries, cash equivalent of rice benefits, and cash advances. Hazard pay was also given pursuant to the provisions of our collective bargaining agreement.

- **Special work arrangements**

We operated on a skeleton workforce and made work from home arrangements possible. Paid personal leave was made available for employees and paid company time was given to those required to undergo quarantine.

- **Valuing health and safety**

We complied with the Inter-Agency Task Force (IATF) guidelines and took extra precautionary measures in our operations. Across the Network, we enhanced sanitization practices and implemented daily temperature checks. Our offices are disinfected daily while alcohol dispensers and footbaths were placed in strategic locations. We mounted acrylic barriers in selected areas and mandated social distancing protocols. Workspaces were decongested and work areas were spread out.

- **Protecting those at the front lines**

In consultation with medical experts and Department of Health officials, GMA News formulated its COVID-19 coverage guidelines and provided personal protective gear for field teams. When Metro Manila was under ECQ, we provided on-duty employees with meals, both those in the office and on the field. With the lack of public transportation, shuttle services were provided.

- **COVID-19 assistance**

The Network conducted free rapid testing for field personnel and committed to shoulder the cost of the confirmatory RT-PCR test to anyone who tested positive due to exposure in their line of work. We coordinated with local government units to ensure that employees who need COVID-related assistance were taken care of.

- **Information**

News and Public Affairs formed the COVID-19 Support Team (CST) headed by award-winning journalist and COVID-19 survivor Howie Severino. It is composed of volunteers from all over the department who want to contribute their knowledge, skills, contacts, and other resources. We issued regular updates and infographics and organized a webinar for mental wellness and self-care.

- **Keeping employees connected**

Our technology team ensured 24/7 network health and provided round-the-clock support to ensure security and reliability. We provided meeting management tools, a virtual kiosk, and online systems which helped employees stay productive and secure.

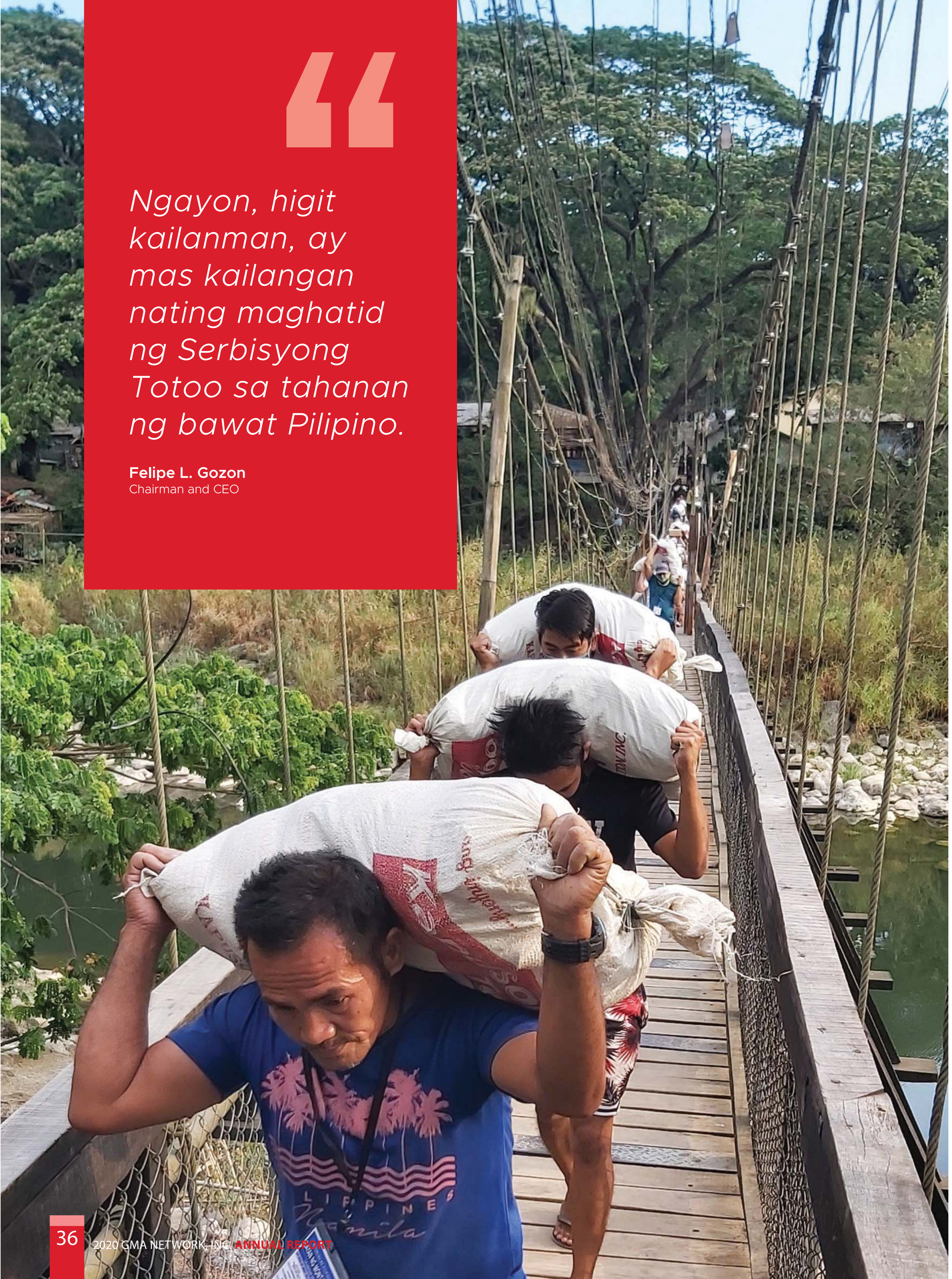
Christian Luis "Xian" Gullim, son of GMA New Media's CJ Gullim, won first place in Children's Lockdown Art.

- **Internal communications and events**

We produced the State of the Network Address from the Chairman to inform employees of the company's COVID-19 response and strategic direction. Updates were circulated daily through e-blast and information on the new normal was published in our monthly magazine. We created *Pusong Lumalaban*, a video tribute from our employees as a salute to the frontliners. To help our fellow Kapuso earn extra income, we migrated the traditional food fair to an online food fair for Kapuso employees and celebrities. Our institutional program on the arts evolved into a three-pronged program that inspired creativity and generosity: Children's Lockdown Art, Songwriting Competition, and Fundraising Through Art. We also helped employees with the tollways transition to a cashless system through the radio frequency identification (RFID) stickering activity in our headquarters.

- **Providing new ways to learn**

Our HR learning team curated a collection of educational resources for year-round learning and development. Various groups across the Network trained their employees and artists under esteemed directors and mentors in the industry. We provided continuous training not just for our people in Metro Manila but also for our regional correspondents and stringers across the country. Together, we accelerated full digital approaches to enable everyone to learn remotely and thrive in the post-COVID world.



Ngayon, higit kailanman, ay mas kailangan nating maghatid ng Serbisyong Totoo sa tahanan ng bawat Pilipino.

Felipe L. Gozon
Chairman and CEO

CORPORATE PHILANTHROPY

The GMAKF campaign began with an information drive featuring GMAKF founder and ambassador Mel Tiangco, along with GMAKF advocates Rocco Nacino, Bea Binene, Will Ashley, Patricia Tumulak, and Sofia Pablo.

• GMA Kapuso Foundation (GMAKF)

Our socio-civic arm quickly implemented *Operation Bayanihan: Labanan Natin ang COVID-19* disaster relief operation where we gave crucial aid to medical frontliners and locked down communities in the National Capital Region. In a year marred by the eruption of Taal volcano, the worldwide COVID-19 pandemic, and twin super typhoons in Luzon, GMAKF served a total of 403,588 individuals with the help of its partners and donors.

• Kapwa Ko Mahal Ko (KKMK)

Through its *Gamot para sa Kapwa*, KKMK conducted 23 medical missions with 8,243 beneficiaries. It also worked with SM Foundation to coordinate, prepare, and distribute assistance to healthcare facilities and communities. The foundation continued the psychosocial support for 40 children with Acute Lymphocytic Leukemia under the *Batang Kapwa (Batang K)* Program. With the safety of the children in mind, activities were transferred online. To uplift each *Batang K* member and their families from a long ten-month struggle, each family was sent Noche Buena para sa Kapwa packet with food, health kit, school and art supplies, a personalized toy for the *Batang K* member and one item from their wishlist.

Operation Bayanihan: COVID-19 aims to help Filipinos in poverty stricken areas in Metro Manila.

WORKING COLLABORATIVELY

• Health

We supported the COVID-19 preventive action efforts of the Department of Health (DOH) and UNICEF Philippines by airing their public service announcements (PSAs). These PSAs amplified COVID-19 messages to keep Filipinos informed. We partnered with the United States Agency for International Development's (USAID) End Tuberculosis campaign in the Philippines. Asia's Multimedia Star Alden Richards became the face of the campaign as #EndTB ambassador where he helped influence the public in understanding tuberculosis, observing a healthy lifestyle, and reducing the stigma of the disease. We also raised awareness about hepatitis or the inflammation of the liver, by working with the Hepatology Society of the Philippines.

• Education

With the increasing need for information during the pandemic, teachers rose to meet the need. We recognized their crucial role as frontliners by working with Metrobank Foundation for the National Teachers' Month.

• Environment

As a sign of our commitment to the environment, we were the first media and broadcasting company in the Philippines to sign with the United Nations (UN) Global Compact. The Sustainable Development Goals (SDG) Media Compact is a group consisting of media and entertainment companies around the world to leverage their resources and creative talents to advance the SDG. We also continued to work with the World Wide Fund for Nature for the Earth Hour celebration online, on-air, and on-ground by switching off non-essential lights in GMA headquarters and regional stations.

BOARD OF **DIRECTORS**

FELIPE L. GOZON
CHAIRMAN AND CEO

GILBERTO R. DUAVIT, JR.
PRESIDENT AND COO

JOEL MARCELO G. JIMENEZ
DIRECTOR

Felipe L. Gozon, Filipino, 81 years old, is the Chairman of the Board of Directors and Chief Executive Officer of GMA Network, Inc.

Atty. Gozon is a Senior Partner at the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. He is also the Chairman of the Board/President/CEO of various companies including GMA Holdings, Inc., Citynet Network Marketing & Productions, Inc., RGMA Network, Inc., Alta Productions Group, Inc., GMA New Media, Inc., Media Merge Corporation, Digify, Inc., RGMA Marketing & Productions, Inc., Philippine Entertainment Portal, Inc., Script2010, Inc., FLG Management and Development Corporation, Gozon Development Corporation, Vista Montana Realty Development, Inc., Mont-Aire Realty and Development Corporation, BGE Holdings, Inc., Kenobe, Inc., Jeata Holdings and Management, Inc., Vitezon, Inc., Palawan Power Generation, Inc., Catanduanes Power Generation, Inc., Sycamore International Shipping Corp., Lex Realty, Inc., Justitia Realty & Management Corp., Gozon Foundation, Inc., GMA Kapuso Foundation, Kapwa Ko Mahal Ko Foundation, Inc., and The Potter and Clay Christian School Foundation, Inc.

He is also a Director of GMA Worldwide, Inc., GMA Network Films, Inc., Antipolo Agri-Business & Land Development Corp., and Chamber of Commerce of the Philippine Islands. He is a Trustee of the Philippine Center for Entrepreneurship Foundation, Inc., the Environmental Heroes Foundation, Inc., and the Akademyang Filipino.

Atty. Gozon is a recipient of many awards for his achievements in law, media, public service, and business, including the prestigious Chief Justice Special Award given by the Chief Justice of the Philippines (1991), Presidential Award of Merit given by the Philippine Bar Association (1990 & 1993), CEO of the Year given by Uno Magazine (2004), Master Entrepreneur–Philippines (2004) by Ernst and Young, Outstanding Citizen of Malabon Award for Legal and Business Management by the Kalipunan ng Samahan sa Malabon (KASAMA) (2005), People of the Year by People Asia Magazine (2005), Business Excellence Award given by BizNews Asia (2009), Outstanding Manilan Award in the field of Social Responsibility and Broadcasting given by the City Government of Manila (2011), Quezon City Gawad Parangal Most Outstanding Citizen given by the City Government of Quezon (2011), Tycoon of the Decade Award given by BizNews Asia (2011), Lifetime Achievement Award given by the UP Alumni Association (2012), Certificate of Recognition given by the Civil Aeronautics Board (2012), Platinum Business Icon Award given by BizNews Asia (2012), Personality of the Year for Broadcast Media given by SKAL International Makati (2013), Outstanding Member-Achiever given by Phi Kappa Phi UP Chapter (International Honor Society) (2013), Visionary Management CEO Award given by BizNews Asia (2013), Lifetime Achievement Award given by UP Preparatory High School Alumni (2014), Entrepreneurship Excellence Award and Best Broadcast CEO Award given by BizNews Asia (2014), The Rotary Golden Wheel Award for Corporate Media Management given by Rotary International District 3780 and Quezon City Government (2014), Global Leadership Award for Excellence in Media Sector (first Filipino to win the award) given by The Leaders International together with the American Leadership Development Association in Kuala Lumpur, Malaysia (2015), Visionary Management Excellence Award given by BizNews Asia (2015, 2016), Management Excellence Award given by BizNews Asia (2017, 2019), and Asia's Best Broadcast CEO given by BizNews Asia (2018). He is also listed among BizNews Asia's Power 100 (2003 to 2010).

Atty. Gozon earned his Bachelor of Laws degree from the University of the Philippines (among the first 10 of his class) and his Master of Laws degree from Yale University Law School. He was admitted to the Bar in 1962, placing 13th in the Bar examinations.

Gilberto R. Duavit, Jr., Filipino, 57 years old, is the President and Chief Operating Officer of the Network. He has been a Director of the Company since 1999 and is currently the Chairman of the Network's Executive Committee. Aside from GMA Network, Inc., he is the Chairman of the Board of GMA Network Films, Inc. and GMA Worldwide, Inc. He also serves as President and CEO of GMA Holdings, Inc., RGMA Marketing and Productions, Inc., Film Experts, Inc., and Dual Management and Investments, Inc. He is the Chairman and President/CEO of Group Management and Development, Inc.; President and Director of MediaMerge Corp., Citynet Network Marketing and Productions, Inc.; Director of RGMA Network, Inc., GMA New Media, Inc., Alta Productions Group, Inc., Optima Digital, Inc., and Mont-Aire Realty and Development Corp. He also serves as the President and a Trustee of GMA Kapuso Foundation, Inc. and a Trustee of the Guronasyon Foundation, Inc. and the HERO Foundation.

Duavit holds a Bachelor of Arts degree in Philosophy from the University of the Philippines.

Joel Marcelo G. Jimenez, Filipino, 57 years old, has been a Director of the Company since 2002. He is currently the Vice Chairman of the Executive Committee of GMA Network, Inc., President & CEO of Menarco Holdings, and the Chief Executive Officer of Alta Productions Group, Inc. He is a Director of RGMA Network, Inc., Executive Committee Chairman and Director of GMA New Media, Inc., Scenarios, Inc., GMA Worldwide, Inc., Citynet Network Marketing and Productions, Inc., Malayan Savings and Mortgage Bank, Unicapital Securities, Inc., and Nuvoland Philippines. He is also a Trustee of GMA Kapuso Foundation, Inc.

Jimenez is a graduate of Loyola Marymount University in Los Angeles, California where he obtained a Bachelor's degree in Business Administration, Major in International Marketing. He earned his Masters in Management from the Asian Institute of Management.

BOARD OF DIRECTORS

FELIPE S. YALONG
DIRECTOR

Felipe S. Yalong, Filipino, 64 years old, is the Executive Vice President and Chief Financial Officer of GMA Network, Inc. He is also the Head of the Corporate Services Group of the Network. He has been a Director of the Company since 2002. Aside from GMA Network, Inc., he also serves as Director and Corporate Treasurer of GMA Holdings, Inc., Scenarios, Inc., and GMA Network Films, Inc.; Director of Unicapital, Inc., and Majalco Finance and Investments, Inc.; Corporate Treasurer of RGMA Network, Inc., MediaMerge Corp.; Executive Vice President of RGMA Marketing and Productions, Inc.; and Corporate Treasurer and a Trustee of GMA Kapuso Foundation, Inc.

Yalong was named CFO of the Year by ING FINEX in 2013.

He obtained a Bachelor of Science degree in Business Administration Major in Accounting from the Philippine School of Business Administration and completed the Management Development Program at the Asian Institute of Management. He is a Certified Public Accountant.

ANNA TERESA M. GOZON-VALDES
DIRECTOR

Anna Teresa Gozon-Valdes, Filipino, 49 years old, has been a Director of the Company since 2000. She graduated valedictorian from grade school and high school at Colegio San Agustin. She graduated *cum laude*, with a Bachelor of Science degree in Management Engineering from Ateneo de Manila University. She obtained her Bachelor of Laws degree from the University of the Philippines where she graduated valedictorian and *cum laude*. She later obtained her Master of Laws from Harvard University.

She is a junior partner in Belo Gozon Elma Parel Asuncion & Lucila and was an Associate Professor at the University of the Philippines, College of Law where she taught Taxation and Legal History.

She is currently the Programming Consultant to the Chairman/CEO of GMA Network, Inc., the President of GMA Films, Inc. former GMA Worldwide, Inc. President, and Treasurer of Citynet Network Marketing & Productions, Inc. She is also a Trustee of GMA Kapuso Foundation.

JUDITH R. DUAVIT-VAZQUEZ
DIRECTOR

Judith R. Duavit-Vazquez, Filipino, 58 years old, has been a Director of the Company since 1988. She is a member of the following special committees: Audit & Risk Committee and Compensation & Remuneration Committee. Moreover, she sits on the boards of the following GMA7 subsidiaries: RGMA, Inc., GMA New Media, Inc., GMA Worldwide, Inc., and GMA Films, Inc. She is a member of the Board of Trustees of the GMA Kapuso Foundation, Inc.

Vazquez is an acknowledged visionary and industry mover in the Philippine Information and Communication Technology space. In 1995, she laid the nation's first fiber in the Central Business District of Makati and developed the country's first ICT ready 24x7 intelligent skyscraper - 45-story 'The Peak Tower' and location of many 'Internet Firsts'.

She is the founder and chairman of PHCOLO, Inc. - the neutral interconnection site of telecommunications and Internet Service Provider companies on four platforms: fixed-line fiber, cable, wireless and satellite; founder and chairman of Vigil Investments Inc. and 107 Leviste Inc.

Her successful and visionary efforts in the field of Information and Communications Technology, have earned her the moniker "Godmother of the Philippine Internet," a position in Computerworld's list of "Philippines' Most Powerful in ICT" and "IT Executive of the Year" by the Philippine Cyber Press.

Her philanthropic endeavors include the Asian Institute of Management's first Professorial Chair for Entrepreneurship and a lecture room at the University of the Philippines' School of Economics, among others. When her schedule permits, she is Senior Lecturer for Entrepreneurship at the College of Business Administration, University of the Philippines. She serves Harvard University as a volunteer alumni-interviewer of incoming freshman applicants.

Her international organization memberships include the APNIC (Asia Pacific's IP Addressing Body), Pacific Telecommunications Council, IEEE, Young Presidents'/World Presidents' Organization (YPO), AFCEA, INSA, USGIF and Harvard HBS Alumni Association Washington DC. She has served on the boards of the Management Association of the Philippines (MAP), Financial Executives Association of the Philippines (FINEX) and YPO Gold Washington DC - Baltimore.

Vazquez is a respected personality in Global Internet Governance circles. She was the first female Asian elected to an independent board seat at the Internet Corporation for Assigned Names and Numbers (ICANN) and remains the only Asian female who has held this honor to this day.

She holds a Bachelor of Science degree in Business Economics from the University of the Philippines. She is an alumna of Harvard Business School, University of Michigan (Ann Arbor) and the Asian Institute of Management. She is a constant student and continuously grows her skills-base from TCP/IP networking, firewall/security architecture, to nascent and enterprise productivity technologies.

LAURA J. WESTFALL
DIRECTOR

Laura J. Westfall, Filipino, 53 years old, has been a Director of the Company since 2000. She held the following positions in the Company: Senior Vice President of Corporate and Strategic Planning and Senior Vice President for Finance. In addition, she has served as Chairperson and President of GMA New Media. Prior to joining the Company, she worked for BDO Seidman–Los Angeles, an international audit and management consulting firm. She currently holds various positions in the Majent Menarco Group of Companies and serves as Board Member of Coffee Bean and Tea Leaf Philippines, and Museo Pambata.

She is also President of the Yale Club of the Philippines.

Westfall holds a Master of Science degree in Public and Private Management from Yale University and a Bachelor of Science degree in Accounting from the University of Southern California. She is a Certified Public Accountant in the State of California.

Chief Justice Artemio V. Panganiban, Filipino, 84 years old, has been an Independent Director of the Company since 2007. In 1995, he was named a Justice of the Supreme Court and was appointed Chief Justice of the Philippines in 2005 - a position he held until December 2006. At present, he is also an Independent Director of these listed firms: First Philippine Holdings Corp., Metro Pacific Investments Corp., Manila Electric Company, Robinsons Land Corp., GMA Holdings, Inc., Philippine Long Distance Telephone Co., Petron Corporation, Asian Terminals, and a non-Executive Director of Jollibee Foods Corporation. He is also an Adviser of Metropolitan Bank and Trust Company and Bank of the Philippine Islands (BPI), Chairman, Board of Advisers of Metrobank Foundation, Adviser of DoubleDragon Properties Corp. and MerryMart Consumer Corp., Chairman of the Board of the Foundation for Liberty and Prosperity, President of the Manila Cathedral Basilica Foundation, Chairman Emeritus of Philippine Dispute Resolution Center, Inc., and Member, Advisory Board of the World Bank (Philippines) and of the Asian Institute of Management Corporate Governance Council. He was named a Member of the Permanent Court of Arbitration based in The Hague, Netherlands, last August 2017 and is the designated Chairperson of the Philippine National Group. He also is a column writer of The Philippine Daily Inquirer.

Upon his retirement, he was unanimously conferred a Plaque of Acclamation by the Associate Justices of the Supreme Court as the "Renaissance Jurist of the 21st Century;" and an Award of Honor by the Philippine Bar Association. In recognition of his role as a jurist, lawyer, civic leader, Catholic lay worker, business entrepreneur, and youth leader, he had been the recipient of over 250 other awards from various governments, civic clubs, consumer associations, bar groups, religious movements, and other non-government organizations, both local and international.

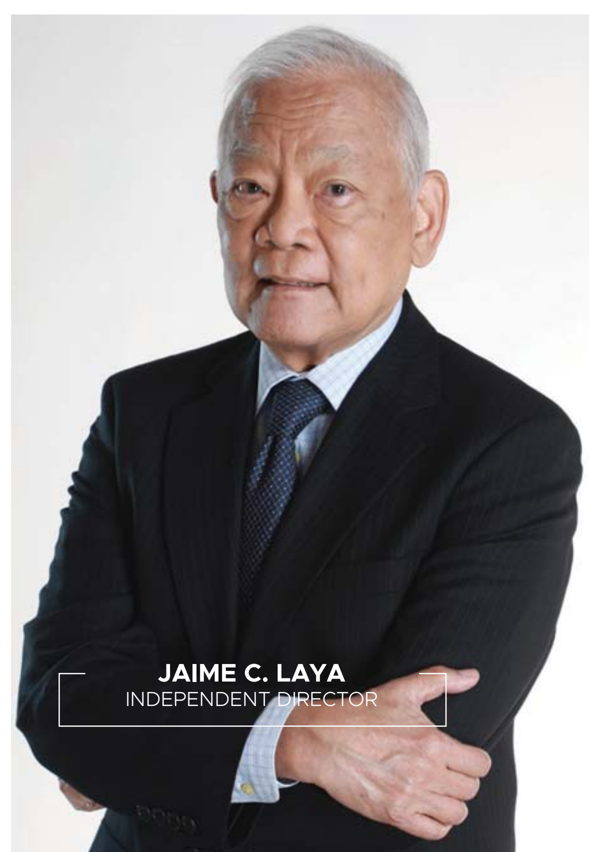
He obtained his Associate in Arts, "With Highest Honors" and later his Bachelor of Laws, as cum laude and "Most Outstanding Student" from the Far Eastern University. He placed sixth among more than 4,200 candidates who took the 1960 Bar examinations. He is likewise the recipient of several honorary doctoral degrees from various universities.

CHIEF JUSTICE
ARTEMIO V. PANGANIBAN
INDEPENDENT DIRECTOR

Jaime C. Laya, Filipino, 82 years old, has been an Independent Director of GMA Network, Inc. and GMA Holdings, Inc. since 2007. He is the Chairman and President of Philippine Trust Company (Philtrust Bank), Director of Manila Water Company, Inc., Philippine AXA Life Insurance Company, Inc., and Charter Ping An Insurance Corporation. He also serves as Chairman of Don Norberto Ty Foundation, Inc.; Trustee of St. Paul University - Quezon City, Cultural Center of the Philippines, Metropolitan Museum of Manila, Yuchengco Museum, Fundación Santiago, Inc., Ayala Foundation, Inc., and other organizations. He writes a weekly column for the Manila Bulletin.

He was Minister of Budget, 1975-1981; Minister of Education, Culture and Sports, 1984-86; Chairman of the Monetary Board and Governor, Central Bank of the Philippines, 1981-1984; Chairman, National Commission for Culture and the Arts, 1996-2001. He was a faculty member of the University of the Philippines, 1957-1978 and Dean of the College of Business Administration, 1969-1974. In 1986, he founded J.C. Laya & Co., Ltd. (Certified Public Accountants and Management Consultants) later the Philippine member firm of KPMG International; he served as the firm's Chairman until his retirement in 2004.

Laya earned his Bachelor of Science in Business Administration, magna cum laude, University of the Philippines, 1957; Master of Science in Industrial Management, Georgia Institute of Technology, 1960; Doctor of Philosophy in Financial Management, Stanford University, 1966. He is a Certified Public Accountant.



JAIME C. LAYA
INDEPENDENT DIRECTOR

Roberto Rafael V. Lucila, Filipino, 64 years old, is the co-managing partner/senior partner of the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. He has been the Corporate Secretary of the GMA Network Inc. since March 27, 2017 and concurrently the Compliance Officer starting 2018. He is also the Compliance Officer for the Company. He currently sits as director in the affiliates of certain European and American companies in the Philippines namely: eMerchant Asia Inc., eMerchant Pay Asia Inc., Evonik (Philippines) Inc., Time-Life International (Phil.) Inc. and MeteoGroup Philippines Inc. He is the Chairman and President of Lucilex, Inc., Chairman of H&WB Asia Pacific (Pte. Ltd.) Corporation, and the President of Assetlex Development Corporation, Inc., and eMerchant Asia Inc. all local companies doing business in the Philippines. He is a Court of Appeals Mediator and serves as a Trainor for the Court of Appeals Mediation Training Program. He is presently a lecturer on Constitutional Law I and II at the University of the Philippines, College of Law and the University of Asia and the Pacific, Institute of Law. He was also a lecturer at the University of the Philippines College of Business Administration, San Sebastian College Institute of Law and Lyceum College of Law, as well as in local and international conferences such as the Integrated Bar of the Philippines (IBP) National Convention in 2010 (Subic), Avenue Capital Global Investor Conference in 2005 (New York City), The Law Association for Asia and the Pacific (LAWASIA) Conference in 1997 (Manila), and Global Best Practices for several years (Makati and Mandaluyong). He was OIC for the Legal Department of GMA Network, Inc. from 2001 to 2004 and for the Office of the President of Express Telecommunications, Inc. in 1998. He represented the Avenue Asia Capital Group and Avenue Capital Group as a member of the Board of Directors of Citra Metro Manila Tollway Corporation (CMMTC) from 2004 thru 2012 and in East Asia Power Resources Corporation.

He served in the Office of the President of the Philippines as Assistant Executive Secretary for Legislation from 1990 to September 1992; Chairman of the Presidential Staff in 1991; Chairman of the Philippine Retirement Authority from 1991 to August 1992; Chairman of the South China Sea Fishery Disputes Committee from 1991 to July 1992; and Board Member of the Special Operations Team (now Bases Conversion Development Authority [BCDA]) in 1991. In the Department of Transportation and Communications, he was a Board Member of the Civil Aeronautics Board from 1990-1991 and of the Philippine National Railways from 1989-1991.

