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SEC Registration Number

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(Group's Full Name)

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

Mr. Ronaldo P. Mastrili

(Contact Person)

8982-7777

(Group Telephone Number)

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Month Day
(Fiscal Year)

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(Form Type)

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Month Day
(Annual Meeting)

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(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

Foreign

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

- 1. For the quarterly period ended September 30, 2021
- 2. SEC Identification Number 5213
- 3. BIR Tax Identification No. 000-917-916-000V
- 4. Exact name of issuer as specified in its charter GMA Network, Inc.
- 5. Philippines
Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
Industry Classification Code

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

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

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

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

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding.....</u>
Common Stock	3,361,047,000
Preferred Stock	7,499,507,184

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

Yes No

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

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Management Discussion and Analysis of Financial Condition and Results of Operations for the Nine Months Ended September 30, 2021 and 2020

After three quarters this year, GMA Network, Inc. and Subsidiaries (GMA/the Company) continued to dominate the television broadcast industry. While the whole world, particularly the economy continued to battle the adverse effects of the protracted COVID-19 pandemic, GMA managed to display resiliency and the ability to rise above the challenges and difficulties that beset the entire nation. Fortunately for the Company, the core business of broadcasting proved to be an essential commodity during these times – when the most updated and relevant news and information becomes a staple for the general population and when entertainment and public affairs programs become sources of the much-needed breather. Undeterred, GMA has embarked on expanding its reach and services, more so since the Company has become the primary source of free-to-air broadcasting within the archipelago.

For the past nine months this year, a new digital channel called *I Heart Movies* which featured a diverse roster of films of different genres and origins was launched in Q1 along with the regular broadcast of the DepEd channel in support of the blended learning advocacy of the Department of Education. These channels complete the Digital Terrestrial TV (DTT) line-up of the Company together with *Heart of Asia* and *Hallypop* which saw initial broadcast in 2H last year. Meanwhile the first ever partnership of the Company with the oldest collegiate athletic association in the country – NCAA, also came to fruition. The collaboration aired its maiden broadcast in GMA’s Good TV (GTV) in mid-June via *Rise Up Stronger: NCAA Season 96*, culminating the season’s events in the third quarter. It was also in the third quarter when political advocacies started to make their presence felt in the airwaves in preparation for next year’s national election. With these endeavors and several more in the pipeline, GMA remains on track vis-à-vis its target financial and operational objectives.

Income Data	9M 2021 <i>(in millions PhP)</i>	9M 2020 <i>(in millions PhP)</i>	Inc/(Dec) <i>(in millions PhP)</i>	%
Revenues				
Advertising revenue	15,475.25	11,467.61	4,007.64	35%
Consumer sales				
Sale of services	688.53	775.77	(87.24)	-11%
Sale of goods	392.69	413.35	(20.66)	-5%
	16,556.47	12,656.73	3,899.74	31%
Total operating expenses	8,718.10	7,059.08	1,659.02	24%
EBITDA	9,107.74	6,501.99	2,605.75	40%
Net income	6,016.15	3,909.40	2,106.75	54%
<i>Attributable to Equity Holders of Parent Co.</i>	5,975.37	3,895.78	2,079.59	53%
<i>Noncontrolling Interest</i>	40.78	13.62	27.16	199%

For the past nine months this 2021, consolidated revenues of the Company reached unprecedented heights at ₱16,556 million, cementing a ₱3,900 million or 31% improvement from year ago’s ₱12,657 million. Advertising revenues propelled the increase in the top-line with a whopping ₱4,008 million in incremental sales. All airtime-revenue generating platforms yielded upbeat sales results versus same period last year. Consumer sales on the other hand ended September-to date this year behind revenues of comparable period in 2020. Sale of services which included subscription income, subsidiaries’ operations and others, sealed nine-month top line at ₱689 million, down by ₱87 million versus a year ago. Meanwhile, Sale of goods also dipped by 5% in between comparable periods. Nonetheless, these setbacks did not make a dent in the total revenue improvement of the Company for this year.

While consolidated revenues registered sizeable gains, the Company's total consolidated operating expenses (OPEX) from January to September amounting to ₱8,718 million likewise grew by ₱1,659 million, albeit at a slower rate of 24%, versus the growth in the top line. Direct cost was the main driver for the escalation in expenditures owing to the back to (new) normal activities of the Company. This cost category hiked by ₱949 million or about 34% from same period last year. Meanwhile, consolidated general and administrative expenses (GAEX) also grew by 17%, finishing of at ₱4,968 million by the close of three quarters this 2021.

Bolstered by healthy revenues throughout the year, consolidated Earnings before interest, taxes, depreciation and amortization (EBITDA) reached ₱9,108 million, 40% higher than last year's tally. In the same manner, consolidated Net Income after tax for the nine months ended September soared to ₱6,016 million, trumping last year's ₱3,909 million by ₱2,107 million. The improvement in this year's NIAT was also buoyed by the reduction in the regular corporate income tax rate from 30% to 25% following the passing into law of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act last April 15, 2021.

Revenues

With GMA's broadcasting operations currently enjoying the widest reach in the free-to-air arena, consolidated sales of the Company for the past nine months breached the ₱16.0-billion mark, at ₱16,556 million. Against same period last year this translated into a 31% upshot. Advertising revenues comprised 93% of the total revenue pie and was also the driver for the considerable improvement in the top line – both through airtime sales and through the Company's presence in the online landscape. Consumer sales on the other hand resulted in a moderate reduction by ₱108 million or shy by 9% for the nine-month period this year versus a year ago.

Revenues	9M 2021 <i>(in millions PhP)</i>	9M 2020 <i>(in millions PhP)</i>	Inc/(Dec) <i>(in millions PhP)</i>	%
Advertising revenues	15,475.25	11,467.61	4,007.64	35%
Consumer sales				
Sale of services	688.53	775.77	(87.24)	-11%
Sale of goods	392.69	413.35	(20.66)	-5%
	16,556.47	12,656.73	3,899.74	31%

On a per channel basis, flagship channel GMA-7 grabbed the lion's share in the total revenue pie with more than three quarters of the Company's consolidated top line. The channel's sales grew by 32% versus year ago's peg and contributed the biggest chunk of the total sales hike in between periods. This year's top-line growth was influenced by the improvement in both average rate per minute as well as total minutes load. The incremental minutes this year was buoyed by some advertisers shifting to GMA when ABS-CBN went off-air starting May last year owing to the expiration of its franchise and its eventual non-renewal. Furthermore, during the third quarter of this year, political advocacies already started to trickle in, thus providing additional sources of revenues.

Radio operations followed with the next highest airtime sales for the Company. Compared to last year, the business unit recorded a 25% climb in its top line, likewise aided by some contribution from political advocacy placements. Cebu and Provincial stations' combined sales comprised nearly half of Radio's total revenues and also propelled the increase with a 46% upswing in sales against same period in 2020. Lead AM station, *DZBB Super Radyo* also posted better revenues which was considerably higher by 49% from last year. Meanwhile Barangay LS FM 97.1 also sealed the past three quarters with a 36% revenue uptick from a year ago.

After three quarters this year, Regional TV (RTV) has cemented its lead against a year ago, nearly doubling its sales by 97%. The platform likewise grabbed third highest spot in airtime advertising generation. By the

end of September, both national and local sales posted incremental revenues with the influx of political advocacies also boosting RTV's sales. Among the regional stations, noteworthy improvements were seen in the Mindanao-based stations this year, with increases up by triple-digit percentages. The rest of the stations were equally ahead of prior year's sales performances by noteworthy percentages. New regional stations are likewise set to be launched by the 4th quarter of this year.

In the meantime, for the newly reprogrammed channel Good TV or GTV, first nine months' sales packed a 34% improvement versus same period last year. All production units with the exception of News programs recorded incremental sales this 2021. The decline in news programs' revenues was attuned to the changes in programming mix as last year basically featured the *teledybo Dobol B* from morning until early evening to address the public's need for real time and round-the-clock news updates especially in the midst of the pandemic and community quarantine protocols. Meanwhile, this year's additional revenues also came from the partnership of the Company with NCAA. On the other hand, DTT channels comprised of *Heart of Asia*, *Hallypop*, *I Heart Movies* and *DepEd* further added fresh sales for the company which is far better than a year ago considering the timing of the launch of the first DTT channel only in June 2020.

Advertising revenues from online/digital was another area that displayed upbeat sales, finishing off the nine-month period this year with an improvement by 51% in its top line in between period. With the changing landscape in consumer/viewer preferences and habits as well as the trends in technology, this platform becomes vital in establishing the presence of the Company as an equally dominant player in this field.

International operations (subscriptions and syndication) lagged behind last year's top-line performance, ending three quarters of 2021 with a reduction in sales. Subscription revenues posted a 16% drop from last year due to the attrition in subscriber count mainly of banner channel GMA Pinoy TV. Aggravating the above was the appreciation of the PhP against the USD by an average of ₱0.97 to USD1 or by almost 2%. Syndication revenues were likewise down by 25% by the close of three quarters this year versus a year ago.

Finally, Merchandise sales from January to September this year reached ₱392.69 million mainly from GMA Affordabox with more than 600,000 units of the set-top box sold during the period and from sales of GMA Now. The Company's on-the go digital receiver/dongle.

Expenses

	9M 2021 <i>(in millions PhP)</i>	9M 2020 <i>(in millions PhP)</i>	Inc/(Dec) <i>(in millions PhP)</i>	%
Operating Expenses				
Production costs	3,440.32	2,455.38	984.94	40%
Cost of sales	310.11	346.33	(36.22)	-10%
Total Direct Costs	3,750.43	2,801.72	948.71	34%
General and administrative expenses	4,967.67	4,257.36	710.31	17%
	8,718.10	7,059.08	1,659.02	24%

Consolidated total operating expenses (OPEX) of the Company concluded the past nine months this year at ₱8,718 million, escalating by ₱1,659 million or 24% versus last year's ₱7,059 million. Even as the pandemic dragged up to this day and different levels of community quarantines still persisted, the Network has resumed production of original programs, seeing the need to deliver superior entertainment to its audience. Both consolidated direct cost and general and administrative expenses exhibited growths in between periods arising from the increased operations of the Company.

Production Costs	9M 2021 <i>(in millions PhP)</i>	9M 2020 <i>(in millions PhP)</i>	Inc/(Dec) <i>(in millions PhP)</i>	%
Talent fees	1,634.07	1,161.44	472.63	41%
Rentals and outside services	220.26	177.36	42.90	24%
Other program expenses	659.34	495.53	163.82	33%
Sub-total - Cash Production Costs	2,513.68	1,834.33	679.35	37%
Program rights amortization	771.43	476.64	294.78	62%
Depreciation and amortization	155.22	144.42	10.80	7%
Sub-total - Non-cash Production Costs	926.65	621.06	305.59	49%
Total production costs	3,440.32	2,455.38	984.94	40%

Production costs and talent fees hiked at ₱3,440 million over the nine-month period this year, translating into an increase of ₱985 million or 40% from comparable period's ₱2,455 million. Since start of the year, majority of the timeslots already featured fresh episodes, albeit mixed with some occasional reruns. This was in stark contrast to the entire second quarter and most parts of the third quarter last year, when bulk of the operations were temporarily put on hold except for News programs, following the first outbreak of COVID-19. As such, Talent fees of both on-cam and off-cam artists grew by ₱473 million or 41% over three quarters this year. Likewise, Program rights amortization also displayed a ₱295 million or 62% climb from a year ago mainly from airing more canned movies/series owing to changes in programming mix as well as the launch of the DTT channels earlier mentioned.

