

# COVER SHEET

SEC Registration Number

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**COMPANY NAME**

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

17	A		
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Department requiring the report

M	S	R	D
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Secondary License Type, If Applicable

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**COMPANY INFORMATION**

Company's Email Address <p style="text-align: center; margin: 0;"><b>mail@bgepal.com</b></p>	Company's Telephone Number <p style="text-align: center; margin: 0;"><b>88163716</b></p>	Mobile Number <p style="margin: 0;"></p>
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**CONTACT PERSON INFORMATION**

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

Name of Contact Person <p style="text-align: center; margin: 0;"><b>Atty. Anna Teresa M. Gozon-Valdes</b></p>	Email Address <p style="margin: 0;"><a href="mailto:annettegozon@yahoo.com">annettegozon@yahoo.com</a>; <a href="mailto:rbarles@yahoo.com">rbarles@yahoo.com</a>; mail@bgepal.com</p>	Telephone Number/s <p style="text-align: center; margin: 0;"><b>88163716</b></p>	Mobile Number <p style="text-align: center; margin: 0;"><b>09278021064</b></p>
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**CONTACT PERSON'S ADDRESS**

<b>15 F Sagittarius Building, 111 H.V. Dela Costa Street, Salcedo Village, Makati City</b>
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**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, 2022**

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 of

Industry Classification Code:

Incorporation or organization

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
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Outstanding

Common Stock	3,364,692,000
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*(Each Common Share entitles the holder to one vote)*

Preferred Stock	7,500,000,000
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*(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<sup>1</sup> = P5.3 Billion (as of Mar 31, 2023)

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<sup>1</sup> 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 Company's Information Statement for its 2023 Annual Stockholders' Meeting scheduled on May 17, 2023 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 with its combined channels, including GTV and its other digital channels, reaching over 78 million Filipinos across the country with 59.5 percent people audience share in Total Philippines for the year 2022\*.

With 95 TV stations and 21 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 2022 data from Nielsen TV Audience Measurement*

## **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, 2022:

<b>COMPANY</b>	<b>OWNERSHIP</b>	<b>PRINCIPAL ACTIVITIES</b>
<b>Subsidiaries</b>		
GMA New Media, Inc. (NMI) (registered with the SEC on July 5, 2000)	100%	GMA Network's innovation center and future-proofing agent in charge of digital media, technology convergence, R&D, software design and development, and systems integration.
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
GMA 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
<b>Joint Ventures</b>		
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
<b>Affiliates</b>		
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**

GMA continued to invest heavily in ensuring that its broadcast reach—both via analog and digital terrestrial television (DTT)—remains unparalleled. It recognizes the importance of illuminating the vast majority of the archipelago as it endeavors to reach as many Filipino homes as it can. In 2022, it commissioned 4 new digital terrestrial TV stations and upgraded 1 GTV station.

The year 2022 also marked the synergy of GMA News Manila, GMA Regional TV, and GMA News Online – now known as GMA Integrated News. As the multimedia news leader in the country, GMA Integrated News connects the entire Philippine archipelago and transcends platforms to serve Filipinos wherever they may be.

Through GMA Ventures, Inc. (GVI), the Network pursued business opportunities in new markets. In 2022, in addition to startups in the food and healthcare industries, GVI invested in a leading California-based venture capital firm to not only benefit from the sector's growth in the US market but to also identify opportunities for the Philippine market. It also invested in Singapore-based venture capital firm that focuses on the Southeast Asian region.

Its talent management arm also rebranded as Sparkle GMA Artist Center, which is now the primary source of on-camera talent and vehicle for developing our future stars.

GMA also launched several well-loved Kapuso shows Lolong, Abot Kamay na Pangarap, and Running Man PH. Further attracting online traffic is the high-rating and talked-about series Maria Clara at Ibarra.

In time for the Christmas Season, digital powerhouse GMA Public Affairs inked a partnership with YouTube for an original series entitled 'Pinoy Christmas In Our Hearts.' Exclusively available on YouTube, the four-part series brings together award-winning broadcast journalist and mainstream creators and celebrities together as they treat Overseas Filipino Workers (OFWs) to a heart-warming holiday celebration.

GMA also introduced Kapuso Stream which allows viewers to watch some of the official, full episodes of GMA programs via live streaming on YouTube.

This year, the Network's Eleksyon 2022 digital campaign Dapat Totoo won "Best in Audience Engagement" at the World Association of News Publishers, Digital Media Awards Worldwide 2022. It likewise took home the "Best in Audience Engagement" honor at the Digital Media Asia Awards 2022. GMA is the first-ever Philippine TV network that won in the events and in both categories.

The Network's Eleksyon coverage likewise made GMA Integrated News and GMA Public Affairs the top news outlets in the Philippines, clinching fifth and ninth spots, respectively in Tubular Labs' global



leaderboard for Overall Creators in the News and Politics content genre. It bested international outlets such as ABC News (No. 23), Fox News (No. 27), Reuters (No. 31), and Al Jazeera (No. 33).

GMA's Digital Video Lab has won the latest round of the Google News Initiative (GNI) Asia Pacific Innovation Challenge for a comprehensive new project called "InoculatED," that aims to combat online misinformation.

## 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		January-December 2022 Ratings & Audience Share		
			TOTAL DAY (6AM-12MN)		
			Mega Manila	Urban Luzon	Urban National
GMA		Household Ratings (%)	10.7	10.6	10.2
		Audience Share (%)	47.0	46.7	44.4
GTV	<p>GTV is GMA Network's sister channel. It is programmed by GMA.</p> <p>GTV is the rebranded channel 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]</p> <p>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</p>	Household Ratings (%)	2.9	2.9	2.7
		Audience Share (%)	12.6	12.9	11.8

	expiration of GMA's block time agreement with Zoe Broadcasting Network which owns Channel 11.				
<b>HEART OF ASIA</b>	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 (%)	1.0	0.9	0.7
		Audience Share (%)	4.3	4.0	3.2
<b>I HEART MOVIES</b>	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 (%)	1.2	1.2	0.9
		Audience Share (%)	5.4	5.1	4.1
<b>HALLYPOP</b>	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	0.1
<b>TV5</b>	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 Inc., the broadcasting firm's major block airtimer.  On March 8, 2021, through an expanded partnership between TV5/Signal 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.	Household Ratings (%)	1.6	1.6	2.3
		Audience Share (%)	7.1	7.1	10.0

<b>A2Z</b>	<p>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.</p>	Household Ratings (%)	2.2	1.9	1.5
	<p>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] In January 2022, A2Z expanded its digital coverage to parts of Rizal, Iloilo, Guimaras, and Negros Occidental. [9] It further expanded its digital coverage to Cagayan De Oro City and parts of Misamis Oriental in Feb 2022 [10] and to Cebu and Davao in Mar 2022 [11].</p>	Audience Share (%)	9.7	8.2	6.5
<b>CNN PHILIPPINES</b>	<p>CNN Philippines is owned and operated by Nine Media Corporation. It airs news-and-current affairs programs that are mostly in</p>	Household Ratings (%)	0.1	0.1	0.1

	English.  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. [12]	Audience Share (%)	0.3	0.3	0.2
<b>PTV</b>	Official government TV, formerly called Maharlika Broadcasting System, Inc. and later the People's Television Network, Inc. (PTV).	Household Ratings (%)	0.1	0.1	0.2
		Audience Share (%)	0.5	0.5	0.7
<b>IBC</b>	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. [13]	Household Ratings (%)	0.0	0.0	0.0
		Audience Share (%)	0.0	0.0	0.1
<b>ETC / SOLARFLIX</b>	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. [14]  Starting July 11, 2022, ETC became SOLARFLIX, a Tagalog movie channel that showcases all-time favorite classic Filipino films, handpicked Indie movies, shorts and documentaries	Household Ratings (%)	0.1	0.1	0.1
		Audience Share (%)	0.4	0.4	0.3

	from local movie festivals. [15]				
<b>RJ DIGI TV</b>	RJTV is now known on-air as RJ DigiTV after fully transitioning to digital broadcast.	Household Ratings (%)	0.0	0.0	0.0
	RJTV is a 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 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
<b>ALLTV*</b>	ALLTV launched on Sep 13, 2022. It airs on Channel 2 on free TV and Planet Cable; Channel 35 on Signal TV and Sky Cable, Channel 32 on GSAT, Channel 23 on Cablelink and Channel 2 on other cable TV providers.[16]	Household Ratings (%)	0.0	0.0	0.0
		Audience Share (%)	0.1	0.2	0.1
<b>KAPAMILYA CHANNEL</b>	Kapamilya Channel is a cable/satellite channel programmed by ABS-CBN launched on June 13, 2020. [17] 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	Household Ratings (%)	0.2	0.3	0.5
		Audience Share (%)	0.8	1.3	2.2

	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). [18]				
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**NOTE:** Ratings data are based on Nielsen Television Audience Measurement (TAM).\* Ratings and Audience Shares shown for ALLTV covers Sep 13-Dec 31, 2022 only.

**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://www.facebook.com/OfficialA2ZPH/posts/428411869024440?paipv=0&eav=AFYvHIAc6erF7flgRlMLYGXUu3Uf2WCZu2tF4BjU9oKRqewSZRYb8JtwrX\\_eZyYA4ps&\\_rdr](https://www.facebook.com/OfficialA2ZPH/posts/428411869024440?paipv=0&eav=AFYvHIAc6erF7flgRlMLYGXUu3Uf2WCZu2tF4BjU9oKRqewSZRYb8JtwrX_eZyYA4ps&_rdr)
- [10] <https://www.facebook.com/OfficialA2ZPH/posts/446745293857764>
- [11] <https://www.facebook.com/OfficialA2ZPH/posts/477997917399168>
- [12] <https://philippines.mom-rsf.org/en/media/detail/outlet/cnn-philippines/>
- [13] <https://philippines.mom-rsf.org/en/media/detail/outlet/ibc-13/>
- [14] <https://philippines.mom-rsf.org/en/media/detail/outlet/etc/>
- [15] <https://www.mysky.com.ph/cebu/updates/1581/2022/06/28/etc-rebrands-to-solarflix>
- [16] <https://www.philstar.com/headlines/2022/09/13/2209260/ambs-launches-alltv>
- [17] <https://ent.abs-cbn.com/articles-news/how-loyal-viewers-love-and-support-fuel-abs-cbns-commitment-to-serve-via-kapamilya-channel-15054>
- [18] <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 – and A2Z.

TV5 which was formerly known as ABC 5 landed on third place (behind GTV at second) in 2022 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. In 2022, A2Z expanded its digital coverage to parts of Rizal, Iloilo, Guimaras, and Negros Occidental in January 2022; to Cagayan De Oro City and parts of Misamis Oriental in February; and to Cebu and Davao in March. 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**

### **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.

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## **GMA NEW MEDIA, INC.**

GMA New Media, Inc. is GMA Network's digital media and technology arm in charge of R&D and customized software solutions, web and mobile 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.

Since its inception in July 2000, it has launched category-breaking projects in web, mobile, digital television, and other new and emerging platforms through its proficiency in technology convergence.

### **WEB DEVELOPMENT**

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 widgetization of sites, and server migration to the cloud with Amazon Web Services.

### **VIDEO-ON-DEMAND**

NMI's video play began with strategic partnerships with the likes of Hooq, iFlix, and Daily Motion, which put GMA in the digital content game. The partnership 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 revenue grow exponentially year-on-year through Programmatic Advertising, which brings brands to the right audiences with data-driven display, mobile, and video traffic platforms. GMA currently has the following YouTube Creator Awards:

- Diamond – GMA News YT Channel
- Diamond – GMA Network YT Channel
- Diamond – GMA Public Affairs YT Channel
- Gold – YouLOL YT Channel
- Gold – GMA Playground YT Channel

- Silver – Family Feud 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.

### BEYOND GMA

NMI also set its sights on emerging technologies through wholly-owned subsidiary Digify. In 2011, which focused on advertising digital solutions. 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.

Digify Inc. transitioned to NMI Solutions in 2021 and retained many of the clients that we collaborated with, including SM Supermalls and SM Cares, Meken, Ayala, and Ortigas. The business shifted from advertising-centric executions to a more holistic approach to digital solutions. In addition to customized platforms, NMI Solutions partnered with suppliers and solutions providers (such as Sophos, Microsoft, and Adobe to name a few) to offer clients a one-stop shop for their digital transformation needs – hardware and software solutions (through reselling) as well as systems, digital infrastructure, and customized platforms (in-house).

### 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.

In 2023, GMA Pictures is targeting to release at least four movies.

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## **MUSIC AND VIDEO RECORDING**

GMA 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.

In January 2019, GMA Records changed its brand name to GMA Music to make it more up-to-date, given the transformation of the music business from physical to digital downloading and streaming.

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, a collecting society for sound recording and artists.

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## **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 departments.

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## **ALTA PRODUCTIONS, INC.**

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 are 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 a 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.

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## **NO DEPENDENCE UPON ONE OR LIMITED NUMBER OF SUPPLIERS**

In 2022, the majority of our budget (67%) was spent on local suppliers. Purchases from our local suppliers are mostly for production tapings, supplies requirements, repairs and maintenance, asset upgrade, professional services, turnkey projects, and construction projects for digital terrestrial TV (DTT).

Foreign purchases (33% of budget), driven primarily by GMA Network's transition to digital terrestrial TV (DTT) broadcasting and Full Height Anamorphic (FHA), 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.

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## **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.

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## **TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES**

Kindly refer to **Item 12** of the report (page 109).

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## **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.

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## **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.

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## **AMOUNT SPENT ON DEVELOPMENT ACTIVITIES**

### ***In 2022***

- Approved Project "Rehabilitation of German Moreno Studio and Equipment Upgrade" for production taping of Entertainment Group programs - completed in June 2022 with the budget amount of PhP44.43M
- Build-up of the 4th Outside Broadcast Van Facility with an approved budget of PhP40M on August 08, 2022 - On-going project with pending items for delivery.
- Approved Project "News Automation System (NAS) and Media Asset Management System (MAMS) Database Upgrade" intended to update the Database Software to the latest applicable version due to End Of Life/Service/Support (EOL/S/S) – Completed on August 13 and November 8, respectively with a budgeted amount of PhP667K.
- Approved Project "Payout Server Input/Output (I/O) Mediaports Replacement/Upgrade" to replace EOL/S/S I/O hardware used by the Quick Turn-Around Server for content repurposing of international channels and by the On-air Payout – completed on August 28 with a budgeted amount of PhP9.82M
- Approved Project "MAMS Virtualized Hardware Node replacement" to replace EOL/S/S Virtualized hardware Nodes – completed on November 2 with a budgeted amount of PhP3.3M
- Approved Project "MAMS Low-Res Storage Expansion" to store MAMS Programs new Low-Res video contents for search/browsing and preview – completed on December 10 with a budgeted amount of PhP4.79M
- Approved Project "MAMS Viz One upgrade and Cloud Archive" to enable archive and back-up of on-air content in the cloud – completed on December 5 with a budgeted amount of P11.82M.
- Approved Project "Portable back-up On-Air External Payout" to enable the on-air payout of commercial contents in the event of a system-crippling disaster (prompting the disaster recovery protocol) – completed December 27 with a budgeted amount of PhP492K.

- Approved Project “Hard Disk File-based On-air external playout” to enable the use of external Hard Drive for on-air external playout operations during crucial situations – completed on December 27 with a budgeted amount of PhP3.84M.
- Completed the upgrade of Iloilo GTV station:

<b>GTV Analog TV Station Upgrade</b>	<b>Completed Date</b>	<b>Approved CapEx</b>
TV-28 Iloilo	05/1/2022	PhP116,709,143.95

- Commissioned the following DTT Stations:

<b>New DTT Stations</b>	<b>Completed Date</b>	<b>Approved CapEx</b>
TV-15 PBCOM, Makati (Part of Mega Manila SFN)	01/21/2022	PhP38,125,991.31
TV-15 Mt. Kanlandog	06/25/2022	PhP49,522,576.35
TV-41 Legaspi	09/28/2022	PhP26,101,747.68
TV-41 Zamboanga	10/12/2022	PhP24,299,931.54

#### ***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:



<b>GTV Station Upgrade</b>		
<b>Station</b>	<b>Completed Date</b>	<b>Actual Cost</b>
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:

<b>DTT</b>	<b>Completed Date</b>	
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);

## **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 April 27, 2022 and received dated September 02, 2022 and costs around P 30,640.00 and is valid for five (5) years or until September 02, 2027. 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 2023 budget for the emission tests cost P 119,000.00 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 2023 budget for the

disposal of hazardous waste is P 108,000.00. 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 November 23, 2021 GMA Network reconnected with the sewer line of the Manila Water Company. The permit is set for revalidation in July 19, 2023 to August 16, 2023 and the processing fee of P 5,000.00 will be paid to the LLDA. Laboratory testing of wastewater was also performed as a requirement for Self-Monitoring Report (SMR) and Compliance Monitoring Report (CMR) submission. The 2023 budget for the siphoning of sludge of the STP is P 395,000.00.

4. R.A. 9003 - The Company has an existing Environmental Permit to Operate (Environmental Clearance) from the Quezon City Environmental Protection and Waste Management Department pursuant to City Ordinance No. 1729 Series of 2006. The permit is valid until April 6, 2023 and the processing of renewal is on-going. The budget for the environmental inspection clearance fee for 2023 is P 600.00.

In addition, the Company incurred approximately P 883,391.00 in costs for other permits and licenses required by government regulations such as, but not limited to, special land use permits, DENR-EMB permits, QC Department of Building Official inspection fees, billboard permits etc.

## EMPLOYEES

As of December 31, 2022, the Company has 2,862 regular and probationary employees. The Company also engaged 1041 talents (on-cam and off-cam) in 2022. 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, 2022	**2023 ESTIMATED ADDITIONAL	TOTAL
Rank & File *	1,232	11	1,243

<b>Non-Rank and File &amp; Managers</b>	1,549	155	1,704
<b>Officers</b>	81	0	81
<b>Total</b>	<b>2,862</b>	166	3,028
<b>* Covered by Collective Bargaining Agreement (CBA)</b>			
<b>** Based on approved MRF and hired EEs as of January 31, 2023.</b>			

## LABOR DISPUTES

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

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## 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:

- Evolving and intensifying industry competition, amplified by globalization and rapid technological advancements
- Changing consumer habits driven primarily by innovations in content distribution platforms
- Failure to sustain lead in audience and market shares
- Failure to sustain lead in reach and technological superiority
- Unfavorable and volatile political and economic conditions in the Philippines and in territories where the Company and its subsidiaries operate
- Decline in advertising revenues and loss of significant advertisers
- Impact of the new normal on the media and entertainment industry
- 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

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.

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## **Item 2. Properties**

As of December 31, 2022, the Company's total property and equipment and real property amounted to P9,981.04 million. The property and equipment had a book value of P3,361.15 million, while its real property had a fair market value of P6,619.90 million. While the fair value of all the land was not determined as at December 31, 2022, the Company's management obtained an appraisal to their land

situated in Brgy. South Triangle, Quezon City which covers the majority of the carrying values that needs to be revalued to reflect their current fair values.

The Company also has leases for its land, building and studio/office space throughout 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 P30.61 million for the year ended December 31, 2022.

The following are the principal properties of the Company:

- The GMA Network's corporate headquarters located in Barangay South Triangle, Diliman, Quezon City with a lot area of 17,981 square meters. This compound contains offices and several buildings, including the GMA Network Center and GMA Network Studios;
- 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 Regional TV and Radio 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 and 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
- A 1036 square meter lot located at Brgy. San Francisco, San Pablo City, Laguna for our TV Relay facility.
- A 622square meter lot in Barrio Doqui, Virac, Catanduanez for our TV Relay Facility.

**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 AM transmitter facility 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 2,112 square meters property in Bo. Matina Hills, Davao City where Regional TV and Radio M 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.



- A 2,198 square meter lot in Brgy. Rosario Heights 5, Cotabato City for our upcoming transmitter.

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**

<b>NO.</b>	<b>STATION</b>	<b>ADDRESS</b>	<b>CONTACT NUMBER</b>
<b>LUZON</b>			
1	TV-7 Metro Manila (GMA)	Brgy. Culiat, Tandang Sora, Quezon City	(02) 8 931-9183/(02) 8 924-2497
	TV-27 Metro Manila (GTV)	Brgy. Culiat, Tandang Sora, Quezon City	(02) 8 931-9183/(02) 8 924-2497
	DTT- Ch.15 Metro Manila	Brgy. Culiat, Tandang Sora, Quezon City	(02) 8 931-9183/(02) 8 924-2497
	TV-15 PBCOM (DTT-SFN)	PBCOM Tower, 6795 Ayala Avenue corner V.A Rufino Street, Makati City 1226	0956-9187599/ 0917-6235191

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 Basco, 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 San Jose, Occidental Mindoro (GMA)	Bonifacio St., San Jose, Occidental Mindoro	0915-6127199
	TV-26 San Jose, 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 Tablas, Romblon (GMA)	Triple Peak, Sta. Maria, Tablas, Romblon	0915-6127225
17	TV-12 Legazpi, Albay (GMA)	Mt. Bariw, Estanza, Legazpi City	0915-8632867
	TV-27 Legazpi, Albay (GTV)	Mt. Bariw, Estanza, Legazpi City	0915-8632867
	TV-41 Legazpi, Albay (DTT)	Mt. Bariw, Estanza, Legazpi City	0915-8632867
18	TV-8 Daet (GMA)	Purok 2, Brgy. Mancruz, Daet, Camarines Norte	0915-2700056
19	TV-7 Naga, Camarines Sur (GMA)	Brgy. Concepcion Pequeña, Naga City	0915-4417071

	TV-28 Naga, Camarines Sur (GTV)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
	TV-38 Naga, Camarines Sur (DTT)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
20	TV-13 Virac, 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
	TV-38 Benguet (DTT)	Mt. Sto. Tomas, Tuba, Benguet	0915-4417080
25	TV-5 Mountain Province (GMA)	Mt Amuyao, Barlig, Mountain Province	0915-2700124
<b>VISAYAS</b>			

26	TV-2 Kalibo (GMA)	New Busuanga, Numancia, Aklan (GMA)	0915-6127216
27	TV-27 Kalibo (GTV)	New Busuanga, Numancia, Aklan (GTV)	0915-6127216
	TV-5 Roxas City, Capiz (GMA)	Mission Hills, Brgy. Milibili, Roxas City, Capiz	0915-6127217
	TV-27 Roxas City, Capiz (GTV)	Mission Hills, Brgy. Milibili, Roxas City, Capiz	0915-6127217
28	TV-6 Jordan, Guimaras (GMA)	Brgy. Tamborong, San Lorenzo, Guimaras	0915-4417084
	TV-29 Jordan, Guimaras (DTT)	Brgy. Tamborong, San Lorenzo, Guimaras	0915-4417084
	TV-28 Iloilo (GTV)	Phase 5, Alta Tierra Subdivision, Jaro, Iloilo	0915-4417084
29	TV-13 Bacolod (GMA)	Isecure Bldg., Rizal St. cor. Locsin St., Bacolod City	0915-8632864
	TV-44 Bacolod (DTT)	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

	TV-15 Murcia, Negros Occidental (DTT)	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 Tagbilaran, Bohol (GMA)	Banat-I Hills, Bool District, Tagbilaran City	0915-6127214
33	TV-7 Cebu (GMA)j	Bonbon, Cebu City	0915-4417075
	TV-27 Cebu (GTV)	Bonbon, Cebu City	0915-4417075
	TV-26 Cebu (DTT)	Bonbon, Cebu City	0915-4417075
34	TV-5 Dumaguete (GMA)	Barrio Looc, Sibulan, Negros Oriental	0915-6131185
	TV-28 Dumaguete (GTV)	Barrio Looc, Sibulan, Negros Oriental	0915-6131185
35	TV-8 Borongan (GMA)	Poblacion, Borongan City, Eastern Samar	0915-6127177
36	TV-12 Ormoc, Leyte (GMA)	Purok 1 Brgy. Alta Vista, Ormoc City	0915-6127213
37	TV-10 Tacloban (GMA)	Basper, Tigbao, Tacloban City	0915-6127208

	TV-26 Tacloban (GTV)	Basper, Tigbao, Tacloban City	0915-6127208
	TV-34 Tacloban (GTV)	Basper, Tigbao, Tacloban City	0915-6127208
38	TV-5 Calbayog (GMA)	Purok 2 San Mateo St. Brgy. Matobato, Calbayog City, Western Samar	0915-6127176
<b>MINDANAO</b>			
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
	TV-41 Zamboanga (DTT)	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
	TV-47 Cagayan De Oro (DTT)	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
	TV-37 Davao (DTT)	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
	TV-34 General Santos (DTT)	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	CONTACT NUMBER
<b>LUZON</b>						
METRO MANILA	594 kHz	DZBB	AM	50kW	GMA Network Center, EDSA cor. Timog Ave., Diliman, Quezon City	8982-77-77
	97.1 MHz	DWLS	FM	25kW		
BAGUIO	92.7 MHz	DWRA	FM	10kW	2/F Baguio Midland Courier Bldg.,Kisad Road, Baguio City  <i>FM Tx Site: Brgy. Lamut, Beckel, La Trinidad, Benguet</i>	0917-813- 2986/0998-845- 2446

DAGUPAN	1548 kHz	DZSD	AM	10kW	GMA TV 10 Compound, Claveria Road, Malued District, Dagupan City	0917-813- 3081/0998-845- 2447
	93.5 MHz	DWTL	FM	10kW		
LEGAZPI	96.3 MHz	DWCW	FM	10kW	3/L A. Bichara SILVERSCREEN Entertainment Center, Magallanes St., Legazpi City	0917-813- 3189/0998-845- 2448
LUCENA	91.1 MHz	DWQL	FM	10kW	3/F Ancon Bldg., Merchan St., Lucena City	0917-813- 3563/0998-845- 2449
NAGA	101.5 MHz	DWQW	FM	5kW	GMA Complex (Beside Mother Seton Hospital), Diversion Road (Roxas Ave.), Naga City	0917-813- 3414/0998-845- 2451
PALAWAN	909 kHz	DYSP	AM	5kW	Solid Road, San Manuel, Puerto Princesa City, Palawan	0917-802- 1683/0998-845- 2452
	97.5 MHz	DYHY	FM	5kW		
TUGUEGARAO	89.3 MHz	DWWQ	FM	10kW	4/F Villablanca Hotel, Pattai St. cor, Pallua Rd., Ugac Norte, Tuguegarao City, Cagayan	0917-813- 3720/0998-845- 2453
<b>VISAYAS</b>						
BACOLOD	1179 kHz	DYSB	AM	3kW	3/F Door # 10 Centroplex Mall Gonzaga-Locsin St. Brgy. 21 Bacolod City 6100	0917-813- 3483/0998-845- 2454
	107.1 MHz	DYEN	FM	10kW		

CEBU	999 kHz	DYSS	AM	10kW	GMA Skyview Complex, Nivel Hills, Lahug, Cebu City	AVAYA: 5106 CP #: 0917-813- 4507
	99.5 MHz	DYRT	FM	25kW		
ILOILO	1323 kHz	DYSI	AM	10kW	GMA Broadcast Complex Phase 5, Alta Tierra Village, Jaro, Iloilo City	0917-813- 3490/0998-845- 2455
	93.5 MHz	DYMK	FM	10kW		
KALIBO	92.9 MHz	DYRU	FM	5kW	Torres-Olivia Bldg., Roxas Ave. Extension, Kalibo, Aklan	0917-813- 3696/0998-845- 2456
<b>MINDANAO</b>						
CAGAYAN DE ORO	100.7 MHz	DXLX	FM	10kW	2/F Centro Mariano Bldg., Osmena St., Cagayan De Oro City	0917-813- 3729/0998-845- 2457
DAVAO	1125 kHz	DXGM	AM	10kW	GMA Network Complex, Shrine Hills, Matina, Davao City	0917-813- 3736/0998-845- 2458
	103.5 MHz	DXRV	FM	10kW		
GENERAL SANTOS	102.3 MHz	DXCJ	FM	10kW	3/F PBC Bldg., Cagampang St., General Santos City	0917-813- 3850/0998-845- 2450
	1107 kHz (leased)	DXBB	AM	5KW		
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, 2022.

In the case of Isabel Cojuangco Suntay vs. Emilio A.M. Suntay III and Nenita Suntay Tanedo, Civil Case No. R-QZN-15-06204, plaintiff Suntay seeks to nullify the affidavits of settlement of the estate of Frederico Suntay before the Regional Trial Court (RTC) of Quezon City. Thereafter, plaintiff Suntay caused the annotation of a notice of lis pendens upon the Tagaytay City property of Mont-Aire Realty and Development Corporation's and covered by TCT No. T- 29046. Mont-Aire Realty then filed a motion to cancel the notice of lis pendens upon its title. In an Order dated August 30, 2019, the trial court granted Mont- Aire Realty's motion to cancel the notice of lis pendens and ordered the Register of Deeds of Tagaytay City to cancel and delete such notice. Plaintiff Suntay filed a motion for reconsideration for which Mont-Aire Realty filed its comment thereto. In an Order dated February 12, 2021, plaintiff Suntay's motion for reconsideration of the said Order dated August 30, 2019 was denied for lack of merit. Plaintiff Suntay then filed a Petition for Certiorari with the Court of Appeals (CA) docketed as CA-G.R. SP No. 174602. Mont- Aire filed its Comment on the Petition on October 21, 2022. In a Decision dated February 16, 2023, the CA denied Suntay's Petition and affirmed the trial court's Orders dated Aug. 30, 2019 and Feb. 12, 2021 both in favor of Mont-Aire Realty.

### **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, Inc. ("GMA") 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. Complainants are relievers/pinch hitters whose services were no longer availed of by GMA. 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 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 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 then filed with the Labor Arbiter a motion for issuance of writ of execution. Eighteen (18) 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. Complainants are creative talents of GMA. The Labor Arbiter rendered a decision finding the complainants as regular employees of GMA and entitled to the benefits as such. GMA filed an appeal with 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. 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 filed a Notice of Appeal with Memorandum of Appeal and posted a bond. Subsequently, GMA 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 filed its comment thereto. 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 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 filed its comment and memorandum as well. The CA dismissed the Petition for Certiorari. Enoce filed a motion for reconsideration which was also denied by the CA. Enoce filed a Petition for Review with the SC which has yet to issue a resolution requiring GMA to file comment.

There is a case for illegal dismissal, underpayment of benefits, damages and attorney's fees filed against GMA 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, the NLRC rendered a Decision dated March 28, 2019 in favor of complainant. GMA filed a motion for reconsideration which was granted by the NLRC in a Resolution dated May 25, 2019. Pacleb filed a Petition for Certiorari with the CA for which GMA filed its Comment while Pacleb filed her Reply. The CA rendered a Decision dated December 3, 2020, granting Pacleb P30,000.00 nominal damages. GMA filed a motion for partial reconsideration. Pacleb also filed a motion for partial reconsideration to which we filed our Comment dated February 16, 2021. In a Resolution dated May 20, 2021, the CA denied 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. The SC denied the Petition in a Resolution dated April 6, 2022. However, Pacleb filed a motion for reconsideration which is still pending.

There is a case against GMA 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. Complainants then filed an appeal to the NLRC which was subsequently dismissed and their motion for reconsideration likewise denied. Complainants then filed a Petition for Certiorari with the CA to which GMA filed its comment. The Petition is now submitted for decision.

There is a case filed by Jose G. Nacionales et al. against GMA 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 received the Labor Arbiter's Decision declaring complainants its regular employees and granted monetary award in their favor. Upon appeal, the NLRC partially granted GMA's appeal by deleting the monetary award but affirming the decision insofar as it found that complainants are regular employees of GMA. GMA filed a motion for partial reconsideration whereas 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'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 filed a Petition for Certiorari with the CA. Thereafter, on June 13, 2019, GMA received complainants' Petition for Certiorari docketed as CA GR SP No. 12841 which was consolidated with GMA's Petition docketed as CA GR SP No. 12838. On July 27, 2022, the CA issued a Resolution dismissing GMA's Petition in CA GR SP No. 12838 and partly granted complainant's Petition in CA GR SP No. 12841. GMA filed a motion for reconsideration on November 3, 2022 and a Comment/Opposition to complainant's motion for partial reconsideration on December 12, 2022. The motions for reconsideration are still pending with the CA.

There is a case filed by Relly C. David et al. against GMA and RGMA for regularization with monetary claims before the NLRC Sub-regional Arbitration Branch VI in Iloilo City. On December 11, 2019, GMA received the Labor Arbiter's Decision dated October 8, 2019 declaring complainants as its regular employees, and directing both GMA and RGMA solidarily liable to pay complainants Php597,843.89, representing complainants' backwages, among others. On December 18, 2019, GMA filed its Memorandum of Appeal of the said decision with the NLRC. In a Decision dated December 29, 2021, the NLRC denied GMA's appeal. On August 30, 2022, GMA filed a Petition for Certiorari with the CA. In a Resolution dated October 7, 2022, the CA dismissed GMA's Petition. On December 12, 2022, GMA filed a motion for reconsideration which is still pending with the CA.

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. On May 31, 2019, complainants filed their



Memorandum of Appeal. On June 7 and June 10, 2019, GMA and RGMA filed their respective separate Memorandum of Appeal. On September 27, 2019, GMA received the NLRC Decision 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's Collective Bargaining Agreement (CBA). GMA and RGMA were solidarily ordered to pay complainants the total amount of Php3,664,650.00. GMA 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 received the NLRC Decision dated December 20, 2019 denying GMA's motion for reconsideration but granting complainants' motion for partial reconsideration. GMA 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-Cebu issued a Resolution dismissing the Petition. On December 3, 2020, GMA and RGMA filed a motion for reconsideration of said Resolution. On November 16, 2021, GMA received a Resolution dated September 27, 2021 granting the motion for reconsideration and reinstating GMA's Petition for Certiorari.

On November 22, 2021, GMA received complainants' Comment on the Petition for Certiorari dated November 9, 2021 to which GMA 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 and RGMA to be engaged in labor only contracting; and 2) ordering GMA to pay complainants the monetary benefits under its 2009-2014 and 2017- 2019 Collective Bargaining Agreements. GMA and RGMA filed their respective Memorandum of Appeal. On March 2, 2020, GMA received the NLRC Decision 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. 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, GMA filed its Comment. The Petition is pending resolution by the CA. Complainants and GMA filed their respective Memorandum and the petition is now submitted for decision.

There are cases filed by Rodvillo R. Villarin et al., and Virgilio G. Abud et al., for regularization against GMA and RGMA. On July 25, 2019, a Decision was promulgated declaring complainants as regular employees of GMA and entitled to the salaries and benefits as such. On September 9, 2019, GMA 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 filed with the CA a Petition for Certiorari. In a Resolution dated July 21, 2022, the CA dismissed GMA's Petition. On August 11, 2022, GMA filed motion for reconsideration which is still pending with the CA.

On October 14, 2022, GMA and complainants filed a Joint Motion to Approve Compromise Agreement.

There is a case filed by Vivian Aloj Tubice against GMA 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 a Decision dated July 27, 2021 by the NLRC. The complainant filed a motion for reconsideration to which respondents filed their comment on October 4, 2021. Complainant's 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 and some members of its Management were ordered to pay the administrative fine of Php890,000.00. GMA filed a Memorandum of Appeal with the Office of the Secretary of Labor and Employment on December 13, 2019 and which remains pending to date.

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 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 Labor Arbiter dismissed the complaint for illegal for lack of merit. However, GMA 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 filed its Answer Memorandum to which Dizon filed a Reply. In its Decision dated 26 March 2021, the NLRC granted Dizon's partial appeal and modified the arbiter's decision by declaring Dizon to have been illegally dismissed by GMA and ordering GMA to reinstate Dizon without backwages. GMA filed a motion for reconsideration which was denied by the NLRC Second Division in a Resolution dated 14 June 2021. GMA then 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 Labor Arbiter found for illegal dismissal and directed GMA to reinstate the complainant to her former position without loss of seniority and other privileges and ordered GMA to pay complainant the aggregate amount of P80,949,50. GMA filed a Notice of Appeal and Appeal-Memorandum on August 24, 2020.