ROBERTO RAFAEL V. LUCILA
CORPORATE SECRETARY

He holds Bachelor of Laws (1980) and Bachelor of Arts in Psychology (1976) degrees from the University of the Philippines. He was admitted to the Philippine Bar in 1981. He has completed the Strategic Business Economics Program (SBEP) from the University of Asia and the Pacific in 1999. He has contributed legal articles for the Supreme Court Reports Annotated (SCRA), The Lawyer's Review, IBP Law Journal and Magazine, World Bulletin, Clifford Chance's 2018 Asia Pacific Guide on Insolvency, Getting the Deal Done, and TheBicolBloc.com. He wrote the following books: "Corporate Rehabilitation in the Philippines," (2007), "The Benefit of the Doubt"(2020), and Fundamental Powers of the State & Civil and Political Rights" (2021). Atty. Lucila has been recognized as one of the 2013 Asialaw Asia-Pacific Leading Lawyers in Dispute Resolution, and as a law professional actively engaged in the areas of Technology Media Telecommunications (TMT) and Insolvency in the Philippines.

EXECUTIVE COMMITTEE

1 GILBERTO R. DUAVIT, JR.
Chairman

2 FELIPE L. GOZON
Member

3 JOEL MARCELO G. JIMENEZ
Vice Chairman

HEADS OF **SUBSIDIARIES**

1 FELIPE L. GOZON
Chairman and CEO of GMA New Media, Inc.; Chairman of Alta Productions, Inc., Citynet Network Marketing and Productions, Inc., RGMA Marketing and Productions, Inc. (GMA Music), Script 2010, Inc., Digify, Inc., MediaMerge Corp. and RGMA Network, Inc.

2 GILBERTO R. DUAVIT, JR.
Chairman of GMA Network Films, Inc. and GMA Worldwide, Inc.; President of Script2010, Inc. and MediaMerge Corp., President and CEO of RGMA Marketing and Productions, Inc. (GMA Music) and Citynet Network Marketing and Productions, Inc.

3 DENNIS AUGUSTO L. CAHARIAN
President and COO, GMA New Media, Inc.
and President, Digify, Inc.

4 ANNA TERESA M. GOZON-VALDES
President and CEO of GMA Network Films, Inc.

5 EDMUND A. ALCARAZ
President and COO
Alta Productions, Inc.

SENIOR EXECUTIVES


FELIPE S. YALONG
Executive Vice President and CFO


LIZELLE G. MARALAG
Chief Marketing Officer


MARISSA L. FLORES
Senior Vice President
News and Public Affairs


LILYBETH G. RASONABLE
Senior Vice President
Entertainment Group


ELVIS B. ANCHETA
Senior Vice President
Engineering


RONALDO P. MASTRILI
Senior Vice President
Finance and ICT


MIGUEL C. ENRIQUEZ
Consultant, Radio Operations


REGIE C. BAUTISTA
Senior Vice President, Chief Risk Officer
Corporate Strategic Planning and
Business Development and Program Support

FIRST VICE PRESIDENTS


AYAHL ARI AUGUSTO P. CHIO
Administration and
Investor Relations


PAUL HENDRIK P. TICZON
Post Production


MA. LUZ P. DELFIN
Legal Affairs


JOSE MARI R. ABACAN
Program Management


EDUARDO P. SANTOS
Consultant, Internal Audit
Data Protection Officer


IANESSA S. VALDELLON
Public Affairs


JOSEPH JEROME T. FRANCIA
GMA International


SHEILA A. TAN
Research


LUZ ANNALEE ESCUDERO-CATIBOG
Public Service and Community
Relations, GMAKF EVP and COO


MA. LEAH A. NUYDA*
Sales and Marketing


JOSE SEVERINO V. FUENTES
Content Management and On-Air Systems


MARY GRACE D. REYES
News and Public Affairs


RIZALINA D. GARDUQUE
Sales and Marketing

VICE **PRESIDENTS**

1 VICTORIA T. ARRADAZA
Supply and Asset Management

2 MA. NENITA E. CRUZ*
Information and Communications Technology

3 OLIVER VICTOR B. AMOROSO
Regional TV and Synergy

4 JANINE P. NACAR
Business Development II
Comedy/Infotainment/Game/Reality Productions

5 HORACIO G. SEVERINO
Professional Development, News and Public Affairs

6 ANGELA CARMELA J. CRUZ
Corporate Affairs and Communications

7 GLENN F. ALLONA
Radio Operations

8 REYNALDO B. REYES
Production Engineering

9 MA. REGINA A. MAGNO
Drama Productions, Entertainment Group

10 MICHELLE RITA S. SEVA
News Programs and Specials

11 CORAZON D. BODEGON
Business Development III
Talk/Magazine/Musical/Variety/Specials
and Alternative Productions

12 RAFAEL MARTIN L. SAN AGUSTIN, JR.
Program Support

13 GERROME Y. APOLONA
Human Resources Development

14 RJ ANTONIO S. SEVA
Sales, Sales and Marketing

**Retired and hired as consultant*

ASSISTANT VICE PRESIDENTS AND CONSULTANTS

INFORMATION & COMMUNICATIONS TECHNOLOGY DEPARTMENT

ANJANNETTE C. ENRIQUEZ
Broadcast Systems

EDWIN P. JIMENEZ
Infrastructure Systems

ADORACION S. LAPADA
Application Systems

REMEDIOS D. REYES
Central Library and Archives Management

ADMINISTRATION DEPARTMENT

ALFONSO C. CRUZ, JR.
Facilities Management

ENGINEERING GROUP

AMERIGO L. SANTOS
Senior AVP, Division Head
Broadcast Engineering Services Division
Concurrent Head, Engineering Administration Section

JEFFRY Q. EVANGELISTA
Division Head of Studio & Remote Operations,
Production Engineering Department

ROBERTO B. NACAR
Senior AVP, Technical Operations System Support Division,
Content Management and On-Air Systems Department (CMOSD)

ERIC S. ORNEDO
TV Master Control Operations, CMOSD

JAYSON E. DELA TORRE
Broadcast IT, CMOSD

ENTERTAINMENT GROUP

GIRLY SANTIAGO-LARA
Senior AVP, Alternative Productions

CHERYL C. SY
Business Development I - Drama Productions

MA. EVA U. ARESPACOCHAGA
Business Development II
Comedy/Infotainment/Game/Reality Productions

SUPPLY AND ASSET MANAGEMENT DEPARTMENT

JAVIER B. LAXINA
Consultant

FINANCE DEPARTMENT

MA. LUCILLE U. DELA CRUZ
Senior AVP, Treasury and Traffic Division

JOSE S. TOLEDO, JR.
Senior AVP, Budget & Payroll

ROLANDO G. SANICO, JR.
Senior AVP, Controllership and Systems Division

MERCEDES MACY T. SUEÑA
Senior AVP, Financial Management Systems Division

FARLEY D. AREOLA
Subsidiaries Financial Accounting Division

GMA INTERNATIONAL DEPARTMENT

MARIA ROSARIO C. DOMINGO
Programming Division

NEWS AND PUBLIC AFFAIRS GROUP

CLYDE ROLANDO A. MERCADO
Senior AVP, Public Affairs

ARLENE U. CARNAY
Senior AVP, Public Affairs

NEIL B. GUMBAN
Senior AVP, Public Affairs

JAILEEN F. JIMENO
Public Affairs

JOHN OLIVER T. MANALASTAS
News Production

JAEMARK S. TORDECILLA
News and Public Affairs Digital Media and
Editor-in-Chief, Media Merge

RIZA D. LAURENTE
Systems & Budget

PROGRAM MANAGEMENT DEPARTMENT

MILDRED ZARAH D. GARCIA
Program Management

MA. CONCEPCION R. AGNES
Operations

PROGRAM ANALYSIS DIVISION

RAFAEL P. MENDOZA
Program Analysis Division

JOSE MARIA F. BARTOLOME
Consultant

CORPORATE AFFAIRS AND COMMUNICATIONS DEPARTMENT

JOSELITO F. AQUIO
Corporate Communications Division

PROGRAM SUPPORT DEPARTMENT

LEO P. MATA
Senior AVP, Media and On-Air Continuity

HASMIN A. MARABLE
Marketing Communications

EDUARDO B. GARCIA
Creative Services

CORPORATE STRATEGIC PLANNING AND BUSINESS DEVELOPMENT DEPARTMENT

MARIS L. ROMANO
Senior AVP, Corporate Strategic Planning

ALFRED EMMANUEL M. AWE
New Business Development

POST PRODUCTION DEPARTMENT

ANTONINO MA. P. SANTOS
Technical and Media Server Support Division

VINCENT C. GEALOGO
Operations Division, Concurrent Head,
Digital Cinematography and Standards Section

RESEARCH DEPARTMENT

JEANETTE P. ABUAN
Marketing/Panel Monitoring/Over The Top Metrics & Corporate Research Support Division

SALES AND MARKETING GROUP

JAY S. FOJA
Senior AVP, Sales Monitoring/Admin/Budget,
Sales & Marketing Group

RAMON V. BOLISAY
Sales & Marketing Group

SHERILYN ANN T. DIZON-ARCE
Sales & Marketing Group

JOHANNA PATRICIA C. JACINTO
Sales & Marketing Group

MARLON B. MAÑAOL
Sales & Marketing Group

MARIA PAULA THERESA C. ROSALES
Sales & Marketing Group

MARIA LOURDES F. REYES
Sales & Marketing Group

SERAFIN P. BAUTISTA
Consultant, Pinoy TV

VICKY R. PACIS
Consultant, Pinoy TV

LIRIO B. ESCAÑO
Consultant, Management Services

SUSAN B. FOZ
Consultant, Sales and Marketing Group

TALENT DEVELOPMENT & MANAGEMENT DEPARTMENT

JOSEPH SIMOUN S. FERRER
Talent Imaging and Marketing Division

VIEWER DIRECTED MARKETING DIVISION

ROSSETTE MARIE H. ROA
Senior AVP

GMA SUBSIDIARIES & AFFILIATES

RGMA NETWORK, INC.

EUGENE H. RAMOS*
Vice President, Finance and Administration

MA. LOURDES D. ALONZO
Assistant Vice President, Finance

JACK DENNIS L. SERRANO
Assistant Vice President, Events and Creative Services

SCRIPT2010, INC.

ERNESTO R. BALLESER
Executive Vice President

GMA WORLDWIDE, INC.

ROXANNE J. BARCELONA
Vice President

GMA NEW MEDIA, INC.

RAYMUND C. SARMIENTO
CTO and Senior Vice President, Systems Technology

MA. MARTHA MICHAELA E. AGCAOILI
Senior Vice President, Development & Operations

EVERT CHRIS R. MIRANDA
Senior Vice President, Sales & Linkages

MARILYN D. SEE
Senior Vice President, Online Advertising

LIEZYL A. GARCIA
Vice President, General Support Services

MA. SABRINA M. BELARDO
Vice President, Marketing

MARLON H. GAN
Vice President, Software & Creative Development

FERDINAND V. PERLAS
Vice President, Research & Development

RANDY NIVALES
Vice President, Web & Systems Development

RUFINO RAMIL R. ESCARA, III
Senior Assistant Vice President, Techni-Creative Unit

EDILBERTO DONATO BALANAK
Senior Assistant Vice President, Process & Quality Assurance

LUCILLE U. ALADO
Assistant Vice President, HR and Office Admin

JERARD DOMNIC IRVING F. BELTRAN
Assistant Vice President, Research & Development

ROLANDO RAFAEL
Assistant Vice President, Legal, Compliance & Digital Rights Management

JOEL TAN
Assistant Vice President, Systems and Network Admin

LEONARDO ROSARIE
Assistant Vice President, Online Advertising Solutions

ROMMEL ROCCA
Assistant Vice President, Mobile App Development

MEDIA MERGE CORPORATION

MARISSA L. FLORES
Executive Vice President, Editorial

DENNIS AUGUSTO L. CAHARIAN
Executive Vice President, Business Operations

DIGIFY, INC.

RODELIO ARENAS
Assistant Vice President, Mobile Development

RGMA MARKETING & PRODUCTIONS, INC. (GMA MUSIC)

RENE A. SALTA
Managing Director

Retired and hired as consultant

CORPORATE **GOVERNANCE**

GMA Network, Inc. is committed to the principles of good governance and recognizes their importance in safeguarding shareholders' interests and in enhancing shareholder value. The Company has adopted a Revised Manual on Corporate Governance to institutionalize the Company's adherence to these principles. This Revised Manual clearly sets out the principles of good management and defines the specific responsibilities of the Board, the Board Committees, and management within the overall governance framework.

The Revised Manual conforms to the requirements of the Philippine Securities and Exchange Commission and covers policies, among others:

(a) independent directors, (b) key board committees (e.g. Executive Committee, Nomination Committee, Audit and Risk Management Committee, Compensation and Remuneration Committee); (c) independent auditors, (d) internal audit, (e) disclosure system of company's governance policies, (f) stockholder rights, (g) monitoring and assessment, and (h) penalties for non-compliance.

The Board of Directors, led by the Chairman, Atty. Felipe L. Gozon, strongly advocates accountability, transparency and integrity in all aspects of the business and commits themselves to the best practices of governance in the pursuit of the Company's Mission and Vision.

To ensure adherence to corporate governance, the Board designated a Compliance Officer. The Compliance Officer is responsible for monitoring compliance by the Company with the provisions and requirements of good corporate governance.

Based on the Revised Manual on Corporate Governance (attached to the Company's letter to the Securities and Exchange Commission dated May 22, 2017) including the recommendations under SEC MC No. 19 Series of 2016 which were adopted under its 2020 Revised Manual on Corporate Governance in accordance with the provisions of the Revised Corporation Code, as well as the Company's Integrated Annual Corporate Governance Report for year 2019 filed with the Securities and Exchange Commission on September 1, 2020, there have been no deviations from the Company's Manual as of date.

Board of Directors

Compliance with the principles of good governance starts with the Company's Board of Directors. The Board is responsible for oversight of the business, determination of the company's long- term strategy and objectives, and management of the company's risks by ensuring the company's internal controls and procedures are observed. The Board of Directors ensures a high standard of governance, and promotes and protects the interests of the Company, its stockholders and other stakeholders.

The Board consists of nine directors, two of whom are independent directors. All nine members of the Board have the expertise, professional experience and background that allow a thorough discussion and deliberation of issues and matters affecting the Company.

The two independent directors – former Chief Justice Artemio V. Panganiban and Dr. Jaime C. Laya – have no relationship with the Company which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The Board comprises the following members:

Name	Position
Felipe L. Gozon	Chairman and CEO
Gilberto R. Duavit, Jr.	President and COO
Anna Teresa M. Gozon-Valdes	Director
Joel Marcelo G. Jimenez	Director
Judith R. Duavit-Vazquez	Director
Laura J. Westfall	Director
Felipe S. Yalong	Chief Financial Officer and Executive Vice-President
Artemio V. Panganiban	Independent Director
Jaime C. Laya	Independent Director

Board Performance

Directors attend regular meetings of the Board, which are held every quarter and other times as necessary, and the Annual Stockholders' Meeting (ASM). In its meetings, the Board reviews the performance of the Company and its subsidiaries, approves plans, budgets and financial statements, sets policies and guidelines for management, and discusses matters requiring Board attention and approval. The Board met six (6) times in 2020. The attendance of the individual directors at these meetings is duly recorded as follows:

Director	Regular and Special Meetings	
	Present	Absent
Felipe L. Gozon	6	0
Judith R. Duavit-Vazquez	5	1
Gilberto R. Duavit, Jr.	6	0
Joel Marcelo G. Jimenez	6	0
Felipe S. Yalong	6	0
Anna Teresa M. Gozon-Valdes	6	0
Laura J. Westfall	6	0
Artemio V. Panganiban	6	0
Jaime C. Laya	6	0

All directors have individually complied with the SEC's minimum attendance requirement of 50%.

The Chairman, Felipe L. Gozon, presided over all the Board meetings for the year. He likewise presided over the Annual Stockholders' Meeting, with all the members of the Board in attendance.

Board Remuneration

The amended by-laws of the Company provides that the Board of Directors shall be entitled to an amount of not more than two and a half percent (2.5%) of the net income after income tax of the corporation during the preceding year and per diems for every board meeting attended. Of the said 2.5%, one percent (1%) shall be distributed equally among the members of the Board of Directors, while the remaining one and a half percent (1.5%) shall be distributed equally among the members of the Executive Committee.

Committees and Meetings of the Board of Directors

Four committees were established to aid in complying with the principles of good governance and address issues requiring the Board's attention:

Executive Committee

The Executive Committee (Excom) consists of three members which includes the Chairman of the Board and CEO Felipe L. Gozon, President and COO Gilberto R. Duavit, Jr. and Director Joel G. Jimenez. Mr. Gilberto R. Duavit, Jr. serves as Chairman of the Committee. It acts on matters delegated to it by the Board of Directors. The Excom acts by a majority vote and in accordance with the authority granted by the Board. All actions of the Excom are reported to the Board for ratification at the meeting immediately following such action.

The jurisdiction of the Executive Committee has been expanded to include the functions and responsibilities of the Corporate Governance Committee, except those pertaining to the nomination and election of directors and the procedure for determining the remuneration of directors and officers which remain vested in the Nomination Committee and the Compensation and Remuneration Committee, as well as the power to evaluate the performance of the Board of Directors as it pertains to the stockholders and the duly elected Board directors themselves. The Executive Committee held thirty (30) meetings in 2020 in furtherance of its foregoing functions.

Director's Name	Meetings	
	Present	Absent
Gilberto R. Duavit, Jr. (Chairman)	30	0
Joel Marcelo G. Jimenez (Vice-Chairman)	30	0
Felipe L. Gozon	30	0

Nomination Committee

The Nomination Committee is chaired by Felipe L. Gozon and composed of four members that include an independent director in the person of former Chief Justice Artemio V. Panganiban as Vice Chairman, with Gilberto R. Duavit, Jr. and Joel Marcelo G. Jimenez as members. The mission of the Nomination Committee is to provide the shareholders with an independent and objective evaluation and assurance that the membership of the Board of Directors is competent and will foster the long-term success of the Corporation and secure its competitiveness. The Nomination Committee assists the Board of Directors in ensuring that all nominees to the Board of Directors are competent and qualified to be nominated as Director based on internal guidelines. This is to ensure that: (a) there is a proper mix of competent directors that would continuously improve shareholder's value; and, (b) Directors will ensure a high standard of best practices for the Company and its stakeholders. The Nomination Committee held one (1) meeting in 2020 wherein the Committee reviewed the qualification of the nominees for election as member of the Board of Directors (including Independent Directors) for 2020-2021 including the procedure for their nomination.

Director's Name	Meetings	
	Present	Absent
Felipe L. Gozon (Chairman)	1	0
Artemio V. Panganiban (Vice-Chairman)	1	0
Gilberto R. Duavit, Jr.	1	0
Joel Marcelo G. Jimenez	1	0

Compensation and Remuneration Committee

The members of the Compensation and Remuneration Committee are Felipe L. Gozon (Chairman), Former Chief Justice Artemio V. Panganiban (Vice Chairman), with Gilberto R. Duavit, Jr. and Laura J. Westfall as members. The Committee recommends a formal and transparent framework of remuneration and evaluation for the members of the Board of Directors and key executives to enable them to run the Company successfully. The Committee held one (1) meeting in 2020 to evaluate existing remuneration policies affecting the members of the Board of Directors and key officers.

Director's Name	Meetings	
	Present	Absent
Felipe L. Gozon (Chairman)	1	0
Artemio V. Panganiban (Vice-Chairman)	1	0
Gilberto R. Duavit, Jr.	1	0
Laura J. Westfall	1	0

Audit and Risk Management Committee

Audit

The Audit and Risk Management Committee is currently composed of the following members: Dr. Jaime C. Laya, (Chairman), former Chief Justice Artemio V. Panganiban (Vice Chairman), Ms. Judith R. Duavit-Vazquez, Atty. Anna Teresa Gozon-Valdes and Ms. Laura J. Westfall. The Audit and Risk Management Committee assists the Board in its fiduciary responsibilities by providing an independent and objective assurance to the Company's management and stakeholders in the continuous improvement of risk management systems, business operations and proper safeguarding and use of the Corporation's resources and assets. The Audit and Risk Management Committee provides a general evaluation and gives assistance in the overall improvement of the risk management, control, and governance process of the Corporation as designed by Management and provides assurance that these are properly functioning.

The Committee conducts tenders for independent audit services, reviews audit fees and recommends the appointment and fees of the independent auditors to the Board. The Board, in turn, submits the appointment of the independent auditors for approval of the shareholders at the ASM.

The Audit and Risk Management Committee also approves the work plan of the Company's Internal Audit Group, as well as the overall scope and work plan of the independent auditors.

The jurisdiction of the Audit and Risk Management Committee has been expanded to include the functions and responsibilities of the Board and Risk Oversight Committee ("BROC") and the Related Party Transactions ("RPT") Committee.

The Audit and Risk Management Committee held six (6) meetings in 2020 wherein the Committee reviewed and approved, among others, the Company's 2019 Consolidated Audited Financial Statements as prepared by the external auditors.

Director's Name	Meetings	
	Present	Absent
Jaime C. Laya (Chairman)	6	0
Artemio V. Panganiban (Vice-Chairman)	6	0
Laura J. Westfall	6	0
Anna Teresa M. Gozon-Valdes	6	0
Judith R. Duavit-Vazquez	6	0

Risk Management

Operating in a complex and dynamic business environment compounded by external disruptions such as the COVID-19 pandemic, GMA Network believes that effective risk management is crucial in the attainment of the Company's operational and financial targets. To protect and enhance shareholder value, a comprehensive and integrated enterprise-wide risk management program is implemented, guided by internationally accepted standards, and closely monitored by the Company's executive management and Board of Directors. As a result of such a program, GMA Network's risk exposure is managed at an acceptable level—effectively reducing threats, creating opportunities for continued growth, and strategically gaining a competitive advantage.

Our commitment to effective risk management

All risk management-related activities within GMA Network are based on the International Organization for Standardization (ISO) 31000:2018
Risk management guidelines.

As mandated by executive management, it is the policy of the Company to:

- Integrate risk management into the culture and operations of GMA Network
- Incorporate risk management into strategic planning, activity planning, performance management, and resource allocation decisions
- Manage risk in accordance with the adopted standard
- Periodically revisit and re-asses GMA Network's risk profile and the effectiveness of risk treatments

The Head of Corporate Strategic Planning and Business Development (CSPBD) functions as the Chief Risk Officer (CRO), and spearheads the risk management process in GMA Network. The CRO is part of the Audit and Risk Management Committee, which assists the Board in performing its oversight functions.

Major risks relating to our operations

Among the risks that may impact the sustained profitability and resilience of GMA Network, the most crucial are:

- Significant impact of the new normal presented as a result of COVID-19 on the media and entertainment industry
- Intense industry competition amplified by globalization and rapid technological advancements
- Changing consumer habits driven primarily by innovations in content distribution platforms
- Failure to sustain lead in audience and market shares
- Decline in advertising revenues and loss of significant advertisers
- Damages and attacks to the GMA Network brand and its representing entities
- On-air and other operational disruptions brought about by equipment failures, pandemics, natural disasters, cyberattacks, malicious parties, and other threats
- Loss of key personnel or failure to attract and retain highly qualified personnel
- Unfavorable political and economic conditions in the Philippines and in territories where GMA Network and its subsidiaries operate

With the coordinated efforts of the Company's risk management champions, risk owners, assurance providers, and support team, a systematic approach is in place to proactively respond to these risks. Mitigating controls are identified and periodically evaluated to ensure that they are operating satisfactorily to address the risks.

Management

The Chairman of the Board and Chief Executive Officer is Felipe L. Gozon, while Gilberto R. Duavit, Jr. holds the position of President and Chief Operating Officer.

The CEO is accountable to the Board for the development and recommendation of strategies and the execution of strategic directions set by the Board, while the COO is responsible for the day-to-day management of the Company and the implementation of the directives provided by the CEO and the Board's policies and decisions. Both the CEO and COO are guided by the Company's Mission, Vision, and Core Values.

Management regularly provides the Board with complete and accurate information on the operations and affairs of the Company.

Employee Relations

Employees are provided an employee handbook which contains the policies and guidelines for the duties and responsibilities of an employee of GMA Network, Inc. The Handbook also details the benefits and privileges accruing to all regular employees.

The News and Public Affairs Ethics Manual, on the other hand, sets the standards and rules on how News and Public Affairs personnel should conduct themselves at work.

The employees are updated on material developments through the Network's Corporate Affairs Division. Its platforms for internal communications include online publications (intranet, monthly newsletter, e-mail announcements), multimedia (internal television), and the quarterly General Assemblies among others.

The Company also provides training programs and seminars for career advancement and development. The Company has also initiated activities centered on the safety, health and welfare of its employees.

Prompt Disclosures and Timely Reporting

GMA Network, Inc. adheres to a high level of corporate disclosure and transparency regarding the company's financial condition and state of corporate governance on a regular basis. Through the Investor Relations and Compliance Division (IRCD), shareholders are provided disclosures, announcements and periodic reports filed with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange. These are also available online through the Company's Investor Relations website www.gmanetwork.com/corporate/ir.

The Company, through the IRCD and Corporate Affairs and Communications Department, publishes press releases on the performance of the Company. Meetings with Fund Managers, Investment, Financial and Research Analysts are likewise handled by the IRCD.

Consolidated audited financial statements are submitted to the SEC on or before the prescribed period and are made available to the shareholders prior to the ASM.

