2021 ANNUAL REPORT

THRIVING IN A NEW ERA

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ABOUT GMA

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

Also known as the Kapuso Network, GMA brings superior Entertainment and the responsible, unbiased, and timely delivery of accurate News and Information to Filipinos worldwide. Its flagship channel, GMA, broadcasts free-to-air via analog VHF Channel 7 and digital UHF Channel 15 in Mega Manila.

Based on Nielsen Philippines, GMA reached over 80 million Filipinos across the country with 46 percent people audience share in Total Philippines for the year 2021.

Headquartered in Quezon City, GMA operates a network of 92 TV stations and 23 radio stations throughout the country.

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

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

CORPORATE PURPOSE

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

CORPORATE VISION

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

CORPORATE VALUES

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

GMA CONGLOMERATE MAP

FREE TV

GMA

GTV

CORPORATE SOCIAL RESPONSIBILITY

GMA KAPUSO FOUNDATION, INC.

Kapwa Ko Mahal Ko

DIGITAL CHANNELS

HEART OF ASIA

I Heart Movies

hallypop

RADIO

DZBB 594 KHZ SUPER RADYO

#FOREVER! BARANGAY LS 97.1

ONLINE

GMA NEWS ONLINE

GMANetwork.com

REGIONAL TV

GMA Regional TV

RGMA NETWORK, INC.

JOINT VENTURE

PEP.ph

AFFILIATE

GMA FILMS

GMA MUSIC

SCRIPT2010 INC.
A GMA NETWORK SUBSIDIARY

GMA NEW MEDIA, INC.

SUBSIDIARIES

ALTA PRODUCTIONS GROUP, INC.
A GMA NETWORK SUBSIDIARY

GMA VENTURES

E-COMMERCE

GMA STORE

EVENTS

Synergy
A GMA COLLABORATION

PRODUCTS

GMA NOW

GMA AFFORDABOX

TALENT DEVELOPMENT

SPARKLE
GMA ARTIST CENTER

INTERNATIONAL

GMA Pinoy TV™

GMA Life TV™

GMA ON DEMAND

GMA NEWS TV

CONTENT DISTRIBUTION AND SYNDICATION

GMA WORLDWIDE, INC.

SUBSIDIARIES, JOINT VENTURES, AND AFFILIATES

SUBSIDIARIES (100% Ownership)

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

RGMA Marketing and Productions, Inc. (GMA Music)
Handles the publishing, licensing, production, and distribution of music. It is a member of the Philippine Association of the Record Industry and has the distinction of having two diamond record awards in the highly competitive music scene.

Scenarios, Inc.*
Design, construction and maintenance of sets for TV, stage plays and concerts, transportation services

GMA Worldwide (Philippines), Inc.****
In-charge of the syndication and distribution of GMA's drama and entertainment programs worldwide

Marketing & Productions, Inc. (GMPI)*
Exclusive marketing and sales arm of GMA's airtime, events management, sales implementation, traffic services and monitoring

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

Script2010, Inc. (Script2010)**
Handles the design, construction and maintenance of sets for TV, stage plays and concerts, transportation, and manpower services

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

Digify, Inc. (Digify)***
Responsible for the crafting, planning, advertising, and other forms of promotion including multimedia productions

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

GMA Ventures, Inc.
Holding company engaged in identifying, investing in, and/or building strong and sustainable businesses

Citynet Network Marketing and Productions, Inc.
Television entertainment production

JOINT VENTURES (50% Ownership)

INQ7 Interactive, Inc.*
Internet publishing

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

AFFILIATES (49% Ownership)

Mont-Aire Realty and Development Corp.
Real estate

RGMA Network, Inc.
Radio broadcasting and management

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

ATTY. FELIPE L. GOZON
Chairman and CEO

CHAIRMAN'S
MESSAGE

"... 2021 was a year of incredible opportunity and responsibility. Your Kapuso Network became a lifeline and the frontline—bringing superior entertainment and responsible, unbiased, accurate news and information to more than 80 million Filipinos nationwide."

Dear shareholders,

At the outset, we thank the Lord for all the blessings He has given us in the face of the challenges we encountered.

Over the last two years, the world was increasingly constrained by a set of interwoven challenges—new COVID-19 variants, geopolitical tensions, and climate uncertainty. But these crises launched a wave of innovation that sparked economic recovery. In 2021, the global economic environment started to rebound from recessionary lows. In the Philippines, GDP grew by 7.7 percent in the fourth quarter of 2021, bringing full-year growth to 5.6 percent, coming from a 9.6 percent contraction in 2020.

This mixed backdrop also impacted a flourishing creator economy—the media industry. Operating in a dynamic and high-churn environment, the past year saw an upsurge in content consumption and diverging consumer preferences. Greater rigor and boldness were needed to respond to global competition and changing expectations.

I am proud to say that with your support and our employees' resilience, 2021 was a year of incredible opportunity and responsibility. Your Kapuso Network became a lifeline and the frontline—bringing superior entertainment and responsible, unbiased, accurate news and information to more than 80 million Filipinos nationwide.

We thrived and turned in our best year ever, delivering on all of our key targets: GMA-7 continued to dominate Philippine on-air and online platforms, GTV was the second most-watched station in the country at the end of the year, and our AM and FM radio stations remained the undisputed number 1 stations in Mega Manila.

At the height of the pandemic, our Regional TV stations served more areas across the country and basked in double and triple-digit revenue growth. Parallel to our local expansion, we continued to bring global Filipinos closer to home through GMA International, which has evolved from a single-channel offering to a global omniplatform player distributed in over 100 countries.

Our unrivaled independence and distinct brand of journalism received local and international recognition, together with a record number of accolades. Notably, GMA Network continued to be the most trusted new brand according to the Reuters Institute for the Study of Journalism and we also received a platinum award from the Reader's Digest Trusted Brands Awards. We were the first in the Philippines and the second television network in Southeast Asia to receive three Diamond Creator Awards from YouTube, for breaching 10 million subscribers in three different channels. As I write this, we received news that GMA was the sole Philippine awardee in this year's New York Festivals TV & Film Awards, bagging four World Medals.

The value of our content and journalism was also seen in our strong business results. It was our strongest financial performance in history. By the close of the year, our net income grew by 26 percent, our balance sheet was robust with cash, and we had no long-term debt. Our financial ratios and margins, indicators of financial strength, were above industry standards. In 2021, we also returned P6.56 billion of capital to shareholders, equivalent to a 350 percent increase in our dividend payout.

A core enabler of our success was our channel delivery infrastructure. In 2021, we made substantial investments in putting up more digital stations so more Filipino homes can enjoy digital TV viewing. We commissioned 14 new stations in the past year, growing our signal distribution network to 92 stations nationwide. This wider network means a bigger footprint and greater visibility.

The bigger we grow, the more lives we touch. As such, a twin imperative to technology is creating content that enriches the lives of Filipinos. Our homegrown creatives continued to produce the finest programs in various genres.

We pursued new platforms and partnerships to deliver content to more Filipinos abroad. We also welcomed some of the country's most talented individuals whose tremendous insight and experience have taken our storytelling and talent management to the next level.

As our core business continued to flourish, we are also energized by new opportunities and potential synergies. This is why we established GMA Ventures, our corporate vehicle that will diversify our portfolio by strategic investments in sustainable businesses and, ultimately, provide the best returns to our shareholders in the years to come.

Central to our mission as a media organization is helping people understand governance. Towards the end of 2021, we launched an advocacy and information campaign, *Dapat Totoo*, a call for honest leadership and clean elections. Our people worked very hard in educating the voters through explanatory journalism, in listening to our audiences, and in calibrating our coverage with the latest technology. Once again, the GMA News and Public Affairs trusted brand of reportage will take the spotlight in the coming Presidential elections. Expect the most accurate, the most comprehensive, and the most objective coverage of this transformative time for our country.

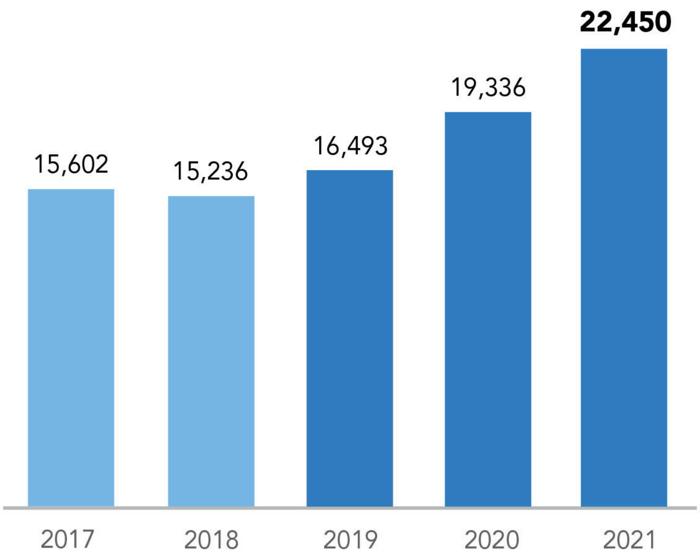
As we enter a new era powered by technology and sustainability, crises will continue to arise—and so will breakthroughs. Through the stories we tell and the lives we touch, we are in a unique and strong position to make a difference, not just for the economy, but more importantly, for our *Kapusong Pilipino*.

Maraming salamat sa inyong hindi natitinag na pagtitiwala, mga Kapuso.

ATTY. FELIPE L. GOZON
Chairman and CEO

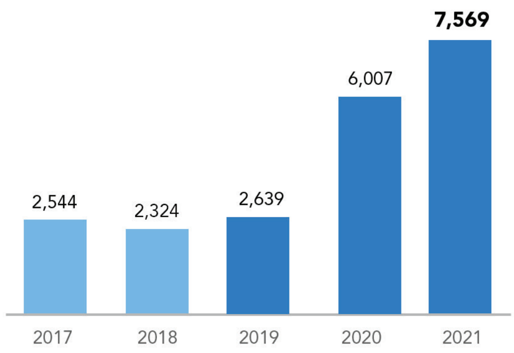
FINANCIAL HIGHLIGHTS

REVENUES*

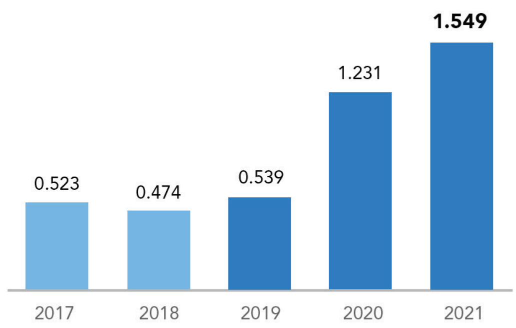


* Amounts in Million Pesos
** Amounts in Pesos
*** Amounts in Million Pesos and attributable to Equity holders of the Parent Company

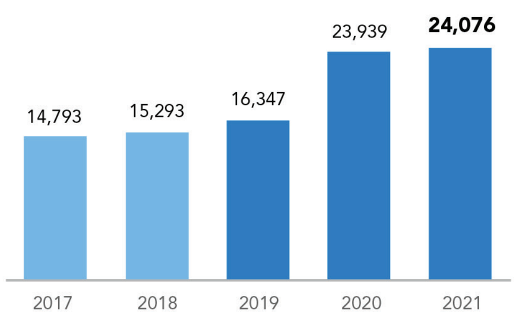
NET INCOME***



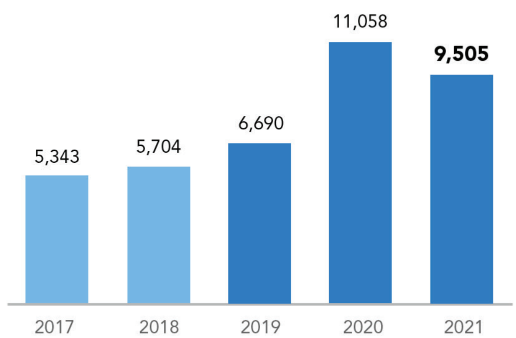
EARNINGS PER SHARE**



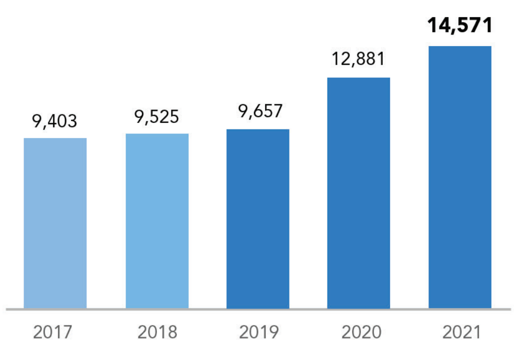
TOTAL ASSETS*



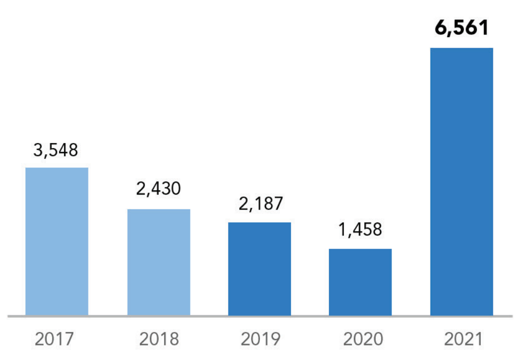
TOTAL LIABILITIES*



TOTAL EQUITY***



TOTAL CASH DIVIDENDS*



GILBERTO R. DUAVIT, JR.
President and COO

PRESIDENT'S MESSAGE

Our main channel, GMA-7 continued to lead in Nielsen's National Urban TV Audience Measurement (NUTAM) ratings, registering a 46.3% audience share for the year, while our second channel, GTV succeeded in expanding its national viewership with its NUTAM audience share growing by 174% to 9.6% in 2021 from 3.5% in 2020.

Our performance in 2021 produced record-breaking top and bottom-line results; with consolidated revenues hitting P22.450 billion and a consolidated net income of P7.569 billion, registering year-on-year (YOY) growth of 16% and 26%, respectively.

While 2020 was largely characterized by coping with the effects of the pandemic and putting several projects on hold, the easing of restrictions within the year allowed us to roll out most of our infrastructure expansion plans, enabling the delivery of both our Analog and Digital TV signals to more viewers across the country. Further, while keeping the safety of our employees and talents top of mind and continuing to enforce strict safety protocols, the improved conditions also allowed us to produce and deliver an increased volume of fresh content to our viewers, driving a 16% increase in consolidated operating expenses.

Our main channel, GMA-7 continued to lead in Nielsen's National Urban TV Audience Measurement (NUTAM) ratings, registering a 46.3% audience share for the year, while our second channel, GTV, succeeded in expanding its national viewership with its NUTAM

audience share growing by 174% to 9.6% in 2021 from 3.5% in 2020. I am proud to note that GTV closed the year as the second most-watched channel in Nielsen's NUTAM ratings with an audience share average of 11.6% from November 1 to December 31, 2021, versus TV-5's 10.4%; meeting an objective set earlier in the year. GMA's Digital Terrestrial TV (DTT) channels, on the other hand, ended the year with a combined audience share of 6.5% in 2021, up from 1.5% in 2020, resulting in 333% YOY growth. In total, GMA's combined audience share across all its channels grew by 16% to 62.4% in 2021, up 8.6 points from 2020's 53.8%.

Similarly, the Radio side of our business continued to perform well, as the revenues from our radio operations grew 13% YOY, contributing P828.193 million to our topline. Over the year our flagship radio stations DZBB-AM and DWLS-FM maintained their leadership in the Mega Manila (Nielsen) radio ratings, just as our local AM stations in Puerto Princesa, Iloilo, and Cebu, and our FM stations in Tuguegarao, Iloilo, Kalibo, Bacolod, and Puerto Princesa led against the competition in their respective service areas.

Regional TV (RTV) had an outstanding year, with all our Local-Regional News and non-news programs performing exceptionally well. With upgrades introduced to our RTV facilities and infrastructure throughout the period, we successfully commissioned our Bicol and Zamboanga originating stations, broadened the reach and coverage of selected originating stations by linking these to identified relay (transmitting) stations, and completed the pre-commissioning requirements for our new Batangas originating station in 2021. As of this writing, GMA now operates a total of eleven (11) originating stations throughout the country, providing enhanced services to our audiences in Luzon, Visayas, and Mindanao. As a testament to its performance, Regional TV closed the year with an impressive growth of 78% in revenues.

The international, subscription-based segment of our business further contracted in the past year, with the aggregate revenues of our traditional platform (DTH, Cable TV) delivered linear channels GMA Pinoy TV, GMA Life TV, and GMA News TV decreasing by 14% in 2021 versus the prior year. As the shift to OTT, VOD content consumption continues, it is worth noting that some of our key carrier partners have started to launch OTT, On-Demand services that enable content consumption anywhere via mobile devices. Our ongoing discussions with our carriers as well as other prospective OTT distribution partners are proving to be more than encouraging, as we see inclusion in some of these services materializing in the near term. These, we anticipate, may mitigate if not potentially arrest the subscription revenue decline moving forward. In parallel, we continue to work towards further expanding the availability of our content beyond subscription-based access of our linear channels, as we grow our numbers in free-to-view, AVOD (Advertising Video On Demand) platforms as well as in SVOD (Subscription Video On Demand) services.

Our efforts to increase our digital, online following in the past year bore fruit. GMA Network's portal managed to log over 194 million users in 2021, with a 20% YOY increase in pageviews to 2.483 billion. On YouTube, our GMA Network channel closed the year with 25.6 million subscribers, up 20% vs. 2020, our GMA News channel with 10.6 million subscribers, up 31%, and our GMA Public Affairs channel with 17.7 million subscribers, up 32% from the preceding year; totaling 53.9 million subscribers, up 26% versus 2020. GMA app downloads also grew by 36% to 2.429 million in 2021 from 1.8 million in 2020. Our following in social media also increased, with our Facebook fans and engagement numbers growing within the period together with the growth in our Twitter and Instagram followers.

It was another eventful year for us as we worked to strengthen the foundations for sustained growth under these redefined times and realities.

In order to optimally serve our broadcast TV viewing public, we continued to upgrade and expand our TV transmitter network nationwide. Annexed to our objective of elevating GTV as the second most-viewed TV channel behind GMA, we commissioned a total of eight (8) upgraded analog transmitter facilities in 2021; with a remaining site slated for operation in early 2022. Upon completion, this expansion project is estimated to increase GTV's analog signal coverage to 81.27% of Nielsen NUTAM homes, in comparison to GMA's 99.75%. In tandem, our Digital Terrestrial TV (DTT) network was also expanded in the past year with the commissioning of six (6) new transmitter sites, with an additional ten (10) DTT stations presently in various phases of implementation. Aside from GMA and GTV, we currently air DTT-only channels Heart of Asia, I Heart Movies, Hallypop, and a DepEd channel on the network, to serve the growing number of DTT homes throughout the country.

Driven by the unending battle for audiences across all platforms, we undertook to further improve both the quality and responsiveness of our content to our audiences both here and abroad. To this end, we continued to enhance our content production capabilities by engaging creative consultants, writers, directors, and producers, as we also stepped up our on-camera talent recruiting, training, development, and promotional efforts with the guidance of the best consultants in the field. In support, our production, post-production, and playout facilities continue to be upgraded in tandem with refinements to our related workflows; geared to deliver world standard output even under disruptive conditions. Cognizant of the incessant growth of content consumption online, no efforts were spared to broaden our presence and increase both our following and relevance in the digital space.

In line with these, we increased the volume of our program content online, ramped up the production of digital, made-for-web content to target additional viewer segments, and launched new websites, among other initiatives. A work in progress, we constantly seek and implement new and better ways to meet our objectives and more effectively mine the many benefits of the space.

Counting diversification as an additional means to sustained growth, we incorporated GMA Ventures, Inc. (GVI) in July 2021. As the corporate vehicle mandated to explore and identify potential investments, partnerships, and profit pools outside our core business, GVI has broken the ice with investments in a couple of start-ups and continues to evaluate opportunities for us in several industries. In the course of the year, we also fortified our risk management system to much benefit.

The pandemic has taught us many lessons in adaptability and sustainability, further underscoring the value of creativity, innovation, resiliency, and commitment as main ingredients to achieving these. As we move forward with a keen eye on sustained growth, we strive to consistently improve in whatever we do; driven by our resolve to deliver enhanced service to the public and reach greater heights in these times of heightened change.

At the heart of our success stands our most valuable assets, our people, whose unabated efforts bring GMA to millions of Filipinos worldwide, and your continued trust and support, our valued stakeholders, partners, and viewers. None of our achievements would have been possible without you.

Maraming salamat po sa inyong lahat. Together, we thrive in this new era.

GILBERTO R. DUAVIT, JR.
President and COO

2021 OPERATIONAL HIGHLIGHTS

No. 1

GMA is the undisputed, most-watched channel in the Philippines with a 46 percent people audience share.

80M+

In 2021, GMA reached 97.5 percent of total TV households in the country with more than 80 million viewers nationwide.

OVER 100 COUNTRIES

GMA reaches out to millions of Filipinos in over 100 countries across North America, the Middle East & North Africa, Europe, and the Asia Pacific through its international video content offerings.