In a Decision dated December 29, 2020, GMA's appeal was denied by the NLRC. GMA's motion for reconsideration was likewise denied in a Resolution dated 31 May 2021. GMA filed a Petition for Certiorari with the CA on 02 September 2021. On March 10, 2023, GMA filed a Manifestation and Motion to Set Case for Pre-Execution Conference.

There is a case filed by Jeoboy C. Enong et al., against GMA 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 Labor Arbiter dismissing the complaints for lack of merit. Without actually receiving complainants' Memorandum of Appeal, GMA received the Decision dated October 23, 2019 granting said appeal and setting aside the Decision dated March 20, 2019. GMA 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. In a Resolution dated March 30, 2022, the CA denied the petition of RGMA and, on October 12, 2022, GMA received the Entry of Judgement dated September 19, 2022.

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 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 and RGMA. Since GMA 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 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 as regular employees of GMA. On March 1, 2021, GMA and RGMA filed their respective separate Memorandum of Appeal. In a Decision dated December 29, 2021, the NLRC reversed and set aside the Decision dated January 29, 2021 by the Labor Arbiter and the complaint against GMA was dismissed. GMA filed Comment/Opposition to complainants' motion for reconsideration. On May 31, 2022, the NLRC denied complainants' motion for reconsideration.

On August 22, 2022, GMA received complainants' Petition for Certiorari with the CA. GMA then filed its Comment/Opposition dated October 11, 2022.

There is a complaint for regularization with money claims filed by Peter R. Cueno et al. against RGMA and GMA. In a Decision dated August 13, 2020, the Labor Arbiter dismissed the complaint. Complainants filed their Appeal Memorandum. GMA 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. GMA filed on December 6, 2021 a Petition for Certiorari with the CA. Subsequently, GMA filed a Manifestation with Motion to Consolidate GMA's Petitions for Certiorari dated December 1, 2021 in CA-G.R. SP No. 10674-MIN granting complainant's motion for reconsideration to include complainants Jumawan and Odong; and January 31, 2021 in CA-G.R. SP No. 10740-MIN denying GMA's motion for reconsideration reversing and setting aside the NLRC Decision dated May 21, 2021, affirming the Arbiter's decision and dismissing the Notice of Appeal with Appeal Memorandum of complainants-appellants. The said consolidation was granted in a Resolution dated July 11, 2022. On January 23, 2023, complainants filed a motion for execution with the NLRC and on February 15, 2023, GMA filed its Opposition to the Proposal for Settlement.

There is a complaint for regularization filed by Menandro A. Bantoto et al. for regularization with money claims against GMA and RGMA. On October 28, 2019, GMA 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 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 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 filed a motion for reconsideration. Thereafter, complainants filed a Motion to Clarify Decision to which GMA 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 granted complainants' Motion to Clarify Decision. On August 5, 2021, GMA filed with the CA a Petition for Certiorari. On August 30, 2022, GMA filed its Memorandum with the CA and the Petition is now deemed submitted for decision.

There was also a complaint for regularization filed against GMA and RGMA by Noel V. Gagate et al. The NLRC rendered a Decision dated June 28, 2019 granting complainants' motion for correction in the computation of wage increases, longevity pay, among others. GMA and RGMA filed their separate

motions for reconsideration which were both denied by the NLRC. On July 1, 2020, GMA 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 and RGMA. On October 16, 2019, the Labor Arbiter issued a Decision declaring complainants as regular employees of GMA and ordering the latter to pay complainants all salaries and benefits granted to regular employees. On December 5, 2019, GMA 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. On November 5, 2020, GMA filed a motion for reconsideration. In a Resolution dated April 29, 2021, the NLRC denied the motion for reconsideration. On July 25, 2021, GMA 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 and RGMA for regularization. In a Decision dated October 16, 2019, the Labor Arbiter declared complainants as regular employees of GMA and ordered the latter to pay complainants salaries and benefits granted to regular employees. GMA filed its Memorandum of Appeal on December 5, 2019. RGMA filed also its Memorandum of Appeal. On August 26, 2020, the NLRC issued a Decision denying GMA's appeal and affirming the Decision dated October 16, 2019. On November 5, 2020, GMA filed a motion for reconsideration which was denied in a Resolution dated April 29, 2021 by the NLRC. On July 25, 2021, GMA filed with the CA a Petition for Certiorari which is now pending resolution. On December 5, 2022, GMA filed its Memorandum with the CA.

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 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. Complainant Manipon filed a Petition for Certiorari with the CA. The CA reversed the decision of NLRC and ruled that petitioner was illegally suspended and ordered that the case be remanded to the Labor Arbiter for determination of the exact amount of backwages owing to petitioner and any other lost benefits during the period of his unjustified suspension. GMA filed a motion for reconsideration, which the CA denied in its Resolution dated September 19, 2022. On November 14, 2022, GMA filed with the SC its Petition for Review on Certiorari.

### **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 for copyright 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. 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 which was denied by the trial court. We then filed a Petition for Certiorari with the Court of Appeals (CA), at the same time requesting the Office of the Solicitor General (OSG), through the Prosecutor General of the Department of Justice (DOJ), to endorse the Petition and/or signify its conformity thereto as counsel for the People of the Philippines. In a Manifestation and Motion dated January 4, 2022 filed with the CA, the OSG expressed its conformity to the said Petition initiated by private complainants.

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 Court of Appeals via a petition for certiorari docketed as CA-G.R. SP No. 115751. On November 9, 2010, the Court of Appeals 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. However, ABS-CBN filed a Petition for Review with the Supreme Court which ruled in its Decision dated March 11, 2015 partially granting the Petition by 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 and Rosario Unite with the Intellectual Property Office 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 Garry 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. The Supreme Court denied the Petition in a Resolution dated April 27, 2022. Plaintiff filed a motion for reconsideration which is still pending with the Supreme Court.

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 Arangkadaon 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. On May 31, 2022, we filed our Appellant's Brief. Appellee filed its brief on August 4, 2022. On September 19, 2022, we filed our reply brief and the appeal is now considered submitted for decision.

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

There were no matters submitted to a vote of security holders, through solicitation of proxies or otherwise.

## **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 (in PhP)*

Period in 2023	Highest Closing	Lowest Closing
1Q	13.16	11.18

Period in 2022	Highest Closing	Lowest Closing
1Q	15.90	13.66
2Q	16.08	9.76
3Q	11.24	10.04
4Q	11.22	10.16

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

*Stock Prices GMAP (in PhP)*

Period in 2023	Highest Closing	Lowest Closing
1Q	12.70	11.00

Period in 2022	Highest Closing	Lowest Closing
1Q	15.00	13.10
2Q	15.00	10.04
3Q	11.36	10.04
4Q	11.06	9.90

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

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 14, 2023 are PhP12.04 for the Company's GMA7 common shares and PhP11.78 for GHI GMAP (PDRs).

### Holders

There are 1,644 holders of common equity and 37 holders of preferred equity as of March 30, 2023.

The following are the top 20 holders of the common equity of the Company as of March 30, 2023 based on the records of the Company's stock transfer agent, Stock Transfer Services, Inc. and/or corporate records:

Name of Shareholders	No. of Common Shares	Percentage of Ownership of Total Common Shares
FLG Management & Development Corporation	844,434,742	25.09%
Group Management Development Inc.	789,821,734	23.47%
PCD Nominee Corp. (for the benefit of several qualified Philippine national stockholders holding the scripless shares of the Company )	468,417,344	13.92%
M.A. Jimenez Enterprises, Inc.	453,882,095	13.49%
GMA Holdings, Inc.	399,750,859	11.88%
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%
Luisito Calimlim Cirineo	1,720,500	00.05%
Felipe S. Yalong	1,663,002	00.04%
Vitezon, Inc.	942,725	0.03%
Judith Duavit Vazquez	588,158	00.02%
Jose P. Marcelo	501,498	00.01%
Nita Laurel Yupangco	346,127	00.01%
Susana Laurel-Delgado	346,127	00.01%

The following are the top 20 holders of the Company's preferred shares as of March 30, 2023:

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%
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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 31, 2022, the Company's Board of Directors declared cash dividends amounting to PhP1.10 on all common and preferred shares issued and outstanding of stockholders of record as of April 21, 2023.

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*

<u>Year</u>	<u>Amount</u>	<u>Date Declared</u>	<u>Type of Dividend</u>
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
2023	P5,351,161,200	March 31, 2023	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, 2023.

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, 2022 and 2021**

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, 2022**

GMA Network and Subsidiaries (GMA/the Company) sealed the year with consolidated revenues reaching ₱21,564 million, once again breaching the ₱20.0-billion mark – a back-to-back feat from 2021. However, compared to a year ago, a decline of 4% was recorded in the top line following the slowdown in recurring sales during the second half of 2022.

<b>Income Data</b>	<b>2022</b> <i>(in millions PhP)</i>	2021 <i>(in millions PhP)</i>	Inc/(Dec) <i>(in millions PhP)</i>	%
Revenues				
Advertising revenue	<b>20,230.37</b>	21,015.17	(784.80)	-4%
Consumer sales				
Sale of services	<b>992.77</b>	907.13	85.63	9%
Sale of goods	<b>340.87</b>	528.02	(187.15)	-35%
	<b>21,564.01</b>	22,450.32	(886.31)	-4%
Total operating expenses	<b>14,425.40</b>	12,555.62	1,869.78	15%
EBITDA	<b>8,950.84</b>	11,644.48	(2,693.64)	-23%
Net income	<b>5,456.51</b>	7,569.15	(2,112.64)	-28%
<i>Attributable to Equity Holders of Parent Co.</i>	<b>5,442.34</b>	7,530.11	(2,087.77)	-28%
<i>Noncontrolling Interest</i>	<b>14.17</b>	39.03	(24.86)	-64%

While the nation and the rest of the world have been slowly recovering and adapting to the new normal alongside the lingering presence of the Coronavirus disease, the year 2022 was beset with new challenges as Russia, one of the most powerful nations in the world, invaded Ukraine towards the end of February – the repercussions of which were felt across the globe. This conflict caused ripple effects particularly in disrupting the global supply chain and aggravating the rise in cost of commodities. Fuel prices saw unprecedented increases, with the prices of gasoline and diesel skyrocketing to ₱80.0+ per liter during the year. Rising inflation was yet another issue that confronted the economic landscape alongside the devaluation of the Philippine peso against the US dollar with the exchange rate nearly hitting the Ph₱60 to USD1 conversion in September. Towards the end of the year, some tapering in fuel prices and forex were manifested, but still at relatively higher levels than before.

The confluence of these took a toll on various industries and heavily impacted the advertising spending of the Company's major clients resulting in considerable cutbacks in their budgets. The effect was not as heavily felt in the Company's total top line due to the presence of political advocacies and advertisements aligned with this year's national and local elections which generated a windfall of about ₱3 billion revenues.

For this year, GMA remained resolute in maintaining its supremacy in the broadcast industry and in expanding its revenue sources. As the rest of the world witnessed Philippine history unfolding, GMA's *Eleksyon 2022*: The GMA News and Public Affairs Coverage was the primary source of news and information from Filipinos here and abroad. Ratings-wise, GMA's election-day coverage ranked first, with sister channel GTV's own feature of the event grabbing second place (based on Nielsen Philippines overnight data). During the same year, the 11<sup>th</sup> regional station was likewise launched in the 1st quarter via GMA Batangas which also carried *Balitang Southern Tagalog*, the 7<sup>th</sup> flagship newscast in the regions. The opening of GMA Batangas complemented GMA's news coverage and operations in the Philippines with a dedicated team assigned in the Southern Tagalog Mainland (Quezon, Rizal, Cavite, Laguna, Batangas). During the last quarter of the year, the biggest, the best, and the most trusted news organization in the Philippines just got stronger than ever with the synergy of GMA News Manila, GMA Regional TV, and GMA News Online into what is now known as GMA Integrated News. Moreover, as restrictions on physical distancing have eased, GMA has once again embarked on staging live productions and concerts here and abroad, led by the sold-out two-night anniversary concert *Together*



Again: A GMA Pinoy TV at 17, held last September in the US. This was followed by another concert (this time locally) via *JulieVerse*, just before the year ended. Finally, it was also this year when a landmark deal between erstwhile broadcast industry rivals GMA Network and ABS-CBN was forged, with the latter's Star Cinema movies being shown on GMA's various channels, thus signaling that greater possibilities are about to happen.

Consolidated advertising revenues (airtime, online, and international) continued to grab the lion's share at 94% of the Company's total revenue pie, which was similar to last year's percentage share. Wrapping up with total revenues of ₱20,230 million, advertising sales posted a shortfall of ₱785 million or 4% versus a year ago. While political advocacies and advertisements generated by these platforms amounted to a considerable amount, it was not enough to mitigate the reduction in recurring sales which ended 15% lower in between periods. Meanwhile, sale of services, which included subscriptions revenues, subsidiaries' operations and others, closed the year settling at ₱993 million, 9% or ₱86 million ahead versus a year ago. Finally, Sale of goods – mainly of GMA Affordabox – concluded the year with a reduction amounting to ₱187 million, from ₱528 million in 2021 to ₱341 million by the end of 2022.

The Company's total consolidated cost and operating expenses (OPEX) have already returned to pre-pandemic levels, cumulating to ₱14,425 million by the close the year. Both Production and other direct costs, as well as general and administrative expenses, recorded increases versus same period in 2021. These were partially offset by the reduction in the cost of goods sold during this period, aligned with the decline in units sold of the set-top box.

Consolidated Earnings before interest, taxes, depreciation, and amortization (EBITDA) after twelve months this year settled at ₱8,951 million, behind by 23% compared to year ago's ₱11,644 million. The slight reduction in the top line aggravated by rising costs were the main drivers for the said decline. In the same manner, consolidated Net Income After Tax (NIAT) by the close of the year 2022 wrapped up at ₱ 5,457 million, 28% less versus 2021's ₱7,569 million, which was the highest bottom line generated by the Company by far.

## Revenues

Amidst the challenges in the economic landscape, the presence of political advocacies and advertisements played a crucial role in sustaining the Company's top line for the year 2022. Advertising revenues remained the lifeblood of the Company. On a per platform basis, mixed results were seen among the different revenue generating units.

<b>Revenues</b>	<b>2022</b> <i>(in millions PhP)</i>	2021 <i>(in millions PhP)</i>	Inc/(Dec) <i>(in millions PhP)</i>	%
Advertising revenues	<b>20,230.37</b>	21,015.17	(784.80)	-4%
Consumer sales				
Sale of services	<b>992.77</b>	907.13	85.63	9%
Sale of goods	<b>340.87</b>	528.02	(187.15)	-35%
	<b>21,564.01</b>	22,450.32	(886.31)	-4%

On a per platform basis, core channel GMA 7 remained the biggest revenue provider for the Company, albeit ending short by 7% versus full year of 2021. The channel remained the most widely viewed free-to-air broadcast station with the most extensive reach nationwide. True to its commitment to the Filipino

people, GMA Network delivered the biggest, most comprehensive, and most trusted election coverage via “*Eleksyon 2022: The GMA News and Public Affairs Coverage*”. Based on Nielsen Urban TV Audience Measurement data for May 9 to 10, GMA-7’s *Eleksyon 2022* special and election-related shows/newscasts posted 45.7% people net reach and a people rating of 6.0%, lording it over all other Networks. For the full year of 2022, GMA continued to reign supreme with a 43.8% people audience share and a people rating of 5.7% in Total Philippines. TV series *Lolong*, which debuted in July was the most watched TV show in the Philippines with an estimated 13 million viewers glued to their screen every night. The show also enjoyed double-digit ratings each episode. Moreover, in the last quarter of the year, the primetime masterpiece *Maria Clara at Ibarra* made headlines posting a combined average people rating of 15.1% on GMA and GTV for its launch week last October 3 to 7 (based on Nielsen Philippines TAM ratings) and 14.8 % on its second week, way ahead of competition in other channels. The phenomenon brought about by the historical portal fantasy series was also manifested through its consistent inclusion in Twitter’s list of top trending topics. Up until the close of the year, *Maria Clara at Ibarra* remained the number one program in the country (based on Nielsen NUTAM People Survey).

Meanwhile, sister channel Good TV or GTV registered remarkable advancements both in terms of revenues and ratings. GTV garnered 20.8% people net reach in the aforesaid *Eleksyon 2022* special and election-related shows/newscasts. This brought GMA and GTV’s combined net reach up to 50.8% which is substantially higher compared to the net reach of TV5 with 19.6%, A2Z & Kapamilya Channel combined with 14.3%, and CNN Philippines with only 2% for the said election -related shows/newscasts. In the 4<sup>th</sup> quarter of 2022, GTV held on as the second most-watched TV channel nationwide with a 10.3% people audience share and a people rating of 1.3%. Revenue-wise, GTV also displayed a strong showing this year following ratings improvement, particularly in its primetime movie offerings. This year, the rebranded channel recorded a milestone by grabbing second spot in terms of airtime contribution for the whole Network. GTV packed sales higher by a whopping 83% compared to full year of 2021. More than the incremental sales from this year’s elections, it was recurring placements which propelled the growth in the channel’s top line, hiking by 86%.

Staying strong in third place was Regional TV (RTV). Amidst cutback in regular sales, RTV was able to post a net increase of 8% in its top line from combined national and local sales. On a per regional station basis, Cebu, Davao and CDO took the top three spots. RTV Batangas which was launched in Q1 of 2022 also provided fresh source of revenues.

For the Company’s Radio operations, the past twelve months this 2022 resulted in sales 10% lower than a year ago. Political advocacies and advertisements buoyed the platform’s top line during the first half, but the slowdown in regular advertisers’ placements took its toll and wiped out the revenue build up during 1H. *Barangay LS FM 97.1* managed to record a 3% climb in sales during the year but was not enough to compensate for the revenue drop in AM station *Super Radyo DZBB* as well as Cebu and provincial stations. Nonetheless, the *Kapuso* Network’s flagship AM and FM radio stations remained unrivaled in Mega Manila for 2022. Data from Nielsen’s Radio Audience Measurement showed that from January to December 2022, *Super Radyo DZBB* recorded an audience share of 37.4%, beating its closest competitor *DZRH*’s 31.2%. *DZBB* likewise posted a total reach of 1.4 million listeners—way ahead of *DZRH*’s 755,840. Meanwhile, its FM counterpart, *Barangay LS 97.1*, tallied a 38.5% total audience share for 2022, which was more than double the 14.8% of its nearest competitor, *DZMB*. It also recorded a total reach of 6.6 million listeners, ahead of *DZMB*’s 4 million listeners.

The Company's Digital Terrestrial TV (DTT) channels was not as affected by the shutdown on recurring sales, posting a combined top-line growth of 51% in between years. Taking the top spot in this category was Heart of Asia which settled with sales higher by 11% than a year ago while Hallypop edged 2021 revenues by 2%. Meanwhile, I Heart Movies was the main source of the top-line improvement for the DTT channels coming from a 2<sup>nd</sup> quarter launch in 2021. On the other hand, the partnership with the Department of Education for the free use of GMA's digital channel to strengthen television-based instruction (TVBI) as an aid to distance learning concluded in July 2022.

Moving to the online arena, GMA Network continued to solidify its presence across various digital platforms, growing online followers, with more than 28 million subscribers on YouTube. Revenue inflows from online sources has become vital to the Company's consolidated top line. Advertising revenues from this platform sealed twelve months' sales results this 2022 at par with last year despite stiff competition in this segment.

In other revenue sources, Sale of services – comprised mainly of subscription revenues from GMA's international channels GMA Pinoy TV, Life TV, etc. as well as revenues from Subsidiaries' operations, netted an increase of 9% compared to same period last year. Subscription revenues stood flat in between years with the attrition in subscriber count being mitigated by the average increase in forex by 10% due to the depreciation of the PhP against the USD by PhP5.10 to USD1. Separately, revenues from production and others (ticket sales and on-ground sponsorships) provided incremental revenues this year. The highly successful *"Together Again: A GMA Pinoy TV@17 Concert"* was held in September in California, USA and was a two-day sold-out hit. There were also contributions from other subsidiaries particularly Script2010 and Alta Productions for their post-production services.

In terms of broadening its business horizon, GMA Ventures, Inc. (GVI), the wholly-owned diversification arm of the Network, signed a Simple Agreement for Future Equity (SAFE) Note with CloudEats, a cloud kitchen and restaurant business that utilizes a house of brands model. The SAFE Note worth USD250 thousand (or about ₱13 million) was finalized with CloudEats in October 2021. GVI has also so far invested a total of USD2M (or ₱107 million) in PX Ventures (ORA), a regional direct-to-patient telehealth startup that provides affordable access to quality healthcare for men and women. In March 2022, GVI committed to invest a total of USD1M in Wavemaker Three-Sixty Health II A, L.P., a leading California-based, seed and early-stage venture capital firm focused on the US healthcare industry. As of date, GVI has invested USD255 thousand (or about ₱14 million) out of the total commitment in the Wavemaker Fund.

Finally, Sale of merchandise which generated annual sales of ₱341 million this 2022 finished lower than last year's ₱528 million. This was due to fewer number of units sold this year for GMA Affordabox (set-top box) and GMA Now (dongle). As at end-December 2022, total quantity sold for GMA Affordabox since launch in mid-2020 already exceeded two million units.

## **Expenses**

Meanwhile, the Company's total consolidated costs and operating expenses (OPEX) for the past twelve months reached ₱14,425 million, up by 15% or ₱1,870 million. Both Production cost and General and administrative expenses posted increases versus last year. These were partially offset by the reduction in cost of goods sold this period, aligned with the decline in quantity sold of the set-top box and dongle.

<b>Operating Expenses</b>	<b>2022</b> <i>(in millions PhP)</i>	2021 <i>(in millions PhP)</i>	Inc/(Dec) <i>(in millions PhP)</i>	%
Production costs	<b>7,482.90</b>	5,992.65	1,490.25	25%
Cost of sales	<b>302.14</b>	418.14	(116.00)	-28%
Total Direct Costs	<b>7,785.04</b>	6,410.79	1,374.25	21%
General and administrative expenses	<b>6,640.37</b>	6,144.83	495.54	8%
	<b>14,425.40</b>	12,555.62	1,869.78	15%

Consolidated Production costs composed of cash and non-cash direct costs measured at ₱7,483 million for the year 2022, higher by 25% from ₱5,993 million during the same period in 2021. Cash production costs rose by 33% or ₱1,514 million from ₱4,609 million to ₱6,123 million owing to 2021 which aired several replays particularly in the afternoon prime block. This was in contrast to 2022 line-up which were generally fresh episodes and with some offerings incurring higher costs to mount, particularly in the *Telebabad* block (e.g. *Start Up PH*, *Lolong*, *My First Lady*). Furthermore, this year's weekend offering also showcased programs with bigger budget/costs such as the Philippine adaptation of the hit Korean variety show *Running Man PH*. For GTV, there was likewise a climb in production cost mainly from the presence of two seasons of *NCAA (Seasons 97 and 98)* in contrast to only *Season 96* last 2021. Lastly, this year also included production cost to stage the two-day concert in the US, *Together Again* as well as the non-recurring *Eleksyon 2022*-related expenses. Meanwhile, non-cash direct costs finished at about the same level as last year at ₱1,361 million compared to ₱1,384 million in 2021. This was due to the rise in Depreciation and amortization by ₱116 million or 31%, attuned to the Company's aggressive capital investment and expansion, particularly of its digital terrestrial TV (DTT) facilities and infrastructure nationwide, as well as additional broadcast equipment for the recent elections. This was counterbalanced by the decline in Amortization of Program Rights by ₱139 million or 14%, owing to the lower average cost per title featured this period, coupled with a reduction in the number of titles shown.

<b>Production Costs</b>	<b>2022</b> <i>(in millions PhP)</i>	2021 <i>(in millions PhP)</i>	Inc/(Dec) <i>(in millions PhP)</i>	%
Talent fees and production personnel costs	<b>3,921.19</b>	3,253.11	668.08	21%
Rentals and outside services	<b>523.82</b>	344.89	178.93	52%
Other program expenses	<b>1,676.41</b>	1,010.43	665.98	66%
<b>Sub-total - Cash Production Costs</b>	<b>6,121.42</b>	4,608.43	1,512.99	33%
Program and other rights amortization	<b>868.74</b>	1,007.35	(138.61)	-14%
Depreciation and amortization	<b>492.74</b>	376.87	115.87	31%
<b>Sub-total - Non-cash Production Costs</b>	<b>1,361.48</b>	1,384.22	(22.73)	-2%
<b>Total production costs</b>	<b>7,482.90</b>	5,992.65	1,490.25	25%

The Company's consolidated general and administrative expenses (GAEX) tipped at ₱6,640 million, outpacing last year's ₱6,145 million by 8% or ₱496 million. Personnel cost, which comprised the biggest chunk of this category, grew by 4% or ₱153 million. The increase was aligned with the annual adjustments provided in the Collective Bargaining Agreement (CBA) for rank and file employees as well as merit increase for confidential employees. Additionally, this year also included the signing bonus in relation to the recently concluded Y2022-Y2024 CBA. Another source of the escalation this year came from Facilities cost, ending higher by ₱112 million or 23%, mainly from electricity caused by the spike in generation charges coupled with additional billings for fuel cost recovery as an adverse effect of the on-going fuel supply crisis. Taxes and Licenses for the entire year surpassed last year's ₱236 million by ₱

160 million or 68% to ₱395 million. The substantial increase primarily resulted from the payment this year to the Bureau of Internal Revenue (BIR) for the deficiency taxes covering Y2016 to Y2018 coupled with higher franchise taxes aligned with the growth in the revenue base used in 2022 versus 2021. Outside services also climbed by 10% or ₱46 million as Advertising and promotions grew by 45% versus a year ago with the presence of more promotions and on ground events during the year. There were several events held abroad such as the participation in GMA International's Stronger Together GPTV @ EXPO 2022 in Dubai, Asian Journal, Philippine Expo in Tokyo, Japan and Philippine Independence Day in New York and Canada Community events. The staging of RTV's Masterclass Series and heightened presence in the local scene across the country also influenced the growth in spending.

<b>General and Administrative Expenses</b>	<b>2022</b> <i>(in millions PhP)</i>	2021 <i>(in millions PhP)</i>	Inc/(Dec) <i>(in millions PhP)</i>	%
Personnel costs	<b>4,010.85</b>	3,856.41	154.45	4%
Outside services	<b>516.69</b>	470.47	46.21	10%
Facilities costs	<b>607.17</b>	495.12	112.05	23%
Taxes and licenses	<b>395.26</b>	235.51	159.75	68%
Others	<b>844.09</b>	663.79	180.31	27%
<b>Subtotal - Cash GAEX</b>	<b>6,374.06</b>	5,721.29	652.77	11%
Depreciation and amortization	<b>206.59</b>	231.26	(24.67)	-11%
Provision for doubtful accounts	<b>1.46</b>	142.58	(141.12)	-99%
Amortization of software costs	<b>58.26</b>	49.71	8.56	17%
<b>Subtotal - Non-cash GAEX</b>	<b>266.31</b>	423.54	(157.23)	-37%
<b>Total GAEX</b>	<b>6,640.37</b>	6,144.83	495.54	8%

## EBITDA

Consolidated Earnings before interest, taxes, depreciation and amortization (EBITDA) wrapped up at ₱ 8,951 million, a decline of ₱2,694 million or 23% versus a year ago. This resulted from the drop in consolidated revenues by ₱886 million, aggravated by the hike in cash operating expenses by ₱2,049 million.

## Net Income

Meanwhile, twelve months into the year and despite the windfall from election-related placements during the first half of this year, the Company's bottom line sealed at ₱5,457 million, ₱2,113 million or 28% less than the record-high bottom line of ₱7,569 million recorded a year ago.

## Balance Sheet Accounts

As at end-December 2022, the Company's total consolidated assets stood at ₱24,729 million, up 3% from December 31, 2021's ₱24,076 million.

Noncurrent assets finished higher at ₱11,189 million as at the close of 2022 from ₱7,738 million a year ago due to the subsequent hike in Land at revalued amount by ₱3,675 million. The increase in the account balance was due to the climb in land's market value based on the latest appraisal report. This was counterbalanced by the reduction in Cash and cash equivalents by 40% or ₱1,938 million from the 2021 balance of ₱4,794 million as a result of cash dividend payments during the first half of the year.

Additionally, Trade and other receivables settled 25% less, at ₱5,862 million versus end-2021's ₱7,785 million ensuing from the improved collections buoyed by the presence of pay-before-broadcast terms for election-related placements earlier during the year.

Meanwhile, total consolidated liabilities declined by 3% or ₱242 million as at end of 2022 to ₱9,263 million from ₱9,505 million as at end-December in 2021 as a result of the decline in short-term loans from ₱739 million in 2021 to only ₱27 million in 2022. Income tax payable dropped to ₱556 million vs. ₱1,076 million, parallel with the reduction in the Company's bottom-line. These were partly cushioned by the growth in Trade payables and other current liabilities due to normal trade transactions, as well as from the rise in Pension liability in between periods due to higher accruals.

Equity attributable to Parent Company stockholders of ₱15,389 million as at December 31, 2022 went up by 6% or ₱919 million from December 31, 2021, mainly due to already discussed increase in revaluation in land. This was offset by the decline in Retained earnings from ₱8,223 million in 2021 to ₱6,611 million as of end of reporting period due to lower net income after tax this year.

<b>Cash Flows</b>	<b>2022</b> <i>(in millions PhP)</i>	2021 <i>(in millions PhP)</i>
Net cash provided by operating activities	<b>7,061.58</b>	9,362.23
Net cash used in investing activities	<b>(1,185.72)</b>	(1,147.11)
Net cash used in financing activities	<b>(7,800.26)</b>	(6,678.61)
Effect of exchange rate changes on cash and cash equivalents	<b>(13.70)</b>	42.24
Net increase (decrease) in cash and cash equivalents	<b>(1,938.10)</b>	1,578.75
Cash and cash equivalents at beginning of year	<b>4,793.57</b>	3,214.82
Cash and cash equivalents at end of the period	<b>2,855.47</b>	4,793.57

### **Operating Activities**

Net cash provided by operating activities measured at ₱7,062 million in 2022. This stemmed from income before income tax of ₱7,320 million, adjusted mainly for Program rights usage of ₱869 million, Depreciation expense of ₱699 million, Pension expense of ₱661 million, Contribution to retirement plan assets of ₱261 million, Amortization of software costs of ₱58 million, Gain on sale of property and equipment of ₱32 million, Interest expense and financing charges equivalent to ₱25 million, and Interest income amounting to ₱21 million, apart from the changes in working capital. The primary component of the changes in working capital included the ₱1,948 million decrease in Trade and other receivables due to significant collections made during the covering period, coupled by the ₱321 million increase in Trade payables and other current liabilities.

### **Investing Activities**

Net cash used in investing activities amounted to ₱1,186 million, coming primarily from the ₱1,050 million additions to Property and equipment and ₱169 million increase in Financial assets at fair value through other comprehensive income. These were partly offset by the ₱38 million proceeds from property sales and ₱36 million decline in other noncurrent assets.

### **Financing Activities**

Net cash used in financing activities amounted to ₱7,800 million basically due to payment of dividends and loans amounting to ₱7,101 million and ₱1,686 million, respectively. These were partly offset by Company's availing of short-term loan amounting to ₱1,027 million during the reporting year.

### **For the Year Ended December 31, 2021**

13.

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*.

<b>Income Data</b>	<b>2021</b> <i>(in millions PhP)</i>	<b>2020</b> <i>(in millions PhP)</i>	<b>Inc/(Dec)</b> <i>(in millions PhP)</i>	<b>%</b>
Revenues				
Advertising revenue	<b>21,015.17</b>	17,727.49	3,287.67	19%
Consumer sales				
Sale of services	<b>907.13</b>	1,024.61	(117.47)	-11%
Sale of goods	<b>528.02</b>	583.79	(55.77)	-10%
	<b>22,450.32</b>	19,335.90	3,114.43	16%
Total operating expenses	<b>12,555.62</b>	10,779.37	1,776.25	16%
EBITDA	<b>11,644.48</b>	9,887.84	1,756.64	18%
Net income	<b>7,569.15</b>	6,007.33	1,561.81	26%
<i>Attributable to Equity Holders of Parent Co.</i>	<b>7,530.11</b>	5,984.58	1,545.53	26%
<i>Noncontrolling Interest</i>	<b>39.03</b>	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 32%. In the same manner, general and administrative expenses also climbed by 7% 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.

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

	2021 (in millions PhP)	2020 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
<b>Operating Expenses</b>				
Production costs	<b>5,992.65</b>	4,548.23	1,444.41	32%
Cost of sales	<b>418.14</b>	479.42	(61.28)	-13%
Total Direct Costs	<b>6,410.79</b>	5,027.65	1,383.14	28%
General and administrative expenses	<b>6,144.83</b>	5,751.75	393.08	7%
	<b>12,555.62</b>	10,779.40	1,776.22	16%

After twelve months in 2021, consolidated total operating expenses (OPEX) of the Company measured at ₱12,556 million, 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.

	2021 (in millions PhP)	2020 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
<b>Production Costs</b>				
Talent fees and production personnel costs	<b>3,253.11</b>	2,638.35	614.76	23%
Rentals and outside services	<b>344.89</b>	210.24	134.65	64%
Other program expenses	<b>1,010.43</b>	668.18	342.26	51%
<b>Sub-total - Cash Production Costs</b>	<b>4,608.43</b>	3,516.76	1,091.67	31%
Program and other rights amortization	<b>1,007.35</b>	703.42	303.93	43%
Depreciation and amortization	<b>376.87</b>	328.05	48.82	15%
<b>Sub-total - Non-cash Production Costs</b>	<b>1,384.22</b>	1,031.47	352.75	34%
<b>Total production costs</b>	<b>5,992.65</b>	4,548.23	1,444.41	32%

The increase in spending in consolidated production cost by 32% or ₱1,444 million was attributed 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 ₱5,993 million grew by over a billion by the end of 2021. Cash production cost climbed by ₱1,092 million or 31% mainly from higher program cost and talent fees while non-cash direct cost hiked by ₱353 million or 34% 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.

<b>General and Administrative Expenses</b>	<b>2021</b> <i>(in millions PhP)</i>	<b>2020</b> <i>(in millions PhP)</i>	<b>Inc/(Dec)</b> <i>(in millions PhP)</i>	<b>%</b>
Personnel costs	<b>3,856.76</b>	3,592.42	264.34	7%
Facilities costs	<b>495.12</b>	379.84	115.28	30%
Outside services	<b>470.47</b>	390.60	79.87	20%
Taxes and licenses	<b>235.51</b>	182.10	53.40	29%
Others	<b>581.46</b>	601.78	(20.32)	-3%
<b>Subtotal - Cash GAEX</b>	<b>5,639.32</b>	5,146.74	492.57	10%
Depreciation and amortization	<b>313.23</b>	217.52	95.71	44%
Provision for doubtful accounts	<b>142.58</b>	347.20	(204.62)	-59%
Amortization of software costs	<b>49.71</b>	40.26	9.44	23%
<b>Subtotal - Non-cash GAEX</b>	<b>505.52</b>	604.98	(99.47)	-16%
<b>Total GAEX</b>	<b>6,144.83</b>	5,751.73	393.11	7%

Meanwhile, consolidated general and administrative expenses (GAEX) accumulated to ₱6,115 million, ahead of last year by ₱393 million or up by 7%. Personnel cost propelled the rise in this category, edging last year by ₱264 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.

## **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.

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

### For the Year Ended December 31, 2020

The year 2020 was a year like no other. In the midst of the global crises brought about by the COVID-19 pandemic, which nearly crippled even the strongest of nations and economies, GMA Network, Inc. and Subsidiaries (GMA/the Company) broke all records in terms of financial performance for the 12-month period ended December 31, 2020. With a very strong second half showing this year, the Company sealed full year 2020 with consolidated revenues of ₱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.

<b>Income Data</b>	<b>2020</b> <i>(in millions PhP)</i>	<b>2019</b> <i>(in millions PhP)</i>	<b>Inc/(Dec)</b> <i>(in millions PhP)</i>	<b>%</b>
Revenues				
Advertising revenues	<b>17,727.49</b>	15,173.93	2,553.57	17%
Consumer sales				
Sale of services	<b>1,024.61</b>	1,319.53	(294.92)	-22%
Sale of goods	<b>583.79</b>	-	583.79	-
	<b>19,335.90</b>	16,493.45	2,842.44	17%
Total operating expenses	<b>10,779.37</b>	12,760.61	(1,981.24)	-16%
EBITDA	<b>9,887.84</b>	5,392.33	4,495.50	83%
Net income	<b>6,007.33</b>	2,639.28	3,368.06	128%
<i>Attributable to Equity Holders of Parent Co.</i>	<b>5,984.58</b>	2,618.46	3,366.12	129%
<i>Noncontrolling Interest</i>	<b>22.75</b>	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 13%. 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.