General and Administrative Expenses	9M 2021 <i>(in millions PhP)</i>	9M 2020 <i>(in millions PhP)</i>	Inc/(Dec) <i>(in millions PhP)</i>	%
Personnel costs	3,316.64	2,873.55	443.09	15%
Outside services	319.70	251.82	67.89	27%
Facilities costs	353.43	249.37	104.06	42%
Taxes and licenses	182.26	131.11	51.14	39%
Others	482.22	468.64	13.57	3%
Subtotal - Cash GAEX	4,654.24	3,974.49	679.75	17%
Depreciation and amortization	281.20	251.84	29.35	12%
Amortization of software costs	32.23	31.03	1.20	4%
Subtotal - Non-cash GAEX	313.43	282.87	30.56	11%
Total GAEX	4,967.67	4,257.36	710.31	17%

Meanwhile, consolidated general and administrative expenses (GAEX) accumulated to ₱4,968 million, ahead of last year by ₱710 million or up by 17%. Personnel cost propelled the rise, up by ₱443 million or 15% from a year ago. The increase in provision for pension liability aligned with the results of the latest (2020) actuarial valuation report was a factor, alongside the annual adjustments in salaries and wages of the Company's workforce. Most overhead expenses surpassed last year's balances as operations have more or less stabilized within the Company following a new normal set-up. Facilities cost registered an increase by ₱104 million or by 42% as Repairs and Maintenance last year were put on hold. Similarly, Utility charges last year were lower due to limited operations - apart from most studios not being utilized during the lockdown, the telecommuting work scheme also resulted in less office areas being used. While a work-from-home set up is still generally observed, more areas within the Network premises are now being utilized. Taxes and Licenses similarly outpaced last year's results due to higher franchise tax payments which is based on prior year's revenues

EBITDA

For the first three quarters of this year, Consolidated Earnings before interest, taxes, depreciation and amortization (EBITDA) wrapped up at ₱9,108 million, displaying a huge increase of ₱2,606 million or 40% versus same period a year ago. This ensued from the remarkable growth in consolidated sales by ₱3,900 million which was partly offset by the hike in cash operating expenses by ₱1,355 million.

Net Income

With robust top-line performance and managed costs, the Company sealed first nine months of the year with Net income After Tax of ₱6,016 million, a whopping hike of ₱2,107 million or 54% in comparison to a year ago's ₱3,909 million bottom line. Aside from the hefty gains from regular operations, this period's noteworthy increase was further accentuated by the reduction in corporate income tax rate from 30% to 25% following the enactment into law last March 26, 2021 of Republic Act (RA) 11534 otherwise known as the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act. More so, the impact of CREATE on the Y2020 income tax rate (retro July 1, 2020) was already incorporated in the 2021 financial report, following the 15-day post publication effectivity of the said law and also coincided with the actual payment of the reduced Y2020 annual income tax last April 15, 2021.

Balance Sheet Accounts

As at end-September 2021, the Company's total assets stood at ₱25,808 million, exhibiting an increase of 8% from December 31, 2020's ₱23,939 million.

Cash and cash equivalents amounting to ₱4,561 million climbed by ₱1,346 million or 42% from 2020 balance of ₱3,215 million as a result of net cash flows provided by operating activities of ₱7,097 million partially netted by cash used in investing and financing activities during the nine-month period of 2021 amounting to ₱743 million and ₱4,850 million, respectively. Trade and other receivables closed at ₱9,460 million, 10% less than end-2020's ₱10,467 million as a result of better collection efforts for the three quarters ended September 30, 2021.

Meanwhile, total liabilities also hiked by 22% or ₱2,477 million as at end of 3rd quarter of 2021 this year to ₱13,534 million from ₱11,058 million in 2020 owing to higher short-term loans balance by ₱1,590 million in between reporting periods. Other liability accounts that recorded increases as at end-September this year were Trade payable and other current liabilities (due to normal trade transactions), Obligation for program and other rights (parallel with the increase seen in total Program and other rights) and Pension liability (due to higher retirement expenses recorded (based on actuarial valuation results). These were somewhat cushioned by the drop in Income tax payable from ₱1,777 million in 2020 to ₱1,217 million this period, due to already mentioned adjustments emanated from CREATE Law.

Equity attributable to Parent Company stockholders of ₱12,160 million as at September 30, 2021 decreased by 5% or ₱649 million, mainly due to the cash dividend declared this year, which was partly evened out by the ₱6.0-billion net income attributable to Parent Company earned by the close of three quarters this 2021.

Cash Flows

Cash Flows	9M 2021 <i>(in millions PhP)</i>	9M 2020 <i>(in millions PhP)</i>
Net cash provided by operating activities	7,097.33	2,096.95
Net cash used in investing activities	(743.06)	(393.24)
Net cash used in financing activities	(4,850.33)	(930.47)
Effect of exchange rate changes on cash and cash equivalents	(158.04)	(25.47)
Net increase in cash and cash equivalents	1,345.90	747.77
Cash and cash equivalents at beginning of year	3,214.82	2,254.97
Cash and cash equivalents at end of the period	4,560.71	3,002.74

Operating Activities

Net cash provided by operating activities measured at ₱7,097 million in 9M 2021. This stemmed from income before income tax of ₱7,838 million, adjusted mainly by Program rights usage of ₱771 million, Depreciation expense of ₱436 million, Net unrealized foreign exchange gain of ₱27 million, Gain on sale of property and equipment of ₱45 million, Amortization of software costs of ₱32 million, Interest income amounting to ₱11 million and Interest expense and financing charges of ₱40 million, apart from the changes in working capital. The primary component of the changes in working capital included the ₱1,043 million decrease in Trade and other receivables heightened by the ₱779 million increase in Trade payables and other current liabilities and ₱266 million increase in Obligation for program and other rights.

Investing Activities

Net cash used in investing activities amounted to ₱743 million, coming primarily from the ₱700 million additions to Property and equipment, ₱55 million acquisition of software costs and ₱48 million purchase of Land. These were partly offset by the ₱55 million proceeds from property sales.

Financing Activities

Net cash used in financing activities amounted to ₱4,850 million basically due to payment of and cash dividends and loans amounting to ₱6,541 million and ₱3,021 million, respectively, partially evened out by the availments of short-term loans totaling ₱4,742 million as of end-September, 2021.

Key Financial Performance Indicators

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

Key Performance Indicators	9M 2021 <i>(in millions PhP)</i>	9M 2020 <i>(in millions PhP)</i>	Inc/(Dec) <i>(in millions PhP)</i>	%
Revenues	16,556.47	12,656.73	3,899.74	31%
Advertising revenues	15,475.25	11,467.61	4,007.64	35%
Cash operating expenses	7,477.65	6,123.06	1,354.59	22%
EBITDA	9,107.74	6,501.99	2,605.75	40%
Net income before tax	7,837.99	5,599.57	2,238.43	40%
Net income after tax	6,016.15	3,909.40	2,106.85	54%

Key Performance Indicators	9M 2021	9M 2020	Inc/(Dec)	%
Current ratio	2.29	2.40	(0.11)	-5%
Asset-to-Equity ratio	2.10	1.69	0.41	24%
Debt-to-Equity ratio	0.19	0.04	0.15	354%
Interest Rate Coverage Ratio	194.78	418.52	(223.74)	-53%
Gross Profit Margin	78%	78%	(0.01)	-1%
EBITDA Margin	55%	51%	0.04	7%
Net Income Margin	36%	31%	0.05	18%

* * * * *

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

	September 30, 2021 Unaudited	December 31, 2020 Audited
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 8 and 31)	4,560,713,573	3,214,817,264
Trade and other receivables (Notes 9, 22 and 31)	9,460,478,515	10,466,537,695
Program and other rights (Note 10)	998,008,472	750,736,229
Prepaid expenses and other current assets (Note 11)	2,800,312,039	2,014,315,306
Total Current Assets	17,819,512,599	16,446,406,494
Noncurrent Assets		
Property and equipment:		
At cost (Note 14)	2,863,750,012	2,588,113,704
At revalued amounts (Note 15)	2,850,896,481	2,803,196,184
Right-of-Use assets (Note 29)	114,718,634	89,268,276
Financial assets at fair value through comprehensive income (Notes 12, 31 and 32)	192,282,088	192,132,088
Investments and advances (Notes 13 and 22)	184,667,408	184,524,315
Program and other rights (Note 10)	239,222,047	192,229,776
Investment properties (Note 16)	33,833,044	34,869,834
Deferred income tax assets - net	1,254,115,342	1,172,719,952
Other noncurrent assets (Note 17)	254,734,259	235,808,847
Total Noncurrent Assets	7,988,219,315	7,492,862,976
TOTAL ASSETS	25,807,731,914	23,939,269,470
LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities (Notes 19, 23 and 31)	3,755,390,860	2,977,884,927
Short-term loans (Note 18)	2,310,500,000	720,345,000
Income tax payable	1,217,087,438	1,776,890,733
Current portion of lease liabilities (Notes 29 and 31)	19,721,526	10,485,295
Obligation for program and other rights (Notes 20 and 31)	441,915,838	176,182,128
Dividends payable (Note 31)	39,886,756	19,894,437
Total Current Liabilities	7,784,502,418	5,681,682,520
Noncurrent Liabilities		
Pension liability	5,240,998,502	4,915,125,689
Other long-term employee benefits	373,203,611	349,702,454
Lease liabilities - net of current portion (Notes 29 and 31)	90,213,395	66,370,777
Dismantling provision	45,537,533	44,973,410
Total Noncurrent Liabilities	5,749,953,041	5,376,172,330
Total Liabilities	13,534,455,459	11,057,854,850

(Forward)

	September 30, 2021 Unaudited	December 31, 2020 Audited
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 22)	4,864,692,000	4,864,692,000
Additional paid-in capital (Note 22)	1,659,035,196	1,659,035,196
Revaluation increment in land - net of tax (Note 15)	1,832,684,129	1,710,505,188
Remeasurements loss on retirement plans - net of tax	(2,780,329,116)	(2,596,957,048)
Unrealized loss on available-for-sale financial assets - net of tax	(49,537,791)	(47,709,492)
Retained earnings (Note 22)	6,667,869,535	7,253,764,093
Treasury stock (Notes 22 and 30)	(28,483,171)	(28,483,171)
Underlying shares of the acquired Philippine Deposit Receipts (Notes 22 and 30)	(5,790,016)	(5,790,016)
Total Equity Attributable to Parent Company	12,160,140,766	12,809,056,750
Equity Attributable to Non-controlling Interest	113,135,689	72,357,870
Total Equity	12,273,276,455	12,881,414,620
TOTAL LIABILITIES AND EQUITY	25,807,731,914	23,939,269,470