GMA Regional TV is operational arm in 11 key cities and provinces. In 2021, GMA launched two GMA Regional TV stations: GMA Bicol which services the Bicol region including Camarines Sur, Albay, Sorsogon, Catanduanes, Masbate, and Daet; GMA Zamboanga services Western Mindanao including Zamboanga del Norte, Zamboanga del Sur, Jolo, Sulu.

No. 2

From November 1 to December 31, 2021, the Kapuso Network's second free-to-air channel claimed its spot as the second most-watched station in the country next to flagship station GMA.

4 Digital Channels

GMA introduced I Heart Movies, a channel that shows all-time favorite Pinoy and foreign titles and, Dep Ed TV. This brings GMA's digital channels to four, including Heart of Asia and Hallypop.

51 partners

in the fields of telecommunications, media, education, business, law, and public service.

The country's first athletic league—the National Collegiate Athletic Association (NCAA) —kicked off a fresh season on its new home, GTV.

NUMBER 1

Super Radyo DZBB 594 kHz is the flagship AM radio station of GMA Network. Barangay LS 97.1 DWLS FM is the flagship FM radio station of GMA Network. Both were the number 1 stations in their respective categories in Mega Manila.

150+ Awards and Recognition

Throughout the year, our hardworking and talented people have been recognized by numerous international and local organizations.

29 PROGRAMS

of the top 30 overall programs were from GMA*

18 NEWS AND PUBLIC AFFAIRS PROGRAMS

out of the top 20 were from GMA and GTV *

*Based on Nielsen Phils. TV Audience Measurement's Total Philippines data for full year 2021

With a market value of close to P67 billion, GMA is the largest media company in the Philippines by market capitalization.

ALMOST 67B MARKET CAP

GMA VENTURES

To streamline GMA Group's investment and diversification efforts, GMA Ventures, Inc. (GVI), was formed. GVI will lead the GMA Group in identifying, investing in, and/or building strong and sustainable businesses.

Reuters Institute
DIGITAL NEWS REPORT 2021

Most Trusted

GMA Network is the most trusted news brand in the Philippines.

53%

Based on Reuters Institute's DNR 2021, GMA News Online enjoys the most reach among online Philippine media outlets. It registered a weekly usage of 53 percent.

Largest Network

Headquartered in Quezon City, GMA operates a network of 92 TV stations and 23 radio stations throughout the country.

3 CREATOR AWARDS

GMA is the first in the Philippines and the second television network in Southeast Asia to have three Diamond Creator Awards from YouTube.

Kapuso Mo, Jessica Soho is the most-followed Philippine television show on Facebook with 27 million followers.

KAPUSO MO, JESSICA SOHO

3.8B

GMA News continued to lead in video viewership, with 3.8 billion views on Facebook and 2.3 billion views on YouTube.

Across GMA Network, GMA News, and GMA Public Affairs YouTube channels

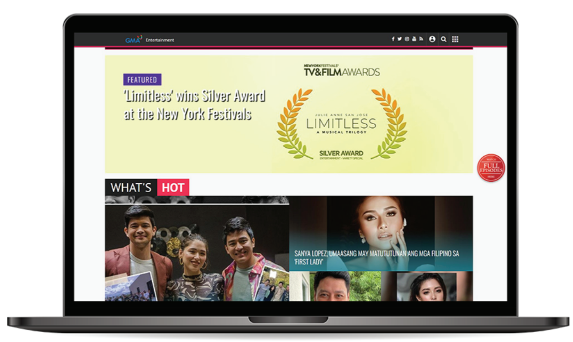
53.9M SUBSCRIBERS

36%

increase in GMA app downloads

20%

GMA Network's portal increased its page views by 20% to 2.483 billion.




GMA
Regional TV


GMA
Regional TV

CORPORATE SOCIAL RESPONSIBILITY

EDUCATION

DEPED TV

Dep Ed TV

To help make education more accessible to Filipino learners in the new normal, GMA provided a Kapuso digital channel for free in cooperation with the Department of Education.

Prior to the roll-out of the DepEd TV episodes, the teachers went through the Teacher-Broadcaster Training Program to equip them in effectively delivering lessons using TV as medium. GMA News pillars Jessica Soho and Arnold Clavio, and veteran broadcasters Kara David, Sandra Aguinaldo, and Atom Araullo also took part in sharing their skills to the teachers through a series of workshops.

GMA Network Excellence Awards (GNEA)

Through GNEA, an annual nationwide search, the Network confers awards to the next generation of media practitioners who demonstrate leadership, academic performance, and social responsibility. Students undergo a rigorous screening and from an exceptional group of finalists, two of them (one each from the communications and technology-based categories) are given the recognition of being the GMA Network Excellence Awardees of the year with a cash prize and an opportunity to be part of the Network's workforce.

SILVER AWARD IN EXCELLENCE IN CORPORATE SOCIAL RESPONSIBILITY

The collaboration of GMA Network and the Department of Education (DepEd) bagged the silver award at the inaugural Marketing Excellence Awards (MEA) 2021 in the Philippines.

20 YEARS

Since 2001, GMA has been recognizing outstanding graduating Filipino students of communication and technology-based courses.

"GNEA has always reminded me to hold myself and my work to the highest possible professional and ethical standards. It is a constant reminder that our profession as journalists play a huge role in this society, that we can be catalysts for development and change as long as we perform our duties in the best possible way."

Darlene Cay
2014 Awardee
Reporter | News and Public Affairs

GMA Network Virtual Studio Tours (VST)

Broadcasting is no ordinary business that seeks just the bottom line. We have the responsibility to deliver superior entertainment and unbiased, accurate news. This is the goal of Virtual Studio Tours, an interactive media classroom that showcases GMA's cutting-edge technology, rich content, and quality journalism.

1000+

VST reached over 1,000 students and helped grow a community of media-literate audiences.

National Teacher's Month

10+ YEARS

of partnership.
GMA is a staunch member of the National Teachers' Month Coordinating Council. The Network has been working with the Metrobank Foundation for the annual celebration of National Teachers' Month and World Teachers' Day.

Election Advocacy

GMA Network partnered with various organizations, representing the most respected names in the fields of telecommunications, media, education, business, law, and public service, all pledging to keep a close watch on the electoral process and help voters as they make that very important decision come Election Day. To further strengthen the Kapuso Network's goal of empowering voters, GMA proudly unveiled its election advocacy campaign *Dapat Totoo*.

"Dapat Totoo - ang hangarin ng mga kandidato na maglingkod sa mamamayan. Dapat Totoo - ang bawat pangako. Dapat Totoo - ang impormasyong ibinabahagi sa mga botanteng Pilipino."

Atty. Felipe L. Gozon
Chairman and CEO

51 PARTNERS

The biggest alliance between GMA and the country's leading organizations for the coverage

ENVIRONMENT

> *Beyond the Network's thrust of providing quality news and entertainment to the public via our various platforms, GMA remains committed to helping protect our environment through Kapuso ng Kalikasan.*
>
> **Angela Javier Cruz**
> Vice President and Head
> Corporate Affairs and Communications

We believe that television has a great impact in educating and mobilizing people to fight climate change. This environmental lens is reflected in the programs that GMA broadcasts and in the way the Network operates.

GMA institutionalized green advocacy through the *Kapuso ng Kalikasan*, the Network's flagship program that collaborates with institutions to protect the environment, partnerships that focus on saving critical resources, and dedicating talent and airtime to broadcast this information for free.

Part of KNK's programs in 2021 was the adoption of half a hectare of planting site under Maynilad's *Plant for Life* environmental program. This initiative aims to rehabilitate and reforest the Ipo and La Mesa watersheds to prevent calamities such as land erosion, flooding, and drought.

We also promoted environmental protection and conservation awareness anchored in various global environmental celebrations among internal and external stakeholders using various communication tools.

Through the Run of Station or ROS, we aired advocacy plugs for free. In 2021, GMA dedicated more than 2,000 minutes or P98.96 million worth of public service announcements across its free TV and digital channels.

For two decades, GMA Network's Art Gap has showcased the creativity of its Kapuso employees and artists. In 2021, dubbed as the "Super Year for Nature", GMA adapted the program to reflect the Network's commitment to the environment. With the theme *Kapuso ng Kalikasan*, the Network held a mobile photo contest to capture how nature enriches lives.

Kapuso ng Kalikasan

400
NARRA SAPLINGS

Under Maynilad's 'Plant for Life' program, its partner-communities planted 400 saplings at GMA's one-half hectare site in Mt. Balagbag.

88 SEEDLINGS

In partnership with the Department of Environment and Natural Resources (DENR), through its National Greening Program, DENR provided free seedlings of fruit-bearing trees, vegetables, ornamental and herbal plants to GMA employees and talents.

WWF

We continued to work with World Wide Fund for Nature for the Earth Hour celebration online, on-air, and on-ground by switching off non-essential lights in GMA headquarters and regional stations.

2 GROUND BREAKING PROGRAMS

GMA walks the talk of environmental commitment with two landmark programs, *Amazing Earth* and *Born To Be Wild*.

ART GAP 2021
BLOOM AND ZOOM
MOBILE PHOTOGRAPHY CONTEST

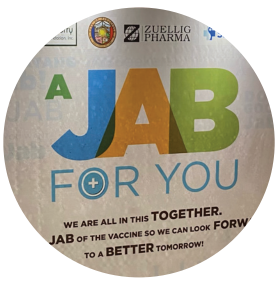
OVER 300 ENTRIES

Employees sent entries for its three categories: Plant Haven, Macro Photography, and Living with Nature.

OUR PEOPLE ARE OUR BEST ASSETS

COVID-19

In the second year of the COVID-19 pandemic, GMA continued to ensure the safety of its workforce. During the Enhanced Community Quarantine, the Network provided PPEs, meals, and transportation assistance to its employees who needed to report to work. COVID-19 tests were also made available as needed. GMA also implemented flexible work arrangements and provided comprehensive health coverage. Internally, the Network launched *Usapang COVID*, an information campaign to ensure timely and accurate sharing of information to its Kapuso workforce.



Taking part in helping the country achieve herd immunity, GMA Network kicked off the inoculation drive for its workforce where it provided employees free Moderna vaccines. This voluntary offering enables them to continue providing *Serbisyong Totoo* while being protected against COVID-19.

#jabwelldone

Digital powerhouse GMA Public Affairs encouraged more Filipinos to get vaccinated by launching the online advocacy campaign *#JabWellDone*.

This campaign provides answers to frequently asked questions about the COVID-19 vaccines and features the narratives of Filipinos all over the world who have already received the vaccine.

97% of GMA employees are fully vaccinated

8 MILLION

"#JabWellDone" has since earned praises and positive feedback from netizens. During the first week of the campaign, GMA Public Affairs' social media initiative organically reached over 8 million users on Facebook alone.

2.5 MILLION

USAID engages with celebrity ambassadors and influencers to increase awareness about tuberculosis and the government's goal of finding and treating 2.5 million Filipinos with TB by 2022.

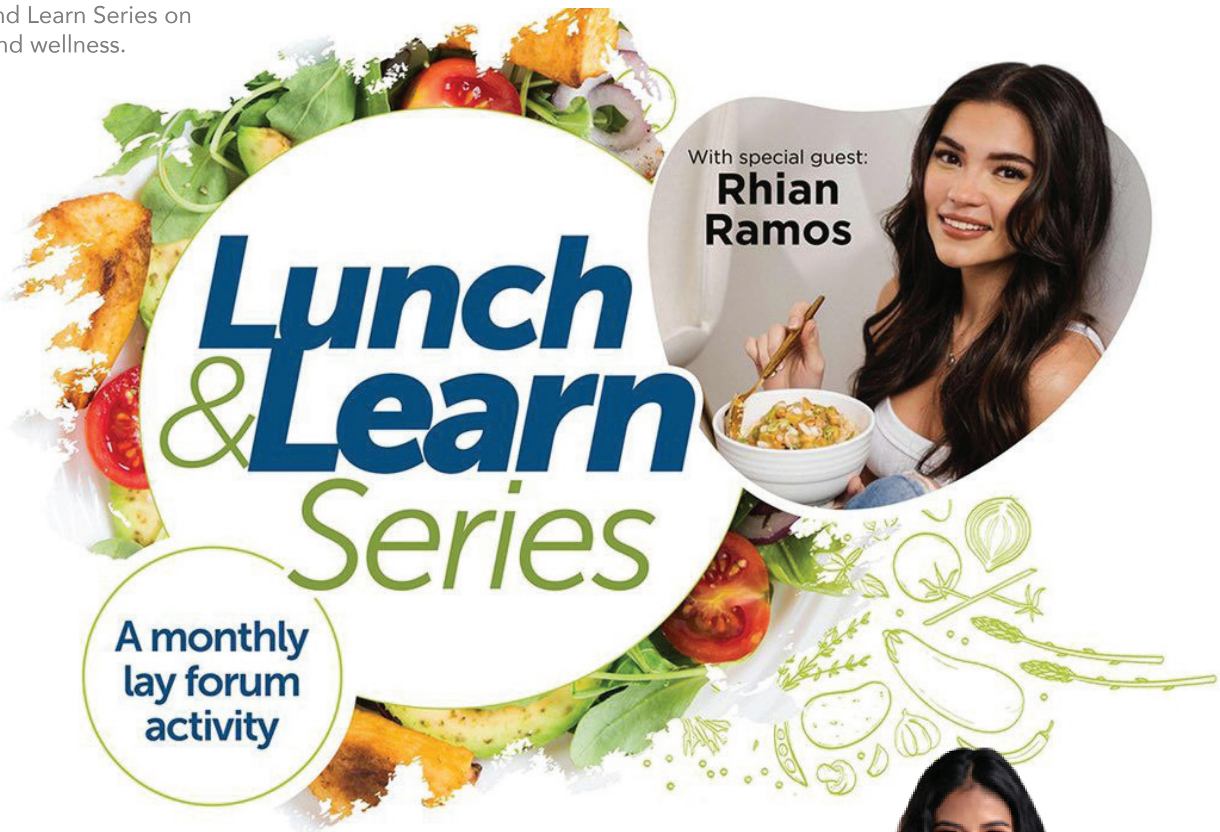
263 COMBINED EPISODES

of various TV and radio programs (*Mars Pa More, Sarap Di Ba, Pinoy MD TV and radio, Bahay at Buhay, Usap Tayo, Pinas Sarap*, and *Farm To Table*) were dedicated to health, nutrition, and wellness.

"*Like the health care community, we in the media have numerous frontliners who have bravely performed their duties in the face of danger. As we end one year of the pandemic and begin another, we salute you all.*"

Howie Severino
GMA News Pillar
COVID-19 Support Team

Kapuso stars Rhian Ramos and Sanya Lopez joined The Medical City's experts in a Lunch and Learn Series on health and wellness.



End TB

GMA and its celebrities have been working with USAID in using social media platforms and news programs to help USAID's TB Platforms in disseminating information about TB amid the pandemic. The Network published stories about celebrity ambassadors' role in the #EndTB campaign, inspiring stories about TB survivors and updates about Department of Health (DOH) and World Health Organization (WHO) guidelines on TB diagnosis, care and treatment during COVID-19.

Health Programs

Aligned with its commitment to health and well-being, GMA produced programs that promote a healthy lifestyle and undertook various partnerships to raise awareness of various diseases. Among these partnerships were with the WHO, DOH, National Hepatology Society of the Philippines, and The Medical City.

Kapuso actor Rocco Nacino is the newest USAID #EndTB ambassador

ENRICHING THE LIVES OF FILIPINOS

GMA Kapuso Foundation (GMAKF)

The Network's socio-civic arm GMAKF serves and uplifts the lives of the underprivileged Filipinos through partnerships with trusted institutions in four key areas: Education, Disaster Relief, Health, and Values Education. In 2021, the Foundation served a total of 322,677 individuals.

GMAKF advocates quality education by constructing classrooms through its *Kapuso School Development* program and providing school bags with complete sets of school supplies for public elementary schools through *Unang Hakbang Para Sa Kinabukasan.*

GMAKF also builds sturdy concrete and hanging bridges to connect remote communities to trade and learning centers under the *Kapuso Tulay Para Sa Kaunlaran* project.

With the support of its multi-sectoral partners, private and public donors, and the transport, security, and manpower assistance provided by the Armed Forces of the Philippines, GMAKF provided aid to disaster and pandemic stricken Filipinos nationwide.

The Philippine Army's valiant soldiers also donated blood through GMAKF's *Sagip Dugtong Buhay* bloodletting activities which were held throughout the pandemic when there was a scarcity of blood donors.

GMAKF continues to promote good health and well-being through its medical missions in remote areas and surgical operations in partnership with volunteer surgeons and medical societies and by providing medical assistance to disadvantaged Filipinos.

The annual *Give A Gift:* Noche Buena packs distributions gave joy to indigent children nationwide, including Indigenous People.

GMAKF is grateful to its multi-sectoral partners and donors who support its programs and projects. By sharing the mission of alleviating poverty together, we are able to serve more indigent Filipinos in Luzon, Visayas, and Mindanao.

Kapwa Ko, Mahal Ko (KKMK)

The pandemic-induced lockdown put a temporary halt to medical missions under the *Gamot para sa Kapwa* program in partnership with the institutional partner SM Foundation. In spite of the new normal, KKMK adapted its services and conducted 23 medical missions with strict compliance to health protocols and coordination with the local government units.

KKMK and SM Foundation worked together to distribute assistance to healthcare facilities and communities. Various government hospitals and healthcare facilities received Personal Protective Gear while communities received sanitation kits, RT-PCR/antigen test kits and immune system boosting medicines.

The foundation continued the psychosocial support for children with Acute Lymphocytic under the *Batang Kapwa (Batang K)* Program. With the safety of the children in mind, activities were transferred online.

The children watched the Disney movie *Inside Out* and shared their experiences during this pandemic. The *Batang K* members and their families received a *Noche Buena para sa Kapwa* packet with food, health kit, school and art supplies, personalized toys, and an item from their wish list.

> *"Pag-ibig, pagkakawanggawa, pasasalamat—ito ang mga prinsipyo na inyong ipinakita nitong nakaraang panahon. Kung hindi dahil sa inyong kagandahang loob ay hindi magtatagal ang ating programa at hindi aabot ang ating programa nang 45 na taon. Maraming salamat sa inyo."*
>
> **Orly Mercado**
> President
> Kapwa Ko, Mahal Ko

45 YEARS

It has been 45 years since *Kapwa Ko Mahal Ko* started helping the indigent population.

8,243 beneficiaries

Medical assistance and public health awareness continue to be KKMK's priority areas. Despite the pandemic, *Gamot para sa Kapwa* reached more than 8,000 Filipinos.

40 children

The *Batang K* Program continued to help children with Acute Lymphocytic Leukemia.

SERBISYONG TOTOO
ACROSS ALL PLATFORMS:

GMA DELIVERS PUBLIC SERVICE, NEWS, AND INFORMATION ON TYPHOON ODETTE

GMA NEWS & PUBLIC AFFAIRS Serbisyong Totoo

6 KEY AREAS

The Foundation distributed aid in the badly damaged areas of Southern Leyte, Surigao del Norte, Siargao Island, Cebu, and Negros Occidental, and Bohol.

112K

GMAKF reached over 112,000 individuals from various provinces nationwide. The relief packs were quickly delivered through the help of the Armed Forces of the Philippines as well as with the donations gathered from the public and multi-sectoral partners.

On-ground and round-the-clock news coverage

The Network's newscasts provided reports and latest situationers from various parts of Visayas and Mindanao while its radio aired news and updates all throughout the week, particularly at the height of the typhoon's onslaught on December 17.

13 LIVE LOCATIONS

GMA News and GMA Regional TV teams were deployed in key locations prior to Odette's landfall. These included some of what would turn out to be the most devastated areas such as Liloan in Southern Leyte; Surigao City; Surigao del Norte; Misamis Oriental; Cagayan de Oro City; Guiuan, Eastern Samar; Bohol; Cebu City; Lapu-Lapu City; Cebu Province; Tacloban City, Leyte; Bacolod City; and Negros Occidental.

READY GMA PUBLIC SERVICE

Before the typhoon hit, our resident meteorologist Nathaniel "Mang Tani" Cruz consistently gave warning and useful information about the typhoon. The Network's disaster and emergency preparedness portal, IMReady, post updates as they happen.

YouScoop

Online, non-stop coverage and news alerts were made available via GMA News Online and GMA News and Public Affairs social media platforms. Citizen journalists documented the wrath of Odette through YouScoop, GMA News and Public Affairs' citizen engagement arm.

SUPPORTING LOCAL AND INTERNATIONAL COMMUNITIES

11K+ The KBOWS reached 11, 640 families all over the country.

Connecting Communities

GMA Regional TV is more than a source of trusted local news and information. In 2021, it also continued to provide unparalleled community service to Filipinos in Luzon, Visayas, and Mindanao through its Kapuso Barangayan on Wheels (KBOW). Originally launched during the first year of the pandemic, KBOW directly provided thousands of families with food packs, rice, groceries, and locally-grown vegetables. It has also served as a source of information by teaching communities COVID-19 safety protocols.

STRONGER TOGETHER
WITH ALL KAPUSO ABROAD!