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

	<b>2020</b>	2019	Inc/(Dec)	%
<b>Operating Expenses</b>	<i>(in millions PhP)</i>	<i>(in millions PhP)</i>	<i>(in millions PhP)</i>	
Production costs	<b>4,548.23</b>	7,658.39	(3,110.16)	-41%
Cost of sales	<b>479.42</b>	-	479.42	-
Total Direct Costs	<b>5,027.65</b>	7,658.39	(2,630.74)	-34%
General and administrative expenses	<b>5,751.73</b>	5,102.22	649.50	13%
	<b>10,779.37</b>	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.

	<b>2020</b>	2019	Inc/(Dec)	%
<b>Production Costs</b>	<i>(in millions PhP)</i>	<i>(in millions PhP)</i>	<i>(in millions PhP)</i>	
Talent fees	<b>2,638.35</b>	3,989.47	(1,351.12)	-34%
Rentals and outside services	<b>210.24</b>	812.01	(601.77)	-74%
Other program expenses	<b>668.18</b>	1,518.28	(850.10)	-56%
<b>Sub-total - Cash Production Costs</b>	<b>3,516.76</b>	6,319.75	(2,802.99)	-44%
Program rights amortization	<b>703.42</b>	988.70	(285.29)	-29%
Depreciation and amortization	<b>328.05</b>	349.93	(21.88)	-6%
<b>Sub-total - Non-cash Production Costs</b>	<b>1,031.47</b>	1,338.63	(307.16)	-23%
<b>Total production costs</b>	<b>4,548.23</b>	7,658.39	(3,110.16)	-41%

Production costs which traditionally comprised half of the Company's consolidated OPEX took a back seat this year, finishing off at ₱4,548 million, considerably lower by 41% compared with prior year's ₱ 7,658 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 and production personnel costs declined by ₱1,351 million or 34%. 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.

<b>General and Administrative Expenses</b>	<b>2020</b> <i>(in millions PhP)</i>	2019 <i>(in millions PhP)</i>	Inc/(Dec) <i>(in millions PhP)</i>	%
Personnel costs	<b>3,592.42</b>	3,085.64	506.78	16%
Facilities costs	<b>379.84</b>	490.80	(110.96)	-23%
Outside services	<b>390.60</b>	459.93	(69.32)	-15%
Taxes and licenses	<b>182.10</b>	174.36	7.74	4%
Others	<b>601.78</b>	618.64	(16.86)	-3%
<b>Subtotal - Cash GAEX</b>	<b>5,146.74</b>	4,829.36	317.38	7%
Depreciation and amortization	<b>217.52</b>	227.78	(10.25)	-5%
Provision for doubtful accounts	<b>347.20</b>	18.30	328.90	1798%
Amortization of software costs	<b>40.26</b>	26.79	13.48	50%
<b>Subtotal - Non-cash GAEX</b>	<b>604.98</b>	272.86	332.12	122%
<b>Total GAEX</b>	<b>5,751.73</b>	5,102.22	649.50	13%

Meanwhile, consolidated general and administrative (GAEX) finished the year at ₱5,752 million, edging last year by ₱650 million or 13%. Personnel costs, which represents 62% of the total GAEX, climbed by ₱507 million or 16% from ₱3,086 million in 2019 to ₱3,525 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 2<sup>nd</sup> to 3<sup>rd</sup> 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.

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

## 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, 2022, 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, 2022, 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 2023, the parent company has allotted ₱1,779 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, 2022, 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  
Balance Sheet (December 31, 2022 vs. December 31, 2021)

- Cash and cash equivalents of ₱2,855 million dropped by ₱1,938 million or 40% from 2020 balance of ₱4,794 million. This primarily resulted from a combination of lower sales from previous months aggravated by higher cash dividends declaration in 2022.
- Trade and other receivables also declined to ₱5,862 million as collections for the year exceed the total sales generated.
- Inventories also grew in between periods from ₱1,137 million in 2021 to ₱1,469 million in 2022 as a result of higher purchases Merchandise inventory for the year 2022.
- Income tax payable decreased to ₱556 million attributable to lower taxable income for Y2022 due to lesser sales and higher operating expenses.

- 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**

<b>Key Performance Indicators</b>	<b>2022</b> <i>(in millions PhP)</i>	2021 <i>(in millions PhP)</i>	Inc/(Dec) <i>(in millions PhP)</i>	%
Revenues	<b>21,564.01</b>	22,450.32	(886.31)	-4%
Advertising revenues	<b>20,230.37</b>	21,015.17	(784.80)	-4%
Cash operating expenses	<b>12,797.61</b>	10,748.22	2,049.40	19%
EBITDA	<b>8,950.84</b>	11,644.48	(2,693.64)	-23%
Net income before tax	<b>7,319.92</b>	9,947.20	(2,627.28)	-26%
Net income after tax	<b>5,456.51</b>	7,569.15	(2,112.64)	-28%

<b>Key Performance Indicators</b>	<b>2022</b>	2021	Inc/(Dec)	%
Current ratio	<b>3.45</b>	3.42	0.03	1%
Asset-to-Equity ratio	<b>1.60</b>	1.65	(0.05)	-3%
Interest Coverage Ratio	<b>291.44</b>	204.95	86.49	42%
Gross Profit Margin	<b>64%</b>	71%	(0.08)	-11%
EBITDA Margin	<b>42%</b>	52%	(0.10)	-20%
Net Income Margin	<b>25%</b>	34%	(0.08)	-25%

### **Interim Periods**

The Company currently cannot make available the financial information for the first quarter of 2023. The Company however, undertakes to submit its SEC Form 17-Q on or before May 15, 2023 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 Marydith C. Miguel. Please **refer to attached copy of the Company's 2022 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 current members of the Audit and Risk Management Committee are as follows:

- Dr. Jaime C. Laya (Chairman)
- Chief Justice Artemio V. Panganiban
- Joel Marcelo G. Jimenez
- 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 P7 million in 2022 and P6.7 million in 2021 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 31, 2023, 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	83
Judith R. Duavit-Vazquez	Filipino	Director	2019 (1988-2015)	N/A	N/A	60
Gilberto R. Duavit, Jr.	Filipino	Director	1999	President/Chief Operating Officer	2010	59
Anna Teresa M. Gozon-Valdes	Filipino	Director/ Corporate Secretary	2000 (Director)/ 2021 (Corp. Sec.)	Senior Vice President, Programming, Talent Management, Worldwide, and Support Group	2022	51
Joel Marcelo G. Jimenez	Filipino	Director	2001	N/A	N/A	59
Laura J. Westfall	Filipino	Director	2002	N/A	N/A	55
Felipe S. Yalong	Filipino	Director/ Corporate Treasurer	2002	Executive Vice President/Chief Financial Officer	2011	66
Eduardo P. Santos	Filipino	N/A	2021	Internal Audit Head/ Data Protection Officer/Compliance Officer	2002 IA/2017 DPC/2021 CO	66
Ronaldo P. Mastrili	Filipino	N/A	N/A	Senior Vice President for Finance and ICT	2013	57
Lilybeth G. Rasonable	Filipino	N/A	N/A	Senior Vice President for Entertainment Group	2013	59

Artemio V. Panganiban	Filipino	Independent Director	2007	N/A	2007	86
Jaime C. Laya	Filipino	Independent Director	2008	N/A	2007	84
Elvis B. Ancheta	Filipino	N/A	N/A	Senior Vice President and Head, Engineering Group; Head, Transmission and Regional Engineering Department	2014	56
Lizelle G. Maralag	Filipino	N/A	N/A	Chief Marketing Officer	2016	57
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	47

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, 83 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., 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.

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**Gilberto R. Duavit, Jr.**, Filipino, 59 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., and Dual Management and Investments, Inc. Duavit is the Vice Chairman of GMA Ventures, Inc.

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

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**Joel Marcelo G. Jimenez**, Filipino, 59 years old, has been a Director of the Company since 2001. He is currently the Vice-Chairman of the Executive Committee and a Member of Audit & Risk Management 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.

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**Felipe S. Yalong**, Filipino, 66 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.

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**Anna Teresa M. Gozon-Valdes**, Filipino, 51 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 (on leave) 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 Senior Vice President and Head of GMA's Talent Management and Development Dept., Program Management Dept., Human Resources Dept., Legal Dept., and GMA Worldwide. She is also the President of GMA Network 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.

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**Judith R. Duavit-Vazquez**, Filipino, 60 years old, has been a Director of the Company since 1988. She is a Member of the Audit & Risk Committee of the Company. Moreover, she sits on the boards of the following GMA-7 subsidiaries: RGMA, Inc., GMA New Media, Inc., and GMA Worldwide, 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 recently invited to consider a 2023 board seat at the Asia-Pacific Internet Registry's APNIC Foundation. APNIC is composed of 56 economies with total population of 4.7 Billion people. It covers world's largest nations China and India, and smallest, Nauru.

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.

In 2022, Judith joined the prestigious circle of Forbes Business Council USA. And significantly in the same year was cited by the internationally recognized University of the Philippines School of Economics (UPSE) as a member of its 100 Outstanding Alumni, one of only twenty-two from Philippine Industry for her foundational contribution to our nation's Internet and continuing international work.

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 2002. She held the position of Senior Vice President of Corporate and Strategic Planning and Senior Vice President for Finance, and is currently a Member of the Audit & Risk Management Committee and the Compensation and Remuneration Committee. 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.

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**Chief Justice Artemio V. Panganiban**, Filipino, 86 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, Inc., 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 Metropolitan Cathedral-Basilica Foundation, Chairman Emeritus of Philippine Dispute Resolution Center, Inc., and Member, Advisory Group of the World Bank (Philippines) and of the Asian Institute of Management Corporate Governance Center. He was named a Member of the Permanent Court of Arbitration based in The Hague, The 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 all of 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.

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**Jaime C. Laya**, Filipino, 84 years old, has been an Independent Director of GMA Network, Inc. and GMA Holdings, Inc. since 2008. He is Vice 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 the Cultural Center of the Philippines; Chairman of Don Norberto Ty Foundation, Inc.; Director of BancNet, Inc.; Trustee of 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, 1965. He is a Certified Public Accountant.

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**Eduardo P. Santos**, Filipino, 66 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.

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**Ronaldo P. Mastrili**, Filipino, 57 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 Network Films, Inc., GMA Kapuso Foundation, and GMA Worldwide. He is also a Trustee of GMA Kapuso Foundation, Inc.

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**Lilybeth G. Rasonable**, Filipino, 59 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, Reasonable 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.

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**Elvis B. Ancheta**, Filipino, 56 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.

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**Lizelle G. Maralag**, Filipino, 57 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, 47 years old, is the President and Chief Operating Officer of GMA Ventures, Inc. and GMA's 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.

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.

Bautista also leads the diversification efforts of the GMA Group through GMA Ventures, Inc (GVI). Incorporated in July 2021 as a 100%-owned subsidiary of GMA Network, Inc, GVI invests primarily in companies and ventures that are not directly related to the core business of the Network, with focus

sustainable businesses that make lives easier from sunrise industries (e.g., digital/tech) with substantial growth horizons, and industries that continue to expand (e.g., manufacturing, agriculture, etc) based on geographical (local and foreign), population, and economic trends. GVI also engages in activities that may include mergers and acquisitions, partnerships, and investment in funds, within or outside the Philippines.

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 and Mergers & Acquisitions from London Business School.

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### 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 2022:

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 Company'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 Company'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 Company .
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.
14. 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  
 Gilberto R. Duavit, Jr.  
 Felipe S. Yalong

Lizelle G. Maralag  
 Anna Teresa M. Gozon-Valdes

Chairman and CEO  
 President and COO  
 Executive Vice President and Concurrent Group Head,  
 Corporate Services Group and Chief Financial Officer  
 Chief Marketing Officer, Sales and Marketing Group  
 Senior Vice President, Programming, Talent  
 Management, Worldwide, and Support Group and  
 President of GMA Network Films

	Year	Annual Salaries (in thousands)	13th Month and Bonuses (in thousands)	Total
CEO and Top 4 Highest Compensated Officers	2020	371,667.1	255,050.1	<b>626,717.2</b>
	2021	381,629.5	302,576.5	<b>684,205.9</b>
	2022	409,192.6	347,853.2	<b>757,045.8</b>
	2023 (estimate)	425,560.3	361,767.3	<b>787,327.6</b>
Aggregate compensation paid to all officers and directors as a group	2020	524,038.6	313,805.4	<b>837,844.0</b>
	2021	545,210.9	567,062.9	<b>1,112,273.8</b>
	2022	559,370.5	473,863.7	<b>1,033,234.2</b>
	2023 (estimate)	581,745.4	492,818.2	<b>1,074,563.6</b>
Aggregate compensation paid to all directors as a group	2020	-	183,608.9	<b>183,608.9</b>
	2021	-	252,377.7	<b>252,377.7</b>
	2022	-	180,334.5	<b>180,334.5</b>
	2023 (estimate)	-	187,547.8	<b>187,547.8</b>

**(b) 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, 2023 are as follows:

The security ownership of certain record and beneficial owners of more than 5% as of March 30, 2023 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	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	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	M.A. Jimenez Enterprises, Inc. 8 <sup>th</sup> Floor The Infinity Tower, 26 <sup>th</sup> St., Bonifacio Global City, Taguig – Stockholder	Filipino	Record: M. A. Jimenez Enterprises, 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, 5 <sup>th</sup> 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%	399,750,859	11.88%



Common	Television International Corporation 8 <sup>th</sup> Floor The Infinity Tower, 26 <sup>th</sup> 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 2,826,132,467 83.99%					
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	Filipino	Record: FLG Management & Development Corporation (“FLGMDC”)	2,181,898,644	29.09%

	Condo 1, HV Dela Costa St., Salcedo Village, Makati City – Stockholder		Felipe L. Gozon – relationship to record holder: Chairman (control and direction) over FLGMDC and voting rights over FLGMDC's shares in GMA		
Preferred	M.A. Jimenez Enterprises, Inc. 8 <sup>th</sup> Floor The Infinity Tower, 26 <sup>th</sup> St., Bonifacio Global City, Taguig – Stockholder	Filipino	Record: M. A. Jimenez Enterprises, 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	1,508,978,826	20.12%
Preferred	Television International Corporation 8 <sup>th</sup> Floor The Infinity Tower, 26 <sup>th</sup> 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	1,111,661,610	14.82%

			Menardo G. Jimenez, Jr.: relationship with record owner: 50% indirect equity ownership in Television International Corp. through equity ownership in related corporations		
Total Preferred Shares 7,428,364,416 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, 2023

	<b>Position</b>	<b>Citizenship</b>	<b>Record/Beneficial Owner<sup>2</sup> (Direct/Indirect)</b>	<b>No. of Common Shares Held</b>	<b>Percentage of Common Shares</b>	<b>No. of Preferred Shares Held</b>	<b>Percentage of Preferred Shares</b>
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 Management Investments, Inc.)	402,414,173	11.96%	1,337,585,008	17.83%
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	325,003	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,	169,039,018	5.02%	555,830,805	7.41%

<sup>2</sup> as defined under SEC MC No. 15 Series of 2019

			and voting rights over Television International Corp.'s shares in GMA)				
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	1,663,002	0.04%	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	831,801	0.02%	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%
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 and Concurrent Chief Risk Officer and Head, Program Support	Filipino	Direct	258,000	0.01%	0	0.0%
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As of March 30, 2023, the Company's directors and senior officers directly own an aggregate of 8,639,156 common shares of the Company based on the records of the Stock Transfer Service Inc. and/or the Corporate Secretary, equivalent to 0.26% of the Company's issued and outstanding common capital stock and 27,294 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 1,652,018,137 common shares of the Company, equivalent to 49.10% of the Company's issued and outstanding common capital stock and 4,829,831,164 preferred shares equivalent to 64.40% of the Company's issued and outstanding preferred capital stock.

(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, 2022 and 2021, Mont-Aire has had advances owing to the Company in the amount of P99.6 million and P99.5 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 May 30, 2022 (Annex "B").

## **PART V - EXHIBITS AND SCHEDULES**

### **Item 14. Exhibits and Reports**

#### ***(a) Reports attached as Annex to the Annual Report***

Annex "A": 2022 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://www.gmanetwork.com/corporate/cgr/annualreport/>



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/>

**(a) Exhibits incorporated by reference**

Exhibit 1 – Instruments defining the rights of Security Holders: The rights of the security holders are set forth under Article SEVENTH of the Company’s Amended Articles of Incorporation, among others, which may be viewed or downloaded from: [https://aphrodite.gmanetwork.com/corporate/misc/\\_1595900785.pdf](https://aphrodite.gmanetwork.com/corporate/misc/_1595900785.pdf) and discussed under page 56 of the Annual Report.

Exhibit 2 – Form 17-Q: The Company currently cannot make available the financial information for the first quarter of 2023. The Company however, undertakes to submit its SEC Form 17-Q on or before May 15, 2023 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/asm2023](http://www.gmanetwork.com/asm2023)

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].*

**(b) Reports on SEC Form 17-C**

The following current reports have been reported by GMA Network, Inc during the year 2022.

- Contribution to the Company’s Retirement Fund – January 3
- Notice of Annual Stockholders’ Meeting – January 27
- Results of Special Board Meeting – March 25
- Declaration of Cash Dividends – March 25
- Amendments to By-Laws – March 25
- Amendment – Notice of Annual Stockholders’ Meeting – April 11
- Results of Annual Stockholders’ Meeting – May 18

- Results of Organizational Meeting of the Board – May 18
- Retirement of Officer (Marissa L. Flores) – July 4
- Election of Senior Officer (Annette Gozon-Valdes) – August 19
- Amendment – Election of Senior Officer – August 22
- Press Release “GMA Network inks Collective Bargaining Agreement with the Employees’ Union – August 26
- Press Release “GMA Network thrives in the new era with stronger, wider coverage across PH” – September 5

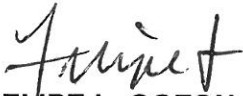
#### **Item 15. Sustainability Report**

Please see attached 2022 Sustainability Report of the Company (Annex “C”). The Sustainability Report may also be viewed at: <https://www.gmanetwork.com/corporate/disclosures/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 Makati on APR 17, 2023.

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 17 2023

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_ 2023 affiants exhibiting to me their Passport/Driver's License Numbers, 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. P5898410A	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	Passport No. P7535518B	September 6, 2021	DFA Manila

Doc. No. 502  
Page No. 102  
Book No. 466  
Series of 2023.

NOTARY PUBLIC

  
**ATTY. GEORGE DAVID D. SITON**  
NOTARY PUBLIC FOR MAKATI CITY  
APPT. NO. M-61 - UNTIL DEC. 31 2023  
ROLL NO. 68402 / MCLE COMPLIANCE NO. VII-CU10156/2-15-2022  
IDP O.R. No. CG2262-LIFETIME MEMBER MAY 9, 2017  
PUB. REG. NO. 055500-SAN GE, 004-0000011 CITY  
EXECUTIVE BLDG. CENTER MAKATI AVE., COR SUMNER ST., MAKATI CITY



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR  
CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2023

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, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, 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.

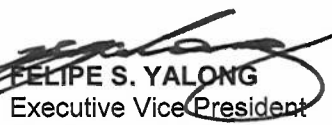
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

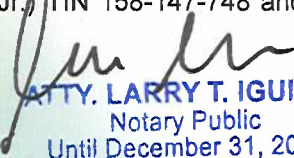
  
**GILBERTO R. DUAVIT, JR.**  
President  
Chief Operating Officer

  
**FELIPE S. YALONG**  
Executive Vice President  
Chief Financial Officer

**APR 13 2023**

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.

Doc. No. 169  
Page No. 33  
Book No. 18  
Series of 2023

  
**ATTY. LARRY T. IGUIDEZ**  
Notary Public  
Until December 31, 2023  
PTR No. 3985518/1-05-23-Q.C  
IBP No. 247745/09-14-22, Q.C  
Roll No. 20434

**GMA NETWORK, INC.**  
GMA Network Center, EDSA cor. Timog Ave., Diliman, Quezon City, 1103, Philippines  
Telephone No.: (632) 8982-7777

MCLE Compliance No. VI-0017289, 01-24-19  
Notarial Comm. Adm Matter  
NP 021 (2023-2024) RTC Q.C

# COVER SHEET

for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

						5	2	1	3
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**COMPANY NAME**

G	M	A		N	E	T	W	O	R	K	,		I	N	C	.		A	N	D		S	U	B	S	I	D	I	A			
R	I	E	S																													

**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

A	C	F	S
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Department requiring the report

CMD
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Secondary License Type, If Applicable

Not Applicable
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**COMPANY INFORMATION**

<p>Company's Email Address</p> <table border="1" style="border-collapse: collapse; text-align: center;"> <tr><td style="width: 100%;">Not applicable</td></tr> </table>	Not applicable	<p>Company's Telephone Number</p> <table border="1" style="border-collapse: collapse; text-align: center;"> <tr><td style="width: 100%;">8982-7777</td></tr> </table>	8982-7777	<p>Mobile Number</p> <table border="1" style="border-collapse: collapse; text-align: center;"> <tr><td style="width: 100%;">Not applicable</td></tr> </table>	Not applicable
Not applicable					
8982-7777					
Not applicable					
<p>No. of Stockholders</p> <table border="1" style="border-collapse: collapse; text-align: center;"> <tr><td style="width: 100%;">1,643</td></tr> </table>	1,643	<p>Annual Meeting (Month / Day)</p> <table border="1" style="border-collapse: collapse; text-align: center;"> <tr><td style="width: 100%;">5/17</td></tr> </table>	5/17	<p>Fiscal Year (Month / Day)</p> <table border="1" style="border-collapse: collapse; text-align: center;"> <tr><td style="width: 100%;">12/31</td></tr> </table>	12/31
1,643					
5/17					
12/31					

**gozoCONTACT PERSON INFORMATION**

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

<p>Name of Contact Person</p> <table border="1" style="border-collapse: collapse; text-align: center;"> <tr><td style="width: 100%;">Felipe S. Yalong</td></tr> </table>	Felipe S. Yalong	<p>Email Address</p> <table border="1" style="border-collapse: collapse; text-align: center;"> <tr><td style="width: 100%;">FSY@gmanetwork.com</td></tr> </table>	FSY@gmanetwork.com	<p>Telephone Number/s</p> <table border="1" style="border-collapse: collapse; text-align: center;"> <tr><td style="width: 100%;">8928-5133</td></tr> </table>	8928-5133	<p>Mobile Number</p> <table border="1" style="border-collapse: collapse; text-align: center;"> <tr><td style="width: 100%;">Not applicable</td></tr> </table>	Not applicable
Felipe S. Yalong							
FSY@gmanetwork.com							
8928-5133							
Not applicable							

**CONTACT PERSON's ADDRESS**

<p><b>GMA Network Center, Timog Avenue corner EDSA, Quezon City</b></p>
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**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.



## 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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 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.

### ***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, 2022. 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.

### ***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 as of December 31, 2022 amounted to ₱908.67 million. 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 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 allowance on a sample basis.

***Valuation of Land at Revalued Amounts at Fair Value***

The Group accounts for its land at revalued amounts using the fair value model. Land at revalued amounts represent 27% of the consolidated assets as at December 31, 2022. The determination of the fair values of these properties involves significant management judgment and estimations. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as asking price of the comparable land located within the vicinity and adjustments to asking price based on internal and external factors. Thus, we considered the valuation of land at revalued amounts as a key audit matter.

*Audit response*

In 2022, 80.36% of the total cost of the land at revalued amounts were appraised. We evaluated the competence, capabilities and qualifications of the external appraiser by considering their qualifications, experience and reporting responsibilities. We evaluated the methodology and assumptions used in the valuation of the land at revalued amounts. We assessed the methodology adopted by referencing common valuation models and inspected the relevant information supporting the sales and listings of comparable properties. We also inquired from the external appraiser the basis of adjustments made to the sales price.

For the land that were not appraised during the year, we referred the fair values to published comparable prices.

The disclosures relating to land at revalued amounts are included in Note 14 of the consolidated financial statements.



## **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, 2022 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, 2022 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 Marydith C. Miguel.

SYCIP GORRES VELAYO & CO.



Marydith C. Miguel

Partner

CPA Certificate No. 65556

Tax Identification No. 102-092-270

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 65556-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. 08-001998-055-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9564666, January 3, 2023, Makati City

March 31, 2023



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

	December 31	
	2022	2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 6, 31 and 32)	₱2,855,467,214	₱4,793,566,154
Trade and other receivables (Notes 7, 21, 31 and 32)	5,862,065,892	7,784,545,006
Program and other rights (Note 8)	1,246,572,181	764,595,163
Inventories (Note 9)	1,469,193,884	1,137,425,573
Prepaid expenses and other current assets (Note 10)	2,106,378,864	1,857,739,245
<b>Total Current Assets</b>	<b>13,539,678,035</b>	<b>16,337,871,141</b>
<b>Noncurrent Assets</b>		
Property and equipment:		
At cost (Note 13)	3,361,149,279	2,985,503,552
At revalued amounts (Notes 14 and 32)	6,619,895,148	2,945,297,014
Right-of-use assets (Note 28)	159,900,385	123,923,786
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 11, 31 and 32)	282,614,107	116,711,276
Investments and advances (Notes 12 and 21)	175,705,006	184,791,025
Program and other rights - net of current portion (Note 8)	232,446,242	240,982,378
Investment properties (Notes 15 and 32)	32,105,060	33,487,447
Deferred tax assets - net (Note 29)	128,356,573	843,583,375
Other noncurrent assets (Notes 16, 31 and 32)	197,278,059	263,574,079
<b>Total Noncurrent Assets</b>	<b>11,189,449,859</b>	<b>7,737,853,932</b>
<b>TOTAL ASSETS</b>	<b>₱24,729,127,894</b>	<b>₱24,075,725,073</b>

**LIABILITIES AND EQUITY**

<b>Current Liabilities</b>		
Trade payables and other current liabilities (Notes 17, 31 and 32)	₱3,084,848,543	₱2,697,163,970
Short-term loans (Notes 18, 31 and 32)	27,125,200	739,485,500
Income tax payable	556,448,496	1,075,750,592
Current portion of lease liabilities (Notes 28, 31 and 32)	21,155,761	17,475,682
Current portion of obligations for program and other rights (Notes 19, 31 and 32)	209,171,643	212,578,686
Dividends payable (Notes 20, 31 and 32)	30,526,306	39,589,204
<b>Total Current Liabilities</b>	<b>3,929,275,949</b>	<b>4,782,043,634</b>
<b>Noncurrent Liabilities</b>		
Pension liability (Note 27)	4,767,249,209	4,169,686,751
Other long-term employee benefits (Note 27)	371,615,932	393,749,230
Lease liabilities - net of current portion (Notes 28, 31 and 32)	145,955,243	101,910,220
Dismantling provision (Note 28)	49,009,014	46,097,449
Obligations for program and other rights - net of current portion (Notes 19, 31 and 32)	-	11,237,556
<b>Total Noncurrent Liabilities</b>	<b>5,333,829,398</b>	<b>4,722,681,206</b>
<b>Total Liabilities</b>	<b>9,263,105,347</b>	<b>9,504,724,840</b>

(Forward)



	December 31	
	2022	2021
<b>Equity</b>		
Capital stock (Note 20)	<b>₱4,864,692,000</b>	₱4,864,692,000
Additional paid-in capital	<b>1,686,556,623</b>	1,686,556,623
Revaluation increment on land - net of tax (Note 14)	<b>4,570,402,192</b>	1,832,684,129
Remeasurement loss on retirement plans - net of tax (Note 27)	<b>(2,223,725,260)</b>	(2,018,678,742)
Net unrealized loss on financial assets at FVOCI - net of tax (Note 11)	<b>(120,299,381)</b>	(117,945,532)
Retained earnings (Note 20)	<b>6,611,146,364</b>	8,222,610,450
Total equity attributable to equity holders of the Parent Company	<b>15,388,772,538</b>	14,469,918,928
Non-controlling interests (Note 2)	<b>77,250,009</b>	101,081,305
<b>Total Equity</b>	<b>15,466,022,547</b>	14,571,000,233
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱24,729,127,894</b>	₱24,075,725,073

*See accompanying Notes to Consolidated Financial Statements.*



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

	Years Ended December 31		
	2022	2021	2020
<b>REVENUES</b> (Note 22)	<b>₱21,564,011,070</b>	₱22,450,323,397	₱19,335,895,538
<b>PRODUCTION COSTS</b> (Note 23)	<b>7,482,897,793</b>	5,992,645,035	4,548,230,430
<b>COST OF SALES</b> (Note 9)	<b>302,137,704</b>	418,141,643	479,417,099
<b>GROSS PROFIT</b>	<b>13,778,975,573</b>	16,039,536,719	14,308,248,009
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b> (Note 24)	<b>(6,640,369,182)</b>	(6,144,833,670)	(5,751,725,940)
<b>OTHER INCOME (EXPENSE) - NET</b>			
Foreign currency exchange gain (loss) (Note 18)	<b>39,930,883</b>	(51,861,281)	(47,023,770)
Interest expense (Notes 18 and 28)	<b>(25,132,083)</b>	(48,692,493)	(20,545,123)
Interest income (Note 6)	<b>20,547,986</b>	16,235,317	13,715,413
Equity in net earnings (losses) of a joint venture (Note 12)	<b>(9,031,836)</b>	(1,045,954)	3,908,740
Others - net (Note 26)	<b>154,996,747</b>	137,857,160	85,174,767
	<b>181,311,697</b>	52,492,749	35,230,027
<b>INCOME BEFORE INCOME TAX</b>	<b>7,319,918,088</b>	9,947,195,798	8,591,752,096
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 29)			
Current	<b>1,989,254,621</b>	2,400,634,670	2,728,650,540
Deferred	<b>(125,844,848)</b>	(22,585,153)	(144,232,767)
	<b>1,863,409,773</b>	2,378,049,517	2,584,417,773
<b>NET INCOME</b>	<b>5,456,508,315</b>	7,569,146,281	6,007,334,323
<b>OTHER COMPREHENSIVE INCOME (LOSS) -</b> net of tax			
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Revaluation increment on land (Note 29)	<b>2,737,718,063</b>	122,178,941	-
Remeasurement gain (loss) on retirement plans (Note 27)	<b>(205,306,815)</b>	575,619,706	(1,261,623,143)
Net changes in the fair market value of financial assets at FVOCI (Note 11)	<b>(2,353,849)</b>	(70,236,040)	(45,464,038)
	<b>2,530,057,399</b>	627,562,607	(1,307,087,181)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱7,986,565,714</b>	₱8,196,708,888	₱4,700,247,142
<b>Net income attributable to:</b>			
Equity holders of the Parent Company	<b>₱5,442,339,314</b>	₱7,530,114,246	₱5,984,584,939
Non-controlling interests (Note 2)	<b>14,169,001</b>	39,032,035	22,749,384
	<b>₱5,456,508,315</b>	₱7,569,146,281	₱6,007,334,323
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Parent Company	<b>₱7,972,657,010</b>	₱8,160,335,453	₱4,680,682,825
Non-controlling interests (Note 2)	<b>13,908,704</b>	36,373,435	19,564,317
	<b>₱7,986,565,714</b>	₱8,196,708,888	₱4,700,247,142
<b>Basic / Diluted Earnings Per Share</b> (Note 30)	<b>₱1.119</b>	₱1.549	₱1.231

See accompanying Notes to Consolidated Financial Statements.



**GMA NETWORK, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**

**Equity Attributable to Equity Holders of the Parent Company**

	<b>Capital Stock</b> (Note 20)	<b>Additional Paid-in Capital</b>	<b>Revaluation Increment on Land - net of tax</b> (Note 29)	<b>Remeasurement Loss on Retirement Plans - net of tax</b> (Note 27)	<b>Net Unrealized Loss on Financial Assets at FVOCI - net of tax</b> (Note 11)	<b>Retained Earnings</b> (Note 20)	<b>Total</b>	<b>Non- controlling Interests</b> (Note 2)	<b>Total Equity</b>
Balances at January 1, 2022	<b>₱4,864,692,000</b>	<b>₱1,686,556,623</b>	<b>₱1,832,684,129</b>	<b>(₱2,018,678,742)</b>	<b>(₱117,945,532)</b>	<b>₱8,222,610,450</b>	<b>₱14,469,918,928</b>	<b>₱101,081,305</b>	<b>₱14,571,000,233</b>
Total comprehensive income:									
Net income	-	-	-	-	-	5,442,339,314	5,442,339,314	14,169,001	5,456,508,315
Other comprehensive income (loss)	-	-	2,737,718,063	(205,046,518)	(2,353,849)	-	2,530,317,696	(260,297)	2,530,057,399
Cash dividends - ₱1.45 a share (Note 20)	-	-	-	-	-	(7,053,803,400)	(7,053,803,400)	-	(7,053,803,400)
Cash dividends to non-controlling interests (Note 2)	-	-	-	-	-	-	-	(37,740,000)	(37,740,000)
Balances at December 31, 2022	<b>₱4,864,692,000</b>	<b>₱1,686,556,623</b>	<b>₱4,570,402,192</b>	<b>(₱2,223,725,260)</b>	<b>(₱120,299,381)</b>	<b>₱6,611,146,364</b>	<b>₱15,388,772,538</b>	<b>₱77,250,009</b>	<b>₱15,466,022,547</b>





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, 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)
<b>Balances at December 31, 2021</b>	<b>₱4,864,692,000</b>	<b>₱1,686,556,623</b>	<b>₱1,832,684,129</b>	<b>(₱2,018,678,742)</b>	<b>(₱117,945,532)</b>	<b>₱8,222,610,450</b>	<b>₱-</b>	<b>₱-</b>	<b>₱14,469,918,928</b>	<b>₱101,081,305</b>	<b>₱14,571,000,233</b>
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)
<b>Balances at December 31, 2020</b>	<b>₱4,864,692,000</b>	<b>₱1,659,035,196</b>	<b>₱1,710,505,188</b>	<b>(₱2,596,957,048)</b>	<b>(₱47,709,492)</b>	<b>₱7,253,764,093</b>	<b>(₱28,483,171)</b>	<b>(₱5,790,016)</b>	<b>₱12,809,056,750</b>	<b>₱72,357,870</b>	<b>₱12,881,414,620</b>

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2022	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	<b>₱7,319,918,088</b>	₱9,947,195,798	₱8,591,752,096
Adjustments to reconcile income before income tax to net cash flows:			
Program and other rights usage (Notes 8 and 23)	<b>868,739,716</b>	1,007,347,795	703,415,807
Depreciation (Notes 13, 15, 23, 24 and 28)	<b>699,331,970</b>	607,773,037	545,575,201
Pension expense (Note 27)	<b>661,084,461</b>	639,758,700	646,198,143
Contributions to retirement plan assets (Note 27)	<b>(261,319,043)</b>	(277,799,873)	(259,000,000)
Amortization of software costs (Notes 16 and 24)	<b>58,263,898</b>	49,706,646	40,264,073
Net unrealized foreign currency exchange loss (gain) - net	<b>(39,930,883)</b>	33,545,633	27,377,082
Net gain on sale of property and equipment (Notes 13 and 26)	<b>(31,756,356)</b>	(50,519,791)	(17,250,932)
Interest expense (Notes 18 and 28)	<b>25,132,083</b>	48,692,493	20,545,123
Interest income (Note 6)	<b>(20,547,986)</b>	(16,235,317)	(13,715,413)
Equity in net losses (earnings) of a joint venture (Note 12)	<b>9,031,836</b>	1,045,954	(3,908,740)
Provision for ECL (Notes 7 and 24)	<b>1,457,228</b>	142,577,080	347,195,883
Working capital changes:			
Decreases (increases) in:			
Trade and other receivables	<b>1,947,778,499</b>	2,563,963,601	(5,589,407,239)
Program and other rights	<b>(1,342,180,598)</b>	(1,069,959,331)	(607,591,883)
Inventories	<b>(331,768,311)</b>	(900,370,666)	(224,298,890)
Prepaid expenses and other current assets	<b>(248,639,619)</b>	(80,404,230)	(871,115,057)
Increases (decreases) in:			
Trade payables and other current liabilities	<b>321,002,342</b>	(252,572,724)	571,870,472
Obligations for program and other rights	<b>(14,644,599)</b>	47,539,541	45,573,277
Other long-term employee benefits	<b>(22,133,298)</b>	44,046,776	13,301,414
Benefits paid out of Group's own funds (Note 27)	<b>(46,856,585)</b>	(36,744,104)	(9,686,893)
Cash flows provided by operations	<b>9,551,962,843</b>	12,448,587,018	3,957,093,524
Income taxes paid	<b>(2,508,556,717)</b>	(3,101,774,811)	(1,464,143,968)
Interest received	<b>18,171,744</b>	15,421,941	13,808,751
Net cash flows from operating activities	<b>7,061,577,870</b>	9,362,234,148	2,506,758,307
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions of:			
Property and equipment (Note 13)	<b>(1,049,599,727)</b>	(999,316,838)	(421,235,387)
Financial assets at FVOCI (Note 11)	<b>(168,672,065)</b>	-	-
Land at revalued amount (Note 14)	<b>(24,307,384)</b>	(142,100,830)	-
Software costs (Note 16)	<b>(17,316,702)</b>	(51,190,237)	(10,616,139)
Proceeds from sale of property and equipment (Note 13)	<b>38,145,145</b>	58,438,591	22,797,518
Decreases (increases) in other noncurrent assets	<b>35,980,575</b>	(11,627,909)	55,903,451
Collection from an associate (Note 12)	<b>140,644</b>	497,048	-

(Forward)



	<b>Years Ended December 31</b>		
	<b>2022</b>	2021	2020
Advances to an associate and joint ventures (Notes 12 and 21)	<b>(₱86,481)</b>	(₱1,809,712)	(₱848,826)
Cash dividends received	-	-	381,500
Net cash flows used in investing activities	<b>(1,185,715,995)</b>	(1,147,109,887)	(353,617,883)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from availments of short-term loans (Notes 18 and 33)	<b>1,027,125,200</b>	4,479,150,000	984,340,000
Payments of:			
Cash dividends (Notes 2, 20 and 33)	<b>(7,100,606,298)</b>	(6,549,223,122)	(1,474,749,102)
Short-term loans (Notes 18 and 33)	<b>(1,685,850,000)</b>	(4,542,575,000)	(641,895,000)
Principal portion of lease liabilities (Notes 28 and 33)	<b>(28,506,823)</b>	(27,633,367)	(21,762,363)
Interest expense (Note 33)	<b>(12,418,277)</b>	(38,330,656)	(12,856,998)
Net cash flows used in financing activities	<b>(7,800,256,198)</b>	(6,678,612,145)	(1,166,923,463)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,924,394,323)</b>	1,536,512,116	986,216,961
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(13,704,617)</b>	42,236,774	(26,371,353)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>4,793,566,154</b>	3,214,817,264	2,254,971,656
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)</b>	<b>₱2,855,467,214</b>	₱4,793,566,154	₱3,214,817,264

*See accompanying Notes to Consolidated Financial Statements.*



# **GMA NETWORK, INC. AND SUBSIDIARIES**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **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 31, 2023.