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME

	<u>For the Quarters Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2021	2020	2021	2020
NET REVENUES (Note 24)	5,958,391,305	5,905,045,370	16,556,470,473	12,656,730,111
PRODUCTION COSTS (Note 25)	1,201,749,033	618,366,532	3,440,321,434	2,455,384,733
COST OF SALES (Note 11)	109,356,410	280,575,775	310,107,832	346,331,368
GROSS PROFIT	4,647,285,862	5,006,103,063	12,806,041,207	9,855,014,010
GENERAL AND ADMINISTRATIVE EXPENSES (Note 26)	1,501,214,220	1,424,034,628	4,967,672,666	4,257,363,194
OTHER INCOME (EXPENSE) - NET				
Net foreign currency exchange loss	(43,745,388)	(17,737,194)	(68,842,855)	(52,903,281)
Interest expense	(23,880,095)	(5,607,388)	(40,391,956)	(10,366,431)
Interest income (Note 8)	4,030,515	24,207	10,717,739	11,867,794
Others - net (Note 28)	15,401,012	27,655,830	98,140,185	53,316,395
	(48,193,956)	4,335,455	(376,887)	1,914,477
INCOME BEFORE INCOME TAX	3,097,877,686	3,586,403,890	7,837,991,654	5,599,565,293
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	781,939,205	1,126,925,226	1,825,982,830	1,790,149,122
Deferred	(31,606,286)	(41,837,091)	(4,142,326)	(99,983,470)
	750,332,919	1,085,088,135	1,821,840,504	1,690,165,652
NET INCOME	2,347,544,767	2,501,315,755	6,016,151,150	3,909,399,641
OTHER COMPREHENSIVE INCOME (LOSS) - net of tax				
<i>Item to be reclassified to profit or loss in subsequent periods -</i>				
Net change in fair market value of financial assets at FVOCI	-	-	(1,828,299)	(224,500)
<i>Item not to be reclassified to profit or loss in subsequent periods -</i>				
Revaluation increment in land	-	-	122,178,941	-
Remeasurement gain on retirement plan	-	219,887	(183,372,068)	(3,544,100)
	-	219,887	(63,021,426)	(3,768,600)
TOTAL COMPREHENSIVE INCOME	2,347,544,767	2,501,535,642	5,953,129,724	3,905,631,041
Net income attributable to:				
Equity holders of Parent Company	2,340,093,408	2,494,740,682	5,975,373,331	3,895,779,840
Non-controlling interest	7,451,359	6,575,073	40,777,819	13,619,801
	2,347,544,767	2,501,315,755	6,016,151,150	3,909,399,641
Total comprehensive income attributable to:				
Equity Holders of Parent Company	2,340,093,408	2,494,960,569	5,912,351,905	3,892,011,240
Non-controlling interest	7,451,359	6,575,073	40,777,819	13,619,801
	2,347,544,767	2,501,535,642	5,953,129,724	3,905,631,041
Basic/Diluted Earnings Per Share (Note 30)	0.481	0.513	1.229	0.802

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of Parent Company							Underlying Shares of the Acquired Philippine Deposit Receipts (Notes 22 and 30)	Total Equity Attributable to Parent Company	Non- controlling Interests	Total Equity
	Capital Stock (Note 22)	Additional Paid-in Capital (Note 22)	Revaluation Increment in Land - Net of Tax	Remeasurements on Retirement Plans - Net of Tax	Net Unrealized Loss on Financial Assets at FVOCI- Net of Tax	Retained Earnings (Note 22)	Treasury Stock (Notes 22 and 30)				
At January 1, 2021	4,864,692,000	1,659,035,196	1,710,505,188	(2,596,957,048)	(47,709,492)	7,253,764,093	(28,483,171)	(5,790,016)	12,809,056,750	72,357,870	12,881,414,620
Net income	-	-	-	-	-	5,975,373,331	-	-	5,975,373,331	40,777,819	6,016,151,150
Change in tax rate	-	-	122,178,941	(180,416,326)	-	-	-	-	(58,237,385)	-	(58,237,385)
Other comprehensive loss	-	-	-	(2,955,742)	(1,828,299)	-	-	-	(4,784,041)	-	(4,784,041)
Total comprehensive income	-	-	122,178,941	(183,372,068)	(1,828,299)	5,975,373,331	-	-	5,912,351,905	40,777,819	5,953,129,724
Cash dividends (see Note 22)	-	-	-	-	-	(6,561,267,889)	-	-	(6,561,267,889)	-	(6,561,267,889)
At as September 30, 2021	4,864,692,000	1,659,035,196	1,832,684,129	(2,780,329,116)	(49,537,791)	6,667,869,535	(28,483,171)	(5,790,016)	12,160,140,766	113,135,689	12,273,276,455
At January 1, 2020	4,864,692,000	1,659,035,196	1,710,505,188	(1,338,738,859)	(2,245,454)	2,727,238,685	(28,483,171)	(5,790,016)	9,586,213,569	70,643,553	9,656,857,122
Net income	-	-	-	-	-	3,895,779,840	-	-	3,895,779,840	13,619,801	3,909,399,641
Other comprehensive loss	-	-	-	(3,544,100)	(224,500)	-	-	-	(3,768,600)	-	(3,768,600)
Total comprehensive income	-	-	-	(3,544,100)	(224,500)	3,895,779,840	-	-	3,892,011,240	13,619,801	3,905,631,041
Cash dividends (see Note 22)	-	-	-	-	-	(1,458,059,531)	-	-	(1,458,059,531)	(17,850,000)	(1,475,909,531)
At as September 30, 2020	4,864,692,000	1,659,035,196	1,710,505,188	(1,342,282,959)	(2,469,954)	5,164,958,994	(28,483,171)	(5,790,016)	12,020,165,278	66,413,354	12,086,578,632

See accompanying Notes to Consolidated Financial Statements.

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

	For the Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	7,837,991,653	5,599,565,293
Adjustments for:		
Depreciation and amortization (Notes 14, 16 and 29)	436,417,590	396,259,416
Gain on sale of property and equipment (Note 28)	(45,073,338)	(6,410,713)
Interest expense	40,391,956	6,029,611
Amortization of software costs (Notes 17 and 26)	32,231,530	31,030,661
Net unrealized foreign exchange gain (loss)	26,686,701	26,686,701
Interest income (Note 8)	(10,717,738)	(11,867,795)
Provision for doubtful accounts (Notes 9 and 26)	375,000	32,086,511
Operating income before working capital changes	8,318,303,354	6,073,379,685
Program rights usage (Note 10)	771,425,220	476,640,339
Decreases (increases) in:		
Trade and other receivables	1,042,605,806	(3,887,322,962)
Program and other rights	(1,065,689,734)	(646,942,483)
Prepaid expenses and other current assets	(785,996,732)	(441,274,740)
Right-of-use assets	(50,737,762)	12,435,398
Increases (decreases) in:		
Trade payables and other current liabilities	778,711,843	574,345,935
Obligations for program and other rights	265,733,710	328,993,205
Lease liabilities	29,898,160	(19,649,946)
Dismantling costs	957,383	488,585
Pension liability	129,868,920	308,656,552
Other long-term employee benefits	37,964,782	11,351,986
Net cash generated from operations	9,473,044,950	2,791,101,554
Income taxes paid	(2,385,786,125)	(705,513,756)
Interest received	10,069,242	11,357,480
Net cash provided by operating activities	7,097,328,067	2,096,945,278
Acquisitions of:		
Property and equipment (Note 14)	(699,636,648)	(303,891,208)
Software costs (Note 17)	(54,518,244)	(13,837,584)
Land at revalued amounts (Note 15)	(47,700,297)	(2,688,350)
Proceeds from sale of properties	54,570,192	7,996,060
Decreases (increases) in:		
Financial asset at FVOCI	(861,770)	(311,342)
Investments and advances	1,721,719	(282,675)
Other noncurrent assets	3,361,302	(80,222,124)
Net cash used in investing activities	(743,063,746)	(393,237,223)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends (Note 22)	(6,541,275,570)	(1,494,191,857)
Short-term loans (Note 18)	(3,020,660,000)	(400,000,000)
Interest expense (Note 18)	(30,560,741)	(4,959,695)
Proceeds from availments of short-term loans (Note 18)	4,742,165,000	968,680,000
Net cash used in financing activities	(4,850,331,311)	(930,471,552)
EFFECT OF EXCHANGE RATE CHANGES ON CASH ON HAND AND CASH EQUIVALENTS		
	(158,036,701)	(25,466,701)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,345,896,309	747,769,802
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,214,817,264	2,254,971,656
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,560,713,573	3,002,741,458

See accompanying Notes to Consolidated Financial Statements.

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

1. Corporate Information

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

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

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

2. Basis of Preparation

Basis of Preparation

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

Statement of Compliance

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at September 30, 2021 and December 31, 2020 and for each of the two years in the period ended September 30, 2021. The Group controls an investee if, and only if, the Group has:

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

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

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

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

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

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

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

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

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

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

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries as at September 30, 2021 and December 31, 2020:

	Principal Activities	Percentage of Ownership	
		Direct	Indirect
Entertainment Business:			
Alta Productions Group, Inc. (Alta)	Pre- and post-production services	100	—
Citynet Network Marketing and Productions, Inc. (Citynet)	Television entertainment production	100	—
GMA Network Films, Inc.	Film production	100	—
GMA New Media, Inc. (GNMI)	Converging Technology	100	—
GMA Worldwide (Philippines), Inc.*	International marketing, handling foreign program acquisitions and international syndication of the Parent Company's programs	100	—
Scenarios, Inc.**	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation services	100	—
RGMA Marketing and Productions, Inc.	Music recording, publishing and video distribution	100	—
RGMA Network, Inc.	Radio broadcasting and management	49	—
Script2010, Inc.***	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation and manpower services	—	100
Advertising Business:			

	Principal Activities	Percentage of Ownership	
		Direct	Indirect
GMA Marketing & Productions, Inc. (GMPI)****	Exclusive marketing and sales arm of the Parent Company's airtime; events management; sales implementation, traffic services and monitoring	100	–
Digify, Inc.*****	Crafting, planning and handling advertising and other forms of promotion including multi-media productions	–	100
Others:			
Media Merge Corporation*****	Business development and operations for the Parent Company's online publishing/advertising initiatives	–	100
Ninja Graphics, Inc.*****	Ceased commercial operations in 2004	–	51
<small>*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</small>			

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 September 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 Effective Subsequent to December 31, 2020

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 32
- Land, see Note 15
- Investment properties, see Note 16
- Financial instruments (including those carried at amortized cost), see Note 32

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

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

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

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

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

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

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

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on

the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

“Day 1” Difference

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

Financial Instruments

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

Financial Assets

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

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

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

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

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

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

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

The Group does not have debt instruments at FVOCI and financial assets at FVPL as at September 30, 2021 and December 31, 2020.