2020 GMA NETWORK AWARDS

READER'S DIGEST TRUSTED BRAND AWARDS

- Platinum Award - **GMA Network, Inc.**
- Most Trusted News Presenter - **Jessica Soho**
- Most Trusted Radio Presenter - **Mike Enriquez**

2020 NEW YORK FESTIVALS

- Silver World Medal for Investigative Report - **Atom Araullo Specials: Babies4Sale.PH**
- Bronze World Medal for History and Society - **Brigada: Aeta Squadron-Female Spies**

Finalist Certificate

- Social Issues - **Reporter's Notebook: Project Pilipinas: Medical Facility**
- Best Newscast - **State of the Nation with Jessica Soho: Luzon Earthquake**
- Human Concerns - **The Atom Araullo Specials: The Patient is Out**
- Climate Change & Sustainability - **Born To Be Wild: Big Catch**
- Social Issues - **Investigative Documentaries: Tulaylay**
- Coverage of Continuing News Story - **Stand for Truth: Reportage on the Hong Kong protests**
- Best Graphic Design for Promotion/Open and IDs - **GMA Program Support Department's spot for Bonifacio Day**

ANVIL AWARDS

- Gold Anvil Award: Specialized Public Relations Program (Advocacy Campaign Category) - **GMA Kapuso Foundation's Rebuild Dreams in Marawi Campaign**
- Silver Anvil Award: Specialized Public Relations Program (Disaster Communication) - **GMA Kapuso Foundation's Kapuso Tulay Para sa Kaunlaran Project**
- Silver Anvil Award: Public Relations Tools (Publications) - **GMA Kapuso Foundation Annual Report 2018: Rebuild Dreams in Marawi**

11TH ARAW VALUES AWARDS

- Bronze Award: Respect for Law and Authority and Promotion of Self-Discipline Advocacy Communications Category - **The Healthy Juan: Drug User Noon, Matino Na Ngayon**

ASIAN ACADEMY CREATIVE AWARDS

National Winners

- Best News or Current Affairs Presenter/Anchor - **Jessica Soho (24 Oras)**

- Best Infotainment Program - **Kapuso Mo Jessica Soho (Denmark Special)**
- Best Documentary Program (One-off) - **The Atom Araullo Specials (COVID 19: Nang Tumigil ang Mundo)**

- Best Lifestyle, Entertainment Presenter/Host • **Drew Arellano (Biyahe ni Drew: Drew Hits the Road - Taiwan's Secrets to Long Life)**
- Best Single News Story - **24 Oras (Lakad sa EDSA)**

15TH SEOUL INTERNATIONAL DRAMA AWARDS

- Most Popular Foreign Drama - **Descendants of the Sun**
- Asian Star Prize - **Dingdong Dantes**

ROTARY GOLDEN WHEEL AWARDS

- Golden Wheel (Corporate Social Responsibility Category) - **GMAKF EVP and COO Rikki Escudero-Catibog**

SOCIETY OF PUBLISHERS ASIA AWARDS

- Honorable mention for Excellence in Reporting on Women's Issues – **GMA News Online**
- Honorable mention for Excellence in Journalistic Innovation – **GMA News Online**

15TH GAWAD FILIPINO

Gawad Filipino Bayaning Filipino 100 Heroes Awardees:

- **Saleema Refran**
- **Mariz Umali**
- **Ivan Mayrina**
- **Vicky Morales**
- **Ali Sotto**
- **Joel Reyes Zobel**

- Hero Journalist of the Year – **Mark Makalalad**

YOUTUBE CREATOR AWARDS

- Diamond – **GMA Public Affairs**
- Gold – **GMA Playground**
- Silver – **My Guitar Princess**
- Silver – **YouLOL**
- Silver – **GMA Regional TV**

51ST BOX OFFICE ENTERTAINMENT AWARDS

- Popular TV Program News and Public Affairs Category - **24 Oras**
- Phenomenal Star of Philippine Cinema and Film Actor of the Year - **Alden Richards**
- Corazon Samaniego Award - **Gabby Concepcion**
- Most Popular Loveteam - **Bianca Umali and Miguel Tanfelix**
- Bert Marcelo Lifetime Achievement Award - **Allan K**
- Male TV Host of the Year - **Jose Manalo, Wally Bayola, and Paolo Ballesteros**
- Comedy Actor of the Year - **Paolo Ballesteros**

- Comedy Actress of the Year - **Maine Mendoza**
- Best Magazine Show - **Kapuso Mo, Jessica Soho**
- Best Documentary Show - **I-Witness**
- Best Comedy Show - **Pepito Manaloto**
- Best Culture and Arts Program - **Biyahe ni Drew**
- Special Citation: Best News Program - **24 Oras**
- Special Citation: Best Educational Program - **Born To Be Wild**

INDING-INDIE FILM FESTIVAL

Inding-Indie Awardees

- **Mariz Umali**
- **Arnold Clavio**
- **Mike Enriquez**
- **Mel Tiangco**
- **Vicky Morales**
- **Malou Mangahas**
- **Emil Sumangil**
- **Mav Gonzales**
- **Raffy Tima**
- **Alden Richards**
- **Glydel Mercado**
- **Kara David**
- **Gladys Reyes**
- **Onanay**
- **Reel Time**
- **Gladys Reyes**
- **Maynila**
- **DZBB**

- Pinakamahusay na Mamamahayag ng Taon - **Kara David**
- Inding Indie Excellence Award: Most Trusted TV News Personality 2019 - **Emil Sumangil**
- Huwarang Personalidad sa Pagkalinga at Pagbabalita - **Vicky Morales**
- Inding Indie Excellence Award: Pinakamahusay na Mamamahayag ng Taon - **Mariz Umali**
- Inding Indie Excellence Award – Pinakamahusay na Mamamahayag ng Taon - **Raffy Tima**

LIONHEARTV RAWR AWARDS

- Male News Personality of the Year - **Atom Araullo**
- Female News Personality of the Year - **Jessica Soho**
- Favorite Kontrabida - **Aiko Melendez** (Prima Donnas)

2020 GMA NETWORK AWARDS

FILM AMBASSADORS' NIGHT (FAN)

- **The Atom Araullo Specials: Babies for Sale**
- **The Atom Araullo Specials: No Leftovers**
- **I-Witness (Howie Severino Team): Islang Walang Lupa**
- **Front Row: Pasan**
- **Investigative Documentaries: Piitan**

42ND CATHOLIC MASS MEDIA AWARDS

- Hall of Fame for Best News Magazine - **Kapuso Mo, Jessica Soho**
- Best Public Service Program - **Reporter's Notebook: Mga Sugat ni Miguel**
- Best TV Special - **The Atom Araullo Special's Nang Tumigil ang Mundo**
- Best Drama Series/Program - **The Gift**
- Best Children and Youth Program - **Daig Kayo ng Lola Ko**
- Best News Program - **State of the Nation with Jessica Soho: Tracing the Origins of Covid-19 in PH**
- Best Special Event Coverage – **Balitangahali: Taal Volcano coverage**
- Best News Magazine - **Investigative Documentaries: Malasakit**
- Special Citation for Adult Educational /Cultural Program- **I-Witness: Ako si Patient 2828** (Special Citation)
- Best Public Service Program - **I-Witness: Manaram**
- Special Citation for News Program - **GMA Regional TV Weekend News**
- Special Citation for TV Ad-Public Service – **GMA Regional TV's Kapuso Barangayan on Wheels**
- Special Citation for News Magazine Program - **Byaheng DO30**
- Special Citation for Public Service Program - **Kay Susan Tayo**

- Best Radio News Program - **Super Balita Sa Tanghali (DZBB)**
- Best News Commentary - **Bantay Covid 19 Special Coverage (DZBB)**
- Best Counselling Program - **Pinoy M. D. Sa Dobol B (DZBB)**

33RD AWIT AWARDS

- People's Choice Awards for Favorite New Male Artist - **Garrett Bolden**
- Best Performance by a New Female Recording Artist – **Kyryll**

16TH TOURISM AWARDS

- Awards of Distinction for GMA Network, Inc., Television Media Category - **Felipe L. Gozon**

22ND GAWAD PASADO

- Pinakapasadong Aktor - **Alden Richards**

HEROES OF THE HIGHWAYS

- **DZBB News Team and Allan Gatus**

MOST OUTSTANDING KAPAMPANGAN

- Most Outstanding Kapampangan Media Category - **Ivan Mayrina**

4TH ANI NG DANGAL

- **Alden Richards**
- **Ai-Ai delas Alas**
- **Barbara Miguel**

4TH GUILD OF EDUCATORS, MENTORS AND STUDENTS (GEMS)

- Best News Program - **Unang Hirit: Unang Balita**
- Best Female News Program Anchor - **Suzi Entrata-Abrera**
- Best Male News Program Anchor - **Ivan Mayrina (24 Oras Weekend)**
- Top 4 Best TV Programs for Documentary/ Educational/Informative Format - **iJuander**
- Top 4 Best TV Program Hosts (Posthumous) - **Cesar Apolinario**
- Best TV Special - **Eleksyon 2019 Special Coverage**

- Best Actor Award - **Alden Richards**
- Best Actress Award - **Aicelle Santos**
- Best Radio Station - **Super Radyo DZBB**
- Natatanging Pelikulang Pampamilya - **Family History**

3RD NATIONAL COLLEGE OF SCIENCE AND TECHNOLOGY DANGAL NG BAYAN

- Media Excellence Awardee for Tourism - **Biyahe ni Drew**
- Media Excellence Awardee for Psychology - **Kapuso mo, Jessica Soho**
- Maka-Diyos Media Excellence Awardee - **Stories for the Soul**
- Media Excellence Awardee for Hospitality Management - **Pop Talk**
- Media Excellence Awardee for Communication - **24 Oras**
- Media Excellence Awardee for Radio and Television - **Susan Enriquez**

GANDINGAN AWARDS

- Best News Anchor - **Arnold Clavio & Pia Arcangel**
- Gandingan ng Edukasyon - **Winnie Monsod: Bawal ang Pasaway kay Mareng Winnie**
- Most Development Oriented AM Station - **Super Radyo DZBB 594**
- Gandingan ng Agham at Teknolohiya - **Mang Tani Cruz**
- Most Development Oriented Radio Plug - **DZBB: Eleksyon 2019**
- Most Development Oriented Educational Program - **State of the Nation (SONA) with Jessica Soho: SONA Voter Education Special**
- Best Field Reporter - **Jam Sisante-Cayco**
- Most Development Oriented Drama Program – **Imbestigador: The Gomez-Sarmenta Rape Slay Case**
- Most Gender Transformative Program - **Investigative Documentaries: Pride**
- Most Development Oriented FM Program - **Barangay Love Stories**
- Most Development Oriented Investigative Program - **Reporter's Notebook: Batas ng Karagatan Pagbabalik sa Scarborough**
- Best FM Radio Program Host (Special Citation) - **Papa Dudut**

- Most Development Oriented News Story - **GMA Regional TV One Mindanao: Rehabilitation of Naboc River in Compostela Valley Province Polluted by Mining Waste**
- Most Development Oriented Online News - **GMA News Online: Pasyentiis**
- Most Development Oriented Documentary - **The Atom Araullo Specials: Sa Magkabilang Dulo**
- Most Development Oriented Feature Article - **A Very Long Summer**
- Most Development Oriented TV Plug - **The Kapuso Campus Tour: The Regional Masterclass Series**
- Most Development Oriented Talk/Discussion Program - **Debate 2019: The GMA Senatorial Face-off**

- Most Outstanding Comedy / Gag Show on TV - **Bubble Gang**
- Most Outstanding Male News Anchor – **Mike Enriquez (24 Oras)**
- Most Outstanding Female News Anchor – **Jessica Soho (State of the Nation with Jessica Soho)**
- Most Outstanding Magazine Show Host – **Jessica Soho (Kapuso mo, Jessica Soho)**
- Most Outstanding Male Documentarist – **Atom Araullo (The Atom Araullo Specials)**
- Most Outstanding Female Documentarist - **Kara David (I-Witness and Brigada)**
- Most Outstanding Public Service Show Host – **Vicky Morales (Wish Ko Lang)**
- Most Outstanding Documentary TV Show – **I-Witness**

- Best AM Radio Program Host for Saksi sa Dobol B - **Mike Enriquez (Super Radyo DZBB 594)**
- Special Citation for Most Development Oriented Musical Segment/Program - **Studio 7: Musikalye**
- Most Development Oriented Online Video (Special Citation) - **Kinaya ni Mama**
- Most Development Oriented FM Station (Special Citation) - **Barangay LS 97.1**
- Most Development Oriented Photograph/Photo Story (Special Citation) - **Ang Islang Walang Lupa**

3RD GAWAD LASALLIANETA

- Most Outstanding Comedian on TV - **Michael V (Pepito Manaloto / Bubble Gang)**
- Most Outstanding Performance by Actress (TV Show, Series) - **Lovi Poe (Ang Asawang Naging Kabit Episode, Magpakailanman)**

- Most Outstanding Feature / Magazine Show – **Kapuso mo, Jessica Soho**
- Most Outstanding Public Service Show – **Wish Ko Lang**

Radio
- Most Outstanding Radio Broadcaster – **Arnold Clavio (DZBB Super Radyo 594)**
- Most Outstanding Male FM DJ – **Papa Dudut (Barangay LS Presents, Barangay LS 97.1)**

Social Media
- Most Influential Facebook Page – **Kapuso mo, Jessica Soho**
- Gawad Lasallianeta Green Zeal Awards for Excellence as Lasallian Media / Public Communicators - **Carla Abellana, Iya Villania – Arellano, Michelle Dee**

Special Awards
- **Drew Arellano**
- **Lyn Ching-Pascual**
- **Ryan Agoncillo**

PLATINUM STALLION NATIONAL MEDIA AWARDS

- Best Regional TV Network - **GMA Regional TV Network**
- Best COVID-19 News Coverage - **GMA News and Public Affairs**
- Best Documentary on COVID-19 - **The Atom Araullo Specials: Nang Tumigil ang Mundo**
- Best Noontime Show - **Eat Bulaga**
- Best Morning Show - **Unang Hirit**
- Best News Program - **24 Oras**
- Best Public Service Program for Television - **Wish Ko Lang**
- Female News Personality of the Year - **Jessica Soho (State of the Nation with Jessica Soho)**

KALASAG NG BAGONG BAGANI AWARDS

- **Jonathan Cruz (Sahaya)**
- **Marlon Miguel (Sahaya)**
- **Glaiza De Castro**
- **Bong Revilla**
- **Alfred Vargas**

18TH GAWAD TANGLAW
- Best Actor in a Single Performance – **Allen Dizon (Magpakailanman: Kailan Naging Ama ang Isang Babae)**

- Best TV Documentary – **I-Witness: Ako si Patient 2828 (Howie Severino)**

- Natatanging Dalubguro sa Pangmadlang Komunikasyon – **Kara David of College of Mass Communication, University of the Philippines, Diliman**

- Presidential Jury Award Medallion of Excellence – **Alden Richards (Hello, Love, Goodbye)**

- Gawad Elenita Navor-Hermoso for Outstanding Young Filipino Artist for Culture and Arts – **Alden Richards**
- Best AM Radio Station - **DZBB**

- Best AM Anchors - **Ali Sotto, Arnold Clavio, Rowena Salvacion, and Fernan Gulapa**

6TH GAWAD BAGANI SA KOMUNIKASYON PARA SA MAKABAGONG MANDIRIGMA SA RADYO AT TELEBISYON (UNIVERSITY OF THE EAST – CALOOCAN CAMPUS)

- Best Public Service Program for Television – **24 Oras**

2020 DISTINGUISHED WOMAN IN SERVICE AWARD (SAN BEDA UNIVERSITY ALUMNI ASSOCIATION, INC.)

Awardee – **Ms. Mel Tiangco**

GAWAD LAUREL (COLLEGE OF ARTS AND SCIENCES LYCEUM OF THE PHILIPPINES UNIVERSITY – MANILA)

Awardee – **Mr. Nathaniel "Mang Tani" Cruz**

11th NORTHWEST SAMAR STATE UNIVERSITY STUDENTS' CHOICE AWARDS FOR RADIO AND TELEVISION

- Best Morning Show Host - **Arnold Clavio (Unang Hirit)**
- Best Talk Show - **Tonight with Arnold Clavio**
- Best Talk Show Host - **Arnold Clavio (TWAC)**
- Best Magazine Program - **Kapuso Mo Jessica Soho**
- Best Magazine Program Host - **Jessica Soho (KMJS)**
- Best Documentary Program - **Born to be Wild**
- Best Documentary Program Host - **Atom Araullo (Atom Araullo Special)**
- Best Investigative Journalism Program - **Imbestigador**
- Best Investigative Journalism Program Host - **Mike Enriquez (Imbestigador)**
- Best News and Public Affairs Male Anchor - **Mike Enriquez (24 Oras)**

- Best News and Public Affairs Female Anchor - **Mel Tiangco (24 Oras)**
- Best News and Public Affairs Program - **24 Oras**
- Best Educational Program - **Amazing Eath**
- Best Educational Program Host - **Dingdong Dantes (Amazing Earth)**

7TH HOLY ANGEL UNIVERSITY'S PARAGALA: CENTRAL LUZON MEDIA AWARDS

- Best News Program – **24 Oras (GMA)**
- Best Magazine Show – **Biyahe Ni Drew (GMA News TV)**
- Best Documentary Program – **I-Witness (Silaki Episode, Kara David)**

Top News Personalities

- **Arnold Clavio**
- **Atom Araullo**
- **Ivan Mayrina**
- **Kara David**
- **Mel Tiangco**
- **Mike Enriquez**

Special Awards:

- Paragala Pang-Kultura – **I-Juander** (Jury's choice by the Center for Kapampangan Studies)
- Paragala Pampamilya – **Pepito Manaloto** (Jury's choice by the Holy Angel University's Campus Ministry and Guidance Office)
- Paragala Pang-Likhaan – **AHA!** (Jury's choice by the Communicator's League, the official organization of the Communication students of Holy Angel University)

1ST MENDIOLA CONSORTIUM TV AWARDS

- Best Culture & Arts Program – **Biyahe Ni Drew**
- Best Documentary Show – **I-Witness**
- Best Magazine Show – **Kapuso mo, Jessica Soho**
- Best Comedy Show – **Pepito Manaloto**
- Special Citation for Best News Program – **24 Oras**
- Special Citation for Best Educational Program – **Born to be Wild**

LAGUNA EXCELLENCE AWARDS

FILM

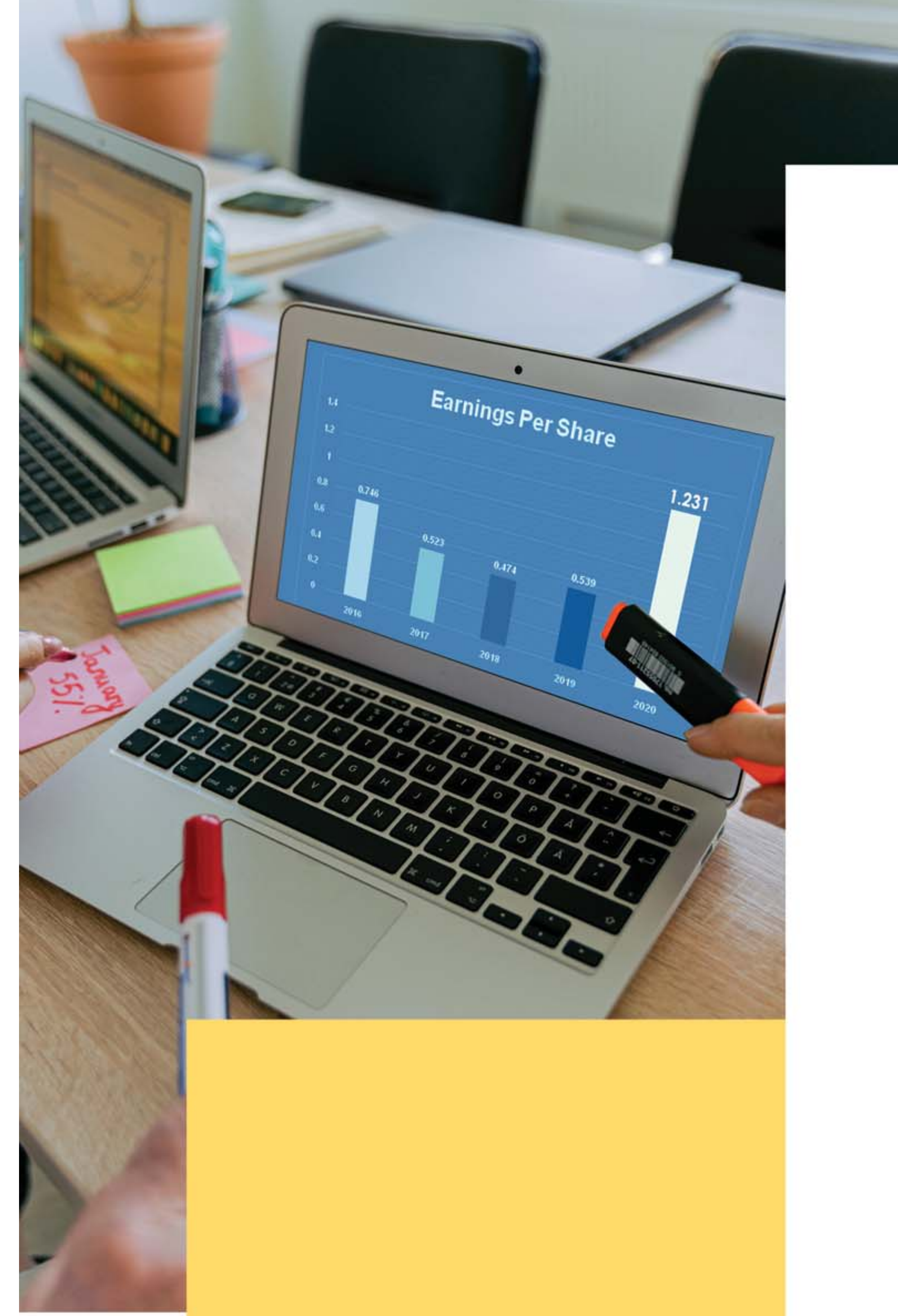
- Outstanding Indie Actress of the Year: **Janine Gutierrez (Babae at Baril)**

MUSIC

- Outstanding Male Recording Artist of the Year: **Christian Bautista (Aking Mahal)**
- Outstanding Female Recording Artist of the Year: **Kyline Alcantara (Fake Love)**

RADIO

- Outstanding Radio Personality of the Year: **John Fontanilla (DZBB 594/Barangay LS FM 97.1)**



MANAGEMENT **DISCUSSION AND ANALYSIS**

Management Discussion and Analysis of Financial Condition and Results of Operations for the Years Ended December 31, 2020 and 2019

The Management Discussion and Analysis provides a narrative of the Company's financial performance and condition that should be read in conjunction with the accompanying financial statements, which have been prepared in accordance with accounting principles generally accepted in the Philippines.

As discussed below, the Company's financial statements do not show any losses from operation and hence the Company has not taken any measures to address the same.

KEY PERFORMANCE INDICATORS

The Company uses the following measures to assess its performance from period to period.

Ratings

The performance of a program and/or network as a whole with respect to household ratings is the primary consideration for an advertiser in the Philippines to determine whether to advertise on a given program and/or network. AGB Nielsen, a media research firm, provides ratings to the Company on a subscription basis.

Load Factor

Load factor refers to the amount of advertising minutes aired during the breaks in a program as a percentage of the total minutes available for advertisement. The load factor is an indication of a program's or a timeblock's ability to sell advertising minutes. Load factor statistics are internally generated, although certain third parties monitor such statistics.

Signal reach/coverage

The ability to reach a greater number of viewers is a part of the Company's strategy to provide its advertisers with more value for their advertising expenditures. The Company frequently assesses its signal strength and coverage by conducting field intensity surveys and tests.

Subscriber count

Subscriber count is the key performance indicator for the Company's initiatives in the international arena to diversify its revenue base beyond advertising revenues. The number of subscribers to the Company's GMA Pinoy TV, GMA Life TV and GMA News TV International forms the benchmark for measuring the success of this service. The Company makes internal assessments to determine the market potential for each new initiative and sets a subscriber count target accordingly.

Cost control

The Company is continuously searching for ways to control costs and to improve efficiency. The Company has established systems and procedures to monitor costs and measure efficiency and has launched various initiatives and activities in relation to these efforts.

FINANCIAL AND OPERATIONAL RESULTS

For the Year Ended December 31, 2020

The year 2020 was a year like no other. In the midst of the global crises brought about by the COVID-19 pandemic, which nearly crippled even the strongest of nations and economies, GMA Network, Inc. and Subsidiaries (GMA/the Company) broke all records in terms of financial performance for the 12-month period ended December 31, 2020. With a very strong second half showing this year, the Company sealed full year 2020 with consolidated revenues of P19,336 million, ahead of year ago's top line by 17% or P2,842 million. The aforementioned feat was notwithstanding the impact of the world-wide pandemic which was heavily felt towards the end of the first quarter of the year and the absence of three fourths of a billion worth of non-recurring political advocacies and advertisements coming from the 2019 mid-term national elections.

Income Data	2020 (in millions PhP)	2019 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Revenues				
Advertising revenues	**17,727.49**	15,173.93	2,553.57	17%
Consumer sales				
Sale of services	**1,024.61**	1,319.53	(294.92)	-22%
Sale of goods	**583.79**	-	583.79	-
	19,335.90	16,493.45	2,842.44	17%
Total operating expenses	**10,779.37**	12,760.61	(1,981.24)	-16%
EBITDA	**9,887.84**	5,392.33	4,495.50	83%
Net income	**6,007.33**	2,639.28	3,368.06	128%
Attributable to Equity Holders of Parent Co.	***5,984.58***	*2,618.46*	*3,366.12*	*129%*
Noncontrolling Interest	***22.75***	*20.82*	*1.93*	*9%*

For the year ended December 31, 2020, consolidated advertising revenues continued to take up the lion's share in the Company's revenue pie, measuring P17,727 million and posting a double-digit growth compared to a year ago. Advertising revenues across all platforms exhibited better-than-last year performances in their top line. The closure of biggest rival, ABS-CBN, due to the expiration of their broadcast franchise last May 5 and the subsequent denial last July 10 by the House Committee on Legislative Franchises of ABS's new application contributed to the extraordinary increase in sales from broadcast operations due to the shift in some advertising placements. This year also saw the Company's newest venture into the Digital Terrestrial Television (DTT) landscape with the launch of the DTT channels Heart of Asia (HoA) and Hallypop. Moreover, the successful distribution of the DTT set-top boxes, which was labeled GMA Affordabox, also made a noteworthy impact on the top line. Completing this year's remarkable achievement was the commercial introduction in December of GMA Now, a digital TV receiver for Android smartphones, which allowed viewers to enjoy digital free-to-air channels on-the-go. Meanwhile, consolidated top line generated by Sale of services other than advertising exhibited a reduction, tipping at P1,025 million, behind last year's P1,320 million by 22%.

In terms of operating costs, the Company sealed 12-month period this 2020 with consolidated operating expenses (OPEX) of P10,779 million, contracting by a huge P1,981 million or 16% from last year. Due to the imposition of the quarantine and related guidelines on mass gatherings, the Company had to realign programming to replays of entertainment programs and canned materials while rationalization of station-produced programs was made to ensure a safe environment for its employees and talents. Thus, Production and other direct costs were almost cut in half but was partly offset by the increase in consolidated general and administrative expenses (GAEX) by 8%. Meanwhile, the presence of inventory cost for the sale of GMA Affordabox and GMA Now also partly cushioned the abovementioned reduction.

Consolidated Earnings before interest, taxes, depreciation and amortization (EBITDA) ended the 12-month period this 2020 at an astounding P9,888 million, P4,496 million or 83% higher than last year. This resulted from the hefty increase in revenues by P2,842 million heightened by considerable reduction in cash OPEX by P2,006 million. With similar sterling performances since middle of this year, YTD Consolidated Net Income after Tax of the Company recorded a milestone, breaching the P6.0-billion mark at P6,007 million, thus, displaying a 128% or P3,368 million climb from year ago's bottom line -- a fitting achievement to cap the Network's 70 years of existence, notwithstanding the challenges that beset the country and the economy this 2020.

With this year's healthy financial performance, all financial indicators recorded improvements versus a year ago. Consolidated net income margin wrapped up at 31%, double last year's 16%. EBITDA margin stood at 51% vs. 33% in 2019 while NIAT margin settled at 31%, higher by 15 percentage points against comparable period's NIAT margin of 16%. Return on asset was at 25% from 16% while return on equity ended at 47% from 28% a year ago.

Revenues

Consolidated revenues of the Company in 2020 nearly breached the P20.0-billion mark at P19,336 million, parading a P2,842 million or 17% hike from a year ago. Advertising revenues remained the lifeblood of the Company, taking up 92% of the total revenue pie. Airtime revenues from free-to-air platforms as well as online advertising sales primarily comprised this segment. Meanwhile, sale of services made up the second largest revenue source reaching P1,025 million. Last but not the least were fresh revenues coming from sale of goods, which boosted this year's consolidated top line of the Company.

Revenues	2020 (in millions PhP)	2019 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Advertising revenues	**17,727.49**	15,173.93	2,553.57	17%
Consumer sales				
Sale of services	**1,024.61**	1,319.53	(294.92)	-22%
Sale of goods	**583.79**	-	583.79	-
	19,335.90	16,493.45	2,842.44	17%

Further segmenting consolidated advertising revenues, airtime sales from television and radio broadcast operations comprised the biggest chunk of the account. Flagship channel GMA 7 led the pack, with absolute sales climbing by 16% versus full year 2019. Carving out more than half a billion worth of non-recurring political advocacies and advertisements in the previous year, revenues from regular sales grew even higher by 23%. The Network has risen to the challenge, and has remained the leading source of much needed relevant news and information especially in the midst of the virus outbreak -- a testament to its service to the Filipino people here and abroad, despite difficult times.

Radio operations followed with the next highest airtime sales contribution, capping the year with a 15% increase in its top line. Sans the impact of election-related placements during 2019, Radio business registered a sales improvement of 20%. The growth was buoyed by higher revenues from banner AM station DZBB with its unceasing advocacy to deliver up-to-date news and public information all throughout the day. Provincial radio operations' sales also grew by an aggregate of 16% from a year ago.

GMA News TV (GNTV), the Company's UHF channel also enjoyed hefty top-line gains by the end of the 12-month period in 2020, posting an increase in sales by 20%. Driving the revenue growth for the channel were News content, which for the greater part of the year broadcasted the teleradyo program Dobol B sa News TV from morning until early evening. This ensured that timely news and public information were made available via all forms of media, at most times of the day.

Meanwhile, Regional TV (RTV) operations finished off with the highest improvement in the top line, percentage-wise. For this year, RTV revenues soared by 46% versus a year ago. National airtime sales propelled the growth which more than compensated for the lack of on-ground sponsorships due to the spread of the coronavirus and consequent quarantine measures. Minus political advocacies and advertisements in 2019, recurring sales of RTV grew even higher by 58% year-on-year. On a per station basis, Cebu emerged as the leader, followed by Davao and Dagupan. The rest of the stations nonetheless enjoyed comfortable leads from last year's top line.

During the third quarter, two DTT channels were also launched by the Network -- Heart of Asia and Hallypop. Combined incremental revenues from these channels further added to the Company's top line.