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### **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, 2022 and 2021 and for each of the three years in the period ended December 31, 2022. 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:

	<b>2022</b>	2021
Proportion of equity interest held by NCI	<b>51%</b>	51%
Accumulated balances of material NCI	<b>₱77,510,306</b>	₱101,081,305
Net income allocated to material NCI	<b>14,169,001</b>	39,032,035



The summarized financial information of RGMA Network are provided below.

Summarized Statements of Comprehensive Income

	2022	2021	2020
Revenues	<b>₱249,729,986</b>	₱340,609,783	₱283,910,546
Expenses	<b>(207,229,922)</b>	(242,989,698)	(220,191,603)
Provision for income tax	<b>(14,717,710)</b>	(21,086,683)	(19,112,307)
Net income	<b>27,782,354</b>	76,533,402	44,606,636
Other comprehensive loss	<b>(510,386)</b>	(5,212,941)	(6,245,230)
<b>Total comprehensive income</b>	<b>₱27,522,058</b>	₱71,320,461	₱38,361,406
Net income attributable to:			
NCI	<b>₱14,169,001</b>	₱39,032,035	₱22,749,384
Parent Company	<b>13,613,353</b>	37,501,367	21,857,252
Total comprehensive income attributable to:			
NCI	<b>₱13,908,704</b>	₱36,373,435	₱19,564,317
Parent Company	<b>13,363,264</b>	34,947,026	18,797,089

Summarized Statements of Financial Position

	2022	2021
Total current assets	<b>₱175,458,504</b>	₱271,241,324
Total noncurrent assets	<b>32,024,165</b>	52,017,880
Total current liabilities	<b>37,895,070</b>	31,240,973
Total noncurrent liabilities	<b>30,548,223</b>	92,031,658
Total equity	<b>139,039,367</b>	199,986,573
Attributable to NCI	<b>₱70,910,077</b>	₱101,081,305
Attributable to equity holders of the Parent Company	<b>₱68,129,290</b>	₱98,905,268

Summarized Cash Flows Information

	2022	2021	2020
Operating	<b>₱9,972,362</b>	₱205,174,862	(₱7,293,612)
Investing	<b>(226,354)</b>	(7,575,777)	(4,846,596)
Financing	<b>(75,006,950)</b>	(15,000,000)	(35,000,000)
Net increase (decrease) in cash and cash equivalents	<b>(₱65,260,942)</b>	₱182,599,085	(₱47,140,208)

In 2022 and 2021, RGMA declared and paid dividends amounting to ₱37.74 million and ₱7.65 million, respectively, to NCI.



The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries as at December 31, 2022 and 2021:

	Principal Activities	Percentage of Ownership	
		Direct	Indirect
<b>Entertainment Business:</b>			
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
<b>Holding Company:</b>			
GMA Ventures, Inc. (GVI)	Identifying, investing in, and/or building strong and sustainable businesses	100	–
<b>Advertising Business:</b>			
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
<b>Others:</b>			
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

\*Under liquidation

\*\*Indirectly owned through Citynet

\*\*\*Indirectly owned through GNMI

\*\*\*\*Indirectly owned through GNMI; ceased commercial operations in 2020

\*\*\*\*\*Indirectly owned through Alta; ceased commercial operations in 2004

### Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

#### *Effective beginning on or after January 1, 2022*

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

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



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

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

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

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

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

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

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

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

- *Annual Improvements to PFRSs 2018-2020 Cycle*

- Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

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

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applied the amendment to financial liabilities that are modified or





exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

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

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

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

#### Standards Issued but not yet Effective

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

#### *Effective beginning on or after January 1, 2023*

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

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

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

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

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

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

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

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.



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

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

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

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

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

*Effective beginning on or after January 1, 2024*

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

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

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

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

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

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

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

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

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



*Effective beginning on or after January 1, 2025*

▪ PFRS 17, *Insurance Contracts*

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

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

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

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

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

*Deferred effectivity*

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

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

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

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



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### 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.

#### “Day 1” Difference

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



### Financial Instruments

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

### Financial Assets

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

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

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

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

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

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

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

The Group does not have debt instruments at FVOCI and financial assets at FVPL as at December 31, 2022 and 2021.

*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, 2022 and 2021 (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, 2022 and 2021 (see Notes 11 and 31).

#### Derecognition of Financial Assets

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

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

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

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



### Impairment of Financial Assets

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

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

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

For other financial assets such as due from related parties and 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, 2022 and 2021.

*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.

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, 2022 and 2021, 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, equipment under installation and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.



### Investment Properties

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

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

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

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

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

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

### Investment in Artworks

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

### Software Costs

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

### Impairment of Nonfinancial Assets

The carrying values of land at revalued amounts, 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, if any, 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, if any, is 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 25 years
Buildings, studio and office spaces	2 to 15 years

Right-of-use assets are subject to impairment.

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

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



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

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

#### Foreign Currency-denominated Transactions

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

#### Taxes

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

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

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

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

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



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

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

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



### Earnings Per Share (EPS)

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

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

### Segment Reporting

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

### Provisions

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

### Contingencies

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

### Events after Reporting Period

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

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

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



### Judgments

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

*Consolidation of Entities in which the Group holds less than Majority of Voting Rights.* The Group considers that it controls RGMA Network even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of RGMA Network with a 49% equity interest. The remaining 51% of the equity shares in RGMA Network are owned by several parties. Since September 27, 1995, which is the date of incorporation of RGMA Network, there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group. The carrying amount of NCI as at December 31, 2022 and 2021 are ₱77.51 million and ₱101.08 million, respectively.

*Assessment of Significant Influence over the Investee.* The Parent Company holds 25% ownership interest in Optima Digital, Inc. as at December 31, 2022 and 2021. Even with more than 20% voting rights, management assessed that the Parent Company does not have the power to participate in the policy-making processes, including decisions to affect its returns in the form of dividends. Further, the Parent Company does not have the ability to participate in the financial and operational policies decision-making of the investee to affect its relevant activities as the Group has only one (1) board seat out of the total five (5) board seats. The investment is presented as a financial asset at FVOCI amounting to ₱0.66 million and ₱4.81 million as at December 31, 2022 and 2021, respectively.

*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 ₱5.65 million, ₱6.19 million, and ₱6.89 million in 2022, 2021 and 2020, 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 ₱167.11 million and ₱119.39 million as at December 31, 2022 and 2021, 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 segmented 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 ₱1.46 million, ₱142.58 million and ₱347.20 million in 2022, 2021 and 2020, respectively (see Notes 7 and 24). The allowance for ECL amounted to ₱908.67 million and ₱909.10 million as at December 31, 2022 and 2021, respectively. The carrying amounts of trade and other receivables amounted to ₱5,862.07 million and ₱7,784.55 million as at December 31, 2022 and 2021, 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.

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 ₱868.74 million, ₱1,007.35 million and ₱703.42 million in 2022, 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 ₱1,479.02 million and ₱1,005.58 million as at December 31, 2022 and 2021, 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 ₱1,469.19 million and ₱1,137.43 million as at December 31, 2022 and 2021, respectively (see Note 9). There were no provisions for inventory losses in 2022, 2021 and 2020.

*Estimating Useful Lives of Property and Equipment, Software Costs and Investment Properties.* The Group estimates the useful lives of property and equipment, software costs and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment, software costs and investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment, software costs and investment properties are 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 2022 and 2021.

Total depreciation and amortization expense for the years ended December 31, 2022, 2021 and 2020, amounted to ₱757.60 million, ₱657.48 million and ₱585.84 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 2022, the Group assessed those certain parcels of land at revalued amounts, comprising majority of the balance of the account, have significant movements in its current carrying values and obtained updated appraisals as at December 31, 2022. For the land that were not appraised, the Group referred to the published comparable prices for the fair values. Total additional revaluation increment recognized in 2022 amounted to ₱2,737.72 million, net of tax.



In 2021, there was no additional revaluation increment on land due to insignificant movements in the fair value of the land. The revalued amount of land, which is classified under “Property and equipment” account in the statements of financial position, amounted to ₱6,619.90 million and ₱2,945.30 million as at December 31, 2022 and 2021, 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, 2022 and 2021, 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:

	2022	2021
Property and equipment - at cost (see Note 13)	<b>₱3,361,149,279</b>	₱2,985,503,552
Land at revalued amounts (Note 14)	<b>6,619,895,148</b>	2,945,297,014
Program and other rights (see Note 8)	<b>1,479,018,423</b>	1,005,577,541
Prepaid production costs (see Note 10)	<b>783,499,847</b>	708,980,295
Investments and advances (see Note 12)	<b>175,705,006</b>	184,791,025
Right-of-use assets (see Note 28)	<b>159,900,385</b>	123,923,786
Software costs (see Note 16)	<b>73,791,869</b>	113,208,864
Tax credits (see Note 10)	<b>48,070,848</b>	169,447,579
Investment properties (see Note 15)	<b>32,105,060</b>	33,487,447
Investment in artworks (see Note 16)	<b>10,186,136</b>	10,186,136
Deferred production costs (see Note 16)	<b>1,321,925</b>	1,196,276

*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 ₱1,709.36 million and ₱1,485.26 million as at December 31, 2022 and 2021, respectively, while unrecognized deferred tax assets amounted to ₱5.82 million and ₱8.51 million as at December 31, 2022 and 2021, respectively (see Note 29).

*Pension 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 ₱4,767.25 million and ₱4,169.69 million as at December 31, 2022 and 2021, 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.

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## 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						Eliminations			Consolidated		
	Television and radio airtime			Other businesses			International subscription											
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020			
<b>REVENUES</b>																		
External sales	₱19,343,239,228	₱20,043,198,544	₱16,995,165,502	₱ 1,392,840,024	₱1,519,164,368	₱1,366,560,977	₱ 827,931,818	₱887,960,485	₱974,169,059	₱-	₱-	₱-	₱ 21,564,011,070	₱22,450,323,397	₱19,335,895,538			
Inter-segment sales	-	-	-	582,457,448	664,531,248	531,379,738	-	-	-	(582,457,448)	(664,531,248)	(531,379,738)	-	-	-			
	<b>19,343,239,228</b>	<b>20,043,198,544</b>	<b>16,995,165,502</b>	<b>1,975,297,472</b>	<b>2,183,695,616</b>	<b>1,897,940,715</b>	<b>827,931,818</b>	<b>887,960,485</b>	<b>974,169,059</b>	<b>(582,457,448)</b>	<b>(664,531,248)</b>	<b>(531,379,738)</b>	<b>21,564,011,070</b>	<b>22,450,323,397</b>	<b>19,335,895,538</b>			
<b>NET INCOME</b>																		
Segment results	₱5,638,525,447	₱8,208,575,147	₱6,994,189,084	₱862,467,466	₱941,203,693	₱700,697,768	₱622,613,478	₱734,795,951	₱831,254,645	₱15,000,000	₱10,128,258	₱30,380,572	₱7,138,606,391	₱9,894,703,049	₱8,556,522,069			
Interest expense	(24,054,826)	(47,858,629)	(20,188,727)	(1,077,257)	(833,864)	(356,396)	-	-	-	-	-	-	(25,132,083)	(48,692,493)	(20,545,123)			
Foreign exchange gain (loss)	13,102,473	(84,068,774)	(8,536,333)	6,981,647	2,992,061	(1,563,956)	19,846,763	29,215,432	(36,923,481)	-	-	-	39,930,883	(51,861,281)	(47,023,770)			
Interest income	19,832,994	16,029,136	12,757,893	714,992	206,181	957,520	-	-	-	-	-	-	20,547,986	16,235,317	13,715,413			
Equity in net earnings of joint ventures	-	-	-	(9,031,836)	(1,045,954)	3,908,740	-	-	-	-	-	-	(9,031,836)	(1,045,954)	3,908,740			
Other income (expenses)	313,088,387	245,652,608	194,893,594	6,218,360	14,004,552	65,311,872	-	-	-	(164,310,000)	(121,800,000)	(175,030,699)	154,996,746	137,857,160	85,174,767			
Income tax	(1,472,859,502)	(1,935,402,004)	(2,115,479,505)	(225,435,211)	(247,144,667)	(226,138,919)	(160,615,060)	(191,002,846)	(238,299,349)	(4,500,000)	(4,500,000)	(4,500,000)	(1,863,409,773)	(2,378,049,517)	(2,584,417,773)			
	<b>₱4,487,634,973</b>	<b>₱6,402,927,484</b>	<b>₱5,057,636,006</b>	<b>₱640,838,160</b>	<b>₱709,382,002</b>	<b>₱542,816,629</b>	<b>₱481,845,181</b>	<b>₱573,008,537</b>	<b>₱556,031,815</b>	<b>₱(153,810,000)</b>	<b>₱(16,171,742)</b>	<b>₱(149,150,127)</b>	<b>₱5,456,508,315</b>	<b>₱7,569,146,281</b>	<b>₱6,007,334,323</b>			
<b>ASSETS AND LIABILITIES</b>																		
Assets																		
Segment assets	₱ 22,927,245,909	₱22,422,877,737	₱21,942,534,724	₱ 2,566,414,364	₱1,390,600,332	₱1,421,716,054	₱ 271,775,751	₱586,178,847	₱684,457,746	₱ (1,238,569,487)	₱(1,250,451,838)	₱(1,366,141,580)	₱ 24,526,866,537	₱23,149,205,078	₱22,682,566,944			
Investment in associates - at equity	38,350,619	38,350,619	38,350,619	35,554,165	44,586,001	45,631,955	-	-	-	-	-	-	73,904,784	82,936,620	83,982,574			
Deferred tax assets	5,659,347	719,410,111	993,543,921	57,309,719	54,258,885	59,409,461	-	-	-	65,387,507	69,914,379	119,766,570	128,356,573	843,583,375	1,172,719,952			
	<b>₱ 22,971,255,875</b>	<b>₱23,180,638,467</b>	<b>₱22,974,429,264</b>	<b>₱ 2,659,278,248</b>	<b>₱1,489,445,218</b>	<b>₱1,526,757,470</b>	<b>₱ 271,775,751</b>	<b>₱586,178,847</b>	<b>₱684,457,746</b>	<b>₱ (1,173,181,980)</b>	<b>₱(1,180,537,459)</b>	<b>₱(1,246,375,010)</b>	<b>₱ 24,729,127,894</b>	<b>₱24,075,725,073</b>	<b>₱23,939,269,470</b>			
Liabilities																		
Segment liabilities	₱ 8,889,880,540	₱9,304,434,001	₱10,471,472,009	₱ 801,391,541	₱645,895,763	₱897,504,654	₱ 226,584,317	₱214,201,882	₱397,742,063	₱ (654,751,051)	₱(659,806,806)	₱(708,863,876)	₱ 9,263,105,347	₱9,504,724,840	₱11,057,854,850			
Other Segment Information																		
Capital expenditures:																		
Program and other rights and software cost	₱ 1,359,490,334	₱1,120,980,554	₱617,348,781	₱ 6,967	₱169,014	₱859,241	₱-	₱-	₱-	₱-	₱-	₱-	₱ 1,359,497,301	₱1,121,149,568	₱618,208,022			
Property and equipment	1,018,937,377	974,080,362	404,690,887	30,272,172	25,141,628	16,544,500	390,178	94,848	-	-	-	-	1,049,599,727	999,316,838	421,235,387			
Land	24,307,383	142,100,830	-	-	-	-	-	-	-	-	-	-	24,307,383	142,100,830	-			
Depreciation and amortization	1,609,520,230	1,650,984,303	1,271,946,332	27,194,721	22,317,406	24,454,895	4,620,634	6,525,769	7,853,854	(15,000,000)	(15,000,000)	(15,000,000)	1,626,335,585	1,664,827,478	1,289,255,081			



## 6. Cash and Cash Equivalents

	2022	2021
Cash on hand and in banks	₱2,170,723,381	₱2,919,451,027
Short-term deposits	684,743,833	1,874,115,127
	<b>₱2,855,467,214</b>	<b>₱4,793,566,154</b>

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 ₱20.55 million, ₱16.24 million and ₱13.72 million in 2022, 2021 and 2020, respectively.

## 7. Trade and Other Receivables

	2022	2021
Trade:		
Television and radio airtime	₱6,287,590,963	₱8,136,404,457
Subscriptions	231,894,197	239,809,789
Others	192,396,251	193,276,811
Nontrade:		
Advances to officers and employees	3,696,291	9,363,276
Others (see Note 21)	55,154,475	114,786,067
	<b>6,770,732,177</b>	<b>8,693,640,400</b>
Less allowance for ECL	908,666,285	909,095,394
	<b>₱5,862,065,892</b>	<b>₱7,784,545,006</b>

### 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, 2022 and 2021, the total unbilled airtime receivables, assessed as contract assets, amounted to ₱20.70 million and ₱24.32 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 mainly consist of receivables from customers relating to advertising placements on other platforms other than TV and Radio, sale of merchandise and content provisioning services. These are unsecured, noninterest-bearing and are generally on 60-90 day terms upon receipt of invoice by the customers.



Nontrade Receivables

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

Allowance for ECL on Trade Receivables

The movements in the allowance for ECLs are as follows:

	2022		
	Corporate	Individual	Total
Balance at beginning of year	₱899,187,044	₱9,908,350	₱909,095,394
Provision for the year (see Note 24)	1,457,228	–	1,457,228
Reversal for the year (see Note 26)	(1,886,337)	–	(1,886,337)
<b>Balance at end of year</b>	<b>₱898,757,935</b>	<b>₱9,908,350</b>	<b>₱908,666,285</b>

	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
<b>Balance at end of year</b>	<b>₱899,187,044</b>	<b>₱9,908,350</b>	<b>₱909,095,394</b>

**8. Program and Other Rights**

Details and movement in this account are as follows:

	2022			
	Program Rights	Story/Format Rights	Program Rights - Incidentals	Total
<b>Cost:</b>				
Balance at beginning of year	₱955,929,510	₱27,996,874	₱24,353,417	₱1,008,279,801
Additions	1,207,928,746	37,500,082	96,751,770	1,342,180,598
Program and other rights usage (see Note 23)	(738,115,943)	(24,426,146)	(106,197,627)	(868,739,716)
<b>Balance at end of year</b>	<b>1,425,742,313</b>	<b>41,070,810</b>	<b>14,907,560</b>	<b>1,481,720,683</b>
Accumulated impairment in value	(2,702,260)	–	–	(2,702,260)
	1,423,040,053	41,070,810	14,907,560	1,479,018,423
Less noncurrent portion	232,446,242	–	–	232,446,242
<b>Current portion</b>	<b>₱1,190,593,811</b>	<b>₱41,070,810</b>	<b>₱14,907,560</b>	<b>₱1,246,572,181</b>

	2021			
	Program Rights	Story/Format Rights	Program Rights - Incidentals	Total
<b>Cost:</b>				
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)
<b>Balance at end of year</b>	<b>955,929,510</b>	<b>27,996,874</b>	<b>24,353,417</b>	<b>1,008,279,801</b>
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
<b>Current portion</b>	<b>₱712,244,872</b>	<b>₱27,996,874</b>	<b>₱24,353,417</b>	<b>₱764,595,163</b>



## 9. Inventories

This account consists of the following:

	2022	2021
Merchandise inventory	₱1,443,352,533	₱1,120,260,877
Materials and supplies inventory	25,841,351	17,164,696
	<b>₱1,469,193,884</b>	<b>₱1,137,425,573</b>

The following are the details of merchandise inventory account:

	2022	2021
Set-top box model	₱1,233,966,042	₱905,944,866
ITE chipset dongle	209,386,491	214,316,011
	<b>₱1,443,352,533</b>	<b>₱1,120,260,877</b>

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 ₱302.14 million, ₱418.14 million and ₱479.42 million in 2022, 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

	2022	2021
Advances to suppliers (see Note 28)	₱850,951,231	₱607,253,805
Prepaid production costs	783,499,847	708,980,295
Input VAT	245,732,638	225,923,751
Prepaid expenses	115,718,638	89,081,249
Creditable withholding taxes	60,886,401	55,474,553
Tax credits	48,070,848	169,447,579
Others	1,519,261	1,578,013
	<b>₱2,106,378,864</b>	<b>₱1,857,739,245</b>

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

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

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

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





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

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.

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

This account consists of the following:

	2022	2021
Non-listed equity instruments	<b>₱257,799,260</b>	₱92,936,018
Listed equity instruments	<b>24,814,847</b>	23,775,258
	<b>₱282,614,107</b>	₱116,711,276

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:

	2022	2021
Balance at beginning of year	<b>₱116,711,276</b>	₱192,132,088
Additions during the year	<b>168,672,065</b>	-
Unrealized loss on fair value changes during the year	<b>(2,769,234)</b>	(75,420,812)
Balance at end of year	<b>₱282,614,107</b>	₱116,711,276

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

Dividend income earned from financial assets at FVOCI amounted to nil in 2022, 2021 and 2020.

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

	2022	2021
Balance at beginning of year - net of tax	<b>(₱117,945,532)</b>	(₱47,709,492)
Net unrealized loss on fair value changes during the year	<b>(2,769,234)</b>	(75,420,812)
Tax effect of the changes in fair market values	<b>415,385</b>	5,184,772
Balance at end of year	<b>(₱120,299,381)</b>	(₱117,945,532)



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 2022 and 2021 (see Note 17).

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**12. Investments and Advances**

The following are the details of this account:

	<b>2022</b>	2021
Investment in an associate and interests in joint ventures	<b>₱73,904,784</b>	₱82,936,620
Advances to an associate and joint ventures (see Note 21)	<b>101,800,222</b>	101,854,405
	<b>₱175,705,006</b>	₱184,791,025

The movements in the account are as follows:

	<b>2022</b>	2021
Investment in an associate and interests in joint ventures:		
Acquisition cost -		
Balance at beginning and end of year	<b>₱131,722,056</b>	₱131,722,056
Accumulated equity in net losses:		
Balance at beginning of year	<b>(48,785,436)</b>	(47,739,482)
Equity in net losses during the year	<b>(9,031,836)</b>	(1,045,954)
Balance at end of year	<b>(57,817,272)</b>	(48,785,436)
	<b>73,904,784</b>	82,936,620
Advances to an associate:		
Balance at beginning of year	<b>99,531,728</b>	97,722,016
Advances during the year (see Note 21)	<b>86,481</b>	1,809,712
Balance at end of year	<b>99,618,209</b>	99,531,728
Advances to joint ventures:		
Balance at beginning of year	<b>2,322,677</b>	2,819,725
Payments during the year	<b>(140,664)</b>	(497,048)
Balance at end of year	<b>2,182,013</b>	2,322,677
Total investments and advances	<b>₱175,705,006</b>	₱184,791,025



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, 2022 and 2021 follows:

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

\*Not operational.

\*\*Indirect investment through GNMI.

The carrying values of investments and the related advances are as follows:

	2022		
	Investments	Advances (Note 21)	Total
Associate -			
Mont-Aire	₱38,350,619	₱99,618,209	₱137,968,828
Joint ventures:			
Gamespan	8,947,966	1,959,670	10,907,636
PEP	26,606,199	222,343	26,828,542
	35,554,165	2,182,013	37,736,178
	₱73,904,784	₱ 101,800,222	₱175,705,006
	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

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



### Mont-Aire

The table below shows the condensed financial information of Mont-Aire as at December 31, 2022 and 2021:

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

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

### PEP

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

The Group recognized its share in net earnings (losses) of PEP amounting to (₱9.03 million), (₱1.05 million) and ₱3.91 million in 2022, 2021 and 2020, 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, 2022, the joint venture is not yet operating since they have a pending registration with the Bureau of Internal Revenue (BIR). However, Gamespan is taking actions to amend their GIS and reactivate their dormant bank accounts. Since Gamespan has yet to start its operations, the Group did not recognize any share in net earnings in 2022, 2021 and 2020.

### INQ7

Losses of INQ7 recognized under the equity method in excess of the Group's carrying value of investment were applied against its advances to the Parent Company thereby reducing both advances and investments to zero as at December 31, 2022 and 2021. 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, 2022.



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:

	<b>2022</b>	2021	2020
The Group's share in income / total comprehensive income	<b>(₹9,031,836)</b>	(₹1,045,954)	₹3,908,740
Aggregate carrying value of the Group's interests and advances	<b>37,736,178</b>	46,908,678	48,451,681



### 13. Property and Equipment at Cost

	2022						
	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
<b>Cost</b>							
At January 1, 2022	₱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
Additions	32,253,953	284,043,388	133,575,795	100,735,360	3,618,312	495,372,919	1,049,599,727
Disposals	(11,413,997)	(25,941,714)	(2,675,996)	(60,761,897)	(548,730)	–	(101,342,334)
Reclassifications (see Notes 10 and 16)	164,663,301	275,515,287	57,685,043	–	–	(499,393,834)	(1,530,203)
At December 31, 2022	3,312,804,796	8,467,903,140	1,784,881,226	700,540,378	174,582,642	478,613,994	14,919,326,176
<b>Accumulated Depreciation</b>							
At January 1, 2022	2,501,423,300	6,452,783,289	1,371,279,188	499,899,395	161,710,262	–	10,987,095,434
Depreciation (see Notes 23 and 24)	95,431,592	372,655,918	125,212,908	68,319,739	4,414,851	–	666,035,008
Disposals	(11,080,250)	(25,156,862)	(2,675,996)	(55,630,481)	(409,956)	–	(94,953,545)
At December 31, 2022	2,585,774,642	6,800,282,345	1,493,816,100	512,588,653	165,715,157	–	11,558,176,897
<b>Net Book Value</b>	<b>₱727,030,154</b>	<b>₱1,667,620,795</b>	<b>₱291,065,126</b>	<b>₱187,951,725</b>	<b>₱8,867,485</b>	<b>₱478,613,994</b>	<b>₱3,361,149,279</b>
	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
<b>Cost</b>							
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
<b>Accumulated Depreciation</b>							
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
<b>Net Book Value</b>	<b>₱625,878,239</b>	<b>₱1,481,502,890</b>	<b>₱225,017,196</b>	<b>₱160,667,520</b>	<b>₱9,802,798</b>	<b>₱482,634,909</b>	<b>₱2,985,503,552</b>



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 software that were transferred to other noncurrent assets amounting to ₱1.53 million and ₱14.65 million in 2022 and 2021, respectively and low value assets included under “Prepaid expenses and other current assets” amounting to ₱0.08 million in 2021 (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 ₱3.66 million, ₱3.13 million and ₱2.95 million in 2022, 2021 and 2020 respectively (see Note 26).

The Group disposed various property and equipment in 2022, 2021 and 2020 resulting to the recognition of gain on sale amounting to ₱31.76 million, ₱50.52 million and ₱17.25 million, respectively (see Note 26).

As at December 31, 2022 and 2021, 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:

	2022			2021		
	Cost	Revaluation Increment	Total	Cost	Revaluation Increment	Total
At beginning of year	₱501,718,175	₱2,443,578,839	₱2,945,297,014	₱359,617,345	₱2,443,578,839	₱2,803,196,184
Additions during the year	24,307,384	3,650,290,750	3,674,598,134	142,100,830	–	142,100,830
At end of year	₱526,025,559	₱6,093,869,589	₱6,619,895,148	₱501,718,175	₱2,443,578,839	₱2,945,297,014

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

The fair value from the 2022 appraisals was determined using the “Market Data Approach” as determined by independent professionally qualified appraisers. The fair value represents the amount that would be received to sell the property in an orderly transaction between market participants at the date of valuation.

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



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

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

There was no additional revaluation increment on land in 2021 due to insignificant movements in the fair value of the land.

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

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

The fair values in 2021 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, 2022 and 2021, 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

	2022		
	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	–	58,698,419	58,698,419
Depreciation during the year (see Note 24)	–	1,382,387	1,382,387
Balance at end of year	–	60,080,806	60,080,806
Accumulated impairment:			
Balance at beginning and end of year	–	3,852,641	3,852,641
	<b>₱23,761,823</b>	<b>₱8,343,237</b>	<b>₱32,105,060</b>
	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
	<b>₱23,761,823</b>	<b>₱9,725,624</b>	<b>₱33,487,447</b>

The fair value of investment properties owned by the Group amounted to ₱203.90 million as at December 31, 2022 and 2021. Land used in operations was last appraised on November 19, 2018 by an accredited firm of appraisers and is valued in terms of its highest and best use.

The fair value was 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:

	2022	2021	2020
Rental income (see Note 26)	<b>₱2,033,713</b>	₱3,061,017	₱3,945,824
Depreciation expense (see Note 24)	<b>(1,382,387)</b>	(1,382,387)	(1,382,387)
	<b>₱651,326</b>	₱1,678,630	₱2,563,437

As at December 31, 2022 and 2021, 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

	2022	2021
Software costs	<b>₱73,791,869</b>	₱113,208,862
Restricted cash	<b>52,722,572</b>	52,722,572
Refundable deposits	<b>26,501,499</b>	22,165,836
Deferred input VAT	<b>22,291,602</b>	37,367,138
Investment in artworks	<b>10,186,136</b>	10,186,136
Facilities	<b>7,564,742</b>	19,788,434
Guarantee deposits	<b>2,162,420</b>	1,975,638
Deferred production costs	<b>1,321,925</b>	1,196,276
Advances to contractors	-	3,247,500
Others	<b>735,294</b>	1,715,687
	<b>₱197,278,059</b>	₱263,574,079

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.

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

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.

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

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

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

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.



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

The movements in software costs follows:

	2022	2021
Cost:		
Balance at beginning of year	₱534,552,087	₱468,708,120
Additions during the year	17,316,702	51,190,237
Reclassifications during the year (see Note 13)	1,530,203	14,653,732
Balance at end of year	<b>553,398,992</b>	534,552,089
Accumulated amortization:		
Balance at beginning of year	421,343,225	371,636,579
Amortization during the year (see Note 24)	58,263,898	49,706,646
Balance at end of year	<b>479,607,123</b>	421,343,225
	<b>₱73,791,869</b>	₱113,208,864

## 17. Trade Payables and Other Current Liabilities

	2022	2021
Payable to government agencies	₱1,242,808,934	₱1,501,080,957
Trade payables	562,649,076	352,701,473
Contract liabilities (see Note 11)	369,733,835	130,479,722
Accrued expenses:		
Utilities and other expenses	443,486,485	233,553,938
Production costs	180,710,548	129,164,437
Payroll and talent fees (see Note 27)	108,293,100	179,251,966
Commission	53,693,413	50,009,144
Customers' deposits	52,596,784	46,034,193
Others	70,876,368	74,888,140
	<b>₱3,084,848,543</b>	₱2,697,163,970

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 amounting to ₱369.73 million and ₱130.48 million as at December 31, 2022 and 2021, respectively. These are recognized as revenue when the Group performs the obligation under the contract. The total beginning balance of contract liabilities in 2022 amounting to ₱130.48 million was recognized as revenue for the year ended December 31, 2022. This account also includes contract liabilities of ₱22.00 million from airtime credits that have not been implemented resulting from the exchange of the Group's interests in X-Play in 2015 (see Note 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 Group obtained unsecured short-term peso and US dollar-denominated loans from local banks in 2022 and 2021. Details and movements of the short-term loans are as follows:

	2022	2021
Balance at beginning of year	₱739,485,500	₱720,345,000
Availments	1,027,125,200	4,479,150,000
Payments	(1,685,850,000)	(4,542,575,000)
Revaluation	(53,635,500)	82,565,500
<b>Balance at end of year</b>	<b>₱27,125,200</b>	<b>₱739,485,500</b>

The outstanding loans as at December 31, 2022 and 2021 consist of fixed rate notes with the following details:

Lender	Currency	Amount	Interest Rate (per annum)	Terms	2022	2021
Security Bank	PhP	₱27,125,000	2.75%	Availed in 2022, payable up to December 2023	₱27,125,000	₱-
Citibank	USD	\$14,500,000	1.66%	Availed in 2021; payable in 311 days	-	739,845,500

Interest expense on peso denominated loans amounted to ₱10.15 million, ₱23.06 million and ₱4.33 million in 2022, 2021 and 2020, respectively. Interest expense on US dollar denominated loans amounted to ₱2.78 million, ₱15.03 million, and ₱7.67 million in 2022, 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 Group. Outstanding unpaid balance as at December 31, 2022 and 2021 amounted to ₱209.17 million and ₱223.82 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, 2022 and 2021:

	No. of Shares		Amount	
	2022	2021	2022	2021
Common - ₱1.00 par value				
Authorized	<b>5,000,000,000</b>	5,000,000,000	<b>₱5,000,000,000</b>	₱5,000,000,000
Subscribed and issued	<b>3,364,692,000</b>	3,364,692,000	<b>₱3,364,692,000</b>	₱3,364,692,000
Preferred - ₱0.20 par value				
Authorized	<b>7,500,000,000</b>	7,500,000,000	<b>₱1,500,000,000</b>	₱1,500,000,000
Subscribed and issued	<b>7,500,000,000</b>	7,500,000,000	<b>₱1,500,000,000</b>	₱1,500,000,000

The cumulative preferred shares are of equal rank, preference and priority and are identical in all respect regardless of series. Preferred shares are participating at the rate of one fifth (1/5) of the 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 was being treated similar to a treasury share.