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

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

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

The Group's financial assets at amortized cost includes cash and cash equivalents, trade and other receivables and refundable deposits (included under "Other noncurrent assets" account in the consolidated statement of financial position) as at September 30, 2021 and December 31, 2020 (see Notes 8, 9, 17 and 32).

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 September 30, 2021 and December 31, 2020 (see Notes 12 and 32).

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 September 30, 2021 and December 31, 2020.

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as “Interest expense” in the consolidated statement of comprehensive income.

This category generally applies to trade payables and other current liabilities (excluding payable to government agencies, customers’ deposits and contract liabilities), short-term loans, obligations for program and other rights, dividends payable and lease liabilities (see Notes 18, 19, 20 and 32).

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 September 30, 2021 and December 31, 2020, the Group's tax credits are classified as current under "Prepaid expenses and other current assets" account in the consolidated statement of financial position.

Advances to Suppliers

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

Property and Equipment

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

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

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

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

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

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

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

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

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

Investment Properties

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

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

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

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

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

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

Investment in Artworks

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

Software Costs

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

Impairment of Nonfinancial Assets

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

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

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

of investments in associate and interests in joint ventures, and the acquisition cost and recognizes the amount in the consolidated statement of comprehensive income.

Investments in an Associate and Joint Ventures

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

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

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

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

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

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

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

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

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

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

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

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate

or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of comprehensive income.

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 Pay Law”, which provides for qualified employees to receive an amount equivalent to a certain percentage of monthly salary at normal retirement age. In addition, the Group has agreed to pay the cash equivalent of the accumulated unused vacation leave of the employees upon separation from the Group.

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

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

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

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

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

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

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

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

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

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

Leases starting January 1, 2019 - Upon Adoption of PFRS 16

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.

Leases before January 1, 2019 - Prior to Adoption of PFRS 16

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 7 to the consolidated financial statements.

Provisions

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

Contingencies

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

Events after Reporting Period

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

4. **Significant Accounting Judgments, Estimates and Assumptions**

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

Judgments

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

Consolidation of Entities in which the Group holds less than Majority of Voting Rights. The Group considers that it controls RGMA Network even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of RGMA Network with a 49% equity interest. The remaining 51% of the equity shares in RGMA Network are owned by several parties. Since September 27, 1995, which is the date of incorporation of RGMA Network, there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group. The carrying amount of NCI as at September 30, 2021 and December 31, 2020 amounted to ₱113.14 million and ₱72.36 million, respectively.

Assessment of Significant Influence over the Investee. The Parent Company holds 25% ownership interest in Optima Digital, Inc. as at September 30, 2021 and December 31, 2020. Even with more than 20% voting rights, management assessed that the Parent Company does not have the power to participate in the policy-making processes, including decisions to affect its returns in the form of dividends. Further, the Parent Company does not have the ability to participate in the financial and operational policies decision-making of the investee to affect its relevant activities.

Determination of Lease Term of Contracts with Renewal and Termination Options – Group as a Lessee (Starting January 1, 2019 - Upon Adoption of PFRS 16). The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

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

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

Total rental income amounted to ₱2.34 million and ₱2.59 million in September 30, 2021 and 2020, respectively (see Note 28).

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 ₱231.83 million and ₱194.88 million as of September 30, 2021 and 2020, respectively (see Notes 25, 26 and 29).

Estimates and Assumptions

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

Estimating the Incremental Borrowing Rate (Starting January 1, 2019 - Upon Adoption of PFRS 16). The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the counterparty's stand-alone credit rating).

The Group's lease liability amounted to ₱109.93 million and ₱76.86 million as at September 30, 2021 and December 31, 2020, respectively (see Note 29).

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

- Simplified approach for trade receivables

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

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

- Definition of default for trade receivables

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

- The counterparty is experiencing financial difficulty or is insolvent
- The receivable is more than 360 days past due. The determination of the period is based on the Group's practice and agreement with their customers within the industry.
- 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 3 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 segmented 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 ₱0.38 million and ₱32.09 million as of September 30, 2021 and 2020, respectively. The allowance for ECL amounted to ₱766.89 million and ₱766.52 million as at September 30, 2021 and December 31, 2020, respectively. The carrying amounts of trade and other receivables amounted to ₱9,460.48 million and ₱10,466.54 million as at September 30, 2021 and December 31, 2020, respectively (see Note 9).

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

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 specific 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 actual margins of business units.

The Group estimates the amortization of program and other rights with finite lives using straight line method up to the date of expiry, which is the manner and pattern of usage of the acquired rights. In addition, estimation of the

amortization of program and other rights is based on the Group's experience with such rights. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Program and other rights usage amounted to ₱771.43 million and ₱476.64 million for the periods ended September 30, 2021 and 2020, respectively (see Note 25). Program and other rights, net of accumulated impairment loss of ₱2.70 million, amounted to ₱1,237.23 million and ₱942.97 million as at September 30, 2021 and December 31, 2020, respectively (see Note 10).

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

The carrying value of merchandise inventory and materials and supplies inventory, included under "Prepaid expenses and other current assets" account in the consolidated statement of financial position, amounted to ₱1,080.86 million and ₱220.55 million as at September 30, 2021 and December 31, 2020, respectively (see Note 11). There were no provisions for inventory losses as of September 30, 2021 and 2020.

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

There has been no change in the Group's estimate of useful lives of its property and equipment, software costs and investment properties in as of September 30, 2021 and December 31, 2020.

Total depreciation and amortization expense for the periods ended September 30, 2021 and 2020 amounted to ₱436.42 million and ₱396.26 million, respectively (see Notes 14, 16, 17, 25 and 26).

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

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

In 2021 and 2020, there is 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. The revalued amount of land, which is classified under "Property and equipment" account in the statements of financial position, amounted to ₱2,850.90 million and ₱2,803.20 million as at September 30, 2021 and December 31, 2020, respectively (see Note 15).

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

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

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

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

As at September 30, 2021 and December 31, 2020, the Group did not identify any indicator of impairment on its nonfinancial assets, hence, no impairment tests were carried out.

The carrying values of nonfinancial assets as at September 30, 2021 and December 31, 2020 follow:

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
Land at revalued amounts (see Note 15)	2,850,896,481	2,803,196,184
Property and equipment - at cost (see Note 14)	2,863,750,012	2,588,113,704
Program and other rights (see Note 10)	1,237,230,519	942,966,005
Prepaid production costs (see Note 11)	547,725,824	428,553,144
Investments and advances (see Note 13)	184,667,408	184,524,315
Tax credits (see Note 11)	80,324,284	174,199,496
Software costs (see Note 17)	119,358,255	97,071,541
Right-of-use assets (see Note 29)	114,718,634	89,268,276
Investment properties (see Note 16)	33,833,044	34,869,834
Investment in artworks (see Note 17)	10,186,136	10,186,136
Deferred production costs (see Note 17)	1,139,609	1,061,628

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

Pension and Other Employee Benefits. The determination of the Group's obligation and cost of pension benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

Pension liability amounted to ₱5,241.00 million and ₱4,915.13 million as at September 30, 2021 and December 31, 2020, respectively.

Determination of Fair Value of Financial Assets and Financial Liabilities. Certain financial assets and financial liabilities are carried and disclosed at fair value, which requires extensive use of accounting estimates and

judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the amount of changes in fair value would differ if the Group utilized a different valuation methodology. Any changes in the assumptions could affect the fair value of these financial assets and financial liabilities. The fair value of financial assets and liabilities are enumerated in Note 32.

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

The Group used the services of an independent professional appraiser in estimating the fair value of properties. The appraisers conducted an actual inspection of the property and considered the following in the study and analyses in arriving at the estimate of fair value: (a) extent, character and utility of the property; (b) sales and holding prices of similar properties; and (c) highest and best use of the property. The description of valuation techniques used and key inputs to fair valuation of investment properties are enumerated in Note 16 of the consolidated financial statements.

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

5. Seasonality or Cyclicity of Interim Operations

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

6. Nature and Amount of Changes in Estimates

2020 figures were restated to conform to the current period's presentation.

7. 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 net income or loss in the consolidated financial statements. On a consolidated basis, the Group's performance is evaluated based on consolidated net income for the year.

Geographical Segments

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

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

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

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

Inter-segment Transactions

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

Measurement Basis

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

Please refer to Exhibit 1.

8. Cash and Cash Equivalents

This account consists of:

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
Cash on hand and in banks	3,289,634,730	2,892,545,281
Short-term placements	1,271,078,843	322,271,983
	4,560,713,573	3,214,817,264

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

Interest income earned from bank deposits and short-term investments amounted to ₱10.72 million and ₱11.87 million for the nine months ended September 30, 2021 and 2020, respectively.

9. Trade and Other Receivables

This account consists of:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade:		
Television and radio airtime	9,544,590,845	10,642,475,005
Subscription receivable	339,789,248	264,493,491
Others	204,291,853	169,931,862
Nontrade:		
Advances to officers and employees	7,768,368	6,866,866
Others	130,931,515	149,288,785
	10,227,371,829	11,233,056,009
Less allowance for doubtful accounts	766,893,314	766,518,314
	9,460,478,515	10,466,537,695

Trade Receivables

Television and Radio Airtime. Television and radio airtime receivables are noninterest-bearing and are generally on a 60–90 days terms upon receipt of invoice by the customer. Invoicing normally takes around 30 days from airing.

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

Subscriptions Receivable. Subscriptions receivable include receivables pertaining to revenue generated from international channel subscriptions and advertisements. These are noninterest-bearing and normally collected within 30–60 days.

Other Trade Receivables. Other trade receivables are noninterest-bearing and are generally on 60 to 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

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

	September 30, 2021		
	Corporate	Individual	Total
Balance at beginning of the year	756,208,776	10,309,538	766,518,314
Provision for the period (see Note 26)	375,000	-	375,000
Balance at end of the period	756,583,776	10,309,538	766,893,314

	December 31, 2020		
	Corporate	Individual	Total
Balance at beginning of the year	539,184,505	10,455,097	549,639,602
Provision (reversal) for the year	347,341,442	(145,559)	347,195,883
Write-off	(130,317,171)	-	(130,317,171)
Balance at end of the year	756,208,776	10,309,538	766,518,314

10. Program and Other Rights

Details and movements in this account are as follows:

	September 30, 2021 (Unaudited)			
	Program and Film Rights	Story / Format Rights	Program Rights - Incidentals	Total
Cost:				
Balance at beginning of period	894,413,394	27,147,444	24,107,427	945,668,265
Additions	988,162,556	956,200	76,570,978	1,065,689,734
Program and other rights usage (see Note 25)	(693,188,702)	(3,702,524)	(74,533,994)	(771,425,220)
Balance at end of period	1,189,387,248	24,401,120	26,144,411	1,239,932,779
Accumulated impairment in value	(2,702,260)	-	-	(2,702,260)
	1,186,684,988	24,401,120	26,144,411	1,237,230,519
Less noncurrent portion	239,222,047	-	-	239,222,047
	947,462,941	24,401,120	26,144,411	998,008,472

	December 31, 2020 (Audited)			
	Program and Film Rights	Story / Format Rights	Program Rights - Incidentals	Total
Cost:				
Balance at beginning of period	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	(626,022,128)	(10,276,493)	(67,117,186)	(703,415,807)
Balance at end of period	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
	699,481,358	27,147,444	24,107,427	750,736,229

11. Prepaid Expenses and Other Current Assets

This account consists of:

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
Merchandise inventory	1,080,858,747	220,554,349
Prepaid production costs	547,725,824	428,553,144
Advances to suppliers	532,119,152	844,130,982
Input VAT	207,703,457	191,780,897
Prepaid expenses	193,359,426	82,521,474
Creditable withholding taxes	145,011,169	55,821,536
Tax credits	80,324,284	174,199,496
Materials and supplies inventory - at cost	9,807,434	16,500,558
Others	3,402,546	252,870
	2,800,312,039	2,014,315,306

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 and GMA Now, a dongle for smartphones, which allowed viewers to enjoy digital channels on-the-go. Cost of sales related to digital boxes amounted to ₱310.11 million and ₱346.33 million as of September 30, 2021 and September 30, 2020, respectively.