Stronger Together

GMA International's advocacy of bringing global Filipinos closer to home continued through the Stronger Together integrated communications campaign. GMAI strategically engages its growing global community via multiple-stakeholder, multiple-platform interactive projects that celebrate the GMA values of faith, collaboration, and resilience. Since its launch in August 2021, the campaign has successfully seen the production of the original inspirational song "Stronger Together" sung by Julie Ann San Jose and the all-female group XoXo, the Stronger Together Podcast, the series of Stronger Together FunConnect or virtual fan conventions, Stronger Together Dance Challenge, and the recent staging of Stronger Together concert at the Dubai Expo 2020. These, alongside other activities were made accessible to Filipinos via on-air and social media platforms.

Pinoy A +, Pockets of Hope, and EntrePinoy Abroad

Initially aimed towards Filipinos living abroad to make them feel closer to home through rediscovering their roots and finding inspiration from fellow Pinoys. GMA Pinoy TV's P*inoy Aklatan: Filipino Stories for Kids* started airing on GTV in 2021. In this program, GMA personalities read classic Filipino stories to promote Filipino culture and heritage to children around the world. *Pockets of Hope* are interstitials that encourage the GMA Pinoy TV community to share the various empowering ways that people used to weather the challenges during these trying times. *EntrePinoy Abroad*, an original digital series that highlights the stories of Filipinos abroad who, despite the challenges, boldly put up their own businesses in a foreign land and continued to persevere and promote Filipino products to the world.

SUSTAINABILITY

Photo taken by: Leila A. Bago

Yet with every crisis lies the opportunity for reinvention and the strengthening of the human spirit. Guided by our values, it is during these times that our purpose propels us to keep moving forward and prevail. "

Atty. Felipe L. Gozon
Chairman and CEO

GMA Network's 2021 sustainability report covers the year ended December 31, 2021 and was prepared using the Global Reporting Initiative (GRI) standards as guide. The report outlines disclosures about our environmental, social, and governance impacts, specific to topics deemed material to the Network. In addition, the report describes how GMA Network supports the 17 United Nations Sustainable Development Goals (UN SDGs). The report has been prepared in accordance with the GRI Standards: Core option.

Sustainability Initiatives

Realizing the urgency of protecting the ability of future generations to meet their needs, GMA Network adheres to and promotes sustainable measures in managing the resources we use in our day-to-day operations. Further, the Network recognizes that the social, environmental, and economic concerns of our stakeholders, both internal and external, may at times not align and we continuously seek ways to address them effectively, efficiently, and innovatively.

Our sustainability strategy is grounded on effective corporate governance for an ethical and responsible network. In the heart of our strategic approach is the management of our key economic, environmental, and social impacts. To achieve this, we establish productive and meaningful partnerships with individuals and organizations. GMA's socio-civic arm, the GMA Kapuso Foundation, allows us to extend the reach of our community service by fostering such partnerships with trusted institutions.

We ensure accurate reporting of key impacts not just for compliance purposes but for effective measurement and continuous improvement of our existing efforts.

Ultimately, we strive to create value through sustainable Network operations.

Scan the QR code to view the full of version of the 2021 GMA Network Sustainability Report.

BOARD OF DIRECTORS

FELIPE L. GOZON
CHAIRMAN AND CEO

GILBERTO R. DUAVIT, JR.
PRESIDENT AND COO

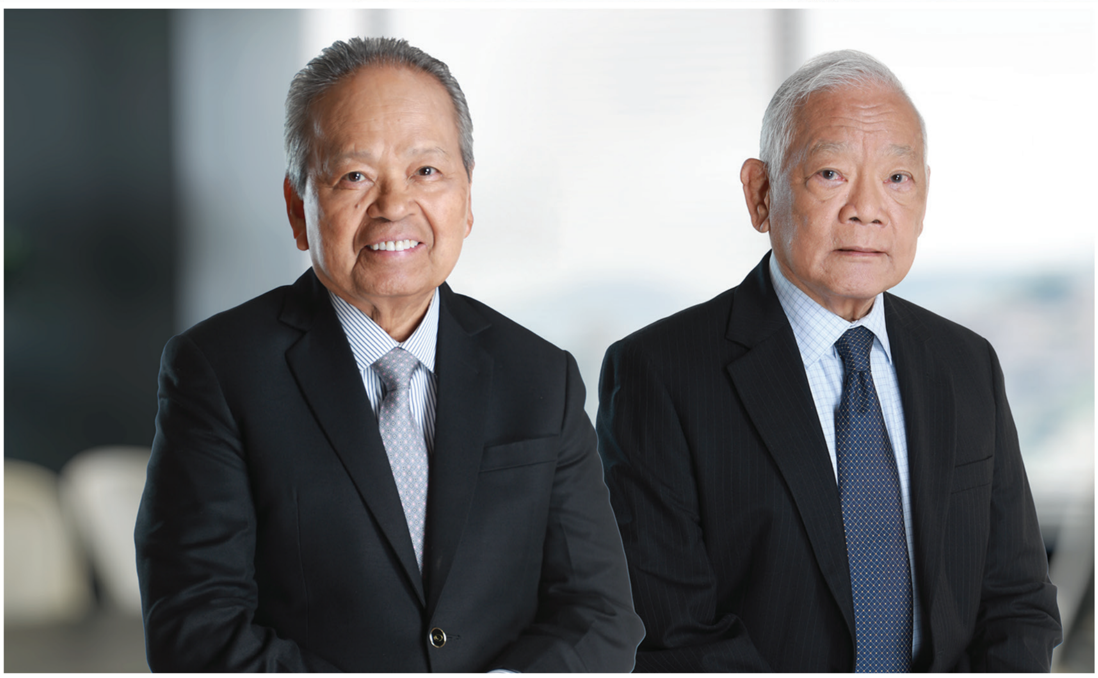
FELIPE S. YALONG
DIRECTOR

JOEL MARCELO G. JIMENEZ
DIRECTOR

ANNA TERESA M. GOZON-VALDES
DIRECTOR & CORPORATE SECRETARY

JUDITH R. DUAVIT-VAZQUEZ
DIRECTOR

LAURA J. WESTFALL
DIRECTOR



CHIEF JUSTICE
ARTEMIO V. PANGANIBAN
INDEPENDENT DIRECTOR

JAIME C. LAYA
INDEPENDENT DIRECTOR

Felipe L. Gozon, Filipino, 82 years old, is the Chairman of the Board of Directors and Chief Executive Officer of GMA Network, Inc.

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

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

Atty. Gozon is a recipient of many awards for his achievements in law, media, public service, and business, including the prestigious Chief Justice Special Award given by the Chief Justice of the Philippines (1991), Presidential Award of Merit given by the Philippine Bar Association (1990 & 1993), CEO of the Year given by Uno Magazine (2004), Master Entrepreneur–Philippines (2004) by Ernst and Young, Outstanding Citizen of Malabon Award for Legal and Business Management by the Kalipunan ng Samahan sa Malabon (KASAMA) (2005), People of the Year by People Asia Magazine (2005), Business Excellence Award given by BizNews Asia (2009), Outstanding Manilan Award in the field of Social Responsibility and Broadcasting given by the City Government of Manila (2011), Quezon City Gawad Parangal Most Outstanding Citizen given by the City Government of Quezon (2011), Tycoon of the Decade Award given by BizNews Asia (2011), Lifetime Achievement Award given by the UP Alumni Association (2012), Certificate of Recognition given by the Civil Aeronautics Board (2012), Platinum Business Icon Award given by BizNews Asia (2012), Personality of the Year for Broadcast Media given by SKAL International Makati (2013), Outstanding Member-Achiever given by Phi Kappa Phi UP Chapter (International Honor Society) (2013), Visionary Management CEO Award given by BizNews Asia (2013), Lifetime Achievement Award given by UP Preparatory High School Alumni (2014), Entrepreneurship Excellence Award and Best Broadcast CEO Award given by BizNews Asia (2014), The Rotary Golden Wheel Award for Corporate Media Management given by Rotary International District 3780 and Quezon City Government (2014), Global Leadership Award for Excellence in Media Sector (first Filipino to win the award) given by The Leaders International together with the American Leadership Development Association in Kuala Lumpur, Malaysia (2015), Visionary Management Excellence Award given by BizNews Asia (2015, 2016), Management Excellence Award given by BizNews Asia (2017, 2019), and Asia's Best Broadcast CEO given by BizNews Asia (2018). He is listed among BizNews Asia's Power 100 (2003 to 2010) and is a recipient of a Doctor of Humanities degree (Honoris Causa) from the Angeles University Foundation (2008) and a Doctor of Laws degree (Honoris Causa) from the Wesleyan University Philippines (2022).

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

Gilberto R. Duavit, Jr., Filipino, 58 years old, is the President and Chief Operating Officer of the Network. He has been a Director of the Company since 1999 and is currently the Chairman of the Network's Executive Committee. He is also the Chairman of the Board of GMA Network Films and serves as President and CEO of GMA Holdings, Inc., RGMA Marketing and Productions, Inc., and Chairman, President, and CEO of Group Management and Development, Inc., Dual Management and Investments, Inc., and Film Experts, Inc. Duavit is the Vice Chairman of GMA Ventures, Inc.

He also serves as the President and a Trustee of GMA Kapuso Foundation, Inc. and is a Trustee of the Guronasyon Foundation, Inc. and the HERO Foundation. Duavit holds a Bachelor of Arts degree in Philosophy from the University of the Philippines.

Joel Marcelo G. Jimenez, Filipino, 58 years old, has been a Director of the Company since 2002. He is currently the Vice-Chairman of the Executive Committee of GMA Network, Inc., President & CEO of Menarco Holdings, and the Chief Executive Officer of Alta Productions Group, Inc. He is a Director of RGMA Network, Inc., Executive Committee Chairman and Director of GMA New Media, Inc., Scenarios, Inc., GMA Worldwide, Inc., Citynet Network Marketing and Productions, Inc., Malayan Savings and Mortgage Bank, and Nuvoland Philippines. He is also a Trustee of GMA Kapuso Foundation, Inc.

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

Felipe S. Yalong, Filipino, 65 years old, is the Executive Vice President and Chief Financial Officer of GMA Network, Inc. He is also the Head of the Corporate Services Group of the Network. He has been a Director of the Company since 2002. Aside from GMA Network, Inc., he also serves as Director and Corporate Treasurer of GMA Holdings, Inc., Scenarios, Inc., and GMA Network Films, Inc.; Director of Unicapital, Inc., and Unicapital Finance and Investments, Inc.; Corporate Treasurer of RGMA Network, Inc., MediaMerge Corp.; Executive Vice President of RGMA Marketing and Productions, Inc.; and Corporate Treasurer and a Trustee of GMA Kapuso Foundation, Inc.

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

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

Anna Teresa M. Gozon-Valdes, Filipino, 50 years old, has been a Director of the Company since 2000. She graduated valedictorian from grade school and high school at Colegio San Agustin. She graduated cum laude, with a Bachelor of Science degree in Management Engineering from Ateneo de Manila University. She obtained her Bachelor of Laws degree from the University of the

Philippines where she graduated valedictorian and cum laude. She later obtained her Master of Laws from Harvard University.

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

She is currently the Programming Consultant to the Chairman/CEO of GMA Network, President of GMA Films, Inc., and Board Member of RGMA. Atty. Gozon-Valdes is also the Corporate Secretary of GMA Network, GMA Ventures, Inc., and Philippine Entertainment Portal, Inc. (PEP). She is also a stockholder of GMA New Media, Inc. (NMI), Treasurer of Citynet Network Marketing & Productions, Inc, and a Trustee of the GMA Kapuso Foundation.

Judith R. Duavit-Vazquez, Filipino, 59 years old, has been a Director of the Company since 1988. She is a member of the following special committees: Audit & Risk Committee and Compensation & Remuneration Committee. Moreover, she sits on the boards of the following GMA-7 subsidiaries: RGMA, Inc., GMA New Media, Inc., GMA Worldwide, Inc., and GMA Films, Inc.

Judith is an acknowledged visionary and industry mover in Philippine Information and Communication Technology space. In 1995, she laid the nation's first fiber in the Central Business District of Makati and developed the country's first ICT-ready 24x7x365 intelligent skyscraper - 45-story 'The Peak Tower' and location of many 'Internet Firsts'. In 2000, she founded PHCOLO INC. - the nation's pioneer neutral Telecommunications and Internet Service Provider interconnection site on four platforms: fiber, cable, wireless and satellite; respected for its 99.9999% historical 22-year record, PEZA and ISO certifications.

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

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

Her international organization memberships include ICANN, APNIC, Pacific Telecommunications Council, IEEE, Young Presidents Organization (YPO) International and Washington DC-Baltimore, AFCEA, INSA, USGIF, Harvard HBS Alumni Association Washington DC, University Club Washington DC and the Washington National Cathedral Association. She has served on the Board of Trustees of the Management Association of the Philippines (MAP), Financial Executives Association of the Philippines (FINEX), YPO Gold Washington DC-Baltimore, among others.

Judith is a respected voice in Global Internet Governance circles. She was the first female Asian elected to an independent board seat at the Internet Corporation for Assigned Names and Numbers (ICANN), the only Asian female who has held this honor to this day and a lifetime member of its alumni board circle.

She holds a Bachelor of Science degree in Business Economics (with honors) from the University of the Philippines. She is an alumna of Harvard Business

School, University of Michigan (Ann Arbor), and the Asian Institute of Management. She is a constant student and continuously grows her skills-base, which include SAP FICO & CRM, CISCO TCP/IP networking, CheckPoint firewall security certifications.

Today, Judith continues to vision aiming to weave geospatial and internet operational technologies with national policy for grass roots prosperity.

Laura J. Westfall, Filipino, 54 years old, has been a Director of the Company since 2000. She held the following positions in the Company: Senior Vice President of Corporate and Strategic Planning and Senior Vice President for Finance. She has also served as Chairperson and President of GMA New Media. Before joining the Company, she worked for BDO Seidman–Los Angeles, an international audit and management consulting firm. She currently holds various positions in the Majent Menarco Group of Companies and serves as Board Member of Coffee Bean and Tea Leaf Philippines, and Museo Pambata. She is also President of the Yale Club of the Philippines.

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

Chief Justice Artemio V. Panganiban, Filipino, 85 years old, has been an Independent Director of the Company since 2007. In 1995, he was named a Justice of the Supreme Court and was appointed Chief Justice of the Philippines in 2005—a position he held until December 2006. At present, he is also an Independent Director of these listed firms: Metro Pacific Investments Corp., Meralco, GMA Holdings, Inc., PLDT, Inc., Petron Corporation, JG Summit Holdings, Inc., Asian Terminals, RL Commercial Reit,

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

Inc., and a non-Executive Director of Jollibee Foods Corporation. He is also a Senior Adviser of Metropolitan Bank and Trust Company and a member of the Advisory Council of Bank of the Philippine Islands (BPI), Chairman, Board of Advisers of Metrobank Foundation, Adviser of DoubleDragon Properties Corp. and MerryMart Consumer Corp., Chairman of the Board of the Foundation for Liberty and Prosperity, President of the Manila Cathedral Basilica Foundation, Chairman Emeritus of Philippine Dispute Resolution Center, Inc., and Member, Advisory Board of the World Bank (Philippines) and of the Asian Institute of Management Corporate Governance Council. He was named a Member of the Permanent Court of Arbitration based in The Hague, Netherlands, last August 2017 and is the designated Chairperson of the Philippine National Group. He also is a column writer of The Philippine Daily Inquirer.

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

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

Jaime C. Laya, Filipino, 83 years old, has been an Independent Director of GMA Network, Inc. and GMA Holdings, Inc. since 2007. He is the Chairman of Philippine Trust Company (Philtrust Bank), Independent Director of Philippine AXA Life Insurance Company, Inc. and Charter Ping An Insurance Corporation. He also serves as Chairman of Don Norberto Ty Foundation, Inc.; President of Makati Sports Club, Inc.; Director of BancNet, Inc.; Trustee of the Cultural Center of the Philippines, St. Paul University - Quezon City, Metropolitan Museum of Manila, Yuchengco Museum, Museo del Galeon, Inc., Ayala Foundation, Inc., Filipinas Opera Society Foundation, Inc., Fundación Santiago, Inc., and other organizations. He writes a weekly column for the Manila Bulletin.

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

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

EXECUTIVE COMMITTEE

GILBERTO R. DUAVIT, JR. Chairman	**JOEL MARCELO G. JIMENEZ** Vice Chairman	**FELIPE L. GOZON** Member

HEADS OF SUBSIDIARIES


1


2


3


4


5


6

1 **FELIPE L. GOZON**
Chairman and CEO of GMA Ventures, Inc. and GMA New Media, Inc., Chairman of Alta Productions, Inc., Citynet Network Marketing and Productions, Inc., RGMA Marketing and Productions, Inc. (GMA Music), Script2010, Inc., Digify, Inc., MediaMerge Corp. and RGMA Network, Inc.

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

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

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

5 **REGIE C. BAUTISTA**
President and COO, GMA Ventures, Inc.

6 **EDMUND A. ALCARAZ**
President and COO, Alta Productions, Inc.

SENIOR EXECUTIVES

FIRST VICE PRESIDENTS

1. **IANESSA S. VALDELLON**
   Public Affairs
2. **GERROME Y. APOLONA**
   Human Resources Development
3. **AYAHL ARI AUGUSTO P. CHIO**
   Administration and Investor Relations
4. **MA. LUZ P. DELFIN**
   Legal Affairs
5. **SHEILA A. TAN**
   Research
6. **JOSE MARI R. ABACAN**
   Program Management
7. **PAUL HENDRIK P. TICZON**
   Post Production
8. **RIKKI ESCUDERO-CATIBOG**
   Public Service and Community Relations, GMAKF EVP and COO
9. **EDUARDO P. SANTOS**
   Compliance Officer
   Consultant, Internal Audit
   Data Protection Officer

(Left to right)

FELIPE S. YALONG
Executive Vice President and Chief Financial Officer

LIZELLE G. MARALAG
Chief Marketing Officer and Head
Sales Marketing Group

MARISSA L. FLORES
Senior Vice President, News and Public Affairs

LILYBETH G. RASONABLE
Senior Vice President, Entertainment Group

ELVIS B. ANCHETA
Senior Vice President and Head, Engineering
Concurrent Head, Transmission and Regional Engineering

RONALDO P. MASTRILI
Senior Vice President, Group Head of Finance and ICT

MIGUEL C. ENRIQUEZ
Consultant, Radio Operations

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

10. OLIVER VICTOR B. AMOROSO
Regional TV and Synergy

11. VICTORIA T. ARRADAZA
Supply and Asset Management

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

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

14. MARY GRACE D. REYES*
News

15. GLENN F. ALLONA
Radio Operations

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

17. JOSEPH JEROME T. FRANCIA
GMA International

18. RIZALINA D. GARDUQUE
Sales and Marketing

*Retired/Consultant as of June 5, 2021

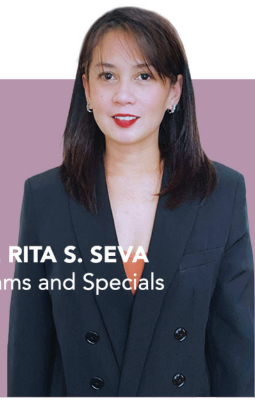
VICE PRESIDENTS

ANGELA CARMELA J. CRUZ
Corporate Affairs and Communications

REYNALDO B. REYES
Production Engineering

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

RAFAEL MARTIN L. SAN AGUSTIN, JR.
Program Support



MICHELLE RITA S. SEVA
News Programs and Specials

RJ ANTONIO S. SEVA
Sales, Sales and Marketing

ROLANDO G. SANICO, JR.
Group Controllership
and Tax Compliance

HORACIO G. SEVERINO*
Professional Development
News and Public Affairs

ARLENE U. CARNAY
Public Affairs

MERCEDES MACY T. SUEÑA
Financial Reporting and Services

*Retired/Consultant as of July 19, 2021

ASSISTANT VICE PRESIDENTS & CONSULTANTS

INFORMATION & COMMUNICATIONS TECHNOLOGY DEPARTMENT

NENITA E. CRUZ
Consultant

EDWIN P. JIMENEZ
Senior AVP, Infrastructure Systems

ANJANNETTE C. ENRIQUEZ
Applications Development

ADORACION S. LAPADA
Applications Support

REMEDIOS D. REYES
Central Library and Archives Management

ADMINISTRATION DEPARTMENT

ALFONSO C. CRUZ, JR.
Facilities Management

ENGINEERING GROUP

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

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

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

ERIC S. ORNEDO
TV Master Control Operations, CMOSD

JAYSON E. DELA TORRE
Broadcast IT, CMOSD

ENTERTAINMENT GROUP

GIRLY SANTIAGO-LARA
Senior AVP, Alternative Productions

CHERYL C. SY
Senior AVP, Business Development I - Drama Productions

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

SUPPLY AND ASSET MANAGEMENT DEPARTMENT

JAVIER B. LAXINA
Consultant

FINANCE DEPARTMENT

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

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

ANA MAY S. REMORERAS
Account Management Division

FARLEY D. AREOLA
Subsidiaries Financial Accounting Division

GMA INTERNATIONAL DEPARTMENT

MARIA ROSARIO C. DOMINGO
Senior AVP, Programming Division

ELIZABETH C. DE GUZMAN
Marketing Director

NEWS AND PUBLIC AFFAIRS GROUP

CLYDE ROLANDO A. MERCADO
Senior AVP, Public Affairs

NEIL B. GUMBAN
Senior AVP, Public Affairs

JAILEEN F. JIMENO
Senior AVP, Public Affairs

JOHN OLIVER T. MANALASTAS
Senior AVP, News Production

JAEMARK S. TORDECILLA
Senior AVP, News and Public Affairs Digital Media

RIZA D. LAURENTE
Systems & Budget

JOHN REY C. ARRABE
News Programs

MARIE ANGELI G. ATIENZA
Public Affairs

PROGRAM MANAGEMENT DEPARTMENT

MILDRED ZARAH D. GARCIA
Program Management

MA. CONCEPCION R. AGNES
Operations

*Retired/Consultant as of October 9, 2021

PROGRAM ANALYSIS DIVISION

RAFAEL P. MENDOZA

CORPORATE AFFAIRS AND COMMUNICATIONS DEPARTMENT

JOSELITO F. AQUIO
Corporate Communications Division

PROGRAM SUPPORT DEPARTMENT

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

HASMIN A. MARABLE
Marketing Communications

EDUARDO B. GARCIA
Creative Services

CORPORATE STRATEGIC PLANNING AND BUSINESS DEVELOPMENT DEPARTMENT

MARIS L. ROMANO
Senior AVP, Corporate Strategic Planning

ALFRED EMMANUEL M. AWE
New Business Development

POST PRODUCTION DEPARTMENT

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

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

RESEARCH DEPARTMENT

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

SALES AND MARKETING GROUP

RAMON V. BOLISAY
Sales & Marketing Group

SHERILYN ANN T. DIZON-ARCE
Sales & Marketing Group

JOHANNA PATRICIA C. JACINTO
Sales & Marketing Group

MARLON B. MAÑAOL
Sales & Marketing Group

MARIA PAULA THERESA C. ROSALES
Sales & Marketing Group

MARIA LOURDES F. REYES
Sales & Marketing Group

STEPHANIE ANNE G. DOROTHEO
Sales & Marketing Group

ROSARIE M. LEONARDO
Digital Solutions,
Sales & Marketing Group

SERAFIN P. BAUTISTA
Consultant, Pinoy TV

VICKY R. PACIS
Consultant, Pinoy TV

LIRIO B. ESCAÑO
Consultant, Management Services

SUSAN B. FOZ
Consultant, Sales and Marketing Group

Ma. LEAH A. NUYDA
Consultant, Sales and Marketing Group

In Memoriam

Farewell RRVL. You will be forever in our hearts, Kapuso.

