C O V E R   S H E E T

SEC Registration Number

5	2	1	3							

C O M P A N Y   N A M E

G M A   N E T W O R K   I N C .

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

G M A   N E T W O R K   C E N T E R   E D S A   C O R N E R
T I M O G   A V E N U E   D I L I M A N

Form Type	Department requiring the report	Secondary License Type, If Applicable
17 A	M S R D	

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
mail@bgepal.com	88163716	

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Anna Teresa M. Gozon-Valdes	annettegozon@yahoo.com; rbarles@yahoo.com; mail@bgepal.com	88163716	09278021064

CONTACT PERSON's ADDRESS

15 F Sagittarius Building, 111 H.V. Dela Costa Street, Salcedo Village, Makati City

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 177
OF THE REVISED CORPORATION CODE OF THE PHILIPPINES

OF

GMA NETWORK, INC.

1. For the fiscal year ended: **December 31, 2021**

2. SEC Identification Number: **5213** 3. BIR Tax Identification No. 000-917-916-000

4. Exact name of issuer as specified in its charter: **GMA NETWORK, INC.**

5. **PHILIPPINES**
Province, Country or other jurisdiction of Incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. **GMA NETWORK CENTER, EDSA CORNER TIMOG AVENUE, DILIMAN, QUEZON CITY**
Address of principal office Postal Code **1103**

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

9. **NOT APPLICABLE**
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock	3,364,692,000

(*Each Common Share entitles the holder to one vote)*

Preferred Stock	7,500,000,000

(*Each Preferred Shares shall be entitled to one vote and shall have the same voting rights as the Common Shares)*

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

Yes [√]   No [ ]

If yes, state the name of such stock exchange and the classes of securities listed herein:

PHILIPPINE STOCK EXCHANGE / COMMON STOCK

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 25 and 177 of The Revised Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [√] No [ ]

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

Yes [√] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates of the registrant
State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in “Annex B”).

Aggregate Market Value of Voting Stock held by Non-affiliates[1] = P6.467 Billion (as of Mar 31, 2022)

[1] *Based on the cited definition of an affiliate: “Affiliate of, or a person affiliated with, a specified person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified”, the Gozon, Duavit and Jimenez families singly or collectively are deemed to have control of GMA Network, Inc. pursuant to MC No. 15 Series of 2019 by being: Natural person(s) owning, directly or indirectly through a chain of ownership, at least twenty-five (25%) of the voting rights, voting shares or capital of the reporting corporation. Hence, the shareholdings of the corporations affiliated with these families, the shareholdings of the members thereof who are holding directorship or officership positions in the Company and of those affiliated with the said members, are excluded from the aggregate market value of the voting stock held by non-affiliates.*

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the SRC subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

NOT APPLICABLE

15. The Company's Information Statements as filed pursuant to SRC Rule 20 are mentioned by reference in this report, particularly the Definitive Information Statement for the Company's Special Stockholders' Meeting held last December 9, 2021 under Item 4 (Submission of Matters to a Vote of Security Holders) of this Report and the Company's Information Statement for its 2022 Annual Stockholders' Meeting scheduled on May 18, 2022 under item I4 (Exhibits) of this Report.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

GMA Network, Inc. (GMA) is the Philippines' leading media and broadcast network reaching over 83 million Filipinos across the country with 46 percent people audience share in Total Philippines for the year 2021*.

With 92 TV stations and 23 radio stations nationwide, GMA is the country's largest broadcasting network.

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

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

With over seven decades of dedication and genuine public service, GMA Network has won an award that tops all else - the hearts of Filipino audiences here and abroad.

**Based on the January to December 2021 data from Nielsen Phils*

GMA SUBSIDIARIES, JOINT VENTURE AND AFFILIATES

The Company's subsidiaries and affiliates are involved in media-related services such as movie making, sets and props construction, film syndication, music and video recording, new media, online gaming post-production services, and marketing, which complement the Company's core television and radio broadcasting business.

The following table shows the Company's holdings in its principal subsidiaries, joint ventures, and affiliates as of December 31, 2021:

COMPANY	OWNERSHIP	PRINCIPAL ACTIVITIES
Subsidiaries		
GMA New Media, Inc. (NMI) (registered with the SEC on July 5, 2000)	100%	Converging Technology
Citynet Network Marketing and Productions, Inc. (registered with the SEC on Sept. 23, 1994)	100%	Television entertainment production
GMA Network Films, Inc. (registered with the SEC on August 5, 1995)	100%	Film production
GMA Worldwide (Philippines), Inc. (registered with the SEC on February 8, 1996)	100%	International marketing and syndication of the Parent Company's programs
RGMA Marketing and Productions, Inc. (GMA Music) (registered with the SEC on Sept. 3, 1997)	100%	Music recording, publishing and video distribution
Scenarios, Inc.* (registered with the SEC on July 11, 1996)	100%	Design, construction, maintenance and storage of sets for TV, stage plays and concerts; transportation services
Script2010, Inc.** (registered with the SEC on Sept. 3, 1997)	100%	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation and manpower services

Alta Productions Group, Inc. (registered with the SEC on October 1, 1988)	100%	Pre- and post-production services
GMA Marketing & Productions, Inc. (GMPI)* (registered with the SEC on August 6, 1980)	100%	Exclusive marketing and sales arm of GMA's airtime; events management; sales implementation; traffic services and monitoring
Mediamerge Corporation*** (registered with the SEC on August 15, 2002)	100%	Business development and operations for the Company's online publishing/advertising initiatives
Digify, Inc. (Digify)*** (registered with the SEC on Dec 26, 2011)	100%	Crafting, planning and handling advertising and other forms of promotion including multi-media productions
GMA Ventures, Inc. (registered with the SEC on July 7, 2021)	100%	GMA's investment and diversification arm
Joint Ventures		
INQ7 Interactive, Inc.* (registered with the SEC on Feb. 20, 2001)	50%	Internet publishing
Philippine Entertainment Portal, Inc. (PEP)*** (registered with the SEC on April 16, 2008)	50%	Internet publishing
Affiliates		
Mont-Aire Realty and Development Corp. (registered with the SEC on August 8, 1983)	49%	Real estate
RGMA Network, Inc. (registered with the SEC on September 27, 1995)	49%	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*

PUBLICLY ANNOUNCED NEW PRODUCT OR SERVICE

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. As a champion for innovative business models, GVI will focus on sunrise industries such as tech start-ups with substantial growth horizons and industries that continue to expand.

GMA Network continues to provide top-notch entertainment to every Filipino household with the launch of its new digital TV channel, I Heart Movies. The channel introduces four movie blocks: Timeless Telesine presents various GMA Telesine stories that are engaging and top-notch quality movies that were made for television. Meanwhile, Takilya Throwback features local classics from the '70s to early 2000s. In Block Screening, hit foreign movies await viewers. Lastly, widely-followed contemporary Filipino movies will air on the Pinoy Movie Date block.

In the same year, GMA Music announced the launch of the GMA Playlist as its new sub-label, offering fresh music for the new generation of listeners. The concert scene took a new form with 'Limitless: A Musical Trilogy' where Asia's Limitless Star Julie Anne San Jose showcased her musical talent as she tours the hidden gems of Mindanao and the beautiful island of Siquijor in Visayas.

The year 2021 was a period of partnerships: National Collegiate Athletic Association (NCAA), Regal Entertainment, iQiyi, among others. At the height of the pandemic, GMA Regional TV launched 'Balitang Bicolandia' delivering relevant local news, stories, and issues to Bicol viewers. The Network also 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.

Competition

The Company currently competes for audiences and advertising revenues directly with other broadcast stations, radio stations, newspapers, magazines, cable televisions, and outdoor advertising within their respective markets.

The following table presents major broadcasting networks in the country

Network	Description	Household Ratings and Audience Share (%)	**January – December 2021 Ratings & Audience Share** (Total day; 6AM-12MN)		
			Mega Manila	Urban Luzon	Urban National
GMA		Household Ratings	11.4	11.6	11.4
		Audience Share	46.2	46.9	45.7

GTV	GTV is GMA Network's sister channel. It is programmed by GMA. GTV is the revamp of GMA News TV (GNTV) which offers a variety of program genres, both news and entertainment shows. It was launched on February 22, 2021. [1] GMA News TV (GNTV) was launched on February 28, 2011. On June 5, 2019, GNTV's analog signal on Channel 11 was transferred to Channel 27 upon the expiration of GMA's block time agreement with Zoe Broadcasting Network which owns Channel 11.	Household Ratings	2.7	2.6	2.4
		Audience Share	10.8	10.4	9.7
Heart of Asia	Heart of Asia is one of the digital channels of GMA Network launched on June 29, 2020 offering K-drama titles, Asianovela series, GMA series and local/foreign movies. [2]	Household Ratings	1.3	1.2	0.9
		Audience Share	5.4	4.9	3.8
I Heart Movies*	I Heart Movies is one of the digital channels of GMA Network launched on April 5, 2021 which features both local and international films. [3]	Household Ratings	1.5	1.5	1.2
		Audience Share	6.2	6.0	4.9
Hallypop	Hallypop is one of the digital channels of GMA Network launched on September 20, 2020 offering Asian pop culture and music programs. [4]	Household Ratings	0.0	0.0	0.0
		Audience Share	0.2	0.2	0.2
TV5	Third-oldest TV network in the country, with main broadcast facilities in Novaliches, Quezon City. On March 2, 2010, Mediaquest acquired 100 percent ownership of the Associated Broadcasting Company and Primedia	Household Ratings	1.7	1.7	2.5

	Inc., the broadcasting firm's major block airtimer. On March 8, 2021, through an expanded partnership between TV5/Cignal and ABS-CBN, TV5 started to air some of ABS-CBN entertainment shows. [5] This is after the denial of ABS-CBN's application for renewal of broadcast franchise on July 10, 2020.	Audience Share	7.0	6.8	9.9
A2Z	A2Z is the rebranding of Channel 11 following the partnership of Zoe Broadcasting Network with ABS-CBN. It was launched on October 10, 2020 and will air some of ABS-CBN's shows. [6] This is after the denial of ABS-CBN's application for renewal of broadcast franchise on July 10, 2020. A2Z Channel 11 was initially seen via analog broadcast in Metro Manila and nearby provinces and on cable/satellite TV. On November 12, 2020, A2Z announced its availability on digital TV boxes in Metro Manila and parts of Bulacan, Batangas, Cavite, Laguna and Pampanga. [7] On September 18, 2021, Zoe Broadcasting Network and Philippine Collective Media Corporation signed a partnership wherein some of A2Z's programs will be aired thru PRTV Channel 12 in Tacloban and other parts of Eastern Visayas. [8]	Household Ratings	2.2	1.9	1.4
		Audience Share	8.9	7.5	5.6
CNN PHILIPPINES	CNN Philippines is owned and operated by Nine Media Corporation. It airs news-and-current affairs programs that are mostly in English.	Household Ratings	0.1	0.1	0.1

	CNN Philippines airs in what used to be RPN 9. RPN or Radio Philippines Network (RPN 9) formerly a Philippine VHF television network of the Government Communications Group. It was privatized in 2011 but the Philippine government retained 20-percent ownership of the channel. [9]	Audience Share	0.3	0.3	0.2
PTV	Official government TV, formerly called Maharlika Broadcasting System, Inc. and later the People's Television Network, Inc. (PTV).	Household Ratings	0.1	0.1	0.1
		Audience Share	0.3	0.3	0.5
IBC	Intercontinental Broadcasting Corporation (IBC-13) is a VHF TV station of the Government Communications Group launched in 1975 by Roberto Benedicto. IBC-13 started in 1960 as Inter-Island Broadcasting Corporation owned by then owner of San Miguel Corporation, Andres Soriano Sr. [10]	Household Ratings	0.0	0.0	0.0
		Audience Share	0.0	0.0	0.0
ETC	ETC is a digital free TV channel that is also available in pay TV and is one of the channels owned by Solar Entertainment Corporation through its wholly-owned subsidiary Southern Broadcasting Network. [11]	Household Ratings	0.2	0.2	0.1
		Audience Share	0.8	0.7	0.5
RJTV	RJTV is a digital free to air television channel owned and operated by Rajah Broadcasting Network, Inc. owned by Ramon "RJ" Jacinto. RJTV is previously in a blocktime agreement with Solar Entertainment Corporation's 2nd Avenue. However, 2nd Avenue ceased	Household Ratings	0.0	0.0	0.0

	its broadcast on June 5, 2018 after a 12-year run on cable and free-to-air and a decade of blocktime agreement with RJTV.	Audience Share	0.1	0.1	0.1
Kapamilya Channel	Kapamilya Channel is a cable/satellite channel programmed by ABS-CBN launched on June 13, 2020. [12] This is following the expiration of ABS-CBN's broadcast franchise on May 4, 2020 and went off-the-air starting May 5, 2020 at 7:52 PM in compliance with the cease and desist order issued by the National Telecommunications Commission (NTC). On July 10, 2020, ABS-CBN's application for renewal of broadcast franchise was denied keeping ABS-CBN off-the-air along with ABS-CBN Sports + Action and ABS-CBN's digital channels on TV Plus and SkyDirect (satellite). [13]	Household Ratings	0.3	0.5	0.7
		Audience Share	1.4	2.1	2.8

NOTE: Ratings data are based on Nielsen Television Audience Measurement (TAM).
'* Ratings and Audience Shares shown for I Heart Movies covers July-December 2021 only (Nielsen started releasing I Heart Movies ratings data on July 1, 2021).

Sources:

[1] https://www.gmanetwork.com/news/showbiz/chikaminute/776662/gma-news-tv-is-now-gtv/story/

[2] https://www.gmanetwork.com/news/showbiz/content/744301/gma-network-launches-new-digital-channel-heart-of-asia/story/

[3] https://www.gmanetwork.com/news/lifestyle/hobbiesandactivities/781660/watch-your-favorite-local-international-movies-for-free-through-this-digital-channel/story/

[4] https://www.gmanetwork.com/news/showbiz/chikaminute/755384/gma-network-launches-new-asian-pop-culture-digital-channel/story/

[5] https://news.abs-cbn.com/entertainment/03/05/21/tv5-to-simulcast-abs-cbns-primetime-bida-starting-march-8

[6] https://news.abs-cbn.com/entertainment/10/07/20/what-abs-cbn-shows-are-coming-to-a2z-channel-11

[7] https://news.abs-cbn.com/entertainment/11/12/20/a2z-now-available-on-digital-tv-boxes

[8] https://www.facebook.com/OfficialA2ZPH/photos/a.119133753285588/357505229448438/?type=3

[9] https://philippines.mom-rsf.org/en/media/detail/outlet/cnn-philippines/

[10] https://philippines.mom-rsf.org/en/media/detail/outlet/ibc-13/

[11] https://philippines.mom-rsf.org/en/media/detail/outlet/etc/

[12] https://ent.abs-cbn.com/articles-news/how-loyal-viewers-love-and-support-fuel-abs-cbns-commitment-to-serve-via-kapamilya channel-15054

[13] https://news.abs-cbn.com/spotlight/multimedia/slideshow/07/09/21/abs-cbn-franchise-rejection-timeline

RELATIVE SIZE AND FINANCIAL AND MARKET STRENGTH OF COMPETITORS

For the longest time, the Company considers ABS-CBN as its prime competitor in free-to-air (FTA) broadcasting, which is the core business of GMA. However, it can be recalled that ABS-CBN lost its franchise when the National Telecommunications Commission issued a cease-and-desist order against ABS-CBN's broadcast operations on May 5, 2020. Subsequently, on July 10 of the same year, the House Committee on Legislative Franchises adopted a resolution denying the media company's franchise application. Voting 70 to 11, the House committee rejected the application for a franchise renewal of ABS-CBN. Since then, ABS-CBN's content was no longer seen on Channel 2's free-to-air frequency. Nonetheless, ABS-CBN continued to operate and produce content, strengthening its presence in the digital landscape. It also forged partnerships with TV5 and Zoe Broadcasting Network. With this development, GMA's immediate competitors in FTA broadcasting remains to be TV5 plus newly rebranded Channel 11 - A2Z.

TV5 which was formerly known as ABC 5 rose to second place in the FTA broadcast industry with the absence of ABS's broadcasting franchise. The channel was re-launched in 2008 as TV5 after reaching a partnership with MPB Primedia, Inc. (MPB), a local company backed by Media Prima Berhad of Malaysia – with MPB producing and sourcing most of the entertainment programs of the channel. On October 20, 2009, Media Prima divested its share in TV5, selling it to Mediaquest Holdings Inc., the broadcasting division owned by the Beneficial Trust Fund of the Philippine Long Distance Telephone Company (PLDT). In the first half of 2010, along with dramatic changes in programming, TV 5 branded itself as the "Kapatid" network parallel to ABS-CBN's "Kapamilya" and GMA's "Kapuso" brands. In the same year, TV5 took over the management of MediaQuest's Nation Broadcasting Corporation stations; DWFM was re-launched as a TV5-branded news radio station on November 8, 2010, Radyo5 92.3 News FM, and DWNB-TV was re-launched as AksyonTV on February 21, 2011, a news channel based on TV5's newscast Aksyon. By December 23, 2013, the network began broadcasting from its new headquarters, the 6,000-square meter TV5 Media Center located in Reliance, Mandaluyong. In October 2017, TV5 partnered with international sports organization ESPN to form ESPN5. Their expanded sports programming aims to establish and solidify their identity as a sports network. On August 15, 2020, the network announced its partnership with sister company, Cignal TV as TV5's main content provider to handle its programming in order to bring back the glory days of TV5 to compete again with its rival TV network, GMA Network and other TV networks in the Philippines. In addition, shows from the foreclosed ABS-CBN were announced to be transferred to TV5 as the former implemented retrenchments following the non-renewal of the former's broadcast franchise. Since January 2021, TV5 carried selected programming produced by its former rival ABS-CBN. A few months later, after the network's programming revamp, according to the AGB-Nielsen survey, TV5 became number 2 most-watched TV network in primetime TV ratings due to a stronger ABS-CBN Entertainment primetime programs as well as the strengthened Cignal Entertainment primetime programs on the network. In terms of asset base, TV5 is about less than half that of GMA's. In terms of profitability, TV5 has been beset with net losses throughout the years accumulating to billions of Philippine pesos. In the same manner, a retained earnings deficit is reflected in TV's equity.

Third player in the recent years was A2Z which is a free-to-air blocktime broadcast television network that serves as a flagship property of ZOE Broadcasting Network in partnership with ABS-CBN

Corporation through a blocktime agreement. A2Z's flagship television station is DZOE-TV which carries the VHF Channel 11 (analog broadcast) and UHF Channel 20 (digital broadcast; since November 12, 2020). As reported, the network's name is an abbreviation derived from the first letter of the names of two parent companies, ABS-CBN and ZOE, the number of the now-recalled channel frequency of the former, and the Latin alphabet letters from the first letter A to the last letter Z. Both TV5 and A2Z have enjoyed an uptick in their viewership shares with the ties forged with ABS-CBN.

GMA has proven its supremacy, emerging as the biggest and longest-running broadcasting company in the region. In terms of financial profitability, GMA has proven time and again its strength and consistency in providing the optimum results to its shareholders. In terms of ratings competitiveness, the Network grabbed the number one spot in nationwide TV ratings even when ABS-CBN was still operating with a franchise. To this day, the Company maintained its very significant lead in nationwide viewership, thus, providing the much-needed leverage to generate advertising revenues.

International Distribution: Optimizing revenue opportunities amid changing TV landscape

The Company's television programs are distributed outside the Philippines in a number of ways. Through GMA International, the Network distributes subscription-based international linear channels – GMA Pinoy TV, GMA Life TV, and GMA News TV, alongside the associated catch-up Video on Demand (CVOD) and subscription Video on Demand (SVOD). Meanwhile, GMA New Media Inc. (a wholly-owned subsidiary of the Company) and GMA Worldwide Division also distribute non-linear content through Advertising Video On Demand (AVOD) service and syndication, respectively.

GMA International continues to establish global and multi-platform exposure and presence for the Network that brings the company's programs to Filipino communities around the world. Live linear channels and video on-demand services are all distributed both through the traditional (DTH, cable, IPTV) and digital Over The Top platforms, with TV Everywhere distribution where available. GMA International's distribution footprint covers various territories in North America (US & Canada), APAC, MENA, Europe, the Caribbean Islands and South Pacific islands. Meanwhile, through GMA Worldwide Division, GMA Network's locally produced programs are distributed on all platforms through worldwide syndication sales to broadcasters/companies in China, Southeast Asia, Africa, and Europe.

Under the carriage and licensing agreements with international payTV operators, GMA International receives license fees from linear channel and VOD subscriptions. It is also allocated a certain number of advertising minutes where advertising spots are sold through GMA Sales and Marketing Group (SMG). Aside from these, GMA International's revenue stream also includes advertising from digital/social media outlets, pay-per-view, sponsorships from events and ticket sales.

GMA PINOY TV

Launched in 2005, GMA Pinoy TV delivers to an international audience the Company's most popular news and public affairs and general entertainment programs. The Company operates GMA Pinoy TV through which it offers subscription-based programs internationally.

GMA LIFE TV

GMA Life TV, GMA Network's second international channel, was launched three years after the success of GMA Pinoy TV. More than just offering mainstream entertainment, GMA Life TV engages more viewers with its exciting line-up of heart-warming and innovative programs that feature the Filipinos' lifestyle and interests. Given the unique features of GMA Life TV and the availability of English-dubbed and English-subtitled programs, its viewership has expanded beyond the Filipino market to a wider, non-Filipino speaking audience.

GMA NEWS TV

In September 2011, GMA Network began distributing GMA News TV in order to provide overseas Filipinos with the latest, most comprehensive, and most credible news coverage from the Philippines. It offers internationally-acclaimed and award-winning news and public affairs programs with 7 to 8 hours of original content daily.

GMA On Demand

A collection of the best of the best, GMA Network's video on demand products are a mix of top-rating dramas, blockbuster movies from mainstream and internationally-acclaimed independent filmmakers, award-winning public affairs programs, and well-loved lifestyle shows. These products are available as standalone products or as a complement to GMA International's linear channels.

GMA New Media Inc.

GMA New Media, Inc. is GMA Network's digital media and technology arm in charge of R&D, Software Design and Development, Systems Integration and Quality Assurance.

As GMA Network's innovation center and future-proofing agent, GMA NMI spearheads the design and implementation of the media giant's grand digital blueprint aimed to ensure the company's leadership in the digital era.

INTERACTIVE TV

Since its inception in July 2000, it has launched category-breaking projects in web, mobile, digital television, and other new and emerging platforms. Back in the days when traditional and new media had clear boundaries, GMA NMI was the first to enable mobile and TV to talk to each other, ushering in the era of SMS-TV.

WEB DEVELOPMENT

Their first foray into web development, the President on Trial microsite, was but the beginning. NMI applied its web development and systems expertise to the creation of all GMA-related sites, including the GMANetwork portal, and GMA News Online.

Their know-how in big data and systems integration comes to the fore during Election coverages for GMA News. For the Eleksyon 2013 coverage, NMI spearheaded the Count operations in PPCRV, providing the most comprehensive election count data across all platforms-from television, mobile and the internet. For Eleksyon 2016, GNO was the go-to news source of netizens with GMA News Online registering an unprecedented 34 million page views on election day. NMI also powered GMA Network's first ever 360-degree livestream of the PiliPinas Debates 2016. For the Eleksyon 2019 website, new features were introduced, such as Heat Maps, which gave users a breakdown of which areas that aspirant fared well, and Vote Graphs, which showed the voting performance for each candidate over time as election returns were processed.

To keep their edge over the competition, NMI focused on elevating their products to the next level, upgrading web technologies for online GMA, the digitization of sites, and server migration to the cloud with Amazon Web Services.

VIDEO-ON-DEMAND

NMI forged strategic partnerships, with the likes of Hooq, iFlix, and Daily Motion, to put us in the digital content game, making GMA content available locally on leading video-on-demand platforms. The partnerships with YouTube under the Player for Publishers program in 2017 has shown impressive growth in the Advertising Video-on-Demand(AVOD) channel. With NMI's efforts focused on growing the subscriber base and increasing watch time, we have seen revenues follow and show exponential growth year-on-year. GMA Network Creator Awards received as of 2021 are as follows:

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

Diamond = 10M subscribers

Gold = 1M subscribers

Silver = 100k subscribers

DIGITAL TV

In line with its thrust to help GMA traverse the gap between analog and digital, NMI launched GMA Now in February 2021. It is a mobile digital terrestrial television (DTT) receiver that can be plugged into an Android phone. It allows users to watch live TV on the go for free, and enjoy interactive features such as video-on-demand, Groupee, a messaging service, and interactive promos and quizzes.

EMERGING TECHNOLOGIES

NMI also set its sights on emerging technologies through wholly-owned subsidiary Digify. In 2011, they did their very first Augmented Reality executions on the covers of Top Gear and Preview in collaboration with Summit Publishing In 2014, through a partnership with Samsung, they powered Relative Realities, an AR exhibit at the Yuchengco Museum, and Propaganda, an immersive exhibit at the Lopez museum in 2015. They broadened their development expertise to mobile applications, working closely with SMG on sponsored apps such as Kapuso Milyonaryo and Del Monte Kitchenomics.

Although the Digify business was no longer pursued, NMI continues to service Micro, Small and Medium Enterprises (MSMEs) in their digital transformation by providing end-to-end solutions for their marketing, productivity and operations automation as NMI Solutions. Our client roster also includes more established companies, such as SM Prime, SM Cares, Crate and Barrel, and Ayala Group of Companies.

Below are a few services that NMI Solutions provides:

Application Development

NMI Solutions' in-house team of developers create interactive and user-friendly applications suited to the client's organizational needs and processes.

Managed Tech Services

With expertise in cloud services, keeping systems up-to-date, and solving complex technical issues, the team is able to help companies run their organizations with no downtime.

Systems Integrations

As a certified partner of AWS, with Amazon certified network specialists, we can fast track the digital growth of MSMEs by leveraging cloud technologies, predictive analytics, and IOT. With expertise with Odoo, NMI Solutions can customize and design unique ERP platforms to accelerate a company's digital transformation.

MOVIE PRODUCTION

GMA Network Films, Inc. is a wholly owned subsidiary of GMA Network, Inc. that produces movies catering to both local and international markets. Its productions have reaped both critical acclaim and commercial success, foremost among them the Philippine Centennial offering "Jose Rizal" and "Muro Ami," the biggest blockbuster movies of 1998 and 1999. Repositioned as an entity that complements GMA Network's talent development initiatives, GMA Films was reactivated in late 2004, with its initial offering "Let the Love Begin" followed by the blockbuster hits "I Will Always Love You" and "Till I Met You." It went on to produce more commercial movies such as Lovestruck, Ouija, The Promise, My Bestfriend's Girlfriend, I.T.A.L.Y, One True Love, When I Met You, Working Girls, Temptation Island, The Road, Of All The Things, My Lady Boss, and more.

In 2019, after a five-year hiatus from production, GMA Network Films, Inc. is ready to make its presence felt again to a new audience, this time under two distinct brands - GMA Pictures, which will produce major studio-scale movies for the broad Filipino movie-going market; and Backyard Productions, which aims to target younger audiences looking for an alternative, unconventional stories that offer a fresh, out of the box movie experience, as well as mainstream audiences looking for movies that offer quirky new spins on life.

Music and Video Recording

RGMA Marketing and Productions, Inc. (GMA Music) was incorporated in September 1997 and became operational in 2004 after the Company decided to reactivate its musical recording business through the "GMA Records" label. Since resuming operations, GMA Records has leveraged the Company's talent and media resources, releasing music albums of various artists.

GMA Music works with GMA New Media, local and international content providers and aggregators to take advantage of new revenue streams, particularly in the market of digital music streaming.

In order to further boost content, GMA Music has re-activated its AltG Records sub-label and introduced GMA Playlist as a new sub-label being supervised by GMA Post Productions.

GMA Music publishes music and administers copyrights on behalf of composers. GMA Music is also actively pursuing publishing deals, building on its current catalog of original compositions. GMA Music serves as a clearing house and a source of music for the Company's television and film productions. It is also a member of FILSCAP, the Filipino Society of Composers, Authors and Publishers, Philippine Association of the Recording Industry, and SoundsRight.

STAGE DESIGN

Script2010, Inc. was formally established in April 2010 as a subsidiary of Citynet Network Marketing and Productions, Inc. It engages in conceptual design and design execution through fabrication, construction, set-up and dismantling of sets, and creation of props. It also provides other related services such as live performances and events management, sales activation and promotion, and tradeshow exhibits.

Script2010, Inc. is also engaged in transportation, hauling and trucking services to further fulfill the needs of its clients. Other business units of **Script2010, Inc**. are video wall, light and sound equipment rental and mobile LED and robotics truck rental, and facility support services to various GMA Network departments.

POST PRODUCTION

Alta Productions Group, Inc. was established in 1988 as a production house primarily to provide production services for the Network. Until the late 1990s, it operated a satellite studio in Makati, producing award-winning News and Public Affairs Programs for GMA Channel 7.

Today, Alta Productions Group's core business is audio dubbing and mixing for broadcast. Its fully digital audio recording and mixing studios is in sync with the Network's production requirements and broadcast standards. Aside from dubbing foreign content into the local vernacular for airing on the Network, Alta Productions Group also dubs station-produced content into English for international consumption. Its audio studio has now also included closed-captioning as new service.

In addition, Alta Productions Group's shoot and video post-production department produces TVCs, broadcast content, and documentaries for both local and international clients. It has also become a prominent player in the conceptualization, design, and staging of corporate events, conferences, exhibits, and other on-ground activations.

Alta Productions Group is proud to be one of the few production houses capable of servicing the complete spectrum of production requirements all under one roof. From conceptualization, creatives, shoot, post-production, all the way to execution. It finds solutions for any kind of corporate event or on-ground activity requirement.

NO DEPENDENCE UPON ONE OR LIMITED NUMBER OF SUPPLIERS

The Company is not dependent upon a single or a few suppliers. The supply requirements of the Company are being bid out. Seventy-seven percent (77%) of GMA Network's accredited suppliers are Philippine-based (local), with headquarters located across the archipelago—from the Cordillera Administrative Region to Zamboanga City. Purchases from our local suppliers are mostly for production tapings, supplies requirements, repairs and maintenance, professional services, turnkey projects, and construction projects

DEPENDENCE UPON CUSTOMERS

The broadcasting business of the Company generates revenues mainly from the sale of national, and regional advertising time and space to agencies/advertisers and other block time producers. No single customer accounts for twenty (20%) percent or more of the Company's total consolidated revenues. The top 20 agencies and advertisers comprise more than 70% of the Company's business. The Company is not critically dependent upon a single or few customers to provide and ensure sustainability of its operations and financial viability. Major existing contracts include airtime sales with regular agencies and advertisers such as Nestle Group, Unilever Group, Procter & Gamble Philippines, Inc., Reckitt Benckiser/Mead Johnson Nutrition (Philippines), Inc. , JG Summit Group, Abbott Laboratories, United Laboratories, Colgate Palmolive Phils., Mondelez Philippines, Inc., and the Ayala Group, to name a few.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

Kindly refer to **Item 12** of the report (page 97).

FRANCHISE, LICENSES AND GOVERNMENT APPROVALS

The Company is a grantee of a congressional franchise to construct, install, operate and maintain radio and television broadcasting stations in the Philippines. Republic Act No. 10925 (An Act Renewing for Another Twenty-Five (25) Years the Franchise Granted to Republic Broadcasting System, Inc., Presently Known As GMA Network, Inc., Amending For the Purpose Republic Act No, 7252 Entitled An Act Granting the Republic Broadcasting System Inc. A Franchise to Construct, Install, Operate and Maintain Radio and Television Broadcasting Stations in the Philippines) was approved by both chambers of Congress and was subsequently signed into law on April 21, 2017 by President Rodrigo R. Duterte. The Company also operates and maintains various radio and TV stations nationwide under licenses/permits issued by the National Telecommunications Commission.

The Company has also applied for registration of its service marks (visible signs capable of distinguishing its services) with the Intellectual Property Office (IPO) and has complied with the provisions of Republic Act No. 8293 on the law on service marks for this purpose. A Certificate of Registration of Service Marks granted in favour of the Company remains in force for 20 years.

Similarly, the Company has applied for copyright registration with the IPO of its (a) published and (b) unpublished works under Republic Act No. 8294 and Presidential Decree No. 49. A Certificate of Copyright Registration has a term of protection of fifty (50) years from publication of the work.

The Company has also entered into several license agreements for its business of producing television programs aired over its local and international channels and producing television series based on a licensed property. The said license agreements are for periods between three to five years.

The Company broadcasts its television programs and series with the proper licenses and permits from the Movie and Television Review and Classification Board.

EFFECT OF GOVERNMENT REGULATIONS ON BUSINESS

The foregoing franchise, licenses or permits, service marks, copyright registration and government approvals were obtained by the Company in accordance with the requirements of applicable laws and pertinent rules and regulations of regulatory agencies.

The Company's compliance with the above-mentioned laws and government regulations are indispensable to its businesses, which are primarily, radio and television broadcasting, recording, film production and other information and entertainment business.

AMOUNT SPENT ON DEVELOPMENT ACTIVITIES

In 2021

- Completed the Project "MAMS Apple ProRes 422 HQ 4K video format support" to enable Ingest, Editing, Publishing and Archiving of ProRes 4K video materials in MAMS – Engineering side" with actual cost of P28.71M

- Completed the Project "MAMS XAVC 4K and H.264 video format support" to enable Ingest, Editing, Publishing and Archiving of XAVC 4K and H.264 video materials in MAMS – Engineering side" with an actual cost of P10.73M

- Completed the Project "NAS Low-Res Storage Expansion" to store News Programs new Low-Res video contents for search/browsing and preview – Engineering side" with an actual cost of P3.56M

- Completed the Project "BAS Ingest server software and hardware upgrade" to upgrade BAS ingest system due to hardware and software end of life – Engineering side" with an actual cost of P3.67M

- Completed the Project "MAMS Firewall hardware replacement and security feature improvement" to replace end of life Firewall and improve MAMS network security with the implementation latest Next Generation Firewall – Engineering side" with an actual cost of P6M

- Completed the Project "NAS Firewall security feature upgrade" to improve NAS VPN network security – Engineering side" with an actual cost of P584K

- Completed the Project “MAMS VXRail hardware node expansion and memory upgrade” to handle migration of VM servers from end of life server hardware to the new VXRail cluster and enable resources for staging/development system – Engineering side” with an actual cost of P3.78M

- Completed the Project “MAMS Viz One and VSN integration” that provided MAMS the capability to automatically transfer airing materials to the DTT Channels VSN Channel In A Box playout system based on playlist schedule – Engineering side” with an actual cost of P3.53M

- Completed the Project “Disaster Recovery (DR) on-air playout expansion” to support DR on-air playout of four (4) additional DTT channels (HOA, HallyPop, DepEd1 and DepEd2) – Engineering side” with an actual cost of P2.05M

- Completed the “Relocation of the Master Control System for the Test Channel” to ensure proper manning of master control system for on-air broadcast operations. The project has a budget amount of P316K and completed on March 5, 2021.

- Acquisition of HD production equipment use for the live sports coverage of the National Collegiate Athletic Association [NCAA] Season ’96 - Php 54, 686,167.99 completed April 2021

- Completed the Project “NCAA On-air Graphics for Studio” with the budget amount of PHP 5.6 M on April 13, 2021

- Completed the Project “Disaster Recovery (DR) Extension for the DTT Headend” which was installed at the DR facility for on-air recovery of the DTT Headend – with the budget amount of P732K and was completed on November 9, 2021

- Completed the Project “TOA Recording System” with the budget amount of P954K – completed on December 7, 2021.

Completed the upgrade of the following GTV stations in 2021:

GTV Station Upgrade		
Station	**Completed Date**	**Actual Cost**
TV-27 Metro Manila	06/11/2021	Php 19,968, 056.56
TV-22 Mt. Santo Tomas, Benguet	07/07/2021	Php 34,289,171.09
TV-26 Mt. Banoy, Batangas	7/14/2021	Php 21,535,316.80
TV-27 Legaspi	8/29/2021	Php 29,052, 568.31
TV-28 Naga	08/03/2021	Php 29,331,572.63
TV-26 Tacloban	12/23/2021	Php 37,365,683.71
TV-26 General Santos	12/21/2021	Php 31,545,038.58
TV-21 Zamboanga	12/22/2021	Php 37, 909,624.08

Commissioned the following DTT Stations in 2021:

DTT	Completed Date	
TV-15 Mt. Caniao	2/5/2021	Php 18,568,654.54
TV-44 Bacolod	5/11/2021	Php 6,110,950.06
TV-29 Guimaras	8/2/2021	Php 8,002,248.41
TV-38 Naga	11/7/2021	Php 26, 200,021.42
TV-34 Gensan	12/2021	Php 19, 202,175.40
TV-34 Tacloban	12/2021	Php 17, 927,540.56

In 2020

- Completed the Project “Infrastructure Upgrade to Allow for HD Streaming and Clipping of non-MAMS Hosted Content – Engineering side” with an approved budget of P1.06M-completed last January 2020;

- Completed the Project “Jungo IP Feed Ingest Requirements” with an approved budget of P3.73M-completed last January 2020;

- 15KW Davao DTTB Station Upgrade (P7.56M) - completed last March 15, 2020;

- In December 2019, a budget of P24.58M was approved to replace the IOT transmitter of GMA News TV Ch.27 in Cebu with a solid-state UHF transmitter that is capable of broadcasting analog TV (29KW NTSC) or digital TV (15KW ISDB-T) on-air broadcast started on September 3, 2020;

- Started the acquisition and installation of equipment for a 5G Broadcast Trial Facility in Tandang Sora, Quezon City with an approved budget of P17.51M- 5G transmitter installation and commissioning was completed last November 7, 2020; Targeted to conduct scheduled 5G test broadcast starting April 2021;

- On Air broadcast of 10KW Cagayan de Oro City DTT Station (P68.73M) on December 15, 2020;

In 2019

- Completed in July 2019 the upgrade of three field production vans from high-definition (HD) 1080i to 1080p/2K Full HD and up to 4K Ultra HD resolution image capture with an approved budget of P76.17M;

- Completed in September 2019 the upgrade of News live remote facilities (ENG/SNG/DMNG) from standard-definition (SD) to high-definition (HD) video capture and transmission of the same to the studio with an approved budget of P7.77M;

- Completed the Project “Additional 3 Master Controls Capable of Full Ad-Insertions and Graphic Intrusions” with approved budget of P23.43M;

- Completed the Project “MAMS’ Upgrade to support Apple ProRes 422HQ Format” with approved budget of P49.12M;

- Completed the Project “BAS Upgrade to support Apple ProRes 422HQ Format” with approved budget of P25.92M;

- Completed the Project “NAS Shift to HD” with approved budget of P4.6M;

- Completed the Project “Infrastructure Upgrade to Allow for HD Streaming and Clipping of non-MAMS Hosted Content – Engineering side” with approved budget of P1.06M;

- Completed the Project “Jungo IP Feed Ingest Requirements” with approved budget of P3.73M;

- Completed the change of Mega Manila DTTB frequency from Ch.27 to Ch.15 and GMA NewsTV channel switch to Ch.27 with an approved budget of P25.58M;

- Completed the installation and commissioning of the 5KW Digital Terrestrial Television Broadcast (DTTB) station in Mt. Banoy, Batangas (P37.73M);

- Started the construction of a 3KW Digital Terrestrial Television Broadcast (DTTB) Gap Filler Station at PBCom Tower in Makati with an approved budget of P38.12M;

- Started the acquisition and installation of equipment for a 5G Broadcast Trial Facility in Tandang Sora, Quezon City with an approved budget of P17.51M;

- Last September 2019, Top Management approved the following additional regional Digital Terrestrial Television Broadcast (DTTB) stations and upgrade:

    - 10KW Cagayan de Oro City (P68.73M)
    - 15KW Guimaras (P63.79M)

    - 10KW Bacolod City (P57.21M)
    - 5KW Mt. Caniao, Bantay, Ilocos Sur (P49.24M)
    - 15KW Davao DTTB Station Upgrade (P7.56M)

- In December 2019, a budget of P24.58M was approved to replace the IOT transmitter of GMA News TV Ch.27 in Cebu with a solid-state UHF transmitter that is capable of broadcasting analog TV (29KW NTSC) or digital TV (15KW ISDB-T);

In 2018

- Completed the installation and commissioning of the following regional Digital Terrestrial Television Broadcast (DTTB) stations in the regions:

    - 15KW Mt. Sto. Tomas, Benguet (P60.55M)
    - 15KW Bonbon, Cebu City (P87.66M)
    - 5KW Matina, Davao City (P32.98M);

- Completed the reinforcement of the 250ft. high self-supporting tower at Matina, Davao City with a total budget of P20.94M in order for the structure to comply with the 7th Edition of the National Structural Code of the Philippines (NSCP) in connection with the installation of additional DTTB antenna for TV-37 DTT Davao;

- Completed the erection of new 90ft. high self-supporting antenna tower for TV-4 Dipolog for a total contract cost of P8.9M;

- Completed the signal coverage improvement project of TV-6 Guimaras with an approved budget of P20.7M;

- Last December 15, 2018, the Executive Committee approved the acquisition of two (2) new Master Control Systems capable of full ad insertions and graphic intrusion in the total amount of P23.43M in addition to the existing Master Control System at the Engineering's Technical Operating Center for three (3) digital channels of the Mega Manila Digital Terrestrial Television Broadcast (DTTB). The cost of P29.47M was also approved for the aggregated digital channels (multiplex distribution) to be carried over the regional DTTB stations in Mt. Sto. Tomas, Benguet (Dagupan originating), Cebu and Davao via satellite;

COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS

The Company complies with various environmental laws such as R.A. 8749 (Philippine Clean Air Act of 1999), R.A 6969 (Toxic Substance and Hazardous Wastes) under DENR, R.A. 9275 (Philippine Clean Water Act) under the Laguna Lake Development Authority and R.A. 9003 (Ecological Solid Waste Management Act) as follows:

1. R.A. 8749 – The Company has a DENR Permit to Operate for the generator sets installed in the GMA Network Center. The permit was renewed last March 29, 2017 and received dated May 9, 2017 and costs around P 15,125.00 and is valid for five (5) years or until April 28, 2022. As a requirement in the permit, the Company submits quarterly self-monitoring reports on the consumed fuel of the generator sets. Also, all generator sets undergo annual emission tests conducted by DENR's accredited 3rd party group. The **2022** budget for the emission tests cost **P96,000.00** for the 5 units.

2. R.A. 6969 – All generated hazardous wastes such as tapes, used engine oils, busted fluorescent lamp (BFL), empty paint cans, contaminated rags and others are treated, recycled and appropriately disposed of with the DENR's accredited 3rd party hazardous waste treatment group. The **2022** budget for the disposal of hazardous waste is **P108,000.00**. HazWaste ID was updated last 2021 as a requirement for the new rules and transferring to an online request for disposal of Hazardous Waste. New Hazardous Waste like grease, defective LED, used vegetable oil, expired pharmaceutical drugs and used personal protective equipment i.e. face masks, disposable PPEs and other COVID-19 prevention related kits were also included in the revision of the updated HazWaste ID.

3. R.A. 9275 – The Company has a Discharge Permit from the Laguna Lake Development Authority (LLDA) to operate its Sewage Treatment Facility (STP) in the GMA Network Center. In 2021 GMA Network reconnected with the sewer line of the Manila Water Company. The permit is set for renewal in **August 2022** and the processing fee of **P5,000.00** will be paid to the LLDA**.** Laboratory testing of wastewater was also performed as a requirement for SMR and CMR submission. The 2021 budget for the siphoning of sludge of the STP is **P170,000.00**

4. R.A. 9003 - The Company applied for an Environmental Permit to Operate (Environmental Clearance) to the Quezon City Environmental Protection and Waste Management Department pursuant to City Ordinance No. 1729 Series of 2006. The budget for the annual permit for **2022** is **P3,300.00**.

In addition, the Company incurred approximately P126,190 in costs for other permits and licenses required by government regulations such as, but not limited to, special land use permits, DENR-EMB permits, etc.

EMPLOYEES

As of December 31, 2021, the Company has 2,821 regular and probationary employees. The Company also engaged 927 talents (on-cam and off-cam) in 2021. The Company recognizes one labor union, the GMA Network, Inc. Employees Union. The Collective Bargaining Agreement (CBA) for the cycle 2019-2024 took effect in July 2019.

The classification of the Company's employees, including the number of employees it anticipates to have in the ensuing twelve (12) months, is presented below:

	AS OF DEC. 31, 2021	**2022 ESTIMATED ADDITIONAL	TOTAL
Rank & File *	1,255	29	1,284
Non-Rank and File & Managers	1,482	43	1,525
Officers	84	1	85
Total	**2,821**	**73**	**2,894**
***Covered by Collective Bargaining Agreement (CBA)**			
****Based on approved MRF and hired EEs as of January 31, 2021.**			

LABOR DISPUTES

There were no strikes nor observed strikes and disputes between the labor and management in the past three (3) years.

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.

Item 2. Properties

As of December 31, 2021, the Company's total property and equipment and real property amounted to P5,930.80 million. The property and equipment had a book value of P2,985.50 million, while its real property had a fair market value of P2,945.30 million (based on an Independent appraisal report as of November 19, 2018).

The Company also leases land, building and studio/office space in various locations around the Philippines under lease agreements for periods of between three and 25 years. The lease agreements may be cancelled at the Company's option. Rental expense of the Company related to this amounted to P29.59 million for the year ended December 31, 2021.

The following are the principal properties of the Company:

- The GMA Network compound located in Barangay South Triangle, Diliman, Quezon City with a lot area of 13,131 square meters, which contains several buildings, including the GMA Network Center;

- The GMA Network Center Studios, a four-storey building with an area of 4,053 square meter property adjacent to the GMA Network Center at GMA Network Drive cor. EDSA, Diliman Quezon City which houses two state-of-the-art studios, technical facilities and offices;
- The GMA Transmitter complex in Tandang Sora Avenue, Barangay Culiat, Diliman Quezon City with a total land area of 27,228 square meter property , which houses the 777 ft. Tower, tallest broadcast tower in the Philippines, TV and FM Transmitter building and Sets & Props storage and construction facility;
- The GMA Fleet Center located on the east corner of Mother Ignacia Avenue and Sergeant Esguerra Avenue, Barangay South Triangle, Diliman Quezon City; and
- Properties in the key areas across different regions:

Luzon:

- A 51,135 square meter property in Panghulo, Obando, Bulacan, where an AM transmitter site, a two-storey building, a genset house, and an AM tower are situated;
- A 2,289 square meter property in Barangay Malued, Dagupan City, where the Regionalradio and television studios are located;
- A 2,000 square meter property in Barangay Concepcion PequeNaga City, where a two-storey building which houses TV & Radio Studio and Offices, TV & FM transmitter building are situated;
- A 10,000 square meter property in La Trinidad, Benguet where an FM transmitter site and a one storey building are situated;
- A 2000 square meter property in Bayubay Sur, San Vicente, Ilocos Sur where a Regional TV studio is located;
- A 2,611 square meter property in San Lorenzo, San Nicolas, Ilocos Norte where a TV relay facility is situated;
- A 2,486 square meter property in Brgy. Lusuac, Penarrubia, Abra where a TV Relay facility is located; and
- A 1,000 square meter property in Santa Monica, Puerto Princesa City where a TV Relay facility is located and
- An 800 square meter land in Poblacion, Brooke's Point, Palawan where a TV Relay facility.
- A 1,340 square meter land in Brgy. Sta. Cruz, Antipolo, Rizal where a TV relay station will be constructed

Visayas:

- A 23,176 square meters property located in Nivel Hills, Barangay Lahug, Cebu City, containing a multilevel building which houses radio and television operation facilities;
- A 12,798 square meters property located in Mambaling, Cebu where a transmitter is situated;
- A 3,713 square meters property in Alta Tierra, Jaro, Iloilo City where radio and television studios are located;
- Land in Barangay Tamborong, Jordan, Guimaras where an FM radio and television transmitter is located;
- A 1,000 square meters property in Barangay Bulwang, Numancia, Aklan where a television relay transmitter site and a building are located; and
- A 2,000 square meters property in Sibulan, Negros Oriental where a transmitter is located.

Mindanao:

- A 2,000 square meters property in Bo. Matina Hills, Davao City where an FM and television transmitter building and studio complex are located;

- A 1,000 square meters property in Barangay San Isidro, General Santos City where a television relay transmitter site and a building are located;
- A 23,154 square meters property in Barangay Cabatangan, Zamboanga City where a television relay transmitter site and a building are located.
- A 1,000 square meters property in Lipata, Surigao City where a transmitter site is located.

The properties owned by the Company are currently unencumbered and are free from any existing liens.

Regional Broadcast Stations

The Company owns regional broadcast stations in various parts of the country. Originating TV stations are stand-alone transmitter, studio and production facilities capable of producing and airing live and/or taped programs as well as plugs and advertising within their (local) service area/s independent of, or in conjunction with the national feed. Satellite TV stations are similar to originating TV stations except that they are not equipped with live production capability outside of news bulletins. Satellite TV stations are also capable of broadcasting local plugs or advertising within their respective (local) service areas either independent of, or in conjunction with national program feeds. TV relay stations are limited to transmitter and signal receiving facilities and only re-broadcast programs/content received from originating or satellite TV stations with which they are associated; either via satellite or other receiving methods.