Advances to suppliers are noninterest-bearing and are generally applied to acquisition of inventories and fixed assets and availment of services within the next financial year.

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

Input VAT pertains to VAT on purchase of goods and services including capital acquisitions, a portion of which is realizable within the next twelve months.

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

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

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

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

12. Financial Assets at Fair Value Through Other Comprehensive Income

This account consists of the following:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Listed equity instruments	117,273,005	117,273,005
Non-listed equity instruments	75,009,083	74,859,083
	192,282,088	192,132,088

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

IP E-Games

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

Of the ₱50.00 million airtime credits, ₱22.00 million has not been implemented at date of exchange and therefore was recognized by the Group as unearned revenue presented as "Contract liabilities", included as part of trade payables and other current liabilities as at September 30, 2021 and December 31, 2020.

13. Investments and Advances

This account consists of:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Investments in an associate and interests in joint ventures	83,982,574	83,982,574
Permanent advances in an associate (see Note 23)	100,684,834	100,541,741
	184,667,408	184,524,315

The movements in the accounts are as follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Investments in an associate and joint ventures		
Acquisition cost -		
Balance at beginning and end of period	131,722,056	131,722,056
Accumulated equity in net losses:		
Balance at beginning of period	(47,739,482)	(51,648,222)
Equity in net earnings during the period	-	3,908,740
Balance at end of period	(47,739,482)	(47,739,482)
	83,982,574	83,982,574

Forward

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Advances to an associate:		
Balance at beginning of period	97,722,016	97,121,830
Advances during the period	566,346	600,186
Balance at end of period	98,288,362	97,722,016
Advances to joint ventures:		
Balance at beginning of period	2,819,725	2,571,085
Advances (Collections) during the period	(423,253)	248,640
Balance at end of period	2,396,472	2,819,725
Total investments and advances	184,667,408	184,524,315

The ownership interests in an associate and joint ventures, which were all incorporated in the Philippines, and are accounted for under the equity method, as at September 30, 2021 and December 31, 2020 follows:

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

*Not operational.

**Indirect investment through GNMI.

The carrying values of investments and the related advances as at September 30, 2021 and December 31, 2020 are as follows:

	September 30, 2021		
	Investments	Advances (see Note 23)	Total
Associate - Mont-Aire	38,350,619	98,288,362	136,638,981
Joint ventures:			
Gamespan	8,947,966	1,959,670	10,907,636
PEP	36,683,989	436,802	37,120,791
	45,631,955	2,396,472	48,028,427
	83,982,574	100,684,834	184,667,408

	December 31, 2020		
	Investments	Advances (see Note 23)	Total
Associate - Mont-Aire	38,350,619	97,722,016	136,072,635
Joint ventures:			
Gamespan	8,947,966	1,959,670	10,907,636
PEP	36,683,989	860,055	37,544,044
	45,631,955	2,819,725	48,451,680
	83,982,574	100,541,741	184,524,315

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

PEP

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

No share in net earnings (losses) of PEP was recognized for the nine months period ended September 30, 2021 and 2020.

Gamespan

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

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

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 September 30, 2021 and December 31, 2020. INQ7 ceased operations in 2007. In 2013, INQ7 submitted a request to liquidate its assets to SEC. The liquidation is still ongoing as at September 30, 2021.

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

Mont-aire

The table below shows the condensed financial information of Mont-Aire as at September 30, 2021 and December 31, 2020, respectively:

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

Mont-Aire ceased 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 change in the fair value of the abovementioned properties from the last appraisal made.

14. Property and Equipment at Cost

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

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

The reclassification relates to software that were transferred to other noncurrent assets amounting to ₱6.32 million in December 31, 2020.

The Group leases out a portion of its property and equipment at cost. Total rental income recognized for the leased portion amounted to ₱2.34 million and ₱2.59 million as of September 30, 2021 and 2020, respectively (see Note 28).

The Group disposed various property and equipment as at September 30, 2021 and 2020 resulting to the recognition of gain on sale amounting to ₱45.07 million and ₱6.41 million, respectively (see Note 28).

As at September 30, 2021 and December 31, 2020, no property and equipment have been pledged as collateral or security for any of the Group’s liabilities.

15. Land at Revalued Amounts

The following are the details of this account:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cost	407,317,642	359,617,345
Revaluation increment	2,443,578,839	2,443,578,839
	2,850,896,481	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 September 30, 2021, the Group’s management believes that the fair values as at December 31, 2018 approximate the fair values as at September 30, 2021.

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

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

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

As at September 30, 2021 and December 31, 2020, no land has been pledged as collateral or security for any of the Group’s liabilities and the Group has no restrictions on the realizability of its land and no contractual obligation to purchase, construct or develop land or for repairs, maintenance and enhancements.

16. Investment Properties

	September 30, 2021 (Unaudited)		
	Land and Improvements	Buildings and Improvements	Total
Cost:			
Balance at beginning and end of period	23,761,823	72,276,684	96,038,507
Accumulated depreciation:			
Balance at beginning of period	-	57,316,032	57,316,032
Depreciation during the period	-	1,036,790	1,036,790
Balance at end of period	-	58,352,822	58,352,822
Accumulated impairment:			
Balance at beginning and end of period	-	3,852,641	3,852,641
	23,761,823	10,071,221	33,833,044

	December 31, 2020 (Audited)		
	Land and Improvements	Buildings and Improvements	Total
Cost:			
Balance at beginning and end of period	23,761,823	72,276,684	96,038,507
Accumulated depreciation:			
Balance at beginning of period	-	55,933,645	55,933,645
Depreciation during the period	-	1,382,387	1,382,387
Balance at end of period	-	57,316,032	57,316,032
Accumulated impairment:			
Balance at beginning and end of period	-	3,852,641	3,852,641
	23,761,823	11,108,011	34,869,834

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 September 30, 2021 and December 31, 2020. The land was last appraised on November 19, 2018 by an accredited appraiser and was valued in terms of its highest and best use. While the fair value of the land was not determined as at September 30, 2021, the Group's management believes that the fair values as at December 31, 2018 approximate the fair values as at September 30, 2021.

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

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

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

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

As at September 30, 2021 and December 31, 2020, no investment properties have been pledged as collateral or security for any of the Group's liabilities and the Group has no restriction on the realizability of its investment properties and no contractual obligation to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

17. Other Noncurrent Assets

This account consists of:

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
Software costs	119,358,255	97,071,541
Restricted cash	42,348,999	42,348,999
Deferred input VAT	38,260,187	30,772,633
Refundable deposits (see Notes 31 and 32)	21,602,363	21,427,422
Investments in artworks	10,186,136	10,186,136
Development costs	5,767,800	5,767,800
Advances to contractors	5,641,234	15,704,899
Facilities	4,460,240	2,359,591
Guarantee deposits	2,162,420	6,412,119
Deferred production costs	1,139,609	1,061,628
Others	3,807,016	2,696,079
	254,734,259	235,808,847

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

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

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

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

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

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

Facilities relate to the paid deposit for facilities 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 follow:

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
Cost:		
Balance at beginning of period	468,708,120	451,769,256
Additions during the period	54,518,244	10,616,139
Reclassifications during the period	-	6,322,725
Balance at end of period	523,226,364	468,708,120
Accumulated amortization:		
Balance at beginning of period	371,636,579	331,372,506
Amortization during the period (see Notes 26)	32,231,530	40,264,073
Balance at end of period	403,868,109	371,636,579
	119,358,255	97,071,541

18. Short-term Loans

The Parent Company obtained unsecured short-term peso from local banks in 2021 and 2020. Details and movements of the short-term loans are as follows:

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
Balance at beginning of period	720,345,000	400,000,000
Additions	4,742,165,000	984,340,000
Payments	(3,020,660,000)	(641,895,000)
Foreign exchange loss (gain)	(131,350,000)	(22,100,000)
Balance at end of period	2,310,500,000	720,345,000

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

Lender	Currency	Amount	Interest Rate (per annum)	Terms	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Citibank	USD	\$21,000,000	1.59%	Avalied in 2021; payable in 150 days	₱1,071,000,000	-
Citibank	USD	\$14,500,000	1.66%	Avalied in 2021; payable in 311 days	739,500,000	-
BPI	Peso	₱500,000,000	2.45%	Avalied in 2021; payable in 316 days	500,000,000	-
BPI	Peso	\$15,000,000	1.80%	Avalied in 2020; payable in 182 days		₱720,345,000

Interest expense on US dollar denominated loans amounted to ₱11.16 million and ₱3.85 million for the nine-month period ended September 30, 2021 and 2020, respectively, while interest expense on peso denominated loans amounted to ₱20.41 million and ₱4.41 million for the nine-month period ended September 30, 2021 and September 30, 2020, respectively.

19. Trade Payables and Other Current Liabilities

This account consists of:

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
Payable to government agencies	1,394,147,257	1,693,375,218
Contract liabilities	813,856,949	35,908,512
Trade payables	497,213,814	517,862,437
Customers' deposits	29,695,936	41,685,087
Accrued expenses:		
Utilities and others	543,406,853	285,296,940
Payroll and talent fees	202,238,355	232,299,305
Commissions	106,120,445	44,859,071
Production costs	85,618,285	67,809,420
Others	83,092,966	58,788,937
	3,755,390,860	2,977,884,927

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

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.

Trade payables to suppliers are noninterest-bearing and are normally settled on terms ranging from 7-60 days.

Customers' deposits include guaranty deposits from advertising agencies to secure payment of bills by advertisers. These deposits are non-interest bearing and normally refunded once the related broadcasts are paid by the advertisers. It also includes deposits from the Group's lessees upon inception of the lease agreements.

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

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

20. 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 September 30, 2021 and December 31, 2020 amounted to ₱441.92 million and ₱176.18 million, respectively. Obligations for program and other rights are noninterest-bearing and are generally payable in equal monthly or quarterly installments.

21. Material Events

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

As of September 30, 2021, there are no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

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

The 2021 Capital Expenditure budget of the parent company amounts to ₱1,207.54 million. This will be financed from internally-generated funds.

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

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

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

As of September 30, 2021, there are no events which may trigger a direct or contingent financial obligation that is material to the Company.