Despite the growing competition in the digital arena, especially with erstwhile TV rival ABS-CBN concentrating all its efforts to boost its online presence following the denial of their free-to-air broadcast franchise, GMA's advertising revenues from online/digital sales continued to register healthy revenues from this segment. Online advertisements from the Network's various websites and social media accounts cumulatively grew by 13% from a year ago.

In other revenue streams outside advertising, Subscription revenues from International operations accounted for the largest chunk, albeit recording a drop from a year ago. The churn in subscriber count owing to shift in consumer preference especially with the emergence of alternative media sources was the main reason for the decline in subscriptions revenues. The appreciation of the PhP against the USD this year, by an average of 4% or PhP2.09 to USD1 further aggravated the said decline. Other subsidiary operations also resulted in lower top line this year due to the general economic crunch in most industries and businesses. These were slightly mitigated by this year's improvement in syndication revenues abroad which doubled from last year.

Meanwhile, yet another significant development for the Company and in support of its DTT channels, the Network also successfully brought to the public, GMA Affordabox by middle of this year and GMA Now just before the year came to a close, with combined sales reaching over half a billion pesos from more than 900,000 combined units sold.

Expenses

For the year that just ended, consolidated total operating expenses (OPEX) of the Company sealed at P10,779, dropping by a double-digit percentage of 16% or P1,981 million compared to full year of 2019. Cash OPEX fell by 18% to P9,143 million while non-cash OPEX inched up by 2% versus a year ago.

Operating Expenses	2020 (in millions PhP)	2019 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Production costs	**3,452.14**	6,435.15	(2,983.02)	-46%
Cost of sales	**479.42**	-	479.42	-
Total Direct Costs	**3,931.56**	6,435.15	(2,503.60)	-39%
General and administrative expensex	**6,847.82**	6,325.46	522.36	8%
	10,779.37	12,760.61	(1,981.24)	-16%

Production costs which traditionally comprised half of the Company's consolidated OPEX took a back seat this year, finishing off at P3,452 million, considerably lower by 46% compared with prior year's P6,435 million. While quarantine restrictions were eased up somehow starting the third quarter, it still proved quite difficult for the Company's in-house station produced soaps to go full blast. Hence, during most part of the period, the Network continued to air a number of replays of high-rating and well-loved Entertainment shows. Only News and some Public Affairs programs continued to air fresh episodes year-long to fulfill the Network's responsibility of delivering comprehensive news and information nationwide. It was only during the 4th quarter wherein select in-house produced programs commenced tapings in a bubble set up. With this, Talent fees declined by P1,242 million or 42%. Rental of facilities and equipment also contracted by P602 million or 74% while other cash production costs decreased by P850 million or 56%. In terms of non-cash Production costs, Program rights amortization also slid by P285 million or 29% due to the mix in the titles shown this period vis-à-vis a year ago.

Production Costs	2020 (in millions PhP)	2019 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Talent fees	**1,705.67**	2,948.00	(1,242.33)	-42%
Rentals and outside services	**210.24**	812.01	(601.77)	-74%
Other program expenses	**668.18**	1,518.28	(850.10)	-56%
Sub-total - Cash Production Costs	**2,584.08**	5,278.28	(2,694.20)	-51%
Program rights amortization	**703.42**	988.70	(285.29)	-29%
Depreciation and amortization	**164.64**	168.17	(3.53)	-2%
Sub-total - Non-cash Production Costs	**868.05**	1,156.87	(288.82)	-25%
Total production costs	**3,452.14**	6,435.15	(2,983.02)	-46%

This year saw a new component in the Company's cost structure – cost of sales – mainly from the inventory cost of DTT set-top boxes and digital TV receivers. Since its mid-year launch in 2020, consolidated cost of sales amounted to P479 million.

General and Administrative Expenses	2020 (in millions PhP)	2019 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Personnel costs	**4,525.10**	4,127.12	397.98	10%
Facilities costs	**379.84**	490.80	(110.96)	-23%
Outside services	**390.60**	459.93	(69.32)	-15%
Taxes and licenses	**182.10**	174.36	7.74	4%
Others	**601.78**	618.64	(16.86)	-3%
Subtotal - Cash GAEX	**6,079.42**	5,870.84	208.58	4%
Depreciation and amortization	**380.94**	409.27	(28.34)	-7%
Provision for doubtful accounts	**347.20**	18.30	328.90	1798%
Amortization of software costs	**40.26**	27.05	13.21	49%
Subtotal - Non-cash GAEX	**768.40**	454.62	313.78	69%
Total GAEX	**6,847.82**	6,325.46	522.36	8%

Meanwhile, consolidated general and administrative expenses (GAEX) finished the year at P6,848 million, edging last year by P522 million or 8%. Personnel costs, which represents 66% of the total GAEX, climbed by P398 million or 10% from P4,127 million in 2019 to P4,525 million by the end of the reporting period. The said growth resulted from higher provision for retirement benefits arising from the latest actuarial valuation reports plus the annual merit and CBA salary increases for confidential and rank and file employees, respectively. Likewise, the recording of provisions for Expected Credit Losses (for receivables) which climbed by P329 million further drove the hike in consolidated GAEX. The increase in the provision for doubtful accounts was due to the spike in the Trade Receivables balance as at end-December 2020 resulting from the considerable growth in revenues which was aggravated by the challenges in collection efforts especially during the 2nd to 3rd quarter of the year because of strict quarantine protocols and disruption in the operations of some business partners. Nonetheless, by the last quarter of the year, collection efforts have regained some normalcy. Mitigating the impact of the above were the reduction in Facilities cost and Outside services by P111 million or 23% and by P69 million or 15%, respectively. Facilities cost, which included utilities consumption, was the main driver for the contraction in GAEX. Apart from most studios not being utilized during the lockdown, most of the employees of the Company observed a telecommuting work arrangement in compliance with the government's mandate on safety measures. This resulted in less consumption of utilities in general. There were also limited projects for repairs and maintenance during the year. For Outside services, promotional and other marketing campaigns and on-ground events were likewise put on hold due to the pandemic.

EBITDA

With the remarkable top line performance this year, coupled by lower cash operating costs, Earnings before interest, taxes, depreciation and amortization (EBITDA) reached an all-time high of P9,888 million, P4,496 million or 83% higher than last year's P5,392 million.

Net Income

In the same manner, year-to-date Net Income after Tax of GMA, recorded a first in the 70-year history of the Company, wrapping up at P6,007 million, more than double last year's bottom line of P2,639 million and higher by P3,368 million or 128%.

Balance Sheet Accounts

GMA's total assets stood at P23,939 million as at end-2020, increasing significantly by 46% from December 31, 2019's balance of P16,347 million.

Cash and cash equivalents of P3,215 million grew by almost a million pesos at P960 million or 43% from 2019 peg of P2,255 million as cash generated from operations were higher than the cash used in investing and financing activities. Meanwhile, Trade and other receivables closed the year with a balance twice of last year's at P10,467 million, parallel with the spike in the Company's top line.

Total liabilities also climbed by 65% or P4,368 million as at end-December this year to P11,058 million from P6,690 million in 2019 mainly due to the escalation in the following accounts: (1) Pension liability as a result of the latest actuarial valuation; and (2) Income tax payable due the huge hike in the Company's taxable net income.

Equity attributable to Parent Company stockholders amounting to P12,809 million as at end-December 2020 increased by 34% or P3,223 million in between years, as a result of P5,985 million net income attributable to Parent Company earned in 2020, partially reduced by the dividends declared during the first half of 2020 amounting to P1,458 million.

Cash Flows	2020 (in millions PhP)	2019 (in millions PhP)
Net cash provided by operating activities	**2,506.76**	2,884.20
Net cash used in investing activities	**(353.62)**	(796.84)
Net cash used in financing activities	**(1,166.92)**	(2,365.52)
Effect of exchange rate changes on cash and cash equivalents	**(26.37)**	(25.98)
Net increase (decrease) in cash and cash equivalents	**959.85**	(304.13)
Cash and cash equivalents at beginning of year	**2,254.97**	2,559.11
Cash and cash equivalents at end of the year	**3,214.82**	2,254.97

Operating Activities

Net cash from operations registered at P2,507 million in 2020. This stemmed from income before income tax of P8,592 million, adjusted mainly by Program rights usage of P703 million, Pension expense of P646 million, Depreciation expense of P546 million, Provision for doubtful accounts of P347 million and Amortization of software costs of P40 million apart from the changes in working capital. The primary component of the changes in working capital included the P5,589 million and P1,095 million increase in Trade and other receivables and Prepaid and other current assets, respectively.

Investing Activities

Net cash used in investing activities amounted to P354 million, coming primarily from the acquisition of P421 million and P11 million worth of Property and equipment and Software costs, respectively. These were partially offset by the P56 million change in fair market value of Financial assets at FVOCI and P23 million proceeds from sale of property and equipment.

Financing Activities

Net cash used in financing activities amounted to P1,167 million due to payment of cash dividends and loans amounting to P1,475 million and P642 million, respectively, plus some P13 million in Interest expense netted by P984 million remaining proceeds from short-terms loans.

For the Year Ended December 31, 2019

Buoyed by this year's extra-ordinary inflow from the mid-term elections held in May, GMA Network and Subsidiaries (GMA/the Company) sealed twelve-month consolidated revenues ahead by 8% versus a year ago. In absolute terms, consolidated top line for the full year reached P16,493 million, up by P1,257 million from 2018's P15,236 million. Political advocacies and advertisements during the year amounted to about three fourths of a billion pesos. Nonetheless, discounting the impact of aforesaid windfall, recurring sales for 2019 still managed to overtake last year's peg by 4% or a little over half a billion pesos.

Income Data	2019 (in millions PhP)	2018 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Revenues				
Advertising revenue	**15,173.9**	13,834.5	1,339.4	10%
Subscriptions and others	**1,319.5**	1,401.7	(82.1)	-6%
	16,493.5	15,236.2	1,257.3	8%
Total operating expenses	**12,760.6**	11,998.0	762.6	6%
EBITDA	**5,392.3**	4,823.9	568.4	12%
Net income	**2,639.3**	2,324.0	315.3	14%
Attributable to Equity Holders of Parent Co.	***2,618.5***	*2,304.8*	*313.7*	*14%*
Noncontrolling Interest	***20.8***	*19.2*	*1.6*	*8%*

For the year ended December 31, 2019, consolidated advertising revenues remained the lifeblood of the Company, wrapping up at P15,174 million and posting a double-digit growth compared to a year ago. Most airtime-revenue generating platforms surpassed prior year's top-line performance with the boost from this year's political advocacies and advertisements. Advertising revenues from online platforms also contributed to this year's incremental sales. Meanwhile, inflows from subscriptions, non-advertising operations and other businesses of P1,320 million, manifested a reduction of 6% versus a year ago.

Cost-wise, the Company continued to exercise prudent management of its operating costs. Total consolidated operating expenses (OPEX) for 2019 measured at P12,761 million from year ago's P11,998 million, translating into a single-digit hike of 6% -- or at a rate slower than the growth in its top line. Production and other direct costs in fact finished off at P6,435 million which was even a tad lower than prior year's P6,484 million by P49 million or 1%. This was nonetheless negated by the hike in the Company's general and administrative expenses (GAEX) by P811 million or 15%. Consolidated GAEX for the year 2019 stood at P6,325 million versus P5,514 million in the prior year.

With the sterling performance in this year's consolidated top line coupled with costs held at bay, consolidated Earnings before interest, taxes, depreciation and amortization (EBITDA) posted an improvement of more than half a billion ending at P5,392 million, or up by 12% from last year. Finally, consolidated Net Income after tax for the twelve-month period this 2019 settled at P2,639 million, P315 million or 14% better than 2018's bottom-line peg of P2,324 million.

Revenues

Consolidated revenues of the Company in 2019 aggregated to P16,493 million, manifesting a huge increase of P1,257 million or 8% from year ago's P15,236 million. Advertising revenues comprised the lion's share in the Company's consolidated revenue pie at 92%, inching up against last year's 91% share. In absolute terms, advertising revenues grew by 10% in between periods, with incremental sales amounting to P1,339 million. Without the non-recurring sales from political advocacies and advertisements, advertising revenues were still better off by 5% year-on-year. Airtime revenues from free-to-air platforms as well as online advertising sales primarily comprised this segment. Meanwhile, subscription revenues, sales of subsidiaries and other business concluded the past twelve months of 2019 at P1,320 million, down 6% from last year.

Revenues	2019 (in millions PhP)	2018 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Advertising revenues	**15,173.9**	13,834.5	1,339.4	10%
Subscriptions and others	**1,319.5**	1,401.7	(82.1)	-6%
	16,493.5	15,236.2	1,257.3	8%

Further segmenting airtime sales -- GMA-7 revenues for this year contributed more than three-fourths of consolidated advertising revenues, sealing twelve-month results higher by 9% versus same period in 2018. Providing the growth impetus for the channel were the incremental advertising load from the 2019 mid-term elections. Minus the aforesaid influx, Ch-7 still managed to outshine last year's recurring sales by 3% propelled by the increase in effective rates per minute.

Ratings-wise, GMA recorded 35.5% total day people audience share, in Urban Luzon, which accounted for 72% of all urban viewers in the country -- outscoring ABS-CBN's 30.4%. Building the momentum in the morning slot with 28.1%, GMA won against rival network's 25.8%. This continued in the afternoon slot with GMA's 36.7 % versus ABS' 30.9%. GMA further toppled its competitor in the evening block with 37.7 % while ABS-CBN only got 31.9%. Likewise, in Mega Manila, which accounted for 60% of all urban viewers in the country, the Network posted 36.5% total day people audience share compared to ABS-CBN's 27.9% based on official data from January to December.

Radio operations came in second in terms of airtime sales generation. The business unit bagged a 7% improvement in its top line inclusive of political advocacies and advertisements. In terms of recurring revenue growth, Radio business likewise recorded a 4% upswing in its top line. DWLS-FM was the biggest top-line gainer both percentage-wise and in absolute terms, equivalent to a 15% hike. DZBB-AM and Cebu and Provincial operations also pitched in sales increases in between years by 9% apiece.

Meanwhile, GMA News TV's (GNTV) top line was barely affected by this year's national elections with very minimal contribution from political advocacies and advertisements during the period. Compared to prior year, GNTV finished off with revenues down by 14%. Lastly, Regional TV operations sealed the twelve-month period with combined revenues from all stations up by 4%. Without the election boost, sales from Regional operations finished a hairline higher than a year ago.

Meanwhile, Advertising revenues from online sales, particularly from the websites of GMA News Online and GMA Entertainment, continued to be the catalyst for the Company in terms of revenue growth. For 2019, online advertisements grew by 78% compared to a year ago, coming from the improvements seen in both direct sales and programmatic buys. Finally, airtime advertising abroad through the Company's GMA Pinoy TV platform, sealed the period 9% more than a year ago.

In other non-advertising revenue sources, subscriptions income from international operations and other businesses which were not affected by the extraordinary influx from election placements concluded the year at P1,320 million, down 6% from a year ago. Taking up the biggest portion in this revenue category was GMA Pinoy TV's operations abroad. However, in terms of subscriber take up, the business unit recorded a decline in subscriber count averaging by 9% between its three channels offered internationally, thus resulting in revenue contraction by also 9%. The appreciation of the PhP against the USD by an average of 2% also influenced the aforementioned decline in Pinoy TV's top line this year. Revenues from non-linear sources abroad, albeit still at its starting stage has increased by more than three folds.

Expenses

Consolidated Total operating expenses (OPEX) of the Company measured at P12,761 million in 2019, climbing by P763 million or 6% compared to full year of 2018. Cash OPEX sealed 2019 at P11,149 million escalating by P742 million or 7% while non-cash OPEX finished off at about the same level as last year, inching up by only 1%.

Comprising half of the Company's total OPEX, consolidated Production cost, talent fees and other direct expenses summed up to P6,435 million, ending a tad lower by P49 million or 1% than year ago. Cash Production cost dipped by P132 million or 2% arising from the reduction in Talent fees by P90 million or 3% and Rental and outside services by P84 million or 9%. However, this was partly offset by the climb in non-cash direct cost, mainly Program rights amortization by P117 million or 13% more than a year ago. The hike in the account was due to airing of more expensive foreign movies. This was partly offset by the 17% or P34 million contraction in Depreciation and amortization of assets related to production.

Production Costs	2019 (in millions PhP)	2018 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Talent fees	**2,948.0**	3,038.3	(90.3)	-3%
Rentals and outside services	**812.0**	895.8	(83.8)	-9%
Other program expenses	**1,518.3**	1,475.8	42.5	3%
Sub-total - Cash Production Costs	**5,278.3**	5,409.9	(131.6)	-2%
Program rights amortization	**988.7**	871.5	117.3	13%
Depreciation and amortization	**168.2**	202.4	(34.2)	-17%
Sub-total - Non-cash Production Costs	**1,156.9**	1,073.8	83.1	8%
Total production costs	**6,435.2**	6,483.7	(48.5)	-1%

On the other hand, consolidated General and Administrative Expenses (GAEX) for the Company sealed the year 2019 at P6,325 million, higher by P811 million or 15% than last year. Personnel costs drove this year's growth, wrapping up at P4,127 million, up 26% and comprising 32% of total consolidated OPEX. The non-recurring/one-time signing and appreciation bonuses to rank and file and confidential employees this year significantly influenced the upturn in this expenditure. This year was also saddled by the surge in provisions for pension liabilities and long-term employee benefit (SL/VL), resulting from the latest actuarial valuations. The hike in the account was partly cushioned by the reduction in other GAEX accounts coming from Taxes and Licenses, which ended lower by P18 million or 10%. Non-cash GAEX netted a P62 million or 12% decline, mainly from the presence of some P110 million in Provision for Doubtful Accounts in 2018 versus only P18 million this year, resulting from the Estimated Credit Losses computation during the period. This was partly negated by the hike in Depreciation of GAEX-related assets by P25 million or 7% in between years.

General and Administrative Expenses	2019 (in millions PhP)	2018 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Personnel costs	**4,127.1**	3,284.8	842.3	26%
Outside services	**459.9**	408.2	51.7	13%
Facilities costs	**490.8**	465.7	25.1	5%
Taxes and licenses	**174.4**	192.8	(18.5)	-10%
Others	**618.6**	645.9	(27.2)	-4%
Subtotal - Cash GAEX	**5,870.8**	4,997.5	873.4	17%
Depreciation and amortization	**409.3**	384.1	25.2	7%
Provision for doubtful accounts	**18.3**	109.6	(91.3)	-83%
Amortization of software costs	**27.1**	23.2	3.9	17%
Subtotal - Non-cash GAEX	**454.6**	516.9	(62.3)	-12%
Total GAEX	**6,325.5**	5,514.3	811.1	15%

EBITDA

As the top line during the year enjoyed the boost from the mid-term election placements as well as improvements in recurring sales from regular clients, coupled with cash operating costs climbing at a slower pace than the growth in revenues, the Company's consolidated Earnings before interest, taxes, depreciation and amortization (EBITDA) this 2019 wrapped up at P5,392 million, P568 million or 12% better than a year ago.

Net Income

The Company's consolidated Net Income after Tax sealed the year ended 2019 at P2,639 million, recording a P315 million or 14% improvement vis-à-vis prior year's bottom line of P2,324 million.

Balance Sheet Accounts

The Company's total assets stood at P16,347 million as at end-2019, increasing by 6% from December 31, 2018's balance of P15,293 million.

Cash and cash equivalents of P2,255 million decreased by P304 million or 12% from 2018 balance of P2,559 million as cash generated from operations was lower than the cash needed for investing and financing activities such as cash dividends and loans payments. Trade and other receivables closed at P5,257 million, 9% higher than previous year.

Total liabilities also climbed by 15% or P855 million as at end-December this year to P6,690 million from P5,704 million in 2018 mainly due to the spike in Pension liability partly offset by the drop in short-term loans by P100 million.

Equity attributable to Parent Company stockholders amounting to P9,586 million as at December 31, 2019 increased by 1% or P61 million in between years, as a result of P2,618 million net income attributable to Parent Company earned in 2019, subsequently reduced by the dividends declared during the first half of 2019 amounting to P2,187 million.

Cash Flows	2019 (in millions PhP)	2018 (in millions PhP)
Net cash provided by operating activities	**2,884.2**	3,155.6
Net cash used in investing activities	**(796.8)**	(405.9)
Net cash used in financing activities	**(2,365.5)**	(2,472.3)
Effect of exchange rate changes on cash and cash equivalents	**(26.0)**	1.8
Net increase (decrease) in cash and cash equivalents	**(304.1)**	279.3
Cash and cash equivalents at beginning of year	**2,559.1**	2,279.8
Cash and cash equivalents at end of the year	**2,255.0**	2,559.1

Operating Activities

Net cash from operations registered at P2,884 million in 2019. This stemmed from income before income tax of P3,766 million, adjusted mainly by Program rights usage of P989 million, Depreciation expense of P578 million, Pension expense of P402 million, Interest expense and financing charges of P56 million, Net unrealized foreign currency exchange gain of P30 million, Gain on sale of property and equipment of P21 million and Amortization of software costs of P27 million apart from the changes in working capital. The primary component of the changes in working capital included the P493 million and P274 million increase in Trade and other receivables and Prepaid and other current assets, respectively.

Investing Activities

Net cash used in investing activities amounted to P797 million, coming primarily from the acquisition of P673 million and P65 million worth of Property and equipment and Software costs, respectively. These were partially offset by the P26 million proceeds from sale of property and equipment and investment properties.

Financing Activities

Net cash used in financing activities amounted to P2,366 million due to payment of cash dividends and loans amounting to P2,198 million and P1,618 million, respectively, plus some P46 million in Interest expense netted by P1,518 million remaining proceeds from short-terms loans.

FINANCIAL **STATEMENTS**

GMA Network, Inc.

Report of the Audit and Risk Management Committee
For the Year Ended 31 December 2020

March 25, 2021

The Audit and Risk Management Committee's roles and responsibilities are defined in the Company's Manual on Corporate Governance, namely: to assist the Board of Directors in fulfilling its oversight responsibility to the shareholders relating to: (a) the financial reporting process; (b) system of internal controls; (c) risk management; (d) performance of internal and independent auditors; and (e) compliance with legal and regulatory requirements.

In fulfilling its responsibilities, the Committee wishes to report that:

1. An Independent Director chairs the Audit and Risk Management Committee. The Committee met six (6) times during the year, including an executive session with the internal auditors. The Committee meetings were held on (1) April 8, 2020, (2) June 18, 2020, (3) August 11, 2020, (4) October 16, 2020, (5) November 11, 2020, and (6) November 27, 2020, all via remote communication.

2. The Committee reviewed and discussed the 2020 Audited Financial Statements of GMA Network, Inc. and Subsidiaries (GMA Group), including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management, the company's Internal Auditors and SGV & Co., the independent auditor of the GMA Group. These activities were performed in the following context: (a) management has the primary responsibility for the financial statements and financial reporting process; and (b) SGV & Co. is responsible for expressing an opinion on the conformity of the GMA Group's consolidated audited financial statements with Philippine Financial Reporting Standards.

3. The Committee discussed and approved the respective scope and work plans of the internal and external auditors and subsequently discussed the results of their work and their assessments of the GMA Group's financial reports, internal controls and overall quality of the financial reporting process. As part of this activity, the Committee reviewed Internal Audit Reports and those of regulatory agencies where applicable, to ensure that management is taking appropriate corrective action in a timely manner on internal control and compliance issues.

4. The Committee reviewed the audit and audit-related services provided by SGV & Co. to the GMA Group, together with the fees charged for services rendered. No non-audit services were provided by SGV & Co. during the year.

5. As part of the Committee's ongoing mandate, the Committee oversaw and monitored the continued implementation of a systematic approach to proactively respond to GMA Group's key strategic, operational, financial, and compliance risks. Periodic reviews and updates involving appropriate stakeholders have been institutionalized to ensure that the assessment of GMA Group's risk profile remain current and relevant. Special discussions were held to timely and effectively address special circumstances, as part of the mitigating efforts to reduce unlikely impact toward GMA Group.

6. Based on reviews and discussions undertaken, the Committee recommends approval of the Audited Financial Statements for the year ended December 31, 2020, their inclusion in the Annual Report to Stockholders for the year ended December 31, 2020 and filing with the Securities and Exchange Commission.

7. The Committee finds that SGV & Co. has satisfactorily performed its work for the year 2020 and therefore recommends the re-appointment of SGV & Co. as the GMA Group's independent auditor for 2021, subject to further negotiation on audit fees and charges.

JAIME C. LAYA
Chairman, Audit and Risk Management Committee

ARTEMIO V. PANGANIBAN
Vice Chairman, Audit and Risk Management Committee

JUDITH R. DUAVIT-VAZQUEZ
Member, Audit and Risk Management Committee

ANNA TERESA M. GOZON-VALDES
Member, Audit and Risk Management Committee

LAURA J. WESTFALL
Member, Audit and Risk Management Committee

Countersigned by:

FELIPE L. GOZON
Chairman of the Board and Chief Executive Officer

Statement of Management's Responsibility for Consolidated Financial Statements

March 26, 2021

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

The management of **GMA Network, Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

FELIPE L. GOZON
Chairman of the Board
Chief Executive Officer

GILBERTO R. DUAVIT, JR.
President
Chief Operating Officer

FELIPE S. YALONG
Executive Vice President
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of GMA Network, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

(3) Revenue Recognition

The Group derives a significant portion of its revenue from advertising, which represents 92% of the consolidated revenue for the year ended December 31, 2020. Proper recognition of revenue from advertising is significant to our audit given the large volume of transactions processed daily and the highly automated airtime revenue process with multiple information technology (IT) interfaces from initiation to reporting. Further, there are different rates applicable depending on the time slot when the advertisements are aired which are adjusted by discounts granted by the Group on a case-by-case basis as indicated in the telecast orders. Lastly, there are variations in the timing of billings which are made depending on when the advertisements are aired.

Refer to Note 21 of the consolidated financial statements for the disclosure on details about the Group's revenues.

Audit Response

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

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

The Group applies the simplified approach in calculating expected credit losses (ECL) on trade receivables. Under this approach, the Group establishes a provision matrix that is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment. Allowance for ECL and the provision for ECL as of and for the year ended December 31, 2020 amounted to ₱766.52 million and ₱347.20 million, respectively. The use of ECL model is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures; defining default; determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts; and incorporating forward-looking information (called overlays), including the impact of the coronavirus pandemic, in calculating ECL.