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 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
<b>2022</b>	<b>March 25, 2022</b>	<b>April 25, 2022</b>	<b>₱1.45</b>	<b>₱7,053,803,400</b>
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

The Parent Company's outstanding dividends payable amounted to ₱30.53 million and ₱39.59 million as at December 31, 2022 and 2021, 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 ₱84.18 million and ₱106.07 million as at December 31, 2022 and 2021, respectively.

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

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## 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 Group'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, 2022 and 2021, 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, 2022 and 2021 with related parties are as follows:

Account Name and Category	Related Party	Year	Amount/ Volume of	Receivables		Conditions
			Transactions	(Payables)	Terms	
<b>Advances</b> (see Note 12)	<b>Associate:</b>					
	Mont-Aire	<b>2022</b>	<b>₱86,481</b>	<b>₱99,618,209</b>	Noninterest-bearing	Unsecured;
		2021	1,809,712	99,531,728		not impaired
	<b>Joint ventures:</b>					
	Gamespan	<b>2022</b>	–	<b>1,959,670</b>	Noninterest-bearing	Unsecured;
		2021	–	1,959,670		not impaired
	PEP	<b>2022</b>	–	<b>222,343</b>	Noninterest-bearing	Unsecured;
		2021	–	363,007		not impaired
	INQ7	<b>2022</b>	–	<b>11,544,000</b>	Noninterest-bearing	Unsecured;
		2021	–	11,544,000		fully impaired
	<b>Total</b>	<b>2022</b>	<b>₱86,481</b>	<b>₱113,344,222</b>		
		2021	1,809,712	113,398,405		
<b>Nontrade Receivables</b>						
Reimbursable charges (see Note 7)	<b>Common stockholders:</b>					
	GMA Kapuso Foundation Inc.	<b>2022</b>	<b>₱960,433</b>	<b>₱2,038,381</b>	On demand, noninterest-bearing	Unsecured;
		2021	633,244	1,356,049		not impaired
<b>Nontrade Payables</b>						
Legal, consulting and retainers' fees	Belo, Gozon, Elma Law	<b>2022</b>	<b>15,416,907</b>	–	On demand, noninterest-bearing	Unsecured
		2021	19,517,527	–		
	<b>Total</b>	<b>2022</b>	<b>₱16,377,340</b>	<b>₱2,038,381</b>		
		2021	20,150,771	1,356,049		

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 was reduced to zero 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:

	2022	2021	2020
Salaries and other long-term benefits (see Notes 24 and 25)	<b>₱1,050,276,512</b>	₱1,008,057,516	₱913,703,843
Pension benefits (see Notes 24 and 25)	<b>199,610,705</b>	190,689,516	165,255,983
	<b>₱1,249,887,217</b>	₱1,198,747,032	₱1,078,959,826



Pension benefits (costs) under OCI amounted to (₱324.82 million), (₱313.83 million) and ₱454.32 million as of December 31, 2022, 2021 and 2020, respectively.

Equity Investments of the Retirement Fund

The Group's retirement fund includes equity investments in GMA Network, Inc. and GMA PDRs amounting to ₱757.31 million and ₱7.95 million in 2022, respectively, and ₱962.98 million and ₱11.22 million in 2021, respectively (see Note 27).

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## 22. Revenues

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

	2022	2021	2020
<b>Revenue source</b>			
Sale of service			
Advertising revenue	₱20,230,371,980	₱21,015,167,014	₱17,727,494,901
Subscription revenue (see Note 28)	774,865,805	786,471,873	911,005,081
Revenue from distribution and content provisioning	34,219,872	41,962,566	63,653,634
Production revenue	183,681,549	78,698,883	49,947,752
Sale of goods	340,871,864	528,023,061	583,794,170
<b>Total revenue from contracts with customers</b>	<b>₱21,564,011,070</b>	<b>₱22,450,323,397</b>	<b>₱19,335,895,538</b>
<b>Geographical markets</b>			
Local	₱20,701,948,198	₱21,521,575,148	₱18,311,968,706
International	862,062,872	928,748,249	1,023,926,832
<b>Total revenue from contracts with customers</b>	<b>₱21,564,011,070</b>	<b>₱22,450,323,397</b>	<b>₱19,335,895,538</b>
<b>Timing of revenue recognition</b>			
Goods/services transferred at a point in time	₱20,789,145,265	₱21,663,851,524	₱18,424,890,457
Services transferred over time	774,865,805	786,471,873	911,005,081
<b>Total revenue from contracts with customers</b>	<b>₱21,564,011,070</b>	<b>₱22,450,323,397</b>	<b>₱19,335,895,538</b>

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## 23. Production Costs

	2022	2021	2020
Talent fees and production personnel costs (see Note 25)	₱3,921,185,771	₱3,253,105,638	₱2,638,347,868
Facilities and amortization of production services	995,623,800	567,428,491	460,116,613
Program and other rights usage (see Note 8)	868,739,716	1,007,347,795	703,415,807
Rental (see Note 28)	523,820,404	344,890,966	210,239,334
Depreciation (see Notes 13 and 24)	492,742,400	376,868,136	328,051,146
Tapes, sets and production supplies	355,710,226	233,146,587	142,401,105
Transportation and communication	325,075,476	209,857,422	65,658,557
	<b>₱7,482,897,793</b>	<b>₱5,992,645,035</b>	<b>₱4,548,230,430</b>





## 24. General and Administrative Expenses

	2022	2021	2020
Personnel costs (see Note 25)	<b>₱4,010,852,711</b>	₱3,856,762,318	₱3,592,421,337
Taxes and licenses	<b>395,259,589</b>	235,505,518	182,104,942
Communication, light and water	<b>392,858,757</b>	273,962,056	235,051,327
Professional fees	<b>346,641,093</b>	353,199,611	305,734,976
Repairs and maintenance	<b>214,307,761</b>	221,155,954	144,785,132
Depreciation (see Notes 13, 15 and 28)	<b>206,589,570</b>	230,904,901	217,524,055
Advertising	<b>170,046,892</b>	117,274,073	84,866,697
Software maintenance	<b>123,440,211</b>	99,307,025	81,430,010
Research and surveys	<b>99,517,216</b>	87,958,450	91,769,435
Marketing expense	<b>74,719,805</b>	86,992,865	55,136,499
Security services	<b>71,307,924</b>	65,559,440	66,865,570
Facilities related expenses	<b>65,892,695</b>	58,691,533	69,849,171
Transportation and travel	<b>50,808,779</b>	34,717,950	54,407,006
Amortization of software costs (see Note 16)	<b>58,263,898</b>	49,706,646	40,264,073
Insurance	<b>30,550,826</b>	30,673,665	29,028,379
Janitorial services	<b>24,897,108</b>	24,026,812	22,863,052
Rental (see Note 28)	<b>23,378,607</b>	20,915,132	9,603,762
Dues and subscriptions	<b>19,323,732</b>	10,881,727	8,254,093
Materials and supplies	<b>12,800,794</b>	15,706,090	12,525,485
Freight and handling	<b>12,268,400</b>	16,913,034	6,092,430
Entertainment, amusement and recreation	<b>7,877,088</b>	7,001,601	8,452,628
Provision for ECL (see Note 7)	<b>1,457,228</b>	142,577,080	347,195,883
Others	<b>227,308,498</b>	104,440,189	85,499,998
	<b>₱6,640,369,182</b>	₱6,144,833,670	₱5,751,725,940

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

### Depreciation

	2022	2021	2020
Property and equipment (see Note 13)			
Production costs (see Note 23)	<b>₱474,023,367</b>	₱357,908,201	₱309,910,132
General and administrative expenses	<b>192,011,641</b>	221,371,641	206,504,727
	<b>666,035,008</b>	579,279,842	516,414,859
Right-of-use assets (see Note 28)			
Production costs (see Note 23)	<b>18,719,033</b>	18,959,935	18,141,014
General and administrative expenses	<b>13,195,542</b>	8,150,873	9,636,941
	<b>31,914,575</b>	27,110,808	27,777,955
Investment properties (see Note 15)			
General and administrative expenses	<b>1,382,387</b>	1,382,387	1,382,387
	<b>₱699,331,970</b>	₱607,773,037	₱545,575,201



## 25. Personnel Costs

	2022	2021	2020
Salaries and wages	<b>₱3,040,086,316</b>	₱2,710,384,916	₱2,578,012,608
Talent fees	<b>2,569,748,693</b>	2,162,673,093	1,617,514,239
Employee benefits and allowances	<b>1,513,608,039</b>	1,414,885,770	1,245,873,978
Pension expense (see Note 27)	<b>661,084,462</b>	639,758,700	646,198,143
Sick and vacation leaves expense	<b>147,510,971</b>	182,165,477	143,170,237
	<b>₱7,932,038,481</b>	₱7,109,867,956	₱6,230,769,205

The above amounts were distributed as follows:

	2022	2021	2020
Production costs (see Note 23)	<b>₱3,921,185,770</b>	₱3,253,105,638	₱2,638,347,868
General and administrative expenses (see Note 24)	<b>4,010,852,711</b>	3,856,762,318	3,592,421,337
	<b>₱7,932,038,481</b>	₱7,109,867,956	₱6,230,769,205

## 26. Others - Net

	2022	2021	2020
Commission from Artist Center	<b>₱104,475,309</b>	₱77,547,912	₱45,128,337
Net gain on sale of property and equipment (see Note 13)	<b>31,756,356</b>	50,519,791	17,250,932
Royalty income	<b>6,499,544</b>	24,289	2,151,792
Rental income (see Notes 13, 15 and 28)	<b>5,650,270</b>	6,189,114	6,894,304
Merchandising license fees and others	<b>2,043,246</b>	3,455,733	2,549,637
Bank charges	<b>(1,793,419)</b>	(1,480,403)	(1,411,850)
VAT difference on sales to government per Revenue Regulations 16-2005	-	-	10,218,187
Others	<b>6,365,441</b>	1,600,724	2,393,438
	<b>₱154,996,747</b>	₱137,857,160	₱85,174,767

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

Others includes reversal of provision for accounts written-off on Trade Receivables (see Note 7).

## 27. Pension and Other Employee Benefits

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

	2022	2021
Pension liability	<b>₱4,767,249,209</b>	₱4,169,686,751
Vacation and sick leave accrual	<b>377,344,911</b>	399,171,250
	<b>5,143,594,120</b>	4,568,858,001
Less current portion of vacation and sick leave accrual*	<b>5,728,979</b>	5,422,020
<b>Pension and other long-term employee benefits</b>	<b>₱5,138,865,141</b>	₱4,563,435,981

\*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):

	2022	2021	2020
Current service cost	<b>₱455,919,306</b>	₱437,943,972	₱438,234,725
Net interest cost	<b>205,165,155</b>	186,984,422	207,963,418
Settlement loss	-	14,830,306	-
	<b>₱661,084,461</b>	₱639,758,700	₱646,198,143

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

	2022	2021	2020
Present value of defined benefit obligation	<b>₱6,653,224,090</b>	₱6,348,352,226	₱6,359,224,091
Fair value of plan assets	<b>1,885,974,881</b>	2,178,665,475	1,444,098,402
Pension liability	<b>₱4,767,249,209</b>	₱4,169,686,751	₱4,915,125,689

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

	2022	2021	2020
Balance at beginning of year	<b>₱6,348,352,226</b>	₱6,359,224,091	₱3,984,474,739
Current service cost	<b>455,919,306</b>	437,943,972	438,234,725
Interest cost	<b>310,240,240</b>	244,726,249	306,876,971
Settlement loss	-	14,830,306	-
Benefits paid:			
From plan assets	<b>(455,534,216)</b>	(197,265,904)	(189,229,662)
From Group's own funds	<b>(46,856,585)</b>	(36,744,104)	(9,686,893)
Remeasurement losses (gains):			
Changes in financial assumptions	<b>41,103,119</b>	(711,238,384)	1,530,340,215
Changes in demographic assumptions	-	3,217,607	(10,076,998)
Experience adjustment	-	233,658,393	308,290,994
Balance at end of year	<b>₱6,653,224,090</b>	₱6,348,352,226	₱6,359,224,091

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

	2022	2021	2020
Balance at beginning of year	<b>₱2,178,665,475</b>	₱1,444,098,402	₱1,250,881,611
Contribution during the year	<b>261,319,043</b>	339,594,487	259,000,000
Interest income	<b>105,075,085</b>	57,741,827	98,913,553
Benefits paid	<b>(455,534,216)</b>	(197,265,904)	(189,229,662)
Remeasurement gain (loss) - return on plan assets	<b>(203,550,506)</b>	534,496,663	24,532,900
Balance at end of year	<b>₱1,885,974,881</b>	₱2,178,665,475	₱1,444,098,402

Remeasurement gain (loss) on retirement plans amounting to (₱205.31 million), ₱575.62 million, and (₱1,261.62 million) in 2022, 2021 and 2020, respectively is reported under the consolidated statements of comprehensive income, 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 2023.

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:

	2022	2021
	Carrying Value/Fair Value	Carrying Value/Fair Value
Cash and cash equivalents	<b>₱303,284,710</b>	₱176,916,929
Equity instruments (see Note 21):		
GMA Network, Inc.	<b>757,308,887</b>	962,978,924
GMA PDRs	<b>7,950,000</b>	11,219,115
Debt instruments -		
Government securities	<b>298,811,570</b>	338,675,992
Unit Investment Trust Funds (UITFs)	<b>343,507,508</b>	740,790,995
Others	<b>175,112,206</b>	(51,916,480)
	<b>₱1,885,974,881</b>	₱2,178,665,475

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 ₱140.72 million loss in 2022, ₱33.37 million gain in 2021 and ₱23.95 million gain in 2020.
- Investments in debt instruments bear interest ranging from 3.00% to 6.80% and have maturities from May 2024 to April 2032. 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 as at December 31, 2022 and 2021.
- 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:

	<b>2022</b>	2021	2020
Discount rate	<b>2.80-7.22%</b>	3.10-5.13%	3.10-7.70%
Expected rate of salary increase	<b>3.00-5.00%</b>	4.00-5.00%	4.00-5.00%
Turn-over rates:			
19-24 years old	<b>12.38-50.00%</b>	7.50-11.67%	7.26-9.48%
25-29 years old	<b>10.94-40.00%</b>	6.00-9.23%	5.56-7.88%
30-34 years old	<b>9.31-62.50%</b>	3.86-12.99%	3.70-6.14%
35-39 years old	<b>4.23-120.00%</b>	2.50-6.54%	2.69-4.22%
40-44 years old	<b>2.55-25.00%</b>	2.00-6.58%	2.00-3.81%
≥45 years old	<b>0.00-2.24%</b>	0.00-3.36%	0.00-3.05%

The sensitivity analysis below has been determined by remeasuring the defined benefit obligation at the reporting period after first adjusting one of the current assumptions 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		
		<b>2022</b>	2021	2020
Discount rate	50	<b>(₱290,017,330)</b>	(₱290,833,103)	(₱320,849,879)
	(50)	<b>315,566,169</b>	314,400,163	348,403,037
Future salary increases	50	<b>333,460,419</b>	315,633,737	346,062,010
	(50)	<b>(303,626,386)</b>	(294,598,995)	(321,818,707)

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2022:

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 ₱371.62 million and ₱393.75 million as at December 31, 2022 and 2021, 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 ₱5.73 million and ₱5.42 million as at December 31, 2022 and 2021, 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 25 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:

	2022		
	Right-of-use: Land	Right-of-use: Buildings, studio and office spaces	Right-of-use: Total
<b>Cost</b>			
Balance at beginning of year	₱120,680,584	₱83,347,302	₱204,027,886
Additions	68,260,130	8,732,592	76,992,722
Termination	–	(10,926,996)	(10,926,996)
Balance at the end of year	188,940,714	81,152,898	270,093,612
<b>Accumulated Depreciation</b>			
Balance at beginning of year	41,652,745	38,451,355	80,104,100
Depreciation (see Note 24)	19,036,104	12,878,471	31,914,575
Termination	–	(1,825,448)	(1,825,448)
Balance at the end of year	60,688,849	49,504,378	110,193,227
<b>Net Book Value</b>	<b>₱128,251,865</b>	<b>₱31,648,520</b>	<b>₱159,900,385</b>
	2021		
	Right-of-use: Land	Right-of-use: Buildings, studio and office spaces	Right-of-use: Total
<b>Cost</b>			
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
<b>Accumulated Depreciation</b>			
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
<b>Net Book Value</b>	<b>₱79,027,839</b>	<b>₱44,895,947</b>	<b>₱123,923,786</b>



The rollforward analysis of lease liabilities follows:

	2022	2021
Balance at beginning of year	<b>₱119,385,902</b>	₱76,856,072
Additions	<b>76,992,722</b>	61,766,318
Accretion of interest	<b>9,290,445</b>	8,396,879
Payments	<b>(28,506,823)</b>	(27,633,367)
Termination	<b>(10,051,240)</b>	
<b>Balance at end of year</b>	<b>₱167,111,004</b>	₱119,385,902

	2022	2021
Current portion	<b>₱21,155,761</b>	₱17,475,682
Noncurrent portion	<b>145,955,243</b>	101,910,220
<b>Balance at end of year</b>	<b>₱167,111,004</b>	₱119,385,902

The rollforward analysis of dismantling provision follows:

	2022	2021
Balance at beginning of year	<b>₱46,097,449</b>	₱44,973,410
Accretion of interest	<b>2,911,565</b>	2,209,525
Termination	-	(1,085,486)
<b>Balance at end of year</b>	<b>₱49,009,014</b>	₱46,097,449

The following are the amounts recognized in the consolidated statement of comprehensive income:

	2022	2021
Depreciation expense of right-of-use assets (see Note 24)	<b>₱31,914,575</b>	₱27,110,808
Interest expense on lease liabilities	<b>9,290,445</b>	8,396,879
Interest expense on dismantling provision	<b>2,911,565</b>	2,209,525
Expense relating to short-term leases (included in "Production costs") (see Note 23)	<b>523,820,404</b>	344,890,966
Expense relating to short-term leases (included in "General and Administrative expenses") (see Note 24)	<b>23,378,607</b>	20,915,132

Shown below is the maturity analysis of the undiscounted lease payments:

	2022	2021
1 year	<b>₱26,620,767</b>	₱23,362,036
more than 1 year to 2 years	<b>24,503,353</b>	20,613,087
more than 2 years to 3 years	<b>22,248,256</b>	18,751,169
more than 3 years to 4 years	<b>16,803,585</b>	17,198,705
More than 5 years	<b>131,368,309</b>	44,119,711

Total rental expense on short-term leases amounted to ₱547.20 million, ₱365.81 million and ₱746.94 in 2022, 2021 and 2020, 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 ₱5.65 million, ₱6.19 million and ₱6.89 in 2022, 2021 and 2020 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 ₱774.87 million, ₱786.47 million and ₱911.00 million in 2022, 2021 and 2020, respectively (see Note 22).

Purchase Agreement for Set-top Boxes

In 2022, 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 ₱644.34 million, ₱1,377.00 million and ₱896.80 in 2022, 2021 and 2020, respectively.

**29. Income Taxes**

Current Income Tax

The current income tax consists of the following:

	2022	2021	2020
RCIT	₱1,989,216,474	₱2,400,604,067	₱2,728,600,117
MCIT	38,147	30,603	50,423
	<b>₱1,989,254,621</b>	<b>₱2,400,634,670</b>	<b>₱2,728,650,540</b>

The reconciliation between the statutory income tax rates and effective income tax rates are shown below:

	2022	2021	2020
Statutory income tax	<b>25.00%</b>	25.00%	30.00%
Additions (deductions) in income tax resulting from:			
Nondeductible tax deficiency payment	<b>0.35</b>	(0.03)	-
Nondeductible expenses	<b>0.13</b>	-	-
Interest income already subjected to final tax	<b>(0.04)</b>	(0.02)	(0.03)
Nondeductible interest expense	<b>0.01</b>	0.09	0.10
Changes in applicable income tax rates	-	(1.14)	-
Others - net	<b>0.01</b>	0.01	0.01
Effective income tax	<b>25.46%</b>	23.91%	30.08%





Deferred Taxes

The components of the Group's net deferred tax assets and liabilities are as follows:

	2022	2021
Deferred tax assets:		
Pension liability	₱1,191,577,514	₱1,041,784,250
Allowance for ECL	223,295,740	224,507,665
Other long-term employee benefits	92,727,269	98,240,972
Contract liabilities	92,433,459	32,619,931
Lease liabilities	41,607,134	29,570,900
Unamortized past service cost	14,009,300	6,721,349
Unrealized loss on financial assets at FVOCI	13,473,704	13,046,917
Dismantling provision	12,252,253	11,524,362
Intercompany sale of intangible assets	7,500,000	11,250,000
Allowance for probable losses in advances	7,197,236	7,197,236
Accrued expenses	4,225,480	-
NOLCO	2,183,643	383,792
Excess MCIT over RCIT	422,696	22,619
Unrealized foreign exchange loss	-	8,386,408
Others	6,453,053	-
	<b>1,709,358,481</b>	<b>1,485,256,401</b>
Deferred tax liabilities:		
Revaluation increment on land	(1,523,467,397)	(610,894,711)
Right-of-use assets	(39,836,454)	(30,778,315)
Unrealized foreign exchange gain	(17,698,057)	-
	<b>(1,581,001,908)</b>	<b>(641,673,026)</b>
	<b>₱128,356,573</b>	<b>₱843,583,375</b>

The components of deferred tax assets (liabilities) pertaining to accounts presented under equity in the consolidated statements of financial position are as follows:

	2022	2021
Revaluation increment on land	(₱1,523,467,397)	(₱610,894,711)
Pension liability - remeasurement loss on retirement plan	269,666,239	198,591,990
Revaluation of financial assets at FVOCI	13,473,704	13,046,917
	<b>(₱1,240,327,454)</b>	<b>(₱399,255,804)</b>

Net movement in deferred tax assets (liabilities) charged to the consolidated statement of income and comprehensive income are as follows:

	2022	2021
Net movement recognized in:		
Profit or loss	₱125,844,848	₱22,585,153
Other comprehensive income (loss)	(841,071,650)	(351,721,730)
	<b>(₱715,226,802)</b>	<b>(₱329,136,577)</b>



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:

	2022	2021
Allowance for ECL	<b>₱15,483,325</b>	₱11,064,734
NOLCO	<b>9,661,047</b>	9,465,804
Pension liability	<b>1,646,008</b>	3,335,093
Unamortized past service cost	<b>1,092,468</b>	970,172
Allowance for inventory stock	<b>951,224</b>	8,899,999
Excess MCIT over RCIT	<b>23,042</b>	59,503
Others	<b>127,900</b>	78,488
	<b>₱28,985,014</b>	₱33,873,793

The unrecognized deferred tax assets from the above deductible temporary differences and carryforward benefits of NOLCO and MCIT amounted to ₱6.07 million and ₱8.51 million as at December 31, 2022 and 2021, 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, 2022, the Group's MCIT is as follows:

Years Paid/Incurred	Carryforward Benefit Up To	MCIT
2020	2023	50,577
2021	2024	2,670
2022	2025	392,491
		<b>₱445,738</b>

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, 2022, 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
2019	2020 to 2022	₱2,731,377	₱-	₱2,731,377	₱-	₱-



As at December 31, 2022, 2021 and 2020, the Group 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
2022	2023 to 2027	10,126,026	-	-	-	10,126,026
		₱18,395,619	₱-	₱-	₱-	₱18,395,619

**Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act**

Former 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:

	2022	2021	2020
Net income attributable to equity holders of the Parent Company (a)	<b>₱5,442,339,313</b>	₱7,530,114,246	₱5,984,584,939
Less attributable to preferred shareholders	<b>1,678,114,251</b>	2,322,917,048	1,846,897,337
Net income attributable to common equity holders of the Parent Company (b)	<b>₱3,764,225,062</b>	₱5,207,197,198	₱4,137,687,602
Common shares issued at the beginning of year (Note 20)	<b>3,364,692,000</b>	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)	<b>3,362,494,500</b>	3,362,494,500	3,360,297,000
Weighted average number of common shares	<b>3,362,494,500</b>	3,362,494,500	3,360,297,000
Effect of dilution - assumed conversion of preferred shares	<b>1,500,000,000</b>	1,500,000,000	1,500,000,000
Reacquired preferred shares	-	-	(98,563)
Weighted average number of common shares adjusted for the effect of dilution (d)	<b>4,864,692,000</b>	4,862,445,219	4,860,198,437
Basic EPS (b/c)	<b>₱1.119</b>	₱1.549	₱1.231
Diluted EPS (a/d)	<b>₱1.119</b>	₱1.549	₱1.231

### 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:

	2022				Total
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	
<b>Financial assets at amortized cost:</b>					
Cash and cash equivalents	₱2,170,723,381	₱684,743,833	₱-	₱-	₱2,855,467,214
Trade receivables:					
Television and radio airtime	2,794,702,040	2,688,876,934	-	-	5,483,578,974
Subscriptions	23,464,258	179,101,057	-	-	202,565,315
Others	26,261,063	90,809,774	-	-	117,070,837
Nontrade receivables:					
Advances to officers and employees	1,831,678	1,864,612	-	-	3,696,290
Others	29,292,643	16,828,845	-	-	46,121,488
Refundable deposits*	-	-	-	26,501,499	26,501,499
Financial assets at FVOCI	-	-	-	282,614,107	282,614,107
	<b>₱5,046,275,063</b>	<b>₱3,662,225,055</b>	<b>₱-</b>	<b>₱309,115,606</b>	<b>₱9,017,615,724</b>
<b>Loans and borrowings:</b>					
Trade payables and other current liabilities**	133,560,646	1,247,487,387	38,660,959	-	1,419,708,992
Short-term loans***	-	3,260,000	23,865,200	-	27,125,200
Obligations for program and other rights	-	137,630,803	71,540,840	-	209,171,643
Lease liabilities***	-	6,074,285	20,546,481	194,923,503	221,544,269
Dividends payable	30,526,306	-	-	-	30,526,306
	<b>164,086,952</b>	<b>1,394,452,475</b>	<b>154,613,480</b>	<b>194,923,503</b>	<b>1,908,076,410</b>
<b>Liquidity Portion (Gap)</b>	<b>₱4,882,188,111</b>	<b>₱2,267,772,580</b>	<b>(₱154,613,480)</b>	<b>₱114,192,103</b>	<b>₱7,109,539,314</b>

\*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 ₱1,242.81 million, ₱369.73 million and ₱52.60 million, respectively (see Note 17).

\*\*\*Gross contractual payments.

	2021				Total
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	
<b>Financial assets at amortized cost:</b>					
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
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
	<b>₱6,208,872,826</b>	<b>₱6,369,238,335</b>	<b>-</b>	<b>₱138,877,112</b>	<b>₱12,716,988,273</b>
<b>Loans and borrowings:</b>					
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
	<b>424,971,214</b>	<b>1,495,009,669</b>	<b>114,603,640</b>	<b>100,682,673</b>	<b>2,135,267,196</b>
<b>Liquidity Portion (Gap)</b>	<b>₱5,783,901,612</b>	<b>₱4,874,228,666</b>	<b>(₱114,603,640)</b>	<b>₱38,194,439</b>	<b>₱10,581,721,077</b>

\*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:

	2022		2021	
<b>Assets</b>				
Cash and cash equivalents	\$7,863,029	₱438,442,485	\$15,738,444	₱802,644,894
	C\$166,862	6,881,384	C\$300,131	11,961,418
Trade receivables	\$3,628,902	202,347,566	\$3,370,321	171,883,009
	C\$478,316	19,725,741	C\$3,988,075	158,940,751
	S\$198,925	8,271,298	S\$141,598	5,317,676
	A\$22,947	867,410	A\$144,000	5,300,078
	DH44,644	682,162	DH132,516	1,832,040
		₱677,218,046		₱1,157,879,866
<b>Liabilities</b>				
Short-term loans	\$-	₱-	\$14,500,000	₱739,485,500
Trade payables	\$817,128	45,563,057	\$130,058	6,632,818
	€78,902	4,698,614	€90,100	5,181,804
	S\$2,036	83,965	S\$212	7,962
Obligations for program and other rights	\$2,557,785	142,622,092	\$2,933,261	149,593,378
		₱192,967,728		₱900,901,462
		₱484,250,318		₱256,978,404

In translating the foreign currency-denominated monetary assets and liabilities into Philippine peso amounts, the exchange rates used were ₱55.76 to US\$1.00 and ₱50.99 to US\$1.00, the Philippine peso to U.S. dollar exchange rate, as at December 31, 2022 and 2021, respectively. The exchange rate for Philippine peso to Canadian dollar were ₱41.24 to CAD\$1.00 and ₱39.85 to CAD\$1.00, as at December 31, 2022 and 2021. The peso equivalents for the Singaporean Dollar, Australian Dollar, Dirham and Euro were ₱41.58, ₱37.80, ₱15.28, and ₱59.55 and ₱37.55, ₱36.81, ₱13.83, and ₱57.51 at December 31, 2022 and 2021, respectively.

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							Total
		USD	CAD	SGD	AUD	AED	EUR	
2022	0.50	₱6,154,529	₱322,589	₱100,480	₱11,474	₱22,322	₱39,451	₱6,650,845
	(0.50)	(6,154,529)	(322,589)	(100,480)	(11,474)	(22,322)	(39,451)	(6,650,845)
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)

*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:

	2022	2021
Financial assets at amortized cost:		
Cash and cash equivalents*	<b>₱2,398,015,725</b>	₱4,505,373,504
Trade receivables:		
Television and radio airtime	<b>5,483,578,974</b>	7,326,922,014
Subscriptions	<b>202,565,315</b>	215,951,362
Others	<b>117,070,837</b>	117,522,288
Nontrade receivables:		
Advances to officers and employees	<b>3,696,290</b>	9,363,276
Others	<b>46,121,488</b>	114,786,067
Refundable deposits**	<b>26,501,499</b>	22,165,836
	<b>8,277,550,128</b>	12,312,084,347
Financial assets at FVOCI	<b>282,614,107</b>	116,711,276
	<b>₱8,560,164,235</b>	₱12,428,795,623

\*Excluding cash on hand amounting to ₱437.10 million and ₱262.86 million as at December 31, 2022 and 2021, 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:

	2022			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Financial assets at amortized cost				
Cash and cash equivalents*	₱2,398,015,725	₱-	₱-	₱2,398,015,725
Nontrade receivables:				
Advances to officers and employees	1,831,678	-	-	1,831,678
Others	29,292,643	-	-	29,292,643
Refundable deposits**	26,501,499	-	-	26,501,499
	<b>₱2,455,641,545</b>	<b>₱-</b>	<b>₱-</b>	<b>₱2,455,641,545</b>

\*Excluding cash on hand amounting to ₱437.10 million as at December 31, 2022.

\*\* Included under "Other noncurrent assets" account in the consolidated company statement of financial position.

	2021			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
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
	<b>₱4,581,558,763</b>	<b>₱-</b>	<b>₱-</b>	<b>₱4,581,558,763</b>

\*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.

### 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:

	2022					Total
	Days past due					
	Current	0-30 days	31-60 days	61-90 days	91 days and above	
Expected credit loss rate	1%	4%	5%	13%	41%	
Estimated total gross carrying amount at default	₱2,958,787,765	₱1,084,322,063	₱586,549,856	₱230,896,588	₱1,851,325,139	₱ 6,711,881,411
Expected credit loss	42,885,305	41,679,725	29,547,436	29,705,300	764,848,519	908,666,285
	2021					Total
	Days past due					
	Current	0-30 days	31-60 days	61-90 days	91 days and above	
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





### 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, 2022, 2021 and 2020.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loan to total equity. The Group's interest-bearing loans, which are the short-term loans, amounted to ₱27.13 million and ₱739.49 million as at December 31, 2022 and 2021, respectively. The Group's total equity attributable to equity holders of the Parent Company as at December 31, 2022 and 2021 amounted to ₱15,388.51 million and ₱14,469.92 million, respectively.

## 32. Fair Value Measurement

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

	2022			
	Carrying Value	Fair Value		
		Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
<i>Assets Measured at Fair Value</i>				
Land at revalued amount	₱6,619,895,148	₱-	₱-	₱6,619,895,148
Financial assets at FVOCI	282,614,107	-	12,186,842	270,427,265
<i>Assets for which Fair Values are Disclosed</i>				
Investment properties	32,105,060	-	-	203,902,548
Financial assets at amortized cost - Refundable deposits*	26,501,499	-	-	20,748,654
	<b>₱6,961,115,814</b>	<b>₱-</b>	<b>₱12,186,842</b>	<b>₱7,114,973,615</b>

\*Included under "Other noncurrent assets" account in the consolidated statement of financial position (see Note 16).

	2021			
	Carrying Value	Fair Value		
		Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
<i>Assets Measured at Fair Value</i>				
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
<i>Assets for which Fair Values are Disclosed</i>				
Investment properties	33,487,447	-	-	203,902,548
Financial assets at amortized cost - Refundable deposits*	22,165,836	-	-	17,499,532
	<b>₱3,117,661,573</b>	<b>₱-</b>	<b>₱13,371,842</b>	<b>₱3,270,038,528</b>
<b>Liabilities</b>				
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).



As at December 31, 2022 and 2021, the fair value of equity instruments in a listed entity is classified under Level 3 due to the investee Company's suspension of trading in the market.

The fair values of equity instruments in listed and non-listed companies classified under Level 3 were determined through 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 2022 and 2021:

Description	Unobservable Inputs	Range	
		2022	2021
<b>Listed equity instrument:</b>			
Casinos and gaming industry	Discount for lack of marketability	10%-30%	10%-30%
	Discount for lack of control	10%-30%	10%-30%
<b>Non-listed equity instruments:</b>			
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:

	2022	2021
Balance at beginning of year	₱103,339,434	₱179,160,246
Additions during the year	168,672,065	
Fair value adjustment recognized under "Net unrealized loss on financial assets at FVOCI"	(1,584,234)	(75,820,812)
Balance at end of year	₱270,427,265	₱103,339,434

#### 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 2022 and 2021.

##### *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 (Level 2). 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 the disclosure of the fair value of investment properties and for the recognition of land at revalued amount was derived through market data approach based upon prices paid in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property adjusted based on certain elements of comparison (e.g. market conditions, location, physical condition and amenities). Significant unobservable valuation input in determining the fair value of investment properties includes adjusted price per square meter that ranges from ₱1,400 to ₱117,000. On the other hand, significant unobservable valuation input in determining fair value of land at revalued amounts include adjusted price per square meter that ranges from ₱283,500 to ₱330,750.

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

*Trade Payables and Other Current Liabilities (excluding Payable to Government Agencies 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 3.39% to 6.78% in 2022 and 0.99% to 4.89% in 2021.

*Obligations for program and other rights - noncurrent*

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. Supplemental Cash Flow Information

Changes in liabilities arising from financing activities

The table below shows significant changes in arising from financing activities, including changes arising from cash flows and non-cash changes:

	January 1, 2022	Additions	Payments	Others*	December 31, 2022
Short-term loans	₱739,485,500	₱1,027,125,200	(₱1,685,850,000)	(₱53,635,500)	₱27,125,200
Lease liabilities	119,385,902	86,283,167	(28,506,823)	–	177,162,246
Dividends payable	39,589,204	7,091,543,400	(7,100,606,298)	–	30,526,306
Accrued interest expense**	511,796	11,906,481	(12,418,277)	–	–
Total liabilities from financing activities	₱898,972,402	₱8,216,858,248	(₱8,827,381,398)	(₱53,635,500)	₱234,813,752

\*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, 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 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).



Non-cash investing activity

Significant non-cash investing activity in 2022 pertains to the additional revaluation increment of land at revalued amounts totaling ₱3,650.29 million.

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**34. Reclassifications**

In 2022, the Group reclassified some accounts in the 2021 and 2020 statements of comprehensive income to be consistent with the nature and 2022 presentation of accounts.