The following are the Company's television and radio stations throughout the Philippines:

LIST OF GMA's OPERATING TV STATIONS

NO.	STATION	ADDRESS	CONTACT NUMBER
	LUZON		
1	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

2	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
3	TV-48 Ilocos Sur (GMA)	Mt. Caniao, Bantay, Ilocos Sur	0915-8632841
	DTT- Ch.15 Ilocos Sur	Mt. Caniao, Bantay, Ilocos Sur	0915-8632841
4	TV-7 Batanes (GMA)	Brgy. Kayvaluganan, Basco, Batanes	0915-6127197
5	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
6	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

7	TV-7 Santiago City (GMA)	Heritage Commercial Complex, Maharlika Hi-way, Brgy. Malvar, Santiago City, Isabela	0915-2700063
8	TV-5 Baler (GMA)	Purok 3, Brgy. Buhangin, Baler, Aurora	0915-6127194
9	TV-10 Olongapo (GMA)	Upper Mabayuhan, Olongapo City	0915-6127265
	TV-26 Olongapo (GTV)	Upper Mabayuhan, Olongapo City	0915-6127265
10	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
11	TV-44 Jalajala, Rizal (GMA)	Mt. Landing, Jalajala, Rizal	0915-8632874
12	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

13	TV-6 Brooke's Point, Palawan (GMA)	Poblacion, Brooke's Point, Palawan	0915-6127181
14	TV-8 Coron, Palawan (GMA)	Tapias Hill, Coron, Palawan	0915-6127178
15	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
16	TV-7 Romblon (GMA)	Triple Peak, Sta. Maria, Tablas, Romblon	0915-6127225
17	TV-12 Legaspi (GMA)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
	TV-27 Legaspi (GTV)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
18	TV-8 Daet (GMA)	Purok 2, Brgy. Mancruz, Daet, Camarines Norte	0915-2700056
19	TV-7 Naga (GMA)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
	TV-28 Naga (GTV)	Brgy. Concepcion Pequeña, Naga City	0915-4417071

20	TV-13 Catanduanes (GMA)	Brgy. Sto. Niño, Virac, Catanduanes	0915-6127174
21	TV-7 Masbate (GMA)	Brgy. Pinamurbuhan, Mobo, Masbate	0915-6127175
	TV-27 Masbate (GTV)	Brgy. Pinamurbuhan, Mobo, Masbate	0915-6127175
22	TV-2 Sorsogon (GMA)	Mt. Bintacan, Brgy. Maalo, Juban, Sorsogon	0915-2700192
23	TV-7 Abra (GMA)	Brgy. Lusuac, Peñarrubia, Abra	0915-6130512
24	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
25	TV-5 Mountain Province (GMA)	Mt Amuyao, Barlig, Mountain Province	0915-2700124
		VISAYAS	
26	TV-2 Kalibo (GMA)	Brgy Bulwang, Numancia, Aklan	0915-6127216
	TV-27 Kalibo (GTV)	Brgy Bulwang, Numancia, Aklan	0915-6127216
27	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
28	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
29	TV-13 Bacolod (GMA)	Isecure Bldg., Rizal St. cor. Locsin St., Bacolod City	0915-8632864
	DTT-Ch44 Bacolod	Isecure Bldg., Rizal St. cor. Locsin St., Bacolod City	0915-8632864
30	TV-30 Murcia, Negros Occidental (GMA)	Mt. Kanlandog, Brgy. Canlandog, Murcia, Negros Occidental	0915-2700132
31	TV-10 Sipalay (GMA)	Sipalay Old Municipal Building, Sipalay, Negros Occidental	0915-6127219
32	TV-11 Bohol (GMA)	Banat-I Hills, Bool District, Tagbilaran City	0915-6127214

33	TV-7 Cebu (GMA)j	Bonbon, Cebu City City	0915-4417075
	TV-27 Cebu (GTV)	Bonbon, Cebu City	0915-4417075
	DTT- Ch.26 Cebu	Bonbon, Cebu City	0915-4417075
34	TV-5 Dumaguete (GMA)	Pancil Looc, Sibulan, Negros Oriental	0915-6131185
	TV-28 Dumaguete (GTV)	Pancil Looc, Sibulan, Negros Oriental	0915-6131185
35	TV-8 Borongan (GMA)	Songco, Borongan City, Eastern Samar	0915-6127177
36	TV-12 Ormoc (GMA)	Purok 1 Brgy. Alta Vista, Ormoc City	0915-6127213
37	TV-10 Tacloban (GMA)	Mt. Canlais, Brgy. Basper, Tacloban City	0915-6127208
	TV-26 Tacloban (GTV)	Mt. Canlais, Brgy. Basper, Tacloban City	0915-6127208
38	TV-5 Calbayog (GMA)	Purok 2 San Mateo St. Brgy. Matobato, Calbayog City, Western Samar	0915-6127176
	MINDANAO		

39	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
40	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
41	TV-9 Zamboanga (GMA)	Brgy. Cabatangan, Zamboanga City	0915-8632870
	TV-21 Zamboanga (GTV)	Brgy. Cabatangan, Zamboanga City	0915-8632870
42	TV-12 Mt. Kitanglad, Bukidnon (GMA)	Mt. Kitanglad, Bukidnon	0915-8632863
43	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

44	TV-11 Iligan City (GMA)	Brgy. Del Carmen, Iligan City, Lanao del Norte	0915-6131202
45	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
46	TV-26 Butuan (GMA)	Brgy. Bonbon, Butuan City, Agusan del Norte	0916-3178470
47	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
48	TV-12 Cotabato (GMA)	Regional Government Center, Cotabato City	0915-6131170
	TV-27 Cotabato (GTV)	Regional Government Center, Cotabato City	0915-6131170

49	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
50	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
51	TV-2 Tandag (GMA)	Capitol Hill, Brgy. Telaje, Tandag, Surigao del Sur	0915-6127248
52	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

AREA	FREQ.	CALL SIGN	AM / FM	POWER	ADDRESS
LUZON					

METRO MANILA	594 kHz	DZBB	AM	50kW	GMA Network Center, EDSA cor. Timog Ave., Diliman, Quezon City
	97.1 MHz	DWLS	FM	25kW	
BAGUIO	92.7 MHz	DWRA	FM	10kW	2/F Baguio Midland Courier Bldg.,Kisad Road, Baguio City
DAGUPAN	1548 kHz	DZSD	AM	10kW	GMA TV 10 Compound, Claveria Road, Malued District, Dagupan City
	93.5 MHz	DWTL	FM	10kW	
LEGAZPI	96.3 MHz	DWCW	FM	10kW	3/L A. Bichara Silverscreen Entertainment Center, Magallanes St., Legazpi City
LUCENA	91.1 MHz	DWQL	FM	10kW	3/F Ancon Bldg., Merchan St., Lucena City
NAGA	101.5 MHz	DWQW	FM	5kW	GMA Complex (Beside Mother Seton Hospital), Diversion Road (Roxas Ave.), Naga City
PALAWAN	909 kHz	DYSP	AM	5kW	Solid Road, San Manuel, Puerto Princesa City, Palawan
	97.5 MHz	DYHY	FM	5kW	
TUGUEGARAO	89.3 MHz	DWWQ	FM	10kW	4/F Villablanca Hotel, Pattaui St. cor, Pallua Rd., Ugac Norte, Tuguegarao City, Cagayan

VISAYAS					
BACOLOD	1179 kHz	DYSB	AM	3kW	3/F Centroplex Mall, Gonzaga-Locsin St., Bacolod City
	107.1 MHz	DYEN	FM	10kW	
CEBU	999 kHz	DYSS	AM	10kW	GMA Skyview Complex, Nivel Hills, Lahug, Cebu City
	99.5 MHz	DYRT	FM	25kW	
ILOILO	1323 kHz	DYSI	AM	10kW	GMA Broadcast Complex Phase 5, Alta Tierra Village, Jaro, Iloilo City
	93.5 MHz	DYMK	FM	10kW	
KALIBO	92.9 MHz	DYRU	FM	5kW	Torres-Olivia Bldg., Roxas Ave. Extension, Kalibo, Aklan
MINDANAO					
CAGAYAN DE ORO	100.7 MHz	DXLX	FM	10kW	2/F Centro Mariano Bldg., Osmena St., Cagayan De Oro City
DAVAO	1125 kHz	DXGM	AM	10kW	GMA Network Complex, Shrine Hills, Matina, Davao City
	103.5 MHz	DXRV	FM	10kW	
GENERAL SANTOS	102.3 MHz	DXCJ	FM	10kW	3/F PBC Bldg., Cagampang St., General Santos City
	1107 kHz (leased)	DXBB	AM	5KW	

ILIGAN (RGMA)	90.1 MHz	DXND	FM	10kW	5/F Norpen Building, Roxas Ave., Poblacion, Iligan City
ZAMBOANGA	1287 kHz	DXRC	AM	5KW	Logoy Duitay, Talon-Talon, Zamboanga City

PROPERTIES INTENDED FOR ACQUISITION

As of the present, the Company does not intend to acquire any predetermined real property within the next twelve (12) months.

Item 3. Legal Proceedings

The Company and its subsidiaries are involved, from time to time, as plaintiff or defendant in litigation arising from transactions undertaken in the ordinary course of its business. Described below are the pending material litigations of which the Company and its subsidiaries or their properties are involved. The Company believes that a judgment rendered against it in the cases indicated below will not have a material adverse effect on its operations or financial condition.

The Company's affiliate, Philippine Entertainment Portal, Inc. is not involved in any material pending litigation as of December 31, 2019.

In the case of Isabel Cojuangco Suntay v. Emilio A.M. Suntay III, Nenita Sunday Tanedo, Civil Case No. R-QZN-15-06204 which involves a nullification of affidavits of settlement of the estate of Frederico Suntay, plaintiff Suntay caused the annotation of notice of lis pendens upon Mont-Aire Realty and Development Corporation's (Mont-Aire Realty's) TCT No. T-29046, whose parent title is subject of the affidavits sought to be nullified. Mont-Aire Realty then filed a motion to cancel the notice of lis pendens upon its title. The trial court in its Order dated August 30, 2019 granted Mont-Aire Realty's motion to cancel the notice of lis pendens and ordered the Register of Deeds of Tagaytay to cancel and delete such notice. The plaintiff filed a motion for reconsideration of the Order dated August 30, 2019. Mont-Aire Realty filed its comment to the motion for reconsideration. Upon motion by plaintiff, the Judge inhibited from the case. The case was re-raffled to Branch 85. Mont-Aire Realty filed its Memorandum as ordered in the clarificatory hearing on December 9, 2020. Plaintiff's motion for reconsideration remains pending.

Labor Cases

There is a case for illegal dismissal filed against GMA Marketing and Productions, Inc. ("GMPI"), then a wholly-owned subsidiary of GMA Network, and its officers, Lizelle Maralag and Leah Nuyda initiated by Corazon Guison, a former Sales Director of GMPI. The complainant claimed that she was unceremoniously terminated from her employment sometime in May 2010 and is entitled to reinstatement as well as payment of full backwages, unpaid commissions and salaries, moral and exemplary damages and attorney's fees. On January 31, 2011, the Labor Arbiter rendered a decision finding for complainant Guison and ordered the respondents to pay P807,007.50 as backwages and P1,691,000.00 as separation pay, as well as attorney's fees. On appeal, the National Labor Relations Commission (NLRC) reversed the decision of the Labor Arbiter and ordered the dismissal of complainant's complaint. Complainant filed a Petition with the Court of Appeals (CA) but the latter denied the same. Her motion for reconsideration was likewise denied.

There is a case for regularization and illegal dismissal (NLRC NCR Case No. 04-05664-13[22]) filed by Henry T. Paragele, Roland Elly C. Jaso, et al. against GMA Network. Complainants are relievers/pinch hitters whose services were no longer availed of by GMA Network. The Labor Arbiter rendered a decision dismissing the complaint. Complainants filed an appeal to the NLRC. The NLRC rendered a decision dismissing the appeal. Complainants filed a motion for reconsideration which was also denied by the NLRC. Complainants filed a Petition with the CA and GMA Network filed its Comment/Opposition and Memorandum. The CA rendered the Decision dated March 3, 2017, denying complainants' Petition for Certiorari. Complainants filed a motion for reconsideration, which was also denied by the CA. Complainants filed a petition for review with the Supreme Court (SC), to which GMA Network filed its Comment/Opposition. The Petition was granted by the SC and reversed the decision of the CA affirming the decisions of the Labor Arbiter and the NLRC. GMA filed a motion for reconsideration but the same was also denied by the SC. The complainants have filed with the Labor Arbiter a motion for issuance of writ of execution. Seventeen (17) complainants agreed to settle the judgment award. They executed a Release, Waiver and Quitclaim and signed a Compromise Agreement with the assistance of counsel and in the presence of the Labor Arbiter.

There is a case for regularization (NLRC NCR Case No. 06-06683-14) filed by Christian Bochee M. Cabaluna et al. (142 total), against GMA Network. Complainants are creative talents of GMA. The Labor Arbiter rendered a decision finding the complainants as regular employees of GMA entitled to the benefits as such. GMA filed an appeal to the NLRC. The NLRC rendered a decision affirming the decision of the labor arbiter. GMA filed a motion for reconsideration which was also denied by the NLRC. GMA filed a Petition for Certiorari with the CA. The CA rendered the Decision dated February 20, 2019, denying GMA's Petition. GMA filed a motion for reconsideration, which was also denied by the CA. GMA filed a Petition for Review with the SC. The SC has consolidated this regularization case with the illegal dismissal case likewise filed before it. No other incidents have occurred after the consolidation.

There is also a case for illegal dismissal (NLRC NCR Case No. 08-09480-15, 08-09499-15 and 08-09558-15) filed by Christian Bochee M. Cabaluna et al., against GMA Network. The Labor Arbiter rendered a decision declaring valid the termination as against the 15 complainants but held that the rest of the complainants were illegally dismissed and awarded backwages with reinstatement. GMA Network filed a Notice of Appeal with Memorandum of Appeal and posted a bond. Subsequently, GMA Network filed a Supplemental Memorandum of Appeal. The NLRC affirmed the valid dismissal of the 15 complainants but modified the Labor Arbiter's decision as to the rest of the 35 complainants dismissing their complaints for illegal dismissal. Complainants filed a motion for reconsideration but the same was denied by the NLRC for lack of merit. Cabaluna et al. filed a Petition for Certiorari with the CA and GMA Network already filed its comment. The CA reversed the NLRC and ruled that Cabaluna et al were illegally dismissed and reinstated the Decision of the Labor Arbiter with regard to the 35 complainants while also declaring the 15 complainants as illegally dismissed and entitled to reinstatement and backwages. GMA filed a motion for reconsideration but was denied. GMA thus filed a Petition for Review with the SC. The regularization case has been consolidated with this case likewise pending before it. No other incidents have occurred after the consolidation.

There is a case involving a complaint filed against GMA Network by Alfredo Lubrica Enoce for alleged illegal dismissal with a prayer for separation pay, backwages, moral and exemplary damages and attorney's fees. The Labor Arbiter rendered a decision finding illegal dismissal. However, the decision was reversed on appeal by the NLRC. Enoce's motion for reconsideration was likewise denied. Enoce filed a Petition for Certiorari with the CA, to which GMA Network filed its comment and memorandum as well. The CA dismissed the Petition for Certiorari. Enoce filed a motion for reconsideration with the CA but was also denied by the CA. Enoce filed a Petition for Review with the SC which has yet to issue a resolution requiring us to file comment.

There is a case for illegal dismissal, underpayment of benefits, damages and attorney's fees filed against GMA Network et al. by Jocelyn Bautista Pacleb. The Labor Arbiter rendered a Decision dated December 18, 2018 dismissing Pacleb's complaint except the claim for payment of midyear bonus. On appeal by Pacleb and partial appeal by GMA Network, the NLRC rendered a Decision dated March 28, 2019. GMA Network filed a motion for reconsideration dated April 20, 2019, which was granted by the NLRC in a Resolution dated May 25, 2019. Pacleb filed a Petition for Certiorari to the CA for which GMA Network filed its Comment while Pacleb filed her Reply. The CA rendered a Decision dated December 3, 2020, granting Pacleb P30,000.00 nominal damages. We filed a motion for partial reconsideration. Pacleb also filed a motion for partial reconsideration which we received on February 1, 2021. We filed our Comment dated February 16, 2021. We received a Resolution dated May 20, 2021 denying Pacleb's motion for partial reconsideration for lack of merit. Pacleb then filed with the SC a Petition for Review on Certiorari dated July 5, 2021 and was received by us on July 8, 2021. We have not received any Resolution from the SC requiring us to file comment.

There is a case against GMA Network filed by Junie D. Sioson et al., for regularization of employment, increase in salary and other monetary benefits. The case was dismissed for lack of merit by the Labor Arbiter. In reaching its Decision, the Labor Arbiter found overwhelming evidence supporting GMA Network's assertion that complainants were regular employees of RGMA Network Inc, (RGMA) as a legitimate independent contractor. The claim of complainants for regularization and monetary benefits were also denied for lack of legal basis. Dissatisfied with the Labor Arbiter's Decision, Complainants filed an appeal to the NLRC which was subsequently dismissed and their motion for reconsideration likewise denied. Complainants then filed a Petition with the CA to which GMA Network filed its comment. The Petition is now submitted for decision.

There is a case filed by Jose G. Nacionales et al. against GMA Network and RGMA for regularization with monetary claims before the NLRC Regional Arbitration Branch VIII in Tacloban City. Since no settlement was reached, the mandatory conference was terminated and the parties were directed to file their respective position papers. On October 15, 2018, GMA Network received a copy of the Labor Arbiter's Decision declaring complainants its regular employees and granted monetary award in their favor. Upon appeal, the NLRC partially granted GMA Network's appeal by deleting the monetary award but affirming the decision insofar as it found that complainants are regular employees of GMA Network. GMA Network filed a motion for partial reconsideration. RGMA filed its motion for reconsideration. Complainants also filed their motion for reconsideration with respect to the deletion of the monetary award.

On April 2, 2019, GMA received the Resolution dated March 15, 2019 of the Seventh Division of the NLRC of Cebu City: 1) denying GMA Network's motion for partial reconsideration; 2) denying RGMA's motion for reconsideration; and 3) partially granting complainants' motion for reconsideration. On June 3, 2019, GMA Network filed a Petition for Certiorari with the CA and it is now submitted for resolution.

There is a case filed by Relly C. David et al. against GMA Network and RGMA for regularization with monetary claims before the NLRC Sub-regional Arbitration Branch VI in Iloilo City. On December 11, 2019, GMA Network received the Labor Arbiter's Decision dated October 8, 2019 declaring complainants as its regular employees, and directing both GMA Network and RGMA solidarily liable to pay complainants Php597,843.89, representing complainants' backwages, among others. On December 18, 2019, GMA Network filed its Memorandum of Appeal of the said decision with the NLRC. The appeal is pending resolution by the NLRC.

There is a case filed by Ronald C. Avelino for monetary claims with issuance of Certificate of Employment on August 30, 2018. On January 7, 2020, GMA Network received the Decision dated December 13, 2019, dismissing the complaint against it for lack of merit.

There is also a case filed by Regile C. Enrile et al. against GMA and RGMA for regularization. On May 28, 2019, GMA received the Labor Arbiter's Decision dated April 30, 2019 declaring RGMA as a labor only contractor and complainants as regular employees of GMA Network. On May 31, 2019, complainants filed their Memorandum of Appeal. On June 7 and June 10, 2019, GMA Network and RGMA filed their respective separate Memorandum of Appeal. On September 27, 2019, GMA Network received the Decision of NLRC Cebu dated August 30, 2019 affirming the Decision of the Labor Arbiter and further declaring complainants as automatically covered by and entitled to the benefits in GMA Network's Collective Bargaining Agreement. GMA Network and RGMA were solidarily ordered to pay complainants the total amount of Php3,664,650.00. GMA Network filed its motion for reconsideration on October 3, 2019 while complainants filed their motion for partial reconsideration and manifestation on September 26, 2019. On January 22, 2020, GMA Network received the NLRC Decision dated December 20, 2019 denying GMA Network's motion for reconsideration but granting complainants' motion for partial reconsideration. GMA Network and RGMA were ordered to pay complainants the total amount of Php6,917,344.88. Thereafter, GMA filed a Petition for Certiorari with the CA questioning the Resolution dated December 20, 2019 and Decision dated August 30, 2019 both of the NLRC. On October 1, 2020, the Court of Appeals of Cebu issued a Resolution dismissing the Petition for an alleged "infirmity" in the verification page. On December 3, 2020, GMA and RGMA filed a motion for reconsideration of said Resolution. On November 16, 2021, GMA Network received a Resolution dated September 27, 2021 granting the motion for reconsideration and reinstating GMA Network's Petition for Certiorari. On November 22, 2021, GMA Network received complainants' Comment to the Petition for Certiorari dated November 9, 2021 to which the former filed a Reply on December 1, 2021.

There are cases filed by Rudy Mariano et al., Jameson B. Rieta et al., and Christian V. Panlilio et al. against GMA and RGMA for regularization. On September 27, 2019, the Labor Arbiter promulgated a decision: 1) declaring GMA Network and RGMA to be engaged in labor only contracting; and 2) ordering GMA Network to pay complainants the monetary benefits under its 2009-2014 and 2017-2019 Collective Bargaining Agreements. GMA Network and RGMA filed their respective Memorandum of Appeal. On March 2, 2020, GMA Network received the Decision of NLRC Quezon City dated February 12, 2020 reversing the Decision of the Labor Arbiter and dismissing the complaints for lack of merit.

On March 12, 2020, complainants filed a motion for reconsideration of the Decision dated February 12,

2020. On November 26, 2020, the NLRC issued a Resolution denying complainants' motion for reconsideration. On March 24, 2021, complainants filed a Petition for Certiorari with the CA. On August 27, 2021, we filed our Comment. The Petition is pending resolution by the CA.

There are cases filed by Rodvillo R. Villarin et al., and Virgilio G. Abud et al., for regularization against GMA Network and RGMA. On July 25, 2019, a decision was promulgated declaring complainants as regular employees of GMA Network and entitled to the salaries and benefits as such. On September 9, 2019, GMA Network filed its Memorandum of Appeal. On August 26, 2020, NLRC issued a Decision dismissing the appeals filed by GMA and RGMA and affirming the decision of the Labor Arbiter. On November 5, 2020, GMA filed a motion for reconsideration. The NLRC issued a Resolution dated February 24, 2021 denying the motion for reconsideration. On May 24, 2021, GMA Network filed with the CA a Petition for Certiorari which is now pending resolution.

There is a case filed by Vivian Alojan Tubice against GMA Network for illegal dismissal and payment of money claims. The Labor Arbiter dismissed the complaint in its Decision dated July 16, 2020. Complainant filed her appeal, which was denied in the Decision of the NLRC dated July 27, 2021. The complainant filed a motion for reconsideration. The respondents filed their comment on October 4, 2021. The motion for reconsideration was denied by the NLRC in a Resolution dated November 8, 2021.

There was a DOLE investigation on the incident involving the death of Eddie Garcia. In the Order dated December 2, 2019, GMA Network and some members of its Management were ordered to pay the administrative fine of Php890,000.00. GMA Network filed a Memorandum of Appeal with the Office of the Secretary of Labor and Employment on December 13, 2019 which remains pending.

There was a case filed by Carmelo R. Dizon for "Illegal Dismissal-Constructive, Non-payment-13th Month Pay-Prorated, Illegal suspension, moral and exemplary damages, attorney's fees, and Re-instatement with full backwages." GMA Network filed its Position Paper last August 6, 2019 and the complainant filed his Reply on August 23, 2019. In a Decision dated March 11, 2020, the LA dismissed the complaint for illegal for lack of merit. However, GMA Network was directed to pay complainant Dizon his pro-rated 13th month pay for the year 2019 in the amount of P7,490.00. Dizon filed an appeal to the NLRC. GMA Network filed its Answer Memorandum to which Dizon filed a Reply. The NLRC in its Decision dated 26 March 2021 granted Dizon's partial appeal. The NLRC modified the arbiter's decision and declared Dizon to have been illegally dismissed by GMA. GMA was ordered to reinstate Dizon without backwages. GMA's MR was

denied by the NLRC Second Division in a Resolution dated 14 June 2021, which became final and executory on 16 July 2021. We filed a Petition for Certiorari with the CA on 02 September 2021.

There was a case filed by Ruby Gruezo Bautista who questioned the cessation of her employment arising from the expiration of her Project Employment Contract. In a Decision dated February 27, 2020, the LA found for illegal dismissal and directed GMA Network to reinstate the complainant to her former position without loss of seniority and other privileges and ordered GMA Network to pay complainant the aggregate amount of P80,949,50. GMA Network filed a Notice of Appeal and Appeal-Memorandum on August 24, 2020. Thereafter, respondent filed her answer to the appeal. In a Decision dated December 29, 2020, GMA's appeal was denied by the NLRC and further affirmed it in a Resolution dated 31 May 2021. GMA filed a Petition for Certiorari with the CA on 02 September 2021. On 15 October 2021, the NLRC issued the Entry of Judgment stating that its Resolution dated 31 May 2021 became final and executory.

There is a case filed by Jeoboy C. Enong et al., against GMA Network for regularization. Since no settlement was reached, complainants filed their formal complaint and the mandatory conference was set on December 13, 2018. On March 20, 2019, a decision was promulgated by the LA dismissing the complaints for lack of merit. Without actually receiving complainants' Memorandum of Appeal, GMA Network received the Decision dated October 23, 2019 granting said appeal and setting aside the Decision dated March 20, 2019. GMA Network filed its motion for reconsideration which was denied in a Resolution dated February 27, 2020. GMA did not file a Petition with the CA while RGMA filed a Petition for Certiorari under Rule 65.

There was also a case filed by Dexter Delgado et al. for constructive dismissal, illegal dismissal, regularization and payment of money claims. This case consolidates 5 complaints by more than 40 complainants who are crew members of respondents CMB and Shoot Digital Video Company. On March 5, 2020, GMA Network received the Decision dated February 27, 2020 dismissing the complaint. The complainants filed their appeal, which was denied by the NLRC in the Decision dated December 29, 2020. The complainants then filed their motion for reconsideration, which was also denied for lack of merit in a Resolution dated May 31, 2021. An Entry of Judgment dated September 7, 2021 was issued certifying that the Resolution dated May 31, 2021 became final and executory on July 4, 2021.

There was also a case filed by Ely B. Selincio et al. for regularization and payment of money claims against GMA Network and RGMA. Since GMA Network was not willing to settle, the SENA was terminated and the records were referred for the filing of the appropriate complaint with the Labor Arbiter. On August 13, 2019, complainants filed their formal complaint. The conciliation and mediation failed, and hence, the parties were directed to file their position papers. GMA Network filed its position paper. RGMA also filed its separate position paper. The Labor Arbiter has yet to rule on complainants' Motion for Production of Documents, which motion was opposed by respondent GMA. On January 29, 2021, a Decision was rendered by the Labor Arbiter finding RGMA a labor only contractor and declaring complainants regular employees of GMA Network. On March 1, 2021, GMA Network and RGMA filed their Memorandum of Appeal, which is now pending resolution.

There is a complaint for regularization with money claims filed by Peter R. Cueno et al. against RGMA and GMA Network. In a Decision dated August 13, 2020, the Labor Arbiter dismissed the complaint. Complainants filed their Appeal Memorandum. GMA Network and RGMA, in turn, filed their respective Answer Memorandum. In the Decision dated May 21, 2021, the NLRC granted the appeal of complainants and reversed and set aside the Labor Arbiter's Decision dated August 13, 2020. GMA filed its Motion for Reconsideration dated July 5, 2021. On the other hand, the complainants filed a motion for partial reconsideration, which was granted by the NLRC in the Resolution dated September 14, 2021.The respondents then filed on December 6, 2021 their Petition for Certiorari with the CA praying for the reversal of the Resolution dated September 14, 2021. Acting on GMA's Motion for Reconsideration dated July 5, 2021, the NLRC issued another Resolution on October 12,2021 dismissing the motion for lack of merit. It found that all conditions to be considered as labor-only contractor are present in this arrangement of RGMA with GMA. GMA filed its Petition for Certiorari with the CA on February 2, 2022.

There is a complaint for regularization filed by Menandro A. Bantoto et al. for regularization with money claims against GMA Network and RGMA. On October 28, 2019, GMA Network filed its opposition to complainant's Motion for Inhibition. On December 5, 2019, respondents received the Order denying complainants' Motion for Inhibition and directing the parties to file their respective Position Papers. Thus, both GMA Network and RGMA filed their respective Position Paper. On June 2, 2020, respondents received the Decision dated February 28, 2020 by the Labor Arbiter dismissing the case. On August 19, 2020, complainants filed an appeal to the NLRC. GMA Network filed its Answer Memorandum on September 1, 2020.

In a Decision dated November 13, 2020, the NLRC granted complainants' appeal and declaring RGMA as labor only contractor and complainants as regular employees of GMA. On December 26, 2020, GMA Network filed a motion for reconsideration. Thereafter, complainants filed a Motion to Clarify Decision to which GMA Network filed a Comment and/or Opposition on February 15, 2021. In a Resolution dated May 14, 2021, the NLRC denied GMA's motion for reconsideration and partly granting complainants' Motion to Clarify Decision. On August 5, 2021, GMA Network filed with the CA a Petition for Certiorari. The NLRC Decision dated 13 November 2020 and Resolution dated 14 May 2021 became final and executory on 21 July 2021.

There were complaints for regularization with money claims filed against GMA Network and RGMA by Pelagio A. Jumawan et al. and Premier D. Nayon before the NLRC Cotabato City and NLRC Dipolog City, respectively. Under the Decision dated March 6, 2019 the complaint filed by Jumawan et al. was dismissed. Similarly, under the Decision dated March 20, 2019, the complaint of Nayon was likewise dismissed.

There was also a complaint for regularization filed against GMA Network and RGMA by Noel V. Gagate et al. The labor arbiter rendered a decision adverse to the respondents by ruling that the Provincial TV Relay Management Agreement between GMA and RGMA "is an illicit form of employment arrangement" and that "RGMA merely served as an agent of GMA and complainants are in reality the employees of GMA". Complainants were also awarded entitlement to salary increases and benefits under the CBA. On June 28, 2019, the NLRC rendered a Decision granting complainants' motion for correction in the computation of wage increases, longevity pay, among others. GMA Network and RGMA filed their separate motions for reconsideration. The NLRC denied both motions for reconsideration by GMA Network and RGMA. On July 1, 2020, GMA Network and RGMA filed with the CA separate Petitions for Certiorari which are now pending resolution.

There is also a complaint for regularization filed by Eldrin S. Padillo et al. against GMA Network and RGMA. On October 16, 2019, the Labor Arbiter issued a Decision declaring complainants as regular employees of GMA Network and ordering the latter to pay complainants all salaries and benefits granted to regular employees. On December 5, 2019, GMA Network filed its Memorandum of Appeal. RGMA also filed its Memorandum of Appeal. On August 26, 2020, NLRC issued a Decision dismissing the appeal filed by GMA Network. On November 5, 2020, GMA Network filed a motion for reconsideration. In a Resolution dated April 29, 2021, the NLRC denied the motion for reconsideration. On July 25, 2021, GMA Network filed with the CA a Petition for Certiorari which is now pending resolution.

There is also a case filed by Alan J. Atenta et al. against GMA Network and RGMA for regularization. In a Decision dated October 16, 2019, the Labor Arbiter declared complainants as regular employees of GMA Network and ordered the latter to pay complainants salaries and benefits granted to regular employees. GMA Network filed its Memorandum of Appeal on December 5, 2019. RGMA filed also its Memorandum of Appeal. On August 26, 2020, NLRC issued a Decision denying GMA Network's appeal and affirming the Decision dated October 16, 2019. On November 5, 2020, GMA Network filed a motion for reconsideration, which was denied in a Resolution dated April 29, 2021 by the NLRC. On July 25, 2021, GMA Network filed with the CA a Petition for Certiorari which is now pending resolution.

There is a complaint for regularization and payment for salaries, overtime pay, rice allowance and bonuses filed by Roosevelt P. Calleja et al. against GMA Network and RGMA before NLRC Zamboanga City. On August 9, 2019, the Labor Arbiter promulgated a Decision dismissing the complaints.

Finally, there is a complaint for illegal suspension by Roland Crisostomo Manipon. The complaint was dismissed by the Labor Arbiter in the Decision dated February 28, 2020. The decision was affirmed by the NLRC with modification awarding the complainant nominal damages of Php30,000.00. Both complainant and GMA Network filed their own motion for partial reconsideration. In the Resolution dated April 30, 2021, the NLRC granted GMA's motion for partial reconsideration and modified the Decision dated December 29, 2020 to delete the award of nominal damages. Manipon filed a Petition for Certiorari with the CA, which is pending resolution.

Infringement Cases

The Company's officers, Felipe L. Gozon, Gilberto R. Duavit, Jr., Marissa L. Flores, Jessica A. Soho, Grace dela Peña-Reyes, John Oliver Manalastas, John Does and Jane Does were named as respondents in a criminal case initiated by ABS CBN in June 2004 forcopyright infringement before the City Prosecutor's Office of Quezon City and the Department of Justice ("DOJ"). The case was subsequently consolidated with the Company's countercharge for libel.

The respondents were charged in their capacities as corporate officers and employees of the Company responsible for the alleged unauthorized airing of ABS-CBN's exclusive live coverage of the arrival in the Philippines of Angelo dela Cruz, a Filipino overseas worker previously held hostage in Iraq. Aside from seeking to hold the named respondents criminally liable for infringement and unfair competition, ABS-CBN sought damages from the respondents jointly and severally in the aggregate amount of P200 million.

On July 27, 2004, the Company and certain of its officers filed a case for libel against certain officers of ABS-CBN for statements made in their programs Insider and Magandang Umaga Bayan relative to the incident involving the Angelo dela Cruz feed. The Company also seeks damages in the aggregate amount of P100 million.

In the Resolution dated December 3, 2004, the DOJ dismissed the complaint for libel against the ABS-CBN officers and employees and dropped the charges against the Company's officers except for Ms. Dela Peña-Reyes and Mr. Manalastas against whom the DOJ found probable cause for violation of the Intellectual Property Code. ABS-CBN filed a motion for partial reconsideration of the resolution on the ground that the other named respondents were erroneously exonerated. The Company filed a petition for review with the DOJ with respect to the finding of probable cause against Ms. Dela Peña-Reyes and Mr. Manalastas and the dismissal of the case for libel which was denied. On August 1, 2005, the DOJ reversed the fiscal's resolution finding probable cause against Ms. Dela Peña-Reyes and Mr. Manalastas and directed the fiscal to withdraw the Information. ABS-CBN filed a motion for reconsideration. Meanwhile, the DOJ issued the Resolution dated September 15, 2005 denying the Company's Petition for Review and ruling that ABS-CBN's officers and employees did not commit libel. The Company filed a motion for reconsideration.

On June 29, 2010, the DOJ issued a resolution granting both the Company's and ABS-CBN's motions for reconsideration and directing among others the filing of Information against ABS-CBN's officers and employees for libel. ABS-CBN moved for reconsideration, which motion was denied. ABS-CBN then filed a petition for certiorari with the Court of Appeals (CA). In the meantime, an Information for libel was filed by the Quezon City Prosecutor with the Regional Trial Court of Quezon City, Branch 88 which was later re-raffled to Branch 104. The prosecution has completed the presentation of its evidence and the defense has filed a motion for leave to file demurrer to evidence which was granted over the Company's opposition. In an Order dated February 10, 2022, the court granted the accused's demurrer to evidence upon its conclusion that there was no element of identification and that the utterances are a fair report of what transpired on July 22, 2004. We filed a motion for reconsideration prior to filing a Petition for Certiorari with the CA.

With respect to the granting of the motion for reconsideration of ABS-CBN, the Company elevated the DOJ's June 29, 2010 Resolution directly to the CA via a petition for certiorari docketed as CA-G.R. SP No. 115751. On November 9, 2010, the CA issued a decision granting the Company's petition for certiorari and reversing the DOJ Resolution dated June 29, 2010 and reinstating the DOJ Resolution dated August 1, 2005 which ordered the withdrawal of Information for copyright infringement. ABS-CBN's petition with the Supreme Court (SC) was partially granted reversing the DOJ Resolution ordering the withdrawal of the Information for copyright infringement and sustaining the finding of probable cause for copyright infringement only as against Ms. Dela Peña-Reyes and Mr. Manalastas.

Trial ensued for the charge of copyright infringement against Ms. Dela Peña-Reyes and Mr. Manalastas. In the Decision dated September 29, 2021, the Regional Trial Court of Quezon City, Branch 93 acquitted both Ms. Dela Peña-Reyes and Mr. Manalastas from the charge of copyright infringement.

There is a complaint filed by Gary Granada against GMA Network and Rosario Unite with the Intellectual Property Office (IPO) for copyright infringement and damages. The said complaint stemmed from an alleged unauthorized use of complainant's musical work entitled "Tipid Handog Edukasyon jingle". In a Decision dated November 25, 2020 the IPO dismissed the complaint of Gary Granada. Complainant Gary Granada appealed to the IPO-Office of the Director General Taguig City.

Civil Cases

Another case involving the Company and members of the show Imbestigador stemmed from a story involving police officer Police Chief Inspector Arwen De Silva Nacional for allegedly extorting money from arrested drug dependents, which ultimately led to his arrest. On September 4, 2008, the complainant sought to enjoin the airing of the story relating to his arrest by filing a case for injunction. However, the plaintiff's application for restraining order was denied by the RTC of Quezon City. Plaintiff then filed an amended complaint to include a claim for damages. The RTC of Quezon City, Branch 91 dismissed plaintiff's complaint for damages. On appeal, the CA denied plaintiff's appeal and affirmed the trial court's decision dismissing the complaint. On October 29, 2020, plaintiff filed a Petition for Review on Certiorari with the Supreme Court, where it is pending to date.

There is a case for libel filed by Andrea Gorriceta against GMA Iloilo Manager Jonathan Cabillon and News Anchor Charlene Belvis-Gador arising from the news reports made in GMA news programs Ratsada and Arangkada on the progress of the criminal cases against Gorriceta before MCTC of Iloilo City. GMA completed the presentation of evidence for the defense and filed its formal offer, the documentary exhibits of which were admitted by the Court in an Order dated February 28, 2019. On June 30, 2020, GMA filed its Memorandum for accused Belvis and Cabillon. On November 20, 2020, the trial court promulgated judgment finding accused Belvis and Cabillon guilty beyond reasonable doubt of Libel. On December 4, 2020, GMA filed a Notice of Appeal which was granted by the trial court.

Item 4. Submission of Matters to a Vote of Security Holders

During the Special Stockholders' Meeting held on December 9, 2021, 96.04% or 10,430,742,109 of the Company's total issued and outstanding shares present and represented approved the resolution authorizing the Company to approve the subscription to the increase in the authorized capital stock of its wholly-owned subsidiary GMA Ventures, Inc. from Fifty Million Philippine Pesos (PhP50,000,000.00) to One Billion Philippine Pesos (PhP1,000,000,000.00), which subscription shall initially be in the amount of Two Hundred Fifty Million Philippine Pesos (PhP250,000,000.00), and the payment of One Hundred Million Philippine Pesos (PhP100,000,000.00) for the said subscription, including the grant of authority to the Company's Executive Committee to make additional payment for the said subscription and, if necessary, to increase the subscription of the Company to the authorized capital stock of GVI. Stockholder/s representing 824,500 shares indicated a vote against the approval of the foregoing resolutions. No stockholder abstained from voting on the matter. The Definitive Information Statement dated November 4, 2021 relating to this matter may be viewed in the Company's website through: https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_-_definitive_information_statement_ssm_2021_1636344496.pdf

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market Price of and Dividend on Registrant's Equity and Related Stockholders Matters

Market Information

Average market prices per share for each quarter within the last two years and subsequent interim periods were as follows:

Stock Prices GMA7

Period in 2022.	Highest Closing	Lowest Closing
1Q	15.90	13.66

Period in 2021	Highest Closing	Lowest Closing
1Q	8.95	5.82
2Q	14.60	7.70
3Q	15.96	11.42
4Q	16.06	13.40

Period in 2020	Highest Closing	Lowest Closing
1Q	5.50	4.50

2Q	5.90	4.70
3Q	6.65	4.91
4Q	6.09	4.94

Stock Prices GMAP

Period in 2022	Highest Closing	Lowest Closing
1Q	15.00	13.10

Period in 2021	Highest Closing	Lowest Closing
1Q	8.49	5.76
2Q	13.00	7.34
3Q	15.04	10.24
4Q	15.00	13.00

Period in 2020	Highest Closing	Lowest Closing
1Q	5.49	4.80
2Q	5.29	4.52
3Q	5.50	4.42
4Q	5.95	4.75

The Company's common shares and GMA Holdings, Inc.'s (GHI) Philippine Deposit Receipts (PDRs) have been listed with the Philippine Stock Exchange since 2007. The price information as of the close of the latest practicable trading date April 13, 2022 are 15.92 for the Company's GMA7 common shares and 15.00 for GHI GMAP (PDRs).

Holders

There are 1,653 holders of common equity and 37 holders of preferred equity as of March 30, 2022.

The following are the top 20 holders of the common equity of the Company as of March 30, 2022 based on the records of the Company's stock transfer agent, Stock Transfer Services, Inc.:

Name of Shareholders	No. of Common Shares	Percentage of Ownership of Total Common Shares
Group Management Development Inc.	789,821,734	23.47%
FLG Management & Development Corporation	844,434,742	25.09%
PCD Nominee Corp. (for the benefit of several qualified Philippine national stockholders holding the scripless shares of the Company)	456,995,034	13.58%
M.A. Jimenez Enterprises, Inc.	453,882,095	13.49%
GMA Holdings, Inc.	411,590,049	12.23%
Television International Corporation	338,243,037	10.06%
James L. Go	17,988,100	00.53%
Gozon Development Corp	14,033,954	00.42%
Gozon Foundation, Inc.	5,644,361	00.17%
Gilberto R. Duavit, Jr.	4,007,005	00.12%
Miguel Enrique Singson Roa	3,036,400	00.09%
Ismael Gozon	2,814,900	00.08%
Jose Mari L. Chan	2,092,900	00.06%
Felipe S. Yalong	1,025,002	0.03%
Alberto Tio Ong	1,000,000	0.03%
Vitezon, Inc.	942,725	0.03%
Judith Duavit Vazquez	588,000	00.02%
Jose P. Marcelo	501,498	00.01%
Jose C. Laurel V	346,127	00.01%
Nita Laurel Yupangco	346,127	00.01%

The following are the top 20 holders of the Company’s preferred shares as of March 30, 2022:

Name of Shareholders	No. of Preferred Shares	Percentage of Ownership of Total Preferred Shares
Group Management & Development Inc.	2,625,825,336	35.01%
FLG Management & Development Corp.	2,181,898,644	29.09%
M.A. Jimenez Enterprises	1,508,978,826	20.12%
Television International Corp.	1,111,661,610	14.82%
Gozon Development Corp.	46,245,306	0.62%
Gozon Foundation Inc.	15,020,670	0.20%
Alegria F. Sibal	2,623,806	0.03%
Jose P. Marcelo	1,203,594	0.02%
Sarah L. Lopez	830,706	0.01%
Nita Laurel Yupangco	830,706	0.01%
Jose C. Laurel V	830,706	0.01%
Juan Miguel Laurel	830,706	0.01%
Susana Laurel-Delgado	830,706	0.01%
Ma. Asuncion Laurel-Uichico	830,706	0.01%
Horacio P. Borromeo	784,164	0.01%
Francis F. Obana	105,120	0.00%
Eduardo Morato	38,028	0.00%
Antonio Gomez	30,420	0.00%
Jose N. Morales	30,420	0.00%
Paul Sim	30,420	0.00%

The information presented does not relate to an acquisition, business combination or other reorganization.

Dividend Information

Dividends shall be declared only from the surplus profits of the Company and shall be payable at such times and in such amounts as the Board of Directors shall determine, either in cash, shares or property of the Company, or a combination of the three, as said Board of Directors shall determine. The declaration of stock dividends, however, is subject to the approval of at least two-thirds of the outstanding capital stock. No dividend which will impair the capital of the Company shall be declared. The Company has no contractual restrictions which would limit its ability to declare any dividend.

On March 25, 2022, the Company's Board of Directors declared cash dividends amounting to Php 1.45 on all common and preferred shares issued and outstanding of stockholders of record as of April 25, 2022.

On March 26, 2021, the Company's Board of Directors declared cash dividends amounting to Php 1.35 on all common and preferred shares issued and outstanding of stockholders of record as of April 22, 2021.

On June 15, 2020, the Company's Board of Directors affirmed and ratified the cash dividend declaration of the Executive Committee on June 8, 2020 amounting to Php 0.30 per share on all common and preferred shares issued and outstanding of stockholders of record as of June 24, 2020.

On March 29, 2019, the Company declared cash dividends amounting to Php 0.45 per share on all common and preferred shares issued and outstanding stockholders of record as of April 22, 2019.

On April 5, 2018, the Company declared cash dividends in amounting to Php 0.50 per share on all common and preferred shares issued and outstanding on stockholders of record as of April 23, 2018.

Dividend History of the Company

Year	**Amount**	**Date Declared**	**Type of Dividend**
2011	P 2,187,089,297	March 11, 2011	Cash
2012	P 1,944,079,375	April 16, 2012	Cash
2012	P 1,264,794,293	August 22, 2012	Cash
2013	P 1,215,049,609	March 21, 2013	Cash
2014	P 1,312,253,578	April 2, 2014	Cash
2015	P 1,215,049,609	March 30, 2015	Cash
2016	P 1,944,079,375	April 8, 2016	Cash
2017	P 3,547,944,859	March 27, 2017	Cash

2018	P 2,430,099,218	April 5, 2018	Cash
2019	P 2,187,089,297	March 29, 2019	Cash
2020	P 1,458,059,531	June 15, 2020	Cash
2021	P 6,561,267,890	March 26, 2021	Cash
2022	P 7,053,803,400	March 25, 2022	Cash

The Company's Board of Directors has approved a dividend policy which will entitle holders of the Common Shares to receive annual cash dividends equivalent to a minimum of 50% of the prior year's net income based on the recommendation of the Board of Directors. Such recommendations will take into consideration factors such as the implementation of business plans, operating expenses, budgets, funding for new investments, appropriate reserves and working capital, among others. The cash dividend policy may be changed by the Company's Board of Directors at any time.

Recent Sales of Unregistered or Exempt Securities

No sale of unregistered or exempt securities of the Company has occurred within the past three years.

Description of Registrant's Securities

The following is general information relating to the Company's capital stock but does not purport to be complete or to give full effect to the provisions of law and is in all respects qualified by reference to the applicable provisions of the Company's amended articles of incorporation and amended by-laws.

The Company has 3,364,692,000 common shares and 7,500,000,000 preferred shares subscribed and outstanding as of March 31, 2022.

All Common Shares of the Corporation shall enjoy the same rights and privileges. Each Common Share entitles the holder to one vote. At each meeting of the Shareholders, every Shareholder entitled to vote on a particular question or matter involved shall be entitled to one vote for each share of stock standing in his name in the books of the Company at the time of the closing of the transfer books for such meeting.

All Preferred Shares shall be of equal rank, preference and priority and shall be identical in all respects regardless of series. Preferred Shares receive dividends at a rate of one-fifth of the dividend paid to Common Shares (which rate shall be adjusted proportionately by the Board of Directors consequent to any stock split or stock dividend declaration affecting the Common Shares and the Preferred Shares). Preferred Shares shall be convertible, at the option of the shareholder, at the rate of five Preferred Shares to one Common Share based on par value subject to the approval of the Board of Directors. Preferred Shares shall enjoy priority over Common Shares in the distribution of assets of the Corporation in the event of its dissolution and liquidation, at such rates and conditions as the Board of Directors may determine. Each Preferred Shares shall be entitled to one vote and shall have the same voting rights as the Common Shares. The Board of Directors 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 Article Seven of the corporation's Amended Articles of Incorporation.

Title X of the Revised Corporation Code of the Philippines grants to a shareholder the right to dissent and demand payment of the fair value of his share in certain instances, to wit: (1) in case any amendment to the corporation's articles of incorporation has the effect of changing and restricting the rights of any shareholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (2) in case of any sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property or assets; (3) in case of merger or consolidation; and (4) in case of investment corporate funds for any purpose other than the primary purpose or in another corporation or business.

Under Section 41 of the Revised Corporation Code of the Philippines, a stockholder is likewise given an appraisal right in cases where a corporation decides to invest its funds in another corporation or business or any other purpose.

The appraisal right may be exercised in accordance with Sections 81 and 82 of the Revised Corporation Code of the Philippines, viz.:

> "**SEC. 81.** *How Right is Exercised.* – The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken: *Provided*, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.
>
> If, within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: *Provided*, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: *Provided*, *further,* That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the corporation.
>
> **SEC. 82.** *Effect of Demand and Termination of Right.* – From the time of demand for payment of the fair value of a stockholder's shares until either the abandonment of the corporate action involved or the purchase of the said shares by the corporation, all rights accruing to such shares, including voting and dividend rights, shall be suspended in accordance with the provisions of this Code, except the right of such stockholder to receive payment of the fair value thereof: *Provided*, That if the dissenting stockholder is not paid the

value of the said shares within thirty (30) days after the award, the voting and dividend rights shall immediately be restored."

None of the proposed corporate actions for the Company qualifies as an instance for a possible exercise by security holders of their appraisal rights under Title X of the Revised Corporation Code of the Philippines.

Item 6. 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 ₱22,450 million posting a double-digit growth of 16% and translating into an absolute increase of ₱3,114 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 ₱21,015 million, overshadowing prior year's ₱17,727 million top line by a whopping ₱3,288 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 ₱907 million, contracting by ₱117 million or 11% versus last year's ₱1,025 million. The Company's venture into the sale of merchandise also pitched in revenues of ₱528 million.

Meanwhile, the Company concluded 2021 with consolidated operating expenses (OPEX) of ₱12,556 million, 16% or ₱1,776 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 ₱10-billion mark at ₱11,644 million, 18% better than last year. Similarly, YTD consolidated Net Income after Tax of the Company once again broke all records at ₱7,569 million, a huge ₱1,562 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 ₱22,450 million, exhibiting a noteworthy increase of 16% from ₱19,336 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 ₱907 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 – Good TV 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 continue 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 ₱49.38 to USD1 from ₱49.49 to USD1.

Lastly, Merchandise sales this year reached ₱528 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 ₱12,556, escalating by 16% or ₱1,776 million versus Y2020's ₱10,779 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 ₱1,424 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 ₱4,877 million grew by over a billion by the end of 2021. Cash production cost climbed by ₱1,022 million or 40% mainly from higher program cost and talent fees while non-cash direct cost hiked by ₱402 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 ₱61 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 ₱7,261 million, ahead of last year by ₱413 million or up by 6%. Personnel cost propelled the rise in this category, edging last year by ₱334 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 ₱115 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 ₱11,644 million, considerably higher than year ago's ₱9,888 million by ₱1,757 million or 18%.

Net Income

In like manner, Net Income after Tax (NIAT) finished off this year at a record-breaking ₱7,569 million, soaring by ₱1,562 million or 26% over last year's already solid bottom line of ₱6,007 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 ₱24,076 million as at end-2021, a tad higher than December 31, 2020's balance of ₱23,939 million.

Cash and cash equivalents of ₱4,794 million grew by more than P1.5-billion at ₱1,579 million or 49% from 2020 peg of ₱3,215 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 ₱7,785 million, 26% or ₱2,682 million less than last year, resulting from increased collections over the recent months.

Total liabilities declined by 14% or ₱1,553 million as at end-December this year to ₱9,505 million from ₱11,058 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 ₱14,470 million as at end-December 2021 increased by 13% or ₱1,661 million in between years, as a result of ₱5,975 million net income attributable to Parent Company earned in 2021, partially reduced by the dividends declared during the first quarter of 2021 amounting to ₱6,561 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 ₱9,362 million in 2021. This stemmed from income before income tax of ₱9,947 million, adjusted mainly by Program rights usage of ₱1,007 million, Pension expense of ₱640 million, Depreciation expense of ₱608 million, Provision for doubtful accounts of ₱143 million and Amortization of software costs of ₱50 million apart from the changes in working capital. The primary component of the changes in working capital included the ₱2,564 million decrease in Trade and other receivables partially offset by increase in Inventories by ₱900 million.

Investing Activities

Net cash used in investing activities amounted to ₱1,147 million, coming primarily from the acquisition of ₱999 million, ₱142 million and ₱51 million worth of Property and equipment, Land and Software costs, respectively. These were partially offset by the ₱58 million proceeds from sale of property and equipment.

Financing Activities

Net cash used in financing activities amounted to ₱6,679 million due to payment of cash dividends and loans amounting to ₱6,549 million and ₱4,543 million, respectively, plus some ₱38 million in Interest expense netted by ₱4,479 million remaining proceeds from short-terms loans.