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

Audit response

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

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

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

We recalculated impairment provisions on a sample basis.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Belinda T. Beng Hui
Partner
CPA Certificate No. 88823
SEC Accreditation No. 0943-AR-3 (Group A),
March 14, 2019, valid until March 13, 2022
Tax Identification No. 153-978-243
BIR Accreditation No. 08-001998-078-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534224, January 4, 2021, Makati City

March 26, 2021

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

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 30 and 31)	**₱3,214,817,264**	₱2,254,971,656
Trade and other receivables (Notes 7, 20, 30 and 31)	**10,466,537,695**	5,257,147,953
Program and other rights (Note 8)	**750,736,229**	842,413,582
Prepaid expenses and other current assets (Note 9)	**2,014,315,306**	918,901,359
Total Current Assets	**16,446,406,494**	9,273,434,550
Noncurrent Assets		
Property and equipment:		
At cost (Note 12)	**2,588,113,704**	2,695,162,487
At revalued amounts (Notes 13 and 31)	**2,803,196,184**	2,803,196,184
Right-of-use assets (Note 27)	**89,268,276**	129,802,186
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 10, 30 and 31)	**192,132,088**	243,433,060
Investments and advances (Notes 11 and 20)	**184,524,315**	179,766,749
Program and other rights - net of current portion (Note 8)	**192,229,776**	196,376,347
Investment properties (Notes 14 and 31)	**34,869,834**	36,252,221
Deferred tax assets - net (Note 28)	**1,172,719,952**	474,417,278
Other noncurrent assets (Notes 15, 30 and 31)	**235,808,847**	315,037,507
Total Noncurrent Assets	**7,492,862,976**	7,073,444,019
TOTAL ASSETS	**₱23,939,269,470**	₱16,346,878,569
LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities (Notes 16, 30 and 31)	**₱2,977,884,927**	₱2,406,724,759
Short-term loans (Notes 17, 30 and 31)	**720,345,000**	400,000,000
Income tax payable	**1,776,890,733**	512,384,161
Current portion of lease liabilities (Notes 27, 30 and 31)	**10,485,295**	18,268,746
Obligations for program and other rights (Notes 18, 30 and 31)	**176,182,128**	133,784,154
Dividends payable (Notes 19, 30 and 31)	**19,894,437**	18,734,008
Total Current Liabilities	**5,681,682,520**	3,489,895,828
Noncurrent Liabilities		
Pension liability (Note 26)	**4,915,125,689**	2,733,593,128
Other long-term employee benefits (Note 26)	**349,702,454**	336,401,040
Lease liabilities - net of current portion (Notes 27, 30 and 31)	**66,370,777**	87,519,369
Dismantling provision (Note 27)	**44,973,410**	42,392,195
Total Noncurrent Liabilities	**5,376,172,330**	3,199,905,732
Total Liabilities	**11,057,854,850**	6,689,801,560

(Forward)

	December 31	
	2020	2019
Equity		
Capital stock (Note 19)	**₱4,864,692,000**	₱4,864,692,000
Additional paid-in capital	**1,659,035,196**	1,659,035,196
Revaluation increment on land - net of tax (Note 13)	**1,710,505,188**	1,710,505,188
Remeasurement loss on retirement plans - net of tax (Note 26)	**(2,596,957,048)**	(1,338,518,972)
Net unrealized loss on financial assets at FVOCI - net of tax (Note 10)	**(47,709,492)**	(2,245,454)
Retained earnings (Note 19)	**7,253,764,093**	2,727,238,685
Treasury stocks (Note 19)	**(28,483,171)**	(28,483,171)
Underlying shares of the acquired Philippine Deposit Receipts (Note 19)	**(5,790,016)**	(5,790,016)
Total equity attributable to equity holders of the Parent Company	**12,809,056,750**	9,586,433,456
Non-controlling interests (Note 2)	**72,357,870**	70,643,553
Total Equity	**12,881,414,620**	9,657,077,009
TOTAL LIABILITIES AND EQUITY	**₱23,939,269,470**	₱16,346,878,569

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2020	2019	2018
REVENUES (Note 21)	**₱19,335,895,538**	₱16,493,452,212	₱15,236,192,369
PRODUCTION COSTS (Note 22)	**3,452,138,359**	6,435,153,765	6,483,703,064
COST OF SALES (Note 9)	**479,417,099**	–	–
GROSS PROFIT	**15,404,340,080**	10,058,298,447	8,752,489,305
GENERAL AND ADMINISTRATIVE EXPENSES (Note 23)	**6,847,818,011**	6,325,456,794	5,514,342,920
OTHER INCOME (EXPENSE) - NET			
Foreign currency exchange gain (loss) (Note 17)	**(47,023,770)**	(34,892,931)	19,221,001
Interest expense (Notes 17 and 27)	**(20,545,123)**	(55,595,345)	(36,251,389)
Interest income (Note 6)	**13,715,413**	22,906,786	25,455,860
Equity in net earnings of joint ventures (Note 11)	**3,908,740**	13,420,076	6,351,690
Others - net (Note 25)	**85,174,767**	87,766,566	79,113,895
	35,230,027	33,605,152	93,891,057
INCOME BEFORE INCOME TAX	**8,591,752,096**	3,766,446,805	3,332,037,442
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 28)			
Current	**2,728,650,540**	1,200,778,143	1,056,853,906
Deferred	**(144,232,767)**	(73,607,958)	(48,828,615)
	2,584,417,773	1,127,170,185	1,008,025,291
NET INCOME	**6,007,334,323**	2,639,276,620	2,324,012,151
OTHER COMPREHENSIVE INCOME (LOSS) - net of tax			
Items not to be reclassified to profit or loss in subsequent periods:			
Net changes in the fair market value of financial assets at FVOCI (Note 10)	**(45,464,038)**	2,805,891	(23,543,428)
Revaluation increment on land (Note 13)	–	–	693,258,159
Remeasurement loss on retirement plans (Note 26)	**(1,261,623,143)**	(300,697,741)	(367,199,765)
	(1,307,087,181)	(297,891,850)	302,514,966
TOTAL COMPREHENSIVE INCOME	**₱4,700,247,142**	₱2,341,384,770	₱2,626,527,117
Net income attributable to:			
Equity holders of the Parent Company	**₱5,984,584,939**	₱2,618,460,706	₱2,304,793,288
Non-controlling interests (Note 2)	**22,749,384**	20,815,914	19,218,863
	₱6,007,334,323	₱2,639,276,620	₱2,324,012,151
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱4,680,682,825**	₱2,320,788,743	₱2,602,691,328
Non-controlling interests (Note 2)	**19,564,317**	20,596,027	23,835,789
	₱4,700,247,142	₱2,341,384,770	₱2,626,527,117
Basic / Diluted Earnings Per Share (Note 29)	**₱1.231**	₱0.539	₱0.474

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 19)	Additional Paid-in Capital	Revaluation Increment on Land - net of tax (Note 13)	Remeasurement Loss on Retirement Plans - net of tax (Note 26)	Net Unrealized Loss on Financial Assets at FVOCI - net of tax (Note 10)	Retained Earnings (Note 19)	Treasury Stocks (Note 19)	Underlying Shares of the Acquired Philippine Deposit Receipts (Note 19)	Total	Non-controlling Interests (Note 2)	Total Equity
Balances at January 1, 2020	₱4,864,692,000	₱1,659,035,196	₱1,710,505,188	(₱1,338,518,972)	(₱2,245,454)	₱2,727,238,685	(₱28,483,171)	(₱5,790,016)	₱9,586,433,456	₱70,643,553	₱9,657,077,009
Total comprehensive income:											
Net income	–	–	–	–	–	5,984,584,939	–	–	5,984,584,939	22,749,384	6,007,334,323
Other comprehensive income (loss)	–	–	–	(1,258,438,076)	(45,464,038)	–	–	–	(1,303,902,114)	(3,185,067)	(1,307,087,181)
Cash dividends - ₱0.30 a share (Note 19)	–	–	–	–	–	(1,458,059,531)	–	–	(1,458,059,531)	–	(1,458,059,531)
Cash dividends to non-controlling interests (Note 2)	–	–	–	–	–	–	–	–	–	(17,850,000)	(17,850,000)
Balances at December 31, 2020	₱4,864,692,000	₱1,659,035,196	₱1,710,505,188	(₱2,596,957,048)	(₱47,709,492)	₱7,253,764,093	(₱28,483,171)	(₱5,790,016)	₱12,809,056,750	₱72,357,870	₱12,881,414,620

	Capital Stock (Note 19)	Additional Paid-in Capital	Revaluation Increment on Land - net of tax (Note 13)	Remeasurement Loss on Retirement Plans - net of tax (Note 26)	Net Unrealized Loss on Financial Assets at FVOCI - net of tax (Note 10)	Retained Earnings (Note 19)	Treasury Stocks (Note 19)	Underlying Shares of the Acquired Philippine Deposit Receipts (Note 19)	Total	Non-controlling Interests (Note 2)	Total Equity
	Equity Attributable to Equity Holders of the Parent Company										
Balances at January 1, 2019	₱4,864,692,000	₱1,659,035,196	₱1,710,505,188	(₱1,038,041,118)	(₱5,051,345)	₱2,295,867,276	(28,483,171)	(5,790,016)	₱9,452,734,010	₱62,797,526	₱9,515,531,536
Total comprehensive income:											
Net income	–	–	–	–	–	2,618,460,706	–	–	2,618,460,706	20,815,914	2,639,276,620
Other comprehensive income (loss)	–	–	–	(300,477,854)	2,805,891	–	–	–	(297,671,963)	(219,887)	(297,891,850)
Cash dividends - ₱0.45 a share (Note 19)	–	–	–	–	–	(2,187,089,297)	–	–	(2,187,089,297)	–	(2,187,089,297)
Cash dividends to non-controlling interests (Note 2)	–	–	–	–	–	–	–	–	–	(12,750,000)	(12,750,000)
Balances at December 31, 2019	₱4,864,692,000	₱1,659,035,196	₱1,710,505,188	(₱1,338,518,972)	(₱2,245,454)	₱2,727,238,685	(₱28,483,171)	(₱5,790,016)	₱9,586,433,456	₱70,643,553	₱9,657,077,009
Balances at January 1, 2018	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱666,224,427)	₱18,492,083	₱2,493,710,400	(₱28,483,171)	(₱5,790,016)	₱9,352,679,094	₱46,611,737	₱9,399,290,831
Total comprehensive income:											
Net income	–	–	–	–	–	2,304,793,288	–	–	2,304,793,288	19,218,863	2,324,012,151
Other comprehensive income (loss)	–	–	693,258,159	(371,816,691)	(23,543,428)	–	–	–	297,898,040	4,616,926	302,514,966
Cash dividends - ₱0.50 a share (Note 19)	–	–	–	–	–	(2,430,099,220)	–	–	(2,430,099,220)	–	(2,430,099,220)
Cash dividends to non-controlling interests (Note 2)	–	–	–	–	–	–	–	–	–	(7,650,000)	(7,650,000)
Balances at December 31, 2018	₱4,864,692,000	₱1,659,035,196	₱1,710,505,188	(₱1,038,041,118)	(₱5,051,345)	₱2,368,404,468	(₱28,483,171)	(₱5,790,016)	₱9,525,271,202	₱62,797,526	₱9,588,068,728

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱8,591,752,096**	₱3,766,446,805	₱3,332,037,442
Adjustments to reconcile income before income tax to net cash flows:			
Program and other rights usage (Notes 8 and 22)	**703,415,807**	988,703,737	871,451,221
Pension expense (Note 26)	**646,198,143**	402,209,767	312,489,341
Depreciation (Notes 12, 14, 22, 23 and 27)	**545,575,201**	577,704,447	586,448,899
Provision for ECL (Notes 7 and 23)	**347,195,883**	18,297,347	109,631,061
Contributions to retirement plan assets (Note 26)	**(259,000,000)**	(266,448,811)	(279,003,770)
Amortization of software costs (Notes 15 and 23)	**40,264,073**	26,788,389	23,173,007
Net unrealized foreign currency exchange loss	**27,377,082**	30,284,446	5,185,384
Interest expense (Notes 17 and 27)	**20,545,123**	55,595,345	36,251,389
Net gain on sale of property and equipment and investment properties (Notes 12, 14 and 25)	**(17,250,932)**	(21,368,209)	(19,829,189)
Interest income (Note 6)	**(13,715,413)**	(22,906,786)	(25,455,860)
Equity in net earnings of joint ventures (Note 11)	**(3,908,740)**	(13,420,076)	(6,351,690)
Dividend income (Notes 10 and 25)	–	–	(2,499,895)
Provision for impairment of investment properties (Note 14)	–	–	2,048,592
Working capital changes:			
Decreases (increases) in:			
Trade and other receivables	**(5,589,407,239)**	(492,922,233)	(128,392,550)
Program and other rights	**(607,591,883)**	(1,090,259,250)	(462,548,125)
Prepaid expenses and other current assets	**(1,095,413,947)**	(273,963,440)	41,054,711
Increases (decreases) in:			
Trade payables and other current liabilities	**571,870,472**	239,761,995	(230,194,344)
Obligations for program and other rights	**45,573,277**	18,449,846	(21,536,158)
Other long-term employee benefits	**13,301,414**	37,557,312	14,189,700
Benefits paid out of Group's own funds (Note 26)	**(9,686,893)**	(7,955,884)	(48,311,185)
Cash flows provided by operations	**3,957,093,524**	3,972,554,747	4,109,837,981
Income taxes paid	**(1,464,143,968)**	(1,113,334,541)	(978,599,651)
Interest received	**13,808,751**	24,981,846	24,382,746
Net cash flows from operating activities	**2,506,758,307**	2,884,202,052	3,155,621,076
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 12)	**(421,235,387)**	(673,419,792)	(519,420,168)
Software costs (Note 15)	**(10,616,139)**	(65,484,770)	(3,504,612)
Land at revalued amount (Note 13)	–	–	(7,593,293)
Proceeds from:			
Sale of property and equipment (Note 12)	**22,797,518**	21,186,426	26,774,646
Sale of investment properties (Note 14)	–	4,910,714	4,104,000
Decreases (increases) in other noncurrent assets	**55,903,451**	(75,898,945)	87,562,847
Advances to an associate and joint ventures (Notes 11 and 20)	**(848,826)**	(8,131,342)	(1,162,148)

(Forward)

	Years Ended December 31		
	2020	2019	2018
Cash dividends received	**₱381,500**	₱–	₱883,221
Return of investment in financial asset at FVOCI (Note 10)	–	–	6,089,790
Collection from an associate and joint ventures (Notes 11 and 20)	–	–	401,778
Net cash flows used in investing activities	**(353,617,883)**	(796,837,709)	(405,863,939)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of short-term loans (Notes 17 and 32)	**984,340,000**	1,517,500,000	1,500,000,000
Payments of:			
Cash dividends (Notes 2, 19 and 32)	**(1,474,749,102)**	(2,198,159,065)	(2,436,132,546)
Short-term loans (Notes 17 and 32)	**(641,895,000)**	(1,617,500,000)	(1,500,000,000)
Principal portion of lease liabilities (Notes 27 and 32)	**(21,762,363)**	(21,694,663)	–
Interest expense (Note 32)	**(12,856,998)**	(45,663,399)	(36,125,000)
Net cash flows used in financing activities	**(1,166,923,463)**	(2,365,517,127)	(2,472,257,546)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**986,216,961**	(278,152,784)	277,499,591
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(26,371,353)**	(25,980,882)	1,767,236
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,254,971,656**	2,559,105,322	2,279,838,495
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱3,214,817,264**	₱2,254,971,656	₱2,559,105,322

See accompanying Notes to Consolidated Financial Statements.

	Years Ended December 31		
	2020	2019	2018
Cash dividends received	**₱381,500**	₱–	₱883,221
Return of investment in financial asset at FVOCI (Note 10)	–	–	6,089,790
Collection from an associate and joint ventures (Notes 11 and 20)	–	–	401,778
Net cash flows used in investing activities	**(353,617,883)**	(796,837,709)	(405,863,939)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of short-term loans (Notes 17 and 32)	**984,340,000**	1,517,500,000	1,500,000,000
Payments of:			
Cash dividends (Notes 2, 19 and 32)	**(1,474,749,102)**	(2,198,159,065)	(2,436,132,546)
Short-term loans (Notes 17 and 32)	**(641,895,000)**	(1,617,500,000)	(1,500,000,000)
Principal portion of lease liabilities (Notes 27 and 32)	**(21,762,363)**	(21,694,663)	–
Interest expense (Note 32)	**(12,856,998)**	(45,663,399)	(36,125,000)
Net cash flows used in financing activities	**(1,166,923,463)**	(2,365,517,127)	(2,472,257,546)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**986,216,961**	(278,152,784)	277,499,591
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(26,371,353)**	(25,980,882)	1,767,236
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,254,971,656**	2,559,105,322	2,279,838,495
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱3,214,817,264**	₱2,254,971,656	₱2,559,105,322

See accompanying Notes to Consolidated Financial Statements.

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

1. Corporate Information

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

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

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

The accompanying consolidated financial statements of the Group were approved and authorized for issuance by the BOD on March 26, 2021.

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

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

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020. The Group controls an investee if, and only if, the Group has:

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

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

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

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

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

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

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

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

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

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

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

	2020	2019
Proportion of equity interest held by NCI	**51%**	51%
Accumulated balances of material NCI	**₱72,357,870**	₱70,643,553
Net income allocated to material NCI	**22,749,384**	20,815,914

The summarized financial information of RGMA Network are provided below.

Summarized Statements of Comprehensive Income

	2020	2019	2018
Revenues	**₱283,910,546**	₱265,084,575	₱230,920,784
Expenses	**(220,191,603)**	(202,103,725)	(173,163,510)
Provision for income tax	**(19,112,307)**	(22,165,333)	(20,073,228)
Net income	**44,606,636**	40,815,517	37,684,046
Other comprehensive income (loss)	**(6,245,230)**	(431,151)	9,052,796
Total comprehensive income	**₱38,361,406**	₱40,384,366	₱46,736,842
Net income attributable to:			
NCI	**₱22,749,384**	₱20,815,914	₱19,218,863
Parent Company	**21,857,252**	19,999,603	18,465,183
Total comprehensive income attributable to:			
NCI	**₱19,564,317**	₱20,596,027	₱23,835,789
Parent Company	**18,797,089**	19,788,339	22,901,053

Summarized Statements of Financial Position

	2020	2019
Total current assets	**₱232,111,479**	₱200,412,398
Total noncurrent assets	**36,449,915**	26,175,579
Total current liabilities	**42,339,392**	24,643,602
Total noncurrent liabilities	**84,343,827**	63,427,604
Total equity	**141,878,175**	138,516,771
Attributable to NCI	**₱72,357,870**	₱70,643,553
Attributable to equity holders of the Parent Company	**₱69,520,305**	₱67,873,218

Summarized Cash Flows Information

	2020	2019	2018
Operating	**(₱7,293,612)**	₱68,068,256	₱15,115,095
Investing	**(4,846,596)**	(838,659)	(97,865)
Financing	**(35,000,000)**	(25,000,000)	15,000,000
Net increase (decrease) in cash and cash equivalents	**(₱47,140,208)**	₱42,229,597	₱30,017,230

In 2020 and 2019, RGMA declared and paid dividends amounting to ₱17.85 million and ₱12.75 million, respectively, to NCI.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries as at December 31, 2020 and 2019:

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

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new pronouncements starting January 1, 2020. The adoption of these new standards and amendments did not have any significant impact on the consolidated financial statements.

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, the amendments clarify that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Group enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to Philippine Accounting Standards (PAS) 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

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

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

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

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

  The Group adopted the amendments beginning January 1, 2020. The amendment did not have an impact in the consolidated financial statements as there were no rent concessions during the year.

New Accounting Standards, Interpretations and Amendments to Existing Standards
<u>Effective Subsequent to December 31, 2020</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2021

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

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

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

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 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-International Financial Reporting Interpretations Committee (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 amendments are 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 amendments.

- 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

  - Amendment 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.

  - Amendment to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for Derecognition of Financial Liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  - Amendment to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

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

    An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or noncurrent. 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. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- 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

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, 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 (FRSC) deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board 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.

3. Summary of Significant Accounting and Financial Reporting Policies

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

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

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

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

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

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

- Disclosures for significant estimates and assumptions, see Note 4
- Quantitative disclosures of fair value measurement hierarchy, see Note 31
- Land, see Note 13
- Investment properties, see Note 14
- Financial instruments (including those carried at amortized cost), see Note 31

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Group.

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

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

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

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

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

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

Financial Assets
Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and fair value through profit or loss (FVPL).

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

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

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

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

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

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

The Group does not have debt instruments at FVOCI and financial assets at FVPL as at December 31, 2020 and 2019.

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

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

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

The Group’s financial assets at amortized cost includes cash and cash equivalents, trade and other receivables and refundable deposits (included under “Other noncurrent assets” account in the consolidated statement of financial position) as at December 31, 2020 and 2019 (see Notes 6, 7, 15 and 30).

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as “Dividend income” included under “Others - Net” account in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably under this category its listed and non-listed equity instruments and investment in quoted club shares as at December 31, 2020 and 2019 (see Notes 10 and 30).

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

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

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

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

Impairment of Financial Assets

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

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

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

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

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

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

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 December 31, 2020 and 2019.

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 16, 17, 18, 19, 27 and 30).

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 December 31, 2020 and 2019, the Group's tax credits are classified as current under "Prepaid expenses and other current assets" account in the consolidated statement of financial position.

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

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

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

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

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

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

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

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

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

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

Investment Properties

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

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

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

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

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

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

Investment in Artworks

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

Software Costs

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

Impairment of Nonfinancial Assets

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

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

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

Investments in an Associate and Joint Ventures

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

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

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

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

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

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

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

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

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

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

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

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

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.

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

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.

Contract Balances

Trade Receivables. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to the accounting policies of Financial Instruments section.

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

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

Incremental Costs to Obtain a Contract

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

Borrowing Costs

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

Expenses

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

Pension and Other Long-Term Employee Benefits

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

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

Defined Benefit Plans. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

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

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

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

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

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

Plan assets are assets that are held by a long-term employee benefit fund. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

<u>Leases starting January 1, 2019 - Upon Adoption of PFRS 16</u>

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

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

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

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

Right-of-use assets are subject to impairment.

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

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

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

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

<u>Leases before January 1, 2019 - Prior to Adoption of PFRS 16</u>

The determination of whether the arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement depends on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease, if any, if the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is substantial change to the asset.

Where the reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) above, and at the date of renewal or extension period for scenario (b).

The Group determines whether arrangements contain a lease to which lease accounting must be applied. The costs of the agreements that do not take the legal form of a lease but convey the right to use an asset are separated into lease payments if the entity has the control of the use or access to the asset, or takes essentially all of the outputs of the asset. The said lease component for these arrangements is then accounted for as finance or operating lease.

Group as Lessee. Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

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

Foreign Currency-denominated Transactions

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

Taxes

Current Income Tax. Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at reporting period.

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

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

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

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

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

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

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

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

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

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

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

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

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

Value-added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, if applicable.

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

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

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

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

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

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

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

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

4. Significant Accounting Judgments, Estimates and Assumptions

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

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

Consolidation of Entities in which the Group holds less than Majority of Voting Rights. The Group considers that it controls RGMA Network even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of RGMA Network with a 49% equity interest. The remaining 51% of the equity shares in RGMA Network are owned by several parties. Since September 27, 1995, which is the date of incorporation of RGMA Network, there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group. The carrying amount of NCI as at December 31, 2020 and 2019 are ₱72.36 million and ₱70.64 million, respectively.

Assessment of Significant Influence over the Investee. The Parent Company holds 25% ownership interest in Optima Digital, Inc. as at December 31, 2020 and 2019. Even with more than 20% voting rights, management assessed that the Parent Company does not have the power to participate in the policy-making processes, including decisions to affect its returns in the form of dividends. Further, the Parent Company does not have the ability to participate in the financial and operational policies decision-making of the investee to affect its relevant activities.

Determination of Lease Term of Contracts with Renewal and Termination Options – Group as a Lessee (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 because they are reasonably certain not to be exercised.

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

Total rental income amounted to ₱6.89 million, ₱8.56 million and ₱8.27 million in 2020, 2019 and 2018, respectively (see Note 25).

Operating Leases - Group as Lessee (Prior to January 1, 2019 - Prior to Adoption of PFRS 16). The Group has entered into various lease agreements as a lessee. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessors retain all the significant risks and rewards of ownership of the properties and accounts for the contracts as operating leases.

Rental expense charged to operations amounted to ₱927.34 million in 2018 (see Notes 22, 23 and 27).

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 liabilities amounted to ₱76.86 million and ₱105.79 million as at December 31, 2020 and 2019, respectively (see Note 27).

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

- Simplified approach for trade receivables

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

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

- Definition of default for trade receivables

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

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

- Incorporation of forward-looking information

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

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

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

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

- Grouping of instruments for losses measured on collective basis

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

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

  Provision for ECL amounted to ₱347.20 million, ₱18.30 million and ₱109.63 million in 2020, 2019 and 2018, respectively (see Notes 7 and 23). The allowance for ECL amounted to ₱766.52 million and ₱549.64 million as at December 31, 2020 and 2019, respectively. The carrying amounts of trade and other receivables amounted to ₱10,466.54 million and ₱5,257.15 million as at December 31, 2020 and 2019, respectively (see Note 7).

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

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

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

Program and other rights usage amounted to ₱703.42 million, ₱988.70 million and ₱871.45 million in 2020, 2019 and 2018, respectively (see Notes 8 and 22). Program and other rights, net of accumulated impairment in value of ₱2.70 million, amounted to ₱942.97 million and ₱1,038.79 million as at December 31, 2020 and 2019, respectively (see Note 8).

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

The carrying value of merchandise inventory and materials and supplies inventory, included under "Prepaid expenses and other current assets" account in the consolidated statement of financial position, amounted to ₱237.05 million and ₱12.76 million as at December 31, 2020 and 2019, respectively (see Note 9). There were no provisions for inventory losses in 2020, 2019 and 2018.

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 2020 and 2019.

Total depreciation and amortization expense for the years ended December 31, 2020, 2019 and 2018, amounted to ₱558.06 million, ₱573.83 million and ₱609.62 million, respectively (see Notes 12, 14, 15, 22 and 23).

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

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

In 2020 and 2019, there were no additional revaluation increment on land due to insignificant movements in the fair value of the land. There is a revaluation increment on land in 2018 amounting to ₱990.37 million. The revalued amount of land, which is classified under "Property and equipment" account in the statements of financial position, amounted to ₱2,803.20 million as at December 31, 2020 and 2019 (see Notes 13 and 31).

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

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

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

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

As at December 31, 2020 and 2019, the Group did not identify any indicator of impairment on its nonfinancial assets, hence, no impairment tests were carried out.

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

	2020	2019
Land at revalued amounts (see Note 13)	**₱2,803,196,184**	₱2,803,196,184
Property and equipment - at cost (see Note 12)	**2,588,113,704**	2,695,162,487
Program and other rights (see Note 8)	**942,966,005**	1,038,789,929
Prepaid production costs (see Note 9)	**428,553,144**	282,840,960
Investments and advances (see Note 11)	**184,524,315**	179,766,749
Tax credits (see Note 9)	**174,199,496**	58,699,529
Software costs (see Note 15)	**97,071,541**	120,396,750
Right-of-use assets (see Note 27)	**89,268,276**	129,802,186
Investment properties (see Note 14)	**34,869,834**	36,252,221
Investment in artworks (see Note 15)	**10,186,136**	10,186,136
Deferred production costs (see Note 15)	**1,061,628**	1,088,162

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

Recognized deferred tax assets amounted to ₱1,932.25 million and ₱1,246.43 million as at December 31, 2020 and 2019, respectively, while unrecognized deferred tax assets amounted to ₱8.56 million and ₱4.95 million as at December 31, 2020 and 2019, respectively (see Note 28).

Pension and Other Employee Benefits. The determination of the Group's obligation and cost of pension benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 26 and include, among others, discount rate and salary increase rate. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

Pension liability amounted to ₱4,915.13 million and ₱2,733.59 million as at December 31, 2020 and 2019, respectively (see Note 26).

Determination of Fair Value of Financial Assets at FVOCI. Financial assets at FVOCI are carried and disclosed at fair value, which requires extensive use of accounting estimates and judgments. When the fair values cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The fair value of financial assets at FVOCI are enumerated in Note 31.

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 14 of the consolidated financial statements.