Atty. Lucila was one of the brilliant legal minds in technology, media, telecommunications, and insolvency in the Philippines. He was Corporate Secretary of GMA Network, Inc. since 2017, and the Office-In-Charge of the Network's Legal Department from 2001 to 2004. Atty. Lucila authored the book "Corporate Rehabilitation in the Philippines" and has been recognized as one of the Asialaw Asia-Pacific Leading Lawyers in Dispute Resolution.

Atty. Roberto Rafael V. Lucila
June 7, 1956 - September 18, 2021

REGIONAL TV

MA. VICTORIA D. ARANETA
Local Content Production

MARIA ANGELES G. PUENTEVELLA
Local Sales (Mindanao Cluster) and Concurrent Station Manager, RTV Davao & RTV GenSan

ANN MARIE O. TAN
Local Sales (Visayas Cluster) and Concurrent Station Manager, RTV Cebu

VIEWER DIRECTED MARKETING DIVISION

ROSSETTE MARIE H. ROA
Senior AVP

GMA SUBSIDIARIES & AFFILIATES

RGMA NETWORK, INC.

MA. LOURDES D. ALONZO
Assistant Vice President, Finance

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

EUGENE H. RAMOS
Consultant, Finance and Administration

SCRIPT2010, INC.

ERNESTO R. BALLESER
Executive Vice President

GMA WORLDWIDE, INC.

ROXANNE J. BARCELONA
Vice President/Consultant

GMA NEW MEDIA, INC.

RAYMUND C. SARMIENTO
Chief Technology Officer and Senior Vice President, Systems Technology

MA. MARTHA MICHAELA A. PERLAS
Senior Vice President, Development & Operations

MARILYN D. SEE
Senior Vice President, Online Advertising

LIEZYL A. GARCIA
Vice President, General Support Services

MA. SABRINA M. BELARDO
Vice President, Marketing

MARLON H. GAN
Vice President, Software & Creative Development

FERDINAND V. PERLAS
Vice President, Research & Development

RANDY NIVALES
Vice President, Web & Systems Development

RUFINO RAMIL R. ESCARDA, III
Vice President, Techno Creative Unit

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

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

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

JOEL TAN
Assistant Vice President, Systems and Network Admin

ROMMEL ROCCA
Assistant Vice President, Mobile App Development

RODELIO ARENAS
Assistant Vice President, Information Security and Data Privacy Officer

RGMA MARKETING & PRODUCTIONS, INC. (GMA MUSIC)

RENE A. SALTA
Managing Director

AWARDS

INTERNATIONAL

New York Festivals

- Bronze Medal, Documentary (Health and Medical Information) – **Reporter's Notebook: Mga Sugat ni Miguel**

Finalists

- Documentary (Social Justice) – **Kapuso Mo, Jessica Soho: Taga**
- Documentary (Heroes) – **Reel Time: This Abled**
- Sports Program – **The Atom Araullo Specials: Dreams of Gold**
- Special Events – **Alden's Reality: The Virtual Reality Concert**
- Variety – **The Clash**

- Best Editing – **The Lost Recipe**
- Best Visual or Special FX in TV or Feature Films – **The Lost Recipe**
- Best Single News Story – **24 Oras: Typhoon Ulysses Marikina Rescue**

Asian Academy Creative Awards

- Grand Final Winner, Best News Program – **24 Oras**

National Winners

- Best News Program – **24 Oras (Special Coverage of Typhoon Ulysses in Luzon)**
- Best Infotainment Program – **Kapuso Mo, Jessica Soho (Baby Switching)**
- Best Current Affairs Program – **Reporter's Notebook (Lilibeth, Sonia, Frank, and Fabel)**
- Best General Entertainment Game or Quiz Program – **All–Out Sundays**

Reader's Digest Most Trusted Brands Award

- Most Trusted TV Network (Platinum) – **GMA Network, Inc.**
- Most Trusted TV Host/Presenter of News and Current Affairs – **Jessica Soho**
- Most Trusted Radio Presenter – **Mike Enriquez**

Asian Television Awards

- Nominee, Best 2D Animated Programme – **GMA Pinoy TV's Pinoy A+**

Communicator Awards

- Award of Distinction, Integrated Campaign: Social Responsibility Category: **GMA Pinoy TV's One in Heart with Pinoys abroad vs. COVID–19**
- Award of Distinction, Video–Branded Entertainment (Diversity and Inclusion) Category, **GMA Pinoy TV's Becoming Pinoy: Carolyn Fe**

Migration Advocacy and Media (MAM) Awards

- Television Journalism Award, Best TV Special – **GMA Pinoy TV's EntrePinoy Abroad**
- Television Journalism Award, Best Interstitial – **GMA Pinoy TV's Global Pinoy Unlimited**

Society of Publishers Asia Awards

- Regional Award for Excellence in Excellence in Journalistic Innovation and Regional Award for Excellence in Feature Writing – **GMA News Online, What I Wore That Day**
- Regional Award For Excellence in Reporting on Women's Issues – **GMA News Online, The Children Are All Grown Up Now**

Top 50 Inspirational Women to Look Out For in 2022

- **Regie C. Bautista**

Vietnam's Face Of The Year Awards

- Most Favorite Foreign Drama Series – **Because Of You**
- Most Favorite Foreign Actress – **Carla Abellana (Because Of You)**
- Most Favorite Foreign Actor – **Rafael Rosell (Because Of You)**

Youtube Creator Awards

- YouTube Diamond Creator Awards – **GMA News YouTube Channel**

Marketing Excellence Awards 2021

- Excellence in Corporate Social responsibility (Silver) – **DepedTV on GMA**

NATIONAL

Rotary Club of Manila

- Pro Patria Journalism Award – **GMA Network, Inc.**

Anvil Awards

- Specialized Public Relations Program: COVID–related PR Programs with Tools (Silver) – **Buong Puso Para sa Pilipino: GMA Network's COVID–19 Response**

Catholic Mass Media Awards:

- Best News Program – **Saksi**
- Best Advice-Giving Program – **Talk to Papa**
- Best Digital Advertisement – Public Service – **Nasa Puso ang Pag–Asa Campaign**
- Best Adult Education / Cultural Program – **Kapuso Mo, Jessica Soho**
- Best TV Special – **The Atom Araullo Specials**
- Best News Magazine: **Tunay na Buhay**
- Best Special Event Coverage: **Balitanghali (Bagyong Ulysses)**
- Best News Magazine: **I–Juander**
- Best Public Service Program: **Brigada**
- Best Drama Program – **Magpakailanman**
- Best Educational Program – **Usap Tayo: Super Kuwentuhan with Mark and Susan**
- Best News Commentary – **W Dobol Team**
- Special Citation: Championing Filipino and Christian values – **Balitang Bisdak, GMA**
- **Regional TV's** flagship newscast in Eastern and Central Visayas, for Best Special Event Coverage for its **"500 Years of Christianity in the Philippines"**

Department of Environment and Natural Resources Pasig River Coordinating and Management Office

- Plaque of Appreciation – **I-Witness (GMA Network, Inc.)**
  For the unwavering and continued support to the rehabilitation and sustainable development of the Pasig River System.

Film Ambassadors' Night (FAN)
- FAN 2021 Actors Award 2021Cinemadvocate – **Dingdong Dantes (Descendants of the Sun)**
- FAN 2021 Actors Award – **Alden Richards**
- Best Actress Feature Film – **Lovi Poe (Latay)**
- Best Performance Award – **Cheri Gil (Kaputol)**
- Bronze (Documentary History and Society category) – **Brigada (Aeta Squadron/Female Spies)**
- Camera Obscura Artistic Excellence – **Alyx Arumpac (Front Row Exec.Producer)**
- Ilaw ng Industriya Award – **Gloria Romero**
- Special Citation – **Director Louie Ignacio and Director Rico Guiterrez**
- Silver (Best Investigative Report category) – **The Atom Araullo Specials' (Babies4Sale.PH)**

Gandingan Awards
- Gandingan ng Edukasyon – **Atom Araullo (The Atom Araullo Specials)**
- Gandingan ng Kababaihan– **Kara David (Brigada)**
- Special Citation, Gandingan ng Agham at Teknolohiya – **Nathaniel "Mang Tani" Cruz (24 Oras)**
- Most Development–Oriented Online Video Award – **Bakit Mahirap Maging Mahirap sa Luzon Lockdown**
- Special Citation, Most Development–Oriented Online News Category – **The Children Are All Grown Up Now**
- Most Development–Oriented Feature Article Category – **I Am Patient 2828 (Howie Severino)**
- Special Citation, Most Development–Oriented Photograph/Photo Story – **The People Who Need Philhealth The Most (Rick Rocamora)**
- Most Development–Oriented Feature Story – **GMA Regional TV Balitang Bisdak**
- Most Development–Oriented Investigative Story – **GMA Regional TV Balitang Amianan**
- Best Field Reporter – **Mark Makalalad (DZBB Bantay COVID–19 Special Coverage in Super Radyo DZBB 594 kHz)**
- Best FM Radio Host – **Papa Dudut**
- Most Development–Oriented Radio Drama – **Barangay Love Stories (Whitey)**
- Special Citation, Most Development–Oriented FM Station Category – **Barangay LS 97.1**
- Specail Citation, Most Development–Oriented FM Program Category – **Talk to Papa (Rosie)**
- Most Development–Oriented TV Plug – **Signs & Symptoms of COVID–19**
- Special Citation, Most Development–Oriented Drama Program – **Magpakailanman (Walang Iwanan: The Layug Family Story)**

- Special Citation, Most Development–Oriented Musical Segment – **The Clash (Laban Kung Laban episode)**

Guild of Educators, Mentors, and Students (GEMS) Hiyas ng Sining Awards
- TV Station of the Year – **GMA Network**
- Best Digital Newscast, Digital category – **Stand For Truth**
- Best Performance by an Actor – **Dingdong Dantes (Descendants of the Sun)**
- Best Female TV Program Host (Public Service) – **Vicky Morales (Wish Ko Lang!)**
- Best Male TV Program Host (Public Service) – **Willie Revillame (Wowowin)**
- Best Female Radio Broadcaster (Opinion or Public Service) – **Rowena Salvacion (SOS: Serbisyo on the Spot)**
- Best Performance by an Actress in a Lead Role – **Nora Aunor (Isa Pang Bahaghari)**

JTHMAP Industry Awards (Junior Tourism and Hospitality Management Association of the Philippines)
- One of the best Food and Travel Shows in the Philippines – **Biyahe ni Drew**

Lasallian Scholarum Awards
- Outstanding Video Feature Story – **The Atom Araullo Specials - Batch 2020**

Pagdasig Awards (Leyte Normal University)
- Best TV Station (National Category) – **GMA Network**
- Best TV News Program (National Category) – **24 Oras**
- Best Male TV Reporter (National Category) – **Atom Araullo**
- Best Female TV Reporter (National Category) – **Mariz Umali**

Paragala Awards
- Crisis Coverage Award: Top News Personality – **Kara David and Joseph Morong**
- Outstanding COVID–19 Documentary – **I–Witness' ("Ako si Patient 2828")**
- Paragala Pang Kapakanan: Traditional Spiritual Program – **'I Am Hope' organization together with Bea Alonzo**
- Paragala Pang Kultura – **Biyahe ni Drew**
- Paragala Pang Likhaan – **AHA!**
- Paragala Pang Pamilya – **Daig Kayo Ng Lola Ko**
- Paragala Pang Kapakanan: Traditional Spiritual Program – **The 700 Club Asia**

Philippine Best Magazine
- Philippine Faces of Success – **Mama Emma**
- Philippine Faces of Success – **John Fontanilla**
- Outstanding AM Radio Station – **Super Radyo DZBB 594 kHz**

Philippine Quill Awards
- Excellence Award, Communications Management Division's Corporate Social Responsibility Category – **GMA Network Excellence Awards**
- Excellence Award, Communications Management Division's Corporate Social Responsibility Category – **Kapuso Barangayan on Wheels**
- Excellence Award, Communication Training and Education Division – **The Regional Masterclass Series**
- Merit Award – **Serbisyo at Puso and Ligtas–Padyak Project by Unang Hirit**

Platinum Stallion Media Awards
- Best Regional TV Network – **GMA Regional TV**
- Best TV News Program – **24 Oras**
- Best TV News Magazine – **Kapuso Mo, Jessica Soho**

- Best Documentary TV Show – **I–Witness**
- Best Morning Show – **Unang Hirit**
- Best Public Service Program – **Wish Ko Lang**
- COVID 19 Documentary of the Year – **Ako si Patient 2828, I-Witness**
- Culturally Relevant TV Series – **Legal Wives**
- Female News Personality of the Year – **Pia Arcangel**
- Male News Personality of the Year – **Atom Araullo**
- AM Radio Station of the Year – **Super Radyo DZBB 594**
- FM Radio Station of the Year – **Barangay LS 97.1**

PMPC Star Awards for Television

- Best Educational Program – **Born to be Wild**
- Best Documentary Program – **I–Witness**
- Best Magazine Show – **Kapuso Mo, Jessica Soho**
- Best Documentary Program Host – **Atom Araullo (The Atom Araullo Specials)**
- Best Magazine Show Host – **Jessica Soho (Kapuso Mo, Jessica Soho)**
- Best Female Newscaster – **Vicky Morales (24 Oras)**
- Best Supporting Drama Actor – **Roderick Paulate (One of the Baes)**
- Best Single Performance by an Actress – **Sunshine Dizon (Tadhana)**
- Best Comedy Actress – **Manilyn Reynes (Pepito Manaloto)**
- Best Comedy Show – **Pepito Manaloto**
- Best Supporting Drama Actress – **Aiko Melendez (Prima Donnas)**
- Best Daytime Drama Series – **Magkaagaw**
- Best New Male TV Personality – **Joaquin Domagoso (All–Out Sundays)**
- Best Horror/Fantasy Program – **Daig Kayo Ng Lola Ko**
- Best Talent Show Program – **The Clash**
- Best Educational Program Host – **Dingdong Dantes (Amazing Earth)**

- Best Lifestyle Show – **Taste Buddies**
- Best Lifestyle Show Hosts – **Solenn Heussaff and Gil Cuerva (Taste Buddies)**

Sidlakan Mass Media Awards

- Best News Program – **24 Oras**
- Best Digital Media Platform for News – **24 Oras**
- Most Trusted News Program – **24 Oras**
- Best Infotainment Program – **Born to be Wild**
- Best Morning Program – **Unang Hirit**
- Best Documentary Series – **I–Witness**
- Best Media Program – **Pinoy MD**
- Best National Social Media News Platform – **GMA News**
- Best News Anchor – **Mel Tiangco**
- Most Trusted Female Newscaster – **Jessica Soho**
- Most Trusted Male Newscaster – **Mike Enriquez**
- Outstanding TV Network – **GMA 7 Channel**

Star Awards for Movies

- Movie Actor of the Year and Movie Love Team of the Year – **Alden Richards (alongside his onscreen partner Kathryn Bernardo for "Hello, Love, Goodbye")**
- Movie Supporting Actor of the Year – **Ricky Davao (For the independent film "Fuccbois")**
- New Movie Actor and Actress of the Year – **David Licauco and Michelle Dee (For the movie "Because I Love You"**

Star Awards for Music

- For their selfless participation in PMPC's benefit concert – **Alden Richards, Christian Bautista, and Alfred Vargas**
- Male Artist of the Year for the song **"Handa na Maghintay" – Garrett Bolden**
- Male Acoustic Artist of the Year for his music single, **Taksil**, Plaque of Appreciation for supporting PMPC's benefit concert – **Jeric Gonzales**

RAWR Awards:

- Male News Personality of the Year – **Atom Araullo**
- Actor of the Year – **Dennis Trillo (Legal Wives)**
- Bet na Bet na Teleserye – **The World Between Us**
- Beshie ng Taon – **Don Bocco, Jericho Arceo (The World Between Us)**

Village Pipol Choice Awards

- Cover of the Year – **Alden Richards**
- TV Actress of the Year – **Jennylyn Mercado**
- Spotlight of the Year – **Sofia Pablo**

Volunteer Against Crime and Corruption (VACC) Awards:

- Outstanding Journalist in Crime – Fighting – **Mike Enriquez**
- Outstanding Network in the Fight Against Crime and Corruption – **GMA Network**
- Outstanding Radio Anchors – **Glen Juego at Henry Atuelan**
- Outstanding Radio Reporter – **Glen Juego**
- Outstanding FM Radio Station – **Barangay LS 97.1**

DZBB 594KHZ SUPER RADYO

CORPORATE GOVERNANCE

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

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

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

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

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

On October 4, 2021 (filed on October 8, 2021), the Company amended its Revised Manual on Corporate Governance to provide that the Company's Corporate Secretary "may or may not be a director".

Based on the Revised Manual on Corporate Governance established in accordance with the provisions of the Revised Corporation Code, the relevant Circulars of the Commission, as well as the Company's Integrated Annual Corporate Governance Report for year 2020 filed with the Securities and Exchange Commission on June 30, 2021, there have been no deviations from the Company's Manual as of date.

Board of Directors

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

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

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

The Board comprises the following members:

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

Board Performance

Directors attend regular meetings of the Board, which are held every quarter and other times as necessary, and the Annual and Special Stockholders' Meetings. In its meetings, the Board reviews the performance of the Company and its subsidiaries, approves plans, budgets and financial statements, sets policies and guidelines for management, and discusses matters requiring Board attention and approval. The Board met eight (8) times in 2021. The attendance of the individual directors at these meetings is duly recorded as follows:

Director's Name	Regular and Special Meetings	
	Present	Absent
Felipe L. Gozon	8	0
Judith R. Duavit-Vazquez	8	0
Gilberto R. Duavit, Jr.	8	0
Joel Marcelo G. Jimenez	8	0
Felipe S. Yalong	8	0
Anna Teresa Gozon-Valdes	8	0
Laura J. Westfall	8	0
Artemio V. Panganiban	8	0
Jaime C. Laya	8	0

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

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

Board Remuneration

The Company amended its By-Laws on April 10, 2006 (approved by the SEC on April 20, 2007) to provide that the Board of Directors shall be entitled to an amount of not more than two and a half percent (2.5%) of the net income after income tax of the corporation during the preceding year and per diems for every board meeting attended. Of the said 2.5%, one percent (1%) shall be distributed equally among the members of the Board of Directors, while the remaining one and a half percent (1.5%) shall be distributed equally among the members of the Executive Committee.

Committees and Meetings of the Board of Directors

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

Executive Committee

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

The jurisdiction of the Executive Committee has been expanded to include the functions and responsibilities of the Corporate Governance Committee, except those pertaining to the nomination and election of directors and the procedure for determining the remuneration of directors and officers which remain vested in the Nomination Committee and the Compensation and Remuneration Committee, as well as the power to evaluate the performance of the Board of Directors as it pertains to the stockholders and the duly elected Board directors themselves. The Executive Committee held forty one (41) meetings in 2021 in furtherance of its foregoing functions.