FINANCIAL AND OPERATIONAL RESULTS

<u>For the Year Ended December 31, 2020</u>

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 ₱19,336 million, ahead of year ago's top line by 17% or ₱2,842 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 ₱17,727 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 ₱1,025 million, behind last year's ₱1,320 million by 22%.

In terms of operating costs, the Company sealed 12-month period this 2020 with consolidated operating expenses (OPEX) of ₱10,779 million, contracting by a huge ₱1,981 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 ₱9,888 million, ₱4,496 million or 83% higher than last year. This resulted from the hefty increase in revenues by ₱2,842 million heightened by considerable reduction in cash OPEX by ₱2,006 million. With similar sterling performances since middle of this year, YTD Consolidated Net Income after Tax of the Company recorded a milestone, breaching the ₱6.0-billion mark at ₱6,007 million, thus, displaying a 128% or ₱3,368 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 ₱20.0-billion mark at ₱19,336 million, parading a ₱2,842 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 ₱1,025 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 ₱10,779, dropping by a double-digit percentage of 16% or ₱1,981 million compared to full year of 2019. Cash OPEX fell by 18% to ₱9,143 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 ₱3,452 million, considerably lower by 46% compared with prior year's ₱6,435 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 ₱1,242 million or 42%. Rental of facilities and equipment also contracted by ₱602 million or 74% while other cash production costs decreased by ₱850 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 ₱479 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 ₱6,848 million, edging last year by ₱522 million or 8%. Personnel costs, which represents 66% of the total GAEX, climbed by ₱398 million or 10% from ₱4,127 million in 2019 to ₱4,525 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 ₱329 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 ₱111 million or 23% and by ₱69 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 ₱9,888 million, ₱4,496 million or 83% higher than last year's ₱5,392 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 ₱6,007 million, more than double year ago's bottom line of ₱2,639 million and higher by ₱3,368 million or 128%.

Balance Sheet Accounts

GMA's total assets stood at ₱23,939 million as at end-2020, increasing significantly by 46% from December 31, 2019's balance of ₱16,347 million.

Cash and cash equivalents of ₱3,215 million grew by almost a million pesos at ₱960 million or 43% from 2019 peg of ₱2,255 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 ₱10,467 million, parallel with the spike in the Company's top line.

Total liabilities also climbed by 65% or ₱4,368 million as at end-December this year to ₱11,058 million from ₱6,690 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 ₱12,809 million as at end-December 2020 increased by 34% or ₱3,223 million in between years, as a result of ₱5,985 million net income attributable to Parent Company earned in 2020, partially reduced by the dividends declared during the first half of 2020 amounting to ₱1,458 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 ₱2,507 million in 2020. This stemmed from income before income tax of ₱8,592 million, adjusted mainly by Program rights usage of ₱703 million, Pension expense of ₱646 million, Depreciation expense of ₱546 million, Provision for doubtful accounts of ₱347 million and Amortization of software costs of ₱40 million apart from the changes in working capital. The primary component of the changes in working capital included the ₱5,589 million and ₱1,095 million increase in Trade and other receivables and Prepaid and other current assets, respectively.

Investing Activities

Net cash used in investing activities amounted to ₱354 million, coming primarily from the acquisition of ₱ 421 million and ₱11 million worth of Property and equipment and Software costs, respectively. These were partially offset by the ₱56 million change in fair market value of Financial assets at FVOCI and ₱23 million proceeds from sale of property and equipment.

Financing Activities

Net cash used in financing activities amounted to ₱1,167 million due to payment of cash dividends and loans amounting to ₱1,475 million and ₱642 million, respectively, plus some ₱13 million in Interest expense netted by ₱984 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 ₱16,493 million, up by ₱1,257 million from 2018's ₱15,236 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 ₱15,174 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 ₱1,320 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 ₱12,761 million from year ago's ₱11,998 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 ₱6,435 million which was even a tad lower than prior year's ₱6,484 million by ₱49 million or 1%. This was nonetheless negated by the hike in the Company's general and administrative expenses (GAEX) by ₱811 million or 15%. Consolidated GAEX for the year 2019 stood at ₱6,325 million versus ₱5,514 million in the prior year.

With the sterling performance in this year' 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 ₱5,392 million, or up by 12% from last year. Finally, consolidated Net Income after tax for the twelve-month period this 2019 settled at ₱2,639 million, ₱315 million or 14% better than 2018's bottom-line peg of ₱2,324 million.

Revenues

Consolidated revenues of the Company in 2019 aggregated to ₱16,493 million, manifesting a huge increase of ₱1,257 million or 8% from year ago's ₱15,236 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 ₱1,339 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 ₱1,320 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 ₱1,320 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 ₱12,761 million in 2019, climbing by ₱763 million or 6% compared to full year of 2018. Cash OPEX sealed 2019 at ₱11,149 million escalating by ₱742 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 ₱6,435 million, ending a tad lower by ₱49 million or 1% than year ago. Cash Production cost dipped by ₱132 million or 2% arising from the reduction in Talent fees by ₱44 million or 1% and Rental and outside services by ₱84 million or 9%. However, this was partly offset by the climb in non-cash direct cost, mainly Program rights amortization by ₱117 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 ₱34 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 ₱6,325 million, higher by ₱811 million or 15% than last year. Personnel costs drove this year's growth, wrapping up at ₱4,127 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 ₱18 million or 10%. Non-cash GAEX netted a ₱62 million or 12% decline, mainly from the presence of some ₱110 million in Provision for Doubtful Accounts in 2018 versus only ₱18 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 ₱25 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 ₱5,392 million, ₱568 million or 12% better than a year ago.

Net Income

The Company's consolidated Net Income after Tax sealed the year ended 2019 at ₱2,639 million, recording a ₱315 million or 14% improvement vis-à-vis prior year's bottom line of ₱2,324 million.

Balance Sheet Accounts

The Company's total assets stood at ₱16,347 million as at end-2019, increasing by 7% from December 31, 2018's balance of ₱15,293 million.

Cash and cash equivalents of ₱2,255 million decreased by ₱304 million or 12% from 2018 balance of ₱ 2,559 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 ₱5,257 million, 9% higher than previous year.

Total liabilities also climbed by 17% or ₱985 million as at end-December this year to ₱6,690 million from ₱ 5,704 million in 2018 mainly due to the spike in Pension liability partly offset by the drop in short-term loans by ₱100 million.

Equity attributable to Parent Company stockholders amounting to ₱9,586 million as at December 31, 2019 increased by 1% or ₱61 million in between years, as a result of ₱2,618 million net income attributable to Parent Company earned in 2019, subsequently reduced by the dividends declared during the first half of 2019 amounting to ₱2,187 million.

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

Operating Activities

Net cash from operations registered at ₱2,884 million in 2019. This stemmed from income before income tax of ₱3,766 million, adjusted mainly by Program rights usage of ₱989 million, Depreciation expense of ₱ 578 million, Pension expense of ₱402 million, Interest expense and financing charges of ₱56 million, Net unrealized foreign currency exchange gain of ₱30 million, Gain on sale of property and equipment of ₱21 million and Amortization of software costs of ₱27 million apart from the changes in working capital. The primary component of the changes in working capital included the ₱493 million and ₱274 million increase in Trade and other receivables and Prepaid and other current assets, respectively.

Investing Activities

Net cash used in investing activities amounted to ₱797 million, coming primarily from the acquisition of ₱ 673 million and ₱65 million worth of Property and equipment and Software costs, respectively. These were partially offset by the ₱26 million proceeds from sale of property and equipment and investment properties.

Financing Activities

Net cash used in financing activities amounted to ₱2,366 million due to payment of cash dividends and loans amounting to ₱2,198 million and ₱1,618 million, respectively, plus some ₱46 million in Interest expense netted by ₱1,518 million remaining proceeds from short-terms loans.

KEY VARIABLE AND OTHER QUALITATIVE OR QUANTITATIVE FACTORS

i. Trends, demands, commitments, events or uncertainties that will have a material impact on the issuer’s liquidity.

   As of December 31, 2021, there were no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer’s liquidity.

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

   As of December 31, 2021, there were no events which may trigger a direct or contingent financial obligation that is material to the Company.

iii. Material off-balance-sheet transactions, arrangements, obligations (including contingent obligations), and other relations of the company with unconsolidated entities or other persons created during the reporting period.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relations of the company with unconsolidated entities or other persons created during the reporting period.

iv. Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

For 2022, the parent company has allotted ₱1,978 million for capital expenditures. This will be financed by internally-generated funds.

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

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

vi. Significant elements of income or loss that did not arise from the Company's continuing operations.

As of December 31, 2021, there were no significant elements of income or loss that did arise from the issuer's continuing operations.

vii. Causes for Material Changes in the Financial Statements
<u>Balance Sheet (December 31, 2021 vs. December 31, 2020)</u>

- Cash and cash equivalents of ₱4,794 million climbed by ₱1,579 million or 12% from 2020 balance of ₱3,215 million. This primarily resulted from a combination of higher sales from previous months which have become due for collection this period coupled with improved collection efforts.
- Trade and other receivables declined to ₱7,785 million as collections for the year exceed the total sales generated.
- Inventories also grew in between periods from ₱237 million in 2020 to ₱1,858 million in 2021 as a result of higher purchases Merchandise inventory for the year 2021.
- Income tax payable decreased to ₱1,076 million attributable to lower income tax rate for Y2021 due to CREATE Law.

viii. Seasonal aspects that had a material effect on the financial condition or results of operations.

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

Key Financial Ratios

Key Performance Indicators	2021 *(in millions PhP)*	2020 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Revenues	**22,450.32**	19,335.90	3,114.43	16%
Advertising revenues	**21,015.17**	17,727.49	3,287.67	19%
Cash operating expenses	**10,748.22**	9,142.92	1,605.29	18%
EBITDA	**11,644.48**	9,887.84	1,756.64	18%
Net income before tax	**9,947.20**	8,591.75	1,355.44	16%
Net income after tax	**7,569.15**	6,007.33	1,561.91	26%

Key Performance Indicators	2021	2020	Inc/(Dec)	%
Current ratio	**3.42**	2.89	0.52	18%
Asset-to-Equity ratio	**1.65**	1.86	(0.21)	-11%
Debt-to-Equity ratio	**0.05**	0.06	(0.01)	-9%
Interest Rate Coverage Ratio	**204.95**	418.52	(213.57)	-51%
Gross Profit Margin	**76%**	80%	(0.03)	-4%
EBITDA Margin	**52%**	51%	0.01	1%
Net Income Margin	**34%**	31%	0.03	9%

Interim Periods

The Company currently cannot make available the financial information for the first quarter of 2022. The Company however, undertakes to submit its SEC Form 17-Q on or before May 16, 2022 and to make the same available upon request during the Company's Annual Stockholders' Meeting.

Item 7. Financial Statements

The consolidated financial statements including the attached schedules therein are filed as part of this report. The statements were audited by Sycip Gorres Velayo & Co. and signed by Belinda T. Beng Hui. Please **refer to attached copy of the Company's 2021 Audited Financial Statements.**

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Audit and Risk Management Committee reviews the fee arrangements with the external auditor and recommends the same to the Board of Directors. The Company's Audit Committee (now Audit and Risk Management Committee) was formed in 2007 and was formally organized during the latter portion of that year. The members of the Audit and Risk Management Committee are as follows:

Dr. Jaime C. Laya (Chairman)

Chief Justice Artemio V. Panganiban

Anna Teresa Gozon-Valdes

Laura J. Westfall

Judith R. Duavit-Vazquez

The Audit and Risk Management Committee has recommended the appointment of Sycip Gorres Velayo and Co., as the external auditor of the Company. The Sycip Gorres Velayo & Co. has acted as the Company's external auditors since 1994. The same accounting firm is being recommended for re-election at the scheduled annual meeting.

The Company has not had any disagreements on accounting and financial disclosures with its current external auditors during the two most recent fiscal years or any subsequent interim period.

Sycip Gorres Velayo & Co. has no shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

AUDIT AND AUDIT RELATED FEES

The aggregate fees billed for each of the last two years for the professional services rendered by SyCip Gorres Velayo & Co. amounted to P6.5 million in 2019 and P6.6 million in 2020 these included the fees related to financial audit and services for general tax compliance).

TAX FEES

There was no specific engagement availed by the Company for purely tax accounting. The total audited related fees as stated above already included basic tax review.

ALL OTHER FEES

Other than the foregoing services, no other product or service was provided by the external auditor to the Company.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Board of Directors, Officers, and Senior Management

Under the Articles of Incorporation of the Company, the Board of Directors of the Company comprises nine (9) directors, two of whom are independent. The Board is responsible for the overall management and direction of the Company and meets regularly every quarter and other times as necessary, to be provided with updates on the business of the Company and consulted on the Company's material decisions. The Directors have a term of one (1) year and are elected annually at the Company's annual stockholders meeting. A director who was elected to fill a vacancy holds the office only for the unexpired term of his predecessor. As of March 30, 2022, the Company's Board of Directors and Senior Management are composed of the following:

Board of Directors				Senior Management		
Directors and Senior Management	**Nationality**	**Position**	**Year Position was Assumed**	**Position**	**Year Position was Assumed**	**Age**
Felipe L. Gozon	Filipino	Chairman/ Director	1975	Chief Executive Officer	2000	82
Judith R. Duavit-Vazquez	Filipino	Director	2019 (1988-2015)	N/A	N/A	59
Gilberto R. Duavit, Jr.	Filipino	Director	1999	President/Chief Operating Officer	2010	58

Anna Teresa M. Gozon-Valdes	Filipino	Director/ Corporate Secretary	2000 (Director)/2021 (Corp. Sec.)	N/A	N/A	50
Joel Marcelo G. Jimenez	Filipino	Director	2002	N/A	N/A	58
Laura J. Westfall	Filipino	Director	2002	N/A	N/A	54
Felipe S. Yalong	Filipino	Director/ Corporate Treasurer	2002	Executive Vice President/Chief Financial Officer	2011	65
Eduardo P. Santos	Filipino	N/A	N/A	Internal Audit Head/ Data Protection Officer/Compliance Officer	2002 IA/2017 DPC/2021 CO	65
Marissa L. Flores	Filipino	N/A	N/A	Senior Vice President, News and Public Affairs	2004	58
Ronaldo P. Mastrili	Filipino	N/A	N/A	Senior Vice President for Finance and ICT	2013	56
Lilybeth G. Rasonable	Filipino	N/A	N/A	Senior Vice President for Entertainment Group	2013	58
Artemio V. Panganiban	Filipino	Independent Director	2007	N/A	2007	85

Jaime C. Laya	Filipino	Independent Director	2008	N/A	2007	83
Elvis B. Ancheta	Filipino	N/A	N/A	Senior Vice President and Head, Engineering Group; Head, Transmission and Regional Engineering Department	2014	55
Lizelle G. Maralag	Filipino	N/A	2016	Chief Marketing Officer	2016	56
Regie C. Bautista	Filipino	N/A	N/A	Senior Vice President, Corporate Strategic Planning and Business Development, and Concurrent Chief Risk Officer and Head, Program Support	2020	46

The members of the Board of Directors of the Corporation (including the Independent Directors) are elected at the annual stockholders' meeting to serve as such for the ensuing year and until the election and qualification of their successors. Once elected, the Independent Directors' term of office shall be deemed to be in compliance with Section 22, Title III of the Revised Corporation Code of the Philippines, in relation to SEC Memorandum Circular No. 4, Series of 2017 on the term limits for Independent Directors.

The Corporation's officers are appointed/elected by the Board of Directors to serve as such for the ensuing year and until a successor shall have been elected, appointed, or shall have qualified.

The Company's directors are expected to exercise discretion in accepting to be member of the Board of Directors of other companies. The directors notify the Company before accepting directorships in other companies.

The following are descriptions of the business experiences including board representations in other companies, of the Company's directors, officers, and senior management:

Felipe L. Gozon, Filipino, 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, 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.

Eduardo P. Santos, Filipino, 65 years old, is a CPA with more than 20 years of experience with the media industry having served various roles in audit and finance. Concurrently, Atty. Santos is the Internal Audit Head of GMA Network, Inc. since 2002. He is responsible for providing assurance and consulting services meant to add value and improve the operations of the Network by evaluating and improving the effectiveness of its corporate governance, risk management, and internal control processes. Among other functions, he monitors compliance with the established policies, systems, controls and procedures of the Company. He also serves as the Network's Data Protection Officer since 2017.

His vast experience in audit, as well as in the media industry, best complement his role as the Compliance Officer of the Network.

Atty. Santos obtained his Bachelor of Science degree in Business Administration, Major in Accounting from the Philippine School of Business Administration, and later earned his Bachelor of Laws degree from Arellano University School of Law.

Marissa L. Flores, Filipino, 58 years old, is the Senior Vice President for News and Public Affairs since 2004. She joined the Company in 1987 as a researcher for public affairs documentaries and special reports and held the positions of Assistant Vice President for Public Affairs, Vice President for Production–News and Public Affairs before appointment to her current position. She is also a Trustee of the GMA Kapuso Foundation.

The Rotary Club of Manila recognized her as Television News Producer of the Year in 1996. In 2004, she was awarded the prestigious TOYM (The Outstanding Young Men) for Broadcast Management. In 2012, she received the CEO Excel Award from the International Association of Business Communicators (IABC) Philippines. Ms. Flores was recognized for her work in the field of broadcast journalism by the University of the Philippines College of Mass Communication at the first Glory Awards in 2017.

The News and Public Affairs group under Flores continues to be the recipient of international awards, notably the New York Festivals, US International Film and Video Festival Awards, Asian TV Awards. GMA News and Public Affairs remains as the only Philippine broadcast network which has won the highly-coveted Peabody Award (four Peabody awards as of 2014) –widely considered as broadcasting and cable's equivalent of the Pulitzer Prize.

Aside from overseeing news and public affairs programs in GMA Channel 7, Flores also led the creation of GMA News Online in 2007, and the launch of GMA News TV (GMA Network's news and public affairs channel on free TV) in 2011.

Flores earned her Bachelor of Arts degree in Journalism at the University of the Philippines.

Ronaldo P. Mastrili, Filipino, 56 years old, is the Senior Vice President of GMA's Finance and ICT Departments. He obtained his Bachelor of Science in Business and Economics, Major in Accounting from De La Salle University. He attended the Master in Business Administration Program from the same university and completed the Executive Development Program of the Asian Institute of Management.

Mr. Mastrili is a Certified Public Accountant with extensive experience in the fields of accounting, auditing, finance, taxation, and general management. He was formerly the Assistant Vice President of Controllership of ABS-CBN and also served as its Group Internal Auditor before joining GMA Network in March 2001. He also worked with SGV and Co. for 8 years in the early part of his career. Mr. Mastrili concurrently holds key positions in GMA Subsidiaries namely: Chief Accounting Officer of GMA Holdings, Treasurer of Alta Productions, Director of Script2010, Scenarios and GMA Kapuso Foundation, and Comptroller of GMA Films, GMA Kapuso Foundation, and GMA Worldwide. He is also a Trustee of GMA Kapuso Foundation, Inc.

Lilybeth G. Rasonable, Filipino, 58 years old, is the Senior Vice President of the Entertainment Group of GMA Network, Inc. She heads the production of the Network's entertainment programs.

After earning her Bachelor of Arts degree in Broadcast Communication from the University of the Philippines, Ms. Rasonable immediately worked in the broadcasting industry, starting as a Production Assistant and later on, an Associate Producer of the Intercontinental Broadcasting Company. She likewise worked as Production Coordinator and Executive Producer of GMA Network, Inc.

Rasonable's work experience also included a post as Technical Consultant for Local Production with the Associated Broadcasting Company (ABC-5) and freelance Executive Producer for film and television. After a few years, she re-joined GMA as a Production Manager under its Sales and Marketing Group.

From Program Manager, she was promoted to Assistant Vice President for Drama in 2004. As AVP, she was a key figure in the growth of GMA's drama department and the creation of ground-breaking and phenomenal hits such as *Mulawin, Encantadia,* and *Darna*, which made the primetime block of GMA invincible. This contributed to GMA's unprecedented success in its quest for leadership in the Philippine broadcasting industry. It was also during her time as AVP for Drama when GMA produced programs that created the Network's superstars and afternoon dramas dramatically rose and established a strong presence in their time slots with breakthrough innovations.

In 2010, she was promoted to the position of Vice President, Drama Productions, and tasked with the supervision of non-primetime and primetime drama programs of GMA. By February 2012, she was Officer-in-Charge of the Entertainment TV (ETV) Group. In December 2013, she received her promotion and appointment as ETV's Senior Vice President. In 2018, Rasonable was named as the Glory Awardee for Television Arts, a recognition given to alumni by the University of the Philippines College of Mass Communication. She is also a Trustee of the GMA Kapuso Foundation.

Elvis B. Ancheta, Filipino, 55 years old, is GMA Network's Senior Vice President and Head of Engineering Group of the Network which is composed of the Production Engineering Department, the Content Management & On-Air Systems Department and the Transmission & Regional Engineering Department which he concurrently heads.

As head of Transmission, Engr. Ancheta oversees the operation and upkeep of GMA's existing analog TV stations nationwide and spearheads the design and ongoing migration of the Network to Digital Terrestrial Television Broadcasting across the country.

Engr. Ancheta is a Professional Electronics Engineer and is a member of the Institute of Electronics and Communications Engineers of the Philippines. He earned his Bachelor of Science degree in Electronics and Communications Engineering from Saint Louis University in Baguio City.

Lizelle G. Maralag, Filipino, 56 years old, is GMA Network's Chief Marketing Officer. She is responsible for driving revenue growth and marketing innovation within all media platforms of the Network, including GMA's broadcast stations, both Philippine-based and international channels, as well as the other non-broadcast platforms. Under her leadership, GMA became the only Philippine broadcast company with the most number of local and global marketing awards. She is also 2019's Hildegard Individual Awardee for Women in Media and Communication under the category of Advertising – the award aims to recognize women media practitioners who served and paved the way in improving the welfare of the youth.

She joined GMA Network in 2010, after a laudable career as an advertising media professional spanning more than two decades, where she drove to leadership position the top-ranked media agency in the market, Starcom Mediavest Group Phils. Co. Inc. as Managing Director, while concurrently serving as the Chairperson of Publicis Groupe Media Philippines and overseeing Zenith Optimedia Phils. She continues to hold the record in the media advertising industry for winning the most number of Media Agency of Record pitches when she was Managing Director of Starcom Mediavest Group Philippines, from 2000-2009.

Maralag holds a Bachelor of Science degree in Statistics from the University of the Philippines, Diliman, and took postgraduate studies at INSEAD in Singapore. She was Founding Co-Chairperson of the Media Specialists Association of the Philippines (2008-2009), Chairman of the Radio Research Council Adjudication & Review Board, Director of the TV Research Council, part-time instructor at the University of Asia and the Pacific, a global juror in the Starcom MediaVest Group Fuel Awards (2004), and a frequent jury member in local and regional advertising and marketing industry awards, the most recent of which is the Asia-Pacific Advertising Effectiveness Awards(Effies).

Regie C. Bautista, Filipino, 46 years old, is the President and Chief Operating Officer of GMA Ventures, Inc. and Senior Vice President for Corporate Strategic Planning and Business Development of GMA Network. She is also the Network's concurrent Chief Risk Officer, and Head of Program Support. In 2020, Bautista led the successful development and market launch of GMA Affordabox, the Network's digital TV device which sold 1 million units within only seven (7) months.

She leads the Network's corporate strategic planning and business development process which fast-tracked the Network's end-to-end digital transformation, among others. As Chief Risk Officer, Bautista established the company's enterprise-wide risk management system, increasing the Network's ability to manage uncertainty, respond to risks and opportunities, and boost organizational resilience. She also instituted the network's sustainability reporting and enabled GMA Network to be the first media and broadcast company in the Philippines to sign with the United Nations (UN) Global Compact.

Bautista, under Program Support, also manages the company's marketing communications, creative services, media and on-air continuity, and digital media divisions. Her group is responsible for managing the media and on-air continuity of several of the Network's multi-media platforms and crafting Network promotions and campaigns that have garnered multiple recognitions from local and international award-giving bodies including PromaxBDA and the New York Festivals.

She established the Network's growing online community, registering millions of fans and followers across the different social media platforms. In conjunction with GMA News Online, her team also created the Network's online portal, GMANetwork.com, one of the country's leading websites.

She joined GMA in 2002, after working at L'Oreal Philippines, Inc. Bautista earned her Bachelor of Arts in Communications from Ateneo De Manila University and completed the Senior Executive Programme from London Business School.

Significant Employees

Although the Company and its key subsidiaries have relied on, and will continue to rely on, the individual and collective contributions of their executive officers and senior operational personnel, the Company and its key subsidiaries are not dependent on the services of any particular employee.

Family Relationships

Gilberto R. Duavit, Jr. is the brother of Judith Duavit-Vazquez. Joel Marcelo G. Jimenez and Laura J. Westfall are siblings. Anna Teresa Gozon-Valdes is the daughter of Felipe L. Gozon. Felipe L. Gozon's sister, Carolina L. Gozon-Jimenez, is the mother of Joel Marcelo G. Jimenez and Laura J. Westfall.

Involvement in Certain Legal Proceedings

To the best of the Company's knowledge, during the past five years and up to date, there had been no occurrence of any of the following events which are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer, or control person of the Company:

Any filing of an insolvency or bankruptcy petition by or against any business of which such person was a general partner or executive officer, either at the time of the insolvency or within two years prior to that time;

Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, of any such person, excluding traffic violations and other minor offenses;

Any final and executory order, judgment, or decree of any court of competent jurisdiction, domestic or foreign, against any such person, permanently or temporarily enjoining, barring, suspending, or otherwise limiting involvement in any type of business, securities, commodities, or banking activities; and,

Any final and executory judgment of any such person by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

Related Party Transactions with Subsidiaries and Affiliates

Please refer to the disclosures on certain relationships and related transactions are set forth on under Item 12.

Directors' Disclosures on Self-Dealing and Related Party Transactions

To the best of the Company's knowledge, there is no undisclosed transaction that was undertaken by the Company involving any director, executive officer, or any nominee for election as director with which such director, executive officer, or nominee for director was involved or had material interest.

Directors and members of the Management are required to disclose any business or family-related transactions with the Company to ensure that the Board of Directors and Management are apprised of any possible conflict of interest.

Appraisals and Performance Report of the Members of the Board of Directors

Director's Performance Evaluation Sheet

Under a prescribed form entitled *Director's Performance Evaluation Sheet,* the Company requires every member of the Board of Directors to provide a self-assessment of his/her performance based on enumerated standards, by indicating whether or not he or she is compliant with each of the standard. In case of non-compliance to a particular standard, the director is required to disclose the same and state the reason for the non-compliance. The duly accomplished *Director's Performance Evaluation Sheet* is submitted to the Company's Executive Committee through the Corporate Secretary.

All the members of the Company's Board of Directors indicated their compliance with the following standards set forth in the Director's Performance Evaluation Sheet for 2021:

DISCHARGE OF BOARD FUNCTIONS
1. Whether he or she possesses all the qualifications required of a director and do not possess any of the permanent and/or temporary disqualifications as set forth in the Corporation's Manual on Corporate Governance
2. Whether he or she attends the special/regular meetings of the Board of Directors and/or the Stockholders regularly.
3. Whether he or she provides and/or gives due consideration to independent views during Board Meetings.
4. Whether he or she recommends sound strategic advice on programs relating to the Corporation's business plans, operating budgets, and Management's overall performance.
5. Whether he or she participates on critical matters before the Board and the Board Committees of which he or she is a member.
6. Whether he or she maintains a harmonious working relationship with the other members of the Board of Directors.
7. Whether he or she has working knowledge on the Corporation's regulatory framework.
8. Whether he or she receives appropriate training (for his or her duties as Director and how to discharge the duties) by his or her regular attendance of a seminar on corporate governance.

	9. Whether he or she observes confidentiality when required on matters relating to the business of the Corporation.
	10. Whether he or she appoints qualified members of the Management and monitors their efficiency based on the results of the Corporation's annual financial and operational performance.
	11. Whether he or she ensures that his or her personal interest does not bias his or her vote on matters submitted for the approval of the Board.
	12. Whether he or she discloses all relevant information necessary to assess any potential conflict of interest that might affect his or her judgment on board matters.
	13. Whether he or she recognizes and puts importance on the promotion of a mutually beneficial relationship that allows the Corporation to grow its business while contributing to the advancement of the society where it operates.

Resignation of Directors

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of the Company because of a disagreement with the Company on matters relating to the Company's operations, policies and practices.

Item 10. Executive Compensation

(a) CEO and Top 4 Compensated Executive Officers:

The following are the Company's highest compensated executive officers, in order:

Name and Position

Felipe L. Gozon	Chairman and CEO
Gilberto R. Duavit, Jr.	President and COO
Felipe S. Yalong	Executive Vice President and Concurrent Group Head, Corporate Services Group and Chief Financial Officer
Lizelle G. Maralag	Chief Marketing Officer, Sales and Marketing Group
Marissa L. Flores	Senior Vice President, News and Public Affairs

	Year	Annual Salaries (in thousands)	13th Month and Bonuses (in thousands)	Total
CEO and Top 4 Highest Compensated Officers	2019	274,809.1	174,287.0	449,096.0
	2020	371,667.1	255,050.1	626,717.2
	2021	381,629.5	302,576.5	684,205.9
	2022 (estimate)	400,711.0	317,705.3	718,416.2
Top 4 most highly compensated officers as a group	2022 (estimate)	382,543.4	311,508.3	694,051.7
Aggregate compensation paid to all officers and directors as a group	2019	408,173.3	232,237.7	640,411.1
	2020	524,038.6	313,805.4	837,844.0
	2021	545,210.9	567,062.9	1,112,273.8
	2022 (estimate)	567,019.3	589,745.4	1,156,764.7
Aggregate compensation paid to all directors as a group	2019	-	74,650.0	74,650.0
	2020	-	183,608.9	183,608.9
	2021	-	252,377.7	252,377.7
	2022 (estimate)		262,472.8	262,472.8

(a) Directors and other Executive Officers

By way of compliance to Sections 29, 177(b)(1), 49(i) of the Revised Corporation Code, the Company has set forth above the aggregate compensation of the members of its Board of Directors. The annual compensation of each of the Company's directors is computed based on Section 8 of Article IV of the Company's By-Laws (adopted by the Company on April 10, 2006 and approved by the SEC on April 20, 2007) which provides that as compensation of the Directors, the Members of the Board shall receive and allocate yearly 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. Of the said 2.5%, one percent (1%) shall be allocated to the members of the Board of Directors to be distributed *share and share alike*. The remaining one and a half percent (1.5%) shall be allocated to the members of the Executive Committee to be distributed share and share alike (emphasis supplied).

Consistent with Section 29 of the Revised Corporation Code, the total yearly compensation of the Company's directors does not exceed ten percent (10%) of the net income before tax of the corporation during the preceding year.

Employee Stock Ownership Plan ("ESOP")

The Company has no outstanding options or warrants held by its CEO, the named executive officers, and all officers and directors as a group.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The security ownership of certain record and beneficial owners of more than 5% as of March 30, 2022 are as follows:

Title Of class	Name and Address of Record Owner and relationship with issuer	Citizenship	Name of Beneficial Owner and Relationship with Record Owner	No. of Shares Held	Percent Owned
Common	Group Management & Development Inc. No. 5 Wilson St., San Juan, Metro Manila – Stockholder	Filipino	Record: Group Management and Development, Inc. ("GMDI") Gilberto R. Duavit, Jr. – relationship with record owner: 50.95% indirect equity ownership in GMDI through Dual Management Investments, Inc. and voting rights over GMDI's shares in GMA	789,821,734	23.47%

Common	FLG Management & Development Corporation 16/F Sagittarius Condo 1, HV Dela Costa Street, Salcedo Village, Makati City – Stockholder	Filipino	Felipe L. Gozon – relationship to record holder: Chairman (control and direction) over FLGMDC and voting rights over FLGMDC's shares in GMA	844,434,742	25.09%
Common	M.A. Jimenez Enterprises, Inc. 8th Floor The Infinity Tower, 26th St., Bonifacio Global City, Taguig – stockholder	Filipino	Record: M. A. Jimenez Enterpises, Inc. ("M.A. Jimenez") Joel Marcelo G. Jimenez – relationship with record holder: 50% indirect equity ownership in MA Jimenez through Television International Corp., and through equity ownership in related corporations, and voting rights over M.A. Jimenez shares in GMA Menardo G. Jimenez, Jr. relationship with record holder: 50% indirect equity ownership in M.A. Jimenez through Television International Corp., and through equity ownership in related corporations	453,882,095	13.49%

Common	GMA Holdings, Inc. Unit 3K, North Wing, Fairways, Tower Condominium, 5th Avenue corner McKinley Road, Fort Bonifacio, Taguig City, Philippines) – Stockholder	Filipino	Record: GMA Holdings, Inc. ("GHI") Gilberto R. Duavit, Jr. and/or Felipe Gozon – relationship with record holder: having direct and beneficial equity ownership of 33.3% each and voting rights over GHI shares in GMA Joel Marcelo G. Jimenez- relationship with record holder: direct and beneficial equity ownership of 33.3%	411,590,049	12.23%
Common	Television International Corporation 8th Floor The Infinity Tower, 26th St., Bonifacio Global City, Taguig - Stockholder	Filipino	Record: Television International Corp. Joel Marcelo G. Jimenez: relationship with record owner: 50% indirect equity ownership in Television International Corp. through equity ownership in related corporations, and voting rights over Television International Corp.'s shares in GMA Menardo G. Jimenez, Jr.: relationship with record owner: 50% indirect equity ownership in Television International Corp. through equity ownership in related corporations	338,243,037	10.06%
Total Common Shares 2,837,971,657 84.34%					

Preferred	Group Management & Development Inc. No. 5 Wilson St., San Juan, Metro Manila – Stockholder	Filipino	Record: Group Management and Development, Inc. (“GMDI”) Gilberto R. Duavit, Jr. – relationship with record owner: 50.95% indirect equity ownership in GMDI through Dual Management Investments, Inc. and voting rights over GMDI’s shares in GMA	2,625,825,336	35.01%
Preferred	FLG Management & Development Corporation 16/F Sagittarius Condo 1, HV Dela Costa St., Salcedo Village, Makati City – Stockholder	Filipino	Record: FLG Management & Development Corporation (“FLGMDC”) Felipe L. Gozon – relationship to record holder: Chairman (control and direction) over FLGMDC and voting rights over FLGMDC’s shares in GMA	2,181,898,644	29.09%
Preferred	M.A. Jimenez Enterprises, Inc. 8th Floor The Infinity Tower, 26th St., Bonifacio Global City, Taguig – stockholder	Filipino	Record: M. A. Jimenez Enterpises, Inc. (“M.A. Jimenez”) Joel Marcelo G. Jimenez – relationship with record holder: 50% indirect equity ownership in MA Jimenez through Television International Corp., and through equity ownership in related corporations, and voting rights over M.A. Jimenez shares in GMA	1,508,978,826	20.12%

			Menardo G. Jimenez, Jr. relationship with record holder: 50% indirect equity ownership in M.A. Jimenez through Television International Corp., and through equity ownership in related corporations		
Preferred	Television International Corporation 8th Floor The Infinity Tower, 26th St., Bonifacio Global City, Taguig – Stockholder	Filipino	Record: Television International Corp. Joel Marcelo G. Jimenez: relationship with record owner: 50% indirect equity ownership in Television International Corp. through equity ownership in related corporations, and voting rights over Television International Corp.'s shares in GMA Menardo G. Jimenez, Jr.: relationship with record owner: 50% indirect equity ownership in Television International Corp. through equity ownership in related corporations	1,111,661,610	14.82%
Total Preferred Shares 7,428,344,388 99.04%					

GMA Holdings, Inc. is 99.9% owned by Gilberto R. Duavit, Jr., Felipe L. Gozon and Joel Marcelo G. Jimenez. The shares of the Company owned by GMA Holdings, Inc. are the underlying shares of the financial instruments called Philippine Deposit Receipts ("PDRs") which give the holder of each PDR the right to the delivery or sale of the underlying share (except to foreign nationals as prohibited by law) in accordance with the Philippine Deposit Receipt Instrument issued by GMA Holdings, Inc. as forming part of the Registration Statement filed with the Securities and Exchange Commission. The PDRs are listed with the Philippine Stock Exchange.

Group Management and Development, Inc., FLG Management and Development Corporation, M.A. Jimenez Enterprises, Inc. and Television International Corporation are significant shareholders of the Company.

(2) Security Ownership of Management as of March 30, 2022

As of March 30, 2022, the Company's directors and senior officers directly own an aggregate of 8,044,350 common shares of the Company based on the records of the Stock Transfer Service Inc. and/or the Corporate Secretary, equivalent to .23% of the Company's issued and outstanding common capital stock and 46,944 preferred shares based on the records of the Corporate Secretary equivalent to 0.00% of the Company's issued and outstanding preferred capital stock. The beneficial ownership/control (by virtue of direct, indirect/beneficial ownership/control or by having voting rights over the shares of the corporate stockholder in the Company) of the directors/senior officers represent 1,651,423,331 common shares of the Company, equivalent to 49.07% of the Company's issued and outstanding common capital stock and 4,829,744,162 preferred shares equivalent to 64.40% of the Company's issued and outstanding preferred capital stock.

	Position	**Citizenship**	**Record/Beneficial Owner[2] (Direct/Indirect)**	**No. of Common Shares Held**	**Percentage of Common Shares**	**No. of Preferred Shares Held**	**Percentage of Preferred Shares**
Anna Teresa Gozon-Valdes	Director / Corporate Secretary	Filipino	Direct	3	0.00%	6	0.00%
Gilberto R. Duavit, Jr.	Director / President / COO	Filipino	Direct	4,007,005	0.12%	12	0.00%
			Indirect beneficial (through GMDI/Dual	402,414,173	11.96%	1,337,585,008	17.83%

2 as defined under SEC MC No. 15 Series of 2019

			Management Investments, Inc.)				
Felipe L. Gozon	Director / Chairman and CEO	Filipino	Direct	3,181	0.00%	26,880	0.00%
			Indirect beneficial (control and direction over FLGMDC)	844,434,742	25.10%	2,181,898,644	29.09%
Joel Marcelo G. Jimenez	Director	Filipino	Direct	325,000	0.01%	6	0.00%
			Indirect beneficial in MA Jimenez (through Television International Corp., and through equity ownership in related corporations, and voting rights over M.A. Jimenez shares in GMA)	226,941,048	6.74%	754,489,413	10.06%
			Indirect beneficial in Television International Corp. (through equity ownership in related corporations, and voting rights over Television International Corp.'s shares in GMA)	169,039,018	5.02%	555,830,805	7.41%
Judith R. Duavit Vazquez	Director	Filipino	Direct	588,158	0.02%	378	0.00%
Laura J. Westfall	Director	Filipino	Direct	2	0.00%	6	0.00%

Felipe S. Yalong	Director	Filipino	Direct	1,025,000	0.03%	6	0.00%
Jaime C. Laya	Independent Director	Filipino	Direct	294,001	0.01%	0	0.00%
			Indirect beneficial (Dynawinds, Inc.)	550,000	0.02%	0	0.01%
Artemio V. Panganiban	Independent Director	Filipino	Direct	401,000	0.01%	0	0.00%
Eduardo P. Santos	Compliance Officer	Filipino	Direct	150,000	0.00%	0	0.00%
Maria Theresa E. De Mesa	Assistant Corporate Secretary	Filipino	Direct	7,000	0.00%	0	0.00%
Marissa L. Flores	Senior Vice President-News and Public Affairs	Filipino	Direct	474,000	0.01%	0	0.00%
Ronaldo P. Mastrili	Senior Vice-President-Finance and ICT	Filipino	Direct	354,000	0.01%	0	0.00%
Lilybeth G. Rasonable	Senior Vice President – Entertainment TV	Filipino	Direct	158,000	0.00%	0	0.00%
Elvis B. Ancheta	Senior Vice President and Head, Engineering Group; Head Transmission and Regional Engineering Department	Filipino	N/A				
LIzelle G. Maralag	Chief Marketing Officer	Filipino	N/A				
Regie C. Bautista	Senior Vice-President, Corporate Strategic Planning and Business Development	Filipino	Direct	258,000	0.01%	0	0.0%

	and Concurrent Chief Risk Officer and Head, Program Support						

(3) Voting Trust Holders of 5% or more

The Company has no notice of any person holding more than 5% of the outstanding shares of stock under a voting trust or similar agreement.

(4) Changes in Control

There are no existing provisions in the Articles of Incorporation or the By-Laws of the Company which will delay, defer or in any manner prevent a change in control of the Company. There have been no arrangements which have resulted in a change in control of the Company during the period covered by this report.

(5) The Philippine Constitution prohibits foreign ownership in mass media companies such as GMA Network, Inc.. Hence, any such transfer of the shares (common or preferred) of the capital stock of the corporation shall be deemed null and void and will neither be recognized or registered in the books of the Company. Thus, no part of the Company's equity (common or preferred) is owned by foreigners.

Item 12. Certain Relationships and Related Transactions

Advances to Affiliates

The Company has, from time to time, made advances to certain of its affiliates. The advances are non-interest bearing.

The Company made advances to Mont-Aire in the amount of P121.4 million as of December 31, 2004. Of such advances, the Company converted the amount of P38.3 million into P38.3 million worth of common shares of Mont-Aire. Simultaneously, the other shareholders of Mont-Aire, namely, Group Management and Development, Inc., Television International Corporation and FLG Management and Development Corporation converted advances in the aggregate amount of P23.5 million made by them to Mont-Aire into P23.5 million worth of common shares of Mont Aire. The SEC approved the conversion of the advances into equity on February 17, 2006. The Company owns 49% of Mont-Aire, with the remaining 51% being owned by the Duavit family, Gozon family and Jimenez family. Mont-Aire is a real estate holding company whose principal property is a 5.3 hectare property located in Tagaytay, Cavite. Such property is not used in the broadcasting business of the Company. As of December 31, 2021 and 2020, Mont-Aire has had advances owing to the Company in the amount of P99.5 million and P97.7 million, respectively. Please see Note 20 of the Company's financial statements.

Agreements with RGMA Network, Inc. ("RGMA")

The Company has an existing agreement with RGMA for the latter to provide programming and research, events management, on-air monitoring of commercial placements and local sales service for the 25 radio stations of the Company. RGMA is paid marketing fees based on billed sales. Please see Note 20 of the Company's financial statements.

Agreements with GMA Marketing and Productions, Inc. ("GMA Marketing")

The Company entered into a marketing agreement with its wholly-owned subsidiary, GMA Marketing wherein GMA Marketing agreed to sell television advertising spots and airtime in exchange for which GMA Marketing will be entitled to a marketing fee and commission. Apart from this, the Company likewise engaged the services of GMA Marketing to handle and mount promotional events as well as to manage the encoding, scheduling of telecast/broadcast placements and subsequent monitoring of sales implementations for which GMA Marketing is paid a fixed monthly service fee. In 2016, GMA Marketing operations were integrated to the Company. Please see Note 20 of the Company's financial statements.

Belo Gozon Elma Parel Asuncion & Lucila Law Office

The Company and the law firm of Belo Gozon Elma Parel Asuncion & Lucila entered into a retainer agreement in 1993 under which Belo Gozon Elma Parel Asuncion & Lucila was engaged by the Company as its external counsel. As such external counsel, Belo Gozon Elma Parel Asuncion & Lucila handles all cases and legal matters referred to it by the Company. Other than Felipe L. Gozon, who is part of the Gozon Family, one of the principal shareholders of the Company, and director of the Company since 1975, some of the lawyers of Belo Gozon Elma Parel Asuncion & Lucila eventually assumed certain positions and functions in the Company either in their individual capacities or as part of the functions of Belo Gozon Elma Parel Asuncion & Lucila as the Company's external counsel. Please see Note 20 of the Company's financial statements.

Item 13. Corporate Governance

Please refer to the Integrated Annual Corporate Governance Report of the Company submitted on June 30, 2021 (Annex "B").

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports

(a) Reports attached as Annex to the Annual Report

Annex "A": 2021 Consolidated Audited Financial Statements

Supplementary Schedules

GMA Network, Inc. (Parent) Audited Financial Statements with Statement of Management's Responsibility for AFS

GMA Network, Inc. Income Tax Return with Statement of Management's Responsibility for ITR

Acknowledgement of eSubmission of AFS and ITR

Statement of Management's Responsibility for Consolidated Audited Financial Statements.

Annex "B" Latest Integrated Annual Corporate Governance Report of the Company is attached as Annex of this Annual Report and may be viewed at https://aphrodite.gmanetwork.com/corporate/cgr/gma_-_integrated_acgr_for_the_year_2020_1625105372.pdf

Annex "C" Latest Sustainability Report is attached as Annex of this Annual Report and may be viewed at https://www.gmanetwork.com/corporate/disclosures/sustainabilityreports/

(b) Exhibits incorporated by reference

Exhibit 1 – Instruments defining the rights of Security Holders: The rights of the security holders are set forth under Article 7 of the Company's Amended Articles of Incorporation, among others, which may be viewed or downloaded from: https://aphrodite.gmanetwork.com/corporate/misc/_1595900785.pdfand discussed under page 52 of the Annual Report.

Exhibit 2 – Form 17-Q: The Company currently cannot make available the financial information for the first quarter of 2022. The Company however, undertakes to submit its SEC Form 17-Q on or before May 15, 2022 and to make the same available upon written request therefor by the Stockholder.

Exhibit 3 – Report Furnished to Security Holders; Other documents or statements to Security Holders: The Company's Latest Information Statement may be viewed at and downloaded from www.gmanetwork.com/asm2022

Exhibit 4 - Subsidiaries of the Registrant: The list of the subsidiaries of the registrant is incorporated in the Annual Report, kindly see page 5 of the Annual Report.

[Other Exhibits are not relevant/applicable].

(c) Reports on SEC Form 17-C

The following current reports have been reported by GMA Network, Inc during the year 2021.

- Press Release " GMA Network allocates over P20 billion for CAPEX, content cost for 2021-23" - (Jan 6)
- Notice of Annual Stockholders' Meeting for 2021- (Jan 28)
- Results of Special Board Meeting - (Mar 26)
- Declaration of Cash Dividends - (Mar 26)
- Results of Special Board Meeting - (May 6)
- Amended Notice of Annual Stockholders' Meeting - (May 11)
- Results of Annual Stockholders' Meeting - (May 19)
- Results of Organizational Meeting of the BOD - (May 19)
- Press Release "GMA Network set to diversify business via new subsidiary GMA Ventures, Inc." – (Jul 19)
- Change in Directors and/or Officers – (RRVL) - (Sep 18)
- Results of Special Board Meeting – (Oct 4)
- Change in Directors and/or Officers – (AMGV/EPS/MED) – (Oct 4)
- Amended Change in Directors and/or Officers – to include qualifications of EPS and MED – (Oct 5)
- Results of Board Meeting - (Oct 28)
- Notice of Special Stockholders' Meeting – (Oct 28)
- Results of Special Stockholders' Meeting – (Dec 9)

- Amended Results of Special Stockholders’ Meeting – (Dec 9)
- Contribution to the Company’s Retirement Fund (PDRs) – (Dec 21)
- Contribution to the Company’s Retirement Fund (Common Shares) – (Dec 28)
- GMA – Sale of Treasury Shares (Common Shares) – (Dec 29)

Item 15. Sustainability Report

Please see attached 2020 Sustainability Report of the Company (Annex “C”). The Sustainability Report may also be viewed at: www.gmanetwork.com/sustainabilityreports<http://www.gmanetwork.com/sustainabilityreports

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of ______________ on __________, 2022.

By:

FELIPE L. GOZON
Principal Executive Officer

RONALDO P. MASTRILI
Comptroller /Principal Accounting Officer

GILBERTO R. DUAVIT, JR.
Principal Operating Officer

FELIPE S. YALONG
Principal Financial Officer

ANNA TERESA M. GOZON-VALDES
Corporate Secretary

APR 1 8 2022

SUBSCRIBED AND SWORN to before me this _____ day of _________ 2022 affiants exhibiting to me their government issued identification cards, as follows:

Names	Government I.D.	Date of Issue	Place of Issue
Felipe L. Gozon	Passport No. P7534976B	September 6, 2021	DFA, Manila
Gilberto R. Duavit, Jr.	Passport No.5898410A	February 5, 2018	DFA, Manila
Felipe S. Yalong	Unified Multi-Purpose ID No. CRN-0111-2468315-3		Manila
Ronaldo P. Mastrili	Passport No. P0540106B	February 4, 2019	DFA, Manila
Anna Teresa M. Gozon-Valdes	P7535518B	September 6, 2021	DFA, Manila

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Series of 2022.

NOTARY PUBLIC
ATTY. GEORGE DAVID D. SITON
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-061 - UNTIL DEC. 31, 2023
ROLL NO. 68402 / MCLE COMPLIANCE NO. VII-0010136/2-15-2022
IBP O.R No.002282-LIFETIME MEMBER MAY 5, 2017
PTR No.8852066- JAN 03, 2022-MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR. JUPITER ST., MAKATI CITY

GMA

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

March 25, 2022

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

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

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

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

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

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

FELIPE L. GOZON
Chairman of the Board
Chief Executive Officer

GILBERTO R. DUAVIT, JR.
President
Chief Operating Officer

FELIPE S. YALONG
Executive Vice President
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this APR 07 2022 day of ____ at QUEZON CITY, affiants exhibited to me their (Felipe L. Gozon) TIN 106-174-605, (Gilberto R. Duavit, Jr.) TIN 158-147-748 and (Felipe S. Yalong) TIN 102-874-052.

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Series of 2022

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

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

							5	2	1	3

COMPANY NAME

GMA NETWORK, INC. AND SUBSIDIARIES

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

GMA Network Center, Timog Avenue corner EDSA, Quezon City

Form Type	Department requiring the report	Secondary License Type, If Applicable
ACFS	CMD	Not Applicable

COMPANY INFORMATION

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

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

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

GMA Network Center, Timog Avenue corner EDSA, Quezon City

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

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

SGV
Building a better working world

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

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

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

<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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

Leases

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

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

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

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

  Right-of-use assets are subject to impairment.

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

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

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

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

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

Taxes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Significant Accounting Judgments, Estimates and Assumptions

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

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

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

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

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

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

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

Gamespan has not started its commercial operations since its establishment. In 2014, the Group and MJC agreed to terminate its shareholder's agreement and to close Gamespan. As at December 31, 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.

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

	2021	2020	2019
Salaries and other long-term benefits (see Notes 24 and 25)	**₱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.