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

5. Segment Information

Business Segments

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

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

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

Geographical Segments

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

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

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

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

Inter-segment Transactions

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

Measurement Basis

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

Geographical	Local						International								
Business Segment	Television and radio airtime			Other businesses			International subscription			Eliminations			Consolidated		
	2020	2019	2018	**2020**	2019	2018	**2020**	2019	2018	**2020**	2019	2018	**2020**	2019	2018
REVENUES															
External sales	**₱16,995,165,502**	₱15,101,963,669	₱13,768,391,670	**₱1,366,560,977**	₱186,329,988	₱166,044,122	**₱974,169,059**	₱1,205,158,555	₱1,301,756,577	**₱–**	₱–	₱–	**₱19,335,895,538**	₱16,493,452,212	₱15,236,192,369
Inter-segment sales	–	–	–	**531,379,738**	536,119,799	596,056,036	–	–	–	**(531,379,738)**	(536,119,799)	(596,056,036)	–	–	–
	₱16,995,165,502	₱15,101,963,669	₱13,768,391,670	**₱1,897,940,715**	₱722,449,787	₱762,100,158	**₱974,169,059**	₱1,205,158,555	₱1,301,756,577	**(₱531,379,738)**	(₱536,119,799)	(₱596,056,036)	**₱19,335,895,538**	₱16,493,452,212	₱15,236,192,369
NET INCOME															
Segment results	**₱6,994,189,084**	₱2,268,960,957	₱1,894,201,047	**₱700,697,768**	₱526,366,347	₱336,067,878	**₱831,254,645**	₱909,748,278	₱984,355,287	**₱30,380,572**	₱27,766,071	₱23,522,173	**₱8,556,522,069**	₱3,732,841,653	₱3,238,146,385
Interest expense	**(20,188,727)**	(54,935,964)	(36,251,389)	**(356,396)**	(659,381)	–	–	–	–	–	–	–	**(20,545,123)**	(55,595,345)	(36,251,389)
Foreign exchange gain (loss)	**(8,536,333)**	(13,903,776)	17,034,936	**(1,563,956)**	(2,401,508)	1,628,409	**(36,923,481)**	(18,587,647)	557,656	–	–	–	**(47,023,770)**	(34,892,931)	19,221,001
Interest income	**12,757,893**	20,503,610	23,676,444	**957,520**	2,403,176	1,779,416	–	–	–	–	–	–	**13,715,413**	22,906,786	25,455,860
Equity in net earnings of joint ventures	–	–	–	**3,908,740**	13,420,076	6,351,690	–	–	–	–	–	–	**3,908,740**	13,420,076	6,351,690
Other income (expenses)	**194,893,594**	161,322,563	89,725,112	**65,311,872**	44,260,074	36,010,956	–	–	–	**(175,030,699)**	(117,816,071)	(46,622,173)	**85,174,767**	87,766,566	79,113,895
Income tax	**(2,115,479,505)**	(687,778,631)	(591,943,544)	**(226,138,919)**	(167,543,365)	(116,107,864)	**(238,299,349)**	(267,348,189)	(295,473,883)	**(4,500,000)**	(4,500,000)	(4,500,000)	**(2,584,417,773)**	(1,127,170,185)	(1,008,025,291)
	₱5,057,636,006	₱1,694,168,759	₱1,396,442,606	**₱542,816,629**	₱415,845,419	₱265,730,485	**₱556,031,815**	₱623,812,442	₱689,439,060	**(₱149,150,127)**	(₱94,550,000)	(₱27,600,000)	**₱6,007,334,323**	₱2,639,276,620	₱2,324,012,151
ASSETS AND LIABILITIES															
Assets															
Segment assets	**₱21,942,534,724**	₱15,111,267,351	₱14,159,482,812	**₱1,421,716,054**	₱1,324,408,671	₱1,163,427,015	**₱684,457,746**	₱747,452,665	₱945,621,759	**(₱1,366,141,580)**	(₱1,390,741,230)	(₱1,285,591,746)	**₱22,682,566,944**	₱15,792,387,457	₱14,982,939,840
Investment in associates - at equity	**38,350,619**	38,350,619	54,593,624	**45,631,955**	41,723,215	12,060,134	–	–	–	–	–	–	**83,982,574**	80,073,834	66,653,758
Deferred tax assets	**993,543,921**	295,060,775	102,485,454	**59,409,461**	52,600,016	42,971,403	–	–	–	**119,766,570**	126,756,487	97,483,007	**1,172,719,952**	474,417,278	242,939,864
	₱22,974,429,264	₱15,444,678,745	₱14,316,561,890	**₱1,526,757,470**	₱1,418,731,902	₱1,218,458,552	**₱684,457,746**	₱747,452,665	₱945,621,759	**(₱1,246,375,010)**	(₱1,263,984,743)	(₱1,188,108,739)	**₱23,939,269,470**	₱16,346,878,569	₱15,292,533,462
Liabilities															
Segment liabilities	**₱10,471,472,009**	₱6,085,809,119	₱5,333,834,684	**₱897,504,654**	₱792,653,142	₱641,020,093	**₱397,742,063**	₱526,202,498	₱382,639,036	**(₱708,863,876)**	(₱714,863,199)	(₱653,029,079)	**₱11,057,854,850**	₱6,689,801,560	₱5,704,464,734
Other Segment Information															
Capital expenditures:															
Program and other rights and software cost	**₱617,348,781**	₱1,141,571,861	₱473,050,515	**₱859,241**	₱–	₱–	**₱–**	₱14,172,159	₱105,263	**₱–**	₱–	₱–	**₱618,208,022**	₱1,155,744,020	₱473,155,778
Property and equipment	**404,690,887**	641,812,018	564,881,013	**16,544,500**	31,292,071	–	–	315,703	301,779	–	–	–	**421,235,387**	673,419,792	565,182,792
Land at revalued amount	–	–	7,593,293	–	–	–	–	–	–	–	–	–	–	–	7,593,293
Depreciation and amortization	**1,262,705,381**	1,565,298,847	1,471,527,586	**24,454,895**	22,388,187	17,094,805	**17,094,805**	20,509,539	7,450,737	**(15,000,000)**	(15,000,000)	(15,000,000)	**1,289,255,081**	1,593,196,573	1,481,073,128

6. Cash and Cash Equivalents

	2020	2019
Cash on hand and in banks	**₱2,892,545,281**	₱1,852,507,801
Short-term deposits	**322,271,983**	402,463,855
	₱3,214,817,264	₱2,254,971,656

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

Interest income earned from bank deposits and short-term deposits amounted to ₱13.72 million, ₱22.91 million and ₱25.46 million in 2020, 2019 and 2018, respectively.

7. Trade and Other Receivables

	2020	2019
Trade:		
Television and radio airtime	**₱10,642,475,005**	₱5,227,766,620
Subscriptions	**264,493,491**	386,954,129
Others	**169,931,862**	183,958,408
Nontrade:		
Advances to officers and employees	**6,866,866**	5,913,890
Others (see Note 20)	**149,288,785**	2,194,508
	11,233,056,009	5,806,787,555
Less allowance for ECL	**766,518,314**	549,639,602
	₱10,466,537,695	₱5,257,147,953

Trade Receivables

Television and Radio Airtime. Television and radio airtime receivables are unsecured, noninterest-bearing and are normally collected within 360 days. Invoicing normally takes around 30 days from airing.

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

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

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

Nontrade Receivables

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

Allowance for ECL on Trade Receivables
The movements in the allowance for ECLs are as follows:

	2020		
	Corporate	**Individual**	**Total**
Balance at beginning of year	**₱539,184,505**	**₱10,455,097**	**₱549,639,602**
Provision (reversal) for the year (see Note 23)	**347,341,442**	**(145,559)**	**347,195,883**
Writeoff	**(130,317,171)**	**–**	**(130,317,171)**
Balance at end of year	**₱756,208,776**	**₱10,309,538**	**₱766,518,314**

	2019		
	Corporate	Individual	Total
Balance at beginning of year	₱517,554,094	₱13,788,161	₱531,342,255
Provision (reversal) for the year (see Note 23)	21,630,411	(3,333,064)	18,297,347
Balance at end of year	₱539,184,505	₱10,455,097	₱549,639,602

8. Program and Other Rights

Details and movement in this account are as follows:

	2020			
	Program Rights	**Story/Format Rights**	**Program Rights - Incidentals**	**Total**
Cost:				
Balance at beginning of year	**₱983,996,591**	**₱30,699,307**	**₱26,796,291**	**₱1,041,492,189**
Additions	**536,438,931**	**6,724,630**	**64,428,322**	**607,591,883**
Program and other rights usage (see Note 22)	**(626,022,128)**	**(10,276,493)**	**(67,117,186)**	**(703,415,807)**
Balance at end of year	**894,413,394**	**27,147,444**	**24,107,427**	**945,668,265**
Accumulated impairment in value	**(2,702,260)**	**–**	**–**	**(2,702,260)**
	891,711,134	**27,147,444**	**24,107,427**	**942,966,005**
Less noncurrent portion	**192,229,776**	**–**	**–**	**192,229,776**
Current portion	**₱699,481,358**	**₱27,147,444**	**₱24,107,427**	**₱750,736,229**

	2019			
	Program Rights	Story/Format Rights	Program Rights - Incidentals	Total
Cost:				
Balance at beginning of year	₱917,873,774	₱5,219,240	₱16,843,662	₱939,936,676
Additions	985,927,729	25,480,067	78,851,454	1,090,259,250
Program and other rights usage (see Note 22)	(919,804,912)	–	(68,898,825)	(988,703,737)
Balance at end of year	983,996,591	30,699,307	26,796,291	1,041,492,189
Accumulated impairment in value	(2,702,260)	–	–	(2,702,260)
	981,294,331	30,699,307	26,796,291	1,038,789,929
Less noncurrent portion	196,376,347	–	–	196,376,347
Current portion	₱784,917,984	₱30,699,307	₱26,796,291	₱842,413,582

9. Prepaid Expenses and Other Current Assets

	2020	2019
Advances to suppliers (see Note 27)	**₱844,130,982**	₱266,638,047
Prepaid production costs	**428,553,144**	282,840,960
Merchandise inventory	**220,554,349**	–
Input VAT	**191,780,897**	134,200,895
Tax credits	**174,199,496**	58,699,529
Prepaid expenses	**82,521,474**	99,951,719
Creditable withholding taxes	**55,821,536**	61,906,171
Materials and supplies inventory	**16,500,558**	12,756,017
Others	**252,870**	1,908,021
	₱2,014,315,306	₱918,901,359

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

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

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

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

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

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

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

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

10. Financial Assets at Fair Value Through Other Comprehensive Income

This account consists of the following:

	2020	2019
Listed equity instruments	**₱117,273,005**	₱175,669,513
Non-listed equity instruments	**74,859,083**	67,763,547
	₱192,132,088	₱243,433,060

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

The movement of financial assets at FVOCI are as follows:

	2020	2019
Balance at beginning of year	**₱243,433,060**	₱240,255,846
Unrealized gain (loss) on fair value changes during the year	**(51,300,972)**	3,177,214
Balance at end of year	**₱192,132,088**	₱243,433,060

Dividend income earned from financial assets at FVOCI amounted to nil in 2020 and 2019 and ₱2.50 million in 2018.

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

	2020	2019
Balance at beginning of year - net of tax	**(₱2,245,454)**	(₱5,051,345)
Net unrealized gain (loss) on fair value changes during the year	**(51,300,972)**	3,177,214
Tax effect of the changes in fair market values	**5,836,934**	(371,323)
Balance at end of year	**(₱47,709,492)**	(₱2,245,454)

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

Of the ₱50.00 million airtime credits, ₱22.00 million has not been implemented at the date of exchange and therefore was recognized by the Group as unearned revenue presented as "Contract liabilities", included as part of "Trade payables and other current liabilities" in 2020 and 2019 (see Note 16).

11. **Investments and Advances**

The following are the details of this account:

	2020	2019
Investment in an associate and interests in joint ventures	**₱83,982,574**	₱80,073,834
Advances to an associate and joint ventures (see Note 20)	**100,541,741**	99,692,915
	₱184,524,315	₱179,766,749

The movements in the account are as follows:

	2020	2019
Investment in an associate and interests in joint ventures:		
Acquisition cost -		
Balance at beginning and end of year	**₱131,722,056**	₱131,722,056
Accumulated equity in net losses:		
Balance at beginning of year	**(51,648,222)**	(65,068,298)
Equity in net earnings during the year	**3,908,740**	13,420,076
Balance at end of year	**(47,739,482)**	(51,648,222)
	83,982,574	80,073,834
Advances to an associate:		
Balance at beginning of year	**97,121,830**	89,017,031
Advances during the year (see Note 20)	**600,186**	8,104,799
Balance at end of year	**97,722,016**	97,121,830
Advances to joint ventures:		
Balance at beginning of year	**2,571,085**	2,544,542
Advances during the year (see Note 20)	**248,640**	26,543
Balance at end of year	**2,819,725**	2,571,085
Total investments and advances	**₱184,524,315**	₱179,766,749

The ownership interests in joint ventures and an associate, which were all incorporated in the Philippines, and are accounted for under the equity method, as at December 31, 2020 and 2019 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 are as follows:

	2020		
	Investments	**Advances** (Note 20)	**Total**
Associate -			
Mont-Aire	**₱38,350,619**	**₱97,722,016**	**₱136,072,635**
Joint ventures:			
Gamespan	**8,947,966**	**1,959,670**	**10,907,636**
PEP	**36,683,989**	**860,055**	**37,544,044**
	45,631,955	**2,819,725**	**48,451,680**
	₱83,982,574	**₱100,541,741**	**₱184,524,315**

	2019		
	Investments	Advances (Note 20)	Total
Associate -			
Mont-Aire	₱38,350,619	₱97,121,830	₱135,472,449
Joint ventures:			
Gamespan	8,947,966	1,959,670	10,907,636
PEP	32,775,249	611,415	33,386,664
	41,723,215	2,571,085	44,294,300
	₱80,073,834	₱99,692,915	₱179,766,749

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

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

The Group recognized its share in net earnings of PEP amounting to ₱3.91 million, ₱13.42 million and ₱6.35 million in 2020, 2019 and 2018, respectively.

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

Gamespan has not started its commercial operations since its establishment. In 2014, the Group and MJC agreed to terminate its shareholder's agreement and to close Gamespan. As at December 31, 2020, the process of cessation of Gamespan is ongoing. Since Gamespan already ceased its operations, the Group did not recognize any share in net earnings in 2020, 2019 and 2018.

INQ7
Losses of INQ7 recognized under the equity method in excess of the Group's carrying value of investment were applied against its advances to the Parent Company thereby reducing both advances and investments to zero as at December 31, 2020 and 2019. INQ7 ceased operations in 2007. In 2013, INQ7 submitted a request to liquidate its assets to SEC. The liquidation is still ongoing as at December 31, 2020.

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

	2020	2019	2018
The Group's share in income / total comprehensive income	**₱3,908,740**	₱13,420,076	₱6,351,690
Aggregate carrying value of the Group's interests and advances	**48,451,681**	44,294,300	30,847,681

Mont-Aire
The table below shows the condensed financial information of Mont-Aire as at December 31, 2020 and 2019:

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

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

12. **Property and Equipment at Cost**

	Land, buildings, towers and improvements	Antenna and transmitter systems and broadcast equipment	Communication and mechanical equipment	Transportation equipment	Furniture, fixtures and equipment	Construction in progress and equipment for installation	Total
2020							
Cost							
At January 1, 2020	**₱3,036,255,584**	**₱6,925,656,694**	**₱1,395,705,030**	**₱683,069,684**	**₱164,319,492**	**₱749,346,732**	**₱12,954,353,216**
Additions	**208,436**	**105,555,680**	**50,426,560**	**66,295,729**	**5,064,918**	**193,684,064**	**421,235,387**
Disposals	**–**	**(70,791,107)**	**(1,525,217)**	**(39,645,839)**	**(1,347,866)**	**–**	**(113,310,029)**
Reclassifications (Note 15)	**21,369,907**	**387,852,817**	**42,767,610**	**–**	**–**	**(458,313,059)**	**(6,322,725)**
At December 31, 2020	**3,057,833,927**	**7,348,274,084**	**1,487,373,983**	**709,719,574**	**168,036,544**	**484,717,737**	**13,255,955,849**
Accumulated Depreciation							
At January 1, 2020	**2,297,846,060**	**6,066,907,770**	**1,197,047,853**	**543,061,237**	**154,327,809**	**–**	**10,259,190,729**
Depreciation (see Notes 22 and 23)	**124,651,279**	**234,813,675**	**86,624,140**	**65,454,350**	**4,871,415**	**–**	**516,414,859**
Disposals	**–**	**(67,059,370)**	**(1,525,217)**	**(37,881,920)**	**(1,296,936)**	**–**	**(107,763,443)**
At December 31, 2020	**2,422,497,339**	**6,234,662,075**	**1,282,146,776**	**570,633,667**	**157,902,288**	**–**	**10,667,842,145**
Net Book Value	**₱635,336,588**	**₱1,113,612,009**	**₱205,227,207**	**₱139,085,907**	**₱10,134,256**	**₱484,717,737**	**₱2,588,113,704**

	Land, buildings, towers and improvements	Antenna and transmitter systems and broadcast equipment	Communication and mechanical equipment	Transportation equipment	Furniture, fixtures and equipment	Construction in progress and equipment for installation	Total
2019							
Cost							
At January 1, 2019	₱2,976,038,170	₱6,651,250,485	₱1,295,090,101	₱524,079,954	₱156,564,463	₱758,210,045	₱12,361,233,218
Additions	8,547,473	131,847,693	80,417,787	65,488,110	10,805,776	376,628,471	673,735,310
Disposals	(806,024)	(27,581,904)	(8,511,310)	(39,010,564)	(152,417)	–	(76,062,219)
Reclassifications (Note 15)	52,475,965	170,140,420	28,708,452	132,512,184	(2,898,330)	(385,491,784)	(4,553,093)
At December 31, 2019	3,036,255,584	6,925,656,694	1,395,705,030	683,069,684	164,319,492	749,346,732	12,954,353,216
Accumulated Depreciation							
At January 1, 2019	2,125,186,811	6,007,674,130	1,132,840,858	375,125,442	150,644,720	–	9,791,471,961
Depreciation (see Notes 22 and 23)	172,537,433	226,838,357	75,702,132	66,954,764	3,586,831	–	545,619,517
Disposals	(806,024)	(27,581,904)	(8,511,310)	(36,611,519)	(152,417)	–	(73,663,174)
Reclassifications	927,840	(140,022,813)	(2,983,827)	137,592,550	248,675	–	(4,237,575)
At December 31, 2019	2,297,846,060	6,066,907,770	1,197,047,853	543,061,237	154,327,809	–	10,259,190,729
Net Book Value	₱738,409,524	₱858,748,924	₱198,657,177	₱140,008,447	₱9,991,683	₱749,346,732	₱2,695,162,487

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

The reclassification relates to the cost of low-value assets amounting to ₱0.16 million in 2019 and software that were transferred to other noncurrent assets amounting to ₱6.32 million and ₱0.15 million in 2020 and 2019, respectively (see Note 15).

The Group leases out a portion of its property and equipment at cost. Total rental income recognized for the leased portion amounted to ₱2.95 million, ₱4.11 million and ₱3.03 million in 2020, 2019 and 2018, respectively (see Note 25).

The Group disposed various property and equipment in 2020, 2019 and 2018 resulting to the recognition of gain on sale amounting to ₱17.25 million, ₱18.79 million and ₱22.47 million, respectively (see Note 25).

As at December 31, 2020 and 2019, no property and equipment have been pledged as collateral or security for any of the Group's liabilities.

13. **Land at Revalued Amounts**

The following are the details of this account as at December 31, 2020 and 2019:

Cost	₱359,617,345
Revaluation increment	2,443,578,839
	₱2,803,196,184

Land used in operations was last appraised on November 19, 2018 by an accredited firm of appraisers and is valued in terms of its highest and best use. While the fair value of the land was not determined as at December 31, 2020, the Group's management believes that the fair values as at December 31, 2018 approximate the fair values as at December 31, 2020.

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

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

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

As at December 31, 2020 and 2019, 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.

14. Investment Properties

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

	2019		
	Land and Improvements	Buildings and Improvements	Total
Cost:			
Balance at beginning of year	₱23,761,823	₱77,028,321	₱100,790,144
Disposals	–	(4,751,637)	(4,751,637)
Balance at end of year	23,761,823	72,276,684	96,038,507
Accumulated depreciation:			
Balance at beginning of year	–	56,933,519	56,933,519
Depreciation during the year (see Note 23)	–	1,421,877	1,421,877
Disposals	–	(2,421,751)	(2,421,751)
Balance at end of year	–	55,933,645	55,933,645
Accumulated impairment:			
Balance at beginning and end of year	–	3,852,641	3,852,641
Balance at end of year	₱23,761,823	₱12,490,398	₱36,252,221

The Group disposed investment properties in 2019 resulting to the recognition of gain on sale amounting to ₱2.58 million (see Note 25).

The Group recognized provision for impairment in value of certain investment properties amounting to ₱2.05 million in 2018. Management believes that the carrying values after impairment approximate its recoverable values.

The fair value of investment properties owned by the Group amounted to ₱203.90 million as at December 31, 2020 and 2019. The land was last appraised on November 19, 2018 by an accredited appraiser and was valued in terms of its highest and best use. The fair value of the land was not determined as at December 31, 2020. While the fair value of the land was not determined as at December 31, 2020, the Group's management believes that the fair values as at December 31, 2018 approximate the fair values as at December 31, 2020.

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

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

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

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

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

	2020	2019	2018
Rental income (see Note 25)	**₱3,945,824**	₱4,450,061	₱5,243,247
Depreciation expense (see Note 23)	**(1,382,387)**	(1,421,877)	(2,255,880)
	₱2,563,437	₱3,028,184	₱2,987,367

As at December 31, 2020 and 2019, 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.

15. Other Noncurrent Assets

	2020	2019
Software costs	**₱97,071,541**	₱120,396,750
Restricted cash	**42,348,999**	42,445,046
Deferred input VAT	**30,772,633**	34,785,450
Refundable deposits	**21,427,422**	19,235,359
Advances to contractors	**15,704,899**	65,237,688
Investment in artworks	**10,186,136**	10,186,136
Guarantee deposits	**6,412,119**	9,486,557
Development costs	**5,767,800**	5,767,800
Facilities	**2,359,591**	2,732,089
Deferred production costs	**1,061,628**	1,088,162
Others	**2,696,079**	3,676,470
	₱235,808,847	₱315,037,507

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

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

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

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

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

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

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

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

The movements in software costs follows:

	2020	2019
Cost:		
Balance at beginning of year	**₱451,769,256**	₱386,132,486
Additions during the year	**10,616,139**	65,484,770
Reclassifications during the year (see Note 12)	**6,322,725**	152,000
Balance at end of year	**468,708,120**	451,769,256
Accumulated amortization:		
Balance at beginning of year	**331,372,506**	304,584,117
Amortization during the year (see Note 23)	**40,264,073**	26,788,389
Balance at end of year	**371,636,579**	331,372,506
	₱97,071,541	₱120,396,750

16. Trade Payables and Other Current Liabilities

	2020	2019
Payable to government agencies	**₱1,693,375,218**	₱979,415,546
Trade payables	**517,862,437**	531,035,796
Customers' deposits	**41,685,087**	53,328,199
Contract liabilities (see Note 10)	**35,908,512**	127,281,915
Accrued expenses:		
Utilities and other expenses	**285,296,940**	248,948,047
Payroll and talent fees (see Note 26)	**232,299,305**	202,685,388
Production costs	**67,809,420**	168,964,614
Commission	**44,859,071**	38,736,098
Others	**58,788,937**	56,329,156
	₱2,977,884,927	₱2,406,724,759

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

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

Customers' deposits include guaranty deposits from advertising agencies to secure payment of bills by advertisers. These deposits are noninterest-bearing and normally refunded once the related broadcasts are paid by the advertisers. It also includes deposits from the Group's lessees upon inception of the lease agreements.

Contract liabilities pertain to payments received before broadcast and before delivery of goods and services. These are recognized as revenue when the Group performs the obligation under the contract. This account also includes contract liabilities of ₱22.00 million resulting from the sale of the Group's interests in X-Play in 2015 (see Note 10).

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

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

17. Short-term Loans

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

	2020	2019
Balance at beginning of year	**₱400,000,000**	₱500,000,000
Availments	**984,340,000**	1,517,500,000
Payments	**(641,895,000)**	(1,617,500,000)
Revaluation	**(22,100,000)**	–
Balance at end of year	**₱720,345,000**	₱400,000,000

The outstanding loans as at December 31, 2020 and 2019 consist of fixed rate notes with the following details:

Lender	Currency	Amount	Interest Rate (per annum)	Terms	**2020**	2019
Citibank	USD	$15,000,000	1.80%	Availed in 2020; payable in 182 days	**₱720,345,000**	–
UBP	Peso	₱400,000,000	6.00%	Availed in 2020; payable in 300 days	–	₱400,000,000

Interest expense on peso denominated loans amounted to ₱4.33 million, ₱46.18 million and ₱36.25 million in 2020, 2019 and 2018, respectively. Interest expense on US dollar denominated loans amounted to ₱7.67 million, ₱10.78 million, and nil in 2020, 2019, and 2018, respectively.

18. Obligations for Program and Other Rights

Obligations for program and other rights represent liabilities to foreign and local film suppliers for program and other rights purchased by the Group. Outstanding unpaid balance as at December 31, 2020 and 2019 amounted to ₱176.18 million and ₱133.78 million, respectively. Obligations for program and other rights are generally payable in equal monthly or quarterly installments.

19. **Equity**

a. Capital Stock

Details of capital stock as at December 31, 2020 and 2019:

	Preferred		Common	
	Number of Shares	Peso Equivalent	Number of Shares	Peso Equivalent
Authorized - ₱0.20 par value per preferred share/₱1.00 par value per common share	7,500,000,000	₱1,500,000,000	5,000,000,000	₱5,000,000,000
Subscribed and issued	7,500,000,000	₱1,500,000,000	3,364,692,000	₱3,364,692,000
Treasury shares	492,816	₱98,563	3,645,000	₱3,645,000
Underlying shares of the acquired PDRs	–	₱–	750,000	₱750,000

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

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

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

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

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

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

b. Retained Earnings

The retained earnings of the Parent Company is restricted for the payment of dividends to the extent of ₱34.27 million as at December 31, 2020 and 2019, representing the cost of shares held in treasury and underlying shares of the acquired PDRs amounting to ₱28.48 million and ₱5.79 million, respectively.

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

Year	Declaration Date	Record Date	Cash Dividend Per Share	Total Cash Dividend Declared
2020	**June 8, 2020**	**June 24, 2020**	**₱0.30**	**₱1,458,059,531**
2019	March 29, 2019	April 22, 2019	₱0.45	₱2,187,089,297
2018	April 5, 2018	April 23, 2018	₱0.50	₱2,430,099,220

The Parent Company's outstanding dividends payable amounted to ₱19.89 million and ₱18.73 million as at December 31, 2020 and 2019, respectively.

On March 26, 2021, the Parent Company's BOD approved the declaration and distribution of cash dividends amounting to ₱1.35 per share totaling ₱6,561.27 million to all stockholders of record as at April 22, 2021 and will be paid on May 18, 2021.

The balance of retained earnings includes Parent Company's accumulated equity in net earnings of subsidiaries and associates which are not currently available for dividend declaration until declared by the respective subsidiaries and associates amounting to ₱103.05 million and ₱140.06 million as at December 31, 2020 and 2019, respectively.

20. **Related Party Disclosures**

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

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

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. For years ended December 31, 2020 and 2019, the Group has not recorded any impairment of receivables on amounts owed by the related parties. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

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

Account Name and Category	Related Party	Year	Amount/ Volume of Transactions	Receivables	Terms	Conditions
Advances (see Note 11)	**Associate:**					
	Mont-Aire	**2020**	**₱600,186**	**₱97,722,016**	Noninterest-	Unsecured;
		2019	8,104,799	97,121,830	bearing	not impaired
	Joint ventures:					
	Gamespan	**2020**	–	**1,959,670**	Noninterest-	Unsecured;
		2019	–	1,959,670	bearing	not impaired
	PEP	**2020**	**248,640**	**860,055**	Noninterest-	Unsecured;
		2019	26,543	611,415	bearing	not impaired
	INQ7	**2020**	–	**11,544,000**	Noninterest-	Unsecured;
		2019	–	11,544,000	bearing	fully impaired
	Total	**2020**	**₱848,826**	**₱112,085,741**		
		2019	8,131,342	111,236,915		
Nontrade Receivables						
Reimbursable charges (see Note 7)	**Common stockholders:**					
	GMA Kapuso Foundation Inc.	**2020**	**₱1,167,042**	**₱3,361,550**	On demand, noninterest-bearing	Unsecured;
		2019	2,000,000	2,194,50		not impaired
Legal, consulting and retainers' fees	Belo, Gozon, Elma Law	**2020**	**13,711,015**	–	On demand, noninterest-bearing	Unsecured;
		2019	14,017,565	–		not impaired
	Total	**2020**	**₱14,878,057**	**₱3,361,550**		
		2019	16,017,565	2,194,508		

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

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

	2020	2019	2018
Salaries and other long-term benefits (see Notes 23 and 24)	**₱913,703,843**	₱711,908,901	₱568,481,703
Pension benefits (see Notes 23 and 24)	**165,255,983**	95,819,977	89,819,201
	₱1,078,959,826	₱807,728,878	₱658,300,904

Pension benefits under OCI amounted to ₱454.32 million, ₱171.62 million and ₱163.45 million as of December 31, 2020, 2019 and 2018, respectively.

Equity Investments of the Retirement Fund
The Group's retirement fund includes equity investments in GMA Network, Inc. and GMA PDRs amounting to ₱41.78 million and ₱331.39 million in 2020, respectively, and ₱37.12 million and ₱295.19 million in 2019, respectively (see Note 26).