	<b>Before Reclassification</b>	<b>Reclassification</b>	<b>After Reclassification</b>
<b>2021 Consolidated statements of comprehensive income</b>			
Talent fees and production personnel costs (under Production costs)	₱2,251,169,738	₱1,001,935,900	₱3,253,105,638
Depreciation (under Production costs)	262,708,006	114,160,130	376,868,136
Personnel costs (under General and administrative expenses)	4,858,698,218	(1,001,935,900)	3,856,406,145
Depreciation (under General and administrative expenses)	345,065,031	(114,160,130)	249,864,835
<b>2020 Consolidated statements of comprehensive income</b>			
Talent fees and production personnel costs (under Production costs)	1,705,667,865	932,680,003	2,638,347,868
Depreciation (under Production costs)	164,639,078	163,412,068	328,051,146
Personnel costs (under General and administrative expenses)	4,525,101,340	(932,680,003)	3,592,421,337
Depreciation (under General and administrative expenses)	380,936,123	(163,412,068)	217,524,055

Personnel costs and depreciation expenses pertaining to production and engineering operations were reclassified from general and administrative to production costs to be consistent with the classification in 2022 for costs and expenses of similar nature.



## **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, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 31, 2023. 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.



Marydith C. Miguel  
Partner

CPA Certificate No. 65556

Tax Identification No. 102-092-270

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 65556-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. 08-001998-055-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9564666, January 3, 2023, Makati City

March 31, 2023

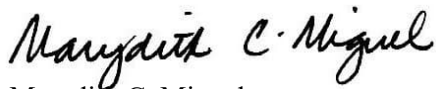


## **INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

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, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 31, 2023. 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, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Marydith C. Miguel

Partner

CPA Certificate No. 65556

Tax Identification No. 102-092-270

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 65556-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. 08-001998-055-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9564666, January 3, 2023, Makati City

March 31, 2023



## **GMA NETWORK, INC. AND SUBSIDIARIES**

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### **INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES DECEMBER 31, 2022**

#### **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, 2022**

**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
<b>Cash and cash equivalents</b>				
Cash on hand	₱-	₱437,100,239	₱-	₱-
Cash in banks	-	1,733,623,142	-	1,785,302
Peso Placements:				
Abacus Capital & Investment Corporation	-	208,278,779	-	9,947,668
Amalgamated Investment Bancorporation	-	8,067,318	-	135,859
Bank of Commerce	-	13,847,703	-	97,824
Bank of the Philippine Islands	-	-	-	406,696
Charter Ping An	-	6,200,347	-	17,568
CTBC Bank	-	-	-	943,691
Land Bank of the Philippines	-	-	-	1,171,311
Malayan Bank	-	9,668,529	-	1,378,492
Metrobank	-	100,594,736	-	986,067
Philippine Business Bank	-	-	-	3,426
Philippine Bank of Communications	-	10,694,049	-	76,760
Philippine National Bank	-	-	-	322,182
Unicapital, Inc.	-	32,191,552	-	752,319
United Coconut Planters Bank	-	-	-	1,230,457
Union Bank of the Philippines	-	295,200,820	-	1,292,364
Total Placements	-	684,743,833	-	18,762,684
	₱-	₱2,855,467,214	₱-	₱20,547,986

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

IP E Games Ventures, Inc.	13,000,000,000	₱24,814,847	₱-	₱-
TNB Aura	400,000	40,024,108	-	-
PX Ventures Pte. Ltd.	106,770,000	106,770,000	-	-
Wavemaker Three-Sixty Health II-A, L.P.	-	13,659,878	-	-
Cloudeats	12,550,000	12,550,000	-	-
Unicapital, Inc.	778,504	65,897,752	-	-
Mabuhay Philippine Satellite	405,666	235,338	-	-
Optima Digital, Inc.	-	657,417	-	-
Ayala Alabang Country Club - A	1	6,000,000	6,000,000	-
Baguio Country Club	1	6,000,000	6,000,000	-
Metropolitan Club (Metroclub) A	7	1,750,000	1,750,000	-
Manila Southwoods A	1	3,000,000	3,000,000	-
Camp John Hay Golf Club	1	250,000	250,000	-
Reefpoint Picture	-	216,925	-	-
Royale Tagaytay	3	700,000	700,000	-
Fortune Island Resort	1	86,842	86,842	-
Others	-	1,000	-	-
		₱282,614,107	₱17,786,842	₱-



**Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)**  
December 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Noncurrent	Balance at End of Period
			Amount Collected	Amount Written Off			
<p><b>Not Applicable:</b> The Group has no amounts receivable from directors, officers, employees, related parties and principal stockholders as at December 31, 2022 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.</p>							

**Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements  
December 31, 2022**

*Alta Productions Company, Inc. (Alta)*

Account	January 1, 2022	Additions	Deductions		Current	Noncurrent	December 31, 2022
			Amount Collected	Amount written off/ Reclassified			
Receivables – Non-Trade	₱186,624	₱250	₱–	₱–	₱250	₱ 186,624	₱ 186,874
Payables – Trade	(16,130,950)	(78,021,478)	81,570,401	–	(12,582,027)	–	(12,582,027)
<b>Total</b>	<b>(₱15,944,326)</b>	<b>(₱78,021,228)</b>	<b>₱81,570,401</b>	<b>₱–</b>	<b>(₱12,581,777)</b>	<b>₱186,624</b>	<b>(₱12,395,153)</b>

*Citynet Network Marketing and Productions, Inc. (Citynet)*

Account	January 1, 2022	Additions	Deductions		Current	Noncurrent	December 31, 2022
			Amount Collected	Amount written off/ Reclassified			
<b>Advances to Citynet</b>	<b>₱118,934,402</b>	<b>₱–</b>	<b>₱–</b>	<b>₱–</b>	<b>₱–</b>	<b>₱118,934,402</b>	<b>₱118,934,402</b>

**Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)  
December 31, 2022**

*GMA Marketing and Productions, Inc. (GMPI)*

Account	January 1, 2022	Additions	Deductions		Current	Noncurrent	December 31, 2022
			Amount Collected	Amount written off/ Reclassified			
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)
<b>Total</b>	<b>(₱106,548,787)</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>(₱106,548,787)</b>	<b>(₱106,548,787)</b>

*GMA New Media, Inc. (GNMI)*

Account	January 1, 2022	Additions	Deductions		Current	Noncurrent	December 31, 2022
			Amount Collected	Amount written off/ Reclassified			
Receivables - NonTrade	₱-	₱65,152	₱-	₱-	₱65,152	₱-	₱65,152
Receivables - Trade	91,857,707	351,684,824	(304,159,609)	-	47,525,216	91,857,707	139,382,923
Payables - Trade	(133,709,080)	(121,065,697)	118,226,809	-	(2,838,887)	(133,709,080)	(136,547,967)
<b>Total</b>	<b>(₱41,851,373)</b>	<b>₱230,684,280</b>	<b>(₱185,932,799)</b>	<b>₱-</b>	<b>₱44,751,481</b>	<b>(₱41,851,373)</b>	<b>₱2,900,108</b>

**Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)  
December 31, 2022**

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

Account	January 1, 2022	Additions	Deductions		Current	Noncurrent	December 31, 2022
			Amount Collected	Amount written off/ Reclassified			
Receivables - Non-Trade	₱-	₱-	₱-	₱-	₱-	₱-	₱-
Payables - Trade	(3,925,824)	-	-	-	-	(3,925,824)	(3,925,824)
<b>Total</b>	<b>(₱3,925,824)</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>(₱3,925,824)</b>	<b>(₱3,925,824)</b>

*RGMA Marketing & Productions, Inc. (GMA Records)*

Account	January 1, 2022	Additions	Deductions		Current	Noncurrent	December 31, 2022
			Amount Collected	Amount written off/ Reclassified			
Advances to GMA Records	₱1,268,033	₱-	₱-	₱-	₱-	₱1,268,033	₱1,268,033
Receivables - Trade	27,756,216	10,102,400	(12,700,286)	(8,575,416)	(11,173,302)	27,756,216	16,582,914
Receivables - Nontrade	5,915,104	175,154	-	-	175,154	5,915,104	6,090,258
Payables - Trade	-	(1,335,306)	-	-	(1,335,306)	-	(1,335,306)
<b>Total</b>	<b>₱34,939,353</b>	<b>₱8,942,248</b>	<b>(₱12,700,286)</b>	<b>(₱8,575,416)</b>	<b>(₱12,333,454)</b>	<b>₱34,939,353</b>	<b>₱22,605,899</b>

**Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)  
December 31, 2022**

*Scenarios, Inc. (Scenarios)*

Account	January 1, 2022	Additions	Deductions		Current	Noncurrent	December 31, 2022
			Amount Collected	Amount written off/ Reclassified			
Advances to Scenarios	₱1,014,090	₱-	₱-	₱-	₱-	₱1,014,090	₱1,014,090
Receivables – Trade	5,507,145	1,500	–	–	1,500	5,507,145	5,508,645
Payables – Nontrade	(435,000)	–	–	–	–	(435,000)	(435,000)
<b>Total</b>	<b>₱6,086,235</b>	<b>₱1,500</b>	<b>₱-</b>	<b>₱-</b>	<b>₱1,500</b>	<b>₱6,086,235</b>	<b>₱6,087,735</b>

*Script2010, Inc. (Script2010)*

Account	January 1, 2022	Additions	Deductions		Current	Noncurrent	December 31, 2022
			Amount Collected	Amount written off/ Reclassified			
Receivables - Trade	₱-	₱-	₱-	₱-	₱-	₱-	₱-
Receivables - Nontrade	24,531,580	1,674,610	–	(15,485)	1,659,125	24,531,580	26,190,705
Payables - Trade	(28,361,820)	(121,365,011)	117,783,079	–	(3,581,932)	(28,361,820)	(31,943,752)
Payables - Nontrade	(1,878,486)	–	–	–	–	(1,878,486)	(1,878,486)
<b>Total</b>	<b>(5,708,726)</b>	<b>(₱119,690,401)</b>	<b>₱117,783,079</b>	<b>(₱15,485)</b>	<b>(₱1,922,807)</b>	<b>(₱5,708,726)</b>	<b>(₱7,631,533)</b>

**Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)  
December 31, 2022**

*Media Merge Corporation (MM)*

Account	January 1, 2022	Additions	Deductions		Current	Noncurrent	December 31, 2022
			Amount Collected	Amount written off/ Reclassified			
Receivables - Trade	₱1,436,579	₱-	₱-	(₱139,703)	₱-	₱1,296,876	₱1,296,876
Payables - Trade	(3,198,847)	-	-	-	-	(3,198,847)	(3,198,847)
<b>Total</b>	<b>(₱1,762,268)</b>	<b>₱-</b>	<b>₱-</b>	<b>(₱139,703)</b>	<b>₱-</b>	<b>(₱1,901,971)</b>	<b>(₱1,901,971)</b>

*RGMA Network, Inc. (RGMA Network)*

Account	January 1, 2022	Additions	Deductions		Current	Noncurrent	December 31, 2022
			Amount Collected	Amount written off/ Reclassified			
Receivables - Nontrade	₱154,327	₱146,158	₱-	₱-	₱146,158	₱154,327	₱300,485
Payables - Trade	(47,980,821)	(249,729,986)	261,791,246	-	12,061,259	(47,980,821)	(35,919,562)
<b>Total</b>	<b>(₱47,826,494)</b>	<b>(₱249,583,828)</b>	<b>₱261,791,246</b>	<b>₱-</b>	<b>₱12,207,418</b>	<b>(₱47,826,494)</b>	<b>(₱35,619,076)</b>

**Schedule D. Long-Term Debt**  
**December 31, 2022**

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
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**Not Applicable:** The Group has no long-term debt as at December 31, 2022.

**Schedule E. Indebtedness to Related Parties (Long-Terms from Related Companies)**  
**December 31, 2022**

Name	Balance, January 1, 2022	Balance, December 31, 2022
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**Not Applicable:** The Group has no noncurrent indebtedness to a related party as at December 31, 2022.

**Schedule F. Guarantees of Securities of Other Issuers**  
**December 31, 2022**

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
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**Not Applicable:** The Group has no guarantees of securities of other issuers as at December 31, 2022.

**Schedule G. Capital Stock**  
**December 31, 2022**

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	2,852,248,272	19,264,154	493,179,574
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, 2022**

<b>Unappropriated retained earnings, beginning of the year</b>	₱7,344,094,943
Less: Non-actual/unrealized income	
Deferred tax assets recognized in profit or loss	694,501,396
<b>Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning of the year</b>	<b>6,649,593,547</b>
Add: Net income actually earned/realized during the period	
Net income of the Parent Company closed to Retained Earnings	5,463,995,346
Unrealized foreign exchange gain	57,426,626
Less: Non-actual/unrealized income net of tax	
Provision for deferred income tax	140,863,906
<b>Net income actually earned/realized during the year</b>	<b>5,380,558,066</b>
Less:	
Dividends declaration during the year	7,053,803,400
<b>Unappropriated Retained Earnings Available for Dividend Declaration, Ending</b>	<b>₱4,976,348,213</b>



**GMA NETWORK, INC. AND SUBSIDIARIES**  
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

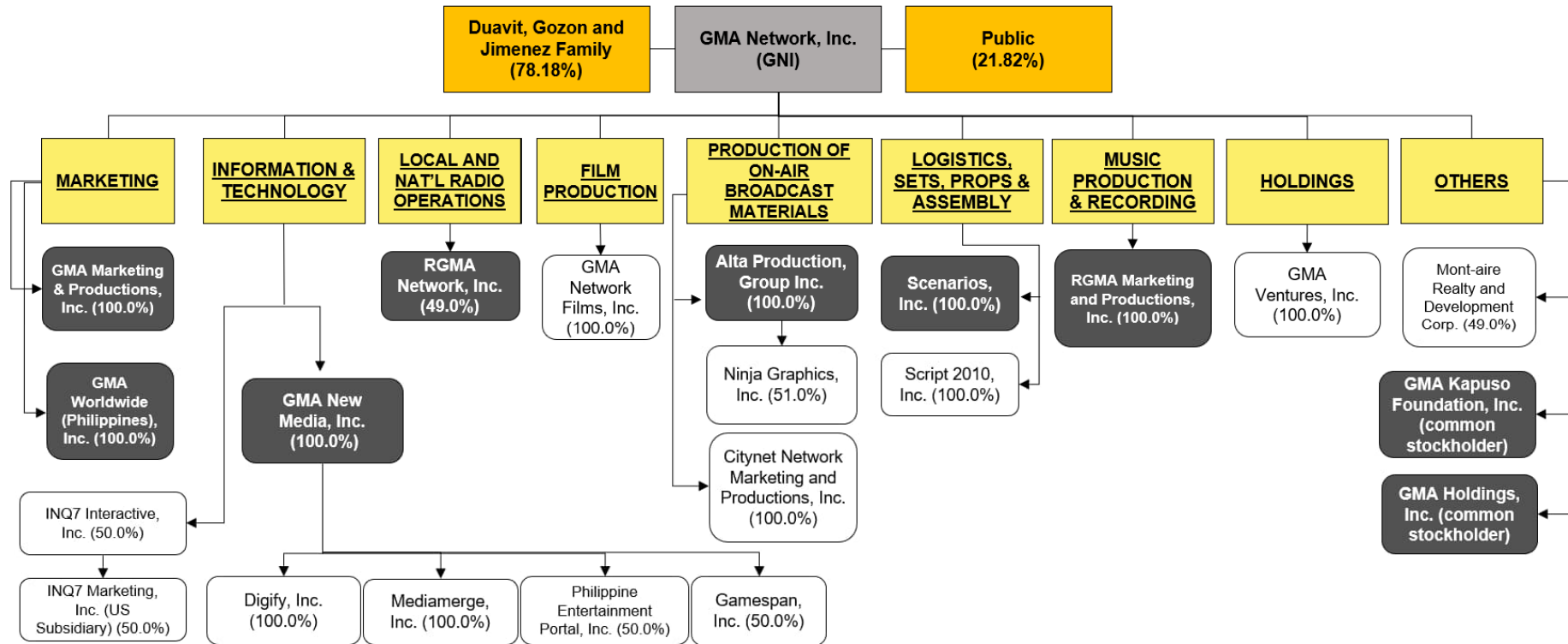
<b>Financial Ratios</b>	<b>Formula</b>	<b>2022</b>	<b>2021</b>
<b>Current/liquidity ratio</b>	<b>Current assets over current liabilities</b>	<b>3.45:1</b>	<b>3.42:1</b>
	Total current assets	13,539,678,035	
	Divided by:		
	Total current liabilities	3,929,275,949	
	<b>Current ratio</b>	<b>3.45</b>	
<b>Acid Test Ratio</b>	<b>Quick assets over current liabilities</b>	<b>3.07:1</b>	<b>3.18:1</b>
	Total current assets	13,539,678,035	
	Less:		
	Inventory	1,469,193,884	
	Other current assets	1,519,261	
		12,068,964,890	
	Divided by:		
	Total current liabilities	3,929,275,949	
	<b>Acid test ratio</b>	<b>3.07</b>	
<b>Solvency ratio</b>	<b>Net income plus non-cash expenses over total liabilities</b>	<b>0.76:1</b>	<b>0.80:1</b>
	Net income	5,456,508,315	
	Add:		
	Non-cash expenses	1,626,700,111	
	Total	7,083,208,426	
	Divided by:		
	Total liabilities	9,263,105,347	
	<b>Solvency ratio</b>	<b>0.76</b>	
<b>Asset-to-equity ratio</b>	<b>Total asset over total equity</b>	<b>1.60:1</b>	<b>1.65:1</b>
	Total assets	24,729,127,894	
	Divided by:		
	Total equity	15,466,022,547	
	<b>Asset-to-equity ratio</b>	<b>1.60</b>	
<b>Debt-to-equity ratio</b>	<b>Short-term loans over total equity</b>	<b>0.002:1</b>	<b>0.05:1</b>
	Total short-term loans	27,125,200	
	Divided by:		
	Total equity	15,466,022,547	
	<b>Asset-to-equity ratio</b>	<b>0.002</b>	

<b>Financial Ratios</b>	<b>Formula</b>	<b>2022</b>	<b>2021</b>
<b>Net debt to equity ratio</b>	<b>Interest-bearing loans and borrowings less cash and cash equivalents over total equity</b>	<b>(0.18):1</b>	<b>(0.28):1</b>
	Total short-term loans	27,125,200	
	Less:		
	Cash and cash equivalents	2,855,467,214	
		<u>(2,828,342,014)</u>	
	Divided by:		
	Total equity	15,466,022,547	
	<b>Net debt-to-equity ratio</b>	<b>(0.18)</b>	
<b>Interest rate coverage ratio</b>	<b>Earnings before interest, tax over interest expense</b>	<b>291.44:1</b>	<b>204.95:1</b>
	Net income	5,456,508,315	
	Add:		
	Interest	25,132,083	
	Tax	1,863,409,773	
	Less:		
	Interest income	20,547,986	
		<u>7,324,502,185</u>	
	Divided by:		
	Interest	25,132,083	
	<b>Interest rate coverage ratio</b>	<b>291.44</b>	
<b>Gross profit margin</b>	<b>Gross profit over net revenues</b>	<b>63.90%</b>	<b>71.44%</b>
	Gross profit	13,778,975,573	
	Divided by:		
	Net revenue	21,564,011,070	
	<b>Gross profit margin</b>	<b>63.90%</b>	
<b>Net income margin</b>	<b>Net income over net revenues</b>	<b>25.30%</b>	<b>33.72%</b>
	Net income	5,456,508,315	
	Divided by:		
	Net revenue	21,564,011,070	
	<b>Net income margin</b>	<b>25.30%</b>	
<b>Return on equity</b>	<b>Net income over average total stockholder's equity</b>	<b>36.33%</b>	<b>55.14%</b>
	Net income	5,456,508,315	
	Divided by:		
	Average equity	15,018,511,390	
	<b>Return on equity</b>	<b>36.33%</b>	

<b>Financial Ratios</b>	<b>Formula</b>	<b>2022</b>	<b>2021</b>
<b>Return on assets</b>	<b>Net income over average total assets</b>	<b>22.36%</b>	<b>31.53%</b>
	Net income	5,456,508,315	
	Divided by:		
	Average asset	24,402,426,484	
	<u>Return on asset</u>	<u>22.36%</u>	

# GMA NETWORK, INC. AND SUBSIDIARIES

## MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP





**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

March 31, 2023

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, 2022 and 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 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.

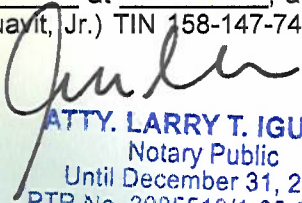
  
**FELIPE L. GOZON**  
Chairman of the Board  
Chief Executive Officer

  
**GILBERTO R. DUAVIT, JR.**  
President  
Chief Operating Officer

  
**FELIPE S. YALONG**  
Executive Vice President  
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this APR 13 2023 day of 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. 170  
Page No. 03  
Book No. II  
Series of 2023

  
**ATTY. LARRY T. IGUIDEZ**  
Notary Public  
Until December 31, 2023  
PTR No. 3985518/1-05-23-Q.C  
IBP No. 247745/09-14-22, Q.C  
Roll No. 20434  
MCLE Compliance No. VI-0017289, 01-24-19  
Notarial Comm. Adm Matter  
NP 021 (2023-2024) RTC Q.C  
1309, Philippines

**GMA NETWORK, INC.**  
GMA Network Center, EDSA cor. Timog Ave., Diliman, Quezon City, 1309, Philippines  
Telephone No.: (632) 8982-7777

# COVER SHEET

## for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						5	2	1	3
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### COMPANY NAME

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

A	A	F	S
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Department requiring the report

CMD
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Secondary License Type, If Applicable

Not applicable
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### 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)
1,643	5/17	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
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**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.



## **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, 2022 and 2021, 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, 2022 and 2021, 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.





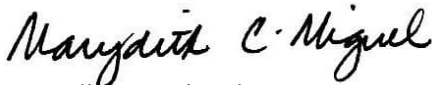
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**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 Marydith C. Miguel.

SYCIP GORRES VELAYO & CO.



Marydith C. Miguel

Partner

CPA Certificate No. 65556

Tax Identification No. 102-092-270

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 65556-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. 08-001998-055-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9564666, January 3, 2023, Makati City

March 31, 2023



**GMA NETWORK, INC.****PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 6, 30 and 31)	<b>₱2,506,292,527</b>	₱4,455,614,857
Trade and other receivables (Notes 7, 21, 30 and 31)	<b>6,018,896,726</b>	7,859,865,016
Program and other rights (Note 8)	<b>1,246,572,181</b>	764,595,163
Inventories (Note 9)	<b>1,459,297,539</b>	1,129,635,758
Prepaid expenses and other current assets (Note 10)	<b>1,941,433,140</b>	1,713,663,680
Total Current Assets	<b>13,172,492,113</b>	15,923,374,474
<b>Noncurrent Assets</b>		
Property and equipment:		
At cost (Note 13)	<b>3,299,421,592</b>	2,925,304,262
At revalued amounts (Notes 14 and 31)	<b>6,619,895,148</b>	2,945,297,014
Right-of-use assets (Note 28)	<b>159,345,818</b>	112,919,016
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 11, 30 and 31)	<b>129,758,984</b>	122,039,903
Investments and advances (Notes 12 and 21)	<b>831,757,394</b>	694,920,912
Program and other rights - net of current portion (Note 8)	<b>232,446,242</b>	240,982,378
Investment properties (Notes 15 and 31)	<b>20,952,663</b>	22,335,050
Deferred tax assets - net (Note 29)	<b>5,659,347</b>	719,410,111
Other noncurrent assets (Notes 16, 30 and 31)	<b>214,654,859</b>	280,788,543
Total Noncurrent Assets	<b>11,513,892,047</b>	8,063,997,189
<b>TOTAL ASSETS</b>	<b>₱24,686,384,160</b>	₱23,987,371,663
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade payables and other current liabilities (Notes 17, 21, 30 and 31)	<b>₱3,222,478,958</b>	₱2,892,953,190
Short-term loans (Notes 18, 30 and 31)	–	739,485,500
Income tax payable	<b>525,915,896</b>	1,041,413,024
Current portion of obligations for program and other rights (Notes 19, 30 and 31)	<b>209,171,643</b>	212,578,686
Current portion of lease liabilities (Note 28)	<b>21,146,569</b>	16,719,407
Dividends payable (Notes 20, 30 and 31)	<b>30,525,952</b>	25,588,850
Total Current Liabilities	<b>4,009,239,018</b>	4,928,738,657
<b>Noncurrent Liabilities</b>		
Pension liability (Note 26)	<b>4,730,284,079</b>	4,093,751,401
Other long-term employee benefits (Note 26)	<b>347,489,172</b>	347,489,172
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)	<b>145,281,971</b>	91,096,647
Dismantling provision (Note 28)	<b>49,009,014</b>	46,097,449
Total Noncurrent Liabilities	<b>5,272,064,236</b>	4,589,672,225
Total Liabilities	<b>9,281,303,254</b>	9,518,410,882

*(Forward)*

	<b>December 31</b>	
	<b>2022</b>	2021
<b>Equity</b>		
Capital stock (Note 20)	<b>₱4,864,692,000</b>	₱4,864,692,000
Additional paid-in capital	<b>1,686,556,624</b>	1,686,556,624
Revaluation increment on land - net of tax (Note 14)	<b>4,570,402,192</b>	1,832,684,129
Remeasurement loss on retirement plan - net of tax (Note 26)	<b>(2,156,878,184)</b>	(1,951,666,723)
Net unrealized loss on financial assets at FVOCI - net of tax (Note 11)	<b>(86,653,442)</b>	(80,075,020)
Retained earnings (Note 20)	<b>6,526,961,716</b>	8,116,769,771
Total Equity	<b>15,405,080,906</b>	14,468,960,781
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱24,686,384,160</b>	₱23,987,371,663

*See accompanying Notes to Parent Company Financial Statements.*



**GMA NETWORK, INC.****PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>REVENUES</b> (Note 22)	<b>₱21,249,764,183</b>	<b>₱22,157,134,663</b>
<b>PRODUCTION COSTS</b> (Note 23)	<b>7,620,434,932</b>	<b>6,162,488,630</b>
<b>COST OF SALES</b> (Note 9)	<b>293,953,632</b>	<b>408,061,863</b>
<b>GROSS PROFIT</b>	<b>13,335,375,619</b>	<b>15,586,584,170</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b> (Note 24)	<b>6,414,883,105</b>	<b>5,908,029,810</b>
<b>OTHER INCOME (EXPENSE) - NET</b>		
Dividend income (Notes 11 and 21)	<b>164,309,999</b>	<b>108,021,268</b>
Net foreign currency exchange gain (loss) (Note 18)	<b>32,949,236</b>	<b>(54,853,342)</b>
Interest expense (Notes 18 and 28)	<b>(24,111,406)</b>	<b>(47,881,629)</b>
Interest income (Note 6)	<b>19,832,994</b>	<b>16,029,136</b>
Others - net (Note 27)	<b>148,834,968</b>	<b>137,654,340</b>
	<b>341,815,791</b>	<b>158,969,773</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>7,262,308,305</b>	<b>9,837,524,133</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 29)		
Current	<b>1,927,570,165</b>	<b>2,338,891,726</b>
Deferred	<b>(129,257,206)</b>	<b>(28,691,060)</b>
	<b>1,798,312,959</b>	<b>2,310,200,666</b>
<b>NET INCOME</b>	<b>5,463,995,346</b>	<b>7,527,323,467</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS) - net of tax</b> <i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Revaluation increment on land (Note 29)	<b>2,737,718,063</b>	<b>122,178,942</b>
Remeasurement gain (loss) on retirement plan (Note 26)	<b>(205,211,461)</b>	<b>574,161,844</b>
Net changes in the fair market value of financial assets at FVOCI (Note 11)	<b>(6,578,422)</b>	<b>(39,318,567)</b>
	<b>2,525,928,180</b>	<b>657,022,219</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱7,989,923,526</b>	<b>₱8,184,345,686</b>
<b>Basic / Diluted Earnings Per Share</b> (Note 32)	<b>₱1.123</b>	<b>₱1.548</b>

See accompanying Notes to Parent Company Financial Statements.



**GMA NETWORK, INC.**

**PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	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, 2022	₱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
Total comprehensive income:									
Net income	-	-	-	-	-	5,463,995,346	-	-	5,463,995,346
Other comprehensive income (loss)	-	-	2,737,718,063	(205,211,461)	(6,578,422)	-	-	-	2,525,928,180
Cash dividends - ₱1.45 a share (Note 20)	-	-	-	-	-	(7,053,803,401)	-	-	(7,053,803,401)
<b>Balances at December 31, 2022</b>	<b>₱4,864,692,000</b>	<b>₱1,686,556,624</b>	<b>₱4,570,402,192</b>	<b>(₱2,156,878,184)</b>	<b>(₱86,653,442)</b>	<b>₱6,526,961,716</b>	<b>₱-</b>	<b>₱-</b>	<b>₱15,405,080,906</b>
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)
<b>Balances at December 31, 2021</b>	<b>₱4,864,692,000</b>	<b>₱1,686,556,624</b>	<b>₱1,832,684,129</b>	<b>(₱1,951,666,723)</b>	<b>(₱80,075,020)</b>	<b>₱8,116,769,771</b>	<b>₱-</b>	<b>₱-</b>	<b>₱14,468,960,781</b>

See accompanying Notes to Parent Company Financial Statements.



**GMA NETWORK, INC.****PARENT COMPANY STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱7,262,308,305</b>	₱9,837,524,133
Adjustments to reconcile income before income tax to net cash flows		
Program and other rights usage (Notes 8 and 23)	<b>868,739,716</b>	1,007,347,795
Pension expense (Notes 25 and 26)	<b>646,917,398</b>	611,048,666
Depreciation (Notes 13, 15, 23, 24 and 28)	<b>672,324,407</b>	585,759,538
Contributions to retirement plan assets (Note 26)	<b>(259,000,000)</b>	(259,000,000)
Dividend income (Notes 11 and 21)	<b>(164,309,999)</b>	(108,021,268)
Amortization of software costs (Notes 16 and 24)	<b>73,027,822</b>	64,402,739
Net unrealized foreign currency exchange loss (gain)	<b>(65,311,683)</b>	35,936,658
Net gain on sale of property and equipment (Notes 13 and 27)	<b>(29,713,807)</b>	(50,941,808)
Interest expense (Notes 18 and 28)	<b>24,111,406</b>	47,881,629
Interest income (Note 6)	<b>(19,832,993)</b>	(16,029,136)
Provision for expected credit losses (ECL) (Notes 7 and 24)	<b>–</b>	107,878,272
Operating income before working capital changes	<b>9,009,260,572</b>	11,863,787,218
Working capital changes:		
Decreases (increases) in:		
Trade and other receivables	<b>1,884,494,528</b>	2,878,225,606
Program and other rights	<b>(1,342,180,598)</b>	(1,070,053,904)
Inventories	<b>(329,661,781)</b>	(909,014,084)
Prepaid expenses and other current assets	<b>(227,769,460)</b>	(64,855,948)
Increases (decreases) in:		
Trade payables and other current liabilities	<b>330,037,562</b>	(296,828,982)
Other long-term employee benefits	<b>–</b>	31,604,863
Obligations for program and other rights	<b>(17,055,914)</b>	26,650,848
Net cash generated from operations	<b>9,307,124,909</b>	12,459,515,617
Income taxes paid	<b>(2,443,067,293)</b>	(3,036,097,619)
Interest received	<b>20,509,196</b>	15,215,070
Benefit paid out of Company's own funds (Note 26)	<b>(25,000,000)</b>	(1,098,432)
Net cash flows from operating activities	<b>6,859,566,812</b>	9,437,534,636
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of:		
Property and equipment (Note 13)	<b>(1,017,407,174)</b>	(950,694,981)
Land at revalued amounts (Note 14)	<b>(24,307,384)</b>	(142,100,830)
Software costs (Note 16)	<b>(19,777,437)</b>	(65,674,954)
Cash dividends received (Note 21)	<b>126,309,999</b>	87,618,500
Proceeds from sale of property and equipment (Note 13)	<b>32,627,551</b>	56,212,731
Investments in:		
Financial assets at FVOCI (Note 11)	<b>(15,458,400)</b>	(19,659,800)
Subsidiary (Notes 12 and 21)	<b>(136,750,000)</b>	(13,250,000)

*(Forward)*

	<b>Years Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Advances to associate and joint venture (Notes 12 and 21)	<b>(₱86,482)</b>	(₱1,811,449)
Decrease (increase) in other noncurrent assets	<b>12,883,300</b>	(855,385)
Net cash flows used in investing activities	<b>(1,041,966,027)</b>	(1,050,216,168)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of:		
Cash dividends (Notes 20 and 33)	<b>(7,048,866,299)</b>	(6,555,573,476)
Short-term loans (Notes 18 and 33)	<b>(1,685,850,000)</b>	(4,542,575,000)
Interest expense (Note 33)	<b>(12,907,341)</b>	(37,890,610)
Principal portion of lease liabilities (Notes 28 and 33)	<b>(27,184,532)</b>	(26,736,541)
Proceeds from availments of short-term loans (Notes 18 and 33)	<b>1,000,000,000</b>	4,479,150,000
Net cash flows used in financing activities	<b>(7,774,808,172)</b>	(6,683,625,627)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,957,207,387)</b>	1,703,692,841
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>7,885,057</b>	42,236,774
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>4,455,614,857</b>	2,709,685,242
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)</b>	<b>₱2,506,292,527</b>	₱4,455,614,857

*See accompanying Notes to Parent Company Financial Statements.*



## **GMA NETWORK, INC.**

### **NOTES TO PARENT COMPANY FINANCIAL STATEMENTS**

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#### **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 31, 2023.

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#### **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, 2022.

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

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

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

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

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

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

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

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

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

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



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

▪ *Annual Improvements to PFRSs 2018-2020 Cycle*

- *Amendments to PFRS 1, First-time Adoption of Philippine Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

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

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

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

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

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

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

#### New Accounting Standards, Interpretations and Amendments to Existing Standards

##### Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. 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, 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.

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



*Effective beginning on or after January 1, 2024*

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

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

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

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

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

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

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

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

The 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.

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### 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.

#### “Day 1” Difference

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the 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.

#### 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 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, 2022 and 2021.

*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, 2022 and 2021 (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, 2022 and 2021 (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, 2022 and 2021.

*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.

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, 2022 and 2021, 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 2022 and 2021:

	Principal Activities	Percentage of Ownership	
		Direct	Indirect
<b>Entertainment Business:</b>			
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
<b>Holding Company:</b>			
GMA Ventures, Inc. (GVI)	Identifying, investing in, and/or building strong and sustainable businesses	100	–
<b>Advertising Business:</b>			
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
<b>Others:</b>			
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

\*Under liquidation

\*\*Indirectly owned through Citynet

\*\*\*Indirectly owned through GNMI

\*\*\*\*Indirectly owned through GNMI; ceased commercial operations in 2020

\*\*\*\*\*Indirectly owned through Alta; ceased commercial operations in 2004

### 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, equipment under installation and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

#### Investment Properties

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

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

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

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

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the 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 land at revalued amounts, 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, if any, 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, if any, is 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 statements 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 25 years
Buildings, studio and office spaces	2 to 15 years

Right-of-use assets are subject to impairment.

- *Lease Liabilities.* At the commencement date of the lease, the 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.



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#### 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, 2022 and 2021 (see Note 12).

*Assessment of Significant Influence over the Investee.* The Company holds 25% ownership interest in Optima Digital, Inc. as at December 31, 2022 and 2021. 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. as the Company has only one (1) board seat out of the total five (5) board seats. The investment is presented as a financial asset at FVOCI amounting to ₱0.66 million and ₱4.81 million as at December 31, 2022 and 2021, respectively.

*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 ₱5.22 million and ₱5.32 million in 2022 and 2021, 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 ₱166.43 million and ₱107.82 million as at December 31, 2022 and 2021, 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 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 segmented 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 nil and ₱107.88 million in 2022 and 2021, respectively. The allowance for ECL amounted to ₱833.34 million as at December 31, 2022 and 2021. The carrying amounts of trade and other receivables amounted to ₱6,018.90 million and ₱7,859.87 million as at December 31, 2022 and 2021, 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.



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 ₱868.74 million and ₱1,007.35 million in 2022 and 2021, respectively (see Notes 8 and 23). Program and other rights, net of accumulated impairment in value of ₱2.70 million, amounted to ₱1,479.02 million and ₱1,005.58 million as at December 31, 2022 and 2021, 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 ₱1,459.30 million and ₱1,129.64 million as at December 31, 2022 and 2021, respectively (see Note 9). There were no provisions for inventory losses in 2022 and 2021.