Member's Name	**Meetings**	
	Present	Absent
Gilberto R. Duavit, Jr. (Chairman)	41	0
Joel Marcelo G. Jimenez (Vice-Chairman)	41	0
Felipe L. Gozon	41	0

Nomination Committee

The Nomination Committee is chaired by Felipe L. Gozon and composed of four members that include an independent director in the person of former Chief Justice Artemio V. Panganiban as Vice Chairman, with Gilberto R. Duavit, Jr. and Joel Marcelo G. Jimenez as members. The mission of the Nomination Committee is to provide the shareholders with an independent and objective evaluation and assurance that the membership of the Board of Directors is competent and will foster the long-term success of the Corporation and secure its competitiveness. The Nomination Committee assists the Board of Directors in ensuring that all nominees to the Board of Directors are competent and qualified to be nominated as Director based on internal guidelines. This is to ensure that: (a) there is a proper mix of competent directors that would continuously improve shareholder's value; and, (b) Directors will ensure a high standard of best practices for the Company and its stakeholders. The Nomination Committee held one (1) meeting in 2021 wherein the Committee reviewed the qualification of the nominees for election as member of the Board of Directors (including Independent Directors) for 2021-2022 including the procedure for their nomination.

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

Compensation and Remuneration Committee

The members of the Compensation and Remuneration Committee are Felipe L. Gozon (Chairman), Former Chief Justice Artemio V. Panganiban (Vice Chairman), with Gilberto R. Duavit, Jr. and Laura J. Westfall as members. The Committee recommends a formal and transparent framework of remuneration and evaluation for the members of the Board of Directors and key executives to enable them to run the Company successfully. The Committee held one (1) meeting in 2021. Upon review of existing reporting practices during the year 2021, the Committee noted that in relation to compensation/remuneration of the Company's senior management and key personnel, the Company's reporting practices are consistent with the Company's policies. Under the Company's Related Transaction and Good Governance Policies, directors/officers of the Company are required to declare their existing business interests or shareholdings that may directly or indirectly conflict in the performance of their duties. It was further noted that for transparency, the Company's annual reports and information statements provide a clear, concise, and understandable disclosure of aggregate compensation of its executive officers and directors for the previous fiscal year and the ensuing year.

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

Audit and Risk Management Committee

Audit

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

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

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

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

The Audit and Risk Management Committee held six (6) meetings in 2021 wherein the Committee reviewed and approved, among others, the Company's 2021 Consolidated Audited Financial Statements as prepared by the external auditors.

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

Risk Management

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

Our commitment to effective risk management

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

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

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

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

Major risks relating to our operations

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

- Intense industry competition amplified by globalization, rapid technological advancements, and new entrants

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

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

Management

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

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

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

Employee Relations

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

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

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

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

Prompt Disclosures and Timely Reporting

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

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

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

MANAGEMENT
DISCUSSION
AND ANALYSIS

Management Discussion and Analysis of Financial Condition and Results of Operations for the Years Ended December 31, 2021 and 2020

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

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

KEY PERFORMANCE INDICATORS

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

Ratings

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

Load Factor

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

Signal reach/coverage

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

Subscriber count

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

Cost control

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

FINANCIAL AND OPERATIONAL RESULTS

For the Year Ended December 31, 2021

Notwithstanding the protracted pandemic which continued to hamper the full recovery of the economy due to the country's intermittent lockdowns, limited mobility and restricted business operations, GMA Network, Inc. and Subsidiaries (GMA/the Company) remained unwavering and once again broke all financial records for the twelve months this 2021. Consolidated revenues of the Company ramped up to an all-time high of P22,450 million posting a double-digit growth of 16% and translating into an absolute increase of P3,114 million. Apart from maintaining dominance in the free-to-air broadcasting arena, this year's exceptional top line was further boosted by the presence of political advocacies amounting to more than three quarters of a billion pesos. Minus the non-recurring election-related placements, the growth in consolidated recurring sales still stood at a commendable 12%.

GMA was determined to confront the challenge ahead, unceasingly finding ways to continue its service to the Filipino audience – more so, as the Network was regarded as the primary source of news and information across the country. During the year, additional digital terrestrial television (DTT) channels saw commercial broadcasts (DepEd TV and I Heart Movies), thus bringing the DTT channels to a total of six (6). Fortifying the DTT signal and transmission across the county has likewise been the focus of the Company with additional DTT sites already commissioned and with some others for completion in 2022. Meanwhile, the Company's DTT set-top box GMA Affordabox, continued to post steady sales this year. This 2021 also saw the rebranding of the Company's UHF station Channel 27, from GMA News TV to Good TV or simply GTV. Lastly, as part of the Company's effort to expand its reach and service to our countrymen, a new regional TV (RTV) station, RTV Zamboanga, was launched in Q4 this year. This station functions as RTV's Western Mindanao hub and becomes the fourth regional station of GMA in Mindanao and the 10th overall in the country. Finally, during the year, 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.

Income Data	**2021** *(in millions PhP)*	2020 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Revenues				
Advertising revenue	**21,015.17**	17,727.49	3,287.67	19%
Consumer sales				
Sale of services	**907.13**	1,024.61	(117.47)	-11%
Sale of goods	**528.02**	583.79	(55.77)	-10%
	22,450.32	19,335.90	3,114.43	16%
Total operating expenses	**12,555.62**	10,779.37	1,776.25	16%
EBITDA	**11,644.48**	9,887.84	1,756.64	18%
Net income	**7,569.15**	6,007.33	1,561.81	26%
Attributable to Equity Holders of Parent Co.	***7,530.11***	*5,984.58*	*1,545.53*	*26%*
Noncontrolling Interest	***39.03***	*22.75*	*16.28*	*72%*

For the twelve months ended, consolidated advertising revenues (airtime, online, international) which comprised 94% of the Company's revenue pie, sealed at an unprecedented level of P21,015 million, overshadowing prior year's P17,727 million top line by a whopping P3,288 million or 19%. It can be recalled that it was in early May of last year when closest rival ABS-CBN's free-to-air Channel 2 went off air, following the issuance of a cease and desist order to operate by the National Telecommunications Commission (NTC) upon the expiration of ABS's 25-year franchise. From then on, the Network's revenues were buoyed by the shift in advertising placements from the defunct channel. All airtime-revenue generating platforms yielded upbeat sales versus same period last year. Even without the boost from political advocacies, GMA's regular advertising revenues still grew by 14% year-on-year. Meanwhile, Sale of services which included subscription revenues, subsidiaries' operations and others wrapped up the year with a top-line of P907 million, contracting by P117 million or 11% versus last year's P1,025 million. The Company's venture into the sale of merchandise also pitched in revenues of P528 million.

Meanwhile, the Company concluded 2021 with consolidated operating expenses (OPEX) of P12,556 million, 16% or P1,776 million greater than prior year. The increase in spending was buoyed by the Network's resumption in terms of producing fresh programs during most parts of the year in contrast to airing mostly replays in 2020 due to the onset of the COVID-19 outbreak. Thus, production-related expenses propelled this year's increase by as much as 41%. In the same manner, general and administrative expenses also climbed by 6% in between periods following increased operating activities of the Company.

With the sterling performance in the top line, partly trimmed down by the rise in expenditures, consolidated Earnings before interest, taxes, depreciation and amortization (EBITDA) ended the 12-month period this 2021 pass the P10-billion mark at P11,644 million, 18% better than last year. Similarly, YTD consolidated Net Income after Tax of the Company once again broke all records at P7,569 million, a huge P1,562 million ahead of last year.

Financial indicators remained at exceptional levels this period. Consolidated net income before tax margin stood at 44% while EBITDA margin of 52% settled a notch higher than the 51% of prior period. On the other hand, net income after tax margin for this year even grew to 34% from 31% in 2020.

Revenues

Capping the year 2021, consolidated revenues of the Company measured at P22,450 million, exhibiting a noteworthy increase of 16% from P19,336 million a year ago. Advertising revenues propelled the growth mainly from the upbeat sales coming from almost all airtime-generating platforms. Online advertising was likewise on track, picking up its pace and cementing its presence in terms of revenue contribution. Meanwhile, sale of services made up the second largest revenue source reaching P907 million. Finally, sale of goods added more than half a billion to the Company's coffers this year.

Revenues	**2021** *(in millions PhP)*	2020 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Advertising revenues	**21,015.17**	17,727.49	3,287.67	19%
Consumer sales				
Sale of services	**907.13**	1,024.61	(117.47)	-11%
Sale of goods	**528.02**	583.79	(55.77)	-10%
	22,450.32	19,335.90	3,114.43	16%

On a per channel basis, flagship channel GMA-7 remained at the top of the sales charts, posting a huge increase of 15% with the aid of more than half a billion worth of political advocacies. Nonetheless, sans this one-time inflow, the core channel of the Company still recorded a double-digit growth of 11% from recurring sales of prior year. Ch-7 continued as the undisputed leader in the broadcast industry and the most trusted source of news and information.

Grabbing second place this year, advertising revenues from online/digital was another area that displayed upbeat sales. Twelve months into the year, online sales showed improvement of 30% from full year of 2020. 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. Both direct buys and programmatic buys posted improvements in between periods.

Radio operations settled at third spot, with sales wrapping up higher by 13% versus a year ago. The hike in revenues was primarily buoyed by flagship AM station DZBB which grew sales by 36% versus prior period. Radio's Cebu and other provincial stations also pitched in higher sales by 22% in between periods. Likewise, FM station Barangay LS 97.1 likewise held the top spot in Mega Manila up to the last month of 2021, registering better sales by 23% compared to a year ago. Total audience share of the FM station of 29.1 percent was almost double its competitor Love Radio DZMB's 15.6 percent. Minus political advocacies, Radio posted a revenue increase of 8% from 2020.

Meanwhile, Regional TV operations was in a roll throughout the entire year with sales skyrocketing by 78% from last year. Both national and local sales posted improvements in their respective top lines. Furthermore, all regional stations basked in high double-digit and even triple-digit percentage increases from an already strong performance in the prior period. Biggest top-line gainers were the stations from the Mindanao region. This laudable feat was attained despite the continued lack of on-ground events due to the restrictions brought about by the pandemic. Minus the aid from political advocacies in 2021, recurring sales of RTV was still considerably ahead by 54% in between years.

Newly rebranded UHF channel – GTV displayed a remarkable growth in its top line this year by 34%. This year's topline was supplemented by political advertisements, without which, increase in sales still translated into a 19% hike year-on-year. More so, with some changes in the programming mix, this year's revenue growth was also driven by rented programs – both canned series and movies. Likewise, this year also saw the comeback of original station-produced shows such as Farm to Table, The Lost Recipe and My Fantastic Pag-ibig. Towards the last quarter of this year, the daily news-magazine program Dapat Alam Mo! was successfully launched. Finally, this year also saw the maiden season of the landmark partnership of GMA with NCAA via Rise Up Stronger: NCAA Season `96 airing in Good TV.

As the Company continues to expand its reach and operations, the DTT channels comprised of Heart of Asia, Hallypop, I Heart Movies and the DepEd TV, likewise provided incremental sales for the Company with a combined top line in the hundreds of millions which was more than quadruple of prior year's sales. The considerable growth was mainly due to the timing in the launches of the four (4) DTT-exclusive channels. GMA has remained in service to our countrymen not just via the delivery of news and information but through collaboration with the government by making education more accessible to Filipino learners in the new normal. The Company via one of its DTT-channels provided free facility for the Department of Education's platform for multimedia classes and blended learning program. Finally, airtime advertising through the Company's GMA Pinoy TV platform was also able to surpass prior year's top line by more than 50%.

In other revenue streams, Subscription revenues was on the downtrend with a reduction of 14%. The drag in this platform's topline was mainly due to the churn in GMA Pinoy TV subscriber count. GMA Life TV also posted a contraction in subscriber count in between periods. These were slightly cushioned by the moderate climb in GMA News TV International. The reduction in this business segment's sales was further aggravated by the moderate drop in average forex in between years to P49.38 to USD1 from P49.49 to USD1.

Lastly, Merchandise sales this year reached P528 million mainly from GMA Affordabox. Entire units sold for the set-top box since it launched in May last year already reached 1.7 million units amounting to over a billion pesos.

Expenses

After twelve months in 2021, consolidated total operating expenses (OPEX) of the Company measured at P12,556 million, escalating by 16% or P1,776 million versus Y2020's P10,779 million. Both cash and non-cash OPEX hiked by 18% and 10%, respectively compared with prior year.

Operating Expenses	**2021** *(in millions PhP)*	2020 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Production costs	**4,876.55**	3,452.14	1,424.41	41%
Cost of sales	**418.14**	479.42	(61.28)	-13%
Total Direct Costs	**5,294.69**	3,931.56	1,363.14	35%
General and administrative expensex	**7,260.93**	6,847.82	413.11	6%
	12,555.62	10,779.37	1,776.25	16%

The increase in spending in consolidated production cost by 41% or P1,424 million was attuned to the revival of in-house produced programs which was put on hold during most part of 2020. Even with sporadic lockdowns this 2021, the Company has managed to adjust into the new normal set up. Last year, with the outbreak of the pandemic in late March, the Network ceased production of fresh and original episodes and aired mostly reruns except for some News programs. During the last quarter of 2020, fresh episodes were gradually introduced but only on a limited scale. In contrast, for this 2021 there were more original episodes in the programming grid with only few replays aired. As such, total production cost (cash and non-cash) amounting to P4,877 million grew by over a billion by the end of 2021. Cash production cost climbed by P1,022 million or 40% mainly from higher program cost and talent fees while non-cash direct cost hiked by P402 million or 46% owing to the spike in amortization of program rights following the increase in the number of rented materials shown in GTV, I Heart Movies and Heart of Asia channels. These increases were partly cushioned by the decline in cost of sales of merchandise by P61 million in between years.

Production Costs	**2021** *(in millions PhP)*	2020 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Talent fees	**2,251.17**	1,705.67	545.50	32%
Rentals and outside services	**344.89**	210.24	134.65	64%
Other program expenses	**1,010.43**	668.18	342.26	51%
Sub-total - Cash Production Costs	**3,606.49**	2,584.08	1,022.41	40%
Program rights amortization	**1,007.35**	703.42	303.93	43%
Depreciation and amortization	**262.71**	164.64	98.07	60%
Sub-total - Non-cash Production Costs	**1,270.06**	868.05	402.00	46%
Total production costs	**4,876.55**	3,452.14	1,424.41	41%

Meanwhile, consolidated general and administrative expenses (GAEX) accumulated to P7,261 million, ahead of last year by P413 million or up by 6%. Personnel cost propelled the rise in this category, edging last year by P334 million or 7%. This was mainly due to the annual increases in salary coming from merit increases and from the collective bargaining agreement. Most overhead expenses surpassed last year's balances as operations have stabilized within the Company following a new normal set-up. Facilities cost grew by P115 million or by 30% as Repairs and Maintenance last year were put on hold when the pandemic struck and stricter government protocols were imposed. There were also major repairs done this year particularly in the GMA Network Center and in refurbishing the Company's broadcast facilities and equipment. 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 was still observed, more areas within the Network premises were now utilized. Apart from higher generation charges per kWh, there was also an increase in the utilities consumption in the GMA Network and Fleet Centers. Outside services climbed by 20% this year versus last year partly due to the engagement of additional consultants. Taxes and Licenses similarly outpaced last year's results by 29% due to higher franchise tax payments which was based on prior year's revenues.

General and Administrative Expenses	**2021** *(in millions PhP)*	2020 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Personnel costs	**4,858.70**	4,525.10	333.60	7%
Facilities costs	**495.12**	379.84	115.28	30%
Outside services	**470.47**	390.60	79.87	20%
Taxes and licenses	**235.51**	182.10	53.40	29%
Others	**663.79**	601.78	62.01	10%
Subtotal - Cash GAEX	**6,723.58**	6,079.42	644.16	11%
Depreciation and amortization	**345.07**	380.94	(35.87)	-9%
Provision for doubtful accounts	**142.58**	347.20	(204.62)	-59%
Amortization of software costs	**49.71**	40.26	9.44	23%
Subtotal - Non-cash GAEX	**537.35**	768.40	(231.05)	-30%
Total GAEX	**7,260.93**	6,847.82	413.11	6%

EBITDA

While both direct cost and general and administrative expenses registered increases, they were nonetheless much lower than the absolute improvement in the top line. Hence, after end of this year, consolidated Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) soared to P11,644 million, considerably higher than year ago's P9,888 million by P1,757 million or 18%.

Net Income

In like manner, Net Income after Tax (NIAT) finished off this year at a record-breaking P7,569 million, soaring by P1,562 million or 26% over last year's already solid bottom line of P6,007 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.

Balance Sheet Accounts

GMA's total assets stood at P24,076 million as at end-2021, a tad higher than December 31, 2020's balance of P23,939 million.

Cash and cash equivalents of P4,794 million grew by more than P1.5-billion at P1,579 million or 49% from 2020 peg of P3,215 million. This resulted from a combination of higher sales from previous months which have become due for collection this period coupled with improved collection efforts. Meanwhile, despite the increase in revenues, Trade and other receivables closed the year with a balance of P7,785 million, 26% or P2,682 million less than last year, resulting from increased collections over the recent months.

Total liabilities declined by 14% or P1,553 million as at end-December this year to P9,505 million from P11,058 million in 2020 mainly due to the reduction in the following accounts: (1) Pension liability as a result of recognition of remeasurement gains using the latest actuarial valuation; and (2) Income tax payable due lower rate of 25% this year vs. 30% in 2020 due to passing of CREATE Law.

Equity attributable to Parent Company stockholders amounting to P14,470 million as at end December 2021 increased by 13% or P1,661 million in between years, as a result of P7,530 million net income attributable to Parent Company earned in 2021, partially reduced by the dividends declared during the first quarter of 2021 amounting to P6,561 million.

Cash Flows	2021 (in millions PhP)	2020 (in millions PhP)
Net cash provided by operating activities	**9,362.23**	2,506.76
Net cash used in investing activities	**(1,147.11)**	(353.62)
Net cash used in financing activities	**(6,678.61)**	(1,166.92)
Effect of exchange rate changes on cash and cash equivalents	**42.24**	(26.37)
Net increase in cash and cash equivalents	**1,578.75**	959.85
Cash and cash equivalents at beginning of year	**3,214.82**	2,254.97
Cash and cash equivalents at end of the year	**4,793.57**	3,214.82

Operating Activities

Net cash from operations registered at P9,362 million in 2021. This stemmed from income before income tax of P9,947 million, adjusted mainly by Program rights usage of P1,007 million, Pension expense of P640 million, Depreciation expense of P608 million, Provision for doubtful accounts of P143 million and Amortization of software costs of P50 million apart from the changes in working capital. The primary component of the changes in working capital included the P2,564 million decrease in Trade and other receivables partially offset by increase in Inventories by P900 million.

Investing Activities

Net cash used in investing activities amounted to P1,147 million, coming primarily from the acquisition of P999 million, P142 million and P51 million worth of Property and equipment, Land and Software costs, respectively. These were partially offset by the P58 million proceeds from sale of property and equipment.

Financing Activities

Net cash used in financing activities amounted to P6,679 million due to payment of cash dividends and loans amounting to P6,549 million and P4,543 million, respectively, plus some P38 million in Interest expense netted by P4,479 million remaining proceeds from short-terms loans.

FINANCIAL AND OPERATIONAL RESULTS

For the Year Ended December 31, 2020

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

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

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

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

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

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

Revenues

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

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

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

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

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

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

During the third quarter, two DTT channels were also launched by the Network -- Heart of Asia and Hallypop. Combined incremental revenues from these channels further added to the Company's top line. Despite the growing competition in the digital arena, especially with erstwhile TV rival ABS-CBN concentrating all its efforts to boost its online presence following the denial of their free-to-air broadcast franchise, GMA's advertising revenues from online/digital sales continued to register healthy revenues from this segment. Online advertisements from the Network's various websites and social media accounts cumulatively grew by 13% from a year ago.

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

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

Expenses

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

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

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

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

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

General and Administrative Expenses	2020 (in millions PhP)	2019 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Personnel costs	**4,525.10**	4,127.12	397.98	10%
Facilities costs	**379.84**	490.80	(110.96)	-23%
Outside services	**390.60**	459.93	(69.32)	-15%
Taxes and licenses	**182.10**	174.36	7.74	4%
Others	**601.78**	618.64	(16.86)	-3%
Subtotal - Cash GAEX	**6,079.42**	5,870.84	208.58	4%
Depreciation and amortization	**380.94**	409.53	(28.60)	-7%
Provision for doubtful accounts	**347.20**	18.30	328.90	1798%
Amortization of software costs	**40.26**	26.79	13.48	50%
Subtotal - Non-cash GAEX	**768.40**	454.62	313.78	69%
Total GAEX	**6,847.82**	6,325.46	522.36	8%

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

EBITDA

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

Net Income

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

Balance Sheet Accounts

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

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

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

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

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

Operating Activities

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

Investing Activities

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

Financing Activities

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

FINANCIAL AND OPERATIONAL RESULTS

For the Year Ended December 31, 2019

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

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

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

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

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

Revenues

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

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

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

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

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

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

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

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

Expenses

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

Comprising half of the Company's total OPEX, consolidated Production cost, talent fees and other direct expenses summed up to P6,435 million, ending a tad lower by P49 million or 1% than year ago. Cash Production cost dipped by P132 million or 2% arising from the reduction in Talent fees by P44 million or 1% and Rental and outside services by P84 million or 9%. However, this was partly offset by the climb in non-cash direct cost, mainly Program rights amortization by P117 million or 13% more than a year ago. The hike in the account was due to airing of more expensive foreign movies. This was partly offset by the 17% or P34 million contraction in Depreciation and amortization of assets related to production.