21. Revenues

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

	2020	2019	2018
Revenue source			
Sale of service			
Advertising revenue	**₱17,727,494,901**	₱15,173,925,007	₱13,834,535,108
Subscription revenue (see Note 27)	**911,005,081**	1,056,700,874	1,160,342,535
Revenue from distribution and content provisioning	**63,653,634**	89,350,710	109,457,682
Production revenue	**49,947,752**	173,475,621	131,857,044
Sale of goods	**583,794,170**	–	–
Total revenue from contracts with customers	**₱19,335,895,538**	₱16,493,452,212	₱15,236,192,369
Geographical markets			
Local	**₱18,311,968,706**	₱15,288,293,657	₱13,934,435,792
International	**1,023,926,832**	1,205,158,555	1,301,756,577
Total revenue from contracts with customers	**₱19,335,895,538**	₱16,493,452,212	₱15,236,192,369
Timing of revenue recognition			
Goods/services transferred at a point in time	**₱18,424,890,457**	₱15,436,751,338	₱14,075,849,834
Services transferred over time	**911,005,081**	1,056,700,874	1,160,342,535
Total revenue from contracts with customers	**₱19,335,895,538**	₱16,493,452,212	₱15,236,192,369

22. Production Costs

	2020	2019	2018
Talent fees and production personnel costs (see Note 24)	**₱1,705,667,865**	₱2,947,995,874	₱2,992,043,969
Program and other rights usage (see Note 8)	**703,415,807**	988,703,737	871,451,221
Facilities and amortization of production services	**460,116,613**	818,967,334	826,000,103
Rental (see Note 27)	**210,239,334**	812,006,080	895,795,347
Depreciation (see Notes 12 and 23)	**164,639,078**	168,170,547	202,361,442
Tapes, sets and production supplies	**142,401,105**	533,463,632	539,520,779
Transportation and communication	**65,658,557**	165,846,561	156,530,203
	₱3,452,138,359	₱6,435,153,765	₱6,483,703,064

23. General and Administrative Expenses

	2020	2019	2018
Personnel costs (see Note 24)	**₱4,525,101,340**	₱4,127,118,304	₱3,284,815,334
Depreciation (see Notes 12, 14 and 27)	**380,936,123**	409,533,900	384,087,457
Provision for ECL (see Note 7)	**347,195,883**	18,297,347	109,631,061
Professional fees	**305,734,976**	202,048,149	184,332,966
Communication, light and water	**235,051,327**	317,381,955	340,696,239
Taxes and licenses	**182,104,942**	174,361,923	192,819,834
Repairs and maintenance	**144,785,132**	173,414,414	125,012,025
Research and surveys	**91,769,435**	66,103,888	81,418,243
Advertising	**84,866,697**	257,877,219	223,861,267
Software maintenance	**81,430,010**	78,875,726	60,315,430

(Forward)

	2020	2019	2018
Facilities related expenses	**₱69,849,171**	₱64,498,251	₱65,317,563
Security services	**66,865,570**	69,686,464	68,412,361
Marketing expense	**55,136,499**	87,255,502	99,870,405
Transportation and travel	**54,407,006**	57,432,446	58,150,821
Amortization of software costs (see Note 15)	**40,264,073**	26,788,389	23,173,007
Insurance	**29,028,379**	31,241,255	29,254,674
Janitorial services	**22,863,052**	25,805,533	22,612,232
Materials and supplies	**12,525,485**	17,505,157	19,815,582
Rental (see Note 27)	**9,603,762**	11,967,504	31,547,081
Entertainment, amusement and recreation	**8,452,628**	13,195,672	13,454,014
Dues and subscriptions	**8,254,093**	8,382,407	7,534,012
Freight and handling	**6,092,430**	6,415,072	7,691,224
Others	**85,499,998**	80,270,317	80,520,088
	₱6,847,818,011	₱6,325,456,794	₱5,514,342,920

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

Depreciation

	2020	2019	2018
Property and equipment (see Note 12)			
Production costs (see Note 22)	**₱164,639,078**	₱168,170,547	₱202,361,442
General and administrative expenses	**351,775,781**	377,448,970	381,831,577
	516,414,859	545,619,517	584,193,019
Right-of-use assets (see Note 27)			
General and administrative expenses	**27,777,955**	30,663,053	–
Investment properties (see Note 14)			
General and administrative expenses	**1,382,387**	1,421,877	2,255,880
	₱545,575,201	₱577,704,447	₱586,448,899

24. Personnel Costs

	2020	2019	2018
Salaries and wages	**₱2,578,012,608**	₱2,305,819,824	₱1,993,485,463
Talent fees	**1,617,514,239**	2,862,447,231	2,922,326,940
Employee benefits and allowances	**1,245,873,978**	1,346,669,079	932,500,288
Pension expense (see Note 26)	**646,198,143**	402,209,767	312,489,341
Sick and vacation leaves expense	**143,170,237**	157,968,277	116,057,271
	₱6,230,769,205	₱7,075,114,178	₱6,276,859,303

The above amounts were distributed as follows:

	2020	2019	2018
Production costs (see Note 22)	**₱1,705,667,865**	₱2,947,995,874	₱2,992,043,969
General and administrative expenses (see Note 23)	**4,525,101,340**	4,127,118,304	3,284,815,334
	₱6,230,769,205	₱7,075,114,178	₱6,276,859,303

25. Others - Net

	2020	2019	2018
Commission from Artist Center	**₱45,128,337**	₱41,633,736	₱37,094,499
Net gain on sale of property and equipment and investment properties (see Notes 12 and 14)	**17,250,932**	21,368,209	19,829,189
VAT difference on sales to government per Revenue Regulations 16-2005	**10,218,187**	6,701,064	–
Rental income (see Notes 12, 14 and 27)	**6,894,304**	8,561,148	8,269,926
Merchandising license fees and others	**2,549,637**	8,651,427	12,552,196
Bank charges	**(1,411,850)**	(2,281,842)	(1,940,697)
Others	**4,545,220**	3,132,824	3,308,782
	₱85,174,767	₱87,766,566	₱79,113,895

Merchandising license fees and others include income from mall shows, sale of DVDs and integrated receiver decoders and dividend income (see Note 10).

26. Pension and Other Employee Benefits

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

	2020	2019
Pension liability	**₱4,915,125,689**	₱2,733,593,128
Vacation and sick leave accrual	**355,988,220**	341,479,883
	5,271,113,909	3,075,073,011
Less current portion of vacation and sick leave accrual*	**6,285,766**	5,078,843
Pension and other long-term employee benefits	**₱5,264,828,143**	₱3,069,994,168

**Included in "Accrued expenses" under Trade payables and other current liabilities (see Note 16).*

Pension Benefits

The Group operates non-contributory defined benefit retirement plans.

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

Pension benefits recognized in the statements of comprehensive income are as follows (see Note 24):

	2020	2019	2018
Current service cost	**₱438,234,725**	₱234,746,730	₱216,272,094
Past service cost	**–**	–	8,713,551
Net interest cost	**207,963,418**	167,463,037	87,503,696
	₱646,198,143	₱402,209,767	₱312,489,341

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

	2020	2019	2018
Present value of defined benefit obligation	**₱6,359,224,091**	₱3,984,474,739	₱3,180,957,326
Fair value of plan assets	**1,444,098,402**	1,250,881,611	997,963,191
Pension liability	**₱4,915,125,689**	₱2,733,593,128	₱2,182,994,135

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

	2020	2019	2018
Balance at beginning of year	**₱3,984,474,739**	₱3,180,957,326	₱2,531,456,676
Current service cost	**438,234,725**	234,746,730	216,272,094
Interest cost	**306,876,971**	242,805,975	136,667,808
Past service cost	**–**	–	8,713,551
Benefits paid:			
From plan assets	**(189,229,662)**	(110,958,955)	(148,327,656)
From Group's own funds	**(9,686,893)**	(7,955,884)	(48,311,185)
Remeasurement losses (gains):			
Changes in financial assumptions	**1,530,340,215**	778,107,846	(448,513,200)
Changes in demographic assumptions	**(10,076,998)**	–	19,038,199
Experience adjustment	**308,290,994**	(333,228,299)	913,961,039
Balance at end of year	**₱6,359,224,091**	₱3,984,474,739	₱3,180,957,326

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

	2020	2019	2018
Balance at beginning of year	**₱1,250,881,611**	₱997,963,191	₱861,299,486
Contribution during the year	**259,000,000**	266,448,811	279,003,770
Interest income	**98,913,553**	75,342,938	49,164,112
Benefits paid	**(189,229,662)**	(110,958,955)	(148,327,656)
Remeasurement gain (loss) - return on plan assets	**24,532,900**	22,085,626	(43,176,521)
Balance at end of year	**₱1,444,098,402**	₱1,250,881,611	₱997,963,191

Remeasurement loss on retirement plans amounting to ₱1,261.62 million, ₱300.70 million and ₱367.20 million reported under the consolidated statement of comprehensive income in 2020, 2019 and 2018 is presented net of deferred tax.

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

The Group expects to contribute ₱290.00 million to the fund in 2021.

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

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

	2020 Carrying Value/Fair Value	2019 Carrying Value/Fair Value
Cash and cash equivalents	**₱41,228,384**	₱197,432,706
Equity instruments (see Note 20):		
GMA PDRs	**331,387,630**	295,185,620
GMA Network, Inc.	**41,784,000**	37,118,120
Debt instruments -		
Government securities	**668,129,819**	614,159,861
Unit Investment Trust Funds (UITFs)	**361,468,966**	105,319,599
Others	**99,603**	1,665,705
	₱1,444,098,402	₱1,250,881,611

The plan assets consist of the following:

- Cash and cash equivalents consist of regular savings and time deposits.
- Investments in equity instruments consist of listed shares of GMA Network, Inc. and GMA PDRs (see Note 20). Changes in the fair market value of these investments resulted to ₱23.95 million gain in 2020, ₱16.91 million loss in 2019 and ₱44.23 million loss in 2018.
- Investments in debt instruments bear interest ranging from 5.40% to 6.30% and have maturities from January 2021 to July 2031. Equity and debt instruments held have quoted prices in active market.
- Investment in UITFs are measured at their net asset value per unit amounting to ₱255.39 and ₱227.39 as at December 31, 2020 and 2019, respectively.
- Others consist of loans and receivables which are collectible within the next twelve months.

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

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

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

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

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

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

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

	2020	2019	2018
Discount rate	**3.10-7.70%**	4.13-7.70%	7.09-7.70%
Expected rate of salary increase	**4.00-5.00%**	1.44-5.00%	2.5-5.00%
Turn-over rates:			
19-24 years old	**7.26-9.48%**	4.00-36.00%	7.26-32.00%
25-29 years old	**5.56-7.88%**	6.00-70.00%	5.56-25.50%
30-34 years old	**3.70-6.14%**	4.40-24.00%	3.25-20.00%
35-39 years old	**2.69-4.22%**	2.00-12.00%	0.00-8.00%
40-44 years old	**2.00-3.81%**	2.00-10.00%	0.00-6.50%
>45 years old	**0.00-3.05%**	1.30-2.00%	0.00-8.25%

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

	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation 2020	2019	2018
Discount rate	50	**(₱320,849,879)**	(₱190,958,480)	(₱151,033,648)
	(50)	**348,403,037**	202,730,781	163,215,384
Future salary increases	50	**346,062,010**	210,769,378	166,759,223
	(50)	**(321.818,707)**	(194,862,800)	(155,480,126)

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2020:

Less than one year	₱521,350,603
More than 1 year to 3 years	1,899,583,535
More than 3 years to 7 years	2,355,852,639
More than 7 years to 15 years	3,775,201,107
More than 15 years to 20 years	4,862,907,624
More than 20 years	8,284,687,763

Other Long-Term Employee Benefits

Other long-term employee benefits consist of accumulated and unexpired employee sick and vacation leave entitlements. Noncurrent portion of other employee benefits amounted to ₱349.70 million and ₱336.40 million as at December 31, 2020 and 2019, respectively, while current portion of other employee benefits recorded in "Accrued payroll and talent fees" included under "Trade and other current liabilities" account amounted to ₱6.29 million and ₱5.08 million as at December 31, 2020 and 2019, respectively (see Note 16).

27. Agreements

Lease Agreements

Starting January 1, 2019 - Upon adoption of PFRS 16

Group as a Lessee

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

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

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

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

	2019		
	Right-of-use: Land	Right-of-use: Buildings, studio and office spaces	Right-of-use: Total
Cost			
Balance at beginning of year	₱70,667,431	₱28,320,921	₱98,988,352
Additions	23,886,045	37,590,842	61,476,887
Balance at the end of year	94,553,476	65,911,763	160,465,239
Accumulated Depreciation			
Balance at beginning of year	–	–	–
Depreciation (see Note 23)	16,797,383	13,865,670	30,663,053
Balance at end of year	16,797,383	13,865,670	30,663,053
Net Book Value	₱77,756,093	₱52,046,093	₱129,802,186

The rollforward analysis of lease liabilities follows:

	2020	2019
Balance at beginning of year	**₱105,788,115**	₱66,535,587
Additions	**–**	53,959,212
Accretion of interest	**5,817,214**	6,987,979
Payments	**(21,762,363)**	(21,694,663)
Pre-termination	**(12,986,894)**	–
Balance at end of year	**₱76,856,072**	₱105,788,115

	2020	2019
Current portion	**₱10,485,295**	₱18,268,746
Noncurrent portion	**66,370,777**	87,519,369
Balance at end of year	**₱76,856,072**	₱105,788,115

The rollforward analysis of dismantling provision follows:

	2020	2019
Balance at beginning of year	**₱42,392,195**	₱32,452,765
Additions	**–**	7,517,685
Accretion of interest	**2,581,215**	2,421,745
Balance at end of year	**₱44,973,410**	₱42,392,195

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

	2020	2019
Depreciation expense of right-of-use assets (see Note 23)	**₱27,777,955**	₱30,663,053
Interest expense on lease liabilities	**5,817,214**	6,987,979
Interest expense on dismantling provision	**2,581,215**	2,421,745
Expense relating to short-term leases (included in "Production costs") (see Note 22)	**210,239,334**	812,006,880
Expense relating to short-term leases (included in "General and Administrative expenses") (see Note 23)	**9,603,762**	11,967,504

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

	2020	2019
1 year	**₱15,550,271**	₱17,387,545
more than 1 year to 2 years	**14,079,568**	13,989,811
more than 2 years to 3 years	**12,759,983**	13,760,554
more than 3 years to 4 years	**10,992,270**	50,831,950
More than 5 years	**45,501,281**	77,864,795

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

Total rental expense on short-term leases amounted to ₱219.84 million and ₱746.94 million in 2020 and 2019, respectively (see Notes 22 and 23).

Group as Lessor. The Group leases out certain properties for a period of one year, renewable annually. The leased-out properties include investment properties, and broadcasting equipment. Total rental income amounted to ₱6.89 million and ₱8.56 million in 2020 and 2019, respectively (see Note 25).

Prior to January 1, 2019 - Prior to adoption of PFRS 16

Operating Lease Commitments - Group as Lessee. The Group entered into various lease agreements for the land, building, studio spaces and airtime that it presently occupies and uses for periods ranging from three to twenty five years. The leases are cancellable at the Group's option.

The Group's other lease arrangements consist of short-term leases, renewed on a need basis.

Total rental expense on amounted to ₱927.34 million 2018 (see Notes 22 and 23).

Operating Lease - Group as Lessor. The Group also leases out certain properties for a period of one year, renewable annually. The leased out properties include investment properties and broadcast equipment. Total rental income amounted to ₱8.27 million in 2018 (see Note 25).

Subscription Agreements

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

Total subscription revenue amounted to ₱911.00 million, ₱1,056.70 million and ₱1,160.34 million in 2020, 2019 and 2018, respectively (see Note 21).

Purchase Agreement for Set-top Boxes

In 2020, the Parent Company entered into several contracts with Ablee Electronic Company Limited for the supply of set-top boxes with complete accessories. Total purchases in 2020 amounted to ₱896.80 million. As at December 31, 2020, total advances for set-top boxes to be delivered in 2021 amounted to ₱566.86 million (see Note 9).

28. Income Taxes

Current Income Tax

The current income tax consists of the following:

	2020	2019	2018
RCIT	**₱2,728,600,117**	₱1,200,771,887	₱1,056,837,806
MCIT	**50,423**	6,256	16,100
	₱2,728,650,540	₱1,200,778,143	₱1,056,853,906

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

	2020	2019	2018
Statutory income tax	**30.00%**	30.00%	30.00%
Additions (deductions) in income tax resulting from:			
Interest income already subjected to final tax	**(0.03)**	(0.18)	(0.19)
Nondeductible interest expense	**0.10**	0.05	0.07
Nondeductible tax deficiency payment	**–**	0.06	0.37
Others - net	**0.01**	–	–
Effective income tax	**30.08%**	29.93%	30.25%

Deferred Taxes

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

	2020	2019
Deferred tax assets:		
Pension liability	**₱1,473,503,571**	₱819,935,351
Allowance for ECL	**227,801,136**	164,181,742
Other long-term employee benefits	**104,910,736**	100,860,733
Accrued expenses	**30,265,904**	33,314,129
Lease liabilities	**22,706,164**	31,736,435
Intercompany sale of intangible assets	**18,000,000**	22,500,000
Dismantling provision	**13,492,023**	12,717,658
Contract liabilities	**10,772,554**	38,172,487
Unrealized foreign exchange loss	**8,213,125**	9,085,334
Allowance for probable losses in advances	**8,187,320**	8,161,268
Unamortized past service cost	**7,862,147**	3,126,052
Unrealized loss on financial assets at FVOCI	**6,218,787**	2,599,211
NOLCO	**298,058**	–
Excess MCIT over RCIT	**22,619**	41,186
	1,932,254,144	1,246,431,586
Deferred tax liabilities:		
Revaluation increment on land	**(733,073,652)**	(733,073,652)
Right-of-use assets	**(26,460,540)**	(38,940,656)
	(759,534,192)	(772,014,308)
	₱1,172,719,952	₱474,417,278

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

	2020	2019
Revaluation increment on land	**(₱733,073,652)**	(₱733,073,652)
Pension liability - remeasurement loss on retirement plan	**677,677,431**	128,870,460
Revaluation of financial assets at FVOCI	**7,862,147**	2,599,211
	(47,534,074)	(₱601,603,981)

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

	2020	2019
NOLCO	**₱10,038,762**	₱6,131,646
Allowance for ECL	**7,181,194**	2,367,129
Allowance for inventory stock	**6,978,287**	6,978,286
Pension liability	**3,447,119**	475,291
Unamortized past service cost	**577,523**	92,404
Excess MCIT over RCIT	**64,334**	67,295
Other long-term employee benefits	**–**	198,597
Others	**102,383**	37,362
	₱28,389,602	₱16,348,010

The unrecognized deferred tax assets from the above deductible temporary differences and carryforward benefits of NOLCO and MCIT amounted to ₱8.56 million and ₱4.95 million as at December 31, 2020 and 2019, respectively.

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

As at December 31, 2020, the Group's MCIT is as follows:

Years Paid/Incurred	Carryforward Benefit Up To	MCIT
2018	2021	₱7,501
2019	2022	28,875
2020	2023	50,577
		₱86,953

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

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

Year incurred	Availment period	Amount	Applications in previous year/s	Expirations	Applications in the current year	Unapplied NOLCO
2017	2018 to 2020	₱776,438	₱–	₱776,438	₱–	₱–
2018	2019 to 2021	3,626,616	9,757	–	490,824	3,126,035
2019	2020 to 2022	2,731,377	–	–	–	2,731,377
		₱7,134,431	₱9,757	₱776,438	₱490,824	₱5,857,412

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

Year incurred	Availment period	Amount	Applications in previous year/s	Expirations	Applications in the current year	Unapplied NOLCO
2020	2021 to 2025	₱5,174,877	₱–	₱–	₱–	₱5,174,877

29. EPS Computation

The computation of basic and diluted EPS follows:

	2020	2019	2018
Net income attributable to equity holders of the Parent Company (a)	**₱5,984,584,939**	₱2,618,460,706	₱2,304,793,288
Less attributable to preferred shareholders	**1,846,897,337**	808,080,787	711,280,168
Net income attributable to common equity holders of the Parent Company (b)	**₱4,137,687,602**	₱1,810,379,919	₱1,593,513,119
Common shares issued at the beginning of year (Note 19)	**3,364,692,000**	3,364,692,000	3,364,692,000
Treasury shares (Note 19)	**(3,645,000)**	(3,645,000)	(3,645,000)
Underlying shares on acquired PDRs (Note 19)	**(750,000)**	(750,000)	(750,000)
Weighted average number of common shares for basic EPS (c)	**3,360,297,000**	3,360,297,000	3,360,297,000
Weighted average number of common shares	**3,360,297,000**	3,360,297,000	3,360,297,000
Effect of dilution - assumed conversion of preferred shares	**1,500,000,000**	1,500,000,000	1,500,000,000
Reacquired preferred shares	**(98,563)**	(98,563)	(98,563)
Weighted average number of common shares adjusted for the effect of dilution (d)	**4,860,198,437**	4,860,198,437	4,860,198,437
Basic EPS (b/c)	**₱1.231**	₱0.539	₱0.474
Diluted EPS (a/d)	**₱1.231**	₱0.539	₱0.474

30. Financial Risk Management Objectives and Policies

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

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

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

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

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

	2020				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Financial assets at amortized cost:					
Cash and cash equivalents	**₱2,892,545,281**	**₱322,271,983**	**₱–**	**₱–**	**₱3,214,817,264**
Trade receivables:					
Television and radio airtime	**2,455,964,077**	**7,478,640,764**	–	–	**9,934,604,841**
Subscriptions	**162,802,287**	**84,098,769**	–	–	**246,901,056**
Others	**82,251,529**	**46,624,618**	–	–	**128,876,147**
Nontrade receivables:					
Advances to officers and employees	**1,636,162**	**5,230,704**	–	–	**6,866,866**
Others	**84,639,593**	**64,649,192**	–	–	**149,288,785**
Refundable deposits*	–	–	–	**21,427,422**	**21,427,422**
Financial assets at FVOCI	–	–	–	**192,132,088**	**192,132,088**
	5,679,838,929	**8,001,516,030**	–	**213,559,510**	**13,894,914,469**
Loans and borrowings:					
Trade payables and other current liabilities**	**541,916,369**	**648,035,317**	**16,964,424**	–	**1,206,916,110**
Short-term loans***	–	**720,741,190**	–	–	**720,741,190**
Obligations for program and other rights	–	**73,369,390**	**102,812,738**	–	**176,182,128**
Lease liabilities***	–	**4,208,629**	**12,032,002**	**83,333,102**	**99,573,733**
Dividends payable	**19,894,437**	–	–	–	**19,894,437**
	561,810,806	**1,446,354,526**	**131,809,164**	**83,333,102**	**2,223,307,598**
Liquidity Portion (Gap)	**₱5,118,028,123**	**₱6,555,161,504**	**(₱131,809,164)**	**₱130,226,408**	**₱11,671,606,871**

**Included under "Other noncurrent assets" account in the consolidated statement of financial position (see Note 15).*
***Excluding payable to government agencies, contract liabilities and customer deposits amounting to ₱1,693.38 million, ₱35.91 million and ₱41.69 million, respectively (see Note 16).*
****Gross contractual payments.*

	2019				
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial assets at amortized cost:					
Cash and cash equivalents	₱1,852,507,801	₱402,463,855	₱–	₱–	₱2,254,971,656
Trade receivables:					
Television and radio airtime	1,084,175,736	3,664,972,758	–	–	4,749,148,494
Subscriptions	233,691,355	96,532,218	–	–	330,223,573
Others	110,679,514	58,987,974	–	–	169,667,488
Nontrade receivables:					
Advances to officers and employees	–	–	5,913,890	–	5,913,890
Others	2,003,237	191,271	–	–	2,194,508
Refundable deposits*	–	–	–	19,235,359	19,235,359
Financial assets at FVOCI	–	–	–	243,433,060	243,433,060
	3,283,057,643	4,223,148,076	5,913,890	262,668,419	7,774,788,028

(Forward)

		2019			
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Loans and borrowings:					
Trade payables and other current liabilities**	₱560,644,264	₱664,935,106	₱21,119,729	₱–	₱1,246,699,099
Short-term loans***	–	404,333,333	–	–	404,333,333
Obligations for program and other rights	–	133,784,154	–	–	133,784,154
Lease liabilities***	–	1,268,251	22,002,611	112,631,542	135,902,404
	579,378,272	1,204,320,844	43,122,340	112,631,542	1,939,452,998
Liquidity Portion (Gap)	₱2,703,679,371	₱3,018,827,232	(₱37,208,450)	₱150,036,877	₱5,835,335,030

**Included under "Other noncurrent assets" account in the consolidated statement of financial position (see Note 15).*
***Excluding payable to government agencies, contract liabilities and customer deposits amounting to ₱979.42 million, ₱127.28 million and ₱53.33 million, respectively (see Note 16).*
****Gross contractual payments.*

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

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

	2020		2019	
Assets				
Cash and cash equivalents	**$14,428,000**	**₱692,832,539**	$7,179,428	₱363,530,337
	C$1,515,837	**56,692,289**	C$596,756	23,103,528
Trade receivables	**$4,295,851**	**206,286,757**	$1,823,154	92,315,394
	C$1,392,382	**52,075,098**	C$7,233,455	280,044,657
	S$113,726	**4,107,775**	S$16,936	634,931
	A$36,854	**1,341,474**	A$202,851	7,152,526
	DH52,170	**682,387**	DH132,843	1,835,890
	¥–	**–**	¥10,738,238	4,970,730
		₱1,014,018,319		₱773,587,993
Liabilities				
Short-term loans	**$15,000,000**	**₱720,345,000**	$–	₱–
Trade payables	**$2,891,699**	**138,859,374**	1,083,401	54,858,010
	€11,670	**684,924**	€–	–
Obligations for program and other rights	**$2,892,613**	**138,903,262**	2,171,343	109,945,953
		₱998,792,560		₱164,803,963
		₱15,225,759		₱607,779,044

In translating the foreign currency-denominated monetary assets and liabilities into Philippine peso amounts, the exchange rate used were ₱48.02 to US$1.00 and ₱50.74 to US$1.00, the Philippine peso to U.S. dollar exchange rate, as at December 31, 2020 and 2019, respectively. The exchange rate for Philippine peso to Canadian dollar was ₱37.40 to CAD$1.00 as at December 31, 2020. The peso equivalents for the Singaporean Dollar, Japanese Yen, Australian Dollar, Dirham and Euro are ₱36.12, ₱0.46, ₱36.40, ₱13.08, and ₱58.69 respectively as at December 31, 2020.

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

		Effect on Income before Income Tax							
	Appreciation/ (Depreciation) of Peso	**USD**	**CAD**	**SGD**	**AUD**	**AED**	**JPY**	**EUR**	**Total**
2020	**0.50**	**₱1,036,534**	**(₱1,454,109)**	**(₱56,863)**	**(₱18,427)**	**(₱26,085)**	**₱–**	**₱5,835**	**(513,115)**
	(0.50)	**(1,036,534)**	**1,454,109**	**56,863**	**18,427**	**26,085**	**–**	**(5,835)**	**513,115**
2019	0.50	(₱2,863,995)	(₱3,915,106)	(₱8,468)	(₱101,426)	(₱66,422)	(₱5,369,119)	₱–	(₱12,324,536)
	(0.50)	2,863,995	3,915,106	8,468	101,426	66,422	5,369,119	–	12,324,536

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

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

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

	2020	2019
Financial assets at amortized cost:		
Cash and cash equivalents*	**₱2,557,264,071**	₱1,988,824,410
Trade receivables:		
Television and radio airtime	**9,934,604,841**	4,749,148,494
Subscriptions	**246,901,056**	330,223,573
Others	**128,876,147**	169,667,488
Nontrade receivables:		
Advances to officers and employees	**6,866,866**	5,913,890
Others	**149,288,785**	2,194,508
Refundable deposits**	**21,427,422**	19,235,359
	13,045,229,188	7,265,207,722
Financial assets at FVOCI	**192,132,088**	243,433,060
	₱13,237,361,276	₱7,508,640,782

**Excluding cash on hand amounting to ₱355.24 million and ₱244.75 million as at December 31, 2020 and 2019, respectively.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*

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:

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

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

	2019			
	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*	₱2,010,218,215	₱–	₱–	₱2,010,218,215
Nontrade receivables:				
Advances to officers and employees	5,913,890	–	–	5,913,890
Others	2,194,508	–	–	2,194,508
Refundable deposits**	19,235,359	–	–	19,235,359
	₱2,037,561,972	₱–	₱–	₱2,037,561,972

**Excluding cash on hand amounting to ₱244.75 million as at December 31, 2019.*
*** Included under "Other noncurrent assets" account in the consolidated company statement of financial position.*

Credit Quality of Trade Receivables
An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segment with similar loss patterns (i.e, by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

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

	2019					
		Days past due				
	Current	0-30 days	31-60 days	61-90 days	91 days and above	Total
Expected credit loss rate	1%	6%	6%	17%	36%	
Estimated total gross carrying amount at default	₱3,820,492,950	₱338,458,290	₱288,235,907	₱115,027,335	₱1,236,464,675	₱5,798,679,157
Expected credit loss	47,562,387	18,971,665	17,431,750	19,176,191	446,497,609	549,639,602

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

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

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

No changes were made in the objectives, policies or processes for each of the three years ended December 31, 2020, 2019 and 2018.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loan to total equity. The Group's interest-bearing loans, which are the short-term loans, amounted to ₱720.35 million and ₱400.00 million as at December 31, 2020 and 2019, respectively. The Group's total equity attributable to equity holders of the Parent Company as at December 31, 2020 and 2019 amounted to ₱12,809.06 million and ₱9,586.43 million, respectively.