Equity Investments of the Retirement Fund
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)

	2021				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
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.*

	2020				
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial assets at amortized cost:					
Cash and cash equivalents	₱2,892,545,281	₱322,271,983	₱–	₱–	₱3,214,817,264
Trade receivables:					
Television and radio airtime	2,455,964,077	7,478,640,764	–	–	9,934,604,841
Subscriptions	162,802,287	84,098,769	–	–	246,901,056
Others	82,251,529	46,624,618	–	–	128,876,147
Nontrade receivables:					
Advances to officers and employees	1,636,162	5,230,704	–	–	6,866,866
Others	84,639,593	64,649,192	–	–	149,288,785
Refundable deposits*	–	–	–	21,427,422	21,427,422
Financial assets at FVOCI	–	–	–	192,132,088	192,132,088
	5,679,838,929	8,001,516,030	–	213,559,510	13,894,914,469
Loans and borrowings:					
Trade payables and other current liabilities**	₱541,916,369	₱648,035,317	₱16,964,424	₱–	₱1,206,916,110
Short-term loans***	–	720,741,190	–	–	720,741,190
Obligations for program and other rights	–	73,369,390	102,812,738	–	176,182,128
Lease liabilities***	–	4,208,629	12,032,002	83,333,102	99,573,733
Dividends Payable	19,894,437	–	–	–	19,894,437
	561,810,806	1,446,354,526	131,809,164	83,333,102	2,223,307,598
Liquidity Portion (Gap)	₱5,118,028,123	₱6,555,161,504	(₱131,809,164)	₱130,226,408	₱11,671,606,871

**Included under "Other noncurrent assets" account in the consolidated statement of financial position (see Note 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	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Financial assets at amortized cost				
Cash and cash equivalents*	**₱4,505,373,504**	**₱–**	**₱–**	**₱4,505,373,504**
Nontrade receivables:				
Advances to officers and employees	**1,923,767**	–	–	**1,923,767**
Others	**52,095,656**	–	–	**52,095,656**
Refundable deposits**	**22,165,836**	–	–	**22,165,836**
	₱4,581,558,763	**₱–**	**₱–**	**₱4,581,558,763**

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

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

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

Credit Quality of Trade Receivables
An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segment with similar loss patterns (i.e, by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

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

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

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

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

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

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

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

32. Fair Value Measurement

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

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

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

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

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

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

Fair Value Determination

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

Cash and Cash Equivalents and Trade and Other Receivables

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

Refundable Deposits

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

Financial assets at FVOCI

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

Investment Properties and Land at Revalued Amount

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

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

Trade Payables and Other Current Liabilities (excluding Payable to Government Agencies and Advances from Customers), Short-term Loans, Obligations for Program and Other Rights and Dividends Payable
The carrying values of trade payables and other current liabilities, short-term loans, current portion of obligations for program and other rights and dividends payable approximate their fair values due to the relatively short-term maturity of these financial instruments.

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

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.

SyCip Gorres Velayo & Co.
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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

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

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

SYCIP GORRES VELAYO & CO.

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

March 25, 2022

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

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

SYCIP GORRES VELAYO & CO.

Belinda T. Beng Hui

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

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

Annex 68 - J

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

Additional Components

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

GMA NETWORK, INC. AND SUBSIDIARIES

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

Schedule A. Financial Assets

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amounts of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotation at end of Reporting Period	Income Received and Accrued
Cash and cash equivalents				
Cash on hand	₱–	₱262,857,804	₱–	₱–
Cash in banks	–	2,656,593,223	–	1,798,369
Peso Placements:				
Abacus Capital & Investment Corporation	–	153,204,647	–	7,409,714
Amalgamated Investment Bancorporation	–	7,948,642	–	87,149
Bank of the Philippine Islands	–	300,212,253	–	308,037
Charter Ping An	–	6,160,687	–	67,045
CTBC Bank	–	50,069,602	–	536,224
Land Bank of the Philippines	–	251,654,554	–	1,917,763
Malayan Bank	–	158,899,881	–	1,075,286
Philippine Business Bank	–	2,140,262	–	13,717
Philippine Bank of Communications	–	10,647,532	–	43,517
Philippine National Bank	–	100,390,719	–	522,291
Unicapital, Inc.	–	31,397,624	–	666,203
United Coconut Planters Bank	–	300,937,333	–	1,156,700
Union Bank of the Philippines	–	500,451,391	–	633,302
Total Placements	–	1,874,115,127	–	14,436,948
	₱–	**₱4,793,566,154**	**₱–**	**₱16,235,317**

Financial Assets at Fair Value Through Other Comprehensive Income				
IP E Games Ventures, Inc.	13,000,000,000	₱23,775,258	₱–	₱–
Unicapital, Inc.	778,504	74,295,716	–	–
Mabuhay Philippine Satellite	405,666	244,926	–	–
Optima Studio	75,000	4,805,609	–	–
Ayala Alabang Country Club - A	1	6,000,000	6,000,000	–
Baguio Country Club	1	3,000,000	3,000,000	–
Metropolitan Club (Metroclub) A	7	1,350,000	1,350,000	–
Manila Southwoods A	1	1,185,000	1,185,000	–
Camp John Hay Golf Club	1	250,000	250,000	–
Reefpoint Picture	–	216,925	–	–
Tagaytay Country Club	1	1,486,842	1,486,842	–
Royale Tagaytay	1	100,000	100,000	–
Others	–	1,000	–	–
		₱116,711,276	₱13,371,842	₱–

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

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

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

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

Alta Productions Company, Inc. (Alta)

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

Citynet Network Marketing and Productions, Inc. (Citynet)

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

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

GMA Marketing and Productions, Inc. (GMPI)

			Deductions				
Account	January 1, 2021	Additions	Amount Collected	Amount written off/ Reclassified	Current	Noncurrent	December 31, 2021
Receivables - Non-Trade	₱34,361	₱–	₱–	₱–	₱–	₱34,361	₱34,361
Payables - Trade	(106,549,948)	–	–	–	–	(106,549,948)	(106,549,948)
Payables - Nontrade	(33,200)	–	–	–	–	(33,200)	(33,200)
Total	**(₱106,548,787)**	**₱–**	**₱–**	**₱–**	**₱–**	**(₱106,548,787)**	**(₱106,548,787)**

GMA New Media, Inc. (GNMI)

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

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

GMA Worldwide (Philippines), Inc. (GWI)

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

RGMA Marketing & Productions, Inc. (GMA Records)

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

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

Scenarios, Inc. (Scenarios)

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

Script2010, Inc. (Script2010)

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

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

Media Merge Corporation (MM)

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

RGMA Network, Inc. (RGMA Network)

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

Schedule D. Long-Term Debt
December 31, 2021

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

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

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

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

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

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

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

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

Schedule G. Capital Stock
December 31, 2021

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

GMA NETWORK, INC.

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

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

GMA NETWORK, INC. AND SUBSIDIARIES

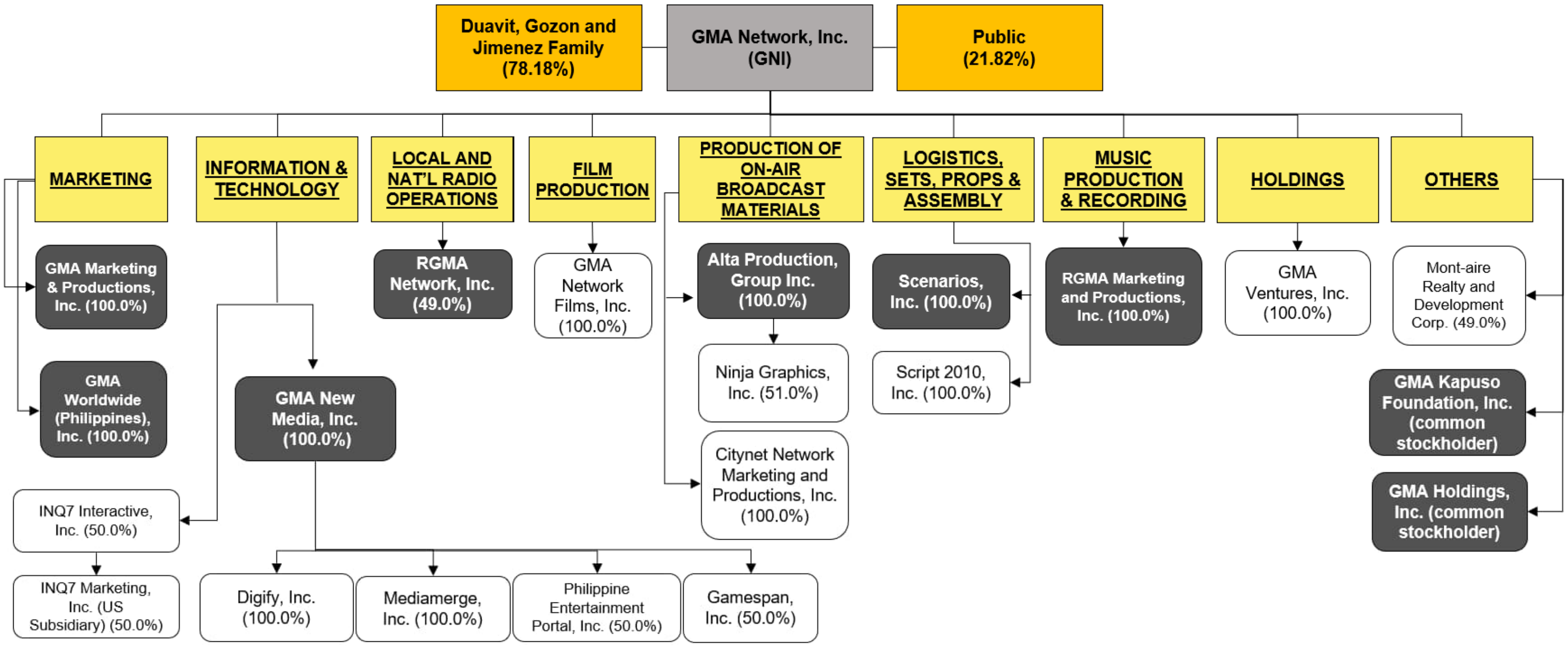
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

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

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

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



GMA

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

March 25, 2022

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

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

In preparing the 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 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 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

APR 07 2022

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

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Page No. 57
Book No. 1
Series of 2022

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

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

5 2 1 3

C O M P A N Y   N A M E

G M A   N E T W O R K ,   I N C .

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

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

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

C O M P A N Y   I N F O R M A T I O N

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

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

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

GMA Network Center, Timog Avenue corner EDSA, Quezon City

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

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

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Parent Company Financial Statements

Opinion

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

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended 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 Parent Company Financial Statements* section of our report. We are independent of the Company 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 parent company 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.

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

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

In preparing the parent company 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.

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company 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 Company'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 Company'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 parent company 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company 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 entity or business activities within the Company to express an opinion on the parent company 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.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 35 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of GMA Network, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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.
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 30 and 31)	**₱4,455,614,857**	₱2,709,685,242
Trade and other receivables (Notes 7, 21, 30 and 31)	**7,859,865,016**	10,803,408,469
Program and other rights (Note 8)	**764,595,163**	750,736,229
Inventories (Note 9)	**1,129,635,758**	220,621,674
Prepaid expenses and other current assets (Note 10)	**1,713,663,680**	1,648,807,732
Total Current Assets	**15,923,374,474**	16,133,259,346
Noncurrent Assets		
Property and equipment:		
At cost (Note 13)	**2,925,304,262**	2,538,135,249
At revalued amounts (Notes 14 and 31)	**2,945,297,014**	2,803,196,184
Right-of-use assets (Note 28)	**112,919,016**	88,201,800
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 11, 30 and 31)	**122,039,903**	148,637,241
Investments and advances (Notes 12 and 21)	**694,920,912**	679,859,463
Program and other rights - net of current portion (Note 8)	**240,982,378**	192,229,776
Investment properties (Notes 15 and 31)	**22,335,050**	23,717,437
Deferred tax assets - net (Note 29)	**719,410,111**	993,543,920
Other noncurrent assets (Notes 16, 30 and 31)	**280,788,543**	278,660,943
Total Noncurrent Assets	**8,063,997,189**	7,746,182,013
TOTAL ASSETS	**₱23,987,371,663**	₱23,879,441,359
LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities (Notes 17, 21, 30 and 31)	**₱2,892,953,190**	₱3,188,941,252
Short-term loans (Notes 18, 30 and 31)	**739,485,500**	720,345,000
Income tax payable	**1,041,413,024**	1,738,618,917
Current portion of obligations for program and other rights (Notes 19, 30 and 31)	**212,578,686**	180,308,444
Current portion of lease liabilities (Note 28)	**16,719,407**	10,277,517
Dividends payable (Notes 20, 30 and 31)	**25,588,850**	19,894,437
Total Current Liabilities	**4,928,738,657**	5,858,385,567
Noncurrent Liabilities		
Pension liability (Note 26)	**4,093,751,401**	4,810,700,008
Other long-term employee benefits (Note 26)	**347,489,172**	315,884,309
Obligations for program rights – net of current portion (Notes 19, 30, and 31)	**11,237,556**	–
Lease liabilities - net of current portion (Notes 28, 30 and 31)	**91,096,647**	65,409,696
Dismantling provision (Note 28)	**46,097,449**	44,973,410
Total Noncurrent Liabilities	**4,589,672,225**	5,236,967,423
Total Liabilities	**9,518,410,882**	11,095,352,990

(Forward)

	December 31	
	2021	2020
Equity		
Capital stock (Note 20)	**₱4,864,692,000**	₱4,864,692,000
Additional paid-in capital	**1,686,556,624**	1,659,035,196
Revaluation increment on land - net of tax (Note 14)	**1,832,684,129**	1,710,505,187
Remeasurement loss on retirement plan - net of tax (Note 26)	**(1,951,666,723)**	(2,525,828,567)
Net unrealized loss on financial assets at FVOCI - net of tax (Note 11)	**(80,075,020)**	(40,756,453)
Retained earnings (Note 20)	**8,116,769,771**	7,150,714,193
Treasury stocks (Note 20)	–	(28,483,171)
Underlying shares of the acquired Philippine Deposit Receipts (Note 20)	–	(5,790,016)
Total Equity	**14,468,960,781**	12,784,088,369
TOTAL LIABILITIES AND EQUITY	**₱23,987,371,663**	₱23,879,441,359

See accompanying Notes to Parent Company Financial Statements.

GMA NETWORK, INC.
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2021	2020
REVENUES (Note 22)	**₱22,157,134,663**	₱19,106,532,265
PRODUCTION COSTS (Note 23)	**5,046,392,600**	3,605,211,500
COST OF SALES (Note 9)	**408,061,863**	492,286,193
GROSS PROFIT	**16,702,680,200**	15,009,034,572
GENERAL AND ADMINISTRATIVE EXPENSES (Note 24)	**7,024,125,840**	6,600,844,809
OTHER INCOME (EXPENSE) - NET		
Dividend income (Notes 11 and 21)	**108,021,268**	115,328,338
Net foreign currency exchange loss (Note 18)	**(54,853,342)**	(45,459,814)
Interest expense (Notes 18 and 28)	**(47,881,629)**	(20,421,282)
Interest income (Note 6)	**16,029,136**	12,757,893
Others - net (Note 27)	**137,654,340**	79,797,811
	158,969,773	142,002,946
INCOME BEFORE INCOME TAX	**9,837,524,133**	8,550,192,709
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 29)		
Current	**2,338,891,726**	2,676,327,846
Deferred	**(28,691,060)**	(147,725,182)
	2,310,200,666	2,528,602,664
NET INCOME	**7,527,323,467**	6,021,590,045
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)	**(39,318,567)**	(22,439,875)
Remeasurement gain (loss) on retirement plan (Note 26)	**574,161,844**	(1,242,648,832)
Revaluation increment on land due to change in tax rate (Note 29)	**122,178,942**	–
	657,022,219	(1,265,088,707)
TOTAL COMPREHENSIVE INCOME	**₱8,184,345,686**	₱4,756,501,338
Basic / Diluted Earnings Per Share (Note 32)	**₱1.548**	₱1.239

See accompanying Notes to Parent Company Financial Statements.

GMA NETWORK, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Capital Stock (Note 20)	**Additional Paid-in Capital**	**Revaluation Increment on Land - net of tax** (Note 29)	**Remeasurement Loss on Retirement Plan - net of tax** (Note 26)	**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 Equity**
Balances at January 1, 2021	**₱4,864,692,000**	**₱1,659,035,196**	**₱1,710,505,187**	**(₱2,525,828,567)**	**(₱40,756,453)**	**₱7,150,714,193**	**(₱28,483,171)**	**(₱5,790,016)**	**₱12,784,088,369**
Total comprehensive income:									
Net income	–	–	–	–	–	**7,527,323,467**	–	–	**7,527,323,467**
Other comprehensive income (loss)	–	–	–	**754,578,170**	**(39,318,567)**	–	–	–	**715,259,603**
Change in tax rate	–	–	**122,178,942**	**(180,416,326)**	–	–	–	–	**(58,237,384)**
Contribution to the retirement fund (Notes 20, 21, and 26)	–	**27,521,428**	–	–	–	–	**28,483,171**	**5,790,016**	**61,794,615**
Cash dividends - ₱1.35 a share (Note 20)	–	–	–	–	–	**(6,561,267,889)**	–	–	**(6,561,267,889)**
Balances at December 31, 2021	**₱4,864,692,000**	**₱1,686,556,624**	**₱1,832,684,129**	**(₱1,951,666,723)**	**(₱80,075,020)**	**₱8,116,769,771**	**₱–**	**₱–**	**₱14,468,960,781**
Balances at January 1, 2020	₱4,864,692,000	₱1,659,035,196	₱1,710,505,187	(₱1,283,179,735)	(₱18,316,578)	₱2,587,183,679	(₱28,483,171)	(₱5,790,016)	₱9,485,646,562
Total comprehensive income:									
Net income	–	–	–	–	–	6,021,590,045	–	–	6,021,590,045
Other comprehensive income (loss)	–	–	–	(1,242,648,832)	(22,439,875)	–	–	–	(1,265,088,707)
Cash dividends - ₱0.30 a share (Note 20)	–	–	–	–	–	(1,458,059,531)	–	–	(1,458,059,531)
Balances at December 31, 2020	₱4,864,692,000	₱1,659,035,196	₱1,710,505,187	(₱2,525,828,567)	(₱40,756,453)	₱7,150,714,193	(₱28,483,171)	(₱5,790,016)	₱12,784,088,369

See accompanying Notes to Parent Company Financial Statements.

GMA NETWORK, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱9,837,524,133**	₱8,550,192,709
Adjustments to reconcile income tax before income tax to net cash flows		
Program and other rights usage (Notes 8 and 23)	**1,007,347,795**	703,415,807
Pension expense (Notes 25 and 26)	**611,048,666**	629,587,048
Depreciation (Notes 13, 15, 23, 24 and 28)	**585,759,538**	521,430,517
Contributions to retirement plan assets (Note 26)	**(259,000,000)**	(259,000,000)
Dividend income (Notes 11 and 21)	**(108,021,268)**	(115,328,338)
Provision for doubtful accounts (Notes 7 and 24)	**107,878,272**	321,436,075
Amortization of software costs (Notes 16 and 24)	**64,402,739**	54,953,861
Net gain on sale of property and equipment and investment properties (Notes 13, 15 and 27)	**(50,941,808)**	(16,726,823)
Interest expense (Notes 18 and 28)	**47,881,629**	20,421,282
Net unrealized foreign currency exchange loss	**35,936,658**	26,601,207
Interest income (Note 6)	**(16,029,136)**	(12,757,893)
Operating income before working capital changes	**11,863,787,218**	10,424,225,452
Working capital changes:		
Decreases (increases) in:		
Trade and other receivables	**2,878,225,606**	(5,806,924,633)
Program and other rights	**(1,070,053,904)**	(607,591,883)
Inventories	**(909,014,084)**	(210,787,331)
Prepaid expenses and other current assets	**(64,855,948)**	(853,969,310)
Increases (decreases) in:		
Trade payables and other current liabilities	**(296,828,982)**	597,843,708
Other long-term employee benefits	**31,604,863**	11,206,716
Obligations for program and other rights	**26,650,848**	41,446,962
Net cash generated from operations	**12,459,515,617**	3,595,451,362
Income taxes paid	**(3,036,097,619)**	(1,415,647,001)
Interest received	**15,215,070**	12,803,132
Benefit paid out of Company's own funds (Note 26)	**(1,098,432)**	–
Net cash flows from operating activities	**9,437,534,636**	2,192,607,493
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 13)	**(950,694,981)**	(397,091,064)
Land at revalued amounts (Note 14)	**(142,100,830)**	–
Software costs (Note 16)	**(65,674,954)**	(16,024,267)
Cash dividends received (Note 21)	**87,618,500**	174,231,106
Proceeds from sale of property and equipment (Note 13)	**56,212,731**	21,457,524
Investments in:		
Financial assets at FVOCI (Note 11)	**(19,659,800)**	–
Subsidiary (Notes 12 and 21)	**(13,250,000)**	–

(Forward)

	Years Ended December 31	
	2021	2020
Advances to associate and joint venture (Notes 12 and 21)	**(₱1,811,449)**	(₱598,449)
Decrease (increase) in other noncurrent assets	**(855,385)**	52,296,240
Net cash flows used in investing activities	**(1,050,216,168)**	(165,728,910)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends (Notes 20 and 33)	**(6,555,573,476)**	(1,456,899,102)
Short-term loans (Notes 18 and 33)	**(4,542,575,000)**	(641,895,000)
Interest expense (Note 33)	**(37,890,610)**	(12,945,894)
Principal portion of lease liabilities (Notes 28 and 33)	**(26,736,541)**	(18,194,440)
Proceeds from availments of short-term loans (Notes 18 and 33)	**4,479,150,000**	984,340,000
Net cash flows used in financing activities	**(6,683,625,627)**	(1,145,594,436)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,703,692,841**	881,284,147
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**42,236,774**	(26,371,353)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,709,685,242**	1,854,772,448
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱4,455,614,857**	₱2,709,685,242

See accompanying Notes to Parent Company Financial Statements.

GMA NETWORK, INC.
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

GMA Network, Inc. (the Company) is incorporated in the Philippines. The Company is primarily involved in the business of radio and television broadcasting. The registered office address of the Company is GMA Network Center, Timog Avenue corner EDSA, Quezon City. The 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 Company for another 50 years from June 14, 2000. In 1997, the SEC approved the said extension.

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

The Company is a holder of a legislative franchise to construct, install, operate and maintain, for commercial purposes and in the public interest, radio and television broadcasting stations in the Philippines. The Company is required to make closed captioning available for its programs to assist in the functions of public information and education.

On December 7, 2016, House Bill No. 4631, which seeks to renew GMA's franchise, was filed. The key provisions of the franchise renewal under House Bill No. 4631 are as follows:

1. Allows continued broadcast operations of GMA, maintenance of its radio and TV stations in the Philippines and its expansion, including digital television system;
2. Provides another franchise term of twenty-five (25) years;
3. Requires the grantee to provide government adequate public service time to enable it to reach the population on important public issues and assist in the functions of public information and education;
4. Prohibits the grantee from leasing, transferring, selling nor assigning the franchise or controlling interest thereof without the prior approval of the Congress of the Philippines; and
5. Requires the grantee to submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and its operation on or before April 30 of every year during the term of the franchise.

On March 23, 2017, House Bill 4631 became an Enrolled Bill (the "Enrolled Bill") and was endorsed to the Office of the President for his approval. On April 21, 2017, President Rodrigo Duterte signed Republic Act No. 10925 which grants the renewal of the legislative franchise of GMA for another 25 years.

The accompanying parent company financial statements were approved and authorized for issuance by the BOD on March 25, 2022.

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

Basis of Preparation
The parent company financial statements 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 parent company financial statements are presented in Philippine peso, which is the Company's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance
The parent company financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

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

Unless otherwise indicated, the adoption of these new standards and amendments did not have any significant impact on the parent company financial statements.

- 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 Company adopted the amendment beginning January 1, 2021. These amendments had no impact on the parent company financial statements.

- 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 Company 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 Company adopted the amendments beginning January 1, 2021. These amendments had no impact on the parent company financial statements.

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 Company does not expect that the future adoption of the said pronouncements will have a significant impact on its parent company financial statements. The Company 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 Company 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 Company.

- 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 Company 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 Company.

- *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 Company.

  - 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 Company 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 Company.

- 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 Company.

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 Company 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 Company.

- 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 Company.

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 Company 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 Company 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 Company is currently assessing the impact of adopting these amendments.

3. Summary of Significant Accounting and Financial Reporting Policies

Current versus Noncurrent Classification
The Company presents assets and liabilities in parent company 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 Company 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 Company measures financial instruments at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Disclosures for significant estimates and assumptions, see Note 4
- Quantitative disclosures of fair value measurement hierarchy, see Note 31
- Land, see Note 14
- Investment properties, see Note 15
- Financial instruments (including those carried at amortized cost), see Note 31

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

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

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

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 Company 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 parent company 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 parent company financial statements on a recurring basis, the Company 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 Company 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 Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the parent company 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 Company determines the appropriate method of recognizing the "Day 1" difference amount.

<u>Financial Instruments</u>
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.

<u>Financial Assets</u>
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 Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 Company 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 Company'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 Company 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 Company 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 Company 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 parent company statement of comprehensive income when the asset is derecognized, modified or impaired.

The Company'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 parent company statement of financial position) as at December 31, 2021 and 2020 (see Notes 6, 7, 16 and 30).

Financial Assets Designated at FVOCI (Equity Instruments). Upon initial recognition, the Company 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 parent company statement of comprehensive income when the right of payment has been established, except when the Company 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 Company 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 30).

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

- the rights to receive cash flows from the asset have expired; or
- the Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

Impairment of Financial Assets
The Company 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 Company 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 Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company 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 Company 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 Company applies the low credit risk simplification. At every reporting date, the Company 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 Company reassesses the external credit rating of the debt instrument or comparable instruments.

The Company, in general, considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off, in whole or in part, when the asset is considered uncollectible, the Company 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 Company'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 Company 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 parent company 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 Company 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 parent company 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 30).

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

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.

Prepaid Production Costs
Prepaid production costs, included under "Prepaid expenses and other current assets" account in the parent company 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 parent company 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.

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 Company 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 Company's tax credits are classified as current under "Prepaid expenses and other current assets" account in the parent company statement of financial position.

Advances to Suppliers
Advances to suppliers, included under "Prepaid expenses and other current assets" account in the parent company 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.

Investments and Advances
This account consists of investments in and advances to subsidiaries, joint venture and an associate. The Company's investments in and advances to subsidiaries, joint venture and associate are carried in the parent company statement of financial position at cost less any impairment value.

A subsidiary is an entity in which the Company has control. Control is achieved when the Company is composed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. 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. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture of the Company. 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.

The ownership interests in subsidiaries, associate and joint venture, which are all incorporated in the Philippines, consist of the following in 2021 and 2020:

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

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 Company 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 Company 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 parent company 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 parent company 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, 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 parent company 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 Company determines whether it is necessary to recognize any additional impairment loss with respect to the Company's investments in associate and interests in joint ventures. The Company 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 Company 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 parent company 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 parent company 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 Company's own reacquired equity instruments are deducted from equity. No gain or loss is recognized in the parent company statement of comprehensive income on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

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

Dividends on Common Shares

Dividends on common shares are recognized as liability and deducted from equity when approved by the BOD of the 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 Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company 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 Company 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 parent company statement of financial position.

Goods received in exchange for airtime usage pursuant to exchange deal contracts executed between the Company 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 Company’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.

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

Contract Balances

Trade Receivables. A receivable represents the Company'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 Company 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 Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company 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 Company performs under the contract.

Incremental Costs to Obtain a Contract
The Company pays sales commissions to its account executives for each contract that they obtain for advertising agreements with customers. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions (presented as part of "Marketing expense" under "General and administrative expenses" account in the parent company statement of comprehensive income) because the amortization period of the asset that the Company 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 parent company statement of comprehensive income, are recognized as incurred.

Pension and Other Long-Term Employee Benefits
The Company has a funded, noncontributory defined benefit retirement plan covering permanent employees. 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 parent company 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 Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under "Production costs" and "General and administrative expenses" accounts in the parent company 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 Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Leases

Leases. The Company 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.

Company as Lessee. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company 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 Company 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 Company 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 Company 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 Company and payments of penalties for terminating a lease, if the lease term reflects the Company 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 Company 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 Company 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.

Company as Lessor. Leases where the Company 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 parent company 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 parent company 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 to the extent that it is probable that taxable profit will be available against which the deductible temporary differences 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 Company's customers and is deducted from the Company'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 parent company 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 parent company 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 parent company 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 of the 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 Company'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 Company reports its primary segment information. The Company considers television and radio operations as the major business segment. The Company operates in two geographical areas where it derives its revenue. Financial information on business segments is presented in Note 5 to the parent company financial statements.

Provisions

Provisions are recognized when the Company 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 Company 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 parent company statement of comprehensive income, net of any reimbursement.

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

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

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the parent company financial statements requires management to make judgments, estimates and assumptions that affect amounts reported in the parent company 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 Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the parent company financial statements.

Investment in RGMA. The Company considers that it controls RGMA Network even though it owns less than 50% of the voting rights. This is because the Company 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 Company.

Investment in RGMA amounted to ₱168.00 million as at December 31, 2021 and 2020 (see Note 12).

Assessment of Significant Influence over the Investee. The 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 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 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 - Company as a Lessee. The Company 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 Company has several lease contracts that include extension and termination options. The Company 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 Company 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 Company 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 - Company as Lessor. The Company has entered into various lease agreements as lessor. The Company had determined that the risks and rewards of ownership of the underlying property were retained by the Company. Accordingly, the leases are classified as an operating lease.

Total rental income amounted to ₱5.32 million and ₱6.03 million in 2021 and 2020, respectively (see Note 27).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the parent company 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 Company. Such changes are reflected in the assumptions when they occur.

Estimating the Incremental Borrowing Rate. The Company 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 Company 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 Company ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company 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 Company’s lease liabilities amounted to ₱107.82 million and ₱75.69 million as at December 31, 2021 and December 31, 2020, respectively. (see Note 28).

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

- Simplified approach for trade receivables

  The Company 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 Company's historical observed default rates. The Company 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 Company's operating segments, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates 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 Company 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 Company'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 Company segmentized its receivables based on the type of customer (e.g., corporate and individuals).

- Incorporation of forward-looking information

  The Company 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 Company for other purposes such as strategic planning and budgeting.

  The Company 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 Company'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 ₱107.88 million and ₱321.44 million in 2021 and 2020, respectively. The allowance for ECL amounted to ₱833.34 million and ₱725.46 million as at December 31, 2021 and 2020, respectively. The carrying amounts of trade and other receivables amounted to ₱7,859.87 million and ₱10,803.41 million as at December 31, 2021 and 2020, respectively (see Notes 7 and 24).

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 Company 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 the program rights.

The Company 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 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 Company'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 and ₱703.42 million in 2021 and 2020, 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 Company 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 parent statement of financial position amounted to ₱1,129.64 million and ₱220.62 million as at December 31, 2021 and 2020, respectively (see Note 9). There were no provisions for inventory losses in 2021 and 2020.

Estimating Useful Lives of Property and Equipment, Software Costs and Investment Properties. The Company 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 Company's estimate of useful lives of its property and equipment, software costs and investment properties in 2021 and 2020.

Total depreciation and amortization amounted to ₱624.04 million and ₱551.91 million as at December 31, 2021 and 2020, respectively (see Notes 13, 15, 16, 23 and 24).

Revaluation of Land. The Company 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 Company 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 (see Notes 14 and 31).

Impairment of Nonfinancial Assets. For prepaid production costs, tax credits, investments and advances, property and equipment, right-of-use assets, investment properties, program and other rights, software costs, and investment in artworks 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 Company 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 Company 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 Company 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 follows:

	2021	2020
Property and equipment - at cost (see Note 13)	**₱2,925,304,262**	₱2,538,135,249
Program and other rights (see Note 8)	**1,005,577,541**	942,966,005
Prepaid production costs (see Note 10)	**701,682,343**	425,027,124
Investments and advances (see Note 12)	**694,920,912**	679,859,463
Tax credits (see Note 10)	**169,447,579**	174,199,496
Software costs (see Note 16)	**157,111,071**	155,838,856
Right-of-use assets (see Note 28)	**112,919,016**	88,201,800
Investment properties (see Note 15)	**22,335,050**	23,717,437
Investments in artworks (see Note 16)	**9,454,000**	9,454,000

Estimating Realizability of Deferred Tax Assets. The Company 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.

Recognized deferred tax assets amounted to ₱1,358.53 million and ₱1,753.08 million as at December 31, 2021 and 2020, respectively (see Note 29).

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

Pension liability amounted to ₱4,093.75 million and ₱4,810.70 million as at December 31, 2021 and 2020, respectively (see Note 26).

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

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

The Company 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 parent company financial statements.

Contingencies. The Company 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 Company currently does not believe that these proceedings will have a material adverse effect on the Company's financial position.

5. Segment Information

Business Segments
For management purposes, the Company 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.
- The Company's 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 parent company financial statements. The Company's performance is evaluated based on net income for the year.

Geographical Segments
The Company 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 Company ties up with cable providers to bring local television programming outside the Philippines.

The Company's revenues are mostly generated in the Philippines, which is the Company's country of domicile. Revenues from external customers attributed to foreign countries from which the Company derives revenue are individually and in aggregate immaterial to the parent company financial statements.

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

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

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 parent company financial statements, which is in accordance with PFRS.

Geographical Segment	Local		International			
Business Segment	**Advertising and Others**		**International Subscriptions**		**Total**	
	2021	2020	**2021**	2020	**2021**	2020
Revenues	**₱21,269,174,178**	₱18,132,363,206	**₱887,960,485**	₱974,169,059	**₱22,157,134,663**	₱19,106,532,265
Results						
Segment results	**8,943,758,409**	7,576,935,118	**734,795,951**	831,254,645	**9,678,554,360**	8,408,189,763
Dividend income from investments	**108,021,268**	115,328,338	**–**	–	**108,021,268**	115,328,338
Interest expense	**(47,881,629)**	(20,421,282)	**–**	–	**(47,881,629)**	(20,421,282)
Net foreign currency exchange gain (loss)	**(84,068,774)**	(8,536,333)	**29,215,432**	(36,923,481)	**(54,853,342)**	(45,459,814)
Interest income	**16,029,136**	12,757,893	**–**	–	**16,029,136**	12,757,893
Others – net	**137,654,340**	79,797,811	**–**	–	**137,654,340**	79,797,811
Provision for income tax	**(2,119,197,820)**	(2,290,303,315)	**(191,002,846)**	(238,299,349)	**(2,310,200,666)**	(2,528,602,664)
Net income	**₱6,954,314,930**	₱5,465,558,230	**₱573,008,537**	₱556,031,815	**₱7,527,323,467**	₱6,021,590,045
Assets and Liability						
Segment assets	**₱22,087,661,553**	₱21,620,568,541	**₱586,178,847**	₱684,457,746	**₱22,673,840,400**	₱22,305,026,287
Investments in subsidiaries	**555,832,809**	542,582,809	**–**	–	**555,832,809**	542,582,809
Investments in associates and interest in joint venture - at cost	**38,288,343**	38,288,343	**–**	–	**38,288,343**	38,288,343
Deferred tax assets – net	**719,410,111**	993,543,920	**–**	–	**719,410,111**	993,543,920
Total assets	**₱23,401,192,816**	₱23,194,983,613	**₱586,178,847**	₱684,457,746	**₱23,987,371,663**	₱23,879,441,359
Segment liabilities	**₱9,304,209,000**	₱10,697,610,927	**₱214,201,882**	₱397,742,063	**₱9,518,410,882**	₱11,095,352,990
Other Segment Information						
Capital expenditures:						
Property and equipment	**₱965,328,483**	₱403,413,789	**₱94,848**	₱–	**₱965,423,331**	₱403,413,789
Land at revalued amount	**142,100,830**	–	**–**	–	**142,100,830**	–
Program and other rights and software costs	**1,112,688,612**	1,155,733,179	**–**	–	**1,112,688,612**	1,155,733,179
Depreciation and amortization	**1,650,984,303**	1,262,705,381	**6,525,769**	7,853,854	**1,657,510,072**	1,270,559,235

6. Cash and Cash Equivalents

	2021	2020
Cash on hand and in banks	**₱2,595,817,844**	₱2,402,829,304
Short-term deposits	**1,859,797,013**	306,855,938
	₱4,455,614,857	₱2,709,685,242

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 Company, and earn interest at the respective short-term deposit rates.

Interest income earned from bank deposits and short-term deposits amounted to ₱16.03 million and ₱12.76 million in 2021 and 2020, respectively.

7. Trade and Other Receivables

	2021	2020
Trade:		
Television and radio airtime	**₱8,136,404,456**	₱10,821,880,335
Subscriptions	**238,864,830**	264,493,491
Others (see Note 21)	**119,613,923**	221,982,774
Nontrade:		
Related parties (see Note 21)	**67,633,137**	66,750,167
Others (see Note 21)	**130,689,540**	153,764,300
	8,693,205,886	11,528,871,067
Less allowance for ECL	**833,340,870**	725,462,598
	₱7,859,865,016	₱10,803,408,469

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. The terms and conditions of other trade receivables are discussed in Note 21.

Nontrade Receivables

Related Parties. Terms and conditions of receivables from related parties are discussed in Note 21.

Other Nontrade Receivables. Other nontrade receivables include dividends receivable and receivables from insurance. These are noninterest-bearing and are normally collected within the next financial year (see Note 21).

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	**₱715,153,060**	**₱10,309,538**	**₱725,462,598**
Provision for the year (see Note 24)	**107,878,272**	**–**	**107,878,272**
Balance at end of year	**₱823,031,332**	**₱10,309,538**	**₱833,340,870**

	2020		
	Corporate	Individual	Total
Balance at beginning of year	₱524,034,158	₱10,309,538	₱534,343,696
Provision for the year (see Note 24)	321,436,075	–	321,436,075
Write-off	(130,317,173)	–	(130,317,173)
Balance at end of year	₱715,153,060	₱10,309,538	₱725,462,598

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

	2021	2020
Merchandise inventory	**₱1,116,144,940**	₱207,677,184
Materials and supplies inventory	**13,490,818**	12,944,490
	₱1,129,635,758	₱220,621,674

The following are the details of merchandise inventory account:

	2021	2020
Set-top box model	**₱905,595,446**	₱169,217,348
ITE chipset dongle	**210,549,494**	38,459,836
	₱1,116,144,940	₱207,677,184

Merchandise inventory consists mainly of set-top boxes and digital TV mobile receiver for sale by the Company. In 2020, the Company 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 ₱408.06 million and ₱492.29 million in 2021 and 2020, respectively.

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

10. Prepaid Expenses and Other Current Assets

	2021	2020
Prepaid production costs	**₱701,682,343**	₱425,027,124
Advances to suppliers	**606,550,180**	843,472,966
Input VAT	**169,447,579**	131,425,909
Tax credits	**153,993,389**	174,199,496
Prepaid expenses	**81,990,189**	74,682,237
	₱1,713,663,680	₱1,648,807,732

Prepaid production costs represent costs paid in advance prior to the airing of the programs or episodes. The Company 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 Company from the government arising from airing of government commercials and advertisements. The Company expects to utilize these tax credits within the next financial year.

Prepaid expenses include prepayments for rental, interest, insurance and subscriptions.

11. **Financial Assets at Fair Value Through Other Comprehensive Income**

This account consists of the following:

	2021	2020
Non-listed equity instruments	**₱107,408,976**	₱69,822,240
Listed equity instruments	**14,630,927**	78,815,001
	₱122,039,903	₱148,637,241

Investment in equity instruments pertains to shares of stock and club shares which are not held for trading. The Company 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	**₱148,637,241**	₱175,037,094
Additions during the year	**19,659,800**	–
Net unrealized loss on fair value changes during the year	**(46,257,138)**	(26,399,853)
Balance at end of year	**₱122,039,903**	₱148,637,241

In 2021, the Company purchased ₱19.66 million worth of Class A Redeemable Preference Shares of TNB Aura Fund 2 Ltd, a Regional Venture Capital fund focused on making Series A and Series B investments in Southeast Asia. Dividend income earned from financial assets at FVOCI amounted to nil in 2021 and 2020.

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

	2021	2020
Balance at beginning of year - net of tax	**(₱40,756,453)**	(₱18,316,578)
Net unrealized loss on fair value changes during the year	**(46,257,138)**	(26,399,853)
Tax effect of the changes in fair market values	**6,938,571**	3,959,978
Balance at end of year	**(₱80,075,020)**	(₱40,756,453)

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 Company and GNMI, 8,000.00 million to the Company and 5,000.00 million to GNMI, in exchange of the GNMI's investment in X-Play Online Games Incorporated (X-Play), ₱50.00 million airtime credits granted by the Company and in settlement of ₱30.00 million advances to X-Play. At initial recognition, the Company recognized at fair value the IPE shares amounting to ₱80.00 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 Company as unearned revenue presented as "Contract liabilities" included as part of "Trade payables and other current liabilities" in 2021 and 2020 (see Note 18).

12. Investments and Advances

As at December 31, the carrying value of the Company's investments and advances are as follows:

	2021		
	Investments	**Advances** (see Note 21)	**Total**
Subsidiaries:			
GMPI	**₱265,141,346**	**₱–**	**₱265,141,346**
RGMA	**168,000,000**	**–**	**168,000,000**
Citynet	**937,500**	**118,934,402**	**119,871,902**
GNMI	**76,500,000**	**–**	**76,500,000**
GNFI	**1,250,000**	**44,511,314**	**45,761,314**
Scenarios	**20,000,000**	**1,014,090**	**21,014,090**
GVI	**13,250,000**	**–**	**13,250,000**
Alta	**10,855,176**	**–**	**10,855,176**
GMA Music	**1,875,000**	**1,268,033**	**3,143,033**
GWI	**2,500,000**	**–**	**2,500,000**
	560,309,022	**165,727,839**	**726,036,861**
Allowance for impairment of investments and advances	**(4,476,213)**	**(164,459,805)**	**(168,936,018)**
	555,832,809	**1,268,034**	**557,100,843**
Associate - Mont-Aire	**38,288,343**	**99,531,726**	**137,820,069**
Joint Venture - INQ7			
Cost	**50,000,000**	**11,544,000**	**61,544,000**
Allowance for impairment of investments and advances	**(50,000,000)**	**(11,544,000)**	**(61,544,000)**
	–	**–**	**–**
	₱594,121,152	**₱100,799,760**	**₱694,920,912**

	2020		
	Investments	Advances (see Note 21)	Total
Subsidiaries:			
GMPI	₱265,141,346	₱–	₱265,141,346
RGMA	168,000,000	–	168,000,000
Citynet	937,500	118,934,402	119,871,902
GNMI	76,500,000	–	76,500,000
GNFI	1,250,000	44,511,314	45,761,314
Scenarios	20,000,000	1,014,090	21,014,090
Alta	10,855,176	–	10,855,176
GMA Music	1,875,000	1,268,033	3,143,033
GWI	2,500,000	–	2,500,000
	547,059,022	165,727,839	712,786,861
Allowance for impairment of investments and advances	(4,476,213)	(164,459,805)	(168,936,018)
	542,572,809	1,268,034	543,850,843
Associate - Mont-Aire	38,288,343	97,121,828	136,008,620
Joint Venture - INQ7			
Cost	50,000,000	11,544,000	61,544,000
Allowance for impairment of investments and advances	(50,000,000)	(11,544,000)	(61,544,000)
	–	–	–
	₱580,871,152	₱98,988,311	₱679,859,463

The movements in the account are as follows:

	2021	2020
Investments in subsidiaries:		
Acquisition costs		
Balance at beginning and end of year	**₱547,059,022**	₱547,059,022
Additional investments during the year	**13,250,000**	–
	560,309,022	547,059,022
Allowance for impairment in value		
Balance at beginning and end of year	**(4,476,213)**	(4,476,213)
	555,832,809	542,582,809
Investments in associate and joint venture:		
Acquisition costs		
Balance at beginning and end of year	**88,288,343**	88,288,343
Allowance for impairment in value		
Balance at beginning and end of year	**(50,000,000)**	(50,000,000)
	38,288,343	38,288,343
Advances to subsidiaries:		
Balance at beginning and end of year	**165,727,839**	165,727,839
Allowance for ECL		
Balance at beginning and end of year	**(164,459,805)**	(164,459,805)
	1,268,034	1,268,034

(Forward)

	2021	2020
Advances to associate and joint venture:		
Balance at beginning of year	**₱109,264,277**	₱108,665,828
Additional advances during the year (see Note 21)	**1,811,449**	598,449
Balance at end of year	**111,075,726**	109,264,277
Allowance for impairment loss	**(11,544,000)**	(11,544,000)
Balance at end of year	**99,531,726**	97,720,277
Total investments and advances	**₱694,920,912**	₱679,859,463

On January 1, 2016, GMPI's operations was integrated into the Company's operations. The Company absorbed all of GMPI's employees and assumed the obligation to settle the post-employment benefits of these employees upon their retirement. The post-employment benefit obligation assumed by the Company amounting to ₱259.14 million was recognized as an addition to the investment in GMPI. As at December 31, 2021, dissolution of GMPI is deferred to a future date.

13. **Property and Equipment at Cost**

	2021						
	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	**₱3,043,958,562**	**₱7,326,273,837**	**₱1,443,239,133**	**₱629,757,355**	**₱143,734,191**	**₱484,707,437**	**₱13,071,670,515**
Additions	**7,247,322**	**205,756,108**	**90,439,674**	**76,694,773**	**891,683**	**584,393,770**	**965,423,330**
Disposals	**–**	**(95,175,191)**	**(28,384,602)**	**(135,216,024)**	**–**	**–**	**(258,775,817)**
Reclassifications (see Notes 10 and 16)	**58,516,760**	**472,890,837**	**42,604,053**	**921,429**	**1,218,902**	**(590,880,330)**	**(14,728,349)**
At December 31, 2021	**3,109,722,644**	**7,909,745,591**	**1,547,898,258**	**572,157,533**	**145,844,776**	**478,220,877**	**13,763,589,679**
Accumulated Depreciation							
At January 1, 2021	**2,410,864,602**	**6,218,023,900**	**1,242,383,258**	**527,018,111**	**135,245,395**	**–**	**10,533,535,266**
Depreciation (see Notes 23 and 24)	**80,732,445**	**309,883,009**	**114,345,270**	**50,387,144**	**2,907,177**	**–**	**558,255,045**
Disposals	**–**	**(94,459,128)**	**(28,384,600)**	**(130,661,166)**	**–**	**–**	**(253,504,894)**
At December 31, 2021	**2,491,597,047**	**6,433,447,781**	**1,328,343,928**	**446,744,089**	**138,152,572**	**–**	**10,838,285,417**
Net Book Value	**₱618,125,597**	**₱1,476,297,810**	**₱219,554,330**	**₱125,413,444**	**₱7,692,204**	**₱478,220,877**	**₱2,925,304,262**

	2020						
	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	₱3,022,588,655	₱6,907,974,434	₱1,351,617,374	₱605,866,126	₱140,415,393	₱749,336,430	₱12,777,798,412
Additions	–	100,271,991	50,379,366	55,759,568	3,318,798	193,684,066	403,413,789
Disposals	–	(69,825,405)	(1,525,217)	(31,868,339)	–	–	(103,218,961)
Reclassifications (Note 16)	21,369,907	387,852,817	42,767,610	–	–	(458,313,059)	(6,322,725)
At December 31, 2020	3,043,958,562	7,326,273,837	1,443,239,133	629,757,355	143,734,191	484,707,437	13,071,670,515
Accumulated Depreciation							
At January 1, 2020	2,287,393,073	6,050,183,092	1,159,092,372	507,337,070	132,439,897	–	10,136,445,504
Depreciation (see Notes 23 and 24)	123,471,529	233,934,474	84,816,103	50,550,418	2,805,498	–	495,578,022
Disposals	–	(66,093,666)	(1,525,217)	(30,869,377)	–	–	(98,488,260)
At December 31, 2020	2,410,864,602	6,218,023,900	1,242,383,258	527,018,111	135,245,395	–	10,533,535,266
Net Book Value	₱633,093,960	₱1,108,249,937	₱200,855,875	₱102,739,244	₱8,488,796	₱484,707,437	₱2,538,135,249

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 Company leases out a portion of its property and equipment at cost. Total rental income recognized for the leased portion amounted to ₱2.19 million and ₱2.95 million in 2021 and 2020. respectively (see Note 27).

The Company disposed various property and equipment in 2021 and 2020 resulting to the recognition of gain on sale amounting to ₱50.94 million and ₱16.73 million, respectively (see Note 27).

As at December 31, 2021 and 2020, no property and equipment have been pledged as collateral or security for any of the Company'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 Company'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 Company acquired lots in Antipolo Rizal amounting to ₱49.69 million for envisioned site of GMA Antipolo DTT Station. On November 22, 2021, the Company 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 Company's liabilities and the Company 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	**₱12,388,088**	**₱52,357,238**	**₱64,745,326**
Accumulated depreciation			
Balance at beginning of year	**–**	**39,644,513**	**39,644,513**
Depreciation during the year (see Note 24)	**–**	**1,382,387**	**1,382,387**
Balance at end of year	**–**	**41,026,900**	**41,026,900**
Accumulated impairment	**–**	**1,383,376**	**1,383,376**
	₱12,388,088	**₱9,946,962**	**₱22,335,050**

	2020		
	Land and Improvements	Buildings and Improvements	Total
Cost			
Balance at beginning and end of year	₱12,388,088	₱52,357,238	₱64,745,326
Accumulated depreciation			
Balance at beginning of year	–	38,262,126	38,262,126
Depreciation during the year (see Note 24)	–	1,382,387	1,382,387
Balance at end of year	–	39,644,513	39,644,513
Accumulated impairment	–	1,383,376	1,383,376
	₱12,388,088	₱11,329,349	₱23,717,437

Certain investment properties were provided with allowance for impairment in prior years.

Management believes that the carrying values after impairment approximate its recoverable values.

The fair value of investment properties owned by the Company amounted to ₱141.24 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 Company'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
Rental income (see Note 27)	**₱2,193,117**	₱3,077,924
Depreciation expense (see Note 24)	**(1,382,387)**	(1,382,387)
	₱810,730	₱1,695,537

As at December 31, 2021 and 2020, no investment properties have been pledged as collateral or security for any of the Company's liabilities and the Company 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	**₱157,111,071**	₱155,838,856
Restricted cash	**52,722,572**	42,348,999
Deferred input VAT	**34,378,025**	27,663,247
Refundable deposits	**21,636,440**	20,975,527
Investments in artworks	**9,454,000**	9,454,000
Advances to contractors	**3,247,500**	15,704,899
Guarantee deposits	**2,162,420**	6,598,900
Others	**76,515**	76,515
	₱280,788,543	₱278,660,943

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

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

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

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

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

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

Guarantee deposits pertain to deposits to telephone companies as well as building/office rental deposits to be used for the Company's programs. Also included are deposits to the satellite providers.

The movements in software costs follows:

	2021	2020
Cost:		
Balance at beginning of year	**₱592,931,717**	₱576,907,451
Additions during the year	**51,021,222**	9,701,541
Reclassifications during the year (see Note 13)	**14,653,732**	6,322,725
Balance at end of year	**658,606,671**	592,931,717
Accumulated amortization:		
Balance at beginning of year	**437,092,861**	382,139,000
Amortization during the year (see Note 24)	**64,402,739**	54,953,861
Balance at end of year	**501,495,600**	437,092,861
	₱157,111,071	₱155,838,856

17. **Trade Payables and Other Current Liabilities**

	2021	2020
Payable to government agencies	**₱1,447,396,010**	₱1,327,431,534
Trade:		
Related parties (see Note 21)	**339,865,067**	492,825,657
Suppliers	**305,293,124**	696,451,160
Accrued expenses:		
Payroll and talent fees	**179,217,845**	232,265,185
Ploughback	**171,518,737**	165,095,651
Production costs	**127,212,485**	65,824,610
Commissions	**48,798,137**	43,648,064
Other accrued expenses	**70,151,954**	65,998,016
Contract liabilities	**129,176,310**	35,868,220
Customers' deposits	**46,034,192**	41,685,086
Due to related parties (see Note 21)	**2,367,579**	2,561,686
Others	**25,921,750**	19,286,383
	₱2,892,953,190	₱3,188,941,252

Payable to government agencies is composed of the Company'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 Company to normally incur deferred output VAT which forms a substantial part of the Company'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. The terms and conditions of trade payables to related parties are discussed in Note 21.