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

As of September 30, 2021, there are no significant elements of income or loss that did arise from the issuer's continuing operations.

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

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

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

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

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

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

22. Equity

a. Capital Stock

There were no movements in capital stock as of September 30, 2021 and December 31, 2020 with composition as follows:

	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 dividend paid to common shares, the rate of which is adjusted proportionately by the Parent Company's BOD consequent to any stock split or stock dividend declaration affecting the common shares and preferred shares. Preferred shares are convertible at the option of the shareholders at the ratio of five preferred shares to one common share, based on par value.

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

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

The following summarizes the information on the Parent Company's registration of securities with the SEC which was approved on June 20, 2007, as required by Securities Regulation Code Rule 68, As Amended (2011):

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

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

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 September 30, 2021 and December 31, 2020, 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 Declaration
2021	March 26, 2021	April 22, 2021	P1.35	P6,561,267,889
2020	June 15, 2020	June 24, 2020	P0.30	P1,458,059,531
2019	March 29, 2019	April 22, 2019	P0.45	P2,187,089,297

The Parent Company's outstanding dividends payable amounts to ₱39.89 million and ₱19.89 million as at September 30, 2021 and December 31, 2020, respectively.

23. Related Party Disclosures

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

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

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. For periods ended September 30, 2021 and December 31, 2020, the Group has not recorded any impairment of receivables on amounts owed by the related parties. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

In the ordinary course of business, the Group transacts with associates, affiliates, jointly controlled entities and other related parties on advances, reimbursement of expenses, and future stock subscriptions.

The transactions and balances of accounts as at and for the periods ended September 30, 2021 and December 31, 2020 with related parties are as follows:

Related Party	Category	Year	Amount/ Volume of Transactions	Receivables (Payables)	Terms	Conditions
Associate -						
Mont-Aire	Advances (see Note 13	2021	566,346	98,288,362	Noninterest-	Unsecured;
		2020	600,186	97,722,016	bearing	not impaired
Common stockholders:						
GMA Kapuso Foundation, Inc.	Reimbursable charges	2021	-	1,356,049	On demand,	Unsecured;
		2020	1,167,042	3,361,550	noninterest-bearing	not impaired
Belo, Gozon, Elma Law	Legal, consulting and retainers' fees	2021	22,260,000	-	On demand,	Unsecured;
		2020	13,711,015	-	noninterest-bearing	not impaired
Joint ventures:						
Gamespan	Advances (see Note 13	2021	-	1,959,670	Noninterest-	Unsecured;
		2020	-	1,959,670	bearing	not impaired
PEP	Advances (see Note 13	2021	-	436,803	Noninterest-	Unsecured;
		2020	248,640	860,055	bearing	not impaired

The advances made by the Parent Company to Mont-Aire and PEP are intended for future capital subscription. On the other hand, the advances to INQ7 were fully impaired as a result of the application of the Group's share in the losses of INQ7 recognized under the equity method in excess of the Group's carrying value of investment (see Note 13).

Compensation of Key Management Personnel

The compensation of key management personnel of the Group, by benefit type, follows:

	September 30, 2021	September 30, 2020
	(Unaudited)	
Salaries and short-term benefits	586,966,838	525,195,540
Pension benefits	208,310,858	200,298,902
	795,277,696	725,494,442

Equity Investments of the Retirement Fund

The Group's retirement fund includes equity investments in GMA Network, Inc. and GMA PDRs amounting to ₱110.31 million and ₱824.29 million as at September 30, 2021, respectively and ₱41.78 million and ₱331.39 million as at December 31, 2020, respectively.

24. Net Revenues

Set out below is the disaggregation of the Group's revenues from contract with customers for the nine months ended September 30:

	September 30, 2021	September 30, 2020
	(Unaudited)	
Type of service		
Sale of service		
Advertising revenue	15,475,251,599	11,467,607,185
Subscription revenue	591,870,213	702,674,744
Revenue from distribution and content provisioning	28,906,415	49,689,471
Production revenue	67,751,563	23,404,785
Sale of goods	392,690,683	413,353,926
	16,556,470,473	12,656,730,111
Geographical markets		
Local	15,891,635,330	11,868,014,280
International	664,835,143	788,715,831
	16,556,470,473	12,656,730,111
Timing of revenue recognition		
Services transferred at one point in time	15,964,600,260	11,954,055,367
Services transferred over time	591,870,213	702,674,744
	16,556,470,473	12,656,730,111

25. Production Costs

	September 30, 2021	September 30, 2020
	(Unaudited)	
Talent fees and production personnel costs (see Note 27)	1,634,069,223	1,161,439,401
Program and other rights usage	771,425,220	476,640,339
Facilities and production services	383,885,788	334,462,305
Rental	220,262,015	177,360,654
Tapes sets and production supplies	143,114,018	116,745,776
Transportation and communication	132,344,683	44,319,439
Depreciation (see Note 14)	155,220,487	144,416,819
	3,440,321,434	2,455,384,733

26. General and Administrative Expenses

	September 30, 2021	September 30, 2020
	(Unaudited)	
Personnel costs (see Note 27)	3,316,638,437	2,873,550,774
Depreciation (see Notes 14, 16 and 29)	281,197,103	251,842,597
Professional fees	257,209,321	184,662,445
Communication, light and water	194,823,772	173,335,951
Taxes and licenses	182,256,425	131,112,696
Repairs and maintenance	158,604,503	76,030,738
Software maintenance	72,044,755	57,960,624

Forward

	September 30, 2021	September 30, 2020 (Unaudited)
Advertising	62,494,767	67,155,109
Research and surveys	65,109,947	69,507,939
Marketing expenses	58,866,082	35,965,596
Rental and facilities	55,114,658	72,121,322
Security services	47,816,069	49,103,955
Amortization of software costs (see Note 17)	32,231,530	31,030,661
Transportation and travel	25,650,913	36,808,798
Insurance	19,640,148	19,508,749
Janitorial services	13,373,912	18,040,854
Materials and supplies	10,514,541	6,934,662
Entertainment, amusement and recreation	4,567,502	5,408,016
Provision for ECL	375,000	32,086,511
Others	109,143,281	65,195,197
	4,967,672,666	4,257,363,194

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

Depreciation and Amortization

	September 30, 2021	September 30, 2020 (Unaudited)
Property and equipment:		
Production costs (see Notes 14 and 25)	155,220,487	144,416,819
General and administrative expenses (see Note 14)	259,282,999	243,368,362
Right-of-Use assets		
General and administrative expenses (see Note 29)	20,877,314	7,437,445
Investment properties -		
General and administrative expenses (see Note 16)	1,036,790	1,036,790
	436,417,590	396,259,416

27. Personnel Costs

This account consists of:

	September 30, 2021	September 30, 2020 (Unaudited)
Salaries and wages	2,017,042,563	1,925,968,663
Talent fees	1,566,859,997	1,092,081,452
Employee benefits and allowances	832,312,204	553,186,302
Sick and vacation leaves expense	152,103,105	142,408,477
Pension expense	382,389,791	321,345,281
	4,950,707,660	4,034,990,175

The said amounts were distributed as follows:

	September 30, 2021	September 30, 2020 (Unaudited)
Production costs (see Note 25)	1,634,069,223	1,161,439,401
General and administrative expenses (see Note 26)	3,316,638,437	2,873,550,774
	4,950,707,660	4,034,990,175

28. Others - Net

This account consists of the following income (expenses):

	September 30, 2021	September 30, 2020 (Unaudited)
Gain on sale of property and equipment	45,073,338	6,410,713
Commissions from Artist Center	44,603,032	38,886,687
Rental	4,815,686	5,541,122
Merchandising license fees and others	3,768,104	525,409
Bank charges	(1,133,753)	(1,066,918)
Income from mall shows	146,701	170,134
Others	867,077	2,849,248
	98,140,185	53,316,395

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

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

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

	September 30, 2021 (Unaudited)		
	Right-of-use: Land	Right-of-use: Buildings, studio and office spaces	Right-of-use: Total
Cost			
Balance at the beginning of the year	94,553,477	47,708,091	142,261,568
Additions (Cancellations)	-	46,327,672	46,327,672
Balance at the end of the period	94,553,477	94,035,763	188,589,240
Accumulated Depreciation			
Balance at the beginning of the year	28,798,918	24,194,374	52,993,292
Depreciation	-	20,877,314	20,877,314
Balance at the end of the period	28,798,918	45,071,688	73,870,606
Net Book Value	65,754,559	48,964,075	114,718,634

	December 31, 2020 (Audited)		
	Right-of-use: Land	Right-of-use: Buildings, studio and office spaces	Right-of-use: Total
Cost			
Balance at the beginning of the year	94,553,477	65,911,762	160,465,239
Pre-termination	-	(18,203,671)	(18,203,671)
Balance at the end of the year	94,553,477	47,708,091	142,261,568
Accumulated Depreciation			
Balance at the beginning of the year	16,797,383	13,865,670	30,663,053
Depreciation (see Note 25)	12,001,535	15,776,420	27,777,955
Pre-termination	-	(5,447,716)	(5,447,716)
Balance at the end of the year	28,798,918	24,194,374	52,993,292
Net Book Value	65,754,559	23,513,717	89,268,276

The rollforward analysis of lease liabilities follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at the beginning of the year	76,856,072	105,788,115
Additions	43,418,143	-
Accretion of interest	6,965,050	5,817,214
Payments	(17,304,344)	(21,762,363)
Pre-termination		(12,986,894)
Balance at the end of the period	109,934,921	76,856,072
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Current portion	19,721,526	10,485,295
Noncurrent portion	90,213,395	66,370,777
	109,934,921	76,856,072

The rollforward analysis of dismantling provision follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at the beginning of the year	44,973,410	42,392,195
Accretion of interest	1,744,590	2,581,215
Reversal	(1,180,467)	-
Balance at the beginning of the period	45,537,533	44,973,410

Total rental expense amounted to ₱231.84 million and ₱194.88 million as of September 30, 2021 and 2020, respectively (see Notes 25 and 26).

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 ₱2.34 million and ₱2.59 million as of September 30, 2021 and 2020, respectively (see Note 28).

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 income amounted to ₱637.62 million and ₱752.67 million for the nine months ended September 30, 2021 and 2020, respectively (see Note 24).