31. Fair Value Measurement

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

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

**Included under "Other noncurrent assets" account in the consolidated statement of financial position (see Note 15).*

		2019		
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Assets Measured at Fair Value				
Land at revalued amount	₱2,803,196,184	₱–	₱–	₱2,803,196,184
Financial assets at FVOCI	243,433,060	–	15,925,000	227,508,060
Assets for which Fair Values are Disclosed				
Investment properties	36,252,221	–	–	203,902,548
Financial assets at amortized cost - Refundable deposits*	19,235,359	–	–	18,350,350
	₱3,102,116,824	₱–	₱15,925,000	₱3,252,957,142

**Included under "Other noncurrent assets" account in the consolidated statement of financial position (see Note 15).*

As at December 31, 2020 and 2019, the fair value of equity instruments in a listed entity is classified under Level 3 due to the investee Company's suspension of trading in the market.

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

Presented below are the significant unobservable inputs used in the net asset valuations of the Group's financial assets in 2020 and 2019:

		Range	
Description	**Unobservable Inputs**	**2020**	2019
Listed equity instrument:			
Casinos and gaming industry	Discount for lack of marketability	**10%-30%**	10%-30%
	Discount for lack of control	**10%-30%**	10%-30%
Non-listed equity instruments:			
Media and entertainment industry	Discount for lack of marketability	**10%-30%**	10%-30%
	Discount for lack of control	**10%-30%**	10%-30%

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

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

	2020	2019
Balance at beginning of year	**₱227,508,061**	₱226,994,846
Fair value adjustment recognized under "Net unrealized gain (loss) on financial assets at FVOCI"	**(48,347,815)**	513,216
Balance at end of year	**₱179,160,246**	₱227,508,061

<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 and Trade and Other Receivables

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

Refundable Deposits

The fair value of refundable deposits is based on the present value of the future discounted cash flows. Discount rates used range from 3.26% to 4.44% in 2020 and 2019.

Financial assets at FVOCI

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

Investment Properties and Land at Revalued Amount

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

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

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

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

Lease liabilities

The fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans plus the applicable credit spread. Discount rates used ranged from 1.59% to 3.57% in 2020 and 3.07% to 5.43% in 2019.

32. Changes in Liabilities Arising from Financing Activities

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

**Others pertain to revaluation of foreign currency denominated loans, and accretion of interest and pre-termination of lease liabilities.*
***Included under "Accounts payable and other current liabilities" account in the consolidated statement of financial position (see Note 16).*

	January 1, 2019	Additions	Payments	Others*	December 31, 2019
Short-term loans	₱500,000,000	₱1,517,500,000	(₱1,617,500,000)	₱–	₱400,000,000
Lease liabilities	66,535,587	53,959,212	(21,694,663)	6,987,979	105,788,115
Dividends payable	17,053,776	2,199,839,297	(2,198,159,065)	–	18,734,008
Accrued interest expense**	944,444	46,185,621	(45,663,399)	–	1,466,667
Total liabilities from financing activities	₱584,533,807	₱3,817,484,130	(₱3,883,017,127)	₱6,987,979	₱525,988,790

**Others pertain to accretion of interest.*
***Included under "Accounts payable and other current liabilities" account in the consolidated statement of financial position (see Note 16).*

33. Events after the Reporting Period

Corporate Recovery and Tax Incentives for Enterprises

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. R.A. 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

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

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.00 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

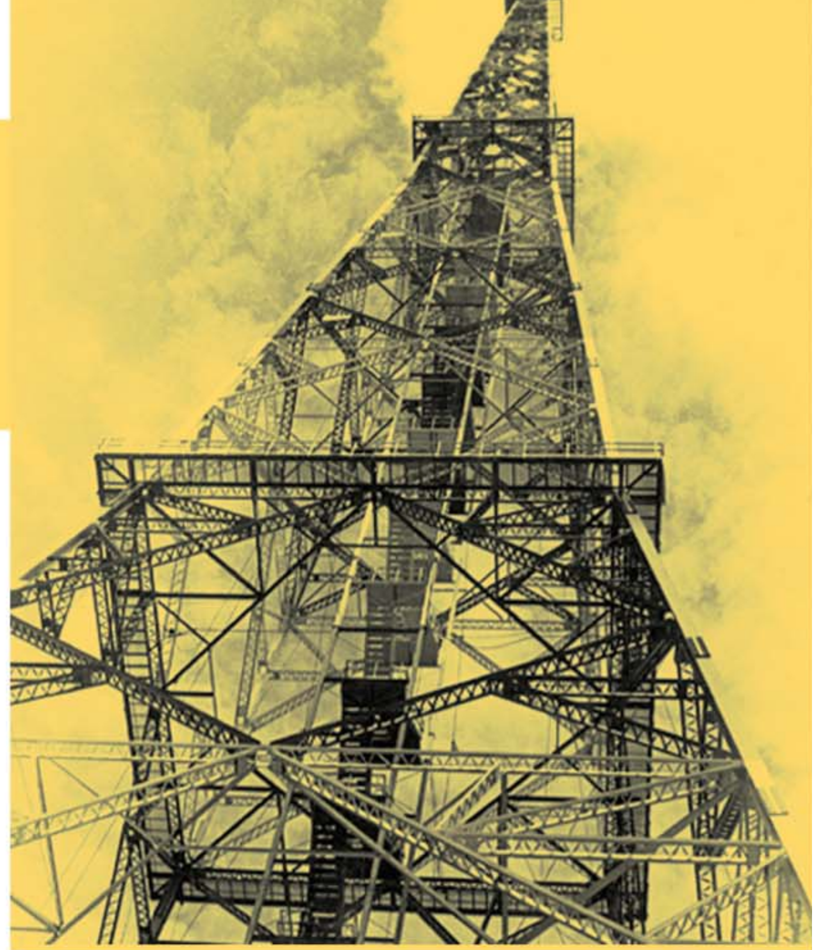
As clarified by the FRSC in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as at and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Group would have been subjected to lower regular corporate income tax rates of 25% and 20% effective July 1, 2020.

- This will result in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as of December 31, 2020, which will be reflected in the Group's 2020 annual income tax return but will only be recognized for financial reporting purposes in its 2021 financial statements. Pending clarification from the tax authorities on how the taxable income for the period beginning July 1, 2020 will be computed, the Group has not quantified the impact of the lower corporate income tax rate on the 2020 current income tax.

- This will result in lower deferred tax assets and liabilities as of December 31, 2020 and benefit from deferred tax for the year then ended by ₱195.47 million and ₱23.17 million, respectively. These reductions will be recognized in the 2021 financial statements.

DIRECTORY



TELEVISION

LUZON

TV-7 Metro Manila (GMA)
Brgy. Culiat, Tandang Sora, Quezon City
(02) 8931-9183/(02) 8924-2497

TV-27 Metro Manila (GNTV)
Brgy. Culiat, Tandang Sora, Quezon City
(02) 8931-9183/(02) 8924-2497

TV-5 San Nicolas, Ilocos Norte (GMA)
Brgy. San Lorenzo, San Nicolas, Ilocos Norte
0916-6715439

TV-27 San Nicolas, Ilocos Norte (GNTV)
Brgy. San Lorenzo, San Nicolas, Ilocos Norte
0916-6715439

TV-48 Bantay, Ilocos Sur (GMA)
Mt. Caniao, Bantay, Ilocos Sur
0915-8632841

RGMA TV-40 Bantay, Ilocos Sur (GNTV)
Mt. Caniao, Bantay, Ilocos Sur
0915-8632841

TV-7 Basco, Batanes (GMA)
Brgy. Kayvaluganan, Basco, Batanes
0915-6127197

TV-13 Aparri, Cagayan (GMA)
Hi-Class Bldg. De Rivera St., Aparri, Cagayan
0915-6130530

TV-26 Aparri, Cagayan (GNTV)
Hi-Class Bldg. De Rivera St., Aparri, Cagayan
0915-6130530

TV-7 Tugegarao, Cagayan (GMA)
No. 91 Mabini St., Tuguegarao City
0915-6127263

TV-27 Tugegarao, Cagayan (GNTV)
No. 91 Mabini St., Tuguegarao City
0915-6127263

TV-7 Santiago City, Isabela (GMA)
Heritage Commercial Complex, Maharlika Hi-way,
Brgy. Malvar Santiago City, Isabela
0915-2700063

TV-5 Baler, Aurora (GMA)
Purok 3, Brgy. Buhangin, Baler, Aurora
0915-6127194

TV-10 Olongapo (GMA)
Upper Mabayuhan, Olongapo City
0915-6127265

TV-26 Olongapo (GNTV)
Upper Mabayuhan, Olongapo City
0915-6127265

RGMA TV-28 Tarlac City (GNTV)
Exclusively His Bldg. located at F. Tanedo St.
corner Espinosa St., Tarlac City
0915-2700185

TV-12 Batangas (GMA)
Mt. Banoy, Bo. Talumpok East, Batangas City
0915-8632860

TV-26 Batangas (GNTV)
Mt. Banoy, Bo. Talumpok East, Batangas City
0915-8632860

TV-44 Jalajala, Rizal (GMA)
Mt. Landing, Jalajala, Rizal
0915-8632874

TV-13 San Jose, Occidental Mindoro (GMA)
Bonifacio St., San Jose, Occidental Mindoro
0915-6127199

TV-26 San Jose, Occidental Mindoro (GNTV)
Bonifacio St., San Jose, Occidental Mindoro
0915-6127199

TV-6 Brooke's Point, Palawan (GMA)
Poblacion, Brooke's Point, Palawan
0915-6127181

TV-8 Coron, Palawan (GMA)
Tapias Hill, Coron, Palawan
0915-6127178

TV-12 Puerto Princesa, Palawan (GMA)
Mitra Rd., Brgy. Sta. Monica,
Puerto Princesa, Palawan
0915-6127185

TV-27 Puerto Princesa, Palawan (GNTV)
Mitra Rd., Brgy. Sta. Monica,
Puerto Princesa, Palawan
0915-6127185

TV-7 Tablas, Romblon (GMA)
Triple Peak, Sta. Maria, Tablas, Romblon
0915-6127225

TV-12 Legazpi, Albay (GMA)
Mt. Bariw, Estanza, Legazpi City
0915-8632867

RGMA TV-33 Legazpi, Albay (GMA)
Mt. Bariw, Estanza, Legazpi City
0915-8632867

TV-27 Legazpi, Albay (GNTV)
Mt. Bariw, Estanza, Legazpi City
0915-8632867

TV-8 Daet, Camarines Norte (GMA)
Purok 2, Brgy. Mancruz, Daet, Camarines Norte
0915-2700056

TV-7 Naga, Camarines Sur (GMA)
Brgy. Concepcion Pequeña, Naga City
0915-4417071

RGMA TV-44 Naga, Camarines Sur (GMA)
Brgy. Concepcion Pequeña, Naga City
0915-4417071

TV-28 Naga, Camarines Sur (GNTV)
Brgy. Concepcion Pequeña, Naga City
0915-4417071

TV-13 Virac, Catanduanes (GMA)
Brgy. Sto. Niño, Virac, Catanduanes
0915-612717

TV-7 Masbate (GMA)
Brgy. Pinamurbuhan, Mobo, Masbate
0915-6127175

TV-27 Masbate (GNTV)
Brgy. Pinamurbuhan, Mobo, Masbate
0915-6127175

TV-2 Juban, Sorsogon (GMA)
Mt. Bintacan, Brgy. Maalo, Juban, Sorsogon
0915-2700192

TV-7 Abra (GMA)
Brgy. Lusuac, Peñarrubia, Abra
0915-6130512

TV-10 Benguet (GMA)
Mt. Sto. Tomas, Tuba, Benguet
0915-4417080

TV-22 Benguet (GNTV)
Mt. Sto. Tomas, Tuba, Benguet
0915-4417080

TV-5 Mountain Province (GMA)
Mt Amuyao, Barlig. Mountain Province
0915-2700124

VISAYAS

TV-2 Kalibo, Aklan (GMA)
New Busuanga, Numancia, Aklan
0915-6127216

TV-27 Kalibo, Aklan (GNTV)
New Busuanga, Numancia, Aklan
0915-6127216

TV-5 Roxas City, Capiz (GMA)
Brgy. Milibili, Roxas City, Capiz
0915-6127217

TV-27 Roxas City, Capiz (GNTV)
Brgy. Milibili, Roxas City, Capiz
0915-6127217

TV-6 Jordan, Guimaras (GMA)
Bo. Tamburong, Jordan, Guimaras
0915-4417084

TV-28 Iloilo (GNTV)
Alta Tierra Subdivision, Jaro, Iloilo
0915-4417084

TV-13 Bacolod (GMA)
Isecure Bldg., Rizal St. cor. Locsin St., Bacolod City
0915-8632864

RGMA TV-48 Bacolod (GNTV)
Isecure Bldg., Rizal St. cor. Locsin St., Bacolod City
0915-8632864

TV-30 Murcia, Negros Occidental (GMA)
Mt. Kanlandog, Brgy. Canlandog, Murcia, Negros Occidental
0915-2700132

TV-10 Sipalay (GMA)
Sipalay Municipal Building, Sipalay, Negros Occidental
0915-6127219

TV-11 Tagbilaran, Bohol (GMA)
Banat-I Hills, Brgy. Bool, Tagbilaran City
0915-6127214

TV-7 Cebu (GMA)
Bonbon, Cebu City
0915-441707

RGMA TV-51 Cebu (GMA)
Bonbon, Cebu City
0915-441707

TV-27 Cebu (GNTV)
Bonbon, Cebu City
0915-441707

TV-5 Dumaguete (GMA)
Barrio Looc, Sibulan, Negros Oriental
0915-6131185

TV-28 Dumaguete (GNTV)
Barrio Looc, Sibulan, Negros Oriental
0915-6131185

TV-8 Borongan (GMA)
Poblacion, Borongan, Eastern Samar
0915-6127177

TV-12 Ormoc, Leyte (GMA)
Brgy. Alta Vista, Ormoc City
0915-6127213

TV-10 Tacloban (GMA)
Basper, Tigbao, Tacloban City
0915-6127208

TV-26 Tacloban (GNTV)
Basper, Tigbao, Tacloban City
0915-6127208

TV-5 Calbayog City (GMA)
Purok 2 San Mateo St. Brgy. Matobato, Calbayog City, Western Samar
0915-6127176

MINDANAO

TV-4 Dipolog (GMA)
Linabo Peak, Dipolog City, Zamboanga Del Norte
0915-6127247

TV-26 Dipolog (GNTV)
Linabo Peak, Dipolog City, Zamboanga Del Norte
0915-6127247

TV-3 Pagadian (GMA)
Mt. Palpalan, Pagadian City
0915-6127245

TV-26 Pagadian (GNTV)
Mt. Palpalan, Pagadian City
0915-6127245

TV-9 Zamboanga (GMA)
Brgy. Cabatangan, Zamboanga City
0915-8632870

RGMA TV-45 Zamboanga (GMA)
Brgy. Cabatangan, Zamboanga City
0915-8632870

TV-21 Zamboanga (GNTV)
Brgy. Cabatangan, Zamboanga City
0915-8632870

TV-12 Mt. Kitanglad, Bukidnon (GMA)
Mt. Kitanglad, Bukidnon
0915-8632863

TV-5 Ozamis, Misamis Occidental (GMA)
Bo. Malaubang, Ozamis City, Misamis Occidental
0915-6127220

TV-22 Ozamis, Misamis Occidental (GNTV)
Bo. Malaubang, Ozamis City, Misamis Occidental
0915-6127220

TV-11 Iligan City (GMA)
Brgy. Del Carmen, Iligan City
0915-6131202

TV-35 Cagayan de Oro (GMA)
Malasag Heights, Brgy. Cugman, Cagayan de Oro City
0915-8632875

TV-43 Cagayan de Oro (GNTV)
Malasag Heights, Brgy. Cugman, Cagayan de Oro City
0915-8632875

TV-26 Butuan (GMA)
Brgy. Bonbon, Butuan City, Agusan del Norte
0916-3178470

TV-5 Davao (GMA)
Shrine Hills, Matina, Davao City
0915-4417082

TV-27 Davao (GNTV)
Shrine Hills, Matina, Davao City
0915-4417082

TV-12 Cotabato (GMA)
Regional Government Center, Cotabato City
0915-6131170

TV-27 Cotabato (GNTV)
Regional Government Center, Cotabato City
0915-6131170

TV-8 General Santos (GMA)
Nuñez St., Brgy. San Isidro, General Santos City
0915-8632871

RGMA TV-32 General Santos (GMA)
Nuñez St., Brgy. San Isidro, General Santos City
0915-8632871

TV-26 General Santos (GNTV)
Nuñez St., Brgy. San Isidro, General Santos City
0915-8632871

TV-10 Surigao (GMA)
Lipata Hills, Surigao City
0915-6131227

TV-27 Surigao (GMA)
Lipata Hills, Surigao City
0915-6131227

TV-2 Tandag (GMA)
Capitol Hill, Brgy. Telaje, Tandag, Surigao del Sur
0915-6127248

TV-12 Jolo (GMA)
Ynawat Bldg., Hadji Butu St., Jolo, Sulu
0915-6131182

TV-26 Jolo (GNTV)
Ynawat Bldg., Hadji Butu St., Jolo, Sulu
0915-6131182

RADIO STATIONS

LUZON

METRO MANILA
AM – DZBB (594 khz.) 50kW
FM – DWLS (97.1 mhz.) 25kW
Tel: DZBB - 8982-7777 local 9404
DWLS - 8982-7777 local 9407
GMA Complex, EDSA cor. Timog Ave., Diliman, Quezon City

BAGUIO
FM – DWRA (92.7 mhz.) 10kW
2/F Baguio Midland Courier Bldg. 16 Kisad Rd., Baguio City
CP #: 0917-813-2986 / 0998-845-2446
FM Tx Site: Brgy. Lamut, Beckel, La Trinidad, Benguet

DAGUPAN
AM – DZSD (1548 khz.) 10kW
Maasin, Mangaldan, Pangasinan
FM – DWTL (93.5 mhz.) 10kW
GMA TV 10 Compound, Claveria Road, Malued District, Dagupan City
CP #: 0917-813-3081 / 0998-845-2447

LEGAZPI
FM – DWCW (96.3 mhz.) 10kW
3rd level A. Bichara Silverseen Entertainment Center, Magallanes St., Legazpi City
CP #: 0917-813-3189 / 0998-845-2448

LUCENA
FM – DWQL (91.1 mhz.) 10kW
3/F Ancon Bldg., Merchan Street, Lucena City
CP #: 0917-813-3563 / 0998-845-2449

NAGA
FM – DWQW (101.5 mhz.) 5kW
GMA Complex, Diversion Road(Roxas Ave.) Beside Mother Seton Hospital, Naga City
CP #: 0917-813-3414 / 0998-845-2451

PALAWAN
AM – DYSP (909 khz.) 5kW
FM – DYHY (97.5 mhz.) 5kW
Solid Road, San Manuel
Puerto Princesa City, Palawan
CP #: 0917-802-1683 / 0998-845-2452

TUGUEGARAO
FM – DWWQ (89.3 mhz.) 10kW
4/F Villablanca Hotel Pattaui St. cor. Pallua Rd., Ugac Norte Tuguegarao, Cagayan
CP #: 0917-813-3720 / 0998-845-2453

VISAYAS

BACOLOD
AM – DYSB (1341 khz.) 5KW
Brgy. Punta Taytay, Bacolod City
FM – DYEN (107.1mhz.) 10kW
3/F Door # 10 Centroplex Mall
Gonzaga-Locsin St. Brgy. 21
Bacolod City 6100
CP #: 0917-813-3483 / 0998-845-2454

CEBU
AM – DYSS (999 khz.) 10kW
FM – DYRT (99.5 mhz.) 25kW
GMA Skyview Complex Nivel Hills, Lahug, Cebu City
AVAYA: 5106
CP #: 0917-813-4507

ILOILO
AM – DYSI (1323 khz.) 10kW
FM – DYMK (93.5 mhz.) 10kW
GMA Broadcast Complex Phase 5, Alta Tierra Village, Jaro, Iloilo City
CP #: 0917-813-3490 / 0998-845-2455

KALIBO
FM – DYRU (92.9 mhz.) 5kW
Torres-Olivia Bldg. Roxas Ave. Extension, Kalibo, Aklan
CP #: 0917-813-3696 / 0998-845-2456

MINDANAO

CAGAYAN DE ORO
FM – DXLX (100.7 mhz.) 5kW
2nd Flr. Centro Mariano Bldg.
Osmena St. Cagayan de Oro City
CP #: 0917-813-3729 / 0998-845-2457

ILIGAN
FM – DXND (90.1 mhz.) 1kW
Infinity Suites, Consunji St. Iligan City

ZAMBOANGA
AM – DXRC (1287 kHz.) 5KW
Logoy Duitay, Talon-Talon, Zamboanga City

DAVAO
AM – DXGM (1125 khz.) 10kW
FM – DXRV (103.5) 10kW
GMA Network Complex, Shrine Hills, Matina Davao City
CP #: 0917-813-3736 / 0998-845-2458

GENERAL SANTOS
AM – DXBB (Leased) (1107 khz.) 5kW
FM – DXCJ (102.3 mhz.) 10kW
3/F PBC Bldg., Cagampang St. Gen. Santos City
CP #: 0917-813-3850 / 0998-845-2450

SUBSIDIARIES

GMA New Media, Inc.
12/F GMA Network Center, EDSA cor. Timog Avenue, Diliman, Quezon City
Tel: 8857-4664 • 8857-4627
Fax: 8857-4665 • 8857-4633
Website: www.gmanmi.com

CityNet Network Marketing and Productions, Inc.
GMA Network Center, EDSA cor. Timog Avenue, Diliman, Quezon City
Tel: 8982-7777

GMA Network Films, Inc.
GMA Network Center, EDSA cor. Timog Avenue, Diliman, Quezon City
Tel: 8982-7777 local 9980/9981
Telefax: 8926-1842

GMA Worldwide (Philippines), Inc.
10/F GMA Network Center, EDSA corner Timog Avenue, Diliman, Quezon City
Tel: 8928-5072
8982-7777 local 9381
8928-5065
Fax: 8928-5065

RGMA Marketing and Productions, Inc. (GMA Music)
Unit 1405 Future Point Plaza, 112 Panay Avenue, Brgy. South Triangle, Quezon City
Website: www.gmanetwork.com/records
Tel: 8376-3395

Script2010, Inc. (Formerly Capitalex Holdings, Inc.)
GMA Complex, EDSA corner Timog Avenue, Diliman, Quezon City
Tel: 8982-7777 local 9921
8928-5507
Telefax: 8928-7482

Scenarios, Inc.
GMA Complex, EDSA cor. Timog Avenue, Diliman Quezon City
Tel: 8982-7777 local 9921
8928-5507
Telefax: 8928-7482

Alta Productions, Inc.
10/F Sagittarius Building, H.V. Dela Costa St., Salcedo Village, Makati City
Tel: 8816-3881
Fax: 8813-3982

GMA Marketing and Productions, Inc.
15/F GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 8982-7777
Fax: 8928-2044

MediaMerge Corporation
6/F GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 8982-7777 local 1308
8927-6268
Fax: 8927-6210

Digify, Inc.
GMA Network Center, EDSA cor. Timog Avenue, Diliman, Quezon City
Tel: 8857-4627
Telefax: 8928-4553

AFFILIATES

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16/F Sagittarius Condominium 1, H.V. Dela Costa St., Salcedo Village, Makati City
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Fax: 8333-7132

RGMA Network, Inc.
GMA Complex, EDSA cor. Timog Avenue, Diliman, Quezon City
Tel: 8925-2094
Telefax: 8925-8188

JOINT VENTURES

Philippine Entertainment Portal, Inc.
Level 2, Robinsons Galleria, EDSA cor. Ortigas Avenue, Quezon City
Website: www.pep.ph

SOCIO-CIVIC ORGANIZATIONS

GMA Kapuso Foundation, Inc.
2/F Kapuso Center, GMA Network Drive cor. Samar St., EDSA, Diliman, Quezon City
Tel: 8982-7777 loc. 9901 and 9905
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Website www.kapusofoundation.com

Kapwa Ko Mahal Ko
2/F Kapuso Center
GMA Network Drive cor. Samar St., EDSA, Diliman Quezon City
Tel: 8426-3920
8982-7777 loc. 9950
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Fax: 8817-0696 • 8812-0008

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8/F Strata 2000, Emerald Avenue, Ortigas Center, Pasig City
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Fax: 8635-6245

BANK REFERENCES

Abacus Capital and Investments Corp.
Unit 3001-E Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City

Amalgamated Investment Bancorporation
11/F 6805 Ayala Avenue
Makati City

Asia United Bank
Parc Royale Condominium
Dona Jullia Vargas, Ortigas Center, Pasig City

Banco de Oro Universal Bank
12 ADB Avenue, Ortigas Center
Mandaluyong City

Bank of the Philippine Islands
BPI Bldg., Ayala Avenue corner Paseo de Roxas
Makati City

Chinatrust (Phils.) Commercial Bank
Tower One and Exchange Plaza,
Ayala Triangle, Ayala Avenue, Makati City

Citibank, N.A.
Citibank Tower
8741 Paseo de Roxas, Makati City

Development Bank of the Philippines
Sen. Gil Puyat Avenue,
Makati City

Deutsche Bank AG (Manila Branch)
26/F Tower One, Ayala Triangle,
Makati City

East West Bank
6795 Ayala Avenue cor. Herrera St.,
Salcedo Village, Makati City

JP Morgan Chase Bank
31/F Philamlife Tower,
8767 Paseo de Roxas, Makati City
Landbank of the Philippines
Landbank Plaza, 1598 M.H. del Pilar St.,
cor. J.Quintos, Malate, Manila

Metropolitan Bank & Trust Co.
Metrobank Plaza, Sen. Gil Puyat Avenue,
Makati City

Malayan Bank Savings and Mortgage Bank
Majalco Bldg., Benavidez cor. Trasierra St.,
Legaspi Village, Makati City

Philippine Bank of Communication
ACPC Bldg., 1186 Quezon Avenue,
Quezon City

Philippine Business Bank
Congressional branch
#622 Congressional Avenue
Brgy. Toro Quezon City.

Philippine National Bank
PNB Financial Center,
Pres. Diosdado Macapagal Blvd., Pasay City

Rizal Commercial Banking Corporation
Unit 106 Parc Chateau Condominium,
Garnet cor. Onyx St., Ortigas Center, Pasig City

Robinsons Bank
JSB Bldg., Tomas Morato corner Scout Delgado
Quezon City

Unicapital/Majalco
Majalco Bldg., Benavidez cor. Trasierra St.,
Legaspi Village, Makati City

Union Bank of the Philippines
Union Bank Plaza,
Meralco Avenue cor. Onyx and Sapphire Roads,
Ortigas Center, Pasig City

United Coconut Planters' Bank
UCPB Building,
Makati Avenue, Makati City

SHAREHOLDER SERVICES

Stock Transfer Service, Inc.
34/ F, Unit D, Rufino Pacific Tower
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Fax: 8403-2414

Investor Relations
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Email: corporateaffairs@gmanetwork.com
Website: www.gmanetwork.com/corporate/ir

Stock Trading Information
GMA Network, Inc. is listed in the Philippine Stock Exchange.

TRADING SYMBOL

GMA7 – Common Shares
GMAP – Philippine Deposit Receipts (PDRs)

The full version of GMA Network's reports are available at
https://www.gmanetwork.com/corporate/disclosures/
and via the **QR codes** on this page.

2020 Annual Report

2020 Sustainability Report