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

Contract liabilities pertain to payments received before broadcast. These are recognized as revenue when the Company performs the obligation under the contract. The total beginning balance of contract liabilities amounting to ₱35.90 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 Company's interests in X-Play in 2015.

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 Company'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 Company obtained unsecured short-term peso and United States dollar (USD) 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 amounted to ₱22.60 million and ₱4.33 million for peso denominated loans in 2021 and 2020, respectively and ₱15.03 million and ₱7.67 million for US dollar denominated loans in 2021 and 2020, 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 Company. Outstanding unpaid balance as at December 31, 2021 and 2020 amounted to ₱212.58 million and ₱180.31 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 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 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 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 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 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) Company share or the sale and delivery of the proceeds of such sale of Company share, such PDRs held by the Company is being treated similar to a treasury shares.

In October 4, 2021, the Company's BOD approved to contribute its treasury common and preferred shares and PDRs to the Company'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 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 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.

The BOD of the Company 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 4, 2020	₱0.30	₱1,458,059,531

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

The 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.

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 Company 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 Company transacts with subsidiaries, affiliate, 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:

Related Party	Category	Year	Amount/Volume of Transaction	Outstanding Receivable (Payable)	Terms and Conditions
Trade payables and other current liabilities (see Note 17)					
Subsidiaries					
RGMA	Production cost/service fees	**2021**	**₱340,609,783**	**(₱47,980,821)**	30-60 day noninterest-bearing;
		2020	283,910,547	(203,675,811)	unsecured
GMPI	Marketing fees and	**2021**	**–**	**(106,549,948)**	60-day noninterest-bearing;
	commissions	2020	–	(106,549,948)	unsecured
GNMI	Technical support and website	**2021**	**130,911,634**	**(133,709,080)**	30-60 day noninterest-bearing;
	administration	2020	152,260,472	(118,999,586)	unsecured
Media Merge	Share in digital income	**2021**	**–**	**(3,198,846)**	30-60 day noninterest-bearing;
		2020	–	(3,198,846)	unsecured
Script2010	Production cost/service fees	**2021**	**93,292,792**	**(28,361,820)**	On demand, noninterest-
		2020	86,416,046	(33,326,644)	bearing; unsecured
Alta	Production cost/service fees	**2021**	**74,149,020**	**(16,130,950)**	Noninterest-bearing;
		2020	50,998,374	(21,750,698)	unsecured
GWI	Management fee and	**2021**	–	**(3,925,824)**	30-day noninterest-bearing;
	distribution expenses	2020	–	(3,925,824)	unsecured
GMA Music	Production cost/service fees	**2021**	**7,778**	**(7,778)**	30-60 day noninterest-bearing
		2020	1,320,000	(1,320,000)	unsecured
Other related parties					
Belo, Gozon,	Legal, Consulting fee and others	**2021**	**14,477,527**	–	On demand, noninterest-
Elma Law		2020	13,711,015	–	bearing; unsecured
GMA Kapuso	Donations	**2021**	**3,467,042**	–	On demand, noninterest-
Foundation		2020	696,800	(78,300)	bearing; unsecured
		2021	**₱656,915,576**	**(₱339,865,067)**	
		2020	₱589,313,254	(₱492,825,657)	

(*Forward*)

Related Party	Category	Year	Amount/Volume of Transaction	Outstanding Receivable (Payable)	Terms and Conditions
Nontrade payables (see Note 17)					
Subsidiaries					
Script2010	Reimbursable charges	**2021**	**₱–**	**(₱1,878,486)**	Noninterest-bearing;
		2020	–	(1,878,486)	Unsecured
GMA Music	Reimbursable charges	**2021**	**20,893**	**(20,893)**	Noninterest-bearing;
		2020	–	–	Unsecured
Scenarios	Reimbursable charges	**2021**	–	**(435,000)**	Noninterest-bearing;
		2020	135,000	(650,000)	unsecured
GMPI	Reimbursable charges	**2021**	–	**(33,200)**	Noninterest-bearing;
		2020	–	(33,200)	unsecured
		2021	**₱20,893**	**(₱2,367,579)**	
		2020	₱135,000	(₱2,561,686)	
Other trade receivables (see Note 7)					
Subsidiaries					
GNMI	Online advertising	**2021**	**₱331,325,504**	**₱91,857,707**	30-60 day; noninterest-bearing;
		2020	238,410,648	124,388,058	unsecured; not impaired
GMA Music	Sale of Affordabox	**2021**	**35,402,138**	**27,756,216**	30-60 day; noninterest-bearing;
		2020	43,422,143	32,890,336	unsecured; not impaired
RGMA	Sale of equipment	**2021**	–	–	On-demand, noninterest-
		2020	4,494,520	–	bearing; unsecured; not impaired
		2021	**₱366,727,642**	**₱119,613,923**	
		2020	₱286,327,311	₱157,278,394	
Nontrade receivables (see Note 7)					
Subsidiaries					
Script2010	Reimbursable charges	**2021**	**₱3,221,958**	**₱24,531,580**	On-demand, noninterest-
		2020	974,377	20,813,991	bearing; unsecured; not impaired
GNFI	Reimbursable charges	**2021**	**88,141**	**28,550,657**	On-demand, noninterest-
		2020	10,649	28,462,515	bearing; unsecured; not impaired
GMA Music	Reimbursable charges	**2021**	**251,497**	**5,915,104**	On-demand, noninterest-
		2020	492,049	6,506,578	bearing; unsecured; not impaired
Scenarios	Reimbursable charges	**2021**	**–**	**5,507,145**	On-demand, noninterest-
		2020	–	5,507,145	bearing; unsecured; not impaired
GWI	Reimbursable charges	**2021**	–	–	On-demand, noninterest-
		2020	8,486	2,160	bearing; unsecured; not impaired
Media Merge	Reimbursable charges	**2021**	–	**1,436,579**	On-demand, noninterest-
		2020	267,038	1,436,579	bearing; unsecured; not impaired
Alta	Reimbursable charges	**2021**	–	**186,624**	On-demand, noninterest-
		2020	122,602	309,226	bearing; unsecured; not impaired
RGMA	Reimbursable charges	**2021**	**227,447**	**154,327**	On-demand, noninterest-
		2020	143,195	210,248	bearing; unsecured; not impaired
GMA Holdings, Inc. (GHI)	Reimbursable charges	**2021**	–	–	On-demand, noninterest-
		2020	105,814	105,814	bearing; unsecured; not impaired
GMPI	Reimbursable charges	**2021**	–	**34,361**	On-demand, noninterest-
		2020	34,361	34,361	bearing; unsecured; not impaired
GVI	Reimbursable charges	**2021**	**360,546**	**360,546**	On-demand, noninterest-
		2020	–	–	bearing; unsecured; not impaired

(Forward)

Related Party	Category	Year	Amount/Volume of Transaction	Outstanding Receivable (Payable)	Terms and Conditions
GNMI	Reimbursable charges	**2021**	**₱–**	**₱–**	On-demand, noninterest-bearing; unsecured; not impaired
		2020	1,103,721	–	
Other related parties					
GMA Kapuso Foundation	Reimbursable charges	**2021**	**633,244**	**956,214**	On demand, noninterest-bearing; unsecured; not impaired
		2020	1,167,042	3,361,550	
		2021	**₱4,782,833**	**₱67,633,137**	
		2020	₱4,429,333	₱66,750,167	
<u>Other nontrade receivables</u> (see Note 7)					
Subsidiaries					
GNMI	Dividend income	**2021**	**₱100,000,000**	**₱26,700,000**	On-demand, noninterest-bearing; unsecured; not impaired
		2020	90,000,000	1,700,000	
Alta	Dividend income	**2021**	**671,268**	**–**	On-demand, noninterest-bearing; unsecured; not impaired
		2020	2,778,732	3,278,732	
RGMA	Dividend income	**2021**	**7,350,000**	–	On-demand, noninterest-bearing; unsecured; not impaired
		2020	17,150,000	–	
GMA Music	Dividend income	**2021**	–	–	On-demand, noninterest-bearing; unsecured; not impaired
		2020	1,900,000	–	
Citynet	Dividend income	**2021**	–	–	On-demand, noninterest-bearing; unsecured; not impaired
		2020	2,100,000	–	
GWI	Dividend income	**2021**	–	–	On-demand, noninterest-bearing; unsecured; not impaired
		2020	1,399,606	–	
		2021	**₱108,021,268**	**₱26,700,000**	
		2020	₱115,328,338	₱4,978,732	
<u>Advances to investees</u> (see Note 12)					
Subsidiaries					
Citynet	Advances	**2021**	**₱–**	**₱118,934,402**	60-day noninterest-bearing; fully impaired
		2020	–	118,934,402	
GNFI	Advances	**2021**	**–**	**44,511,314**	On-demand, noninterest-bearing; unsecured; not impaired
		2020	–	44,511,314	
GMA Music	Advances	**2021**	–	**1,268,033**	On-demand, noninterest-bearing; unsecured; not impaired not
		2020	–	1,268,033	
Scenarios	Advances	**2021**	–	**1,014,090**	On-demand, noninterest-bearing; unsecured; not impaired
		2020	–	1,014,090	
Associate					
Mont-aire	Advances	**2021**	**₱1,811,449**	**₱99,531,726**	On-demand, noninterest-bearing; unsecured; not impaired
		2020	598,449	97,720,277	
Optima	Advances	**2021**	**–**	**–**	On-demand, noninterest-bearing; unsecured; not impaired
		2020	1,000,000	1,000,000	
Joint venture					
INQ7	Advances	**2021**	**–**	**11,544,000**	On-demand, noninterest-bearing; unsecured; fully impaired
		2020	–	11,544,000	
			₱1,811,449	**₱276,803,565**	
	Allowance for impairment	**2021**	–	**(176,003,805)**	
			–	**₱100,799,761**	
			₱1,598,449	₱275,992,116	
	Allowance for impairment	2020	–	(176,003,805)	
			–	₱98,988,311	

The following table provides the summary of outstanding balances, before any allowance for impairment, for the years ended December 31, 2021 and 2020 in relation with the table above for the transactions that have been entered into with related parties:

	2021	2020
Trade payables and other current liabilities (see Note 17)	**₱339,865,067**	₱492,825,657
Advances to investees (see Note 12)	**276,803,565**	275,992,116
Other trade receivables (see Note 7)	**119,613,923**	157,278,394
Nontrade receivables (see Note 7)	**67,633,137**	66,750,167
Other nontrade receivables (see Note 7)	**26,700,000**	4,978,732
Nontrade payables (see Note 17)	**2,367,579**	2,561,686

The advances made by the Company to Mont-Aire in previous years are intended for future capital subscription.

Accumulated impairment loss on advances amounted to ₱176.00 million as at December 31, 2021 and 2020.

Compensation of Key Management Personnel

The compensation of key management personnel of the Company, by benefit type, are as follows:

	2021	2020
Salaries and other long-term benefits (see Notes 23 and 24)	**₱916,397,910**	₱873,843,960
Pension benefits (see Notes 23 and 24)	**178,536,942**	160,475,000
	₱1,094,934,852	₱1,034,318,960

Pension benefits (costs) under OCI amounted to (₱316.68 million) and ₱453.48 million as at December 31, 2021 and 2020, respectively.

Equity Investments of the Retirement Fund

The Company'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 26).

22. **Revenues**

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

	2021	2020
Revenue source:		
Sale of service		
Advertising revenue	**₱20,769,338,291**	₱17,540,902,940
Subscription revenue (see Note 28)	**786,471,874**	911,005,081
Production revenue	**45,288,735**	13,570,991
Revenue from distribution and content provisioning	**40,787,764**	49,757,773
Sale of goods	**515,247,999**	591,295,480
Total revenue from contracts with customers	**₱22,157,134,663**	₱19,106,532,265

	2021	2020
Geographical markets		
Local	**₱21,228,386,413**	₱18,082,605,433
International	**928,748,250**	1,023,926,832
Total revenue from contracts with customers	**₱22,157,134,663**	₱19,106,532,265
Timing of revenue recognition		
Goods/services transferred at a point in time	**₱21,370,662,789**	₱18,195,527,184
Services transferred over time	**786,471,874**	911,005,081
Total revenue from contracts with customers	**₱22,157,134,663**	₱19,106,532,265

23. Production Costs

	2021	2020
Talent fees and production personnel costs (see Note 25)	**₱2,093,811,710**	₱1,559,929,377
Program and other rights usage (see Note 8)	**1,007,347,795**	703,415,807
Facilities and production services	**919,496,546**	788,536,970
Rental (see Note 28)	**344,242,089**	209,200,912
Depreciation (see Notes 13 and 24)	**262,708,005**	164,639,079
Tapes, sets and production supplies	**220,387,348**	131,371,662
Transportation and communication	**198,399,107**	48,117,693
	₱5,046,392,600	₱3,605,211,500

24. General and Administrative Expenses

	2021	2020
Personnel costs (see Note 25)	**₱4,545,505,990**	₱4,224,570,065
Professional fees	**340,653,550**	297,880,906
Depreciation (see Notes 13, 15 and 28)	**323,051,533**	356,791,438
Repairs and maintenance	**312,087,243**	270,390,746
Communication, light and water	**268,640,580**	229,476,619
Taxes and licenses	**223,742,140**	165,804,240
Advertising	**116,600,030**	84,328,017
Provision for doubtful accounts (see Note 7)	**107,878,272**	321,436,075
Software maintenance	**99,270,596**	81,430,010
Research and surveys	**87,958,450**	89,601,411
Marketing expense	**85,675,515**	54,157,038
Security services	**65,411,798**	66,865,570
Amortization of software costs (see Note 16)	**64,402,739**	54,953,861
Facilities related expenses	**58,691,533**	69,849,171
Transportation and travel	**33,000,822**	52,250,148
Insurance	**29,969,781**	28,224,019
Dues and subscription	**27,282,680**	22,908,623
Rental (see Note 28)	**19,807,535**	8,483,395
Materials and supplies	**14,224,736**	10,426,494
Entertainment, amusement and recreation	**6,954,383**	8,336,273
Others	**193,315,934**	102,680,690
	₱7,024,125,840	₱6,600,844,809

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

Depreciation

	2021	2020
Property and equipment (see Note 13)		
General and administrative expenses	**₱295,547,040**	₱330,938,943
Production costs	**262,708,005**	164,639,079
	558,255,045	495,578,022
Right-of-use assets (see Note 28)		
General and administrative expenses	**26,122,106**	24,470,108
Investment properties (see Note 15)		
General and administrative expenses	**1,382,387**	1,382,387
	₱585,759,538	₱521,430,517

25. **Personnel Costs**

	2021	2020
Salaries and wages	**₱2,486,697,298**	₱2,344,632,013
Talent fees and production personnel costs (see Note 23)	**2,093,811,710**	1,559,929,377
Employee benefits and allowances	**1,282,824,797**	1,115,304,170
Pension expense (see Note 26)	**611,048,666**	629,587,048
Sick and vacation leaves expense (see Note 26)	**164,935,230**	135,046,834
	₱6,639,317,701	₱5,784,499,442

The above amounts were distributed as follows:

	2021	2020
General and administrative expenses (see Note 24)	**₱4,545,505,991**	₱4,224,570,065
Production costs (see Note 23)	**2,093,811,710**	1,559,929,377
	₱6,639,317,701	₱5,784,499,442

26. **Pension and Other Long-term Employee Benefits**

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

	2021	2020
Pension liability	**₱4,093,751,401**	₱4,810,700,008
Vacation and sick leave accrual	**347,489,172**	315,884,309
	₱4,441,240,573	₱5,126,584,317

Pension Benefits
The Company has non-contributory defined benefit retirement plan. The Company's latest actuarial valuation report is as at December 31, 2021.

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

	2021	2020
Current service cost	**₱427,976,397**	₱427,388,193
Net interest cost	**183,072,269**	202,198,855
	₱611,048,666	₱629,587,048

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

	2021	2020
Present value of defined benefit obligation	**₱6,212,877,770**	₱6,211,966,095
Fair value of plan assets	**2,119,126,369**	1,401,266,087
	₱4,093,751,401	₱4,810,700,008

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

	2021	2020
Balance at beginning of year	**₱6,211,966,095**	₱3,869,874,054
Current service cost	**427,976,397**	427,388,193
Interest cost	**239,160,694**	297,980,302
Benefits paid		
from plan assets	**(194,712,024)**	(181,117,628)
from Company's own funds	**(1,098,432)**	–
Remeasurement loss (gain):		
Changes in financial assumptions	**(695,941,117)**	1,485,126,029
Changes in demographic assumptions	**6,977,834**	14,332,944
Experience adjustment	**218,548,323**	298,382,201
Balance at end of year	**₱6,212,877,770**	₱6,211,966,095

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

	2021	2020
Balance at beginning of year	**₱1,401,266,087**	₱1,204,973,711
Contribution during the year	**320,794,614**	259,000,000
Interest income	**56,088,426**	95,781,447
Benefits paid	**(194,712,024)**	(181,117,628)
Remeasurement loss - return on plan assets	**535,689,266**	22,628,557
Balance at end of year	**₱2,119,126,369**	₱1,401,266,087

Remeasurement gain on retirement plans amounting to ₱574.16 million in 2021 and remeasurement loss on retirement plans amounting to ₱1,242.65 million in 2020 reported under the statement of comprehensive income is presented net of deferred tax.

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

The Company 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 plan 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 Carrying Value/ Fair Value	2020 Carrying Value/ Fair Value
Cash and cash equivalents	**₱158,580,550**	₱31,374,284
Equity instruments (see Note 21):		
GMA Network, Inc.	**962,978,924**	41,784,000
GMA PDRs	**11,219,115**	331,387,630
Debt instruments -		
Government securities	**338,675,992**	668,129,819
Investment in Unit Investment Trust Funds (UITFs)	**699,588,268**	328,490,751
Others	**(51,916,480)**	99,603
	₱2,119,126,369	₱1,401,266,087

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 gains of ₱33.37 million and ₱23.95 million in 2021 and 2020, respectively.
- Investments in debt instruments bear interest ranging from 3.0% to 6.3% 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 Company.
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 Company performs an Asset-Liability Matching Study (ALM) annually. The principal technique of the Company's ALM in order to minimize the portfolio liquidation risk is to ensure 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 Company.

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

	2021	2020
Discount rate	**4.93%**	3.85%
Expected rate of salary increase	**4.00%**	4.00%
Turn-over rates		
19-24 years old	**11.67%**	9.48%
25-29 years old	**8.48%**	7.88%
30-34 years old	**3.86%**	3.70%
35-39 years old	**2.50%**	2.69%
40-44 years old	**2.16%**	2.31%
≥45 years old	**1.59%**	1.57%

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 Defined Benefit Obligation	
	Increase (Decrease) in Basis Points	**2021**	2020
Discount rate	50	**(₱284,322,203)**	(₱313,613,086)
	(50)	**307,385,326**	340,576,984
Expected rate of salary increase	50	**308,700,976**	338,369,454
	(50)	**(288,099,035)**	(314,630,856)

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

Less than one year	₱673,643,090
More than 1 year to 3 years	1,903,501,140
More than 3 years to 7 years	2,867,843,382
More than 7 years to 15 years	4,155,236,327
More than 15 years to 20 years	5,045,286,231
More than 20 years	7,697,267,573

Other Long-Term Employee Benefits

Other long-term employee benefits consist of accumulated and unexpired employee sick and vacation leave entitlements amounting to ₱347.49 million and ₱315.88 million as at December 31, 2021 and 2020, respectively. Expense related to cash conversion of leaves, included under personnel cost in the statements of comprehensive income, amounted to ₱164.94 million and ₱135.05 million in 2021 and 2020, respectively (see Note 25).

27. **Others - Net**

	2021	2020
Commissions from Artist Center	**₱77,547,912**	₱45,128,337
Net gain on sale of property and equipment and investment properties (see Notes 13 and 15)	**50,941,808**	16,726,823
Rental income (see Notes 13, 15 and 28)	**5,321,214**	6,026,404
Merchandising license fees and others	**5,007,163**	457,981
Bank charges	**(1,188,046)**	(1,138,764)
Music royalty	**24,289**	2,151,792
VAT difference on sales to government per RR 16-2005	**–**	10,445,238
	₱137,654,340	₱79,797,811

Merchandising license fees and others include income from mall shows, sale of DVDs and integrated receiver-decoders and income from events.

28. **Agreements**

Lease Agreements

Company as a Lessee. The Company entered into various lease agreements for land, building and studio 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 Company.

The Company also has certain leases with lease terms of 12 months or less. The Company 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: Office Space**	**Right-of-use: Total**
Cost			
Balance at beginning and end of year	**₱94,553,476**	**₱45,818,758**	**₱140,372,234**
Additions	**26,127,107**	**24,712,215**	**50,839,322**
Balance at end of year	**120,680,583**	**70,530,973**	**191,211,556**
Accumulated Depreciation			
Balance at beginning of year	**28,798,918**	**23,371,516**	**52,170,434**
Depreciation (see Note 24)	**12,853,826**	**13,268,280**	**26,122,106**
Balance at end of year	**41,652,744**	**36,639,796**	**78,292,540**
Net Book Value	**₱79,027,839**	**₱33,891,177**	**₱112,919,016**

	2020		
	Right-of-use: Land	Right-of-use: Office Space	Right-of-use: Total
Cost			
Balance at beginning and end of year	₱94,553,476	₱45,818,758	₱140,372,234
Accumulated Depreciation			
Balance at beginning of year	16,797,383	10,902,943	27,700,326
Depreciation (see Note 24)	12,001,535	12,468,573	24,470,108
Balance at end of year	28,798,918	23,371,516	52,170,434
Net Book Value	₱65,754,558	₱22,447,242	₱88,201,800

The rollforward analysis of lease liabilities follows:

	2021	2020
Balance at beginning of year	**₱75,687,213**	₱88,277,176
Additions	**50,839,322**	–
Accretion of interest	**8,026,060**	5,604,477
Payments	**(26,736,541)**	(18,194,440)
Balance at end of year	**₱107,816,054**	₱75,687,213

The rollforward analysis of dismantling provision follows:

	2021	2020
Balance at beginning of year	**₱44,973,410**	₱42,392,194
Accretion of interest	**2,209,525**	–
Termination	**(1,085,486)**	2,581,216
Balance at end of year	**₱46,097,449**	₱44,973,410

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

	2021	2020
Depreciation expense of right-of-use assets (see Note 24)	**₱26,122,106**	₱24,470,108
Interest expense on lease liabilities	**8,026,060**	5,604,477
Interest expense on dismantling provision	**2,209,525**	2,581,216
Expense relating to short-term leases (included in “Production costs”) (see Note 23)	**344,242,089**	209,200,912
Expense relating to short-term leases (included in “General and administrative expenses”) (see Note 24)	**19,807,535**	8,483,395

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

	2021	2020
1 year	**₱22,097,245**	₱10,277,517
more than 1 year to 2 years	**19,244,994**	9,751,142
more than 2 years to 3 years	**17,270,602**	9,111,504
more than 3 years to 4 years	**15,902,507**	7,214,734
More than 5 years	**35,309,288**	39,332,316

Total rental expense on short-term leases amounted ₱364.05 million and ₱217.68 million in 2021 and 2020, respectively. (see Notes 23 and 24).

Company as Lessor. The Company 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 ₱5.32 million and ₱6.03 million in 2021 and 2020, respectively (see Note 27).

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

Total subscription income amounted to ₱786.47 million and ₱911.01 million in 2021 and 2020, respectively (see Note 22).

Purchase Agreement for Set-top Boxes
In 2021, the 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
Current – RCIT	**₱2,338,891,726**	₱2,676,327,846
Deferred	**(28,691,060)**	(147,725,182)
	₱2,310,200,666	₱2,528,602,664

The reconciliation between the statutory income tax rate and effective income tax rates on income before income tax is shown below:

	2021	2020
Statutory income tax	**25.00%**	30.00%
Additions (deductions) in income tax resulting from:		
Changes in applicable income tax rates	**(1.19)**	–
Dividend income from investments	**(0.27)**	(0.40)
Nondeductible tax deficiency payments	**(0.04)**	–
Interest income already subjected to final tax	**(0.02)**	(0.03)
Nondeductible interest expense	**0.01**	0.01
Effective income tax	**23.48%**	29.57%

Deferred Taxes
The components of the Company's net deferred tax assets are as follows:

	2021	2020
Deferred tax assets:		
Pension liability	**₱965,305,466**	₱1,373,451,143
Allowance for doubtful accounts	**208,335,218**	217,638,780
Other long-term employee benefits	**80,219,339**	86,781,748
Contract liabilities	**32,294,078**	10,760,466
Lease liabilities	**26,954,014**	22,706,164
Unrealized loss on financial assets at FVOCI	**13,477,603**	6,539,032
Allowance for impairment of investments and advances	**11,440,329**	13,728,394
Dismantling provision	**11,524,361**	13,492,023
Unrealized foreign exchange loss	**8,984,165**	7,980,362
	1,358,534,573	1,753,078,112
Deferred tax liabilities:		
Revaluation increment in land	**(610,894,709)**	(733,073,652)
Right-of-use assets	**(28,229,753)**	(26,460,540)
	(639,124,462)	(759,534,192)
Deferred tax assets – net	**₱719,410,111**	₱993,543,920

The components of net deferred tax liabilities pertaining to accounts presented under equity in the parent company statements of financial position are as follows:

	2021	2020
Deferred tax assets:		
Remeasurement loss on retirement plan	**₱650,555,574**	₱1,082,497,957
Unrealized loss on financial assets at FVOCI	**13,477,603**	6,539,032
	664,033,177	1,089,036,989
Deferred tax liability -		
Revaluation increment in land	**(610,894,709)**	(733,073,652)
	₱53,138,468	₱355,963,337

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 Company:

- Reduction in the RCIT rate from 30% to 25%;
- 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 Company 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 Company recognized in its 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 ₱223.18 million, ₱58.24 million, and ₱106.26 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 ₱122.18 million recognized in the statement of comprehensive income in 2021.

30. Financial Risk Management Objectives and Policies

The Company's principal financial instruments include cash and cash equivalents. The main purpose of these financial instruments includes raising financing for the Company's operations and managing identified financial risks. The Company 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 Company 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 Company's objectives and policies.

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

The tables below summarize the maturity profile of the Company'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	**₱2,595,817,844**	**₱1,859,797,013**	**₱–**	**₱–**	**₱4,455,614,857**
Trade receivables:					
Television and radio airtime	**3,096,506,484**	**4,230,324,198**	**–**	**–**	**7,326,830,682**
Subscriptions	**57,558,605**	**157,539,129**	**–**	**–**	**215,097,734**
Others	**–**	**119,613,923**	**–**	**–**	**119,613,923**
Nontrade receivables:					
Due from related parties	**–**	**67,633,137**	**–**	**–**	**67,633,137**
Others	**–**	**130,689,540**	**–**	**–**	**130,689,540**
Refundable deposits*	–	–		**21,636,440**	**21,636,440**
	5,749,882,933	**6,565,596,940**	**–**	**21,636,440**	**12,337,116,313**
Financial assets at FVOCI	–	–	–	**122,039,903**	**122,039,903**
	₱5,749,882,933	**₱6,565,596,940**	**₱–**	**₱143,676,343**	**₱12,459,156,216**

	2021				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Loans and borrowings:					
Trade payables and other current liabilities**	**₱307,601,234**	**₱939,135,070**	**₱23,610,374**	**₱–**	**₱1,270,346,678**
Short-term loans***	–	**739,485,500**	–	–	**739,485,500**
Obligations for program and other rights	–	**212,578,686**	–	–	**212,578,686**
Lease liabilities***	–	**6,074,285**	**16,022,959**	**87,727,391**	**109,824,635**
Dividends payable	**25,588,850**	–	–	–	**25,588,850**
	333,190,084	**1,897,273,541**	**39,633,333**	**87,727,391**	**2,357,824,349**
Liquidity portion (Gap)	**₱5,416,692,849**	**₱4,668,323,399**	**(₱39,633,333)**	**₱55,948,952**	**₱10,101,331,867**

**Included under "Other noncurrent assets" account in the parent company statements of financial position (see Note 16).*
***Excluding payable to government agencies, contract liabilities and customer deposits amounting to ₱1,622.61 million which are not considered as financial liabilities. (See Note 17)*
****Gross contractual payments.*

	2020				
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial assets at amortized cost:					
Cash and cash equivalents	₱2,402,829,304	₱306,855,938	₱–	₱–	₱2,709,685,242
Trade receivables:					
Television and radio airtime	2,634,611,394	7,479,114,089	–	–	10,113,725,483
Subscriptions	163,086,976	84,098,769	–	–	247,185,745
Others	–	221,982,774	–	–	221,982,774
Nontrade receivables:					
Due from related parties	–	66,750,167	–	–	66,750,167
Others	–	153,764,300	–	–	153,764,300
Refundable deposits*	–	–	–	20,975,527	20,975,527
	5,200,527,674	8,312,566,037	–	20,975,527	13,534,069,238
Financial assets at FVOCI	–	–	–	148,637,242	148,637,242
	₱5,200,527,674	₱8,312,566,037	₱–	₱169,612,769	₱13,682,706,480
Loans and borrowings:					
Trade payables and other current liabilities**	₱777,177,176	₱994,305,355	₱12,473,883	₱–	₱1,783,956,414
Short-term loans***	–	720,345,000	–	–	720,345,000
Obligations for program and other rights	–	180,308,444	–	–	180,308,444
Lease liabilities***	–	4,641,315	10,608,631	82,280,814	97,530,760
Dividends payable	19,894,437	–	–	–	19,894,437
	797,071,613	1,899,600,114	23,082,514	82,280,814	2,802,035,055
Liquidity portion (Gap)	₱4,403,456,061	₱6,412,965,923	(₱23,082,514)	₱87,331,955	₱10,880,671,425

**Included under "Other noncurrent assets" account in the parent company statements of financial position (see Note 16).*
***Excluding payable to government agencies, contract liabilities and customer deposits amounting to ₱1,404.98 million which are not considered as financial liabilities. (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 Company's exposure to foreign currency exchange risk results from certain business transactions denominated in foreign currencies. It is the Company's policy to ensure that capabilities exist for active but conservative management of its foreign currency exchange risk.

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

	2021		2020	
Assets	**Foreign Currency**	**Local Currency**	Foreign Currency	Local Currency
Cash and cash equivalents	**$15,111,847**	**₱770,689,067**	$13,393,697	₱643,165,307
	C300,131	**11,961,418**	C$1,515,837	56,692,289
Trade receivables	**C$3,988,075**	**158,940,751**	C$1,392,382	52,075,098
	$1,323,051	**67,474,284**	$4,295,851	206,286,757
	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
		1,021,515,314		964,351,087
Liabilities				
Trade payables	**$130,058**	**6,632,818**	$2,891,699	138,868,050
	€90,100	**5,181,804**	€11,670	684,924
	S$212	**7,962**	–	–
Short-term loans	**$14,500,000**	**739,485,500**	$15,000,000	720,345,000
Obligations for program and other rights	**$2,933,261**	**149,593,378**	$2,892,613	138,903,262
		₱900,901,462		₱998,801,236
		₱120,613,852		(₱34,450,149)

In translating the foreign currency-denominated monetary assets and liabilities into Philippine peso amounts, the exchange rates used were ₱50.99 to $1.00 and ₱48.02 to $1.00, the Philippine peso to U.S. dollar exchange rate as at December 31, 2021 and 2020, respectively. The exchange rates for Philippine peso to Canadian dollar were ₱39.85 to CAD$1.00 and ₱37.40 to CAD$1.00 as at December 31, 2021 and 2020. The peso equivalents for the Singaporean Dollar, Japan Yen, Australian Dollar, Dirham and Euro were ₱37.56, ₱0.44, ₱36.81, ₱13.83, and ₱57.51 and ₱36.12, ₱0.46 , ₱36.40, ₱13.08, and ₱58.69 at December 31, 2021 and 2020, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates, with all other variables held constant, of the Company'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 Company's equity other than those already affecting profit or loss.

		Effect on Income before Income Tax						
	Appreciation/ Deprecation of Peso	**EUR**	**USD**	**CAD**	**SGD**	**AUD**	**AED**	**Total**
2021	**0.50**	**₱45,050**	**₱564,211**	**(₱2,144,103)**	**(₱70,693)**	**(₱72,000)**	**(₱66,258)**	**(₱1,743,793)**
	(0.50)	**(45,050)**	**(564,211)**	**2,144,103**	**70,693**	**72,000**	**66,258**	**1,743,793**
2020	0.50	₱5,835	(₱1,547,382)	(₱1,454,109)	(₱56,863)	(₱18,427)	(₱26,085)	(₱3,097,031)
	(0.50)	(5,835)	1,547,382	1,454,109	56,863	18,427	26,085	3,097,031

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 Company's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk.

The Company ensures that sales of products and services are made to customers with appropriate credit history. The Company has an internal mechanism to monitor the granting of credit and management of credit exposures. The Company has made provisions, where necessary, for potential losses on credits extended. The Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of the instruments. The Company 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 parent company financial position as at December 31:

	2021	2020
Financial assets at amortized cost:		
Cash and cash equivalents*	**₱4,184,810,923**	₱2,397,980,981
Trade receivables:		
Television and radio airtime	**7,326,830,682**	10,113,725,483
Subscriptions	**215,097,734**	247,185,745
Others	**119,613,923**	221,982,774
Nontrade receivables:		
Due from related parties	**67,633,137**	66,750,167
Others	**130,689,539**	153,764,300
Refundable deposits**	**21,636,440**	20,975,527
	12,066,312,378	13,222,364,977
Financial assets at FVOCI	**122,039,903**	148,637,242
	₱12,188,352,281	₱13,371,002,219

**Excluding cash on hand amounting to ₱262.30 million and ₱303.70 million as at December 31, 2021 and 2020, respectively.*
*** Included under "Other noncurrent assets" account in the parent company 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 Company 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 Company's financial assets are as follows:

	2021			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Total**
Financial assets at amortized cost				
Cash and cash equivalents*	**₱4,184,810,923**	**₱–**	**₱–**	**₱4,184,810,923**
Nontrade receivables:				
Due from related parties	**67,633,137**	–	–	**67,633,137**
Others	**130,689,539**	–	–	**130,689,539**
Refundable deposits**	**21,636,440**	–	–	**21,636,440**
	4,404,770,039	–	–	**4,404,770,039**
Financial assets at FVOCI	**122,039,903**	–	–	**122,039,903**
	₱4,526,809,942	**₱–**	**₱–**	**₱4,526,809,942**

**Excluding cash on hand amounting to ₱262.30 million as at December 31, 2021.*
*** Included under "Other noncurrent assets" account in the parent company statements of financial position*

	2020			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Financial assets at amortized cost				
Cash and cash equivalents*	₱2,397,980,981	₱–	₱–	₱2,397,980,981
Nontrade receivables:				
Due from related parties	66,750,167	–	–	66,750,167
Others	153,764,300	–	–	153,764,300
Refundable deposits**	20,975,527	–	–	20,975,527
	2,639,470,975	–	–	2,639,470,975
Financial assets at FVOCI	148,637,242	–	–	148,637,242
	₱2,788,108,217	₱–	₱–	₱2,788,108,217

**Excluding cash on hand amounting to ₱303.70 million as at December 31, 2020.*
*** Included under "Other noncurrent assets" account in the parent company statements 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 Company's trade receivables using provision matrix:

	2021					
		Days past due				
	Current	**-30 days**	**31 - 60 days**	**61 - 90 days**	**91 days and above**	**Total**
Expected credit loss rate	**1%**	**4%**	**3%**	**17%**	**33%**	
Estimated total gross carrying amount at default	**₱4,387,863,327**	**₱805,611,426**	**₱846,012,382**	**₱176,816,068**	**₱2,158,966,083**	**₱8,375,269,286**
Expected credit loss	**36,497,632**	**28,865,848**	**22,830,358**	**30,634,347**	**71,4512,685**	**833,340,870**

	2020					
		Days past due				
	Current	-30 days	31 - 60 days	61 - 90 days	91 days and above	Total
Expected credit loss rate	1%	4%	11%	11%	26%	
Estimated total gross carrying amount at default	₱7,563,212,858	₱546,068,496	₱404,801,635	₱359,093,441	₱2,213,197,396	₱11,086,373,826
Expected credit loss	42,460,967	20,167,809	42,774,174	38,904,015	581,155,633	725,462,598

Capital Management

The primary objective of the Company'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 Company 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 Company may adjust the dividend payment to shareholders, pay off existing debts, return capital to shareholders or issue new shares.

The Company is not subject to externally imposed capital requirements.

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

The Company monitors its capital gearing by measuring the ratio of interest-bearing loan to total equity. The Company'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 Company's total equity as at December 31, 2021 and 2020 amounted to ₱14,468.96 million and ₱12,784.09 million, respectively.

31. Fair Value Measurement

The table below presents the carrying values and fair values of the Company'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 inputs (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	**122,039,903**	**–**	**8,185,000**	**113,854,903**
Assets for which Fair Values are Disclosed				
Investment properties	**22,335,050**	**–**	**–**	**141,239,748**
Financial asset at amortized cost - Refundable deposits*	**21,636,440**	**–**	**–**	**16,970,137**
	₱3,111,308,407	**₱–**	**₱8,185,000**	**₱3,217,361,802**
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 parent company statement of financial position (see Note 16).*

	2020			
		Fair Value		
	Carrying Value	Quoted prices in active markets (Level 1)	Significant observable inputs (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	148,637,241	–	7,935,000	140,702,241
Assets for which Fair Values are Disclosed				
Investment properties	23,717,437	–	–	141,239,748
Financial asset at amortized cost - Refundable deposits*	20,975,527	–	–	16,970,137
	₱2,996,526,389	₱–	₱7,935,000	₱3,102,108,310

**Included under "Other noncurrent assets" account in the parent company 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 company. Presented below are the significant unobservable inputs used in the net asset valuation of the Company's financial assets in 2021 and 2020:

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

An increase (decrease) in the significant unobservable inputs used in the valuation of the equity investments will decrease (increase) 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	**₱140,702,241**	₱165,612,094
Additions during the year	**19,659,800**	–
Fair value adjustment recognized under "Net unrealized loss on financial assets at FVOCI"	**(46,507,138)**	(24,909,853)
Balance at end of year	**₱113,854,903**	₱140,702,241

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 Company'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 Amounts
The valuation for investment properties and land at revalued amounts were 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 the fair value of land at revalued amount includes adjusted price per square meter that ranges from ₱200 to ₱97,000.

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

Trade Payables and Other Current Liabilities (excluding Payable to Government Agencies and Advances from Customers), Short-term Loans, Obligations for Program and Other Rights and Dividends Payable
The carrying values of trade payables and other current liabilities, short-term loans, current portion of obligations for program and other rights and dividends payable approximate their fair values due to the relatively short-term maturity of these financial instruments.

Lease liabilities
The fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans plus the applicable credit spread. Discount rates used ranged from 1.01% to 4.77% 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.

32. EPS

The computation of basic and diluted EPS follows:

	2021	2020
Net income of the Company (a)	**₱7,527,323,467**	₱6,021,590,045
Less attributable to preferred shareholders	**2,321,792,347**	1,858,317,449
Net income attributable to common equity holders of the Company (b)	**₱5,205,531,120**	₱4,163,272,596
Common shares issued at the beginning of year (Note 20)	**3,364,692,000**	3,364,692,000
Treasury shares (Note 20)	**–**	(3,645,000)
Underlying shares on acquired PDRs (Note 20)	**–**	(750,000)
Weighted average number of common shares for basic EPS (c)	**3,362,494,500**	3,360,297,000
Weighted average number of common shares	**3,362,494,500**	3,360,297,000
Effect of dilution - assumed conversion of preferred shares	**1,500,000,000**	1,500,000,000
Reacquired preferred shares	**–**	(492,816)
Weighted average number of common shares adjusted for the effect of dilution (d)	**4,861,149,342**	4,859,804,184
Basic EPS (b/c)	**₱1.548**	₱1.239
Diluted EPS (a/d)	**₱1.548**	₱1.239

33. Changes in Liabilities Arising from Financing Activities

	January 1, 2021	**Additions**	**Cash flows**	**Others***	**December 31, 2021**
Short-term loans	**₱720,345,000**	**₱4,479,150,000**	**(₱4,542,575,000)**	**₱82,565,500**	**₱739,485,500**
Dividends payable	**19,894,437**	**6,561,267,889**	**(6,555,573,476)**	**–**	**25,588,850**
Lease liabilities	**75,687,213**	**58,865,382**	**(26,736,541)**	**–**	**107,816,054**
Accrued interest expense**	**756,362**	**37,646,044**	**(37,890,610)**	**–**	**511,796**
Total liabilities from financing activities	**₱816,683,012**	**₱11,136,929,315**	**(₱11,162,775,627)**	**₱82,565,500**	**₱873,402,200**

**Others pertain to revaluation of foreign currency denominated loans.*
***Included under "Trade payables and other current liabilities" account in the statement of financial position (see Note 17).*

	January 1, 2020	Additions	Cash flows	Others*	December 31, 2020
Short-term loans	₱400,000,000	₱984,340,000	(₱641,895,000)	(₱22,100,000)	₱720,345,000
Dividends payable	18,734,008	1,458,059,531	(1,456,899,102)	–	19,894,437
Lease liabilities	88,277,176	–	(18,194,440)	5,604,477	75,687,213
Accrued interest expense**	1,466,667	12,235,589	(12,945,894)	–	756,362
Total liabilities from financing activities	₱508,477,851	₱2,454,635,120	(₱2,129,934,436)	(₱16,495,523)	₱816,683,012

**Others pertain to revaluation of foreign currency denominated loans, accretion of interest and pre-termination of lease liabilities*
***Included under "Trade payables and other current liabilities" account in the 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.

35. Supplementary Information Required by Revenue Regulations No. 15-2010

The Company reported and/or paid the following types of taxes in 2021:

a. Value-added Tax (VAT)

The Company's sales are subject to output VAT while its purchases from VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12%.

<u>Output VAT</u>
Net receipts and Output VAT declared in the Company's VAT returns for 2021:

	Gross Amount of Revenues	Output VAT
Subject to 12% VAT -		
Sale of Goods and Services	₱23,016,512,382	₱2,761,981,486
Zero-rated -		
Sale of Services	1,969,372,161	–
Sale to Government -		
Sale of Services	315,875,172	37,905,021
	₱25,301,759,715	₱2,799,886,507

The Company's sale of services as reported in the VAT returns is based on actual collections received. Hence, these may not be the same with the amount accrued in the parent company statements of comprehensive income.

Zero-rated sales are sales made to enterprises accredited by the Philippine Economic Zone Authority and non-resident foreign companies in accordance with Section 108 B (2) and (3) of the National Internal Revenue Code.

<u>Input VAT</u>

Beginning balance	₱26,342,090
Add current year's domestic purchases/payments for:	
Services	611,669,722
Goods other than capital goods	24,769,136
Capital goods subject to amortization	21,358,419
Importation of goods other than capital goods	205,698,378
Total input VAT	889,837,745
Application against output VAT	856,879,008
Balance at end of year	₱32,958,737

b. Importations

The Company has incurred a total of ₱1,919.85 million import duties and taxes in which ₱8,925.09 million were paid in cash and applied ₱201.01 million.

c. Documentary stamp tax

The Company has paid ₱13.77 million of documentary stamp tax for the year ended December 31, 2021.

d. Other Taxes and Licenses

All other local and national taxes paid for the year ended December 31, 2021 consist of:

Business tax	₱111,224,882
Licenses and permits	34,462,722
Real property tax	16,978,817
Others	61,075,719
	₱223,742,140

e. Withholding Taxes

Withholding taxes paid and accrued and/or withheld for the year ended December 31, 2021 consist of:

	Paid	Accrued	Total
Withholding tax on compensation	₱705,529,718	₱109,867,337	₱815,397,055
Expanded withholding tax	275,029,051	41,327,693	316,356,744
Final withholding tax	130,580,993	6,137,218	136,718,211
Withholding VAT/Percentage tax	70,538,782	4,179,820	74,718,602
Fringe benefit tax	1,946,951	648,984	2,595,935
	₱1,183,625,495	₱162,161,052	₱1,345,786,547

f. Tax Assessments and Cases

As at December 31, 2021, the company has open LOA for taxable years 2016, 2017, and 2018.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

March 25, 2022

Bureau of Internal Revenue
Large Taxpayers Service (RDO 126)
Quezon City

The Management of **GMA Network, Inc.**, is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2021. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value-added tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, Management affirms that the attached audited financial statements for the year ended December 31, 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of GMA Network, Inc., complete and correct in all material respects. Management likewise affirms that:

a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National International Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to the financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
c) GMA Network, Inc., has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

FELIPE L. GOZON
Chairman of the Board
Chief Executive Officer

GILBERTO R. DUAVIT, JR.
President
Chief Operating Officer

FELIPE S. YALONG
Executive Vice President
Chief Financial Officer

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

Doc. No. 285
Page No. 57
Book No. V
Series of 2022

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

For BIR Use Only BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No. **1702-RT** January 2018(ENCS) Page 1

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two copies MUST be filled with the BIR and one held by the taxpayers.

1702-RT 01/18ENCS P1

1 For	(●) Calendar ( ) Fiscal
2 Year Ended (MM/20YY)	12 - December 20 21
3 Amended Return?	( ) Yes (●) No
4 Short Period Return	( ) Yes (●) No
5 Alphanumeric Tax Code (ATC)	IC 055–Minimum Corporate Income Tax (MCIT) (●); IC010 - CORPORATION IN GENERAL - JAN 1 2009 (●)

Part I - Background Information

6 Tax Identification Number (TIN)	000 - 917 - 916 - 00000
7 RDO Code	126
8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*	GMA NETWORK, INC.
9 Registered Address *(Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)*	GMA NETWORK CENTER, EDSA CORNER TIMOG AVENUE, DILIMAN, QUEZON CITY
9A ZIP Code	1103
10 Date of Incorporation/Organization *(MM/DD/YYYY)*	06/14/1950
11 Contact Number	89827777
12 Email Address	msgatmaitan@gmanetwork.com
13 Method of Deductions	(●) Itemized Deductions [Section 34 (A-J), NIRC] ( ) Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended]

Part II - Total Tax Payable

(Do NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

14 Tax Due	2,562,068,529
15 Less: Total Tax Credits/Payments	1,520,655,503
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15)*	1,041,413,026
Add: Penalties	
17 Surcharge	0
18 Interest	0
19 Compromise	0
20 Total Penalties *(Sum of Items 17 to 19)*	0
21 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Items 16 and 20)*	1,041,413,026

If Overpayment, mark one(1) box only *(Once the choice is made, the same is irrevocable)*

( ) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) ( ) To be carried over as a tax credit for next year/quarter

We declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If signed by an Authorized Representative, indicate TIN and attach authorization letter)*

GILBERTO R. DUAVIT, JR.	FELIPE S. YALONG	22 Number of Attachments
Signature over Printed Name of President/Principal Officer/Authorized Representative	Signature over Printed Name of Treasurer/Assistant Treasurer	000
Title of Signatory: PRESIDENT TIN:	Title of Signatory: EVP/CFO TIN:	

Part III - Details of Payment

Particulars	Drawee Bank/ Agency	Number	Date(MM/DD/YYYY)	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others*(Specify Below)*				0

Machine Validation/Revenue Official Receipt Details *[if not filed with an Authorized Agent Bank(AAB)]*

Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

BIR Form No. 1702-RT January 2018(ENCS) Page 2	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	1702-RT 01/18ENCS P2

Taxpayer Identification Number(TIN) 000 917 916 00000

Registered Name GMA NETWORK, INC.

Part IV - Computation of Tax

(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

27 Sales/Revenues/Receipts/Fees	22,250,442,751
28 Less:Sales Returns, Allowances and Discounts	0
29 Net Sales/Revenues/Receipts/Fees *(Item 27 Less Item 28)*	22,250,442,751
30 Less: Cost of Sales/Services	5,454,454,463
31 Gross Income from Operation *(Item 29 less Item 30)*	16,795,988,288
32 Add: Other Taxable Income Not Subjected to Final tax	145,142,326
33 Total Taxable Income *(Sum of Items 31 and 32)*	16,941,130,614
Less: Deductions Allowable under Existing Law	
34 Ordinary Allowable Itemized Deductions	6,692,856,500
35 Special Allowable Itemized Deductions	0
36 NOLCO *(Only for those taxable under Sec. 27(A to C); Sec. 28(A)(1)(A)(6)(b) of Tax code, as amended)*	0
37 Total Deductions *(Sums of Items 34 to 36)*	6,692,856,500
OR *[in case taxable under Sec 27(A) & 28(A)(1)]*	
38 Optional Standard Deduction (OSD) *(40% of Item 33)*	0
39 Net Taxable Income/(Loss) *(If itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)*	10,248,274,114
40 Applicable Income Tax Rate	25 %
41 Income Tax Due other than Mininum Corporate Income Tax(MCIT) *(Item 39 x Item 40)*	2,562,068,529
42 MCIT Due *(1% of Item 33)*	169,411,306
43 Tax Due *(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher)*	2,562,068,529
Less: Tax Credits/Payments(attach proof)	
44 Prior Year's Excess Credits Other Than MCIT	0
45 Income Tax Payment under MCIT from Previous Quarter/s	0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	944,165,573
47 Excess MCIT Applied this Current Taxable Year	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	310,243,644
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	266,246,286
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0
52 Special Tax Credits	0
Other Credits/Payments *(Specify)*	
53	0
54	0
55 Total Tax Credits/Payments *(Sum of Items 44 to 54)*	1,520,655,503
56 Net Tax Payable (Overpayment) *(Item 43 Less Item 55)*	1,041,413,026

Part V - Tax Relief Availment

57 Special Allowable Itemized Deductions *(Item 35 of Part IV x Applicable Income Tax Rate)*	0
58 Add:Special Tax Credits	0
59 Total Tax Relief Availment *(Sum of Items 57 & 58)*	0

BIR Form No.
1702-RT
January 2018(ENCS)
Page 3

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

1702-RT 01/18ENCS P3

Taxpayer Identification Number(TIN) 000 | 917 | 916 | 00000

Registered Name GMA NETWORK, INC.