Production Costs	**2019** *(in millions PhP)*	2018 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Talent fees	**2,948.0**	2,992.0	(44.0)	-1%
Rentals and outside services	**812.0**	895.8	(83.8)	-9%
Other program expenses	**1,518.3**	1,522.1	(3.8)	-0.2%
Sub-total - Cash Production Costs	**5,278.3**	5,409.9	(131.6)	-2%
Program rights amortization	**988.7**	871.5	117.3	13%
Depreciation and amortization	**168.2**	202.4	(34.2)	-17%
Sub-total - Non-cash Production Costs	**1,156.9**	1,073.8	83.1	8%
Total production costs	**6,435.2**	6,483.7	(48.5)	-1%

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

General and Administrative Expenses	**2019** *(in millions PhP)*	2018 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Personnel costs	**4,127.1**	3,284.8	842.3	26%
Outside services	**459.9**	408.2	51.7	13%
Facilities costs	**490.8**	465.7	25.1	5%
Taxes and licenses	**174.4**	192.8	(18.5)	-10%
Others	**618.6**	645.9	(27.2)	-4%
Subtotal - Cash GAEX	**5,870.8**	4,997.5	873.4	17%
Depreciation and amortization	**409.5**	384.1	25.4	7%
Provision for doubtful accounts	**18.3**	109.6	(91.3)	-83%
Amortization of software costs	**26.8**	23.2	3.6	16%
Subtotal - Non-cash GAEX	**454.6**	516.9	(62.3)	-12%
Total GAEX	**6,325.5**	5,514.3	811.1	15%

EBITDA

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

Net Income

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

Balance Sheet Accounts

The Company's total assets stood at P16,347 million as at end-2019, increasing by 7% from December 31, 2018's balance of P15,293 million.

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

Total liabilities also climbed by 17% or P985 million as at end-December this year to P6,690 million from P5,704 million in 2018 mainly due to the spike in Pension liability partly offset by the drop in short-term loans by P100 million.

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

Operating Activities

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

Investing Activities

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

Financing Activities

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

FINANCIAL
STATEMENTS

GMA Network, Inc.

Report of the Audit and Risk Management Committee
For the Year Ended 31 December 2021
March 25, 2022

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

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

1. An Independent Director chairs the Audit and Risk Management Committee. The Committee met six (6) times during the year, including an executive session with the internal auditors. The Committee meetings were held on (1) March 19, 2021, (2) May 11, 2021, (3) August 12, 2021, (4) October 25, 2021, (5) November 10, 2021, and (6) November 28, 2021, all via remote communication.

2. The Committee reviewed and discussed the 2021 Audited Financial Statements of GMA Network, Inc. and Subsidiaries (GMA Group), including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management, the company's Internal Auditors and SGV & Co., the independent auditor of the GMA Group. These activities were performed in the following context: (a) management has the primary responsibility for the financial statements and financial reporting process; and (b) SGV & Co. is responsible for expressing an opinion on the conformity of the GMA Group's consolidated audited financial statements with Philippine Financial Reporting Standards.

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

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

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

6. Based on reviews and discussions undertaken, the Committee recommends approval of the Audited Financial Statements for the year ended December 31, 2021, their inclusion in the Annual Report to Stockholders for the year ended December 31, 2021 and filing with the Securities and Exchange Commission.

7. The Committee finds that SGV & Co. has satisfactorily performed its work for the year 2021 and therefore recommends the re-appointment of SGV & Co. as the GMA Group's independent auditor for 2022, subject to further negotiation on audit fees and charges.

JAIME C. LAYA
Chairman, Audit and Risk Management Committee

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

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

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

LAURA J. WESTFALL
Member, Audit and Risk Management Committee

Countersigned by:

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

March 25, 2022

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

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

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

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

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

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

FELIPE L. GOZON
Chairman of the Board
Chief Executive Officer

GILBERTO R. DUAVIT, JR.
President
Chief Operating Officer

FELIPE S. YALONG
Executive Vice President
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

(1) Revenue Recognition

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

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

Audit Response

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

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

The Group applies the simplified approach in calculating expected credit losses (ECL) on trade receivables. Under this approach, the Group establishes a provision matrix that is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment. Allowance for ECL and the provision for ECL as of and for the year ended December 31, 2021 amounted to ₱909.10 million and ₱142.58 million, respectively. The use of ECL model is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: definition of default for trade receivables, grouping of instruments for losses measured on collective basis and incorporation of forward-looking information, including the impact of the coronavirus pandemic, in calculating ECL.

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

Audit response

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

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

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

We recalculated impairment provisions on a sample basis.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Belinda T. Beng Hui

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

March 25, 2022

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

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

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2021	2020	2019
REVENUES (Note 22)	**₱22,450,323,397**	₱19,335,895,538	₱16,493,452,212
PRODUCTION COSTS (Note 23)	**4,876,549,005**	3,452,138,359	6,435,153,765
COST OF SALES (Note 9)	**418,141,643**	479,417,099	–
GROSS PROFIT	**17,155,632,749**	15,404,340,080	10,058,298,447
GENERAL AND ADMINISTRATIVE EXPENSES (Note 24)	**7,260,929,700**	6,847,818,011	6,325,456,794
OTHER INCOME (EXPENSE) - NET			
Foreign currency exchange loss (Note 18)	**(51,861,281)**	(47,023,770)	(34,892,931)
Interest expense (Notes 18 and 28)	**(48,692,493)**	(20,545,123)	(55,595,345)
Interest income (Note 6)	**16,235,317**	13,715,413	22,906,786
Equity in net earnings (losses) of a joint venture (Note 12)	**(1,045,954)**	3,908,740	13,420,076
Others - net (Note 26)	**137,857,160**	85,174,767	87,766,566
	52,492,749	35,230,027	33,605,152
INCOME BEFORE INCOME TAX	**9,947,195,798**	8,591,752,096	3,766,446,805
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 29)			
Current	**2,400,634,670**	2,728,650,540	1,200,778,143
Deferred	**(22,585,153)**	(144,232,767)	(73,607,958)
	2,378,049,517	2,584,417,773	1,127,170,185
NET INCOME	**7,569,146,281**	6,007,334,323	2,639,276,620
OTHER COMPREHENSIVE INCOME (LOSS) - net of tax			
Items not to be reclassified to profit or loss in subsequent periods:			
Net changes in the fair market value of financial assets at FVOCI (Note 11)	**(70,236,040)**	(45,464,038)	2,805,891
Remeasurement gain (loss) on retirement plans (Note 27)	**575,619,706**	(1,261,623,143)	(300,697,741)
Revaluation increment on land due to change in tax rate (Note 29)	**122,178,941**	–	–
	627,562,607	(1,307,087,181)	(297,891,850)
TOTAL COMPREHENSIVE INCOME	**₱8,196,708,888**	₱4,700,247,142	₱2,341,384,770
Net income attributable to:			
Equity holders of the Parent Company	**₱7,530,114,246**	₱5,984,584,939	₱2,618,460,706
Non-controlling interests (Note 2)	**39,032,035**	22,749,384	20,815,914
	₱7,569,146,281	₱6,007,334,323	₱2,639,276,620
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱8,160,335,453**	₱4,680,682,825	₱2,320,788,743
Non-controlling interests (Note 2)	**36,373,435**	19,564,317	20,596,027
	₱8,196,708,888	₱4,700,247,142	₱2,341,384,770
Basic / Diluted Earnings Per Share (Note 30)	**₱1.549**	₱1.231	₱0.539

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 20)	Additional Paid-in Capital	Revaluation Increment on Land - net of tax (Note 29)	Remeasurement Loss on Retirement Plans - net of tax (Note 27)	Net Unrealized Loss on Financial Assets at FVOCI - net of tax (Note 11)	Retained Earnings (Note 20)	Treasury Stocks (Note 20)	Underlying Shares of the Acquired Philippine Deposit Receipts (Note 20)	Total	Non-controlling Interests (Note 2)	Total Equity
Balances at January 1, 2021	₱4,864,692,000	₱1,659,035,196	₱1,710,505,188	(₱2,596,957,048)	(₱47,709,492)	₱7,253,764,093	(₱28,483,171)	(₱5,790,016)	₱12,809,056,750	₱72,357,870	₱12,881,414,620
Total comprehensive income:											
Net income	–	–	–	–	–	7,530,114,246	–	–	7,530,114,246	39,032,035	7,569,146,281
Other comprehensive income (loss)	–	–	–	758,694,632	(70,236,040)	–	–	–	688,458,592	(2,658,600)	685,799,992
Change in tax rate	–	–	122,178,941	(180,416,326)	–	–	–	–	(58,237,385)	–	(58,237,385)
Contribution to the retirement fund (Notes 20, 21 and 27)	–	27,521,427	–	–	–	–	28,483,171	5,790,016	61,794,614	–	61,794,614
Cash dividends - ₱1.35 a share (Note 20)	–	–	–	–	–	(6,561,267,889)	–	–	(6,561,267,889)	–	(6,561,267,889)
Cash dividends to non-controlling interests (Note 2)	–	–	–	–	–	–	–	–	–	(7,650,000)	(7,650,000)
Balances at December 31, 2021	₱4,864,692,000	₱1,686,556,623	₱1,832,684,129	(₱2,018,678,742)	(₱117,945,532)	₱8,222,610,450	₱–	₱–	₱14,469,918,928	₱101,081,305	₱14,571,000,233

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

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱9,947,195,798**	₱8,591,752,096	₱3,766,446,805
Adjustments to reconcile income before income tax to net cash flows:			
Program and other rights usage (Notes 8 and 23)	**1,007,347,795**	703,415,807	988,703,737
Pension expense (Note 27)	**639,758,700**	646,198,143	402,209,767
Depreciation (Notes 13, 15, 23, 24 and 28)	**607,773,037**	545,575,201	577,704,447
Contributions to retirement plan assets (Note 27)	**(277,799,873)**	(259,000,000)	(266,448,811)
Provision for ECL (Notes 7 and 24)	**142,577,080**	347,195,883	18,297,347
Net gain on sale of property and equipment and investment properties (Notes 13, 15 and 26)	**(50,519,791)**	(17,250,932)	(21,368,209)
Amortization of software costs (Notes 16 and 24)	**49,706,646**	40,264,073	26,788,389
Interest expense (Notes 18 and 28)	**48,692,493**	20,545,123	55,595,345
Net unrealized foreign currency exchange loss	**33,545,633**	27,377,082	30,284,446
Interest income (Note 6)	**(16,235,317)**	(13,715,413)	(22,906,786)
Equity in net losses (earnings) of a joint venture (Note 12)	**1,045,954**	(3,908,740)	(13,420,076)
Working capital changes:			
Decreases (increases) in:			
Trade and other receivables	**2,563,963,601**	(5,589,407,239)	(492,922,233)
Program and other rights	**(1,069,959,331)**	(607,591,883)	(1,090,259,250)
Inventories	**(900,370,666)**	(224,298,890)	–
Prepaid expenses and other current assets	**(80,404,230)**	(871,115,057)	(273,963,440)
Increases (decreases) in:			
Trade payables and other current liabilities	**(252,572,724)**	571,870,472	239,761,995
Obligations for program and other rights	**47,539,541**	45,573,277	18,449,846
Other long-term employee benefits	**44,046,776**	13,301,414	37,557,312
Benefits paid out of Group's own funds (Note 27)	**(36,744,104)**	(9,686,893)	(7,955,884)
Cash flows provided by operations	**12,448,587,018**	3,957,093,524	3,972,554,747
Income taxes paid	**(3,101,774,811)**	(1,464,143,968)	(1,113,334,541)
Interest received	**15,421,941**	13,808,751	24,981,846
Net cash flows from operating activities	**9,362,234,148**	2,506,758,307	2,884,202,052
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 13)	**(999,316,838)**	(421,235,387)	(673,419,792)
Land at revalued amount (Note 14)	**(142,100,830)**	–	–
Software costs (Note 16)	**(51,190,237)**	(10,616,139)	(65,484,770)
Proceeds from:			
Sale of property and equipment (Note 13)	**58,438,591**	22,797,518	21,186,426
Sale of investment properties (Note 15)	**–**	–	4,910,714
Decreases (increases) in other noncurrent assets	**(11,627,909)**	55,903,451	(75,898,945)
Advances to an associate and joint ventures (Notes 12 and 21)	**(1,809,712)**	(848,826)	(8,131,342)

(Forward)

	Years Ended December 31		
	2021	2020	2019
Collection from an associate and joint ventures (Notes 12 and 21)	**₱497,048**	₱–	₱–
Cash dividends received	–	381,500	–
Net cash flows used in investing activities	**(1,147,109,887)**	(353,617,883)	(796,837,709)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of short-term loans (Notes 18 and 33)	**4,479,150,000**	984,340,000	1,517,500,000
Payments of:			
Cash dividends (Notes 2, 20 and 33)	**(6,549,223,122)**	(1,474,749,102)	(2,198,159,065)
Short-term loans (Notes 18 and 33)	**(4,542,575,000)**	(641,895,000)	(1,617,500,000)
Principal portion of lease liabilities (Notes 28 and 33)	**(27,633,367)**	(21,762,363)	(21,694,663)
Interest expense (Note 33)	**(38,330,656)**	(12,856,998)	(45,663,399)
Net cash flows used in financing activities	**(6,678,612,145)**	(1,166,923,463)	(2,365,517,127)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,536,512,116**	986,216,961	(278,152,784)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**42,236,774**	(26,371,353)	(25,980,882)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,214,817,264**	2,254,971,656	2,559,105,322
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱4,793,566,154**	₱3,214,817,264	₱2,254,971,656

See accompanying Notes to Consolidated Financial Statements.

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

1. Corporate Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The summarized financial information of RGMA Network are provided below.

Summarized Statements of Comprehensive Income

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

Summarized Statements of Financial Position

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

Summarized Cash Flows Information

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

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

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

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

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

<u>Changes in Accounting Policies and Disclosures</u>

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

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

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

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

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;

- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.

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

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

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

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

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

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

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

New Accounting Standards, Interpretations and Amendments to Existing Standards

<u>Effective Subsequent to December 31, 2021</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2022
- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

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

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

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

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

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of 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. The amendments are not expected to have a material impact on the Group.

- Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

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

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

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

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

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

Effective beginning on or after January 1, 2023

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

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

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

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2024

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

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

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

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

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

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

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

  PFRS 17 is not applicable to the Group since it is not engaged in providing insurance nor issuing insurance contracts.

Deferred effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

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

3. **Summary of Significant Accounting and Financial Reporting Policies**

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

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group elected to classify irrevocably under this category its listed and non-listed equity instruments and investment in quoted club shares as at December 31, 2021 and 2020 (see Notes 11 and 31).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Derecognition of Financial Liabilities

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

Classification of Financial Instruments Between Liability and Equity

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

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

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

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

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

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

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

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

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

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

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

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

Tax Credits

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

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

Advances to Suppliers

Advances to suppliers, included under "Prepaid expenses and other current assets" account in the consolidated statement of financial position, are measured at cost and 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.

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

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

Revenue Recognition

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

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

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

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

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

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

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

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

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

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

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

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

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

b. Revenue Recognition Outside the Scope of PFRS 15

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

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

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

Equity in Net Earnings (Losses) of Joint Ventures. The Group recognizes its share in the net income or loss of joint ventures proportionate to the equity in the economic shares of such joint ventures, in accordance with the equity method.

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

Contract Balances

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Leases</u>

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

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

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

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

  Right-of-use assets are subject to impairment.

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

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

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

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

Foreign Currency-denominated Transactions

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

Taxes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Assessment of Significant Influence over the Investee. The Parent Company holds 25% ownership interest in Optima Digital, Inc. as at December 31, 2021 and 2020. Even with more than 20% voting rights, management assessed that the Parent Company does not have the power to participate in the policy-making processes, including decisions to affect its returns in the form of dividends. Further, the Parent Company does not have the ability to participate in the financial and operational policies decision-making of the investee to affect its relevant activities. The investment is presented as a financial asset at FVOCI amounting to ₱4.81 million as at December 31, 2021 and 2020.

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

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

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

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

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

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

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

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

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

- Simplified approach for trade receivables

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

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

- Definition of default for trade receivables

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

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

- Grouping of instruments for losses measured on collective basis

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

- Incorporation of forward-looking information

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

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

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

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

  The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. As uncertainties in the market trend and economic conditions may remain persistent amidst the continuous spread of COVID-19, the Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Segment Information

Business Segments

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

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

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

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

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

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

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

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

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

Geographical	Local						International								
Business Segment	Television and radio airtime			Other businesses			International subscription			Eliminations			Consolidated		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
REVENUES															
External sales	₱20,043,198,544	₱16,995,165,502	₱15,101,963,669	₱1,519,164,368	₱1,366,560,977	₱186,329,988	₱887,960,485	₱974,169,059	₱1,205,158,555	₱–	₱–	₱–	₱22,450,323,397	₱19,335,895,538	₱16,493,452,212
Inter-segment sales	–	–	–	664,531,248	531,379,738	536,119,799	–	–	–	(664,531,248)	(531,379,738)	(536,119,799)	–	–	–
	₱20,043,198,544	₱16,995,165,502	₱15,101,963,669	₱2,183,695,616	₱1,897,940,715	₱722,449,787	₱887,960,485	₱974,169,059	₱1,205,158,555	(₱664,531,248)	(₱531,379,738)	(₱536,119,799)	₱22,450,323,397	₱19,335,895,538	₱16,493,452,212
NET INCOME															
Segment results	₱8,208,575,147	₱6,994,189,084	₱2,268,960,957	₱941,203,693	₱700,697,768	₱526,366,347	₱734,795,951	₱831,254,645	₱909,748,278	₱10,128,258	₱30,380,572	₱27,766,071	₱9,894,703,049	₱8,556,522,069	₱3,732,841,653
Interest expense	(47,858,629)	(20,188,727)	(54,935,964)	(833,864)	(356,396)	(659,381)	–	–	–	–	–	–	(48,692,493)	(20,545,123)	(55,595,345)
Foreign exchange gain (loss)	(84,068,774)	(8,536,333)	(13,903,776)	2,992,061	(1,563,956)	(2,401,508)	29,215,432	(36,923,481)	(18,587,647)	–	–	–	(51,861,281)	(47,023,770)	(34,892,931)
Interest income	16,029,136	12,757,893	20,503,610	206,181	957,520	2,403,176	–	–	–	–	–	–	16,235,317	13,715,413	22,906,786
Equity in net earnings of joint ventures	–	–	–	(1,045,954)	3,908,740	13,420,076	–	–	–	–	–	–	(1,045,954)	3,908,740	13,420,076
Other income (expenses)	245,652,608	194,893,594	161,322,563	14,004,552	65,311,872	44,260,074	–	–	–	(121,800,000)	(175,030,699)	(117,816,071)	137,857,160	85,174,767	87,766,566
Income tax	(1,935,402,004)	(2,115,479,505)	(687,778,631)	(247,144,667)	(226,138,919)	(167,543,365)	(191,002,846)	(238,299,349)	(267,348,189)	(4,500,000)	(4,500,000)	(4,500,000)	(2,378,049,517)	(2,584,417,773)	(1,127,170,185)
	₱6,402,927,484	₱5,057,636,006	₱1,694,168,759	₱709,382,002	₱542,816,629	₱415,845,419	₱573,008,537	₱556,031,815	₱623,812,442	(₱116,171,742)	(₱149,150,127)	(₱94,550,000)	₱7,569,146,281	₱6,007,334,323	₱2,639,276,620
ASSETS AND LIABILITIES															
Assets															
Segment assets	₱22,422,877,737	₱21,942,534,724	₱15,111,267,351	₱1,390,600,332	₱1,421,716,054	₱1,324,408,671	₱586,178,847	₱684,457,746	₱747,452,665	(₱1,250,451,838)	(₱1,366,141,580)	(₱1,390,741,230)	₱23,149,205,078	₱22,682,566,944	₱15,792,387,457
Investment in associates - at equity	38,350,619	38,350,619	38,350,619	44,586,001	45,631,955	41,723,215	–	–	–	–	–	–	82,936,620	83,982,574	80,073,834
Deferred tax assets	719,410,111	993,543,921	295,060,775	54,258,885	59,409,461	52,600,016	–	–	–	69,914,379	119,766,570	126,756,487	843,583,375	1,172,719,952	474,417,278
	₱23,180,638,467	₱22,974,429,264	₱15,444,678,745	₱1,489,445,218	₱1,526,757,470	₱1,418,731,902	₱586,178,847	₱684,457,746	₱747,452,665	(₱1,180,537,459)	(₱1,246,375,010)	(₱1,263,984,743)	₱24,075,725,073	₱23,939,269,470	₱16,346,878,569
Liabilities															
Segment liabilities	₱9,304,434,001	₱10,471,472,009	₱6,085,809,119	₱645,895,763	₱897,504,654	₱792,653,142	₱214,201,882	₱397,742,063	₱526,202,498	(₱659,806,806)	(₱708,863,876)	(₱714,863,199)	₱9,504,724,840	₱11,057,854,850	₱6,689,801,560
Other Segment Information															
Capital expenditures:															
Program and other rights and software cost	₱1,120,980,554	₱617,348,781	₱1,152,940,282	₱169,014	₱859,241	₱–	₱–	₱–	₱2,803,738	₱–	₱–	₱–	₱1,121,149,568	₱618,208,022	₱1,155,744,020
Property and equipment	974,080,362	404,690,887	641,812,018	25,141,628	16,544,500	31,292,071	94,848	–	315,703	–	–	–	999,316,838	421,235,387	673,419,792
Land at revalued amount	142,100,830	–	–	–	–	–	–	–	–	–	–	–	142,100,830	–	–
Depreciation and amortization	1,650,984,303	1,271,946,332	1,578,773,462	22,317,406	24,454,895	22,388,187	6,525,769	7,853,854	7,034,924	(15,000,000)	(15,000,000)	(15,000,000)	1,664,827,478	1,289,255,081	1,593,196,573

6. Cash and Cash Equivalents

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

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

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

7. Trade and Other Receivables

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

Trade Receivables

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

Television and radio airtime receivables include unbilled airtime receivables, arising when advertisements have been aired but billing or acceptance by the customer has been delayed due to time lag in completing all required documents. As of December 31, 2021 and 2020, the total unbilled airtime receivables, assessed as contract assets, amounted to ₱24.32 million and ₱178.91 million, respectively.