30. EPS Computation

The computation of basic EPS follows:

	September 30, 2021 (Unaudited)	September 30, 2020
Net income attributable to Equity Holders of Parent Company (a)	5,975,373,331	3,895,779,840
Less attributable to preferred shareholders	1,844,054,551	1,202,273,087
Net income attributable to common shareholders (b)	4,131,318,780	2,693,506,753
Common shares issued at the beginning of year	3,364,692,000	3,364,692,000
Treasury shares (see Note 22)	(3,645,000)	(3,645,000)
Underlying shares on the acquired PDRs (see Note 22)	(750,000)	(750,000)
Weighted average number of common shares for basic EPS (c)	3,360,297,000	3,360,297,000
Weighted average number of common shares	3,360,297,000	3,360,297,000
Effect of dilution - assumed conversion of preferred shares	1,500,000,000	1,500,000,000
Reacquired preferred shares	(492,816)	(492,816)
Weighted average number of common shares adjusted for the effect of dilution (d)	4,859,804,184	4,859,804,184
Basic EPS (b/c)	1.229	0.802
Diluted EPS (a/d)	1.229	0.802

31. Financial Risk Management Objectives and Policies

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

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

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

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

The tables below summarize the maturity profile of the Group's financial assets used for liquidity risk based on contractual undiscounted payments as at September 30, 2021 and December 31, 2020:

	September 30, 2021 (Unaudited)				Total
	On Demand	> 3 Months	3 to 12 Months	More than 1 year	
Cash and cash equivalents	3,289,634,730	1,271,078,843	-	-	4,560,713,573
Trade receivables:					
Television and radio airtime	1,966,893,052	6,869,827,629	-	-	8,836,720,681
Subscription	163,758,556	158,438,257	-	-	322,196,813
Others	90,311,050	72,550,088	-	-	162,861,138
Nontrade receivables					
Advances to officers and employees	1,820,485	5,947,883	-	-	7,768,368
Others	91,781,984	39,149,531	-	-	130,931,515
Refundable deposits*	-	-	-	21,602,363	21,602,363
Financial assets at FVOCI	-	-	-	192,282,088	192,282,088
	5,604,199,857	8,416,992,231	-	213,884,451	14,235,076,539
<i>Forward</i>					
Trade payables and other current liabilities**	439,011,061	854,102,964	224,576,693	-	1,517,690,718
Short-term loans***	-	1,071,000,000	1,239,500,000	-	2,310,500,000
Obligation for program and other rights	-	198,538,557	243,377,281	-	441,915,838
Lease liability	-	10,509,136	9,212,390	90,213,395	109,934,921
Dividends payable	39,886,756	-	-	-	39,886,756
	478,897,817	2,134,150,657	1,716,666,364	90,213,395	4,419,928,233

*Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 17).

** Excluding payable to government agencies, customers' deposits and contract liabilities amounting to P1,394.15 million, P29.70 million and P813.86 million, respectively (see Note 19).

***Gross contractual payments.

	December 31, 2020 (Audited)				
	On Demand	> 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
Obligation 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 statements of financial position (see Note 17).

** Excluding payable to government agencies, customers' deposits and contract liabilities amounting to P1,693.38 million, P35.91 million and P41.69 million, respectively (see Note 19).

***Gross contractual payments.

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

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

	September 30, 2021 (Unaudited)		December 31, 2020 (Audited)	
Assets				
Cash and cash equivalents	\$18,392,817	P938,033,672	\$14,428,000	P692,832,539
	C\$134,806	5,409,591	C\$1,515,837	56,692,289
Trade receivables	\$6,662,534	339,789,235	\$4,295,851	206,286,757
	C\$-	-	C\$1,392,382	52,075,098
	S\$-	-	S\$113,726	4,107,775
	A\$-	-	A\$36,854	1,341,474
	DH-	-	DH52,170	682,387
		P1,283,232,498		P1,014,018,319
Liabilities				
Trade payables	\$854,145	P43,561,395	\$2,891,699	P138,859,374
Short-term loans	35,500,000	1,810,500,000	15,000,000	720,345,000
Obligations for program and other rights	6,595,427	336,366,777	2,892,613	138,903,262
		2,190,428,172		P998,792,560
		(P907,195,674)		P15,225,759

In translating the foreign currency-denominated monetary assets and liabilities into Philippine peso amounts, the exchange rate used were ₱51.00 to US\$1.00 and ₱48.02 to US\$1.00 as at September 30, 2021 and December 31, 2020, respectively. The exchange rate for Philippine peso to Canadian dollar was ₱40.13 to CAD\$1.00 as at September 30, 2020. The peso equivalents for the Singaporean Dollar, Australian Dollar and Dirham are ₱36.12, ₱36.40 and ₱13.08, respectively as at December 31, 2020.

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

	Appreciation/ (Depreciation) of Peso	Effect on Income before Income Tax						Total
		USD	CAD	SGD	AUD	AED	EUR	
September 30, 2021	0.50 (0.50)	(₱2,236,778) 2,236,778	₱16,581 (16,581)	₱– –	₱– –	₱– –	₱– –	(₱2,219,927) 2,219,927
December 31, 2020	0.50 (0.50)	₱1,036,534 (1,036,534)	(₱1,454,109) 1,454,109	(₱56,863) 56,863	(₱18,427) 18,427	(₱26,085) 26,085	₱5,835 (5,835)	(513,115) 513,115

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

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

The following table shows the maximum exposure to credit risk for the components of the consolidated financial position as at September 30, 2021 and December 31, 2020:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Financial assets at amortized cost		
Cash and cash equivalents*	4,351,886,515	2,557,264,071
Trade receivables:		
Television and radio airtime	8,836,720,681	9,934,604,841
Subscription	322,196,813	246,901,056
Others	162,861,138	128,876,147
Nontrade receivables:		
Advances to officers and employees	7,768,368	6,866,866
Others	130,931,515	149,288,785
Refundable deposit**	21,602,363	21,427,422
	13,833,967,393	13,045,229,188
Financial assets at FVOCI	192,282,088	192,132,088
	14,026,249,481	13,237,361,276

*Excluding cash on hand and production fund amounting to P208.83 million and P657.55 million as at September 30, 2021 and December 31, 2020, respectively.

**Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 17).

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:

	September 30, 2021			Total
	(Unaudited)			
	Fair Value			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Financial assets at amortized cost				
Cash and cash equivalents*	4,351,886,515	-	-	4,351,886,515
Nontrade receivables:				
Advances to offices and employees	7,768,368	-	-	7,768,368
Others	130,931,515	-	-	130,931,515
Refundable deposits**	21,602,363	-	-	21,602,363
	4,512,188,761	-	-	4,512,188,761

*Excluding cash on hand amounting to P208.83 million as at September 30, 2021.

**Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 17).

	December 31, 2020			Total
	(Audited)			
	Fair Value			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Financial assets at amortized cost				
Cash and cash equivalents*	2,557,264,071	-	-	2,557,264,071
Nontrade receivables:				
Advances to offices 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 P657.55 million as at December 31, 2020.

**Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 17).

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

	September 30, 2021 (Unaudited)					Total
	Current	Days past due				
		0-30 days	31 - 60 days	61 - 90 days	91 days and above	
Expected credit loss rate	1%	6%	6%	17%	36%	
Estimated total gross carrying amount at default	P6,400,458,128	P389,571,912	P310,785,934	P214,830,693	P2,773,025,279	P10,882,719,946
Expected credit loss	44,863,938	21,309,155	45,194,870	41,105,689	614,319,662	766,893,314

	December 31, 2020 (Audited)					Total
	Current	Days past due				
		0-30 days	31-60 days	61-90 days	91 days and above	
Expected credit loss rate	1%	4%	11%	11%	29%	
Estimated total gross carrying amount at default	P7,609,364,151	P550,621,274	P409,092,189	P360,266,377	P2,147,556,367	P11,076,900,358
Expected credit loss	44,863,938	21,309,155	45,194,870	41,105,689	614,044,662	766,518,314

Capital Management

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

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

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

No changes were made in the objectives, policies or processes for periods ended September 30, 2021 and December 31, 2020.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loan to total equity. The Group's interest-bearing loans, which are short-term loans, amounted to P2,310.50 million and P720.35 million as at September 30, 2021 and December 31, 2020, respectively. The Group's total equity attributable to equity holders of the Parent Company as at September 30, 2021 and December 31, 2020 amounted to P12,160.14 million and P12,809.06 million, respectively.

32. Fair Value Measurement

The table below presents the carrying values and fair values of the Group's assets and liabilities, by category and by class, as at September 30, 2021 and December 31, 2020:

	September 30, 2021 (Unaudited)		
	Carrying Value	Fair Value	
		Quoted Prices in Active Market (Level 1)	Significant Observable Input (Level 2)
<i>Assets Measured at Fair Value</i>			
Land at revalued amount	2,850,896,481	-	2,850,896,481
AFS financial assets	192,282,088	-	179,310,246
<i>Assets for which Fair Value are Disclosed</i>			
Investment properties	33,833,044	-	203,902,548
Loans and receivables - Refundable deposits*	21,602,363	-	17,564,272
	3,098,613,976	-	3,251,673,547

*Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 17).

	December 31, 2020 (Audited)			
	Carrying Value	Fair Value		
		Quoted Prices in Active Market (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
<i>Assets Measured at Fair Value</i>				
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
<i>Assets for which Fair Value are Disclosed</i>				
Investment properties	34,869,834	-	-	203,902,548
Loans and receivables - 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 statements of financial position (see Note 17).

As at September 30, 2021 and December 31, 2021, 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 the following valuation approach: asset-based approach and market approach. Asset-based approach is based on the value of all the tangible and intangible assets and liabilities of the company. Market approach is predicated upon the concept that the value of an asset can be estimated by comparing its value to assets with similar features.

Presented below are the significant unobservable inputs used in the market approach valuation of the Group's financial assets as at September 30, 2021 and December 31, 2020:

Description	Unobservable Inputs	Range	
		September 30, 2021	December 31, 2020
Listed equity instrument:			
Casinos and gaming industry	Discount for lack of marketability	10%-30%	10%-30%
	Discount for lack of control	10%-30%	10%-30%
Non-listed equity instruments:			
Media and entertainment industry	Discount for lack of marketability	10%-30%	10%-30%
	Discount for lack of control	10%-30%	10%-30%

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

Fair Value Determination

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

Cash and Cash Equivalents, Short-term Investments and Trade and Other Receivables

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

Refundable Deposits

The fair value of refundable deposits is based on the present value of the future discounted cash flows. Discount rates used range from 3.26% to 4.44% as at September 30, 2021 and December 31, 2020.

Financial assets at FVOCI

The Group's investments in club shares were based on prices readily available from brokers and other regulatory agencies as at reporting date. The fair values of equity investments in listed and non-listed companies have been estimated using the net asset value model and market approach. The valuation using market approach requires management to make certain judgments in deriving the set of comparable companies for each entity and in the selection of the appropriate multiples within the range, considering qualitative and quantitative factors specific to the measurement.

Investment Properties and Land at Revalued Amount

The valuation for investment properties and land at revalued amount was derived through market data approach based upon prices paid in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property adjusted based on certain elements of comparison (e.g. market conditions, location, physical condition and amenities). Significant unobservable valuation input in determining the fair value of investment properties includes adjusted price per square meter that ranges from ₱1,400 to ₱117,000. On the other hand, significant unobservable valuation input in determining fair value of land at revalued 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% as at September 30, 2021 and December 31, 2020.