*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 2022 and 2021.

Total depreciation and amortization amounted to ₱733.51 million and ₱643.00 million as at December 31, 2022 and 2021, 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 2022, the Company assessed those certain parcels of land at revalued amounts, comprising majority of the balance of the account, have significant movements in its current carrying values and obtained updated appraisals as at December 31, 2022. For the land that were not appraised, the Company referred to the published comparable prices for the fair values. Total additional revaluation increment recognized in 2022 amounted to ₱2,737.72 million, net of tax.

Total additional revaluation increment recognized in 2022 amounted to ₱2,737.72 million, net of tax. In 2021, there was no additional revaluation increment on land due to insignificant movements in the fair value of the land. The revalued amount of land, which is classified under “Property and equipment” account in the statements of financial position, amounted to ₱6,619.90 million and ₱2,945.30 million as at December 31, 2022 and 2021, respectively (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, 2022 and 2021, 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:

	<b>2022</b>	2021
Property and equipment - at cost (see Note 13)	<b>₱3,299,421,592</b>	₱2,925,304,262
Land at revalued amounts (Note 14)	<b>6,619,895,148</b>	2,945,297,014
Program and other rights (see Note 8)	<b>1,479,018,423</b>	1,005,577,541
Investments and advances (see Note 12)	<b>831,757,394</b>	694,920,912
Prepaid production costs (see Note 10)	<b>778,903,854</b>	701,682,343
Right-of-use assets (see Note 28)	<b>159,345,818</b>	112,919,016
Software costs (see Note 16)	<b>103,860,686</b>	157,111,071
Tax credits (see Note 10)	<b>48,070,848</b>	169,447,579
Investment properties (see Note 15)	<b>20,952,663</b>	22,335,050
Investments in artworks (see Note 16)	<b>9,454,000</b>	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 ₱1,585.29 million and ₱1,358.53 million as at December 31, 2022 and 2021, 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 ₱4,730.28 million and ₱4,093.75 million as at December 31, 2022 and 2021, 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.

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## 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 Business Segment	Local		International		Total	
	Advertising and Others		International Subscriptions			
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>	<b>₱20,421,832,365</b>	₱21,269,174,176	<b>₱827,931,818</b>	₱887,960,486	<b>₱21,249,764,183</b>	₱22,157,134,662
<b>Results</b>						
Segment results	6,297,879,036	8,943,758,410	622,613,478	734,795,951	6,920,492,514	9,678,554,360
Dividend income from investments	164,309,999	108,021,268	–	–	164,309,999	108,021,268
Interest expense	(24,111,406)	(47,881,629)	–	–	(24,111,406)	(47,881,629)
Net foreign currency exchange gain (loss)	13,102,473	(84,068,774)	19,846,763	29,215,432	32,949,236	(54,853,342)
Interest income	19,832,994	16,029,136	–	–	19,832,994	16,029,136
Others net	148,834,968	137,654,340	–	–	148,834,968	137,654,340
Provision for income tax	(1,637,697,899)	(2,119,197,820)	(160,615,060)	(191,002,846)	(1,798,312,959)	(2,310,200,666)
Net income	<b>₱4,982,150,165</b>	₱6,954,314,931	<b>₱481,845,181</b>	₱573,008,537	<b>₱5,463,995,346</b>	₱7,527,323,467
<b>Assets and Liability</b>						
Segment assets	₱23,678,077,910	₱22,087,661,553	₱271,775,751	₱586,178,847	₱23,949,853,661	₱22,673,840,400
Investments in subsidiaries	692,582,809	555,832,809	–	–	692,582,809	555,832,809
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	5,659,347	719,410,111	–	–	5,659,347	719,410,111
Total assets	<b>₱24,414,608,409</b>	₱23,401,192,816	<b>₱271,775,751</b>	₱586,178,847	<b>₱24,686,384,160</b>	₱23,987,371,663
Segment liabilities	<b>₱9,054,718,937</b>	₱9,304,209,000	<b>₱226,584,317</b>	₱214,201,882	<b>₱9,281,303,254</b>	₱9,518,410,882
<b>Other Segment Information</b>						
Capital expenditures:						
Property and equipment	₱1,018,547,199	₱965,328,483	₱390,178	₱94,848	₱1,018,937,377	₱965,423,331
Land	24,307,384	142,100,830	–	–	24,307,384	142,100,830
Program and other rights and software costs	1,360,427,833	1,112,688,612	–	–	1,360,427,833	1,112,688,612
Depreciation and amortization	1,609,471,311	1,650,984,303	4,620,634	6,525,769	1,614,091,945	1,657,510,072



## 6. Cash and Cash Equivalents

	2022	2021
Cash on hand and in banks	₱1,851,265,273	₱2,595,817,844
Short-term deposits	655,027,254	1,859,797,013
	<b>₱2,506,292,527</b>	<b>₱4,455,614,857</b>

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 ₱19.83 million and ₱16.03 million in 2022 and 2021, respectively.

## 7. Trade and Other Receivables

	2022	2021
Trade:		
Television and radio airtime	₱6,287,232,600	₱8,136,404,456
Subscriptions	231,894,197	238,864,830
Others (see Note 21)	155,965,837	119,613,923
Nontrade:		
Related parties (see Note 21)	71,192,786	67,633,137
Others (see Note 21)	105,952,176	130,689,540
	<b>6,852,237,596</b>	<b>8,693,205,886</b>
Less allowance for ECL	833,340,870	833,340,870
	<b>₱6,018,896,726</b>	<b>₱7,859,865,016</b>

### 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, 2022 and 2021, the total unbilled airtime receivables, assessed as contract assets, amounted to ₱20.70 million and ₱24.32 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.* These are unsecured, noninterest-bearing and are generally on 60-90 day terms upon receipt of invoice by the customers.



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:

	2022		
	Corporate	Individual	Total
Balance at beginning and end of year	<b>₱823,031,332</b>	<b>₱10,309,538</b>	<b>₱833,340,870</b>

	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	<b>₱823,031,332</b>	<b>₱10,309,538</b>	<b>₱833,340,870</b>

**8. Program and Other Rights**

Details and movement in this account are as follows:

	2022			
	Program Rights	Story/Format Rights	Program Rights - Incidentals	Total
Cost:				
Balance at beginning of year	<b>₱955,929,510</b>	<b>₱27,996,874</b>	<b>₱24,353,417</b>	<b>₱1,008,279,801</b>
Additions	1,207,928,746	37,500,082	96,751,770	1,342,180,598
Program and other rights usage (see Note 23)	(738,115,943)	(24,426,146)	(106,197,627)	(868,739,716)
Balance at end of year	<b>1,425,742,313</b>	<b>41,070,810</b>	<b>14,907,560</b>	<b>1,481,720,683</b>
Accumulated impairment in value	(2,702,260)	–	–	(2,702,260)
	<b>1,423,040,053</b>	<b>41,070,810</b>	<b>14,907,560</b>	<b>1,479,018,423</b>
Less noncurrent portion	232,446,242	–	–	232,446,242
Current portion	<b>₱1,190,593,811</b>	<b>₱41,070,810</b>	<b>₱14,907,560</b>	<b>₱1,246,572,181</b>

	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	<b>₱712,244,872</b>	<b>₱27,996,874</b>	<b>₱24,353,417</b>	<b>₱764,595,163</b>





## 9. Inventories

This account consists of the following:

	2022	2021
Merchandise inventory	₱1,443,352,533	₱1,116,144,940
Materials and supplies inventory	15,945,006	13,490,818
	<b>₱1,459,297,539</b>	<b>₱1,129,635,758</b>

The following are the details of merchandise inventory account:

	2022	2021
Set-top box model	₱1,233,966,042	₱905,595,446
ITE chipset dongle	209,386,491	210,549,494
	<b>₱1,443,352,533</b>	<b>₱1,116,144,940</b>

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 ₱293.95 million and ₱408.06 million in 2022 and 2021, respectively.

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

## 10. Prepaid Expenses and Other Current Assets

	2022	2021
Advances to suppliers	₱850,756,615	₱606,550,180
Prepaid production costs	778,903,854	701,682,343
Input VAT	152,527,879	153,993,389
Prepaid expenses	111,173,944	81,990,189
Tax credits	48,070,848	169,447,579
	<b>₱1,941,433,140</b>	<b>₱1,713,663,680</b>

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

Prepaid production costs represent costs paid in advance prior to the airing of the programs or episodes. The Company expects to air the related programs or episodes 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:

	2022	2021
Non-listed equity instruments	<b>₱114,032,540</b>	₱107,408,976
Listed equity instruments	<b>15,726,444</b>	14,630,927
	<b>₱129,758,984</b>	₱122,039,903

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:

	2022	2021
Balance at beginning of year	<b>₱122,039,903</b>	₱148,637,241
Additions during the year	<b>15,458,400</b>	19,659,800
Net unrealized loss on fair value changes during the year	<b>(7,739,319)</b>	(46,257,138)
Balance at end of year	<b>₱129,758,984</b>	₱122,039,903

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. In 2022, the Company made an additional investment amounting to ₱15.46 million. No dividend income earned from financial assets at FVOCI in 2022 and 2021.

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

	2022	2021
Balance at beginning of year - net of tax	<b>(₱80,075,020)</b>	(₱40,756,453)
Net unrealized loss on fair value changes during the year	<b>(7,739,319)</b>	(46,257,138)
Tax effect of the changes in fair market values	<b>1,160,897</b>	6,938,571
Balance at end of year	<b>(₱86,653,442)</b>	(₱80,075,020)

### 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 2022 and 2021 (see Note 18).



## 12. Investments and Advances

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

	2022		
	Investments	Advances (see Note 21)	Total
<b>Subsidiaries:</b>			
GMPI	P265,141,346	P-	P265,141,346
RGMA	168,000,000	-	168,000,000
GVI	150,000,000	-	150,000,000
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
GWJ	2,500,000	-	2,500,000
	<b>697,059,022</b>	<b>165,727,839</b>	<b>862,786,861</b>
Allowance for impairment of investments and advances	<b>(4,476,213)</b>	<b>(164,459,805)</b>	<b>(168,936,018)</b>
	<b>692,582,809</b>	<b>1,268,034</b>	<b>693,850,843</b>
Associate - Mont-Aire	<b>38,288,343</b>	<b>99,618,208</b>	<b>137,906,551</b>
<b>Joint Venture - INQ7</b>			
Cost	<b>50,000,000</b>	<b>11,544,000</b>	<b>61,544,000</b>
Allowance for impairment of investments and advances	<b>(50,000,000)</b>	<b>(11,544,000)</b>	<b>(61,544,000)</b>
	-	-	-
	<b>P730,871,152</b>	<b>P100,886,242</b>	<b>P831,757,394</b>
<b>2021</b>			
	Investments	Advances (see Note 21)	Total
<b>Subsidiaries:</b>			
GMPI	P265,141,346	P-	P265,141,346
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
GWJ	2,500,000	-	2,500,000
	<b>560,309,022</b>	<b>165,727,839</b>	<b>726,036,861</b>
Allowance for impairment of investments and advances	<b>(4,476,213)</b>	<b>(164,459,805)</b>	<b>(168,936,018)</b>
	<b>555,832,809</b>	<b>1,268,034</b>	<b>557,100,843</b>

(Forward)



	2021		
	Investments	Advances (see Note 21)	Total
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)
	–	–	–
	<b>₱594,121,152</b>	<b>₱100,799,760</b>	<b>₱694,920,912</b>

The movements in the account are as follows:

	2022	2021
Investments in subsidiaries:		
Acquisition costs		
Balance at beginning of year	<b>₱560,309,022</b>	₱547,059,022
Additional investments during the year	<b>136,750,000</b>	13,250,000
Balance at end of year	<b>697,059,022</b>	560,309,022
Allowance for impairment in value		
Balance at beginning and end of year	<b>(4,476,213)</b>	(4,476,213)
	<b>692,582,809</b>	555,832,809
Investments in associate and joint venture:		
Acquisition costs		
Balance at beginning and end of year	<b>88,288,343</b>	88,288,343
Allowance for impairment in value		
Balance at beginning and end of year	<b>(50,000,000)</b>	(50,000,000)
	<b>38,288,343</b>	38,288,343
Advances to subsidiaries:		
Balance at beginning and end of year	<b>165,727,839</b>	165,727,839
Allowance for ECL		
Balance at beginning and end of year	<b>(164,459,805)</b>	(164,459,805)
	<b>1,268,034</b>	1,268,034
Advances to associate and joint venture:		
Balance at beginning of year	<b>111,075,726</b>	109,264,277
Additional advances during the year (see Note 21)	<b>86,482</b>	1,811,449
	<b>111,162,208</b>	111,075,726
Allowance for impairment loss		
Balance at beginning and end of year	<b>(11,544,000)</b>	(11,544,000)
Balance at end of year	<b>99,618,208</b>	99,531,726
<b>Total investments and advances</b>	<b>₱831,757,394</b>	<b>₱694,920,912</b>

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, 2022, dissolution of GMPI is deferred to a future date.



### 13. Property and Equipment at Cost

	2022						Total
	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	
<b>Cost</b>							
At January 1, 2022	₱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
Additions	27,101,000	279,557,560	130,734,557	79,274,218	2,493,393	499,776,649	1,018,937,377
Disposals	(6,381,551)	(22,953,277)	(2,606,800)	(54,073,529)	(6,364)	–	(86,021,521)
Reclassifications (see Notes 10 and 16)	164,663,301	275,515,287	57,685,043	–	–	(499,393,834)	(1,530,203)
At December 31, 2022	3,295,105,394	8,441,865,161	1,733,711,058	597,358,222	148,331,805	478,603,692	14,694,975,332
<b>Accumulated Depreciation</b>							
At January 1, 2022	2,491,597,047	6,433,447,781	1,328,343,928	446,744,089	138,152,572	–	10,838,285,417
Depreciation (see Notes 23 and 24)	90,456,128	368,190,118	122,596,480	56,081,572	3,051,802	–	640,376,100
Disposals	(6,381,551)	(22,687,903)	(2,606,800)	(51,425,159)	(6,364)	–	(83,107,777)
At December 31, 2022	2,575,671,624	6,778,949,996	1,448,333,608	451,400,502	141,198,010	–	11,395,553,740
Net Book Value	₱719,433,770	₱1,662,915,165	₱285,377,450	₱145,957,720	₱7,133,795	₱478,603,692	₱3,299,421,592

	2021						Total
	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	
<b>Cost</b>							
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 (Note 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
<b>Accumulated Depreciation</b>							
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



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 ₱0.8 million in 2021, and the software costs that were transferred to other noncurrent assets amounting to ₱1.53 million and ₱14.65 million in 2022 and 2021, 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 ₱2.56 million and ₱2.19 million in 2022 and 2021, respectively (see Note 27).

The Company disposed various property and equipment in 2022 and 2021 resulting to the recognition of gain on sale amounting to ₱29.71 million and ₱50.94 million, respectively (see Note 27).

As at December 31, 2022 and 2021, 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:

	2022			2021		
	Cost	Revaluation Increment	Total	Cost	Revaluation Increment	Total
At beginning of year	₱501,718,175	₱2,443,578,839	₱2,945,297,014	₱359,617,345	₱2,443,578,839	₱2,803,196,184
Additions during the year	24,307,384	3,650,290,750	3,674,598,134	142,100,830	–	142,100,830
At end of year	₱526,025,559	₱6,093,869,589	₱6,619,895,148	₱501,718,175	₱2,443,578,839	₱2,945,297,014

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

The fair value from the 2022 appraisals was determined using the “Market Data Approach” as determined by independent professionally qualified appraisers. The fair value represents the amount that would be received to sell the property in an orderly transaction between market participants at the date of valuation.

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



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

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

There was no additional revaluation increment on land in 2021 due to insignificant movements in the fair value of the land.

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

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

The fair values in 2021 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, 2022 and 2021, 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

	2022		
	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	–	41,026,900	41,026,900
Depreciation during the year (see Note 24)	–	1,382,387	1,382,387
Balance at end of year	–	42,409,287	42,409,287
Accumulated impairment			
Balance at beginning and end of year	–	1,383,376	1,383,376
	<b>₱12,388,088</b>	<b>₱8,564,575</b>	<b>₱20,952,663</b>
	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			
Balance at beginning and end of year	–	1,383,376	1,383,376
	₱12,388,088	₱9,946,962	₱22,335,050

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, 2022 and 2021, which was based on the latest appraisal. 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, 2022. While the fair value of the land was not determined as at December 31, 2022, the Company's management believes that the fair values as at December 31, 2018 approximate the fair values as at December 31, 2022.

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

Management believes that the fair values did not change significantly.

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:

	2022	2021
Rental income (see Note 27)	<b>₱2,555,236</b>	₱2,193,117
Depreciation expense (see Note 24)	<b>(1,382,387)</b>	(1,382,387)
	<b>₱1,172,849</b>	₱810,730

As at December 31, 2022 and 2021, 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

	2022	2021
Software costs	<b>₱103,860,686</b>	₱157,111,071
Restricted cash	<b>52,722,572</b>	52,722,572
Refundable deposits	<b>26,149,296</b>	21,636,440
Deferred input VAT	<b>20,229,371</b>	34,378,025
Investments in artworks	<b>9,454,000</b>	9,454,000
Guarantee deposits	<b>2,162,420</b>	2,162,420
Advances to contractors	–	3,247,500
Others	<b>76,514</b>	76,515
	<b>₱214,654,859</b>	₱280,788,543

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

The movements in software costs follows:

	2022	2021
Cost:		
Balance at beginning of year	<b>₱658,606,671</b>	₱592,931,717
Additions during the year	<b>18,247,234</b>	51,021,222
Reclassifications during the year (see Note 13)	<b>1,530,203</b>	14,653,732
Balance at end of year	<b>678,384,108</b>	658,606,671

(Forward)



	2022	2021
Accumulated amortization:		
Balance at beginning of year	₱501,495,600	₱437,092,861
Amortization during the year (see Note 24)	73,027,822	64,402,739
Balance at end of year	<b>574,523,422</b>	501,495,600
	<b>₱103,860,686</b>	₱157,111,071

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

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

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.

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

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.

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

## 17. Trade Payables and Other Current Liabilities

	2022	2021
Payable to government agencies	<b>₱1,198,076,152</b>	₱1,447,396,010
Trade:		
Related parties (see Note 21)	<b>332,003,232</b>	339,865,067
Suppliers	<b>516,509,613</b>	305,293,124
Accrued expenses:		
Utilities and other accrued expenses	<b>230,920,238</b>	70,151,954
Production costs	<b>178,901,372</b>	127,217,485
Ploughback	<b>154,257,660</b>	171,518,737
Payroll and talent fees	<b>107,605,655</b>	179,212,845
Commissions	<b>52,482,407</b>	48,798,137
Contract liabilities	<b>369,438,827</b>	129,176,310
Customers' deposits	<b>52,596,783</b>	46,034,192
Due to related parties (see Note 21)	<b>2,346,686</b>	2,367,579
Others	<b>27,340,333</b>	25,921,750
	<b>₱3,222,478,958</b>	₱2,892,953,190

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 and before delivery of goods and services. 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, 2022. This account also includes contract liabilities of ₱22.00 million resulting from airtime credits that have not been implemented resulting from the exchange 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 2022 and 2021. Details and movements of the short-term loans are as follows:

	2022	2021
Balance at beginning of year	<b>₱739,485,500</b>	₱720,345,000
Availments	<b>1,000,000,000</b>	4,479,150,000
Payments	<b>(1,685,850,000)</b>	(4,542,575,000)
Revaluation	<b>(53,635,500)</b>	82,565,500
Balance at end of year	<b>₱-</b>	₱739,485,500

There is no outstanding loan as at December 31, 2022. The outstanding loan as at December 31, 2021 consist of fixed rate note with the following details:

Lender	Currency	Amount	Interest Rate (per annum)	Terms	2022	2021
Citibank	USD	\$14,500,000	1.66%	Availed in 2021; payable in 311 days	<b>₱-</b>	₱739,845,500

Interest expense amounted to ₱9.56 million and ₱22.60 million for peso denominated loans in 2022 and 2021, respectively, and ₱2.78 million and ₱15.03 million for US dollar denominated loans in 2022 and 2021, 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, 2022 and 2021 amounted to ₱209.17 million and ₱212.58 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, 2022 and 2021:

	No. of Shares		Amount	
	2022	2021	2022	2021
Common - ₱1.00 par value				
Authorized	<b>5,000,000,000</b>	5,000,000,000	<b>₱5,000,000,000</b>	₱5,000,000,000
Subscribed and issued	<b>3,364,692,000</b>	3,364,692,000	<b>₱3,364,692,000</b>	₱3,364,692,000
Preferred - ₱0.20 par value				
Authorized	<b>7,500,000,000</b>	7,500,000,000	<b>₱1,500,000,000</b>	₱1,500,000,000
Subscribed and issued	<b>7,500,000,000</b>	7,500,000,000	<b>₱1,500,000,000</b>	₱1,500,000,000

The cumulative preferred shares are of equal rank, preference and priority and are identical in all respect regardless of series. Preferred shares are participating at the rate of one fifth (1/5) of the 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 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
<b>2022</b>	<b>March 25, 2022</b>	<b>April 25, 2022</b>	<b>₱1.45</b>	<b>₱7,053,803,401</b>
2021	March 26, 2021	April 22, 2021	₱1.35	₱6,561,267,889

The Company's outstanding dividends payable amounts to ₱30.53 million and ₱25.59 million as at December 31, 2022 and 2021, respectively.

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

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## 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, 2022 and 2021, 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, 2022 and 2021 with related parties are as follows:

<u>Related Party</u>	<u>Category</u>	<u>Year</u>	<u>Amount/Volume of Transaction</u>	<u>Outstanding Receivable (Payable)</u>	<u>Terms and Conditions</u>
<b><u>Trade payables and other current liabilities</u></b> (see Note 17)					
<b>Subsidiaries</b>					
RGMA	Production cost/service fees	2022	<b>₱249,729,986</b>	<b>(₱35,919,562)</b>	30-60 day noninterest-bearing;
		2021	340,609,783	(47,980,821)	unsecured
GMPI	Marketing fees and commissions	2022	–	<b>(106,549,948)</b>	60-day noninterest-bearing;
		2021	–	(106,549,948)	unsecured
GNMI	Technical support and website administration	2022	<b>121,065,697</b>	<b>(136,547,967)</b>	30-60 day noninterest-bearing;
		2021	130,911,634	(133,709,080)	unsecured
Media Merge	Share in digital income	2022	–	<b>(3,198,846)</b>	30-60 day noninterest-bearing;
		2021	–	(3,198,846)	unsecured
Script2010	Production cost/service fees	2022	<b>121,365,011</b>	<b>(31,943,752)</b>	On demand, noninterest-
		2021	93,292,792	(28,361,820)	bearing; unsecured
Alta	Production cost/service fees	2022	<b>78,021,478</b>	<b>(12,582,027)</b>	Noninterest-bearing;
		2021	74,149,020	(16,130,950)	unsecured
GWI	Management fee and distribution expenses	2022	–	<b>(3,925,824)</b>	30-day noninterest-bearing;
		2021	–	(3,925,824)	unsecured
GMA Music	Production cost/service fees	2022	<b>1,335,306</b>	<b>(1,335,306)</b>	30-60 day noninterest-bearing
		2021	7,778	(7,778)	unsecured
		2022	<b>₱571,517,478</b>	<b>(₱218,328,614)</b>	
		2021	₱638,971,007	(₱226,190,449)	
<b><u>Nontrade payables</u></b> (see Note 17)					
<b>Subsidiaries</b>					
Script2010	Reimbursable charges	2022	<b>₱–</b>	<b>(₱1,878,486)</b>	Noninterest-bearing;
		2021	–	(1,878,486)	Unsecured
GMA Music	Reimbursable charges	2022	–	–	Noninterest-bearing;
		2021	20,893	(20,893)	Unsecured
Scenarios	Reimbursable charges	2022	–	<b>(435,000)</b>	Noninterest-bearing;
		2021	–	(435,000)	unsecured
GMPI	Reimbursable charges	2022	–	<b>(33,200)</b>	Noninterest-bearing;
		2021	–	(33,200)	unsecured
		2022	<b>₱–</b>	<b>(₱2,346,686)</b>	
		2021	₱20,893	(₱2,367,579)	
<b>Other related parties</b>					
Belo, Gozon, Elma Legal, Consulting fee and others		2022	<b>₱15,416,907</b>	<b>₱–</b>	On demand, noninterest-
Law		2021	14,477,527	–	bearing; unsecured
GMA Kapuso	Donations	2022	<b>672,065</b>	–	On demand, noninterest-
Foundation		2021	3,467,042	–	bearing; unsecured
			<b>₱16,088,972</b>	<b>₱–</b>	
			₱17,944,569	₱–	
<b><u>Other trade receivables</u></b> (see Note 7)					
<b>Subsidiaries</b>					
GNMI	Online advertising	2022	<b>₱351,684,824</b>	<b>₱139,382,923</b>	30-60 day; noninterest-bearing;
		2021	331,325,504	91,857,707	unsecured; not impaired
GMA Music	Sale of Affordabox	2022	<b>10,102,400</b>	<b>16,582,914</b>	30-60 day; noninterest-bearing;
		2021	35,402,138	27,756,216	unsecured; not impaired
		2022	<b>₱361,787,224</b>	<b>₱155,965,837</b>	
		2021	₱366,727,642	₱119,613,923	
<b><u>Nontrade receivables</u></b> (see Note 7)					
<b>Subsidiaries</b>					
Script2010	Reimbursable charges	2022	<b>₱1,674,610</b>	<b>₱26,190,705</b>	On-demand, noninterest-
		2021	3,221,958	24,531,580	bearing; unsecured; not impaired

(Forward)



<b>Related Party</b>	<b>Category</b>	<b>Year</b>	<b>Amount/Volume of Transaction</b>	<b>Outstanding Receivable (Payable)</b>	<b>Terms and Conditions</b>
GNFI	Reimbursable charges	2022	<b>₱619,121</b>	<b>₱29,169,778</b>	On-demand, noninterest-bearing; unsecured; not impaired
		2021	88,141	28,550,657	
GMA Music	Reimbursable charges	2022	<b>175,154</b>	<b>6,090,258</b>	On-demand, noninterest-bearing; unsecured; not impaired
		2021	251,497	5,915,104	
Scenarios	Reimbursable charges	2022	–	<b>5,508,645</b>	On-demand, noninterest-bearing; unsecured; not impaired
		2021	–	5,507,145	
GWI	Reimbursable charges	2022	–	–	On-demand, noninterest-bearing; unsecured; not impaired
		2021	–	–	
Media Merge	Reimbursable charges	2022	–	<b>1,296,875</b>	On-demand, noninterest-bearing; unsecured; not impaired
		2021	-	1,436,579	
Alta	Reimbursable charges	2022	–	<b>186,874</b>	On-demand, noninterest-bearing; unsecured; not impaired
		2021	-	186,624	
RGMA	Reimbursable charges	2022	–	<b>300,487</b>	On-demand, noninterest-bearing; unsecured; not impaired
		2021	227,447	154,327	
GMPI	Reimbursable charges	2022	–	<b>34,362</b>	On-demand, noninterest-bearing; unsecured; not impaired
		2021	–	34,361	
GVI	Reimbursable charges	2022	<b>359,227</b>	<b>311,271</b>	On-demand, noninterest-bearing; unsecured; not impaired
		2021	360,546	360,546	
GNMI	Reimbursable charges	2022	<b>65,152</b>	<b>65,152</b>	On-demand, noninterest-bearing; unsecured; not impaired
		2021	–	–	
<b>Other related parties</b>					
GMA Kapuso Foundation	Reimbursable charges	2022	<b>960,433</b>	<b>2,038,381</b>	On demand, noninterest-bearing; unsecured; not impaired
		2021	633,244	956,214	
		2022	<b>₱3,853,697</b>	<b>₱71,192,786</b>	
		2021	<b>₱4,782,833</b>	<b>₱67,633,137</b>	
<b>Other nontrade receivables (see Note 7)</b>					
<b>Subsidiaries</b>					
GNMI	Dividend income	2022	<b>₱110,000,000</b>	<b>₱56,700,000</b>	On-demand, noninterest-bearing; unsecured; not impaired
		2021	100,000,000	26,700,000	
Alta	Dividend income	2022	<b>3,500,000</b>	–	On-demand, noninterest-bearing; unsecured; not impaired
		2021	671,268	–	
RGMA	Dividend income	2022	<b>36,260,000</b>	–	On-demand, noninterest-bearing; unsecured; not impaired
		2021	7,350,000	–	
GMA Music	Dividend income	2022	<b>550,000</b>	–	On-demand, noninterest-bearing; unsecured; not impaired
		2021	–	–	
Citynet	Dividend income	2022	<b>14,000,000</b>	<b>8,000,000</b>	On-demand, noninterest-bearing; unsecured; not impaired
		2021	–	–	
		2021	–	–	
		2022	<b>₱164,310,000</b>	<b>₱64,700,000</b>	
		2021	<b>₱108,021,268</b>	<b>₱26,700,000</b>	
<b>Advances to investees (see Note 12)</b>					
<b>Subsidiaries</b>					
Citynet	Advances	2022	<b>₱–</b>	<b>₱118,934,402</b>	60-day noninterest-bearing; fully impaired
		2021	–	118,934,402	
GNFI	Advances	2022	–	<b>44,511,314</b>	On-demand, noninterest-bearing; unsecured; not impaired
		2021	–	44,511,314	

(Forward)



<b>Related Party</b>	<b>Category</b>	<b>Year</b>	<b>Amount/Volume of Transaction</b>	<b>Outstanding Receivable (Payable)</b>	<b>Terms and Conditions</b>
GMA Music	Advances	2022	₱-	<b>₱1,268,033</b>	On-demand, noninterest-bearing; unsecured; not impaired not
		2021	-	1,268,033	
Scenarios	Advances	2022	-	<b>1,014,090</b>	On-demand, noninterest-bearing; unsecured; not impaired
		2021	-	1,014,090	
<b>Associate</b> Mont-aire	Advances	2022	<b>86,482</b>	<b>99,618,208</b>	On-demand, noninterest-bearing; unsecured; not impaired
		2021	1,811,449	99,531,726	
<b>Joint venture</b> INQ7	Advances	2022	-	<b>11,544,000</b>	On-demand, noninterest-bearing; unsecured; fully impaired
		2021	-	11,544,000	
			<b>₱86,482</b>	<b>₱276,890,047</b>	
	<b>Allowance for impairment</b>	<b>2022</b>	-	<b>(176,003,805)</b>	
			<b>₱-</b>	<b>₱100,886,242</b>	
			₱1,811,449	₱276,803,565	
	Allowance for impairment	2021	-	(176,003,805)	
			<b>₱-</b>	<b>₱100,799,760</b>	

The following table provides the summary of outstanding balances, before any allowance for impairment, for the years ended December 31, 2022 and 2021 in relation with the table above for the transactions that have been entered into with related parties:

	<b>2022</b>	<b>2021</b>
Trade payables and other current liabilities (see Note 17)	<b>₱332,003,232</b>	₱339,865,067
Advances to investees (see Note 12)	<b>276,890,047</b>	276,803,565
Other trade receivables (see Note 7)	<b>155,965,837</b>	119,613,923
Nontrade receivables (see Note 7)	<b>71,192,786</b>	67,633,137
Other nontrade receivables (see Note 7)	<b>64,700,000</b>	26,700,000
Nontrade payables (see Note 17)	<b>2,346,686</b>	2,367,579

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, 2022 and 2021.

#### Compensation of Key Management Personnel

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

	<b>2022</b>	<b>2021</b>
Salaries and other long-term benefits (see Notes 23 and 24)	<b>₱960,150,503</b>	₱916,397,910
Pension benefits (see Notes 23 and 24)	<b>185,678,420</b>	178,536,942
	<b>₱1,145,828,923</b>	₱1,094,934,852

Pension costs under OCI amounted to ₱323.82 million and ₱316.68 million as at December 31, 2022 and 2021, respectively.





Equity Investments of the Retirement Fund

The Company's retirement fund includes equity investments in GMA Network, Inc. and GMA PDRs amounting to ₱757.31 million and ₱7.95 million in 2022, respectively, and ₱962.98 million and ₱11.22 million in 2021, respectively (see Note 26).

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**22. Revenues**

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

	2022	2021
<b>Revenue source:</b>		
Sale of service		
Advertising revenue	₱19,366,722,294	₱20,141,737,592
Subscription revenue (see Note 28)	774,865,805	786,471,874
Production revenue	122,693,060	45,288,735
Revenue from distribution and content provisioning	34,131,054	40,787,764
Digital Income	624,352,804	627,600,699
Sale of goods	326,999,166	515,247,999
<b>Total revenue from contracts with customers</b>	<b>₱21,249,764,183</b>	<b>₱22,157,134,663</b>
<b>Geographical markets</b>		
Local	₱20,387,701,312	₱21,228,386,413
International	862,062,871	928,748,250
<b>Total revenue from contracts with customers</b>	<b>₱21,249,764,183</b>	<b>₱22,157,134,663</b>
<b>Timing of revenue recognition</b>		
Goods/services transferred at a point in time	₱20,474,898,378	₱21,370,662,789
Services transferred over time	774,865,805	786,471,874
<b>Total revenue from contracts with customers</b>	<b>₱21,249,764,183</b>	<b>₱22,157,134,663</b>

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**23. Production Costs**

	2022	2021
Talent fees and production personnel costs (see Note 25)	₱3,751,864,553	₱3,095,747,611
Facilities and production services	1,340,112,509	919,496,544
Program and other rights usage (see Note 8)	868,739,716	1,007,347,795
Rental (see Note 28)	520,268,872	344,242,089
Depreciation (see Notes 13 and 24)	492,742,402	376,868,135
Tapes, sets and production supplies	338,185,858	220,387,348
Transportation and communication	308,521,022	198,399,108
	<b>₱7,620,434,932</b>	<b>₱6,162,488,630</b>



## 24. General and Administrative Expenses

	2022	2021
Personnel costs (see Note 25)	<b>₱3,739,934,007</b>	₱3,543,570,090
Communication, light and water	<b>388,575,788</b>	268,640,580
Taxes and licenses	<b>376,758,783</b>	223,742,139
Professional fees	<b>332,373,337</b>	340,653,550
Repairs and maintenance	<b>273,385,291</b>	312,087,244
Depreciation (see Notes 13, 15 and 28)	<b>179,582,005</b>	208,891,402
Advertising	<b>168,896,071</b>	116,600,030
Software maintenance	<b>123,428,128</b>	99,270,596
Research and surveys	<b>99,517,215</b>	87,958,449
Amortization of software costs (see Note 16)	<b>73,027,822</b>	64,402,739
Marketing expense	<b>72,645,411</b>	85,675,517
Security services	<b>71,201,924</b>	65,411,798
Facilities related expenses	<b>65,892,695</b>	58,691,533
Transportation and travel	<b>49,069,975</b>	33,000,822
Dues and subscription	<b>31,486,231</b>	27,282,680
Insurance	<b>30,026,844</b>	29,969,781
Rental (see Note 28)	<b>22,195,653</b>	19,807,535
Materials and supplies	<b>11,510,420</b>	14,224,736
Entertainment, amusement and recreation	<b>7,807,389</b>	6,954,382
Provision for ECL (see Note 7)	-	107,878,272
Others	<b>297,568,116</b>	193,315,935
	<b>₱6,414,883,105</b>	₱5,908,029,810

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

### Depreciation

	2022	2021
Property and equipment (see Note 13)		
Production costs	<b>₱474,023,369</b>	₱357,908,200
General and administrative expenses	<b>166,352,731</b>	200,346,845
	<b>640,376,100</b>	558,255,045
Right-of-use assets (see Note 28)		
Production costs	<b>18,719,033</b>	18,959,935
General and administrative expenses	<b>11,846,886</b>	7,162,171
Investment properties (see Note 15)		
General and administrative expenses	<b>1,382,387</b>	1,382,387
	<b>₱672,324,406</b>	₱585,759,538



## 25. Personnel Costs

	2022	2021
Talent fees and production personnel costs (see Note 23)	<b>₱3,751,864,553</b>	₱3,095,747,611
Salaries and wages	<b>1,920,542,757</b>	1,757,911,082
Employee benefits and allowances	<b>1,057,048,964</b>	1,032,011,274
Pension expense (see Note 26)	<b>646,917,398</b>	611,048,666
Sick and vacation leaves expense (see Note 26)	<b>115,424,888</b>	142,599,068
	<b>₱7,491,798,560</b>	₱6,639,317,701

The above amounts were distributed as follows:

	2022	2021
Production costs (see Note 23)	<b>₱3,751,864,553</b>	₱3,095,747,611
General and administrative expenses (see Note 24)	<b>3,739,934,007</b>	3,543,570,090
	<b>₱7,491,798,560</b>	₱6,639,317,701

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

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

	2022	2021
Pension liability	<b>₱4,730,284,079</b>	₱4,093,751,401
Vacation and sick leave accrual	<b>347,489,172</b>	347,489,172
	<b>₱5,077,773,251</b>	₱4,441,240,573

### 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):

	2022	2021
Current service cost	<b>₱445,095,454</b>	₱427,976,397
Net interest cost	<b>201,821,944</b>	183,072,269
	<b>₱646,917,398</b>	₱611,048,666

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

	2022	2021
Present value of defined benefit obligation	<b>₱6,568,114,469</b>	₱6,212,877,770
Fair value of plan assets	<b>1,837,830,390</b>	2,119,126,369
	<b>₱4,730,284,079</b>	₱4,093,751,401



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

	2022	2021
Balance at beginning of year	₱6,212,877,770	₱6,211,966,095
Current service cost	445,095,454	427,976,397
Interest cost	306,294,874	239,160,694
Benefits paid:		
from plan assets	(437,066,820)	(194,712,024)
from Company's own funds	(25,000,000)	(1,098,432)
Remeasurement loss (gain):		
Changes in financial assumptions	65,913,191	(695,941,117)
Changes in demographic assumptions	-	6,977,834
Experience adjustment	-	218,548,323
<b>Balance at end of year</b>	<b>₱6,568,114,469</b>	<b>₱6,212,877,770</b>

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

	2022	2021
Balance at beginning of year	₱2,119,126,369	₱1,401,266,087
Contribution during the year	259,000,000	320,794,614
Interest income	104,472,930	56,088,426
Benefits paid	(437,066,820)	(194,712,024)
Remeasurement gain (loss) - return on plan assets	(207,702,089)	535,689,266
<b>Balance at end of year</b>	<b>₱1,837,830,390</b>	<b>₱2,119,126,369</b>

Remeasurement gain (loss) on retirement plans amounting to (₱205.21 million) and ₱574.16 million in 2022 and 2021 respectively, is reported under the statement of comprehensive income, 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 2023.