Part VI - Schedules

(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s if necessary)*

1 Amortization	64,402,740
2 Bad Debts	0
3 Charitable and Other Contributions	4,028,947
4 Depletion	0
5 Depreciation	296,929,427
6 Entertainment, Amusement and Recreation	6,954,383
7 Fringe Benefits	0
8 Interest	36,725,498
9 Losses	0
10 Pension Trusts	0
11 Rental	46,544,075
12 Research and Development	87,958,449
13 Salaries, Wages and Allowances	4,133,160,755
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	91,584,754
15 Taxes and Licenses	238,253,733
16 Transportation and Travel	33,000,822
17 Others(Deductions Subject to Withholding Tax and Other Expenses) *(Specify below; Add additional sheet(s), if necessary)*	
a Janitorial and Messengerial Services	24,995,384
b Professional Fees	340,653,550
c Security Services	65,411,797
d ADVERTISING AND PROMOTIONS	116,600,030
e COMMISSION	85,675,515
f COMMUNICATION LIGHT AND WATER	268,640,580
g INSURANCE	29,969,780
h MISCELLANEOUS	148,321,823
i OTHERS	573,044,458
18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i)*	6,692,856,500

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			0
5	**Total Special Allowable Itemized Deductions** *(Sum of Items 1 to 4)*		0

Schedule 1 - Ordinary Allowable Itemized Deductions *(Continued from Previous Page)*

	Description	Amount
i.1	NET FOREIGN EXCHANGE LOSS	45,517,891
i.2	OFFICE SUPPLIES	14,224,736
i.3	FACILITIES RELATED EXPENSE	58,691,532
i.4	REPAIRS AND MAINTENANCE	312,087,243
i.5	DUES AND SUBSCRIPTION	27,282,680
i.6	SOFTWARE LICENSES	99,270,596
i.7	FREIGHT AND HANDLING	15,969,780
	Subtotal:	573,044,458

Save   Save and Close

BIR Form No. 1702-RT January 2018(ENCS) Page 4	**Annual Income Tax Return** Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	1702-RT 01/18ENCS P4

Taxpayer Identification Number(TIN) 000 917 916 00000 **Registered Name** GMA NETWORK, INC.

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1	Gross Income	0
2	Less: Ordinary Allowable Itemized Deductions	0
3	Net Operating Loss *(Item 1 Less Item 2) (To Schedule IIIA,Item 7A)*	0

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO)

(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

	Year Incurred	Net Operating Loss A) Amount	B) NOLCO Applied Previous Year/s
4		0	0
5		0	0
6		0	0
7		0	0

Continuation of Schedule IIIA *(Item numbers continue from table above)*

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) [E = A Less (B + C + D)]
4	0	0	0
5	0	0	0
6	0	0	0
7	0	0	0
8	**Total NOLCO** *(Sum of Items 4D to 7D)*	0	

Schedule IV -Computation of Minimum corporate Income Tax(MCIT)

	Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1		0	0	0
2		0	0	0
3		0	0	0

Continuation of Schedule IV *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
4	**Total Excess MCIT Applied** *(Sum of Items 1F to 3F)*		0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(Attach additional sheet/s, if necessary)*

1	Net Income/(Loss) per Books	7,527,323,467
	Add: Non-deductible Expenses/Taxable Other Income	
2	NONDEDUCTIBLE INTEREST EXPENSE	12,344,177
3	OTHERS	2,786,031,054
4	Total *(Sum of Items 1 to 3)*	10,325,698,698
	Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5	INCOME ALREADY SUBJECTED TO FINAL TAX	8,619,423
6	OTHERS	68,805,161
	B) Special Deductions	
7		0
8		0
9	Total *(Sum of Items 5 to 8)*	77,424,584
10	**Net taxable Income (Loss)** *(Item 4 Less Item 9)*	10,248,274,114

UBP Payment Status

Filing Reference Number	462200047248643
Payment Transaction Number	227157171
TIN	000917916
Branch Number	000
Return Period	12/31/2021
Tax Type	IT
Amount Due	1,041,413,024.00
Actual Amount Paid	1,041,413,024.00
Transacting Bank's Code	043000
Depository Bank's Code	043000
UBP Acknowledgement Number	227157171S29246321A
Payment Transaction Date	04/13/2022

Your payment instruction in favor of BIR has been successfully submitted to Union Bank and the corresponding amount has been debited from your account. For your protection, payment shall be credited to BIR upon successful transaction validation.
(Cut-Off time for same-day payments is 9:30 PM.)

Return to BIR EFPS   Cancel

Gatmaitan, Maria Cristina S.

From: eafs@bir.gov.ph
Sent: Monday, April 18, 2022 3:40 pm
To: Gatmaitan, Maria Cristina S.
Cc: Gatmaitan, Maria Cristina S.
Subject: Your BIR AFS eSubmission uploads were received

Hi GMA NETWORK, INC.,

Valid files

- EAFS000917916ITRTY122021.pdf
- EAFS000917916AFSTY122021.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-9666BGH0Q1MTVRY4MQVSRZMW02VS1MZPW**
Submission Date/Time: **Apr 18, 2022 03:39 PM**
Company TIN: **000-917-916**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

errors or omissions in the contents of this message which arise as a result of e-mail transmission.

Gatmaitan, Maria Cristina S.

From: eafs@bir.gov.ph
Sent: Monday, April 18, 2022 3:40 pm
To: Gatmaitan, Maria Cristina S.
Cc: Gatmaitan, Maria Cristina S.
Subject: Your BIR AFS eSubmission uploads were received

Hi GMA NETWORK, INC.,

Valid files

- EAFS000917916ITRTY122021.pdf
- EAFS000917916AFSTY122021.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-9666BGH0Q1MTVRY4MQVSRZMW02VS1MZPW**
Submission Date/Time: **Apr 18, 2022 03:39 PM**
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This is a system-generated e-mail. Please do not reply.

errors or omissions in the contents of this message which arise as a result
of e-mail transmission.

C O V E R   S H E E T

SEC Registration Number

5	2	1	3							

C O M P A N Y   N A M E

GMA NETWORK INC.

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

GMA NETWORK CENTER EDSA CORNER
TIMOG AVENUE DILIMAN

Form Type	Department requiring the report	Secondary License Type, If Applicable
I-ACGR	CGD	

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
mail@bgepal.com	88163716	

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Roberto Rafael V. Lucila	bobby.lucila@bgepal.com	88163716	

CONTACT PERSON's ADDRESS

15 F Sagittarius Building, 111 H.V. Dela Costa Street, Salcedo Village, Makati City

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

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

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **2020**

2. SEC Identification Number **5213** 3. BIR Tax Identification No. **000-917-916-000**

4. Exact name of issuer as specified in its charter **GMA NETWORK, INC.**
5. **PHILIPPINES** 6. (SEC Use Only)
   Province, Country or other jurisdiction Industry Classification Code:
   of incorporation or organization

7. **GMA NETWORK CENTER, EDSA CORNER TIMOG AVENUE DILIMAN QUEZON CITY**
   Address of principal office Postal Code 1103

8. **(632)89827777**
   Issuer's telephone number, including area code

9. **NOT APPLICABLE**
   Former name, former address, and former fiscal year, if changed since last report.

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	For information on the academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors please refer to the following link to the Company's latest Definitive information Statement: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf(please see pages 40 to 47) The qualifications/ standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of their performance are set forth in the Company's 2020 Revised Manual on Corporate Governance which may be viewed at: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 4-6 and pages 20-23) The directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities to respond to the needs of the organization. This requirement is set forth in the Company's 2020 Revised Manual on Corporate Governance which may be viewed at: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_j	
2. Board has an appropriate mix of competence and expertise.	Compliant		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant		

		uly_2020___1595553818.pdf (please see pages 4-6 and pages 20-23)	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	The Company's directors and the type of their directorships are contained in the Company's Definitive Information Statement and Annual Report which may be viewed at: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 40 to 49) https://aphrodite.gmanetwork.com/corporate/quarterlyreports/2020_full_1619745835.pdf (please see pages 78 to 84) https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_annual_report_-_2020_1621409182.pdf (please see pages 39 to 43).	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	The Company's policy on training of directors and compliance therefor are stated in its 2020 Revised Manual on Corporate Governance which is posted at: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 13-14) https://aphrodite.gmanetwork.com/corporate/cgr/certificate_of_gma_-_attendance_in_corporate_governance_training__2020__1608604026.pdf	

2. Company has an orientation program for first time directors.	Compliant	For information on the orientation program and annual continuing training of directors please view the Company's 2020 Revised Manual on Corporate Governance at: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 13-14) https://aphrodite.gmanetwork.com/corporate/cgr/certificate_of_gma_-_attendance_in_corporate_governance_training__2020__1608604026.pdf Kindly note that none of the current nine (9) directors of the Company are first time directors.	
3. Company has relevant annual continuing training for all directors.	Compliant		
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	The Board's policy on diversity is contained in its 2020 Revised Manual on Corporate Governance which states that the nine (9) directors shall have collective working knowledge, experience or expertise that is relevant to the Company's industry. The Board of Directors is composed of seven (7) men and three (3) women, with varying education, expertise and experience. https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 5)	
Optional: Recommendation 1.4			
1. Company has a policy on and	Company adheres to this policy in	The Company's measurable objectives for implementing its board diversity and reports on progress in achieving its	While the Board welcomes diversity among its members, it opts to have a

discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	principle but there is no written policy. Please refer the explanation in the fourth column	objectives are reflected in the minutes of the Board of Directors which are available for viewing at the principal office of the Company. The diversity in the backgrounds of the members of the Board facilitates a healthy and productive exchange of ideas among its members. Moreover, the significant/material matters approved at the meeting of the Board of Directors are posted in the website of the Company: https://www.gmanetwork.com/corporate/disclosures/currentreports/	flexible approach in relation to the diversity of its membership as well as the body of stockholders rather than have a fix policy therefor. The Board's standard of membership shall be objectively based on competence and the needs of the business and such standard shall not be influenced by any gender, age, ethnicity or cultural bias or prejudice.
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	For information on the Corporate Secretary, including his name, qualifications, duties and functions please view the Definitive Information Statement and the Annual Report at the following: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 46-47) https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_annual_report_-_2020_1621409182.pdf (please see page 43). https://aphrodite.gmanetwork.com/corporate/quarterlyreports/2020_full_1619745835.pdf (please see pages 83 to 84)	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Not adopted		The positions of Corporate Secretary and Compliance Officer of GMA Network, Inc. are currently held by one and the same individual. The Company believes that the Corporate Secretary is in a better position to be the Compliance Officer. The current arrangement works for the Company as the said individual is more than able to satisfactorily discharge both functions. Therefore, GMA Network, Inc. sees no need to separate the two positions, at the moment.
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		

4. Corporate Secretary attends training/s on corporate governance.	Compliant	For information on the corporate governance training attended by the Corporate Secretary, please view his Certificate of Attendance to the Seminars at: https://aphrodite.gmanetwork.com/corporate/cgr/certificate_of_gma_-_attendance_in_corporate_governance_training__2020__1608604026.pdf	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	Advance copies of the materials for the meeting are sent via email at least five business days before the meeting to the Executive Directors. Sufficient time is also given to the non-executive directors to review the materials for the Board meeting.	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	For information on the Compliance Officer, including his name, position, qualification, duties and functions please view the Definitive Information Statement and the Annual Report at the following: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 46-47) https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_annual_report_-_2020_1621409182.pdf (please see page 43)	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Not adopted		The Company's Compliance Officer now has a rank of Vice President and such rank is sufficient to grant the Compliance Officer with adequate stature in the Company.
3. Compliance Officer is not a member of the board.	Compliant		

		https://aphrodite.gmanetwork.com/corporate/quarterlyreports/2020_full_1619745835.pdf (please see pages 83 to 84) https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 2)	
4. Compliance Officer attends training/s on corporate governance.	Compliant	https://aphrodite.gmanetwork.com/corporate/cgr/certificate_of_gma_-_attendance_in_corporate_governance_training__2020__1608604026.pdf	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	For information on the resolutions/matters approved by the Board of Directors please view: https://www.gmanetwork.com/corporate/disclosures/currentreports/	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Information on the matters/resolutions approved by the Board of Directors and on how the directors performed the recommended functions under Recommendation 2.2 please view: https://www.gmanetwork.com/corporate/disclosures/currentreports/	
2. Board oversees and monitors the implementation of the company's	Compliant		

business objectives and strategy.		https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 122-125) Moreover, the financial and operational reports on the Company are presented to the Board of Directors quarterly.	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	The Company's 2020 Revised Manual on Corporate Governance contains its vision, mission and core values. The Company's Manual on Corporate Governance is reviewed every time there is a Memorandum Circular from the Securities and Exchange Commission relating to any update/revision of the prescribed Manual of Corporate Governance for listed companies. https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 1 to 2).	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	The quarterly meetings/discussions among the members of the Board of Directors, the periodic meetings of the Executive Committee as well as the Audit and Risk Management Committee, and their individual recommendations during said meetings facilitate effective management performance. The Senior Vice-Presidents and heads of Departments of the Company attend the Board meetings in order to be guided by the business strategies recommended by the Board. The minutes of the meeting of the Board of Directors containing the members' discussions for this purpose may be viewed at the principal office of the Company or of the Corporate Secretary upon the prior written request of the stockholder stating the purpose of such a request.	

Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	For information on the Chairperson, including his name and qualifications please view the following website: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 42 to 43) https://aphrodite.gmanetwork.com/corporate/quarterlyreports/2020_full_1619745835.pdf (please see pages 78 to 79) https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_annual_report_-_2020_1621409182.pdf (please see page 39)	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	The Company has a succession planning program established by Management for key officers as well as retirement programs for employees. The Company's policy on retirement/succession for directors shall follow the provisions of the Revised Corporation Code of the Philippines, the By-laws, the 2020 Revised Manual on Corporate Governance and the rules of the SEC on the qualifications and election of directors. Moreover, the Company adopts the provisions of the Revised Corporation Code of the Philippines on the qualifications and election of the directors of a corporation and all rules and regulations of the Securities and Exchange Commission. https://aphrodite.gmanetwork.com/corporate/disclosures/revised_policy_on_succession_planning__2017__1595658316.pdf (please see page 7).	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant		

Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	The functions of the Remuneration and Compensation Committee as set forth in the Company's 2020 Revised Manual on Corporate Governance achieve the purpose/s of recommendation 2.5: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 10). https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 12).	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		
3. Directors do not participate in discussions or deliberations involving their own remuneration.	Compliant		
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Compliant	The Board's Executive Committee together with the Remuneration and Compensation Committee approve the remuneration of senior executives.	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives		The functions of the Remuneration and Compensation committee as set forth in the Company's 2020 Revised Manual on Corporate Governance achieve the purpose/s of recommendation 2.5: https://aphrodite.gmanetwork.com/corporate/disclosures/	

with long-term interest, such as claw back provision and deferred bonuses.		gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 10) Under the Company's By-laws, the members of the Board of Directors receive a total of not more than 2.5% of the net income of the Company, 1.5% of which is paid to the members of the Executive Committee and the remaining 1% is distributed pro rata to the members of the Board. https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (see page 54)	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	For information on the Company's nomination and election policy and process and its implementation, including the criteria used in selecting directors, please view the following: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 11) https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 17 to 23) https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 44) https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see Annex "B" of the Notice of the Meeting)	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Complied		By way of additional explanation, all of the Company's stockholders are free to nominate any candidate to the Board of Directors subject to the qualifications and disqualifications standards set in the By-laws of the Company and the Revised Corporation Code. However, since the Company adopts the cumulative voting system prescribed by the Revised

			Corporation Code, nominations, are and shall be acted upon with these considerations.
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases	Not adopted		The Company respects the rights of the stockholders to nominate and elect their Board of Directors. It will be a conflict of interest should management interfere in the exercise of these rights.

set up by director or shareholder bodies) when searching for candidates to the board of directors.			
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	The Board of Directors of the Company has expanded the jurisdiction of the Board of Directors' existing Audit and Risk Management Committee to include the functions and responsibilities of the Related Party Transactions (RPT) Committee as contemplated and enumerated in the Explanation of Recommendation 3.4 and in the Explanation of Recommendation 3.5 of the prescribed CG Code under SEC Memorandum Circular No. 19, Series of 2016 and SEC Memorandum Circular No 24, Series of 2019, taking into consideration the peculiarities of the broadcast industry; For information on the company's policy on related party transactions (RPT), including policy on review and approval of significant RPTs please view the following link: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 9) Please see the following link to the Company's Related Party Transactions Policy: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__policy_manual_on_related_party_transactions_1572325687.pdf	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		
Supplement to Recommendations 2.7			

1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered *de minimis* or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	Compliant	For information on the Company's policy on related party transactions (RPT), including policy on review and approval of significant RPTs please view the following link: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 9) Please see the following link to the Company's Related Party Transactions Policy: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__policy_manual_on_related_party_transactions_1572325687.pdf	
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during	Compliant	Please see the following link to the Company's Related Party Transactions Policy: https://aphrodite.gmanetwork.com/corporate/disclosures/gma_policy_manual_on_related_party_transactions_1572325687.pdf Please also refer to the 2020 Revised Manual on Corporate Governance which specifically states that "(i)interested	

shareholders' meetings.		directors and/or shareholders, respectively, shall abstain and let the disinterested parties decide." https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 9 and pages 30-32)	
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	The minutes of the Board of Directors' meetings reflect that the Board of Directors is primarily responsible for the selection of Management. The minutes of the meeting of the Board of Directors containing the resolutions electing/appointing the members of the Management may be viewed at the principal office of the Company upon the written request of the stockholder. The profiles of the elected/appointed members of the Management team may be viewed in the following reports: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 42-49) https://aphrodite.gmanetwork.com/corporate/quarterlyreports/2020_full_1619745835.pdf (please see pages 78-88) https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_annual_report_-_2020_1621409182.pdf (please see pages 39-49)	

2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	The members of Management/ heads of departments report quarterly to the Board of Directors and periodically to the Executive Committee as well as the Audit and Risk Management Committee on the performance of the Company. This practice aids the Board in assessing the performance of the said members of management. The relevant quarterly reports of the heads of Departments are reflected in the minutes of the Directors and Stockholders' meetings which may be viewed at the principal office of the Company upon the written request of the stockholder.	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	The Board of Directors' duties to identify key performance indicators and monitor such indicators achieve the purpose/s of Recommendation 2.9. This responsibility is listed under the "Specific Duties and Functions of the Board of Directors" in: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 8) The functions and responsibilities of the members of the Board of Directors under the 2020 Revised Manual on Corporate Governance achieve the purpose/s of Recommendation 2.9: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 7-12)	
2. Board establishes an effective performance management framework that ensures that personnel's	Compliant		

performance is at par with the standards set by the Board and Senior Management.			
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	The internal control system and processes of the Company are set forth in its 2020 Revised Manual on Corporate Governance as follows: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 8-9, 11, 14, 26, 29, 37-38, 43-12) The mechanisms in place for monitoring and managing potential conflict of interest of Management, members and stockholders are stated in : https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 8, 19, 24 and 31) https://aphrodite.gmanetwork.com/corporate/disclosures/gma__policy_manual_on_related_party_transactions_1572325687.pdf	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Complied		
3. Board approves the Internal Audit Charter.	Compliant	The Internal Audit Charter approved by the Board of Directors may also be viewed at: https://aphrodite.gmanetwork.com/corporate/cgr/internal_audit_charter_1526452919.pdf	
Recommendation 2.11			

1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	The jurisdiction of the Board of Directors' existing Audit and Risk Management Committee has been expanded to include the functions and responsibilities of the Board Risk Oversight Committee. https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (pages 32-33) The Company's Enterprise Risk Management Policy may be viewed at: https://aphrodite.gmanetwork.com/corporate/disclosures/risk_management_1418285009.pdf	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant		
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Not adopted		The Board's roles, responsibilities, and accountabilities in carrying out its fiduciary role are set forth in the Company's 2020 Revised Manual on Corporate Governance, in the Company's By-laws, the Revised Corporation Code and the rules and regulations of the SEC.
2. Board Charter serves as a guide to the directors in the performance of their functions.	Not adopted		See above explanation

3. Board Charter is publicly available and posted on the company's website.	Not adopted		See above explanation
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	It is the Company's policy that all material information that could potentially affect share price are publicly disclosed. Moreover, the Company ensures compliance with existing laws, rules and regulations, pertaining to any such material information as well as the fiduciary responsibilities of the Board directors and executive officers pertaining thereto. https://aphrodite.gmanetwork.com/corporate/cgr/insider_trading_1418284950.pdf	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Not applicable	Historically, there had been no situation which called for the issuance of a policy on this subject. The Company follows the Revised Corporation Code on the rights and obligations, as well as the fiduciary responsibilities of the Board directors and executive officers. Generally, as a matter of practice, the Board's approvals include even corporate activities in the ordinary course of business and related party transactions.	
2. Company discloses the types of decision requiring board of directors' approval.	Compliant	The types of decision requiring Board of Directors approval are those listed in the Company's Current Reports and those required by the Company's By-laws, the Revised Corporation Code and the rules and regulations of the SEC to be approved by the Board. https://www.gmanetwork.com/corporate/	

Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	The Company's 2020 Revised Manual on Corporate Governance contains information on all the board committees established by the Company https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (pages 15-36)	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	The Company's 2020 Revised Manual on Corporate Governance contains information on the Audit and Risk Management Committee, including its functions. The Company's 2020 Revised Manual on Corporate Governance contains information on all the board committees established by the company: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 26-34) https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_-_results_of_organizational_meeting_of_the_board_-_2020_1595210746.pdf	

		It is the Audit and Risk Management Committee's responsibility to recommend the appointment of an external auditor, but the Board of Directors and the Stockholders approvals are necessary to appoint/remove the Company's external auditor.	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant (insofar as composition of at least three qualified non-executive directors and that the Chairman is Independent).	For information on the members of the Audit and Risk Management Committee, including their qualifications and type of directorship please view: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 44 to 46 and page 55)	As regards the requirement for the majority of the members of the Audit and Risk Management Committee to be Independent Directors, the Company only has two independent Directors and the Audit and Risk Management Committee has five members, with each of the major shareholders represented. The number of the Company's Independent Directors is compliant with Section 22 of the Revised Corporation Code which states that "the Board of Corporations vested with public interest shall have independent directors constituting at least twenty percent (20%) of such board."
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	For information on the members of the Audit and Risk Management Committee, including their qualifications and type of directorship please view: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 44 to 46 and page 55)	

4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	For information on the Chairman of the Audit and Risk Management Committee please view: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see page 46) https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 27)	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	The External Auditor's services to the Company are only limited to financial audit and general tax compliance. The fee arrangements for the said services are reviewed by the Audit and Risk Management Committee and approved by the Board of Directors, and the minutes of the said meetings on this matter may be viewed at the principal office of the Company upon prior written request. https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 28) https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see page 55)	
2. Audit Committee conducts regular meetings and	Compliant	The attendance contained in the meetings of the Audit and Risk Management Committee with the external auditor show that said meetings were conducted with no executive	

dialogues with the external audit team without anyone from management present.		director present. However, the meeting is attended by the Internal Auditor and SVP for Finance of the Company.	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Compliant	The Audit and Risk Management Committee met six times during the year. This is disclosed to the SEC in the Company's Definitive 20-IS. https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see page 126) The minutes of the said meetings may also be viewed at the principal office of the Company upon prior written request.	
2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	The Board of Directors (of which the Audit and Risk Management Committee is a part) appointed the Internal Auditor. The minutes of the meeting during which the Internal Auditor was appointed may viewed at the principal office of the Company, upon written request of the stockholder.	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were	Not adopted		The functions and responsibilities of the Corporate Governance Committee have been absorbed by the Executive Committee under the 2017 and 2020 Revised Manual on Corporate Governance to achieve the purpose/s of Recommendation 3.3: https://aphrodite.gmanetwork.com/corporate/disclosures/gma_-_revised_manual_on_corporate_governa

formerly assigned to a Nomination and Remuneration Committee.			nce__as_of_july_2020___1595553818.pdf (please see pages 16 to 17).
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Not adopted		The jurisdiction of the Board of Directors' Executive Committee has been expanded to include the functions and responsibilities of the Corporate Governance Committees contemplated and enumerated in the Explanation of Recommendation 3.3 of the CG Code for PLCs. Information on the membership of the Executive Committee, including their qualifications and type of directorship is contained in the 2020 Revised Manual on Corporate Governance at: https://aphrodite.gmanetwork.com/corporate/disclosures/gma_-_revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 16) https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_definitive_information_statement_asm_2020_1592987812.pdf (please see pages 69 to 71)
3. Chairman of the Corporate Governance Committee is an independent director.	Not adopted		Kindly see explanation above
Optional: Recommendation 3.3.			

1. Corporate Governance Committee meet at least twice during the year.	Compliant	The Executive Committee is the Committee that performs the functions of the Corporate Governance Committee under the CG Code and met thirty times in 2020. https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see page 124)	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	The jurisdiction of the Board of Directors' existing Audit and Risk Management Committee includes the functions and responsibilities of the Board Risk Oversight Committee. These functions are listed in the 2020 Revised Manual of Corporate Governance of the Company: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 32-33)	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	The jurisdiction of the Board of Directors' Audit and Risk Management Committee has been expanded to include the functions and responsibilities of the Board Risk Oversight Committee contemplated and enumerated in the Explanation of Recommendation 3.4 of the CG Code for PLCs. Information on the members of the Audit and Risk Management Committee, including their qualifications and type of directorship is contained in the 2020 Revised Manual on Corporate Governance at: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 44 to 46 and page 55)	

3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Compliant	For information on the Chairman of the Audit and Risk Management Committee (which performs the functions of the BROC), please view: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see page 46) https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 27)	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	For information on the background, skills and/or experience of the members of the Audit and Risk Management Committee (which performs the functions of the BROC), please view: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 44 to 46 and page 55)	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related	Compliant	The jurisdiction of the Board of Directors' Audit and Risk Management Committee has been expanded to include the functions and responsibilities of the Related Party Transactions Committees contemplated and enumerated in the Explanation of Recommendation 3.5 of the CG Code for PLCs. Please view Annex "B" of the Company's May 22, 2017	

party transactions of the company.		letter attached to the Company's 2017 Revised Manual on Corporate Governance at: https://aphrodite.gmanetwork.com/corporate/cgr/gma_-_revised_manual_on_corporate_governance__2017__1496026952.pdf	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	Information on the members of the Audit and Risk Management Committee (which performs the functions of the Related Party Transactions Committees), including their qualifications and type of directorship is contained in the Definitive Information Statement of the Company at: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 44 to 46 and page 55)	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Adopted only insofar as the Audit and Risk Management Committee	The Audit and Risk Management Committee Charter of the Company may be viewed at: https://aphrodite.gmanetwork.com/corporate/disclosures/board_committee_charters_1418284822.pdf	As regards the other Committees, the members of the Board of Directors comprising the different Committees are empowered to come up with their respective Committee's own rules of internal procedure as stated in the Company's letter attached to its 2017 Revised Manual on Corporate Governance. https://aphrodite.gmanetwork.com/corporate/disclosures/gma_-_revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 16) https://aphrodite.gmanetwork.com/corporate/cgr/gma_-

			_revised_manual_on_corporate_governance__2017__1496026952.pdf
2. Committee Charters provide standards for evaluating the performance of the Committees.	Adopted only insofar as the Audit and Risk Management Committee		As regards the other Committees, please see explanation above.
3. Committee Charters were fully disclosed on the company's website.	Adopted only insofar as the Audit and Risk Management Committee		As regards the other Committees, please see explanation above.
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	Information on the process and procedure for board and/or committee meetings are reflected in the minutes of said meetings. The minutes also contain information on the attendance and participation of directors in the meetings. These minutes may be viewed by the stockholders at the principal office of the Company or of the Corporate Secretary upon prior written request stating the purpose of such a request.	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	The directors are able to actively participate at the meetings because they are provided with the materials prior to the meeting for their review/information.	

3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	The minutes of the meetings provide information on questions raised or clarification/explanation sought by directors. These minutes may be viewed by the stockholders at the principal office of the Company or of the Corporate Secretary upon prior written request stating the purpose of such a request.	
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Not adopted		Non-executive directors of the Board may concurrently serve as directors to a maximum of five (5) publicly listed companies. Should the stockholders want to vote a non-executive director who concurrently serves as director to more than five (5) publicly-listed companies, the Company shall respect the inviolable right of the shareholders to vote and be voted for and the Nomination Committee shall ensure that the capacity of such director to serve with diligence is not compromised.
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant insofar as the Company's Independent Director	The Company's Independent Directors notify the Company of their new directorships. The Company in turn submits the required Certification of Independent Director submitted to the SEC.	The Company is updated of the directorships in other Corporations of non-independent directors upon the said directors' submission of their profiles to Management for reporting to the SEC under the Annual Report and the Information Statement.
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed	Compliant	Kindly refer to the Board memberships of the Company's executive directors at: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-	

companies outside of the group.		_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 42-43)	
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant	The Corporate Secretary sends out a Notice to the members of the Board and key officers at the beginning of each year setting forth the schedule of the Board of Directors' meetings for the year.	
3. Board of directors meet at least six times during the year.	Compliant	Please refer to the Attendance for the year 2020 posted at https://aphrodite.gmanetwork.com/corporate/cgr/gma_-_certificate_of_attendance_-_bod__2020__1611278070.pdf https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 123-124).	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Although not expressly required, is being complied with by the Company in principle		Although under the Company's By-laws, the quorum required for board decisions is only a majority of the Board, in practice, only those that have the unanimous vote of the Board of Directors are automatically deemed approved. Any matter for votation which is being objected upon by a director is left pending for further study until the issue that is being objected upon is resolved.
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to	Not adopted		The Company complies with the requirements of Section 22 of the Revised Corporation Code and of the rules and regulations of this Commission on the

constitute one-third of the board, whichever is higher.			minimum number of Independent Directors in the Board.
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	For information on the Company's Independent Directors, including their qualifications please view their profiles in the Definitive Information Statement of the Company at: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 45 to 46)	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	All the material/relevant corporate documents are posted in the Company's website at: https://www.gmanetwork.com/corporate None of the said documents contain any limitation on the directors' ability to vote independently.	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	Please view the Certification of Independent Director attached to the following document: https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_-_amended_definitive_information_statement__asm_2021__1620789651.pdf	
2. The company bars an independent director from serving in such capacity after the	Not adopted		In the instance that the Company wants to retain an independent director who has served for nine (9) years, the Board shall provide meritorious justification/s

term limit of nine years.			and seek shareholders' approval during the annual shareholders' meeting.
3. In the instance that the company retains an independent director in the same capacity after nine years board, the provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	This recommendation is being adopted by the Company. Please refer to https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (see page 6)	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Not adopted		Under SEC No. 24, Series of 2019, the positions of Chairman and CEO may be unified provided that proper checks and balances are laid down to ensure that the Board gets the benefit of independent views and perspectives.
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Complied	Please refer to Company's 2020 Revised Manual on Corporate Governance for the defined responsibilities of the Chairman of the Board and Chief Executive Officer: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 14 to 15)	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent	Not adopted		The current composition and roles of the directors are effective in fulfilling the needs of the organization.

director, the board designates a lead director among the independent directors.			For the Company's explanation for its non-adoption of the said recommendation please refer to the Company's explanation contained in the cover letter dated May 22, 2017 of the Company's 2017 Revised Manual on Corporate Governance: https://aphrodite.gmanetwork.com/corporate/cgr/gma__revised_manual_on_corporate_governance__2017__1496026952.pdf
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	The Company's 2020 Revised Manual on Corporate Governance adopts this recommendation. This policy is also reflected in the Company's Policy on Related Party Transactions. https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 9) https://aphrodite.gmanetwork.com/corporate/disclosures/gma__policy_manual_on_related_party_transactions_1572325687.pdf	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic	Compliant	The Audit and Risk Management Committee who are composed of non-executive directors have periodic	

meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.		meetings with the external auditor, without any executive director present. The minutes of the said meetings may be viewed at the principal office of the Company upon prior written request of the stockholder, stating the purpose of such a request.	
2. The meetings are chaired by the lead independent director.	Compliant		
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Not adopted	Atty. Felipe L. Gozon is the Company's Chairman and Chief Executive Officer.	For the Company's explanation for its non-adoption of the said recommendation please refer to the Company's explanation contained in the cover letter dated May 22, 2017 of the Company's 2017 Revised Manual on Corporate Governance: https://aphrodite.gmanetwork.com/corporate/cgr/gma_-_revised_manual_on_corporate_governance__2017__1496026952.pdf
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			

1. Board conducts an annual self-assessment of its performance as a whole.	Adopted	The Company's 2020 Revised Manual on Corporate Governance states that the Company shall "have in place a self-assessment system that provides, at the minimum, criteria and process to determine the performance of the Board". https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 11)	
2. The Chairman conducts a self-assessment of his performance.	Adopted	The Chairman and the other members of the Board conduct a self-assessment of their performance. Please see page 51-52 of the Definitive Information Statement posted at https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_-_amended_definitive_information_statement__asm_2021__1620789651.pdf	
3. The individual members conduct a self-assessment of their performance.	Adopted		
4. Each committee conducts a self-assessment of its performance.	Not adopted		The directors' individual self-assessment evaluation forms are also indicative of their performance as committee members.
5. Every three years, the assessments are supported by an external facilitator.	Not adopted		For the Company's explanation for its non-adoption of the said recommendation please refer to the Company's explanation contained in the cover letter dated May 22, 2017 of the Company's 2017 Revised Manual on Corporate Governance: https://aphrodite.gmanetwork.com/corp

			orate/cgr/gma_-_revised_manual_on_corporate_governance__2017__1496026952.pdf
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	This recommendation is adopted by the Company and is incorporated in its 2020 Revised Manual on Corporate Governance. https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 11) The stockholders of the Company are free to ask questions or give suggestions to the Board of Directors or even disapprove the latter's acts upon review of the Information Statement and during the Annual Stockholders' meeting.	
2. The system allows for a feedback mechanism from the shareholders.	Compliant		
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for	Compliant	For information on the Company's Code of Business Conduct and Ethics, please view the same at: https://aphrodite.gmanetwork.com/corporate/disclosures/revised_code_of_conduct_1595658354.pdf	

professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.			
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	The Directors, Senior Management and Employees were all furnished copies of the Company's Revised Code of Conduct. Orientations of managers and employees were also conducted as of March 30, 2017. As of July 2018, managers and employees can also access the Code of Conduct electronically through a portal called "One Digital HR" implemented and maintained by the Company's HR Department with the assistance of its ICT and Corporate Affairs and Communications Departments.	
3. The Code is disclosed and made available to the public through the company website.	Compliant	Please view the Code of Conduct at: https://aphrodite.gmanetwork.com/corporate/disclosures/revised_code_of_conduct_1595658354.pdf	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	The Company has a policy on "Solicitation/Acceptance of Gifts/Favors" issued to all in May 2009. The Manual of the News and Public Affairs includes a particular section on "Bribes & Gifts." The Policy on Solicitation/Acceptance of Gifts/Favors may be viewed at: https://aphrodite.gmanetwork.com/corporate/disclosures/policy_on_solicitation_1595658269.pdf	

Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	The implementation and monitoring of the Code of Conduct (as well as the News and Public Affairs Manual) is a "line" function. The management within the concerned departments oversees the compliance with the Code and the 2020 Revised Manual on Corporate Governance. Any possible violation is investigated at the department level, then, endorsed to the Human Resources Department (HRDD). HRDD conducts administrative investigations observing due process. If a rank and file (RF) employee is involved, the Union is required to take part in the proceedings. After the investigations, HRDD writes a report of its findings with recommendations, clears the report with Legal, then submits to the President & COO (in some cases, submission is also to the Chairman & CEO) for final approval of the recommendation. Findings and recommendations thereof form part of corporate records. The members of the Board of Directors were furnished copies of the Code of Conduct of the Company and the Board of Directors periodically reviews the Manual on Corporate Governance to ensure the proper and efficient implementation and monitoring of compliance with the company's internal policies.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant		
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure	Compliant	The Company's disclosure policy is contained in the 2020 Revised Manual on Corporate Governance under "Reportorial or Disclosure System" of Company's Revised Manual on Corporate Governance:	

a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.		https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 47-48) The disclosures of the Company are posted in its website at: https://www.gmanetwork.com/corporate/disclosures	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Compliant	For quarterly reporting, the Company submits its Financial Statements on or before the 45th day after the end of each quarter in compliance with the requirements of the Securities and Exchange Commission, except in instances when the Commission extended the deadline for the submission due to the pandemic. To maximize the time value of money, the Company usually pays its annual income tax due to the Bureau of Internal Revenue on or near April 15 following the close of the taxable year, except in instances when the regulators extended the deadline for the submission due to the pandemic. Upon payment, the BIR received FS is submitted to the SEC on the date prescribed by it. The Company believes that 105 days is already reasonable time to inform the Company's stockholders and stakeholders of the previous year's financial results.	
2. Company discloses in its annual report the principal risks associated with the	Compliant	The Company reports in its SEC Form 17-A (Annual Report) the Company's holdings in its principal subsidiaries, joint and affiliates.	

identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.		The Security Ownership of controlling beneficial owners and management are also reported annually in the SEC Form 17-A. Since there are no principal risks associated with the identity of the Company's controlling shareholders nor are their imbalances between the controlling shareholders' voting power and overall equity position in the Company, no such risks have been reported.	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	Please refer to the Company's disclosures on directors'/officers'/major stockholders' initial statements of beneficial ownership and changes thereto posted in the website. https://www.gmanetwork.com/corporate/disclosures/beneficialownership	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant		
Supplement to Recommendation 8.2			

1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	The Company files the following reports containing the shareholdings of its directors, management and shareholders: SEC Form 20-IS, SEC Form 17-A, Public Ownership Report, List of Top 100 Stockholders, SEC Form 17-C among others. These reports are posted in the PSE Edge: https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=610#viewer and in the website of the Company: https://www.gmanetwork.com/corporate/	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	The directors' academic qualifications, share ownership in the Company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended are disclosed in the SEC Form 20-IS https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf(please see pages 33-39) https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_annual_report_-_2020_1621409182.pdf (please see pages 39 to 43) https://aphrodite.gmanetwork.com/corporate/quarterlyreports/2020_full_1619745835.pdf (SEC Form 17-A Annual Report, please see pages 78-84)	

		which are all filed with the Securities and Exchange Commission and Philippine Stock Exchange, and posted in the website: https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=610#viewer http://www.gmanetwork.com/corporate/	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	The members of the senior management's academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended are disclosed in the following: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 33-37, 42-4 and 47-49) https://aphrodite.gmanetwork.com/corporate/quarterlyreports/2020_full_1619745835.pdf (please see pages 78-80 and 85-88). https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_annual_report_-_2020_1621409182.pdf (please see pages 39-40 and 45-49). Certificate of Attendance in Corporate Governance Training:	

		https://aphrodite.gmanetwork.com/corporate/cgr/certificate_of_gma_-_attendance_in_corporate_governance_training__2020__1608604026.pdf which are all filed with the Securities and Exchange Commission and Philippine Stock Exchange, and posted in the website: https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=610#viewer http://www.gmanetwork.com/corporate/	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	Under the Company's clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same. https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 53-54)	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant	Executive remuneration and other benefits are disclosed in the Company's Definitive 20-IS, Annual Report and previously filed ACGRs: http://www.gmanetwork.com/corporate/disclosures https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf(please see pages 53-54).	

		Please see the Company's 2020 Revised Manual on Corporate Governance at https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 11)	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Not adopted		For proprietary/business reasons, security and reasons of confidentiality, executive compensation is disclosed on an aggregate basis.
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	The Company's RPT policies are contained in https://aphrodite.gmanetwork.com/corporate/disclosures/gma__policy_manual_on_related_party_transactions_1572325687.pdf	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	Information on the Company's RPTs for the previous year is contained in the Definitive 20-IS, Annual Report and I-ACGRs filed with the SEC, the PSE and posted in the Company's website: http://www.gmanetwork.com/corporate/disclosureshttp://www.gmanetwork.com/corporate/disclosures Please see the Definitive Information Statement at: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-	

		_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see page 52) Please see SEC Form 17-A (pages100-101) https://aphrodite.gmanetwork.com/corporate/quarterlyreports/2020_full_1619745835.pdf which are all filed with the Securities and Exchange Commission and Philippine Stock Exchange, and posted in the website: https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=610#viewer http://www.gmanetwork.com/corporate/	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	The Company adheres to the standards set under its 2020 Revised Manual on Corporate Governance, which states that a director should conduct fair business transactions with the Company and ensure that personal interest does not conflict with the interests of the Company. Please see the 2020 Revised Manual on Corporate Governance posted at: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 32) Please also see the Related Party Transaction Policy and the Company's Policy on Conflict of Interest at: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__policy_manual_on_related_party_transactions_1572325687.pdf	

		https://aphrodite.gmanetwork.com/corporate/cgr/conflict_of_interest_1418284853.pdf	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	The Company's RPTs are disclosed in its Information Report, Annual Report and I-ACGR which are all posted in the Company's website. Information on the Company's RPTs for the previous year is contained in the Definitive 20-IS, Annual Report and I-ACGRs filed with the SEC, the PSE and posted in the Company's website: http://www.gmanetwork.com/corporate/disclosureshttp://www.gmanetwork.com/corporate/disclosures Please see the Definitive Information Statement at: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf(page 52) Please see SEC Form 17-A: https://aphrodite.gmanetwork.com/corporate/quarterlyreports/2020_full_1619745835.pdf (pages100-101) which are all filed with the Securities and Exchange Commission and Philippine Stock Exchange, and posted in the website: https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=610#viewer http://www.gmanetwork.com/corporate/	

		Please also see the Related Party Transaction Policy and the Company's Policy on Conflict of Interest at: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__policy_manual_on_related_party_transactions_1572325687.pdf https://aphrodite.gmanetwork.com/corporate/cgr/conflict_of_interest_1418284853.pdf	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	The Company timely discloses such reports in its current reports and in the statements of beneficial ownership posted in the Company's website: http://www.gmanetwork.com/corporate/disclosures https://aphrodite.gmanetwork.com/corporate/cgr/insider_trading_1418284950.pdf The Company's 2020 Revised Manual on Corporate Governance also adheres to the said recommendation: https://aphrodite.gmanetwork.com/corporate/disclosures/gma_-_revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 47-48)	

2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	The Company shall observe the requirements of the Bureau of Internal Revenue, the Securities and Exchange Commission, the Revised Corporation Code and all related implementing rules and regulations in the event of any such acquisition or disposal of significant assets.	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	Any such agreement, if any, shall be disclosed to the SEC through Form 17-C (current reports): http://www.gmanetwork.com/corporate/disclosures	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	The Company's 2020 Revised Manual on Corporate Governance is posted in the Company's website as well as on the PSE Edge: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf	

2. Company's MCG is submitted to the SEC and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	Updates on the Company's 2020 Revised Manual on Corporate Governance as filed with the SEC are posted in the Company's website: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf and PSE Edge.	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:		The Company's vision/objectives are stated in: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 1 to 2) https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_annual_report_-_2020_1621409182.pdf (please see page 1)	
a. Corporate Objectives	Compliant		
b. Financial performance indicators	Compliant		

c. Non-financial performance indicators	Compliant	Please view the Company's annual reports at: https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_annual_report_-_2020_1621409182.pdf Please view the Company's annual reports at: https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_annual_report_-_2020_1621409182.pdf	
d. Dividend Policy	Compliant	https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 121-122)	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant	https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (pages 42-47) https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_annual_report_-_2020_1621409182.pdf (pages 39-43). https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-	

f. Attendance details of each director in all directors meetings held during the year	Compliant	_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see page 126) https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_annual_report_-_2020_1621409182.pdf (please see page 53)	
g. Total remuneration of each member of the board of directors	Adopted	A report on the remuneration of the members of the Board of Directors are disclosed in the following: Please see the Definitive Information Statement at: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 53-54) Please SEC Form 17-A (please see pages 91-93) https://aphrodite.gmanetwork.com/corporate/quarterlyreports/2020_full_1619745835.pdf which are all filed with the Securities and Exchange Commission and Philippine Stock Exchange, and posted in the website:	

		https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=610#viewer http://www.gmanetwork.com/corporate/ https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_annual_report_-_2020_1621409182.pdf	
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	The I-ACGR attached to the Annual Report as well as the Annual Information Statement contain the said statement confirming compliance: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf(please see pages 122-128). https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_annual_report_-_2020_1621409182.pdf (please see pages 53-55)	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	Compliant	The I-ACGR attached to the Annual Report as well as the Annual Information Statement contain the said statement confirming compliance: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see pages 122-128). https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_annual_report_-_2020_1621409182.pdf (pages 53-55)	

4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Compliant	Under the Company's 2020 Revised Manual on Corporate Governance the Audit and Risk Management Committee shall evaluate all significant issues reported by the Internal Audit and External Auditor relating to the adequacy, efficiency and, effectiveness of policies, controls, processes, and activities of the Company. Any comment/s of the Audit and Risk Management Committee relating to its evaluation of the foregoing matters are reflected in the minutes of the meetings of the Committee which may be viewed at the principal office of the Company upon the prior written request of the stockholder, stating the purpose of such a request. https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	The Company's Annual Report may be viewed at the PSE Edge or the Company's Website at https://www.gmanetwork.com/corporate/disclosures/annualreports/ The Company's Enterprise Risk Management Policy which contains the Company's risk policies may be viewed at: https://aphrodite.gmanetwork.com/corporate/disclosures/risk_management_1418285009.pdf	

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	As shown in the minutes of the Board of Directors' meeting and the Stockholders' meeting, the Audit and Risk Management Committee recommends the external auditor to the Board of Directors and the Stockholders. The minutes may be viewed at the principal office of the Company upon prior written request of the stockholder.	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	The stockholders present and represented at the meeting unanimously approved the appointment of the External Auditor. Please see the minutes of the Annual Stockholders' Meeting at: https://www.gmanetwork.com/corporate/disclosures/minutesofallmeetings/	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	Should the appointed external auditor be removed for one reason or another, the Company will accordingly disclose the reason for such removal and disclose the fact and reason for the removal to the regulators.	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	Please view the information on the Company's external auditor (handling partner) in the Information Statement as well as in the Independent Auditor's Report attached to the Annual Financial Statements.	

		https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see page 55)	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration	Compliant	For the Company's Audit and Risk Management Committee Charter please view: https://aphrodite.gmanetwork.com/corporate/cgr/board_committee_charters_1418284822.pdf	

relevant Philippine professional and regulatory requirements.			
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	For the Company's Audit and Risk Management Committee Charter please view: https://aphrodite.gmanetwork.com/corporate/cgr/board_committee_charters_1418284822.pdf	
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	For the Company's Audit and Risk Management Committee Charter please view: https://aphrodite.gmanetwork.com/corporate/cgr/board_committee_charters_1418284822.pdf	
2. Audit Committee ensures that the external auditor has	Compliant	For the Company's Audit and Risk Management Committee Charter please view: https://aphrodite.gmanetwork.com/corporate/cgr/board_committee_charters_1418284822.pdf	

adequate quality control procedures.			
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	The Definitive Information Statement and Annual Report (SEC Form 17-A) disclose that the Company's External Auditor's services are limited to financial audit and general tax compliance: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see page 55) https://aphrodite.gmanetwork.com/corporate/quarterlyreports/2020_full_1619745835.pdf (please see pages 73-74)	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	The Audit and Risk Management Committee monitors that the non-audit work provided by the External Auditor is not in conflict with his/her functions as External Auditor. This duty of the said Committee is contained in the Company's 2020 Revised Manual on Corporate Governance: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf https://aphrodite.gmanetwork.com/corporate/quarterlyreports/2020_full_1619745835.pdf (please see pages 73-74)	
Supplement to Recommendation 9.3			

1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	As disclosed by the Company in its SEC Form 17-A (Annual Report) there was no specific engagement availed of by the Company for purely tax accounting. The total audit related fees as stated therein already includes basic tax review. https://www.gmanetwork.com/corporate/disclosures/annualreports/ https://aphrodite.gmanetwork.com/corporate/quarterlyreports/2020_full_1619745835.pdf (please see pages 73-74)	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	The following external auditor of the Company is duly accredited by the SEC under Group A category: 1. External Auditor: Belinda T. Beng Hui 2. Accreditation number: 0943-AR-3 (Group A) 3. Date Accredited: March 14, 2019 4. Expiry date of accreditation: March 13, 2022 5. Name, address, contact number of the audit firm: Sycip Gorres Velayo & Co., 6760 Ayala Avenue, 1228, Makati City; (632)8910307	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	SGV&Co. was subjected to SOAR inspection on November 12 to 23, 2018. The names of the members of the engagement team were provided to the SEC during the SOAR inspection.	

Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	The Company's practices on the disclosure of non-financial information, can be observed in its periodic filings with the Securities and Exchange Commission, specifically, the Definitive 20-IS, SEC Form 17-A and the ACGR which can all be viewed in the Company's website. Please see the Company's policy on Non-Financial and Sustainability Reporting in its 2020 Revised Manual on Corporate Governance at : https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 42 to 43) The Company's Sustainability Report is posted at https://www.gmanetwork.com/corporate/disclosures/sustainabilityreports/	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.		The Company's Sustainability Report is posted at https://www.gmanetwork.com/corporate/disclosures/sustainabilityreports/	
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to	Compliant	The Company adheres to a high level of corporate disclosure and transparency regarding its condition and state of corporate governance on a regular basis. Through the Investor Relations and Compliance Division (IRCD),	

ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.		Shareholders are provided disclosures, announcements and periodic reports filed with the Securities and Exchange Commission and the Philippine Stock Exchange. These are also available on line 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 financial 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.	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	Please view the following website of the Company: https://www.gmanetwork.com/corporate/	
a. Financial statements/reports (latest quarterly)	Compliant		
b. Materials provided in briefings to analysts and media	Compliant		
c. Downloadable annual report	Compliant		
d. Notice of ASM and/or SSM	Compliant		

e. Minutes of ASM and/or SSM	Compliant		
f. Company's Articles of Company and By-Laws	Compliant		
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	Please view the following website of the Company: https://www.gmanetwork.com/corporate/	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	For information on the internal control system of the Company please view: https://www.gmanetwork.com/corporate/cgr/companypolicies/	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	The Company's Head of Corporate Strategic Planning Department performs the functions and responsibilities of a Chief Risk Officer ("CRO") on the matter of Enterprise Risk Management ("ERM") as enumerated in the Explanation of Recommendation 12.5 of the CG Code for PLC's. The Company's Enterprise Risk Management Policy which contains the Company's risk policies may be viewed at: https://aphrodite.gmanetwork.com/corporate/disclosures/risk_management_1418285009.pdf	

		The Company has also disclosed the risks management policy and efforts of the Company in its Definitive 20-IS and I-ACGR posted in the Company's website: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (page 127). and https://www.gmanetwork.com/corporate https://www.gmanetwork.com/corporate/cgr/riskmanagement/	
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and	Compliant	The Company's compliance with laws and relevant regulations are reviewed annually prior to the filing of relevant reports disclosing said compliance. The members of the Company's Board of Directors and key officers annually attend a corporate governance seminar by an SEC accredited seminar provider in order for them to be apprised of the latest laws and relevant regulations for compliance.	

compliance with the said issuances.			
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	Compliant	The Company has an Information, Communication and Technology Department which informs the Company of any IT related risks relevant to the Company. Moreover, the Company's Head of Corporate Strategic Planning Department performs the functions and responsibilities of a Chief Risk Officer ("CRO") on the matter of Enterprise Risk Management ("ERM") as enumerated in the Explanation of Recommendation 12.5 of the CG Code for PLC's. https://www.gmanetwork.com/corporate/cgr/riskmanagement/	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	The Company has an in-house internal auditor.	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE)	Not adopted		The Company's Internal Auditor performs the functions of a Chief Audit Executive ("CAE"), however the said internal auditor does not hold the title/designation of CAE.

appointed by the Board.			Please refer to the Company's explanation for its non-adoption of the said recommendation contained in the cover letter dated May 22, 2017 of the Company's 2017 Revised Manual on Corporate Governance: https://aphrodite.gmanetwork.com/corporate/cgr/gma_-_revised_manual_on_corporate_governance__2017__1496026952.pdf
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Not adopted		The Company's Internal Auditor performs the functions of a Chief Audit Executive ("CAE"), however the said internal auditor does not hold the title/designation of CAE. Please refer to the Company's explanation for its non-adoption of the said recommendation contained in the cover letter dated May 22, 2017 of the Company's 2017 Revised Manual on Corporate Governance: https://aphrodite.gmanetwork.com/corporate/cgr/gma_-_revised_manual_on_corporate_governance__2017__1496026952.pdf
3. In case of a fully outsourced internal audit activity, a qualified	Not adopted		Please refer to the Company's explanation for its non-adoption of the said recommendation contained in the cover letter dated May 22, 2017 of the

independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.			Company's 2017 Revised Manual on Corporate Governance: https://aphrodite.gmanetwork.com/corporate/cgr/gma_-_revised_manual_on_corporate_governance__2017__1496026952.pdf
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	The Company's Head of Corporate Strategic Planning Department performs the functions and responsibilities of a Chief Risk Officer ("CRO") on the matter of Enterprise Risk Management ("ERM") as enumerated in the Explanation of Recommendation 12.5 of the CG Code for PLC's. https://www.gmanetwork.com/corporate/cgr/riskmanagement/	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	shall be adopted when necessary	The risk management of the Company is being done by its Corporate Strategic Planning Department. The Board designated the head of the Corporate Strategic Planning Department to monitor the courses of action taken by the departments to manage the risks. However, the Board of Directors of the Company has directed that in case some risks cannot be evaluated within the Company, the Company will engage a third party that is aware of the developments of the media industry so that a comprehensive presentation and analysis can be done on the risks facing the Company and what can be done to mitigate the risks. In July 2018, Corporate Strategic Planning Department submitted and gained management approval for GMA	

		Network's Enterprise-wide Risk Management (ERM) policy and implementation plan. After the approval and dissemination of the policy, the said department then proceeded with ERM orientations where all departments discussed risk management process, structure, and register within their areas of responsibility. The Company's Enterprise-wide Risk Management policy became effective on August 1, 2018. In October 2018, the Corporate Strategic Planning Department generated its first Enterprise Risk Management Report. The Company's Enterprise-wide Risk Management policy may be viewed at: https://aphrodite.gmanetwork.com/corporate/disclosures/risk_management_1418285009.pdf https://www.gmanetwork.com/corporate/cgr/riskmanagement/	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	The Company's Senior Vice-President and Head of Corporate Strategic Planning Department performs the functions and responsibilities of a Chief Risk Officer ("CRO") on the matter of Enterprise Risk Management ("ERM") as enumerated in the Explanation of Recommendation 12.5 of the CG Code for PLC's.	

2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	The Chief Risk Officer is also a Senior Vice-President and Head of the Corporate Strategic Planning Department of the Company and Business Development	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	The Chief Executive Officer and the Chairman of the Audit Committee sign the I-ACGR filed with the SEC/PSE and the PSE, respectively.	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	These basic shareholder rights are disclosed in the 2020 Revised Manual on Corporate Governance of the Company at: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 45 to 47).	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	The Company's 2020 Revised Manual on Corporate Governance containing the rights of stockholders are posted in the Company's website: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 45 to 47).	

Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	Please see the Articles of Incorporation of the Company posted in its website: https://www.gmanetwork.com/corporate as well as the prospectus of the Company at: http://aphrodite.gmanetwork.com/pdfs/GMA-Final-Prospectus.pdf (please see page 163).	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	Please see the Articles of Incorporation of the Company posted in its website: https://www.gmanetwork.com/corporate as well as the prospectus of the Company at: http://aphrodite.gmanetwork.com/pdfs/GMA-Final-Prospectus.pdf (please see page 163).	
3. Board has an effective, secure, and efficient voting system.	Compliant	The voting by the Board of Directors is by show of hands or viva voce.	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Not adopted		Please refer to the Company's explanation for its non-adoption of the said recommendation contained in the cover letter dated May 22, 2017 of the Company's 2017 Revised Manual on Corporate Governance: https://aphrodite.gmanetwork.com/corporate/cgr/gma_-_revised_manual_on_corporate_governance__2017__1496026952.pdf
5. Board allows shareholders to call a special shareholders' meeting and submit	Compliant	The Company complies with the requirements of the Revised Corporation Code and applicable rules and regulations and its By-laws on the holding of a special stockholders meeting and the requirements to call for such meeting.	

a proposal for consideration or agenda item at the AGM or special meeting.		Under the Company's 2020 Revised Manual on Corporate Governance "(s)tockholders shall be granted the right to propose the holding of a meeting, as provided for under the Company's By-Laws, as well as the right to propose items for discussion in the agenda provided the items relate directly to the business of the Company, as determined by the Chairman and Chief Executive Officer, and are in accordance with law, jurisprudence and best practice. The Board should encourage active shareholder participation by making the result of the votes on matters taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting should be available on the company website within five (5) business days from the date of the meeting" (please see page 47). https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	Please refer to the 2020 Revised Manual on Corporate Governance of the Company as well as the compliance of the Company with the disclosure requirements (SEC Form 17-C) for the protection of minority shareholders found in the Company's website at: https://www.gmanetwork.com/corporate/ https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 45 to 47).	
7. Company has a transparent and specific dividend policy.	Compliant	Kindly see the Company's dividend policy in the following document: http://aphrodite.gmanetwork.com/pdfs/GMA-Final-Prospectus.pdf (please see page 163)	

		The Company's dividend declarations and the number of days the dividends were distributed after declaration are disclosed in the Company's Annual Information Statement, Annual and Current Reports. https://www.gmanetwork.com/corporate	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	The entity assigned by the Company to count and/or validate the votes at the Annual Shareholders' Meeting is the Stock Transfer Services, Inc. Please see the voting results of the last Annual Stockholders' Meeting at: https://www.gmanetwork.com/corporate/disclosures/minutesofallmeetings/	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	The preliminary information statement, notice and agenda were sent out more than 30 days ahead of the meeting, Please view the Preliminary Information Statement and the Definitive Information Statement at https://www.gmanetwork.com/corporate/disclosures/informationstatement/	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	Please see the Company's Definitive Information Statement at: https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_-_amended_definitive_information_statement__asm_2021__1620789651.pdf	

a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	Please see the Company's Definitive Information Statement at: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf(please see pages 40-46).	
b. Auditors seeking appointment/re-appointment	Compliant	Please see the Company's Definitive Information Statement at: https://aphrodite.gmanetwork.com/corporate/disclosures/2-gma_-_amended_definitive_information_statement__asm_2021__1620789771.pdf (please see page 55)	
c. Proxy documents	Compliant	Please see the Company's Proxy submission guidelines incorporated in the Notice of the Annual Stockholders' Meeting together with the Definitive Information Statement at: https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_-_amended_notice_of_asm__2021__1620790043.pdf (please see Annex "C" of the Notice). The list of stockholders who were represented by proxy at the 2020 Annual Stockholders' Meeting may be viewed at: https://www.gmanetwork.com/corporate/disclosures/minutesofallmeetings/	

Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	Please see the Company's Definitive Information Statement at: https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_-_amended_notice_of_asm__2021__1620790043.pdf (please see Annex "B" of the Notice).	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	The results of the meeting, during which matters are put to vote, are immediately disclosed to the PSE (through the PSE Edge) after the meeting. https://www.gmanetwork.com/corporate/disclosures/currentreports/ Moreover, the minutes of the meeting are also posted at: https://www.gmanetwork.com/corporate/disclosures/minutesofallmeetings/	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Adopted	For the minutes of the meeting please view: https://www.gmanetwork.com/corporate/disclosures/minutesofallmeetings/	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer	Compliant	The external auditor and other relevant individuals are present during the ASM.	

shareholders questions during the ASM and SSM.			
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	Under the Company's 2020 Revised Manual on Corporate Governance the Board of Directors shall establish and maintain an alternative dispute resolution system in accordance with established and generally accepted Alternative Dispute Resolution procedures, which shall be available at the option of the shareholder. Such alternative dispute resolution system can amicably and effectively settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities (Reco.13.4 and Explan.,13.4). Please refer to pages 10-11 of the Company's 2020 Revised Manual on Corporate Governance posted at: https://aphrodite.gmanetwork.com/corporate/disclosures/gma_-_revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	The Company's 2020 Revised Manual on Corporate Governance states that it shall "(e)stablish and maintain an alternative dispute resolution system in the Company in accordance with established and generally accepted Alternative Dispute Resolution procedures, which shall be available at the option of the shareholder. Such alternative dispute resolution system can amicably and effectively settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities (Reco.13.4 and Explan.,13.4). Please refer to the Company's 2020 Revised Manual on Corporate Governance posted at:	

		https://aphrodite.gmanetwork.com/corporate/disclosures/ gma_- (please see pages 10-11)	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	Below are the contact details of the First Vice-President/Investor Relations Officer of the Company: Ayahl Ari Augusto P. Chio 10/F GMA Network Center 982-7777 ext 8042 APChio@gmanetwork.com	
2. IRO is present at every shareholder's meeting.	Compliant	The IRO of the Company is present at the Annual Stockholders and Board Meetings.	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	The Company shall comply with the relevant rules and regulations of the Revised Corporation Code, the Securities Regulation Code and its Revised Implementing Rules and Regulations as well as the guidelines of the Securities and Exchange Commission pertaining to changes in control and or Management in the Company.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Not adopted		Under Section 3 (a) of the PSE Rules on Minimum Publication Ownership (public float), a listed company shall, at all times, maintain a minimum percentage of listed securities held by the public of ten percent (10%) of the listed Company's issued and outstanding shares. Based on the Company's Public Ownership Report

			as of March 31, 2021, the Company's public float is 21.40%.
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	The Company respects the rights of a stockholder under the Revised Corporation Code and the rules and regulations of the SEC and its 2020 Revised Manual on Corporate Governance.	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Adopted	Please refer to the Company's guidelines for electronic voting in absentia under Annex "A" of the Notice of Meeting to the Stockholders at: https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_-_amended_notice_of_asm__2021__1620790043.pdf (please see Annex "A" of the Notice).	
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth,	Compliant	The identification of the Company's stakeholders and the promotion of cooperation between them and the Company in creating wealth, growth and sustainability are disclosed in the Company's Sustainability Report posted at: https://aphrodite.gmanetwork.com/corporate/disclosures/1-2019_gma_network_sustainability_report_1593394373.pdf	

growth and sustainability.			
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Please refer to the 2020 Revised Manual on Corporate Governance of the Company on its policies for the protection of its shareholders found in the Company's website at: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 42 to 44).	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	Stakeholders can voice their concerns and/or complaints for possible violation of their rights and communicate the same to the Company's Investor Relations Officer whose contact details are set forth above. Moreover, the Company has widely-implemented "Letter to Chairman ("Dropbox") which serves the purpose of enabling stakeholders to communicate with the company and to obtain redress for the violation of their rights. The Company's policies that protect stakeholders' rights may be viewed at: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 42 to 44).	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and	Compliance upon any occurrence of a dispute	The Company's 2020 Revised Manual on Corporate Governance states that it shall "(e)stablish and maintain an alternative dispute resolution system in the Company in accordance with established and generally accepted	

differences with key stakeholders is settled in a fair and expeditious manner.		Alternative Dispute Resolution procedures, which shall be available at the option of the shareholder. Such alternative dispute resolution system can amicably and effectively settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities (Reco.13.4 and Explan.,13.4). Please refer to the Company's 2020 Revised Manual on Corporate Governance posted at: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (pages 10-11)	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	No such request for exemption has been made by the Company.	
2. Company respects intellectual property rights.	Compliant	The Company complies with the provisions of the Intellectual Property Code and all other related laws, rules and regulations for the protection of Intellectual Property Rights.	

Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	Compliant	Policies, programs and practices that address customers' welfare are contained in the 2020 Revised Manual on Corporate Governance posted at: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (pages 4-5, 42-44 and 48) For information on the Company's practices that address customers' welfare please view the Sustainability Report at: https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_network__inc__sustainability_report_2020_1618478844.pdf (pages 20-21)	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Compliant	Policies, programs and practices that address supplier/contractor selection procedures are contained in: https://aphrodite.gmanetwork.com/corporate/cgr/policy_on_accreditation_of_suppliers_1595658219.pdf	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	Policies, programs and procedures that encourage employee participation are contained the 2020 Revised Manual on Corporate Governance of the Company which may be viewed at: https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see page 44)	

		The programs of the Company that encourage employees to actively participate in the realization of the Company's goals and in its governance are set forth in the Company's Sustainability Report which may be viewed at: https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_network__inc__sustainability_report_2020_1618478844.pdf (please see pages 26-35)	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	The Company had an employee stock option plan (ESOP) at the IPO which was approved by the Board of Directors and Shareholders of the Company on April 26, 2007.	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	Information on policies and practices on health, safety and welfare of employees are contained in the Company's Sustainability Report which may be viewed at: https://aphrodite.gmanetwork.com/corporate/disclosures/1-gma_network__inc__sustainability_report_2020_1618478844.pd (please see pages 26-35)	
3. Company has policies and practices on training and development of its employees.	Compliant	The Company has various learning and development programs that are intended to reinforce management, leadership, functional, technical-creative, and behavioral competencies across the organization. Most of these programs are institutionalized and customized to fit the needs of the Company.	

		The Company's Sustainability Report discloses the programs and practices on training and development of its employees which may be viewed at: gma_network__inc__sustainability_report_2020_1618478844.pd (please see pages 32-35)	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	The Company's policies, programs and practices on anti-corruption are found in the following document, among others: a. 2020 Revised Manual on Corporate Governance https://aphrodite.gmanetwork.com/corporate/disclosures/gma__revised_manual_on_corporate_governance__as_of_july_2020___1595553818.pdf (please see pages 12 and 43). b. Revised Code of Conduct https://aphrodite.gmanetwork.com/corporate/disclosures/revised_code_of_conduct_1595658354.pdf c. Policy on Solicitation/Acceptance of Gifts and Favors https://aphrodite.gmanetwork.com/corporate/disclosures/policy_on_solicitation_1595658269.pdf The Company has a policy on "Solicitation/Acceptance of Gifts/Favors and its News and Public Affairs' Manual includes a particular section on "Bribes and Gifts". Aside from the Labor Code, policies against corruption are governed by: (1) Revised Policy on Employee Discipline (2) Revised Code of Conduct and (3) Collective Bargaining Agreement (CBA).	

		The Company has a mechanism by which anyone can give feedback to top management at anytime via the "Letter to the Chairman", through drop boxes strategically situated within the Network premises. The performance appraisal form also has the "Remarks" portion that allows subordinates to give feedback/comments to superiors. Under the Revised Policy on Employee Discipline, there is a provision on Conciliation/Mediation, which will apply: a.) in cases where the aggrieved party is a co-employee; and b.) when the penalty prescribed for the offense is less than dismissal. Outside the scope of the provisions of "Conciliation and Mediation", official disputes are elevated first to the immediate superior, then to next level superior, then department/group head. If still not resolved, the issue may be referred to HRDD (sometimes, with Legal) to help mediate the issues. In case dispute is with rank-and-file (RF) employee and/or the Union, there is specific procedure for 'grievance' outlined in the CBA. If all else fails, conflict may be resolved either through voluntary or compulsory arbitration.	

2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	The implementation and monitoring of the Code of Conduct (as well as the NPA Manual) is a "line" function. The management within the concerned departments oversees the compliance with the Code and the Manual. Any possible violation is investigated at the department level, then, endorsed to the Human Resources Development Department (HRDD), which conducts administrative investigations observing due process. If a rank and file (RF) employee is involved, the Union is required to take part in the proceedings. After the investigations, HRDD writes a report of its findings with recommendations, clears the report with legal, then submits to the President and COO (in some cases, submission is also to the Chairman and CEO) for final approval and recommendation).	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	The Company has a policy on "Solicitation/Acceptance of Gifts/Favors and its News and Public Affairs' Manual includes a particular section on "Bribes and Gifts". The Company's policy on "Solicitation/Acceptance of Gifts/Favors" may be viewed at: https://aphrodite.gmanetwork.com/corporate/disclosures/policy_on_solicitation_1595658269.pdf Records of any violation of Company policy may be viewed at the principal office of the Company upon prior written request of a stockholder.	
Recommendation 15.3			

1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	The Company's policies, programs on whistle-blowing, no-retaliation are further explained in https://aphrodite.gmanetwork.com/corporate/cgr/gma_-_annual_corporate_governance_report_for_2016_1495788679.pdf and in https://www.gmanetwork.com/corporate/cgr/companypolicies/ Suggestion boxes are strategically placed all over the Network's compound where employees can leave messages/letters that are read and acted upon the Company's CEO.	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	The Company's policies, programs on whistle-blowing, no-retaliation are further explained in https://aphrodite.gmanetwork.com/corporate/cgr/gma_-_annual_corporate_governance_report_for_2016_1495788679.pdf and in https://www.gmanetwork.com/corporate/cgr/companypolicies/	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	The Company has a mechanism by which anyone can give feedback to top management at anytime via the "Letter to the Chairman", through drop boxes strategically situated within the Network premises. The performance appraisal form also has the "Remarks" portion that allows subordinates to give feedback/comments to superiors.	

		Suggestion boxes are strategically placed all over the Network's compound where employees can leave messages/letters that are read and acted upon the Company's CEO. Records of any violation of company policy may be viewed at the principal office of the Company upon prior written request of a stockholder.	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	The Company's initiatives to give importance to the interdependence between business and society, and promotes a mutually beneficial relationship that allows the Company to grow its business, while contributing to the advancement of the society where it operates are disclosed in its Sustainability Report posted in gma_network__inc__sustainability_report_2020_1618478844.pd (please see pages 26-35) The Company's community involvement and environment-related programs are set forth in said Sustainability Report gma_network__inc__sustainability_report_2020_1618478844 (please see pages 36-45).	
Optional: Principle 16			
1. Company ensures that its value chain is	Compliant	Information on policies, programs and practices to ensure that the Company's value chain is environmentally friendly	

environmentally friendly or is consistent with promoting sustainable development		or is consistent with promoting sustainable development are set forth in its Sustainability Report posted in gma_network__inc__sustainability_report_2020_1618478844.pd (please see pages 39-45)	
2. Company exerts effort to interact positively with the communities in which it operates	Compliant	Information on the Company's efforts to interact positively with the communities in which it operates are set forth in forth in its Sustainability Report posted in https://aphrodite.gmanetwork.com/corporate/disclosures/1-2019_gma_network_sustainability_report_1593394373.pdf (please see pages 38-52).	

NB: All of the information/data herein provided, are based on the Company's available records and not necessarily from the personal knowledge of the affiants.

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of MAKATI CITY on JUN 29 2021.

SIGNATURES

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

GILBERTO R. DUAVIT, JR.
President/Chief Operating Officer

ARTEMIO V. PANGANIBAN
Independent Director

JAIME C. LAYA
Independent Director

ROBERTO RAFAEL V. LUCILA
Corporate Secretary/Compliance Officer

SUBSCRIBED AND SWORN to before me this JUN 29 2021 day of ________ 2021 affiants exhibiting to me their government issued ids, as follows:

Name	Government ID/Passport	Place/Date Issued
Felipe L. Gozon	Passport No. P3551628A	July 3, 2017/DFA Manila
Gilberto R. Duavit, Jr.	Driver License No. X01-83-010768	Valid until Oct. 16, 2022
Artemio V. Panganiban	Passport No.P0388884B	Jan. 24, 2019/DFA Manila
Jaime C. Laya	Driver License No.N07-67-025875	Valid until Jan. 8, 2024
Roberto Rafael V. Lucila	Passport No.P2374098B	June 29, 2019/DFA Legazpi

Doc. No. 398
Page No. 81
Book No. I
Series of 2021.

NOTARY PUBLIC

ATTY. GEORGE DAVID D. SITON
NOTARY PUBLIC FOR MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR., JUPITER ST., MAKATI CITY

GMA NETWORK

SUSTAINABILITY REPORT

THRIVING IN A NEW ERA

2021

THRIVING IN A NEW ERA headlines GMA Network's 2021 sustainability report, covering the year ended December 31, 2021, and was prepared using the Global Reporting Initiative (GRI) standards as guide. This report outlines disclosures about our environmental, social, and governance impacts, specific to the topics deemed material to the Network.

In addition, the report describes how GMA Network supports the 17 United Nations Sustainable Development Goals (UN SDGs).

This report has been prepared in accordance with the GRI Standards: Core option. It should be read in conjunction with GMA Network's 2021 Annual Report. Both reports may be accessed on the GMA Network website (www.gmanetwork.com).

GMA Network welcomes feedback and questions regarding this report or its contents through our Chief Risk Officer (CRO) Regie C. Bautista (sustainability@gmanetwork.com).

FROM THE CHAIRMAN & CEO

While the pandemic recedes in many countries, the continuing impact of climate change and escalating global tensions have given rise to other dimensions of human suffering and global economic disruption. Crises such as these bear a profound impact on business and society.

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. At GMA, we remain steadfast in our mission of bringing superior Entertainment and the responsible, unbiased, and timely delivery of accurate News and Information to more and more Filipinos worldwide.

Our unparalleled portfolio of media assets gives us a unique opportunity to create positive impact. We utilize our resources to raise awareness for the planet, inspire others to take climate action, and promote diversity and inclusion within and outside the workplace.

I am pleased to share with you our sustainability journey and the progress we have made in the pages that follow. Some of these include strengthening our governance and responsible investing efforts, empowering our people, and aligning our strategies around environmental, social, and governance factors. This report tells the story of a Network that thrives in a new era - one that navigated shifting winds and currents, made strategic investments for the future, and heightened its public service efforts where it was needed most.

Maraming salamat sa pagtitiwala at manatili po tayong ligtas, mga Kapuso.

FELIPE L. GOZON
Chairman and
Chief Executive Officer (CEO)

CONTENTS

COMPANY PROFILE

PURPOSE

WE ENRICH THE LIVES OF FILIPINOS EVERYWHERE WITH SUPERIOR ENTERTAINMENT AND THE RESPONSIBLE, UNBIASED, AND TIMELY DELIVERY OF ACCURATE NEWS AND INFORMATION.

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.

VALUES

WE PLACE **GOD ABOVE ALL**.

WE BELIEVE THAT **THE VIEWER IS BOSS**.

WE VALUE **OUR PEOPLE AS OUR BEST ASSETS**.

WE UPHOLD **INTEGRITY AND TRANSPARENCY**.

WE ARE DRIVEN BY **OUR PASSION FOR EXCELLENCE**.

WE STRIVE FOR **EFFICIENCY IN EVERYTHING WE DO**.

WE PURSUE **CREATIVITY AND INNOVATION**.

ABOUT GMA NETWORK

GMA Network was founded by Robert La Rue Stewart in 1950 as *Loreto F. de Hemedes, Inc.* (later renamed *Republic Broadcasting System, Inc.*) with flagship AM radio station DZBB. RBS ventured into television in 1961 and began broadcasting on Channel 7 in the Greater Manila Area.

In 1974, the triumvirate of Felipe L. Gozon, Menardo R. Jimenez, and Gilberto M. Duavit took over the management of RBS. In 1996, RBS was renamed GMA Network, Inc.

Today, GMA Network, Inc. is the leading broadcasting company in the Philippines which produces the most innovative, most trusted, and top rating TV programs. Based on Nielsen Philippines TV Audience Measurement (TAM) data, GMA reached 97.5 percent of total TV households in the country with an estimated 83 million viewers nationwide for the year 2021.

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

Also known as the Kapuso (One in Heart) 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 TV Channel 15 in Mega Manila.

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 and implementation, audio-visual production, and new media.

GMA Network, Inc. was officially listed in the Philippine Stock Exchange in 2007.

The Network is now recognized as one of the notable organizations that promote sustainability in the country, being the first media and broadcasting company in the Philippines to sign with the United Nations (UN) Global Compact.

GMA BRANDS

GMA-7, the **Kapuso Channel**, is the number 1 channel in the Philippines.

Gtv shows quality news, entertainment, public affairs, and sports programming.

Heart of Asia features Tagalized telenovelas and favorite drama shows.*

Watch movies all day, every day, for free on **I Heart Movies**.*

Hallypop is the Asian pop culture channel featuring K-pop, lifestyle, and entertainment.*

GMA Regional TV (RTV) is GMA's operational arm in key cities and provinces. RTV produces top-rating and award-winning local programs and TV specials, and mounts tailor-fit events and activities for a diverse regional audience and clientele.

Super Radyo DZBB 594 kHz is the flagship AM radio station of GMA Network. It is the top AM station in Mega Manila and is recognized as one of the most awarded stations. There are 4 other Super Radyo AM stations and 4 relay stations throughout the country.

Barangay LS 97.1 DWLS FM is the flagship FM radio station of GMA Network. There are 14 other Barangay FM stations across the country.

*GMA Network's purely DTT free-to-air channels. GMA also airs **DepEdTV** on its DTT transmission to support the distance learning program of the Department of Education.

GMA BRANDS

103 COUNTRIES

GMA REACHES OUT TO MILLIONS OF FILIPINOS IN **103 COUNTRIES ACROSS NORTH AMERICA, MIDDLE EAST & NORTH AFRICA, EUROPE, AND THE ASIA PACIFIC** THROUGH ITS INTERNATIONAL VIDEO CONTENT OFFERING.

GMA linear channel services namely, **GMA Pinoy TV**, **GMA Life TV**, and **GMA News TV**, as well as GMA non-linear video service, **GMA On Demand**, are made available to viewers across the globe via cable, direct-to-home (DTH), internet protocol TV (IPTV), and over-the-top (OTT)/mobile distribution platforms.

GMANetwork.com

GMANetwork.com is **the official website and Entertainment portal** of GMA Network.

GMA News Online

GMA News Online is **GMA's official news website** that offers the latest breaking news and stories in the Philippines and around the world.

GMA Pictures is a film and TV production company established by GMA Network in 1995.

GMA Music is engaged in the publishing, licensing, production, and distribution of music.

GMA Affordabox is a device that allows analog TV to receive digital TV broadcast.

GMA Now is a mobile digital TV broadcast receiver that comes with exclusive features.

GMA BUSINESSES

GMA IS PRIMARILY IN THE BUSINESS OF RADIO AND TELEVISION BROADCASTING. THE NETWORK IS ALSO INVOLVED IN ENTERTAINMENT-RELATED AND OTHER BUSINESSES:

ENTERTAINMENT

100% **ALTA PRODUCTIONS GROUP, INC.** Pre and post-production services

100% **CITYNET NETWORK MARKETING AND PRODUCTIONS, INC.** Television entertainment production

100% **GMA NETWORK FILMS, INC.** Film production

100% **GMA NEW MEDIA, INC.** Converging technology

100% **GMA WORLDWIDE (PHILIPPINES), INC.*** International marketing, handling foreign program acquisitions and international syndication of GMA Network'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

49% **RGMA NETWORK, INC.** Radio broadcasting and management

100% **SCRIPT2010, INC.***** Design, construction and maintenance of sets for TV, stage plays and concerts; transportation services

HOLDING COMPANY

100% **GMA VENTURES, INC.** Identifying, investing in, and/or building strong and sustainable businesses

ADVERTISING

100% **GMA MARKETING & PRODUCTIONS, INC.****** Exclusive marketing and sales arm of GMA Network'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 production

OTHERS

100% **MEDIA MERGE CORPORATION^^** Business development and operations for GMA Network's online publishing and advertising initiatives

51% **NINJA GRAPHICS, INC.^^^** Ceased commercial operations in 2004

DIRECT PERCENTAGE OF OWNERSHIP

INDIRECT PERCENTAGE OF OWNERSHIP

* 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

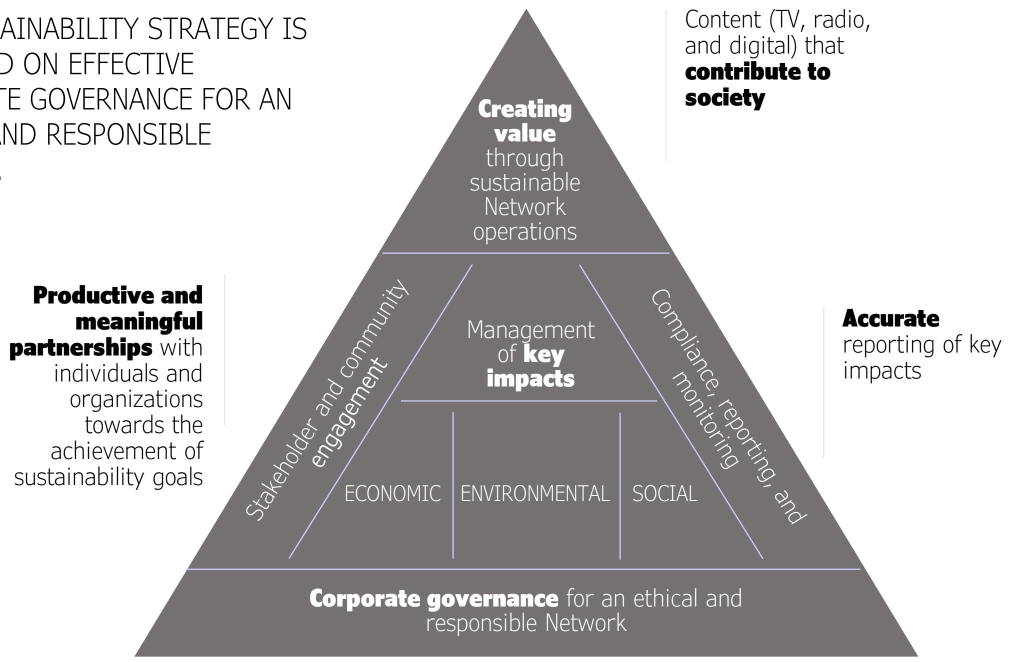
^^^ Indirectly owned through Alta; ceased commercial operations in 2004

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, ARE AT TIMES IN TENSION AND WE CONTINUOUSLY SEEK WAYS TO ADDRESS THEM EFFECTIVELY, EFFICIENTLY, AND INNOVATIVELY.

STRATEGY

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.

FELIPE L. GOZON

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)

GILBERTO R. DUAVIT, JR.

PRESIDENT AND CHIEF OPERATING OFFICER (COO)

ETHICS AND INTEGRITY

UNDER THE DIRECTION AND GUIDANCE OF GMA NETWORK'S BOARD OF DIRECTORS, WE UPHOLD FUNDAMENTAL BELIEFS, PHILOSOPHIES, AND PRINCIPLES UPON WHICH OUR BUSINESS AND OUR PEOPLE'S BEHAVIOR ARE BASED.

Our corporate values are deeply ingrained in our operations, guiding our people's decisions and actions from the simplest of tasks to major undertakings.

In addition, we have a strictly implemented Code of Conduct that promotes among our people a positive attitude of commitment and cooperation. The code further provides management with specific guidelines in an effort to develop and maintain harmonious relationships within the organization, and within the local and international community of business, regulatory, and other entities and partners pursuing the same goals as the Network.

JOSE MARCELO G. JIMENEZ
DIRECTOR

ANNA TERESA M. GOZON-VALDES
DIRECTOR

JUDITH R. DUAVIT-VAZQUEZ
DIRECTOR

LAURA J. WESTFALL
DIRECTOR

FELIPE S. YALONG
CHIEF FINANCIAL OFFICER (CFO) AND EXECUTIVE VICE PRESIDENT

ARTEMIO V. PANGANIBAN
INDEPENDENT DIRECTOR

JAIME C. LAYA
INDEPENDENT DIRECTOR

GOVERNANCE

GMA NETWORK IS COMMITTED TO THE PRINCIPLES OF GOOD GOVERNANCE AND RECOGNIZES THEIR IMPORTANCE IN SAFEGUARDING SHAREHOLDERS' INTERESTS AND IN ENHANCING SHAREHOLDER VALUE.

Compliance with the principles of good governance starts with the Network'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 Network, its stockholders, and other stakeholders.

The Board consists of 9 directors, 2 of whom are independent directors. All 9 members of the Board have the expertise, professional experience and background that allow a thorough discussion and deliberation of issues and matters affecting the Network.

BOARD COMMITTEES

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 3 members, which include the Chairman of the Board and CEO Felipe L. Gozon, President and COO Gilberto R. Duavit, Jr., and Director Joel G. Jimenez. Gilberto R. Duavit, Jr. serves as Chairman of the Committee. The Excom acts on matters delegated to it by the Board of Directors, and by a majority vote 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.

NOMINATION COMMITEE

The Nomination Committee is chaired by Felipe L. Gozon and composed of 4 members that include an independent director in the person of former Chief Justice Artemio V. Panganiban (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 Network 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 there is a proper mix of competent directors that would continuously improve shareholder's value; and that Directors will ensure a high standard of best practices for the Network and its stakeholders.

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 Network successfully.

AUDIT AND RISK MANAGEMENT COMMITTEE

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 Network's management and stakeholders in the continuous improvement of risk management systems, business operations, and proper safeguarding and use of the Network'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 Network as designed by management and provides assurance that these are properly functioning.

Chief Risk Officer Regie C. Bautista provides relevant information to the committee for decision-making on economic, environmental, and social topics.

STAKEHOLDER ENGAGEMENT

GMA NETWORK BELIEVES THAT BY EFFECTIVELY ENGAGING OUR STAKEHOLDERS, WE ARE ABLE TO GENUINELY UNDERSTAND THEIR NEEDS AND INTERESTS, AT DIFFERENT LEVELS AND ACROSS MULTIPLE AREAS.

In order to build long-lasting positive relationships, we seek to constantly strengthen our connections, and to consistently find mutual ground based on trust, loyalty, and earnest desire to grow and succeed together.

In 2021, as quarantine measures continued to be implemented in the Philippines, the majority of GMA's desk workforce worked from home, on rotation, or otherwise under alternative working arrangements. While stakeholder management always requires thinking ahead, the "new normal" necessitated even increased planning efforts. Virtual meeting platforms were quickly adopted, as well as the expanded use of online messaging and remote work facilitation tools to maintain regular communication and effective engagement. By maximizing the use of technology, GMA endeavors to keep an empathic approach in dealing with our stakeholders under the COVID-19 crisis.

GMA'S WORKFORCE

(MANAGEMENT, EMPLOYEES, TALENTS, SERVICE PROVIDERS)

- Company policies and procedures
- Employee handbook
- Memoranda and other written correspondences
- Monthly Kapuso Magazine
- Virtual General Assembly
- Chairman's State of the Network Address (in lieu of the periodic general assembly)
- Annual family day*
- Performance feedback
- Trainings
- Teambuilding events*
- Christmas and other holiday events*
- Social media
- Collective bargaining agreement
- Birthday lunch with the CEO*

- Safety, health, and security of the workforce
- Employee engagement
- Performance assessment and career opportunities
- Continuous improvement of value chain to increase efficiency and reduce negative impacts
- Creating value for consumers

*These programs were put on hold in 2021 when most of GMA employees were under alternative working arrangements.

Stakeholders	Key engagement mechanisms	Primary discussion items
INVESTORS (EQUITY AND DEBT)	Annual stockholders' meeting Small group meetings Reports and disclosures Written correspondences Conferences Website Press releases	Operational and financial performance Risks and opportunities
CLIENTS	Business meetings and events Contracts Written correspondences	Engagement economics Risks and opportunities Creating value for clients and audience
VIEWERS	Broadcast and live events Hotline Email Website and social media	Viewership
PARTNERS & SUPPLIERS	Business meetings and events Contracts Written correspondences	Continuous improvement of value chain to increase efficiency and reduce negative impacts Creating value for stakeholders
GOVERNMENT AGENCIES & REGULATORS	Seminars and briefings Meetings Written correspondences Website and social media	Ensuring compliance with laws and regulations
LOCAL & INTERNATIONAL COMMUNITIES	Public service operations Community events Website and social media	Setting and meeting high standards for the community Creating value for society

Stakeholders
Key engagement mechanisms
Primary discussion items

REPORTING PRACTICE

GMA NETWORK ADHERES TO A HIGH LEVEL OF CORPORATE DISCLOSURE AND TRANSPARENCY STANDARD REGARDING THE NETWORK'S FINANCIAL CONDITION AND STATE OF CORPORATE GOVERNANCE.

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 (PSE). These are also available online through the Investor Relations portion of the Network's website *www.gmanetwork.com/corporate/ir*.

Through the IRCD and Corporate Affairs and Communications Department, we publish press releases on the performance of the Network. Audited financial statements are submitted to the SEC on or before the prescribed period, and are made available to shareholders.

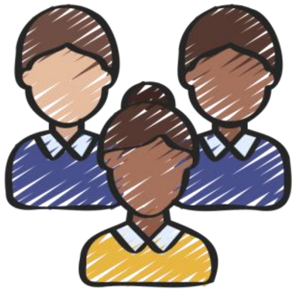
We process information in accordance with the Data Privacy Act of 2012 and its implementing rules and regulations, and adopt reasonable physical and technical security measures to safeguard the same. Moreover, the Network executes and adheres to non-disclosure/ confidentiality agreements, respecting trade secrets and confidential information of parties and business partners we transact with.

GMA'S SUSTAINABILITY REPORTING IS GUIDED BY THE FRAMEWORK ILLUSTRATED HERE IN ORDER TO MAKE THE PROCESS RELEVANT AND VALUE ADDING:

OUR COMPANY IS **A SUSTAINABLE BUSINESS**	WE CONDUCT OUR BUSINESSES IN **AN ETHICAL AND RESPONSIBLE MANNER**	CORPORATE GOVERNANCE
	WE MANAGE OUR **KEY IMPACTS**	ECONOMIC ENVIRONMENTAL SOCIAL
	OUR PRODUCTS AND SERVICES CREATE **VALUE TO SOCIETY**	CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

AFTER MEANINGFUL DIALOGUES AMONG KEY STAKEHOLDERS, GMA'S DETERMINED MATERIAL TOPICS FOR REPORTING ARE THE FOLLOWING:

SOCIAL



- Employment
- Occupational health and safety
- Training and education
- Diversity and equal opportunity
- Local communities

ENVIRONMENTAL

- Energy consumption within the organization
- Water consumption
- Waste by type and disposal method
- Environmental compliance

ECONOMIC

- Direct economic value generated and distributed
- Financial implications and other risks and opportunities due to climate change
- Procurement practices
- Operations assessed for risks related to corruption


LUMIX

SOCIETY IMPACT

OUR COMMITMENT TO A SUSTAINABLE FUTURE BEGINS WITH BUILDING A STRONG, PRODUCTIVE, AND RESPONSIBLE WORKFORCE.

Because our people are our best assets, we strive to create a working environment that promotes our vision for the Network to be the employer of choice in the industry. Aligned with our corporate value of striving for excellence in everything we do, we provide opportunities to the most capable and highly qualified, who can deliver top notch performance. Equally important is that we embrace those with integrity and values aligned with the Network's and who possess the right attitude and appreciation towards hard work.

Joining the Kapuso family entails access to competitive benefits that aim to attract and retain the best people. Just as we focus on quality and excellence in our operations, we employ the same dedication in making sure that our people achieve their best potential in GMA—through training, meaningful working experience, coaching, mentoring, a culture that allows continuous learning to thrive, equal opportunities for career advancement, and conducting constructive performance evaluation periodically to monitor growth.

With sincere care for our employees, we prioritize the health and safety in the workplace. Beyond the requirements mandated by the government, our enterprise risk management policies and standard practices allow stakeholders to identify, assess, and effectively manage and mitigate significant risks that may compromise the well-being of our people.

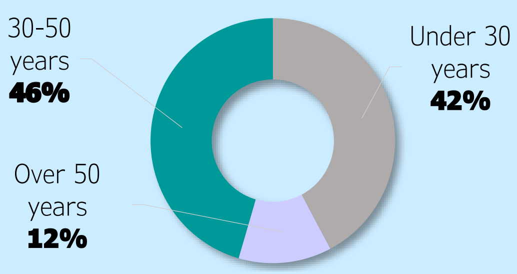
EMPLOYMENT

We have teams throughout the Philippines, but the majority are stationed at our headquarters in Metro Manila.

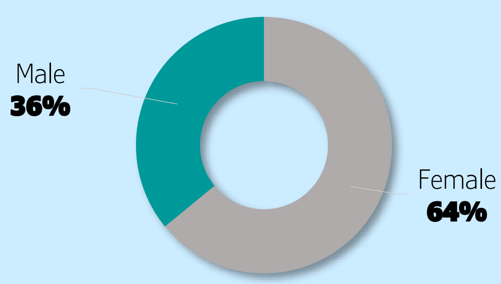
To meet our operational and business expansion needs, we are in continuous search for resources and talents. When vacancies open, we first identify qualified and deserving employees within the Network, and recommend their transfer or promotion. In meeting requirements that cannot be addressed internally, we establish strategic partnerships with organizations that allow us to augment our reach, and tap a wider and more diverse pool of candidates.

In accordance with the law, GMA Network recognizes the right of employees to voluntarily resign. Likewise, we may also choose to let go of an employee for just or authorized cause, and upon observance of due process.

BY AGE GROUP

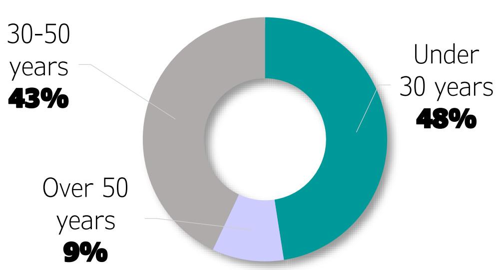


BY GENDER

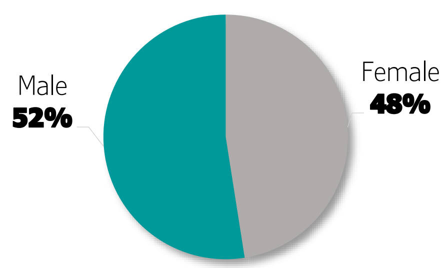


NEW HIRES

BY AGE GROUP



BY GENDER



TURNOVER

OUR HUMAN RESOURCES DEVELOPMENT DEPARTMENT (HRDD) OVERSEES THE PROVISION OF THE FOLLOWING BENEFITS TO OUR EMPLOYEES:

BASIC

- Vacation leave
- Sick leave
- Maternity leave
- Paternity leave
- Solo parent leave
- 13th month pay
- SSS, PhilHealth, and Home Development Mutual Fund (HDMF)

ADDITIONAL

- Accident leave
- Fire and calamity leave
- Fire and calamity assistance
- Calamity pay
- Hazard pay
- Bereavement leave
- Bereavement aid
- Health maintenance organization (HMO)
- Medicine allowance
- Optical subsidy
- Rice subsidy
- Life insurance
- Retirement pay (Compulsory, Optional, Permanent/Total disability
- Longevity premium pay
- Matrimonial bonus
- Car plan

COVID-RELATED

- Sleeping quarters and meal provisions for those physically reporting to work during Alert Level 3 and 4 status
- Transportation service for those physically reporting for work for selected Groups/ Departments/ Divisions
- Required isolation/quarantine days (per IATF ruling) charged to Company time if exposure is due to work
- Paid RT-PCR test if exposure is due to work or can be charged to medicine allowance benefit
- Hazard pay (N.B. During ECQ and MECQ only)
- Internet subsidy
- Laptop plan with wi-fi load (N.B. Subject to company rules)
- Provided PPEs to workers (i.e., disinfectants, face masks, face shields)
- Clinic services
- Installation of an additional satellite clinic
- Free COVID-19 vaccines and vaccine administration to employees/talents and qualified dependents for both primary series and booster dose
- Medicine allowance inclusive of essential vitamins

GMA PROVIDES PARENTAL LEAVES (MATERNITY, PATERNITY, AND SOLO PARENT LEAVES) BEYOND WHAT THE GOVERNMENT MANDATES, TO SUPPORT OUR EMPLOYEES IN LOOKING AFTER THEIR CHILDREN.

	FEMALE	MALE
Total number of employees that took parental leave	24	60
Total number of employees that returned to work in the reporting period after parental leave ended	24	60
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	22	57
Return to work rates of employees that took parental leave	100%	100%
Retention rates of employees that took parental leave	92%	95%

SAFETY FIRST

OUR OCCUPATIONAL SAFETY AND HEALTH (OSH) PROGRAM COMPLIES WITH *REPUBLIC ACT NO. 11058 AN ACT STRENGTHENING COMPLIANCE WITH OCCUPATIONAL SAFETY AND HEALTH STANDARDS AND PROVIDING PENALTIES FOR VIOLATIONS THEREOF*, AND ADDRESSES SIGNIFICANT EMPLOYEE SAFETY AND SECURITY RISKS IDENTIFIED AS A RESULT OF OUR ENTERPRISE-WIDE RISK MANAGEMENT.

The program covers employees and workers performing work inside the GMA Network complex, the GMA Annex, GMA stations, warehouse, and transmitter sites. It also safeguards those working outside GMA premises during during production and news coverage/fieldwork. We have formalized procedures and guidelines to ensure the health and safety of our employees and workers:

- GMA Network studios facilities guidelines
- Implementing guidelines on studio facilities
- Implementation of guidelines on studio security and safety
- Guidelines on proper handling and safekeeping of EFPD Cameras and its accessories
- Guidelines on the proper handling and safekeeping of camera fiber optic cable
- Proper handling and preventive maintenance of fiber optic camera cables
- Guidelines on camera crane operation
- Guidelines and policies on cable management
- Implementing guidelines on electrical and architectural installation for reconfiguration of new and additional production sets
- Guidelines on repairs/restoration of broadcast equipment
- Policy procedure for vehicle use
- Standard operating procedures on news van deployment and safety driving
- NVOD technical services monitoring guidelines
- Pre-deployment procedures
- Instructions for keeping vehicles neat and orderly
- Guidelines and procedures for the maintenance, monitoring and fuel acquisition of company vehicles
- Vehicle and road safety reminders
- Safety and security measures implemented in Entertainment Group (EG) programs

Trainings are conducted to orient our people on these guidelines and procedures. In addition, we provide lectures and demonstrations for basic first aid and basic life support (including cardiopulmonary resuscitation [CPR]).. Risk and hazard assessment briefings are strictly carried out during production.

EMPLOYEE HEALTH

GMA NETWORK EMPLOYEES HAVE HEALTHCARE AND MEDICAL BENEFITS THAT COVER BOTH OCCUPATIONAL AND NON-OCCUPATIONAL INJURIES OR ILLNESSES THROUGH IN-PATIENT AND OUT-PATIENT CARE.

BELOW ARE SOME OF THE VOLUNTARY HEALTH PROMOTION SERVICES AND PROGRAMS, WHICH WERE CONTINUOUSLY OFFERED BY THE NETWORK AMIDST THE PANDEMIC.

MEDICAL AND HEALTH ASSESSMENTS AND PROGRAMS

- Annual physical/medical examination (APE)*
- Executive check-up (once a year)
- Annual flu vaccination
- Wellness fora (hostile environment training, wellness and health symposiums)
- Critical incident stress debriefing
- Mandatory quarantine to employees deployed to areas affected by contagious diseases

*For the APE, we did not conduct an on-site activity due to health safety. However, there were some employees who voluntarily had their APE and ECU (Executive Check-Up) at Medicard-accredited clinics and hospitals.

**Temporarily suspended during the pandemic.

FIRST-AID, HEALTH CARE MEDICINES AND EQUIPMENT FACILITIES

- Medical clinic (equipped with wheelchair, oxygen tank and accessories, nebulizer, stretcher, examining bed)
- Dental clinic (equipped with dental chair and all dental related accessories)**
- Lactation room (with refrigerator)
- Emergency Go bags in every floor (first aid kit, flashlight, whistle and canned goods)
- Sleeping quarters, separate for males and females
- With HMO-accredited hospitals and clinics

HEALTH AND WELLNESS PROMOTION PROGRAMS

- Mental health-related programs (critical incident stress debriefing and mental health awareness seminar)
- Sports tournaments (basketball, volleyball, bowling, badminton, table tennis, chess and billiards)
- Health and wellness fair (quarterly)
- Family day outing**
- Fitness programs (Zumba, yoga and partnership with a gym provider)

In order to mitigate significant negative occupational health and safety impacts directly linked to the Network's operations, and the related hazards and risks, GMA continuously and consistently implements our safety and health programs. Moreover, risk assessment is periodically conducted in compliance with the Network's risk management policy.

TRAINING & EDUCATION

WE HAVE INSTITUTED A TRAINING AND DEVELOPMENT PROGRAM THAT IS ANCHORED IN VALUING OUR EMPLOYEES AS OUR BEST ASSETS.

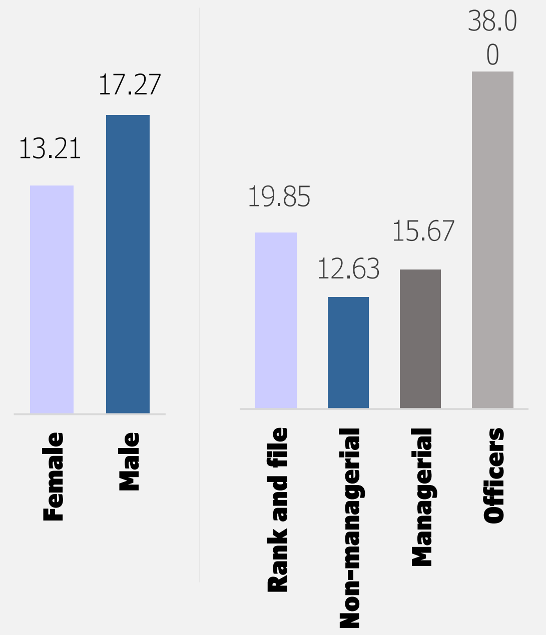
It is the policy of GMA Network to provide continuous learning opportunities to our people for their growth and empowerment, and with due consideration of their current skills, the requirements of their current jobs, and the requirements of the business. We develop in-house training curriculum, and in some circumstances, partner with external organizations and professional institutions in the Philippines and abroad.

Adapting to the "new normal" in 2020, we shifted in delivering training programs remotely and digitally by offering courses through live streaming and on-demand webinars.