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

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

Nontrade Receivables

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

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

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

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

8. Program and Other Rights

Details and movement in this account are as follows:

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

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

9. **Inventories**

This account consists of the following:

	2021	2020
Merchandise inventory	**₱1,120,260,877**	₱220,554,349
Materials and supplies inventory	**17,164,696**	16,500,558
	₱1,137,425,573	₱237,054,907

The following are the details of merchandise inventory account:

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

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

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

10. **Prepaid Expenses and Other Current Assets**

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

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

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

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

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

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

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

11. Financial Assets at Fair Value Through Other Comprehensive Income

This account consists of the following:

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

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

The movement of financial assets at FVOCI are as follows:

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

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

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

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

IP E-Games Ventures, Inc.

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

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

12. **Investments and Advances**

The following are the details of this account:

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

The movements in the account are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

INQ7
Losses of INQ7 recognized under the equity method in excess of the Group's carrying value of investment were applied against its advances to the Parent Company thereby reducing both advances and investments to zero as at December 31, 2021 and 2020. INQ7 ceased operations in 2007. In 2013, INQ7 submitted a request to liquidate its assets to SEC. The liquidation is still ongoing as at December 31, 2021.

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

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

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

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

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

13. Property and Equipment at Cost

	2021						
	Land, buildings, towers and improvements	**Antenna and transmitter systems and broadcast equipment**	**Communication and mechanical equipment**	**Transportation equipment**	**Furniture, fixtures and equipment**	**Construction in progress and equipment for installation**	**Total**
Cost							
At January 1, 2021	**₱3,057,833,927**	**₱7,348,274,084**	**₱1,487,373,983**	**₱709,719,574**	**₱168,036,544**	**₱484,717,737**	**₱13,255,955,849**
Additions	**12,467,813**	**208,444,459**	**91,928,822**	**89,521,212**	**2,312,212**	**594,642,320**	**999,316,838**
Disposals	**(2,587,652)**	**(97,323,201)**	**(28,384,602)**	**(139,595,300)**	**(54,598)**	**–**	**(267,945,353)**
Reclassifications (see Notes 10 and 16)	**59,587,451**	**474,890,837**	**45,378,181**	**921,429**	**1,218,902**	**(596,725,148)**	**(14,728,348)**
At December 31, 2021	**3,127,301,539**	**7,934,286,179**	**1,596,296,384**	**660,566,915**	**171,513,060**	**482,634,909**	**13,972,598,986**
Accumulated Depreciation							
At January 1, 2021	**2,422,497,339**	**6,234,662,075**	**1,282,146,776**	**570,633,667**	**157,902,288**	**–**	**10,667,842,145**
Depreciation (see Notes 23 and 24)	**81,047,090**	**313,824,202**	**117,390,619**	**63,157,719**	**3,860,212**	**–**	**579,279,842**
Disposals	**(2,121,129)**	**(95,702,988)**	**(28,258,207)**	**(133,891,991)**	**(52,238)**	**–**	**(260,026,553)**
At December 31, 2021	**2,501,423,300**	**6,452,783,289**	**1,371,279,188**	**499,899,395**	**161,710,262**	**–**	**10,987,095,434**
Net Book Value	**₱625,878,239**	**₱1,481,502,890**	**₱225,017,196**	**₱160,667,520**	**₱9,802,798**	**₱482,634,909**	**₱2,985,503,552**

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

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

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

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

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

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

14. Land at Revalued Amounts

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

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

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

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

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

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

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

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

15. Investment Properties

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

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

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

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

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

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

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

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

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

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

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

16. Other Noncurrent Assets

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

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

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

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

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

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

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

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

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

The movements in software costs follows:

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

17. Trade Payables and Other Current Liabilities

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

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

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

Contract liabilities pertain to payments received before broadcast and before delivery of goods and services amouting to ₱130.48 million and ₱35.91 million as at December 31, 2021 and 2020, respectively. These are recognized as revenue when the Group performs the obligation under the contract. The total beginning balance of contract liabilities in 2021 amounting to ₱35.9 million was recognized as revenue for the year ended December 31, 2021. This account also includes contract liabilities of ₱22.00 million resulting from the sale of the Group's interests in X-Play in 2015 (see Note 11).

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

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

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

18. **Short-term Loans**

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

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

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

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

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

19. Obligations for Program and Other Rights

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

20. Equity

a. Capital Stock

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

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

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

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

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

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

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

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

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

b. Retained Earnings

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

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

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

The Parent Company's outstanding dividends payable amounted to ₱39.59 million and ₱19.89 million as at December 31, 2021 and 2020, respectively.

The balance of retained earnings includes Parent Company's accumulated equity in net earnings of subsidiaries and associates which are not currently available for dividend declaration until declared by the respective subsidiaries and associates amounting to ₱106.07 million and ₱103.05 million as at December 31, 2021 and 2020, respectively. The Parent Company plans to declare its excess retained earnings over paid-in capital as at December 31, 2021 as cash dividends in 2022.

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

21. Related Party Disclosures

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

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

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

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

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

Account Name and Category	Related Party	Year	Amount/ Volume of Transactions	Receivables	Terms	Conditions
Advances (see Note 12)	**Associate:**					
	Mont-Aire	**2021**	**₱1,809,712**	**₱99,531,728**	Noninterest-	Unsecured;
		2020	600,186	97,722,016	bearing	not impaired
	Joint ventures:					
	Gamespan	**2021**	**–**	**1,959,670**	Noninterest-	Unsecured;
		2020	–	1,959,670	bearing	not impaired
	PEP	**2021**		**363,007**	Noninterest-	Unsecured;
		2020	248,640	860,055	bearing	not impaired
	INQ7	**2021**	**–**	**11,544,000**	Noninterest-	Unsecured;
		2020	–	11,544,000	bearing	fully impaired
	Total	**2021**	**₱1,809,712**	**₱113,398,405**		
		2020	₱848,826	₱112,085,741		

Account Name and Category	Related Party	Year	Amount/ Volume of Transactions	Receivables	Terms	Conditions
Nontrade Receivables						
Reimbursable charges (see Note 7)	**Common stockholders:**					
	GMA Kapuso Foundation Inc.	**2021**	**₱633,244**	**₱1,356,049**	On demand, noninterest-bearing	Unsecured; not impaired
		2020	1,167,042	3,361,550		
Legal, consulting and retainers' fees	Belo, Gozon, Elma Law	**2021**	**19,517,527**	–	On demand, noninterest-bearing	Unsecured; not impaired
		2020	13,711,015	–		
	Total	**2021**	**₱20,150,771**	**₱1,356,049**		
		2020	14,878,057	3,361,550		

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

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

	2021	2020	2019
Salaries and other long-term benefits (see Notes 24 and 25)	**₱1,008,057,516**	₱913,703,843	₱711,908,901
Pension benefits (see Notes 24 and 25)	**190,689,516**	165,255,983	95,819,977
	₱1,198,747,032	₱1,078,959,826	₱807,728,878

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

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

22. Revenues

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

	2021	2020	2019
Revenue source			
Sale of service			
Advertising revenue	**₱21,015,167,014**	₱17,727,494,901	₱15,173,925,007
Subscription revenue (see Note 28)	**786,471,873**	911,005,081	1,056,700,874
Revenue from distribution and content provisioning	**41,962,566**	63,653,634	89,350,710
Production revenue	**78,698,883**	49,947,752	173,475,621
Sale of goods	**528,023,061**	583,794,170	–
Total revenue from contracts with customers	**₱22,450,323,397**	₱19,335,895,538	₱16,493,452,212

	2021	2020	2019
Geographical markets			
Local	**₱21,521,575,148**	₱18,311,968,706	₱15,288,293,657
International	**928,748,249**	1,023,926,832	1,205,158,555
Total revenue from contracts with customers	**₱22,450,323,397**	₱19,335,895,538	₱16,493,452,212
Timing of revenue recognition			
Goods/services transferred at a point in time	**₱21,663,851,524**	₱18,424,890,457	₱15,436,751,338
Services transferred over time	**786,471,873**	911,005,081	1,056,700,874
Total revenue from contracts with customers	**₱22,450,323,397**	₱19,335,895,538	₱16,493,452,212

23. Production Costs

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

24. General and Administrative Expenses

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

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

Depreciation

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

25. Personnel Costs

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

The above amounts were distributed as follows:

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

26. Others - Net

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

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

27. Pension and Other Employee Benefits

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

	2021	2020
Pension liability	**₱4,169,686,751**	₱4,915,125,689
Vacation and sick leave accrual	**399,171,250**	355,988,220
	4,568,858,001	5,271,113,909
Less current portion of vacation and sick leave accrual*	**5,422,020**	6,285,766
Pension and other long-term employee benefits	**₱4,563,435,981**	₱5,264,828,143

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

Pension Benefits

The Group operates non-contributory defined benefit retirement plans.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The plan assets consist of the following:

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

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

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

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

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

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

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

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

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

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

	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation		
		2021	2020	2019
Discount rate	50	**(₱290,833,103)**	(₱320,849,879)	(₱190,958,480)
	(50)	**314,400,163**	348,403,037	202,730,781
Future salary increases	50	**315,633,737**	346,062,010	210,769,378
	(50)	**(294,598,995)**	(321.818,707)	(194,862,800)

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

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

Other Long-Term Employee Benefits

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

28. Agreements

Lease Agreements

Group as a Lessee

The Group entered into various lease agreements for land, building, studio and office spaces that it presently occupies and uses for periods ranging from two to 12 years. The lease agreements can be renewed subject to mutual agreement. Most of the lease agreements can be terminated at the option of the Group while the termination option in the lease agreements of NMI, a subsidiary is subject to mutual agreement.

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

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

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

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

The rollforward analysis of lease liabilities follows:

	2021	2020
Balance at beginning of year	**₱76,856,072**	₱105,788,115
Additions	**61,766,318**	–
Accretion of interest	**8,396,879**	5,817,214
Payments	**(27,633,367)**	(21,762,363)
Pre-termination	**–**	(12,986,894)
Balance at end of year	**₱119,385,902**	₱76,856,072

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

The rollforward analysis of dismantling provision follows:

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

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

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

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

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

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

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

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

Subscription Agreements

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

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

Purchase Agreement for Set-top Boxes

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

29. Income Taxes

Current Income Tax

The current income tax consists of the following:

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

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

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

Deferred Taxes

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

	2021	2020
Deferred tax assets:		
Pension liability	**₱1,041,784,250**	₱1,473,503,571
Allowance for ECL	**224,507,665**	227,801,136
Other long-term employee benefits	**98,240,972**	104,910,736
Contract liabilities	**32,619,931**	10,772,554
Lease liabilities	**29,570,900**	22,706,164
Unrealized loss on financial assets at FVOCI	**13,046,917**	6,218,787
Dismantling provision	**11,524,362**	13,492,023
Intercompany sale of intangible assets	**11,250,000**	18,000,000
Unrealized foreign exchange loss	**8,386,408**	8,213,125
Allowance for probable losses in advances	**7,197,236**	8,187,320
Unamortized past service cost	**6,721,349**	7,862,147
NOLCO	**383,792**	298,058
Excess MCIT over RCIT	**22,619**	22,619
Accrued expenses	**–**	30,265,904
	1,485,256,401	1,932,254,144
Deferred tax liabilities:		
Revaluation increment on land	**(610,894,711)**	(733,073,652)
Right-of-use assets	**(30,778,315)**	(26,460,540)
	(641,673,026)	(759,534,192)
	₱843,583,375	₱1,172,719,952

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

	2021	2020
Revaluation increment on land	**(₱610,894,711)**	(₱733,073,652)
Pension liability - remeasurement loss on retirement plan	**198,591,990**	677,677,431
Revaluation of financial assets at FVOCI	**13,046,917**	7,862,147
	(₱399,255,804)	(₱47,534,074)

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

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

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

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

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

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

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

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

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

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

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

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

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

- Reduction in the RCIT rate from 30% to 20% for entities with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding the value of land on which the business entity's office, plant and equipment are situated);
- Reduction in the RCIT from 30% to 25% for all other corporations;
- Reduction in the MCIT rate from 2% to 1% of gross income for 3 years or until June 30, 2023; and
- Repeal of the imposition of 10% improperly accumulated earnings tax (IAET).

Applying the provisions of the CREATE Act, the Group has been subjected to the lower RCIT rate of 25% of taxable income or the reduced MCIT rate of 1% of gross income, effective July 1, 2020.

The Group recognized in its consolidated financial statements as at and for the year ended December 31, 2021, a reduction in Provision for income tax (current and deferred), Deferred tax on comprehensive income directly charged to Equity and Deferred tax assets - net amounting to ₱223.2 million, ₱58.2 million, and ₱109.9 million, respectively, pertaining to the change in tax rate for the year ended December 31, 2020. This includes the effect on the revaluation increment on land amounting to ₱122.2 million recognized in the statement of comprehensive income in 2021.

30. EPS Computation

The computation of basic and diluted EPS follows:

	2021	2020	2019
Net income attributable to equity holders of the Parent Company (a)	**₱7,530,114,246**	₱5,984,584,939	₱2,618,460,706
Less attributable to preferred shareholders	**2,322,917,048**	1,846,897,337	808,080,787
Net income attributable to common equity holders of the Parent Company (b)	**₱5,207,197,198**	₱4,137,687,602	₱1,810,379,919

(Forward)

	2021	2020	2019
Common shares issued at the beginning of year (Note 20)	**3,364,692,000**	3,364,692,000	3,364,692,000
Treasury shares (Note 20)	**–**	(3,645,000)	(3,645,000)
Underlying shares on acquired PDRs (Note 20)	**–**	(750,000)	(750,000)
Weighted average number of common shares for basic EPS (c)	**3,362,494,500**	3,360,297,000	3,360,297,000
Weighted average number of common shares	**3,362,494,500**	3,360,297,000	3,360,297,000
Effect of dilution - assumed conversion of preferred shares	**1,500,000,000**	1,500,000,000	1,500,000,000
Reacquired preferred shares	**–**	(98,563)	(98,563)
Weighted average number of common shares adjusted for the effect of dilution (d)	**4,861,346,469**	4,860,198,437	4,860,198,437
Basic EPS (b/c)	**₱1.549**	₱1.231	₱0.539
Diluted EPS (a/d)	**₱1.549**	₱1.231	₱0.539

31. Financial Risk Management Objectives and Policies

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

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

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

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

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

		2021			
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Financial assets at amortized cost:					
Cash and cash equivalents	**₱2,919,451,027**	**₱1,874,115,127**	**₱–**	**₱–**	**₱4,793,566,154**
Trade receivables:					
Television and radio airtime	**3,096,597,816**	**4,230,324,198**	**–**	**–**	**7,326,922,014**
Subscriptions	**57,467,274**	**158,484,088**	**–**	**–**	**215,951,362**
Others	**81,337,286**	**36,185,002**	**–**	**–**	**117,522,288**

(Forward)

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
		2021			
Nontrade receivables:					
Advances to officers and employees	**₱1,923,767**	**₱7,439,509**	**₱–**	**₱–**	**₱9,363,276**
Others	**52,095,656**	**62,690,411**	–	–	**114,786,067**
Refundable deposits*	–	–	–	**22,165,836**	**22,165,836**
Financial assets at FVOCI	–	–	–	**116,711,276**	**116,711,276**
	6,208,872,826	**6,369,238,335**	–	**138,877,112**	**12,716,988,273**
Loans and borrowings:					
Trade payables and other current liabilities**	**385,382,010**	**606,108,361**	**28,078,727**	–	**1,019,569,098**
Short-term loans***	–	**739,485,500**	–	–	**739,485,500**
Obligations for program and other rights	–	**143,341,523**	**69,237,163**	–	**212,578,686**
Lease liabilities***	–	**6,074,285**	**17,287,750**	**100,682,673**	**124,044,708**
Dividends payable	**39,589,204**	–	–	–	**39,589,204**
	424,971,214	**1,495,009,669**	**114,603,640**	**100,682,673**	**2,135,267,196**
Liquidity Portion (Gap)	**₱5,783,901,612**	**₱4,874,228,666**	**(₱114,603,640)**	**₱38,194,439**	**₱10,581,721,077**

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

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
		2020			
Financial assets at amortized cost:					
Cash and cash equivalents	₱2,892,545,281	₱322,271,983	₱–	₱–	₱3,214,817,264
Trade receivables:					
Television and radio airtime	2,455,964,077	7,478,640,764	–	–	9,934,604,841
Subscriptions	162,802,287	84,098,769	–	–	246,901,056
Others	82,251,529	46,624,618	–	–	128,876,147
Nontrade receivables:					
Advances to officers and employees	1,636,162	5,230,704	–	–	6,866,866
Others	84,639,593	64,649,192	–	–	149,288,785
Refundable deposits*	–	–	–	21,427,422	21,427,422
Financial assets at FVOCI	–	–	–	192,132,088	192,132,088
	5,679,838,929	8,001,516,030	–	213,559,510	13,894,914,469
Loans and borrowings:					
Trade payables and other current liabilities**	₱541,916,369	₱648,035,317	₱16,964,424	₱–	₱1,206,916,110
Short-term loans***	–	720,741,190	–	–	720,741,190
Obligations for program and other rights	–	73,369,390	102,812,738	–	176,182,128
Lease liabilities***	–	4,208,629	12,032,002	83,333,102	99,573,733
Dividends Payable	19,894,437	–	–	–	19,894,437
	561,810,806	1,446,354,526	131,809,164	83,333,102	2,223,307,598
Liquidity Portion (Gap)	₱5,118,028,123	₱6,555,161,504	(₱131,809,164)	₱130,226,408	₱11,671,606,871

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

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

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

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

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

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

	Appreciation/ (Depreciation) of Peso	USD	CAD	SGD	AUD	AED	EUR	Total
2021	**0.50**	**₱5,847,881**	**₱2,031,554**	**₱70,799**	**₱72,000**	**₱66,258**	**₱11,263**	**₱8,099,755**
	(0.50)	**(5,847,881)**	**(₱2,031,554)**	**(70,799)**	**(₱72,000**	**(₱66,258)**	**(11,263)**	**(8,099,755)**
2020	0.50	₱1,036,534	(₱1,454,109)	(₱56,863)	(₱18,427)	(₱26,085)	₱5,835	(₱513,115)
	(0.50)	(1,036,534)	1,454,109	56,863	18,427	26,085	(5,835)	513,115

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

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

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

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

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

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

Credit quality of Financial Assets, Other than Trade Receivables

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

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

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

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

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

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

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

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

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

Credit Quality of Trade Receivables
An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segment with similar loss patterns (i.e, by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

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

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

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

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

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

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

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

32. **Fair Value Measurement**

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

	2021			
		Fair Value		
	Carrying Value	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Input (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets				
Assets Measured at Fair Value				
Land at revalued amount	**₱2,945,297,014**	**₱–**	**₱–**	**₱2,945,297,014**
Financial assets at FVOCI	**116,711,276**	**–**	**13,371,842**	**103,339,434**
Assets for which Fair Values are Disclosed				
Investment properties	**33,487,447**	**–**	**–**	**203,902,548**
Financial assets at amortized cost - Refundable deposits*	**22,165,836**	**–**	**–**	**17,499,532**
	₱3,117,661,573	**₱–**	**₱13,371,842**	**₱3,270,038,528**
Liabilities				
Financial liabilities at amortized cost - Obligations for program and other rights	**₱11,237,556**	**₱–**	**₱–**	**₱11,237,556**

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

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

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

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

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

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

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

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

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

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

Fair Value Determination

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

Cash and Cash Equivalents and Trade and Other Receivables

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

Refundable Deposits

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

Financial assets at FVOCI

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

Investment Properties and Land at Revalued Amount

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

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

Trade Payables and Other Current Liabilities (excluding Payable to Government Agencies and Advances from Customers), Short-term Loans, Obligations for Program and Other Rights and Dividends Payable
The carrying values of trade payables and other current liabilities, short-term loans, current portion of obligations for program and other rights and dividends payable approximate their fair values due to the relatively short-term maturity of these financial instruments.