33. Causes for Material Changes in the Financial Statements

Statements of Financial Position (September 30, 2021 vs. December 31, 2020)

- Cash and cash equivalents of ₱4,560.71 million climbed by ₱1,345.90 million or 42% from 2020 balance of ₱3,214.82 million as a result of net cash flows provided by operating activities of ₱7,097.33 million primarily netted by cash flow used in investing and financing activities during the nine-month period of 2021 amounting to ₱743.06 million and ₱4,850.33 million, respectively.
- Trade and other receivables closed at ₱9,460.48 million, 10% lower than end-2020's ₱10,466.54 million as a result of better collection efforts as of September 30, 2021.
- Short-term loans increased to ₱2,310.50 million due to availment of loans during the 2nd quarter of 2021, partially offset by the payments made during the third quarter.
- Equity attributable to Parent Company stockholders of ₱12,160.14 million as at September 30, 2021 decreased by 5% or ₱648.92 million, mainly due to the cash dividend declaration partly evened out by the ₱5.98 billion net income attributable to Parent Company earned as of end-September 2021.

34. Other Notes to 2021 and 2020 Operations and Financials

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

	September 30, 2021	September 30, 2020
	(Unaudited)	
Revenues	16,556,470,473	12,656,730,111
Airtime revenues	14,789,210,068	10,993,159,533
Cash operating expenses	7,477,652,592	6,123,062,368
EBITDA	9,107,740,211	6,501,994,346
Net income before tax	7,837,991,654	5,599,565,293
Net income after tax	6,016,151,150	3,909,399,641

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
Current ratio	2.29	2.89
Asset-to-Equity ratio	2.10	1.86
Debt-to-Equity ratio	0.19	0.06

	September 30, 2021	September 30, 2020
	(Unaudited)	
Interest Rate Coverage ratio	194.78	418.52
EBITDA margin	55%	51%
Net income margin	36%	31%

GMA NETWORK, INC. AND SUBSIDIARIES
 UNAUDITED SEGMENTED RESULTS
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

EXHIBIT 1

Business Segment Data

The following table shows revenue and expense information and certain asset and liability information regarding business segments for each of the period ended September 30:

	Television and Radio Airtime		International		Other Businesses		Eliminations		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
NET REVENUES										
External sales	14,789,210,068	10,993,159,533	637,624,595	752,665,943	1,129,635,810	910,904,635	-	-	16,556,470,473	12,656,730,111
Inter-segment sales	-	-	-	-	470,498,226	365,286,496	(470,498,226)	(365,286,496)	-	-
	14,789,210,068	10,993,159,533	637,624,595	752,665,943	1,600,134,036	1,276,191,131	(470,498,226)	(365,286,496)	16,556,470,473	12,656,730,111
NET INCOME										
Segment results	5,578,682,813	4,676,346,085	506,565,671	649,052,538	1,747,369,257	282,948,872	5,750,800	22,240,180	7,838,368,541	5,630,587,675
Interest expense	(40,063,880)	(9,739,466)	-	-	(328,076)	(626,965)			(40,391,956)	(10,366,431)
Foreign exchange gain (loss)	(107,316,049)	(2,439,094)	36,035,162	(47,168,029)	2,438,032	(3,296,158)			(68,842,855)	(52,903,281)
Interest income	10,564,620	11,195,507	-	-	153,119	672,287			10,717,739	11,867,794
Other income	199,735,309	165,043,518	-	-	12,854,876	55,501,292	(114,450,000)	(167,228,415)	98,140,185	53,316,395
Income tax	(1,366,454,435)	(1,424,371,107)	(135,650,208)	(177,232,231)	(316,360,861)	(85,187,314)	(3,375,000)	(3,375,000)	(1,821,840,504)	(1,690,165,652)
	4,275,148,378	3,416,035,443	406,950,625	424,652,278	1,446,126,347	250,012,014	(112,074,200)	(148,363,235)	6,016,151,150	3,942,336,500
ASSETS AND LIABILITIES										
Assets										
Segment assets	22,715,092,172	17,741,345,768	1,289,958,957	492,370,166	1,492,193,670	1,235,153,727	(1,400,542,388)	(2,178,263,920)	24,096,702,411	17,290,605,740
Investment in an associate - at equity	38,350,619	38,350,619	-	-	45,631,955	41,723,215	-	-	83,982,574	80,073,834
Deferred income tax assets	905,794,778	354,267,378	-	-	54,676,250	50,450,210	262,038,028	127,846,069	1,222,509,056	532,563,657
	23,659,237,569	18,133,963,765	1,289,958,957	492,370,166	1,592,501,875	1,327,327,152	(1,138,504,360)	(2,050,417,851)	25,403,194,041	17,903,243,231
Liabilities										
Segment liabilities	15,203,851,377	9,107,737,993	119,399,959	118,308,479	765,004,375	584,202,582	(610,793,357)	(1,510,118,700)	15,477,462,354	8,300,130,354

Geographical Segment Data

The following table shows revenue information regarding geographical segments for each of the period ended September 30:

	Local		International		Eliminations		Consolidated	
	Television and Radio Airtime	Other Businesses	2021	2020	2021	2020	2021	2020
NET REVENUES								
External sales	14,789,210,068	10,993,159,533	1,129,635,810	910,904,635	637,624,595	752,665,943	-	-
Inter-segment sales	-	-	470,498,226	365,286,496	-	-	(470,498,226)	(365,286,496)
	14,789,210,068	10,993,159,533	1,600,134,036	1,276,191,131	637,624,595	752,665,943	(470,498,226)	(365,286,496)

GMA NETWORK, INC. AND SUBSIDIARIES
UNAUDITED AGING OF RECEIVABLES
AS OF SEPTEMBER 30, 2021

EXHIBIT 2

	Trade			Nontrade	Total
	Television and Radio Airtime	Subscriptions	Others		
Neither past due or impaired	6,188,879,451	145,406,899	66,171,778	15,189,010	6,415,647,138
Past due but not impaired:					
1 - 30 days	376,001,350	9,265,752	4,304,810	9,482,331	399,054,243
31 - 60 days	304,946,828	3,765,606	2,073,500	20,426,073	331,212,007
61 - 90 days	211,423,721	1,428,010	1,978,962	18,131,576	232,962,269
91 - 180 days	475,636,518	2,608,988	8,577,660	60,620,900	547,444,066
181 - 365 days	907,995,796	8,566,916	3,262,579	13,100,952	932,926,243
Over 1 year	1,079,707,181	168,747,077	117,922,564	1,749,041	1,368,125,863
	<u>9,544,590,845</u>	<u>339,789,248</u>	<u>204,291,853</u>	<u>138,699,883</u>	<u>10,227,371,829</u>

GMA NETWORK, INC. AND SUBSIDIARIES
UNAUDITED ROLLFORWARD OF PROPERTY AND EQUIPMENT
AS OF SEPTEMBER 30, 2021

EXHIBIT 3

	DECEMBER 31, 2020	ADDITIONS	DISPOSALS	RECLASSIFICATIONS	SEPTEMBER 30, 2021
At cost					
Buidings and leasehold improvements	3,057,833,927	8,426,179	(2,987,652)	52,267,631	3,115,540,085
Broadcast equipment	7,348,274,084	162,419,360	(14,153,408)	467,852,502	7,964,392,538
Communication & mechanical equipment	1,487,373,983	77,530,083	(29,574,829)	42,558,071	1,577,887,308
Transportation equipment	709,719,574	73,397,517	(132,098,242)	921,429	651,940,278
Furniture, fixtures and equipment	168,036,544	1,681,983	(54,598)	1,218,902	170,882,831
	<u>12,771,238,112</u>	<u>323,455,122</u>	<u>(178,868,729)</u>	<u>564,818,535</u>	<u>13,480,643,040</u>
Accumulated Depreciation					
Buidings and leasehold improvements	(2,422,497,339)	(60,458,943)	2,736,402	-	(2,480,219,880)
Broadcast equipment	(6,234,662,075)	(220,315,828)	13,849,768	-	(6,441,128,135)
Communication & mechanical equipment	(1,282,146,776)	(84,393,042)	28,147,647	-	(1,338,392,171)
Transportation equipment	(570,633,667)	(46,533,090)	124,638,058	-	(492,528,699)
Furniture, fixtures and equipment	(157,902,288)	(2,802,583)	-	-	(160,704,871)
	<u>(10,667,842,145)</u>	<u>(414,503,486)</u>	<u>169,371,875</u>	<u>-</u>	<u>(10,912,973,756)</u>
Equipment for installation	484,717,737	376,181,526	-	(564,818,535)	296,080,728
Net book value	<u>2,588,113,704</u>	<u>285,133,162</u>	<u>(9,496,854)</u>	<u>-</u>	<u>2,863,750,012</u>

GMA Network, Inc. and Subsidiaries**Financial Ratios****For the Nine Months Ended September 30, 2021****Exhibit 4**

Ratios	Formula	In PhP	September 30, 2021	December 31, 2020
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	17,819,512,599 7,784,502,418	2.29	2.89
Net Debt-to-Equity Ratio	$\frac{\text{Interest-bearing loans and borrowings less cash and cash equivalents}}{\text{Total Equity}}$	(2,250,213,573) 12,273,276,455	(0.18)	(0.19)
Assets-to-Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	25,807,731,914 12,273,276,455	2.10	1.86
Interest Rate Coverage Ratio	$\frac{\text{EBIT}}{\text{Interest expense}}$	7,867,665,871 40,391,956	194.78	418.52
Profitability Ratios	Formula	In PhP	September 30, 2021	September 30, 2020
Gross Profit Margin	$\frac{\text{Gross Profit}}{\text{Net Revenues}}$	12,806,041,207 16,556,470,473	77%	78%
Net Income Margin	$\frac{\text{Net Income}}{\text{Net Revenues}}$	6,016,151,150 16,556,470,473	36%	31%

SIGNATURE

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

Issuer: **GMA NETWORK, INC.**

By:


FELIPE S. YALONG
TREASURER, EVI & CHIEF FINANCIAL OFFICER


RONALDO P. MASTRILI
SVP, FINANCE & ICT


Date: November 15, 2021

Certification

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

- 1) That on behalf of GMA Network, Inc., we have caused this SEC Form 17-Q to be prepared;
- 2) That we read and understood its contents which are true and correct of our own personal knowledge and/or based on true records;
- 3) That the company GMA Network, Inc. will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That we are fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, we have hereunto set our hands this NOV 10 2021 15th day of November, 2021.


FELIPE S. YALONG
Treasurer, EVP and CFO

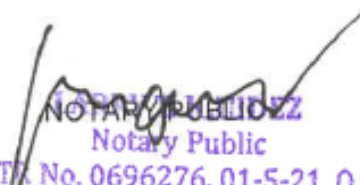

RONALDO P. MASTRILI
SVP, Finance and ICT

NOV 10 2021

SUBSCRIBED AND SWORN to before me this 15th day of November, 2021 affiants exhibiting to me their government IDs as follows:

Names	Government I.D.	Date of Issue	Place of Issue
Felipe S. Yalong	Passport No. P2459589A	March 27, 2017	DFA, Manila
Ronaldo P. Mastrili	Driver's License	N15-83-035933	

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Series of 2021.


NOTARY PUBLIC
Notary Public
PTA No. 0696276, 01-5-21, Q.C.
IBP No. 133311, 11-24-20, Q.C.
Roll No. 20434
MCLE Compliance No. VI-0017289, 01-24-19
Notarial Comm. Adm. Matter
NF 001 (2021-21) RSC Q.C.