Our employees are provided regular performance and career development reviews. Training opportunities are given to employees when there is/are:

- A need to enhance existing knowledge, skills, and behavior to meet heightened standards of excellence, efficiency, and/or creativity dictated by the market or the industry
- Gaps in knowledge and skills of critical functional areas that affect individual or work group effectiveness
- A need to reinforce awareness and consistent implementation of correct practices and procedures to ensure safety of employees and the proper handling of equipment and use of technical facilities
- Anticipated changes in technology which consequently require new knowledge, skills, and behaviors in adapting the new/change of technology
- A need to prepare employees for higher responsibilities or when they are considered as "internal replacements" for key leadership roles

AVERAGE HOURS OF TRAINING THAT GMA NETWORK'S EMPLOYEES HAVE UNDERTAKEN DURING THE REPORTING PERIOD:



The Human Resources Development Department (HRDD) or the group/department under which employees belong may initiate the following trainings:

- **HRDD-initiated training and development programs** - Programs that are applicable for employees across the organization. These programs include but are not limited to leadership/management development programs, staff development programs, attitudinal and values enrichment programs, and basic technical training programs. Examples are:
  - Basic management programs
  - Staff development programs
  - Work attitudes and values enhancement program
  - Succession development programs
  - Technical training courses (broadcast-specific trainings such as video editing, camera training, audio training, cinematography, etc.)
  - TV production trainings (e.g., scriptwriting, news writing, etc.)
  - Occupational safety and health programs

- **Department-initiated training programs** - These are specialized functional and skills trainings identified by the group/department to address developmental requirements (functional, technical, or creative) and to support operational efficiencies in meeting group/department objectives.

Apart from the year-round learning and development programs, HRDD curated a new collection of learning courses in response to the pandemic, such as:

- Resilience: Finding Strength in the Present Moment
- Working in a Virtual World
- Leading Virtual Teams
- Coping with COVID-19 Stress

HRDD also established an in-house One Digital HR Learning Management System (ODHR LMS) powered by Talent LMS to access the training courses anytime, anywhere while employees work from home or on-duty.

Moreover, GMA Network provides transition assistance programs for soon-to-retire employees through the Pre-Retirement Program. This program has modules on Preparing Self for Retirement and Financial Literacy. Additionally, we continue to assist retired employees through the GMA Employees' Multi-Purpose Cooperative (GEMPC). The GEMPC is a closed-type cooperative organization that is exclusive to employees of GMA Network and its subsidiaries, including those who have retired.

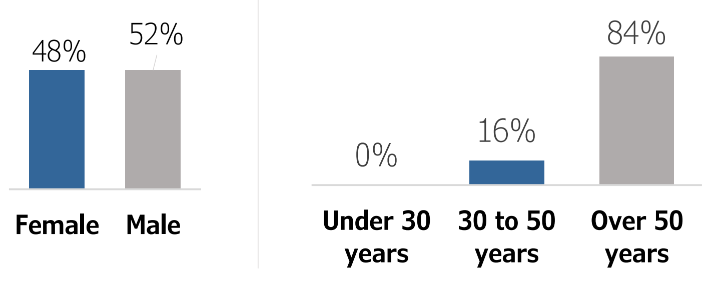
A transition assistance program is also provided to resigned employees to facilitate their continued employability. On a per request basis, we issue Certificate of Employment and/or Certificate of Training.


TORONTO
RAPTORS
24
ORAS

DIVERSITY & EQUAL OPPORTUNITY

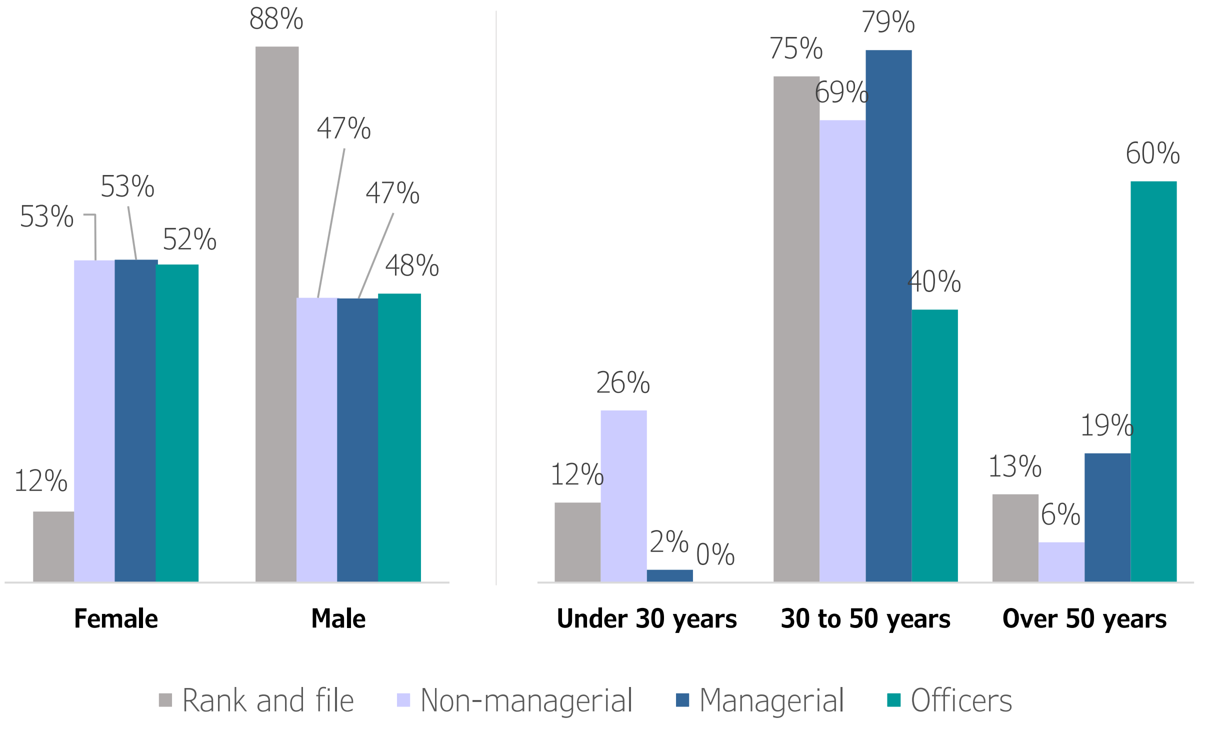
THE NETWORK PROVIDES OPPORTUNITIES TO INTERESTED, QUALIFIED, AND DESERVING APPLICANTS REGARDLESS OF GENDER, AND WITHOUT PREJUDICE TO THOSE BELONGING TO THE VULNERABLE SECTOR (E.G., THE ELDERLY, PERSONS WHO ARE DIFFERENTLY ABLED, SOLO PARENTS, ETC).

PERCENTAGE OF INDIVIDUALS WITHIN GMA NETWORK'S TOP EXECUTIVES



We believe that by embracing diversity and equal opportunity in our workforce, we are supporting a progressive culture that is optimal and conducive to achieving the best results in our operations. Our inclusiveness is key in advancing our goal to attract and retain the best people.

PERCENTAGE OF INDIVIDUALS PER EMPLOYEE CATEGORY



LOCAL COMMUNITIES

GMA REGIONAL TV (RTV) REMAINS TRUE TO ITS "LOCAL NEWS MATTERS" CAMPAIGN.

With stations strategically located across the country, and with the addition of new stations—GMA Zamboanga in Western Mindanao, and, recently, GMA Batangas in Southern Luzon—RTV consistently provides viewers access to local news in various regions across the Philippines.

Our utmost commitment to producing local news programs and specials that are primarily geared to stories, voices, and viewership in the regions has earned the trust of Filipino viewers all over the country.

In 2021, the combined reach of GMA RTV news and morning shows aired on GMA is at 42% of TV households in Total Philippines, with an estimated 32.6 million TV viewers. *(Source: Nielsen Philippines TAM (Arianna) Official Data)*

NATIONAL NEWS PROGRAM

- **Regional TV News**- A news program airing on national TV, solely dedicated to regional news (airing on GTV Mondays to Saturdays at 10:00AM to 10:30AM)

FLAGSHIP WEEKDAY MORNING PROGRAMS ON REGIONAL CHANNELS

- **GMA Regional TV Live!** (Cebu: airing in Central and Eastern Visayas)
- **At Home with GMA Regional TV** (Davao/CDO: airing in Northern, Eastern, South Central, Western, and Southern Mindanao)
- **GMA Regional TV Early Edition** (Iloilo/Bacolod: airing in Western Visayas)
- **Mornings with GMA Regional TV** (Dagupan: airing in North Central Luzon)

FLAGSHIP UNIFIED NEWS PROGRAMS ON REGIONAL CHANNELS

- **Balitang Bisdak** (Cebu: airing in Central and Eastern Visayas)
- **One Mindanao** (Davao/CDO: airing in Northern, Eastern, South Central, Western, and Southern Mindanao)
- **One Western Visayas** (Iloilo/Bacolod: airing in Western Visayas)
- **Balitang Amianan** (Dagupan: airing in North Central Luzon)
- **Balitang Bicolandia** (Naga: airing in Southern Luzon/Bicol Region)

BALITANG BARANGAY SEGMENT

RTV's local news programs have public service segments customized for each region. The segments feature a wide array of relevant issues within the community, such as:

- Displaced tribes and minority groups including but not limited to land dispute issues.
- Insensitivities to, discrimination and lack of awareness on their cultural beliefs and traditions.
- Compelling, long- standing complaints culled from phone calls and emails of concerned citizens asking intervention to get immediate action from LGUs and government offices for issues such as garbage problems in the community, leak in water pipes, potholes on community roads and unfinished government-funded road projects
- Highlighting the best practices of a barangay that is worth emulating by other barangays.

KAPUSO BARANGAYAN ON WHEELS (KBOW)

RTV continues its "Kapuso Barangayan on Wheels" (KBOW) campaign, providing families from different barangays with food packs, rice, and groceries, as well as locally produced vegetables. The campaign, in 2021 alone produced 97 KBOWs all over the country which enabled us to reach more than 11,640 families.

The KBOW has been modified and adjusted to become relevant even amidst the COVID-19 pandemic. It has become an information driver and helping arm of RTV to local communities and grassroots viewers by informing them about the importance of practicing health protocols to avoid the spread and contraction of COVID -19.

Through the successful and safe conduct of the KBOW in the regions, RTV was able to serve local communities even while under the pandemic. Also, the regular airing of the KBOWs on the local newscasts also provided a venue for our RTV Stations to engage with the barangays providing an opportunity to bring to fore local community issues which needed the action of LGUs even while under different alert levels. It also managed to highlight the good and positive practices done in these local communities.

RTV PARTNERSHIPS

Even while still under the COVID -19 pandemic, RTV continued pursuing partnerships with various organizations to give our viewers access to information and resources, especially that face-to-face interactions and travel was limited.

We partnered with local universities and colleges, as well as with the NCAA schools in preparation for the 2022 National Elections, particularly focusing on voters' education.

OTHER FEATURE SEGMENTS

In addition to public service segments, RTV's local programs also feature other stories that focus the spotlight on and give exposure to the rich culture and various interesting discoveries and treasures of the Philippine regions:

- **GMA Regional TV Presents** - A platform for Filipinos in the regions including minority and tribal groups through mini-documentaries on personalities and issues
- **Kwento ng Pilipino** - Stories of triumph about ordinary Filipinos told from their own perspective and stories highlighting the uniqueness and diversity of Filipino minority and tribal groups
- **#SpreadKindness** - Acts of kindness done by and for ordinary Filipinos
- **Trip Natin/Suroy Ta!/Manlaag Ta/Lagaw Ta** - Travel features on local scenic spots whether these are established tourist destinations or newly discovered ones even those from the off-beat tracks within the local news programs' AOR
- **My Mindanao/Bisdak Laagan Society/My Western Visayas** - Crowd-sourced videos showing the travel adventures of regional contributors
- **Mangan Tila/Kumbira/Lami Syah/Namiit!** - Features on unique and popular dishes and delicacies
- **Pista sa Amianan/Fiesta Mindanao/Pistang Bisdak/Fies-Ta!** - Features on local festivals and fiestas of towns, municipalities, and even unique barangay celebrations
- **May Trabaho Ka, Kapuso!/May Trabaho Ka/Extra/May Trabaho Ka** - Job listings from DOLE Public Employment Service Offices (Provincial PESO); giving emphasis that job opportunities are available in the regions
- **Kapuso sa Kalikasan (all areas)** - Regional stories and issues on the environment and its protection, as well as initiatives of local communities for sustainable development
- **COVID-19 Cases Update** - A regular short reader segment with graphics, which gives the latest statistics on active COVID cases, recoveries and deaths in the different regions covered by the regional stations' areas of responsibility.

ENVIRONMENT IMPACT

OUR OPERATIONS ALL OVER THE PHILIPPINES CONTRIBUTE TO OUR CARBON FOOTPRINT, WHICH WE CONTINUOUSLY AIM TO REDUCE EFFICIENTLY AND EFFECTIVELY.

In addition to the GMA Network Center (our headquarters located in Metro Manila), we have regional offices, and TV/radio studios in 15 other cities and provinces—Ilocos, Tuguegarao, Baguio, Dagupan, Lucena, Legazpi, Naga, Palawan, Cebu, Iloilo, Bacolod, Kalibo, Davao, Cagayan De Oro, and General Santos.

For wider broadcast coverage, we operate TV/radio transmitters throughout the archipelago, usually in remote areas with vegetation. Optimal locations are strategically identified, and deployments are carefully planned to ensure that we maximize the coverage of every single transmitter site. In the process, among our priorities is compliance with applicable laws and regulations, such as the Presidential Decree No. 1586 Establishing An Environmental Impact Statement System, Including Other Environmental Management Related Measures And For Other Purposes. We secure Environmental Compliance Certificates (ECC) from the Department of Environment and Natural Resources (DENR), as mandated by the government.

Through our Kapuso ng Kalikasan (KNK) program, we partner with various environmental organizations with advocacies that are aligned with our commitment to protect Mother Earth. Within GMA premises, we adopt green practices that promote environmental conservation in every way we can.

ENERGY CONSUMPTION

AS PART OF ADVANCING OUR SUSTAINABILITY GOALS, THE ENERGY WE CONSUME WITHIN THE GMA COMPLEX AND IN THE REGIONS IS PERIODICALLY MONITORED.

We are constantly in the lookout for new technology to increase the efficiency of our energy utilization or to reduce our energy requirements.

Over the years, we have successfully implemented energy-saving measures and projects that resulted in an estimated electricity savings of up to 300,000 KWH per month. Some of these initiatives include designating operating hours for the use of lighting and air-conditioning units in the studios, the replacement of chillers from centrifugal type to screw type, phase-out of conventional fluorescent lighting to light-emitting diodes (LEDs), deployment of Variable Frequency Drives for the Air-Handling Units, and phase-out of conventional air-conditioning units to inverter-type. In Dagupan, we have started using solar-powered perimeter lights.

Our main source of energy is electricity from power distribution companies, and electric distribution utilities or electric cooperatives situated in different cities and regions.

We consume diesel for most of our company vehicles and for the generator sets we use as back-up power supply in case of power interruptions and outages in the GMA Network Center, regional offices, and transmitter sites. Generator sets are also the main power source to operate our remote facilities during electronic and news gathering, satellite news gathering, and outside broadcast vans for live news reporting and field production taping. The installation and commissioning of new transmitters results in consumption of electricity as well.

In compliance with the Philippine Clean Air Act of 1999 (Republic Act No. 8749), a comprehensive air quality management policy and program that aims to achieve and maintain healthy air for all Filipinos, we secure the necessary permits from the DENR to operate our generator sets. Quarterly, we submit self-monitoring reports on the fuel we consume. All generator sets undergo strict preventive maintenance and annual emission tests conducted by a third party accredited by the DENR.

IN 2021, OUR CONSOLIDATED ENERGY CONSUMPTION BASED ON OUR MONITORING AND ON MONTHLY METER READINGS IS AS FOLLOWS:

	2021 (IN GJ)
Total fuel consumption within the organization from non-renewable sources	8,975
Total fuel consumption within the organization from renewable sources	2
Total electricity consumption	53,176
Total electricity sold	0
Total energy consumption within the organization	62,153

WATER CONSERVATION

TO REDUCE OUR WATER SUPPLY REQUIREMENTS, THE SEWAGE TREATMENT PLANT (STP) AT THE GMA COMPLEX WAS USED TO TREAT DOMESTIC WASTEWATER.

The treated wastewater from the plant is recycled for sanitation purposes within the headquarters. Through this system, we save at least 2,250.20 cubic meters or 2,250,200 liters of potable water every year, and we continue to explore ways to expand the use and benefits of the facility.

Our supply comes from water service providers in locations where we operate, except in Cebu where we have our own water pump that meets the needs of the entire station.

IN 2021, OUR CONSOLIDATED WATER CONSUMPTION BASED ON OUR MONITORING IS AS FOLLOWS:

	2021 (IN MEGALITER)
Total water consumption from all areas	57.21
Total water consumption from all areas with water stress	0


GMA
Regional TV

RESPONSIBLE DISPOSAL OF WASTES

FOR THE HEALTH SAFETY OF OUR PEOPLE AND TO MITIGATE ANY HARMFUL IMPACT ON THE ENVIRONMENT, WE ARE COMMITTED TO ENSURE THAT WASTES GATHERED AND COLLECTED IN OUR STATIONS ARE PROPERLY HANDLED AND DISPOSED.

We have instituted strict housekeeping rules and sanitary practices in our offices and transmitter sites, and encourage recycling by segregating wastes.

One of our approach is the appointment of Pollution Control Officers (PCO) in our main headquarters and transmitter sites, as required by the DENR. According to the guidelines under DENR's Department Administrative Order (DAO) 2014-02, the PCO is a technical person competent in pollution control and environmental management, performs the duties and responsibilities in a particular establishment, and is officially accredited by the Environmental Management Bureau (EMB) Regional Office to perform such responsibilities.

To comply with the Philippine Clean Water Act (Republic Act No. 9275), which aims to protect the country's water bodies from pollution from land-based sources, we have a discharge permit from the Laguna Lake Development Authority (LLDA) for the operation of our STP. We periodically check the wastewater discharge of the system and conduct laboratory testing as a requirement for self-monitoring and compliance monitoring.

With the issuance of DENR's DAO 2016-08 Water Quality Guidelines and General Effluent Standards of 2016, we submitted a Compliance Action Plan to the LLDA office for the improvement of our STP. The DAO 2016-08 provides guidelines for the classification of water bodies in the country, determination of time trends and the evaluation of stages of deterioration/enhancement in water quality, evaluation of the need for taking actions in preventing, controlling, or abating water pollution. To strictly comply with the standards set by this DAO, we have also contracted the services of a third party laboratory to test in-house waste water parameters.

The Toxic Substance and Hazardous Wastes (Republic Act No. 6969) under the DENR covers the import, manufacture, processing, handling, storage, transportation, sale, distribution, use, and disposal of unregulated chemical substances and mixtures in the Philippines. As required by this law, the hazardous wastes that we generate—such as tapes, used engine oils, busted fluorescent lamp (BFL), empty paint cans, contaminated rags, grease, defective LED, and others—are treated, recycled, and appropriately disposed through a third party hazardous waste treatment group accredited by the DENR.

The Ecological Solid Waste Management Act (Republic Act No. 9003) provides for a comprehensive ecological solid waste management program by creating the necessary institutional mechanisms and incentives, appropriating funds, declaring certain acts prohibited, and providing penalties. GMA applied for an Environmental Permit to Operate (Environmental Clearance) to the Quezon City Environmental Protection and Waste Management Department pursuant to City Ordinance No. 1729 Series of 2006.

IN 2021, THE TOTAL WASTE WE GENERATED BASED ON OUR MONITORING IS AS FOLLOWS:

	2021 (IN KG)
a. Total weight of hazardous waste	11,545
b. Total weight of non-hazardous waste, with a breakdown by the following disposal methods:	
i. Reuse	97
ii. Recycling	14,990
iii. Composting	257
iv. Landfill	252


GMA
GMA NETWORK CENTER
NO PARKING
THIS WAY TO BASEMENT PARKING

ECONOMY IMPACT

TO BROADEN OUR BUSINESS AND SUSTAIN OUR GROWTH, WE KEEP ABREAST WITH DEVELOPMENTS IN THE MARKET AND LEVERAGE ON EXISTING CONTENT TO GENERATE PREFERRED ECONOMIC OUTCOME.

Capital investments are undertaken with the aim of expanding our reach and coverage at the best possible cost to our stakeholders. We regularly monitor project performance to ensure that we realize net positive results without compromising value to our customers and viewers. Specific to content production, we have established a business model that enables the stakeholders to estimate possible financial outcome of each venture, thereby optimizing resource allocation.

One of GMA Network's key strengths is our sound financial management and discipline, maintaining above-industry profitability margins and financial growth. As a publicly listed company, we pride ourselves as having utmost regard for our stakeholders and for striving to achieve healthy returns for our investors.

This is manifested in our commitment to distribute at least 50% of prior year's net income after tax to shareholders, as indicated in our initial public offering (IPO) prospectus in 2007. We have since stayed true to this promise, annually delivering dividend payout above 90% of net income after tax on average. Moreover, over the course of 14 years, the average dividend yield based on IPO price is 6% per annum.

As a core competence, the Network has proven its mettle in prudent cost and funds management keeping external borrowings at the minimum, or otherwise sustaining operations through wholly internally-generated cash flows. A solid balance sheet and robust bottom line year-on-year remain one of our fundamental financial commitments.

Because our workforce is key in sustaining and advancing the Network's viability, we are likewise committed in providing competitive compensation and benefits beyond the statutory requirements. This enables our people to attain socio-economic advancement, and offers tangible proof of the value we place on our best assets.

As a partner in nation-building, we have contributed our fair share in the coffers of the government by responsibly accounting for taxes and other fees paid, both on local and national levels, including agencies of the government. Guided by our principles and values, we engage with only reputable and dependable organizations for our customers as well as suppliers, thus, promoting value enhancement and synergies.

Among our primary endeavors is paying forward to the community through various corporate social responsibility programs and investments, which include, among others, helping promote advocacies of the government for the general welfare and information of the Filipino people.

	2021 (IN PHP)
Direct economic value generated (revenue)	22,605,823,983
Direct economic value distributed:	
a. Operating costs	7,221,363,366
b. Employees' wages and benefits	4,858,698,218
c. Dividends given to stockholders and interest payments to loan providers	6,409,999,690
d. Taxes given to government	2,636,140,188
e. Investments to community (e.g. donations, CSR)	98,956,569
Economic value retained	1,380,665,952

DIRECT ECONOMIC VALUE GENERATED & DISTRIBUTED

GMA'S DIRECT ECONOMIC VALUE GENERATED (EVG) FOR THE FULL YEAR 2021 REACHED P22.6 BILLION, UP P3.2 BILLION OR 16% FROM A YEAR AGO.

Notwithstanding the protracted pandemic that continued to hamper the full recovery of the economy due to intermittent lockdowns, limited mobility, and restricted business operations, GMA Network remained unwavering. The Network maintained its undisputed leadership in the industry throughout the year. Financially, GMA once again broke all records for the twelve months this 2021, maintaining dominance in the free-to-air broadcasting arena.

GMA unceasingly finds ways to continue its service to the Filipino audience more so as the Network has been regarded as the primary source of news and information across the country. During the year, additional digital terrestrial television (DTT) channels, DepEd and I Heart Movies, saw commercial broadcast while additional DTT sites were commissioned—some for completion in 2022. GMA Affordabox continued to post steady sales with over 1.7 million units sold since its launch in mid-2020. 2021 also saw the rebranding of our UHF station Channel 27, from GMA News TV to Good TV, or simply GTV, which proved to be a favorable move. A new regional TV (RTV) station in Zamboanga was launched in the fourth quarter, functioning as the Western Mindanao hub, the 4th regional station of GMA in Mindanao and the 10th overall in the country. Lastly, the partnership of the Network with the National Collegiate Athletic Association, the first collegiate athletic association in the country, also came to fruition. The collaboration aired its maiden broadcast on GTV in mid-June via *Rise Up Stronger: NCAA Season 96*.

Meanwhile, Economic Value Distributed in 2021 amounted to P21.2 billion, higher by P2.8 billion or 15% from a year ago. The increase in spending was buoyed by the Network's resumption of producing fresh programs during the year, in contrast to airing mostly replays during the greater part of 2020, at the height of the virus outbreak. Even with sporadic lockdowns in 2021, GMA adjusted into the new normal set up and mastered the locked-in taping scenario. Production cost, which comprised a major part of direct economic value distributed, recorded a considerable growth this year by 38%.

Employees' wages and benefits measured at P4.9 billion, ahead 7% versus a year ago, while taxes paid to the government summed up to P2.6 billion, declining by 9% from the prior year. The drop in taxes paid was due to the reduction in the regular corporate income tax from 30% to 25%, with the implementation of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act on April 15, 2021. From the EVG this year, economic value distributed attributable to providers of capital amounted to P6.4 billion mainly in relation to cash dividends to shareholders. On the other hand, investments in the community via donations, CSR, public service programs and other sponsorships amounted to P99.0 million, primarily aimed in supporting valuable awareness campaigns and call to action that leave an indelible mark to the citizenry. Economic Value Retained after twelve-months in 2021 stood at P1.4 billion.

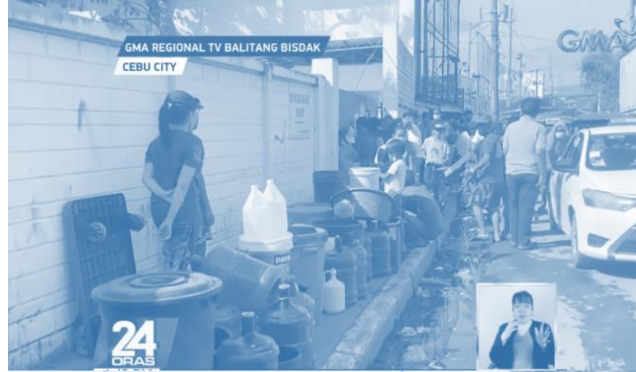
IMPACT OF CLIMATE CHANGE

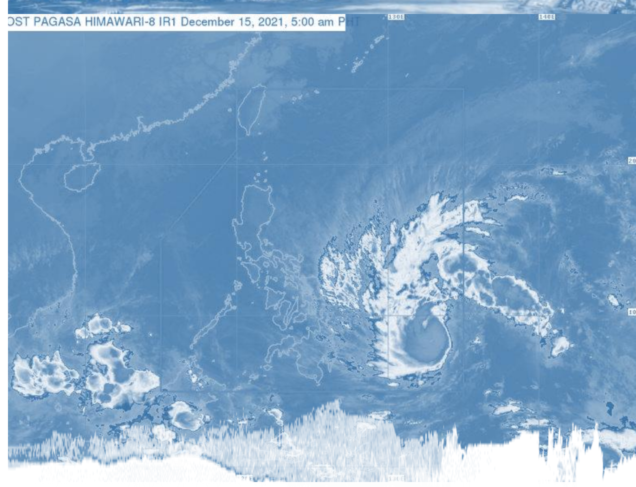
GMA NETWORK IS NOT IMMUNE TO THE WORSENING CLIMATE CHANGE.

All over the world, regulatory agencies are increasingly resorting to stricter regulations in an attempt to curb the effect of global warming. Abnormal natural phenomena and incidences of natural calamities pose risk of disrupting Network operations and production schedules.

Ultimately, the worst impact of these risks relates to the safety and security of our people. But deviations from scheduled operations also create pressure on the profitability of programs and shows.

As mandated by the Network's enterprise-wide risk management policy, every aspect of GMA's end-to-end operations undergoes periodic risk assessment so that appropriate mitigation plans may be put in place. With guidance from management and after a careful cost-benefit analysis, teams decide on the most optimal measures to address the risks under their responsibility and accountability. The cost of such measures vary depending on the significance of the risk, likelihood of the risk happening, and the estimated impact of the risk occurring.





FULL FORCE, ACROSS ALL PLATFORMS: GMA NETWORK DELIVERED PUBLIC SERVICE, NEWS, AND INFORMATION ON TYPHOON ODETTE

PROCUREMENT PRACTICES

SEVENTY-SEVEN PERCENT (77%) OF GMA NETWORK'S ACCREDITED SUPPLIERS ARE PHILIPPINE-BASED (LOCAL), WITH HEADQUARTERS LOCATED ACROSS THE ARCHIPELAGO.

Purchases from our local suppliers are mostly for production tapings, supplies requirements, repairs and maintenance, professional services, turnkey projects, and construction projects.

In 2021, excluding procurement relating to consumer products, the majority of our budget (66%) was spent on foreign suppliers. These foreign purchases, driven primarily by GMA Network's transition to digital terrestrial TV (DTT) broadcasting, were in accordance with Presidential Decree 1362 allowing radio broadcasting and television stations to import radio or television equipment, spare parts and allied technical and program materials to be used exclusively in their broadcast operations subject to certain conditions.

As a standard practice, we prioritize and support our local suppliers. Some of the benefits from patronizing local suppliers include shorter procurement lead time, lower logistics cost, readily available customer support, and stronger relationship with the local business community.

ANTI-CORRUPTION

AS PART OF GMA NETWORK'S ENTERPRISE-WIDE RISK MANAGEMENT, STAKEHOLDERS PERIODICALLY RE-ASSESS THE ORGANIZATION'S RISK PROFILE TO IDENTIFY VULNERABILITIES ACROSS ALL AREAS OF OUR OPERATIONS FOR POTENTIAL ISSUES SUCH AS CORRUPTION.

We have formalized business principles that prohibit employees to gain in any way (e.g., through gifts, favors, solicitations, monetary benefits) from third parties, including suppliers, clients, or competitors.

Due to effective policies and mitigating controls, and consistent integration of our corporate values in our day-to-day activities, no significant risks identified by stakeholders relate to corruption.


GMA
NETWORK
SUPPORTS
THE 17
UNITED
NATIONS
SUSTAINABLE
DEVELOPMENT
GOALS

1
NO POVERTY

2
ZERO HUNGER

3
GOOD HEALTH
& WELL-BEING

4
QUALITY
EDUCATION

5
GENDER
EQUALITY

6
CLEAN WATER &
SANITATION

7
AFFORDABLE &
CLEAN ENERGY

8
DECENT WORK
& ECONOMIC
GROWTH

9
INDUSTRY,
INNOVATION &
INFRA-
STRUCTURE

10
REDUCED
INEQUALITIES

11
SUSTAINABLE
CITIES &
COMMUNITIES

12
RESPONSIBLE
CONSUMPTION
& PRODUCTION

13
CLIMATE
ACTION

14
LIFE BELOW
WATER

15
LIFE ON LAND

16
PEACE AND
JUSTICE
STRONG
INSTITUTIONS

17
PARTNERSHIPS
FOR THE GOALS

Global Compact Network Philippines

In 2015, 193 United Nations member states gathered and agreed to promote 17 shared goals—known as UN Sustainable Development Goals (SDGs)—aimed at ending poverty, protecting the planet, and ensuring prosperity for all. The responsibility for the achievement of these goals lies with the governments, corporations, municipalities, educational institutions, and individual citizens of these member states. But because of its extensive impact and effective ways, the business sector takes on a significant portion of this responsibility to advancing the goals.

GMA Network is among those dedicated to promoting the achievement of the SDGs. As tangible evidence of our pledge, we are the first media and entertainment company in the Philippines to sign with the UN Global Compact, a voluntary initiative based on commitments to implement universal sustainability principles and to take steps to support UN goals.

1
NO POVERTY

10
REDUCED INEQUALITIES

11
SUSTAINABLE CITIES & COMMUNITIES

16
PEACE AND JUSTICE STRONG INSTITUTIONS

NEWS AND PUBLIC AFFAIRS PROGRAMS THAT PROVIDE IN-DEPTH REPORTS ON TOPICS SIGNIFICANT TO THE PUBLIC

SERIOUS DOCUMENTARY PROGRAMS AND MAGAZINE SHOWS THAT DISCUSS RELEVANT SOCIAL ISSUES AND CURRENT AFFAIRS

1
NO POVERTY

8
DECENT WORK & ECONOMIC GROWTH

10
REDUCED INEQUALITIES

16
PEACE AND JUSTICE STRONG INSTITUTIONS

RADIO'S NEWS AND COMMENTARY CONTENT OF NATIONAL AND LOCAL PUBLIC IMPORTANCE

13 CLIMATE ACTION

14 LIFE BELOW WATER

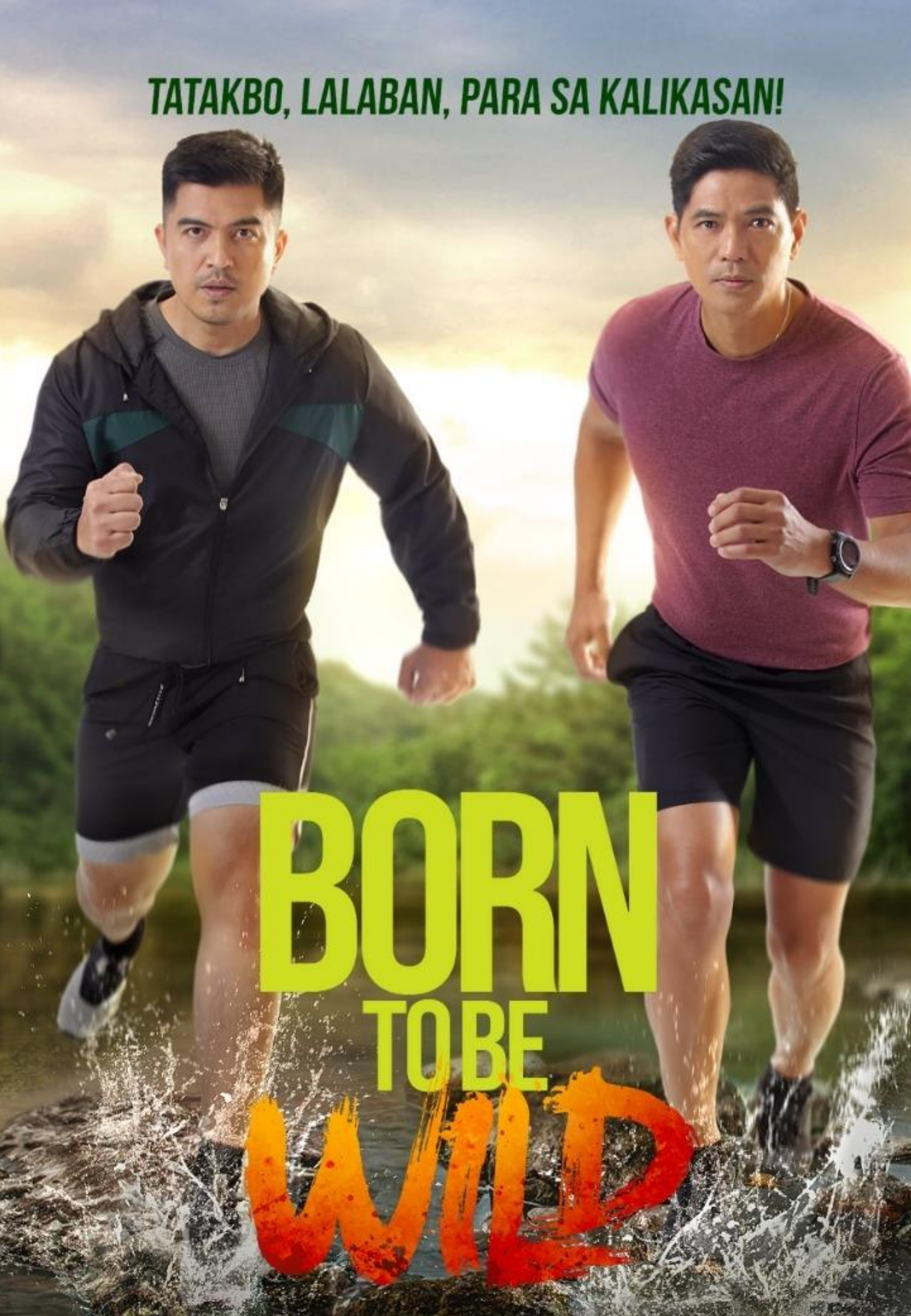
15 LIFE ON LAND

BORN TO BE WILD

GMA Network's groundbreaking environmental and wildlife show hosted by GMA's resident veterinarians Doc Ferds Recio and Doc Nielsen Donato.

AMAZING EARTH

GMA's infotainment program hosted by Dingdong Dantes. Airing every Sunday, the show presents extraordinary and exceptional wildlife from all over the world, as well as natural formations, different types of terrain, and fascinating flora and fauna in the Philippines.


TATAKBO, LALABAN, PARA SA KALIKASAN!
BORN
TO BE
WILD

OTHER CONTRIBUTIONS TO INDIVIDUAL SDGs

1 NO POVERTY

- Around 5,000 provided with employment opportunities and source of income.
- Under the Kapuso Tulay Para Sa Kaunlaran Project of Kapuso Foundation, a concrete and steel hanging bridge was constructed in Dingalan, Auroral Norte to connect the remote community to trade and learning centers.

2 ZERO HUNGER

- 31,270 sacks of rice given to GMA employees.
- 11,640 families benefitted from GMA Regional TV's Kapuso Barangayan on Wheels (KBOW). KBOW provided families from different barangays with food packs, rice, and groceries, as well as locally-produced vegetables.
- Provided immediate disaster relief goods and assistance during natural and man-made calamities nationwide (e.g., Typhoon Odette, fires) through Operation Bayanihan of Kapuso Foundation; Distributed Kapuso family grocery packs to daily wage earners badly affected by quarantine measures during the pandemic.

3 GOOD HEALTH & WELL-BEING

- Health-care programs given to employees:
  - Provided personal protective equipment to workers (i.e., disinfectants, face masks, face shields)
  - Installation of satellite clinic
  - Clinic facility that serves/ caters to the health need of employees 24/7, Monday to Sunday
  - Annual Physical Examination (APE)
  - Clinic offered teleconsultation with GMA's doctors for employees who are seeking medical consultation
  - Clinic facility that caters to the health need of employees (from 9:00AM-5:00PM), Monday to Friday during the pandemic
  - Conducted COVID-related webinar for employees
  - Conducted Mental Health webinar for employees
  - Conducted Flu vaccination activities for employees and dependents
  - Provided free COVID-19 vaccines and vaccine administration to employees/talents and qualified dependents for both primary series and booster dose
- Medical assistance given to impoverished Filipinos through free medicines, surgical supplies, laboratory exams and other basic medical services through Bisig Bayan project of Kapuso Foundation.

OTHER CONTRIBUTIONS TO INDIVIDUAL SDGs

3 GOOD HEALTH & WELL-BEING (continued)

- Sagip Dugtong Buhay was a bloodletting project of Kapuso Foundation in partnership with the Philippine Red Cross, the Armed Forces of the Philippines, and the Philippine National Police.
- 19 medical missions through Gamot Para sa Kapwa in Kapwa Ko Mahal Ko (KKMK)'s partnership with SM Foundation, benefitted 4,412 individuals safely, including check-ups for senior citizens wary of going to hospitals.
- Under the Batang Kapwa Program of KKMK, provided medical and psychosocial support for 40 children with Acute Lymphocytic Leukemia, including an online puppet show by award winning Wanlu and his puppet and the annual Pamaskong Handog with food, art and school supplies, hygiene and COVID-19 kit and a special Christmas gift.
- KKMK's new program, Sagot ni Dok LIVE, was launched in 2021. The show allowed audience to ask a medical expert their concern about a specific health issue.
- 940+ features of Mangan Tila/Kumbira/Lami Syah/Namiit! on unique and popular dishes and delicacies.
- 880+ ordinary Filipinos nationwide featured in the #SpreadKindness segment of Regional TV's local programs.
- 110 episodes of Mars Pa More, a daily lifestyle magazine program that highlights trends and activities for mothers and brings to light special bonding moments shared by moms and their kids.
- 6 episodes of Sarap Di Ba, a morning show that tackles relatable and dynamic topics about family, food and fun activities for everyone.
- 51 TV episodes of Pinoy MD and Radio's Pinoy MD program, as well as Radio's Bahay at Buhay and Usap Tayo are dedicated to health and wellness discussions.
- 52 Pinas Sarap episodes aimed for viewers to understand and learn more about Filipino food, and showcased the history behind featured local dish and the latest Filipino cuisines.
- 44 episodes of Farm To Table, a cooking show hosted by food explorer Chef JR Royol, who gives a peek into the fascinating process of food preparation from growing and harvesting fresh ingredients, to cooking and plating mouthwatering meals that encourages viewers to rediscover the joy of eating home-cooked meals and living a healthy lifestyle.
- 11,640 families benefitted from GMA Regional TV's KBOW. KBOW provided families from different barangays with food packs, rice, and groceries, as well as locally-produced vegetables.
- Distribution of personal protection equipment to public hospitals and front liners under the Kapuso Foundation's Labanan Natin ang COVID-19 program.
- Distribution of Noche Buena packs with food and toys to 60,000 impoverished kids nationwide through Kapuso Foundation's Give-a-Gift project.

OTHER CONTRIBUTIONS TO INDIVIDUAL SDGs

4 QUALITY EDUCATION

- 5 scholarship grants sponsored by GMA in 2021.
- P3.42M+ spent on trainings and seminars for GMA employees in 2021, on top of HR-initiated webinars negotiated for free.
- Kapuso School Development, a school construction and rehabilitation project of Kapuso Foundation which aims to foster integral education by providing sturdy classrooms, water and sanitation facilities for public school students nationwide.
- 60,000 school bags with complete sets of school supplies distributed to incoming Kindergarten and Grade 1 students nationwide as part of Kapuso Foundation's annual Unang Hakbang Sa Kinabukasan project.
- Under the Kapuso Tulay Para Sa Kaunlaran Project of Kapuso Foundation, a concrete and steel hanging bridge was constructed in Dingalan, Auroral Norte to connect the remote community to trade and learning centers.
- 52 episodes of iBilib, a program that features scientific experiments and explores different scientific facts and theories surrounding everyday events, challenges, life hacks, illusions and trivia presented in a fun and magical manner.
- 52 episodes of Aha!, an educational show that featured facts and trivia, primarily geared towards educating children and youth.
- Regional TV partnered with various organizations to give viewers access to information and resources, especially with restrictions in face-to-face interactions and travel.

5 GENDER EQUALITY

- 48% of GMA Network, Inc's top executives are women.
- 52.38% of the Network's Officers and 53.19% of the Network's Managers are women.

6 CLEAN WATER & SANITATION

- Rain water harvesting facilities were set up in remote GMA TV relay station sites (on top of mountains).

7 AFFORDABLE & CLEAN ENERGY

- Solar-powered perimeter lights are utilized in Dagupan.
- Energy-efficient solid-state transmitters are installed and operated nationwide.


GMA
KAPUSO FOUNDATION, INC.
UNANG HAKBANG SA KINABUKASAN
2021

OTHER CONTRIBUTIONS TO INDIVIDUAL SDGs

8 DECENT WORK & ECONOMIC GROWTH

- Around 5,000 provided with employment opportunities and source of income.
- Under the Kapuso Tulay Para Sa Kaunlaran Project of Kapuso Foundation, a concrete and steel hanging bridge was constructed in Dingalan, Auroral Norte to connect the remote community to trade and learning centers.
- 52 Pera Paraan episodes that offer business ideas and teach viewers about financial literacy.
- 170+ stories featured in the following segments of RTV's local programs in 2021: May Trabaho Ka, Kapuso! (Balitang Amianan); May Trabaho Ka (Balitang Bisdak); Extra (One Western Visayas); May Trabaho Ka (One Mindanao).

9 INDUSTRY, INNOVATION & INFRASTRUCTURE

- Roll out of digital terrestrial and analog TV broadcast stations in 2021.
- Under the Kapuso Tulay Para Sa Kaunlaran Project of Kapuso Foundation, a concrete and steel hanging bridge was constructed in Dingalan, Auroral Norte to connect the remote community to trade and learning centers.

10 REDUCED INEQUALITIES

- GMA Network complied with RA 10905 or the Closed Captioning Law as all its entertainment programs and specials aired with closed captions beginning January 31, 2021, improving the accessibility of its programs to the viewers, especially the hearing-impaired.
- 293 episodes of weekly magazine shows/talk show (Kapuso Mo, Jessica Soho, Wish Ko Lang!, Good News, Tunay na Buhay, In Real Life, and Tadhana) that featured a wide range of topics on lifestyle, people, and places, primarily to educate and entertain the viewing public.

11 SUSTAINABLE CITIES & COMMUNITIES

- 52 episodes of Biyahe ni Drew that encourage sustainable tourism and environment protection.
- 6 episodes of Daig Kayo ng Lola Ko, a program that showcases different stories ranging from fairy tales, local folklores, fables, children's songs and even original ones to teach good morals and values to the young generation.

OTHER CONTRIBUTIONS TO INDIVIDUAL SDGs

12 RESPONSIBLE CONSUMPTION & PRODUCTION

- Energy-efficient solid-state transmitters are installed and operated nationwide.

17 PARTNERSHIPS FOR THE GOALS

- Various private entities, non-profit organizations, and learning institutions
- Various Philippine embassies and consulates
- Various government agencies
- Filipino communities in the US, Canada, MENA, and Asia Pacific

GRI CONTEXT INDEX

GRI INDICATOR	REQUIRED DISCLOSURE	REFERENCE
GRI 102: GENERAL DISCLOSURES		
1. Organizational profile		
102-1	Name of the organization	*8*
102-2	Activities, brands, products, and services	*8-11*
102-3	Location of headquarters	*8*
102-4	Location of operations	*8-11*
102-5	Ownership and legal form	*8-11*
102-6	Markets served	*8-11*
102-7	Scale of the organization	*8-11*
102-8	Information on employees and other workers	*11-18*
102-9	Supply chain	*48*
102-10	Significant changes to the organization and its supply chain	*Not applicable*
102-11	Precautionary principle or approach	*Not applicable*
102-12	External initiatives	*56-61*
102-13	Membership of associations	*61*
2. Strategy		
102-14	Statement from senior decision-maker	*4*
102-15	Key impacts, risks, and opportunities	*21-46*
3. Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	*13*
4. Governance		
102-18	Governance structure	*14-15*
5. Stakeholder engagement		
102-40	List of stakeholder groups	*16-17*
102-42	Identifying and selecting stakeholders	*16-17*
102-43	Approach to stakeholder engagement	*16-17*
102-44	Key topics and concerns raised	*16-17*
6. Reporting practice		
102-45	Entities included in the consolidated financial statements	*18-19*
102-46	Defining report content and topic Boundaries	*18-19*
102-47	List of material topics	*19*
102-48	Restatements of information	*Not applicable*
102-49	Changes in reporting	*Not applicable*
102-50	Reporting period	*Jan 1, 2021 to Dec 31, 2021*
102-51	Date of most recent report	*Dec 30, 2020*
102-52	Reporting cycle	*Annual*
102-53	Contact point for questions regarding the report	*2*
102-54	Claims of reporting in accordance with the GRI Standards	*2*
102-55	GRI content index	*64-67*
102-56	External assurance	*Internal Audit*

GRI CONTEXT INDEX

GRI INDICATOR	REQUIRED DISCLOSURE	REFERENCE
GRI 201: ECONOMIC PERFORMANCE		
103-1	Explanation of the material topic and its Boundary	*43-48*
103-2	The management approach and its components	*43-48*
103-3	Evaluation of the management approach	*43-48*
201-1	Direct economic value generated and distributed	*44-45*
201-2	Financial implications and other risks and opportunities due to climate change	*46*
201-4	Financial assistance received from government	*We did not receive financial assistance from the government*
GRI 204: PROCUREMENT PRACTICES		
103-1	Explanation of the material topic and its Boundary	*48*
103-2	The management approach and its components	*48*
103-3	Evaluation of the management approach	*48*
204-1	Proportion of spending on local suppliers	*48*
GRI 205: ANTI-CORRUPTION		
103-1	Explanation of the material topic and its Boundary	*48*
103-2	The management approach and its components	*48*
103-3	Evaluation of the management approach	*48*
205-1	Operations assessed for risks related to corruption	*48*
GRI 302: ENERGY		
103-1	Explanation of the material topic and its Boundary	*36*
103-2	The management approach and its components	*36*
103-3	Evaluation of the management approach	*36*
302-1	Energy consumption within the organization	*36-37*
GRI 303: WATER AND EFFLUENTS		
103-1	Explanation of the material topic and its Boundary	*38-41*
103-2	The management approach and its components	*38-41*
103-3	Evaluation of the management approach	*38-41*
303-1	Interactions with water as a shared resource	*38-41*
303-5	Water consumption	*38*

GRI CONTEXT INDEX

GRI INDICATOR	REQUIRED DISCLOSURE	REFERENCE
GRI 306: EFFLUENTS AND WASTE		
103-1	Explanation of the material topic and its Boundary	*40-41*
103-2	The management approach and its components	*40-41*
103-3	Evaluation of the management approach	*40-41*
306-2	Waste by type and disposal method	*41*
103-1	Explanation of the material topic and its Boundary	*40-41*
GRI 307: ENVIRONMENTAL COMPLIANCE		
103-1	Explanation of the material topic and its Boundary	*35-41*
103-2	The management approach and its components	*35-41*
103-3	Evaluation of the management approach	*35-41*
307-1	Non-compliance with environmental laws and regulations	*35-41*

FINES AND PENALTIES:

- *Depending on the nature of RA 8749 violations, penalties may be fines of up to P100,000 for every day of non-compliance and/or up to 6 years of imprisonment.*
- *The maximum fine for violation of RA 6969 is P500,000 or imprisonment of up to 20 years.*
- *The maximum fine for gross violation of RA 9275 is P3 million for every day of violation, or imprisonment of up to 10 years.*
- *Depending on the nature of RA 9003 violations, the maximum penalty is P1 million or imprisonment of up to 6 years.*

GRI INDICATOR	REQUIRED DISCLOSURE	REFERENCE
GRI 401: EMPLOYMENT		
103-1	Explanation of the material topic and its Boundary	*21-24*
103-2	The management approach and its components	*21-24*
103-3	Evaluation of the management approach	*21-24*
401-1	New employee hires and employee turnover	*22*
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	*23*
401-3	Parental leave	*24*

GRI CONTEXT INDEX

GRI INDICATOR	REQUIRED DISCLOSURE	REFERENCE
GRI 403: OCCUPATIONAL HEALTH AND SAFETY		
103-1	Explanation of the material topic and its Boundary	*25-27*
103-2	The management approach and its components	*25-27*
103-3	Evaluation of the management approach	*25-27*
403-1	Occupational health and safety management system	*25-27*
403-5	Worker training on occupational health and safety	*25-27*
403-6	Promotion of worker health	*25-27*
GRI 404: TRAINING AND EDUCATION		
103-1	Explanation of the material topic and its Boundary	*28-29*
103-2	The management approach and its components	*28-29*
103-3	Evaluation of the management approach	*28-29*
404-1	Average hours of training per year per employee	*28-29*
404-2	Programs for upgrading employee skills and transition assistance programs	*28-29*
404-3	Percentage of employees receiving regular performance and career development reviews	*28-29*
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY		
103-1	Explanation of the material topic and its Boundary	*31*
103-2	The management approach and its components	*31*
103-3	Evaluation of the management approach	*31*
405-1	Diversity of governance bodies and employees	*31*
GRI 413: LOCAL COMMUNITIES		
103-1	Explanation of the material topic and its Boundary	*32-34*
103-2	The management approach and its components	*32-34*
103-3	Evaluation of the management approach	*32-34*
413-1	Operations with local community engagement, impact assessments, and development programs	*32-34*

GMA NETWORK, INC
GMA NETWORK CENTER
EDSA CORNER TIMOG AVENUE
DILIMAN, QUEZON CITY