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

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

33. Changes in Liabilities Arising from Financing Activities

	January 1, 2021	**Additions**	**Payments**	**Others***	**December 31, 2021**
Short-term loans	**₱720,345,000**	**₱4,479,150,000**	**(₱4,542,575,000)**	**₱82,565,500**	**₱739,485,500**
Lease liabilities	**76,856,072**	**61,766,318**	**(27,633,367)**	**8,396,879**	**119,385,902**
Dividends payable	**19,894,437**	**6,568,917,889**	**(6,549,223,122)**	**–**	**39,589,204**
Accrued interest expense**	**756,363**	**38,086,089**	**(38,330,656)**	**–**	**511,796**
Total liabilities from financing activities	**₱817,851,872**	**₱11,147,920,296**	**(11,157,762,145)**	**₱90,962,379**	**₱898,972,402**

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

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

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

34. Events after the Reporting Period

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

DIRECTORY

LUZON

TV-7 Metro Manila (GMA)
Brgy. Culiat, Tandang Sora, Quezon City
(02) 8 931-9183

TV-27 Metro Manila (GTV)
Brgy. Culiat, Tandang Sora, Quezon City
(02) 8 931-9183

DTT- Ch.15 Metro Manila
Brgy. Culiat, Tandang Sora, Quezon City
(02) 8 931-9183

TV-5 Ilocos Norte (GMA)
Brgy. San Lorenzo, San Nicolas, Ilocos Norte
0916-6715439

TV-27 Ilocos Norte (GTV)
Brgy. San Lorenzo, San Nicolas, Ilocos Norte
0916-6715439

TV-48 Ilocos Sur (GMA)
Mt. Caniao, Bantay, Ilocos Sur
0915-8632841

DTT- Ch.15 Ilocos Sur
Mt. Caniao, Bantay, Ilocos Sur
0915-8632841

TV-7 Batanes (GMA)
Brgy. Kayvaluganan, Basco, Batanes
0915-6127197

TV-13 Aparri, Cagayan (GMA)
Hi-Class Bldg., De Rivera St., Aparri, Cagayan
0915-6130530

TV-26 Aparri, Cagayan (GTV)
Hi-Class Bldg., De Rivera St., Aparri, Cagayan
0915-6130530

TV-7 Tuguegarao, Cagayan (GMA)
No. 91 Mabini St., Tuguegarao City, Cagayan
0915-6127263

TV-27 Tuguegarao, Cagayan (GTV)
No. 91 Mabini St., Tuguegarao City, Cagayan
0915-6127263

TV-7 Santiago City (GMA)
Heritage Commercial Complex, Maharlika Hi-way, Brgy. Malvar, Santiago City, Isabela
0915-2700063

TV-5 Baler (GMA)
Purok 3, Brgy. Buhangin, Baler, Aurora
0915-6127194

TV-10 Olongapo (GMA)
Upper Mabayuhan, Olongapo City
0915-6127265

TV-26 Olongapo (GTV)
Upper Mabayuhan, Olongapo City
0915-6127265

TV-12 Batangas (GMA)
Mt. Banoy, Bo. Talumpok East, Batangas City
0915-8632860

TV-26 Batangas (GTV)
Mt. Banoy, Bo. Talumpok East, Batangas City
0915-8632860

DTT-Ch.32 Batangas
Mt. Banoy, Bo. Talumpok East, Batangas City
0915-8632860

TV-44 Jalajala, Rizal (GMA)
Mt. Landing, Jalajala, Rizal
0915-8632874

TV-13 Occidental Mindoro (GMA)
Bonifacio St., San Jose, Occidental Mindoro
0915-6127199

TV-26 Occidental Mindoro (GTV)
Bonifacio St., San Jose, Occidental Mindoro
0915-6127199

TV-6 Brooke's Point, Palawan (GMA)
Poblacion, Brooke's Point, Palawan
0915-6127181

TV-8 Coron, Palawan (GMA)
Tapias Hill, Coron, Palawan
0915-6127178

TV-12 Puerto Princesa, Palawan (GMA)
Mitra Rd., Brgy. Sta. Monica, Puerto Princesa, Palawan
0915-6127185

TV-27 Puerto Princesa, Palawan (GTV)
Mitra Rd., Brgy. Sta. Monica, Puerto Princesa, Palawan
0915-6127185

TV-7 Romblon (GMA)
Triple Peak, Sta. Maria, Tablas, Romblon
0915-6127225

TV-12 Legaspi (GMA)
Mt. Bariw, Estanza, Legaspi City
0915-8632867

TV-27 Legaspi (GTV)
Mt. Bariw, Estanza, Legaspi City
0915-8632867

TV-8 Daet (GMA)
Purok 2, Brgy. Mancruz, Daet, Camarines Norte
0915-2700056

TV-7 Naga (GMA)
Brgy. Concepcion Pequeña, Naga City
0915-4417071

TV-28 Naga (GTV)
Brgy. Concepcion Pequeña, Naga City
0915-4417071

TV-13 Catanduanes (GMA)
Brgy. Sto. Niño, Virac, Catanduanes
0915-6127174

TV-7 Masbate (GMA)
Brgy. Pinamurbuhan, Mobo, Masbate
0915-6127175

TV-27 Masbate (GTV)
Brgy. Pinamurbuhan, Mobo, Masbate
0915-6127175

TV-2 Sorsogon (GMA)
Mt. Bintacan, Brgy. Maalo, Juban, Sorsogon
0915-2700192

TV-7 Abra (GMA)
Brgy. Lusuac, Peñarrubia, Abra
0915-6130512

TV-10 Benguet (GMA)
Mt. Sto. Tomas, Tuba, Benguet
0915-4417080

TV-22 Benguet (GTV)
Mt. Sto. Tomas, Tuba, Benguet
0915-4417080

DTT- Ch.38 Benguet
Mt. Sto. Tomas, Tuba, Benguet
0915-4417080

TV-5 Mountain Province (GMA)
Mt Amuyao, Barlig, Mountain Province
0915-2700124

VISAYAS

TV-2 Kalibo (GMA)
Brgy Bulwang, Numancia, Aklan
0915-6127216

TV-27 Kalibo (GTV)
Brgy Bulwang, Numancia, Aklan
0915-6127216

TV-5 Roxas (GMA)
Mission Hills, Brgy. Milibili, Roxas City, Capiz
0915-6127217

TV-27 Roxas (GTV)
Mission Hills, Brgy. Milibili, Roxas City, Capiz
0915-6127217

TV-6 Guimaras (GMA)
Brgy. Tamborong, San Lorenzo, Guimaras
0915-4417084

TV-28 Iloilo (GTV)
Phase 5, Alta Tierra Subdivision, Jaro, Iloilo
0915-4417084

DTT-Ch. 29 Guimaras
Brgy. Tamborong, San Lorenzo, Guimaras
0915-4417084

TV-13 Bacolod (GMA)
Isecure Bldg., Rizal St. cor. Locsin St., Bacolod City
0915-8632864

DTT-Ch. 44 Bacolod
Isecure Bldg., Rizal St. cor. Locsin St., Bacolod City
0915-8632864

TV-30 Murcia, Negros Occidental (GMA)
Mt. Kanlandog, Brgy. Canlandog,
Murcia, Negros Occidental
0915-2700132

TV-10 Sipalay (GMA)
Sipalay Old Municipal Building, Sipalay,
Negros Occidental
0915-6127219

TV-11 Bohol (GMA)
Banat-I Hills, Bool District, Tagbilaran City
0915-6127214

TV-7 Cebu (GMA)
Bonbon, Cebu City
0915-4417075

TV-27 Cebu (GTV)
Bonbon, Cebu City
0915-4417075

DTT- Ch.26 Cebu
Bonbon, Cebu City
0915-4417075

TV-5 Dumaguete (GMA)
Pancil Looc, Sibulan, Negros Oriental
0915-6131185

TV-28 Dumaguete (GTV)
Pancil Looc, Sibulan, Negros Oriental
0915-6131185

TV-8 Borongan (GMA)
Songco, Borongan City, Eastern Samar
0915-6127177

TV-12 Ormoc (GMA)
Purok 1 Brgy. Alta Vista, Ormoc City
0915-6127213

TV-10 Tacloban (GMA)
Mt. Canlais, Brgy. Basper, Tacloban City
0915-6127208

TV-26 Tacloban (GTV)
Mt. Canlais, Brgy. Basper, Tacloban City
0915-6127208

TV-5 Calbayog (GMA)
Purok 2 San Mateo St. Brgy. Matobato,
Calbayog City, Western Samar
0915-6127176

MINDANAO

TV-4 Dipolog (GMA)
Linabo Peak, Dipolog City, Zamboanga Del Norte
0915-6127247

TV-26 Dipolog (GTV)
Linabo Peak, Dipolog City, Zamboanga Del Norte
0915-6127247

TV-3 Pagadian (GMA)
Mt. Palpalan, Pagadian City, Zamboanga del Sur
0915-6127245

TV-26 Pagadian (GTV)
Mt. Palpalan, Pagadian City, Zamboanga del Sur
0915-6127245

TV-9 Zamboanga (GMA)
Brgy. Cabatangan, Zamboanga City
0915-8632870

TV-21 Zamboanga (GTV)
Brgy. Cabatangan, Zamboanga City
0915-8632870

TV-12 Mt. Kitanglad, Bukidnon (GMA)
Mt. Kitanglad, Bukidnon
915-8632863

TV-5 Ozamis, Misamis Occidental (GMA)
Bo. Malaubang, Ozamis City, Misamis Occidental
0915-6127220

TV-22 Ozamis, Misamis Occidental (GTV)
Bo. Malaubang, Ozamis City, Misamis Occidental
0915-6127220

TV-11 Iligan City (GMA)
Brgy. Del Carmen, Iligan City, Lanao del Norte
0915-6131202

TV-35 Cagayan de Oro (GMA)
Malasag Heights, Brgy. Cugman, Cagayan de Oro City
0915-8632875

DTT-Ch.47 Cagayan De Oro
Malasag Heights, Brgy. Cugman, Cagayan de Oro City
0915-8632875

TV-26 Butuan (GMA)
Brgy. Bonbon, Butuan City, Agusan del Norte
0916-3178470

TV-5 Davao (GMA)
Shrine Hills, Matina, Davao City 0915-4417082

TV-27 Davao (GTV)
Shrine Hills, Matina, Davao City
0915-4417082

DTT-Ch.37 Davao
Shrine Hills, Matina, Davao City
0915-4417082

TV-12 Cotabato (GMA)
Regional Government Center, Cotabato City
0915-6131170

TV-27 Cotabato (GTV)
Regional Government Center, Cotabato City
0915-6131170

TV-8 General Santos (GMA)
Nuñez St., Brgy. San Isidro, General Santos City
0915-8632871

TV-26 General Santos (GTV)
Nuñez St., Brgy. San Isidro, General Santos City
0915-8632871

TV-10 Surigao (GMA)
Lipata Hills, Surigao City, Surigao del Norte
0915-6131227

TV-27 Surigao (GTV)
Lipata Hills, Surigao City, Surigao del Norte
0915-6131227

TV-2 Tandag (GMA)
Capitol Hill, Brgy. Telaje, Tandag, Surigao del Sur
0915-6127248

TV-12 Jolo, Sulu (GMA)
Ynawat Bldg., Hadji Butu St., Jolo, Sulu
0915-6131182

TV-26 Jolo, Sulu (GTV)
Ynawat Bldg., Hadji Butu St., Jolo, Sulu
0915-6131182

GMA'S RADIO STATIONS

METRO MANILA
AM – DZBB (594 khz.) 50kW
FM – DWLS (97.1 mhz.) 25kW
GMA Complex, EDSA cor. Timog Ave.,
Diliman, Quezon City

BAGUIO
FM – DWRA (92.7 mhz.) 10kW
2/F Baguio Midland Courier Bldg. 16
Kisad Rd., Baguio City

DAGUPAN
AM – DZSD (1548 khz.) 10kW
FM – DWTL (93.5 mhz.) 10kW
GMA TV 10 Compound, Claveria Road,
Malued District, Dagupan City

LEGAZPI
FM – DWCW (96.3 mhz.) 10kW
3rd level A. Bichara Silverseen Entertainment
Center, Magallanes St., Legazpi City

LUCENA
FM – DWQL (91.1 mhz.) 10kW
3/F Ancon Bldg., Merchan Street, Lucena City

NAGA
FM – DWQW (101.5 mhz.) 5kW
GMA Complex, Diversion Road(Roxas Ave.)
Beside Mother Seton Hospital, Naga City

PALAWAN
AM – DYSP (909 khz.) 5kW
FM – DYHY (97.5 mhz.) 5kW
Solid Road, San Manuel
Puerto Princesa City, Palawan

TUGUEGARAO
FM – DWWQ (89.3 mhz.) 10kW
4/F Villablanca Hotel Pattaui St. cor. Pallua Rd.,
Ugac Norte Tuguegarao City, Cagayan

VISAYAS

BACOLOD
AM – DYSB (1179 khz.) 3KW
FM – DYEN (107.1mhz.) 10kW
3/F Centroplex Mall,
Gonzaga-Locsin St. Brgy. 21
Bacolod City

CEBU
AM – DYSS (999 khz.) 10kW
FM – DYRT (99.5 mhz.) 25kW
GMA Skyview Complex Nivel Hills,
Lahug, Cebu City

ILOILO
AM – DYSI (1323 khz.) 10kW
FM – DYMK (93.5 mhz.) 10kW
GMA Broadcast Complex Phase 5, Alta Tierra
Village, Jaro, Iloilo City

KALIBO
FM – DYRU (92.9 mhz.) 5kW
Torres-Olivia Bldg. Roxas Ave. Extension,
Kalibo, Aklan

MINDANAO

CAGAYAN DE ORO
FM – DXLX (100.7 mhz.) 10kW
2nd Flr. Centro Mariano Bldg.
Osmena St. Cagayan de Oro City

DAVAO
AM – DXGM (1125 khz.) 10kW
FM – DXRV (103.5) 10kW
GMA Network Complex, Shrine Hills,
Matina Davao City

GENERAL SANTOS
AM – DXBB (Leased) (1107 khz.) 5kW
FM – DXCJ (102.3 mhz.) 10kW
3/F PBC Bldg., Cagampang St. Gen. Santos City

ILIGAN
FM – DXND (90.1 mhz.) 10kW
5/F Norpen Building, Roxas Ave., Poblacion,
Iligan City

ZAMBOANGA
AM – DXRC (1287 kHz.) 5KW
Logoy Duitay, Talon-Talon, Zamboanga City

SUBSIDIARIES

GMA New Media, Inc.
12/F GMA Network Center, EDSA cor. Timog
Avenue, Diliman, Quezon City
Tel: 8857-4600 local 4200
8857-4627
Website: www.gmanmi.com

CityNet Network Marketing and Productions, Inc.
GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 8982-7777

GMA Network Films, Inc.
GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 8982-7777 local 9989
8333-7581
8333-7582

GMA Worldwide (Philippines), Inc.
10/F GMA Network Center, EDSA corner
Timog Avenue, Diliman, Quezon City
Tel: 8982-7777 local 9381
8333-7634

RGMA Marketing and Productions, Inc. (GMA Music)
Unit 505 GEMPC Bldg. Timog Ave., Diliman Quezon City
Website: www.gmanetwork.com/records
Tel: 8376-3395

Script2010, Inc.
GMA Complex, EDSA corner Timog Avenue,
Diliman, Quezon City
Tel: 8982-7777 local 9921

Alta Productions, Inc.
10/F Sagittarius Building, H.V. Dela Costa St.,
Salcedo Village, Makati City
Tel: 8816-3981

GMA Marketing and Productions, Inc.
15/F GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 8982-7777

Digital Media/GMA News Online (Formerly Media Merge)
2/F GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 8982-7777 local 1308
8333-7663

Digify, Inc.
GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 8857-4600 local 4200

AFFILIATES

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16/F Sagittarius Condominium 1, H.V. Dela Costa St.,
Salcedo Village, Makati City
Tel: 8982-7777 - local 8519/8508
Fax: 8333-7132

RGMA Network, Inc.
GMA Complex, EDSA cor. Timog Avenue, Diliman,
Quezon City
Tel: 8982-7777
8925-8188

JOINT VENTURES

Philippine Entertainment Portal, Inc.
Level 2, Robinsons Galleria, EDSA
cor. Ortigas Avenue, Quezon City
Website: www.pep.ph

SOCIO-CIVIC ORGANIZATIONS

GMA Kapuso Foundation, Inc.
2/F Kapuso Center, GMA Network Drive cor.
Samar St., EDSA, Diliman, Quezon City
Tel: 8982-7777 loc. 9901 and 9905
Telefax: 8928-4299 8928-9351
E-mail: gmaf@gmanetwork.com
Website www.kapusofoundation.com

Kapwa Ko Mahal Ko
2/F Kapuso Center
GMA Network Drive cor. Samar St.,
EDSA, Diliman Quezon City
Tel: 8426-3920
8982-7777 loc. 9950
Email: kkmk@gmanetwork.com
donate@kapwako.org

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Sycip Gorres Velayo and Co.
6760 Ayala Avenue, Makati City
Tel: 8891-0307
Fax: 8819-0872

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15th and 16th Floors, Sagittarius Condominiums,
111 H.V. Dela Costa St., Salcedo Village, Makati City
Tel: 8816-3716 to 19
Fax: 8817-0696 • 8812-0008

Tarriela Tagao Ona & Associates
8/F Strata 2000, Emerald Avenue,
Ortigas Center, Pasig City
Tel: 8635-6092 to 94
Fax: 8635-6245

BANK REFERENCES

Abacus Capital and Investments Corp.
Unit 3001-E Philippine Stock Exchange Center,
Exchange Road, Ortigas Center, Pasig City

Amalgamated Investment Bancorporation
11/F 6805 Ayala Avenue
Makati City

Asia United Bank
Parc Royale Condominium
Dona Jullia Vargas, Ortigas Center, Pasig City

Banco de Oro Universal Bank
12 ADB Avenue, Ortigas Center
Mandaluyong City

Bank of the Philippine Islands
BPI Bldg., Ayala Avenue corner Paseo de Roxas
Makati City

Chinatrust (Phils.) Commercial Bank
Tower One and Exchange Plaza,
Ayala Triangle, Ayala Avenue, Makati City

Citibank, N.A.
Citibank Tower
8741 Paseo de Roxas, Makati City

Development Bank of the Philippines
Sen. Gil Puyat Avenue, Makati City

Deutsche Bank AG (Manila Branch)
26/F Tower One, Ayala Triangle,
Makati City

East West Bank
6795 Ayala Avenue cor. Herrera St.,
Salcedo Village, Makati City

JP Morgan Chase Bank
31/F Philamlife Tower,
8767 Paseo de Roxas, Makati City

Landbank of the Philippines
Landbank Plaza, 1598 M.H. del Pilar St.,
cor. J.Quintos, Malate, Manila

Metropolitan Bank & Trust Co.
Metrobank Plaza, Sen. Gil Puyat Avenue, Makati City

Malayan Bank Savings and Mortgage Bank
Majalco Bldg., Benavidez cor. Trasierra St.,
Legaspi Village, Makati City

Philippine Bank of Communication
ACPC Bldg., 1186 Quezon Avenue, Quezon City

Philippine Business Bank (Congressional branch)
#622 Congressional Avenue Brgy. Toro Quezon City

Philippine National Bank
PNB Financial Center,
Pres. Diosdado Macapagal Blvd., Pasay City

Rizal Commercial Banking Corporation
Unit 106 Parc Chateau Condominium,
Garnet cor. Onyx St., Ortigas Center, Pasig City

Robinsons Bank
JSB Bldg., Tomas Morato corner Scout Delgado
Quezon City

Unicapital/Majalco
Majalco Bldg., Benavidez cor. Trasierra St.,
Legaspi Village, Makati City

Union Bank of the Philippines
Union Bank Plaza, Meralco Avenue cor. Onyx and
Sapphire Roads, Ortigas Center, Pasig City

United Coconut Planters' Bank
UCPB Building, Makati Avenue, Makati City

SHAREHOLDER SERVICES

Stock Transfer Service, Inc.
34/ F, Unit D, Rufino Pacific Tower
6784 Ayala Avenue, Makati City
Tel: 8403-2410 to 14
Fax: 8403-2414

Investor Relations
10/F GMA network Center, EDSA
corner Timog Avenue
Diliman, Quezon City
Tel: (02) 8982-7777 local 8042
Email: corporateaffairs@gmanetwork.com
Website: www.gmanetwork.com/corporate/ir

Stock Trading Information
GMA Network, Inc. is listed in the Philippine
Stock Exchange

TRADING SYMBOL

GMA7 – Common Shares
GMAP – Philippine Deposit Receipts (PDRs)

Read the Annual Report on your digital device at
https://www.gmanetwork.com/corporate/disclosures/
or via the QR code on this page.