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:

	2022	2021
	Carrying Value/ Fair Value	Carrying Value/ Fair Value
Cash and cash equivalents	₱287,528,641	₱158,580,550
Equity instruments (see Note 21):		
GMA Network, Inc.	757,308,887	962,978,924
GMA PDRs	7,950,000	11,219,115
Debt instruments -		
Government securities	298,811,570	338,675,992
Investment in Unit Investment Trust Funds (UITFs)	310,985,475	699,588,268
Others	175,245,817	(51,916,480)
	<b>₱1,837,830,390</b>	<b>₱2,119,126,369</b>



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 a ₱140.72 million loss and ₱33.37 million gain in 2022 and 2021, respectively.
- Investments in debt instruments bear interest ranging from 3.0% to 6.8% and have maturities from May 2024 to April 2032. 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 as at December 31, 2022 and 2021.
- 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:

	<b>2022</b>	2021
Discount rate	<b>7.22%</b>	4.93%
Expected rate of salary increase	<b>4.00%</b>	4.00%
Turn-over rates		
19-24 years old	<b>12.38%</b>	11.67%
25-29 years old	<b>10.94%</b>	8.48%
30-34 years old	<b>9.31%</b>	3.86%
35-39 years old	<b>4.23%</b>	2.50%
40-44 years old	<b>2.55%</b>	2.16%
≥45 years old	<b>2.24%</b>	1.59%



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	
		2022	2021
Discount rate	50	<b>(P283,725,573)</b>	(P284,322,203)
	(50)	<b>308,662,593</b>	307,385,326
Expected rate of salary increase	50	<b>326,240,688</b>	308,700,976
	(50)	<b>(306,266,768)</b>	(288,099,035)

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2022:

Less than one year	₱67,975,559
More than 1 year to 3 years	403,389,572
More than 3 years to 7 years	2,160,707,009
More than 7 years to 15 years	4,735,229,402
More than 15 years to 20 years	5,497,462,343
More than 20 years	7,508,621,498

#### 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 as at December 31, 2022 and 2021. Expense related to cash conversion of leaves, included under personnel cost in the statements of comprehensive income, amounted to ₱115.42 million and ₱142.60 million in 2022 and 2021, respectively (see Note 25).

#### **27. Others - Net**

	2022	2021
Commissions from Artist Center	<b>₱104,475,309</b>	₱77,547,912
Net gain on sale of property and equipment (see Note 13)	<b>29,713,807</b>	50,941,808
Music royalty	<b>6,499,544</b>	24,289
Rental income (see Notes 13, 15 and 28)	<b>5,681,335</b>	5,321,214
Merchandising license fees and others	<b>3,846,755</b>	5,007,163
Bank charges	<b>(1,381,782)</b>	(1,188,046)
	<b>₱148,834,968</b>	₱137,654,340

Merchandising license fees and others include income from mall shows, sale of DVDs and integrated receiver-decoders and income from events. Music royalty increased in 2022 due to remittance received from Filipino Society of Composers, Authors and Publishers (FILSCAP) for the use of the Company's music rights.



## 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 25 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:

	2022		
	Right-of-use: Land	Right-of-use: Office Space	Right-of-use: Total
Cost			
Balance at beginning and end of year	₱120,680,583	₱70,530,973	₱191,211,556
Additions	68,260,130	8,732,591	76,992,721
Balance at end of year	188,940,713	79,263,564	268,204,277
Accumulated Depreciation			
Balance at beginning of year	41,652,744	36,639,796	78,292,540
Depreciation (see Note 24)	19,036,104	11,529,815	30,565,919
Balance at end of year	60,688,848	48,169,611	108,858,459
Net Book Value	₱128,251,865	₱31,093,953	₱159,345,818
	2021		
	Right-of-use: Land	Right-of-use: Office Space	Right-of-use: Total
Cost			
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

The rollforward analysis of lease liabilities follows:

	2022	2021
Balance at beginning of year	₱107,816,054	₱75,687,213
Additions	76,992,722	50,839,322
Accretion of interest	8,804,296	8,026,060
Payments	(27,184,532)	(26,736,541)
Balance at end of year	₱166,428,540	₱107,816,054



The rollforward analysis of dismantling provision follows:

	2022	2021
Balance at beginning of year	₱46,097,449	₱44,973,410
Accretion of interest	2,911,565	2,209,525
Termination	–	(1,085,486)
<b>Balance at end of year</b>	<b>₱49,009,014</b>	<b>₱46,097,449</b>

The following are the amounts recognized in the parent company statement of comprehensive income:

	2022	2021
Depreciation expense of right-of-use assets (see Note 24)	₱30,565,919	₱26,122,106
Interest expense on lease liabilities	8,804,296	8,026,060
Interest expense on dismantling provision	2,911,565	2,209,525
Expense relating to short-term leases (included in “Production costs”) (see Note 23)	520,268,872	344,242,089
Expense relating to short-term leases (included in “General and administrative expenses”) (see Note 24)	22,195,653	19,807,535

Shown below is the maturity analysis of the undiscounted lease payments:

	2022	2021
1 year	₱26,289,659	₱22,097,245
more than 1 year to 2 years	24,155,689	19,244,994
more than 2 years to 3 years	22,190,081	17,270,602
more than 3 years to 4 years	16,803,585	15,902,507
More than 5 years	131,368,309	35,309,288

Total rental expense on short-term leases amounted ₱542.46 million and ₱364.05 million in 2022 and 2021, 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 ₱5.22 million and ₱5.32 million in 2022 and 2021, 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 ₱774.87 million and ₱786.47 million in 2022 and 2021, respectively (see Note 22).

#### Purchase Agreement for Set-top Boxes

In 2022 and 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 ₱644.34 million and ₱1,377.00 million in 2022, and 2021 respectively.





## 29. Income Taxes

### Current Income Tax

The current income tax consists of the following:

	2022	2021
Current - RCIT	₱1,927,570,165	₱2,338,891,726
Deferred	(129,257,206)	(28,691,060)
	<b>₱1,798,312,959</b>	<b>₱2,310,200,666</b>

The reconciliation between the statutory income tax rate and effective income tax rates on income before income tax is shown below:

	2022	2021
Statutory income tax	25.00%	25.00%
Additions (deductions) in income tax resulting from:		
Dividend income from investments	(0.57)	(0.27)
Nondeductible tax deficiency payments	0.35	(0.04)
Interest income already subjected to final tax	(0.03)	(0.02)
Nondeductible interest expense	0.01	0.01
Changes in applicable income tax rates	-	(1.19)
Effective income tax	<b>24.76%</b>	<b>23.48%</b>

### Deferred Taxes

The components of the Company's net deferred tax assets are as follows:

	2022	2021
Deferred tax assets:		
Pension liability	₱1,124,438,637	₱965,305,466
Allowance for ECL	208,335,218	208,335,218
Contract liabilities	92,359,707	32,294,078
Other long-term employee benefits	80,219,339	80,219,339
Lease liabilities	41,607,135	26,954,014
Unrealized loss on financial assets at FVOCI	14,638,501	13,477,603
Dismantling provision	12,252,253	11,524,361
Allowance for impairment of investments and advances	11,440,329	11,440,329
Unrealized foreign exchange loss	-	8,984,165
	<b>1,585,291,119</b>	<b>1,358,534,573</b>
Deferred tax liabilities:		
Revaluation increment in land	(1,523,467,397)	(610,894,709)
Right-of-use assets	(39,836,454)	(28,229,753)
Unrealized foreign exchange gain	(16,327,921)	-
	<b>(1,579,631,772)</b>	<b>(639,124,462)</b>
Deferred tax assets - net	<b>₱5,659,347</b>	<b>₱719,410,111</b>



The components of net deferred tax liabilities pertaining to accounts presented under equity in the parent company statements of financial position are as follows:

	2022	2021
Deferred tax assets:		
Remeasurement loss on retirement plan	₱718,959,395	₱650,555,574
Unrealized loss on financial assets at FVOCI	14,638,501	13,477,603
	<b>733,597,896</b>	664,033,177
Deferred tax liability -		
Revaluation increment in land	<b>(1,523,467,397)</b>	(610,894,709)
	<b>(₱789,869,501)</b>	₱53,138,468

#### Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

Former 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.

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### 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:

	2022				Total
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	
Financial assets at amortized cost:					
Cash and cash equivalents	₱1,851,265,273	₱655,027,254	₱-	₱-	₱2,506,292,527
Trade receivables:					
Television and radio airtime	2,794,657,864	2,688,876,933	-	-	5,483,534,797
Subscriptions	23,508,436	178,742,694	-	-	202,251,130
Others	-	155,965,837	-	-	155,965,837
Nontrade receivables:					
Due from related parties	-	71,192,786	-	-	71,192,786
Others	-	105,952,176	-	-	105,952,176
Refundable deposits*	-	-	-	26,149,296	26,149,296
	4,669,431,573	3,855,757,680	-	26,149,296	8,551,338,549
Financial assets at FVOCI	-	-	-	129,758,984	129,758,984
	₱4,669,431,573	₱3,855,757,680	₱-	₱155,908,280	₱8,681,097,533
Loans and borrowings:					
Trade payables and other current liabilities**	₱512,273,823	₱1,055,775,984	₱34,317,390	₱-	₱1,602,367,197
Obligations for program and other rights	-	209,171,642	-	-	209,171,642
Lease liabilities***	-	8,052,461	18,237,198	194,517,664	220,807,323
Dividends payable	30,525,952	-	-	-	30,525,952
	542,799,775	1,273,000,087	52,554,588	194,517,664	2,062,872,114
Liquidity portion (Gap)	₱4,126,631,798	₱2,582,757,593	(₱52,554,588)	(₱38,609,384)	₱6,618,225,419

\*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 ₱1,620.11 million which are not considered as financial liabilities. (See Note 17)

\*\*\*Gross contractual payments.

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



*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:

	2022		2021	
	Foreign Currency	Local Currency	Foreign Currency	Local Currency
<b>Assets</b>				
Cash and cash equivalents	\$6,514,072	₱363,224,637	\$15,111,847	₱770,689,067
	CS\$166,862	6,881,384	C\$300,131	11,961,418
Trade receivables	CS\$478,316	19,725,742	C\$3,988,075	158,940,751
	\$3,628,902	202,347,585	\$1,323,051	67,474,284
	SS\$198,925	8,271,299	SS\$141,598	5,317,676
	A\$22,947	867,410	A\$144,000	5,300,078
	DH44,644	682,162	DH132,516	1,832,040
		602,000,219		1,021,515,314
<b>Liabilities</b>				
Trade payables	\$817,852	45,603,440	\$130,058	6,632,818
	€81,586	4,858,455	€90,100	5,181,804
	SS\$2,055	85,447	SS\$212	7,962
Short-term loans	—	—	\$14,500,000	739,485,500
Obligations for program and other rights	\$2,557,785	142,622,092	\$2,933,261	149,593,378
		₱193,169,434		₱900,901,462
		₱408,830,785		₱120,613,852

In translating the foreign currency-denominated monetary assets and liabilities into Philippine peso amounts, the exchange rates used were ₱55.76 to \$1.00 and ₱50.99 to \$1.00, the Philippine peso to U.S. dollar exchange rate as at December 31, 2022 and 2021, respectively. The exchange rates for Philippine peso to Canadian dollar were ₱41.24 to CAD\$1.00 and ₱39.85 to CAD\$1.00 as at December 31, 2022 and 2021. The peso equivalents for the Singaporean Dollar, Japan Yen, Australian Dollar, Dirham and Euro were ₱41.58, ₱0.42, ₱37.80, ₱15.28, and ₱59.55 and ₱37.56, ₱0.44, ₱36.81, ₱13.83, and ₱57.51, at December 31, 2022 and 2021, 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.

	Appreciation/ Depreciation of Peso	Effect on Income before Income Tax						
		EUR	USD	CAD	SGD	AUD	AED	Total
2022	0.50	₱40,793	₱3,383,668	(₱322,589)	(₱98,435)	(₱11,474)	(₱22,322)	₱2,969,642
	(0.50)	(40,793)	(3,383,668)	322,589	98,435	11,474	22,322	(2,969,642)
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



*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:

	2022	2021
Financial assets at amortized cost:		
Cash and cash equivalents*	<b>₱2,062,037,698</b>	₱4,184,810,923
Trade receivables:		
Television and radio airtime	<b>5,483,534,797</b>	7,326,830,682
Subscriptions	<b>202,251,130</b>	215,097,734
Others	<b>155,965,837</b>	119,613,923
Nontrade receivables:		
Due from related parties	<b>71,192,786</b>	67,633,137
Others	<b>105,952,176</b>	130,689,539
Refundable deposits**	<b>26,149,296</b>	21,636,440
	<b>8,107,083,720</b>	12,066,312,378
Financial assets at FVOCI	<b>129,758,984</b>	122,039,903
	<b>₱8,236,842,704</b>	₱12,188,352,281

\*Excluding cash on hand amounting to ₱436.75 million and ₱262.30 million as at December 31, 2022 and 2021, 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:

	2022				Total
	ECL Staging				
	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL		
Financial assets at amortized cost					
Cash and cash equivalents*	P2,062,037,698	P-	P-		P2,062,037,698
Nontrade receivables:					
Due from related parties	71,192,786	-	-		71,192,786
Others	105,952,176	-	-		105,952,176
Refundable deposits**	26,149,296	-	-		26,149,296
	<b>2,265,331,956</b>	<b>-</b>	<b>-</b>		<b>2,265,331,956</b>
Financial assets at FVOCI	129,758,984	-	-		129,758,984
	<b>P2,395,090,940</b>	<b>P-</b>	<b>P-</b>		<b>P2,395,090,940</b>

\*Excluding cash on hand amounting to P436.75 million as at December 31, 2022.

\*\* Included under "Other noncurrent assets" account in the parent company statements of financial position

	2021				Total
	ECL Staging				
	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL		
Financial assets at amortized cost					
Cash and cash equivalents*	P4,184,810,923	P-	P-		P4,184,810,923
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
	<b>4,404,770,039</b>	<b>-</b>	<b>-</b>		<b>4,404,770,039</b>
Financial assets at FVOCI	122,039,903	-	-		122,039,903
	<b>P4,526,809,942</b>	<b>P-</b>	<b>P-</b>		<b>P4,526,809,942</b>

\*Excluding cash on hand amounting to P262.30 million as at December 31, 2021.

\*\* 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:

	2022					Total
	Current	Days past due				
		-30 days	31 - 60 days	61 - 90 days	91 days and above	
Expected credit loss rate	1%	4%	5%	12%	40%	
Estimated total gross carrying amount at default	P2,867,619,628	P1,077,331,783	P578,820,457	P228,742,372	P1,766,612,558	P6,519,126,798
Expected credit loss	39,330,256	38,224,615	27,098,052	27,242,829	701,445,117	833,340,870



	2021					Total
	Days past due					
	Current	-30 days	31 - 60 days	61 - 90 days	91 days and above	
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

### 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, 2022 and 2021.

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 nil and ₱739.49 million as at December 31, 2022 and 2021, respectively. The Company's total equity as at December 31, 2022 and 2021 amounted to ₱15,405.08 million and ₱14,468.96 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:

	2022			
	Carrying Value	Quoted prices in active markets (Level 1)	Fair Value Significant observable inputs (Level 2)	Fair Value Significant unobservable inputs (Level 3)
<b>Assets</b>				
<i>Assets Measured at Fair Value</i>				
Land at revalued amount	₱6,619,895,148	₱-	₱-	₱ 6,619,895,148
Financial assets at FVOCI	129,758,984	-	7,000,000	122,758,984
<i>Assets for which Fair Values are Disclosed</i>				
Investment properties	20,952,663	-	-	141,239,748
Financial asset at amortized cost - Refundable deposits*	26,149,296	-	-	20,396,451
	<b>₱6,796,756,091</b>	<b>₱-</b>	<b>₱7,000,000</b>	<b>₱6,904,290,331</b>

\*Included under "Other noncurrent assets" account in the parent company statement of financial position (see Note 16).



	2021			
	Carrying Value	Quoted prices in active markets (Level 1)	Fair Value	
			Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets</b>				
<i>Assets Measured at Fair Value</i>				
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
<i>Assets for which Fair Values are Disclosed</i>				
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	3,218,546,802
<b>Liabilities</b>				
<i>Financial liabilities at amortized cost -</i>				
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).

As at December 31, 2022 and 2021, the fair value of equity instruments in a listed entity is classified under Level 3 due to the investee Company's suspension of trading in the market.

The fair values of equity instruments in listed and non-listed companies classified under Level 3 were determined through 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 2022 and 2021:

Description	Unobservable Inputs	Range	
		2022	2021
<b>Listed equity instrument:</b>			
Casinos and gaming industry	Discount for lack of marketability	10%-30%	10%-30%
	Discount for lack of control	10%-30%	10%-30%
<b>Non-listed equity instruments:</b>			
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:

	2022	2021
Balance at beginning of year	₱113,854,903	₱140,702,241
Additions during the year	15,458,400	19,659,800
Fair value adjustment recognized under "Net unrealized loss on financial assets at FVOCI"	(6,554,319)	(46,507,138)
Balance at end of year	₱122,758,984	₱113,854,903





### 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 2022 and 2021.

#### *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 (Level 2). 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 the disclosure of the fair value of investment properties and for the recognition 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 ₱283,500 to ₱330,750.

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

#### *Trade Payables and Other Current Liabilities (excluding Payable to Government Agencies 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 3.39% to 6.78 % in 2022 and 1.01% to 4.77% in 2021.

#### *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:

	2022	2021
Net income of the Company (a)	<b>₱5,463,995,346</b>	₱7,527,323,467
Less attributable to preferred shareholders	<b>1,684,791,765</b>	2,321,792,347
Net income attributable to common equity holders of the Company (b)	<b>₱3,779,203,581</b>	₱5,205,531,120
Common shares issued at the beginning of year (Note 20)	<b>3,364,692,000</b>	3,364,692,000
Weighted average number of common shares for basic EPS (c)	<b>3,364,692,000</b>	3,362,494,500
Weighted average number of common shares	<b>3,364,692,000</b>	3,362,494,500
Effect of dilution - assumed conversion of preferred shares	<b>1,500,000,000</b>	1,500,000,000
Weighted average number of common shares adjusted for the effect of dilution (d)	<b>4,864,692,000</b>	4,861,149,342
Basic EPS (b/c)	<b>₱1.123</b>	₱1.548
Diluted EPS (a/d)	<b>₱1.123</b>	₱1.548

### 33. Supplemental Cash Flow Information

	January 1, 2022	Additions	Cash flows	Others*	December 31, 2022
Short-term loans	<b>₱739,485,500</b>	<b>₱1,000,000,000</b>	<b>(₱1,685,850,000)</b>	<b>(₱53,635,500)</b>	<b>₱-</b>
Dividends payable	<b>25,588,850</b>	<b>7,053,803,401</b>	<b>(7,048,866,299)</b>	-	<b>30,525,952</b>
Lease liabilities	<b>107,816,054</b>	<b>85,797,018</b>	<b>(27,184,532)</b>	-	<b>166,428,540</b>
Accrued interest expense**	<b>511,796</b>	<b>12,395,545</b>	<b>(12,907,341)</b>	-	<b>-</b>
Total liabilities from financing activities	<b>₱873,402,200</b>	<b>₱8,151,995,964</b>	<b>(₱8,774,808,172)</b>	<b>(₱53,635,500)</b>	<b>₱196,954,492</b>

\*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, 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	<b>₱739,485,500</b>
Dividends payable	19,894,437	6,561,267,889	(6,555,573,476)	-	<b>25,588,850</b>
Lease liabilities	75,687,213	58,865,382	(26,736,541)	-	<b>107,816,054</b>
Accrued interest expense**	756,362	37,646,044	(37,890,610)	-	<b>511,796</b>
Total liabilities from financing activities	<b>₱816,683,012</b>	<b>₱11,136,929,315</b>	<b>(₱11,162,775,627)</b>	<b>₱82,565,500</b>	<b>₱873,402,200</b>

\*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).

#### Non-cash investing activity

Significant non-cash investing activity in 2022 pertains to the additional revaluation increment of land at revalued amounts totaling ₱3,650.29 million.



### 34. Reclassifications

In 2022, the Company reclassified some accounts in the 2021 statements of comprehensive income to be consistent with the nature and current year presentation of accounts. Accordingly, the Company also reclassified the comparative figures in 2021.

	Before Reclassification	Reclassification	After Reclassification
2021 statements of comprehensive income			
Talent fees and production personnel costs (under Production costs)	₱2,093,811,710	₱1,001,935,901	₱3,095,747,611
Depreciation (under Production costs)	262,708,005	114,160,130	376,868,135
Personnel costs (under General and administrative expenses)	4,545,505,990	(1,001,935,900)	3,543,570,090
Depreciation (under General and administrative expenses)	323,051,533	(114,160,131)	208,891,402

Personnel costs and depreciation expenses pertaining to production and engineering operations were reclassified from general and administrative to production costs to be consistent with the classification in 2022 for costs and expenses of similar nature.

### 35. Supplementary Information Required by Revenue Regulations No. 15-2010

The Company reported and/or paid the following types of taxes in 2022:

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%.

Output VAT

Net receipts and Output VAT declared in the Company's VAT returns for 2022:

	Gross Amount of Revenues	Output VAT
Subject to 12% VAT -		
Sale of Goods and Services	₱21,041,102,122	₱2,524,932,255
Zero-rated -		
Sale of Services	1,910,834,012	-
Sale to Government -		
Sale of Services	488,329,731	58,599,568
Exempt sales	40,188,000	-
	<u>₱23,480,453,865</u>	<u>₱2,583,531,822</u>

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.

Input VAT

Beginning balance	₱32,958,737
Add current year's domestic purchases/payments for:	
Services	715,899,812
Goods other than capital goods	27,311,811
Capital goods subject to amortization	24,219,173
Importation of goods other than capital goods	121,105,256
Less:	
Input Tax allocable to exempt sales	1,156,907
<u>Total input VAT</u>	<u>920,337,882</u>
<u>Application against output VAT</u>	<u>900,108,511</u>
<u>Balance at end of year</u>	<u>₱20,229,371</u>

b. Importations

The Company has incurred a total of ₱1,130.32 million import duties and taxes in which ₱7.21 million were paid in cash and applied ₱121.38 million.

c. Documentary stamp tax

The Company has paid ₱5.37 million of documentary stamp tax for the year ended December 31, 2022.

d. Other Taxes and Licenses

All other local and national taxes paid for the year ended December 31, 2022 consist of:

Business tax	₱145,945,842
Licenses and permits	35,085,676
Real property tax	20,248,284
Others	170,106,979
	<u>₱371,386,781</u>

e. Withholding Taxes

Withholding taxes paid and accrued and/or withheld for the year ended December 31, 2022 consist of:

	Paid	Accrued	Total
Withholding tax on compensation	₱814,759,142	₱88,502,623	₱903,261,764
Expanded withholding tax	331,804,256	29,920,061	361,724,316
Final withholding tax	173,079,462	10,146,523	183,225,985
Withholding VAT/Percentage tax	90,610,612	7,406,149	98,016,761
Fringe benefit tax	2,262,037	754,012	3,016,049
	<u>₱1,412,515,508</u>	<u>₱136,729,368</u>	<u>₱1,549,244,876</u>



f. Tax Assessments and Cases

As at December 31, 2022, the Company has open assessments for taxable years 2019, 2020, and 2021.



## Corporate Affairs

---

**From:** Parulan, Angeli T. <ATParulan@gmanetwork.com>  
**Sent:** Monday, April 17, 2023 11:03 AM  
**To:** Perucho, Jannette G.  
**Cc:** Gatmaitan, Maria Cristina S.; Sueña, Mercedes Macy T.  
**Subject:** Fw: Your BIR AFS eSubmission uploads were received

Hi Ms. Janet,

For your reference po.

Thanks.

---

**From:** Gatmaitan, Maria Cristina S. <MSGatmaitan@gmanetwork.com>  
**Sent:** Monday, April 17, 2023 11:02 AM  
**To:** Parulan, Angeli T.  
**Subject:** FW: Your BIR AFS eSubmission uploads were received

**From:** eafs@bir.gov.ph <eafs@bir.gov.ph>  
**Sent:** Monday, April 17, 2023 10:15 am  
**To:** Gatmaitan, Maria Cristina S. <MSGatmaitan@gmanetwork.com>  
**Cc:** Gatmaitan, Maria Cristina S. <MSGatmaitan@gmanetwork.com>  
**Subject:** Your BIR AFS eSubmission uploads were received

Hi GMA NETWORK, INC.,

### Valid files

- EAFS000917916ITRTY122022.pdf
- EAFS000917916AFSTY122022.pdf

### Invalid file

- <None>

Transaction Code: **AFS-0-NSMXP34W0MQ2VVVN4NRNNXNXMONZXV1T4W**  
Submission Date/Time: **Apr 17, 2023 10:14 AM**  
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.

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN**

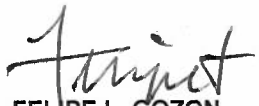
March 31, 2023

Bureau of Internal Revenue  
Large Taxpayers Service (RDO 126)  
Quezon City

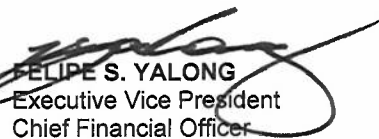
The Management of **GMA Network, Inc.**, is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2022. Management is likewise responsible for all information and representations contained in the financial statements accompanying 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, 2022 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

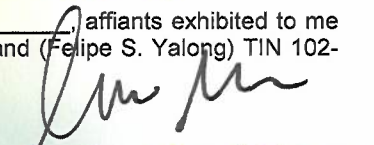
  
**GILBERTO R. DUAVIT, JR.**  
 President  
 Chief Operating Officer

  
**FELIPE S. YALONG**  
 Executive Vice President  
 Chief Financial Officer

**APR 13 2023 QUEZON CITY**

SUBSCRIBED AND SWORN to before me this \_\_\_ day of \_\_\_ at \_\_\_ 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. 168  
Page No. 03  
Book No. H  
Series of 2023

  
**ATTY. LARRY T. IGUIDEZ**  
 Notary Public  
 Until December 31, 2023  
 PTR No. 3985518/1-05-23-Q.C  
 IBP No. 247745/09-14-22, Q.C  
 Roll No. 20434

**GMA NETWORK, INC.**  
 GMA Network Center, EDSA cor. Timog Ave., Diliman, Quezon City, 1103, Philippines  
 Telephone No.: (632) 8982-7777

MCLE Compliance No. VI-0017289, 01-24-19  
 Adm Matter  
 NP 021 (2023-2024) RTC Q.C  
 400 Timog Ave. Quezon City





Republic of the Philippines  
 Department of Finance  
 Bureau of Internal Revenue

For BIR Use Only: BCS/Item:

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 1	<b>Annual Income Tax Return</b> For 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 filed with the BIR and one held by the taxpayer.	 1702-RT 01/18ENCS P1
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<b>1</b> For <input checked="" type="radio"/> Calendar <input type="radio"/> Fiscal  <b>2</b> Year Ended (MM/20YY) 12/2022	<b>3</b> Amended Return? <input type="radio"/> Yes <input checked="" type="radio"/> No	<b>4</b> Short Period Return? <input type="radio"/> Yes <input checked="" type="radio"/> No	<b>5</b> Alphanumeric Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT) <input checked="" type="checkbox"/> IC010 DOMESTIC CORPORATION IN GENERAL <input checked="" type="checkbox"/>
---	---	--	--

Part I - Background Information			
<b>6</b> Taxpayer Identification Number (TIN) 000 - 917 - 916 - 000		<b>7</b> RDO Code 126	
<b>8</b> Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) GMA NETWORK, INC.			
<b>9A</b> Registered Address (Indicate complete registered address) GMA COMPLEX EDSA CORNER TIMOG AVE SOUTH TRIANGLE QUEZON CITY, NCR, SECOND DISTR			
<b>9B</b> Zipcode 1103			
<b>10</b> Date of Incorporation/Organization (MM/DD/YYYY) 06/14/1950			
<b>11</b> Contact Number 9271968	<b>12</b> Email Address rpmastrili@gmanetwork.com		

<b>13</b> Method of Deductions <input checked="" type="radio"/> Itemized Deductions [Section 34 (A-J), NIRC] <input type="radio"/> Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]
--


Part II - Total Tax Payable (Do NOT enter Centavos)	
<b>14</b> Total Income Tax Due (Overpayment) (From Part IV Item 43)	1,927,570,165
<b>15</b> Less: Total Tax Credits/Payments (From Part IV Item 55)	1,401,654,268
<b>16</b> Net Tax Payable (Overpayment) (Item 14 Less Item 15) (From Part IV Item 56)	525,915,897
<b>Add Penalties</b>	
<b>17</b> Surcharge	0
<b>18</b> Interest	0
<b>19</b> Compromise	0
<b>20</b> Total Penalties (Sum of Items 17 to 19)	0
<b>21</b> TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Item 16 and 20)	525,915,897
If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable)	
<input type="radio"/> To be refunded <input type="radio"/> To be issued a Tax Credit Certificate (TCC) <input type="radio"/> To be carried over as tax credit next year/quarter	


We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)

Signature over printed name of President/Principal Officer/Authorized Representative	Signature over printed name of Treasurer/Assistant Treasurer	<b>22</b> Number of Attachments
Title of Signatory	TIN	4

Part III - Details of Payment				
Particulars	Drawee Bank/Agency	Number	Date (MM/DD/YYYY)	Amount
<b>23</b> Cash/Bank Debit Memo				0
<b>24</b> Check				0
<b>25</b> Tax Debit Memo				0
<b>26</b> Others (Specify Below)				0

Machine Validation/Revenue Official Receipts Details (if not filed with an Authorized Agent Bank)	Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)
---	--

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 2		<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate		 1702-RT 01/18ENCS P2	
<b>Taxpayer Identification Number (TIN)</b>			<b>Registered Name</b>		
000	-917	-916	-000	GMA NETWORK, INC.	
<b>Part IV - Computation of Tax</b> <i>(Do NOT enter Centavos)</i>					
27 Sales/Receipts/Revenues/Fees			21,490,026,700		
28 Less: Sales Returns, Allowances and Discounts			0		
29 Net Sales/Receipts/Revenues/Fees <i>(Item 27 Less Item 28)</i>			21,490,026,700		
30 Less: Cost of Sales/Services			7,818,792,481		
31 Gross Income from Operation <i>(Item 29 Less Item 30)</i>			13,671,234,219		
32 Add: Other Taxable Income Not Subjected to Final Tax			160,246,508		
33 Total Taxable Income <i>(Sum of Items 31 and 32)</i>			13,831,480,727		
Less: Deductions Allowable under Existing Law					
34 Ordinary Allowable Itemized Deductions <i>(From Part VI Schedule I Item 18)</i>		6,121,200,066			
35 Special Allowable Itemized Deductions <i>(From Part VI Schedule II Item 5)</i>		0			
36 NOLCO <i>(only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) &amp; (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)</i>		0			
37 Total Deductions <i>(Sum of Items 34 to 36)</i>		6,121,200,066			
<i>OR [in case taxable under Sec 27(A) &amp; 28(A)(1)]</i>					
38 Optional Standard Deduction <i>(40% of Item 33)</i>		0			
39 Net Taxable Income/(Loss) <i>(If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)</i>			7,710,280,661		
40 Applicable Income Tax Rate				25%	
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) <i>(Item 39 x Item 40)</i>			1,927,570,165		
42 MCIT Due <i>(2% of Item 33)</i>			138,314,807		
43 Tax Due <i>(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)</i>			1,927,570,165		
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			822,223,045		
47 Excess MCIT Applied this Current Taxable Year <i>(From Part VI Schedule IV Item 4)</i>			0		
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307			320,580,875		
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter			258,850,348		
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 <i>(To Part V Item 58)</i>			0		
Other Credits/Payments <i>(Specify)</i>					
53			0		
54			0		
<input checked="" type="checkbox"/>					
55 Total Tax Credits/Payments <i>(Sum of Items 44 to 54) (To Part II Item 15)</i>			1,401,654,268		
56 Net Tax Payable / (Overpayment) <i>(Item 43 Less Item 55) (To Part II Item 16)</i>			525,915,897		
<b>Part V - Tax Relief Availment</b>					
57 Special Allowable Itemized Deductions <i>(Item 35 of Part IV x Applicable Income Tax Rate)</i>			0		
58 Add: Special Tax Credits <i>(From Part IV Item 52)</i>			0		
59 Total Tax Relief Availment <i>(Sum of Items 57 and 58)</i>			0		

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 3	<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P3
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<b>Taxpayer Identification Number (TIN)</b>	<b>Registered Name</b>
000 - 917 - 916 - 000	GMA NETWORK, INC.

**Schedule I - Ordinary Allowable Itemized Deductions** *(Attach additional sheet/s, if necessary)*

<b>1</b> Amortizations	73,027,822
<b>2</b> Bad Debts	0
<b>3</b> Charitable Contributions	343,343
<b>4</b> Depletion	0
<b>5</b> Depreciation	244,612,168
<b>6</b> Entertainment, Amusement and Recreation	7,807,390
<b>7</b> Fringe Benefits	0
<b>8</b> Interest	11,299,850
<b>9</b> Losses	0
<b>10</b> Pension Trust	0
<b>11</b> Rental	49,380,187
<b>12</b> Research and Development	99,517,216
<b>13</b> Salaries, Wages and Allowances	3,315,855,061
<b>14</b> SSS, GSIS, Philhealth, HDMF and Other Contributions	61,161,548
<b>15</b> Taxes and Licenses	274,179,495
<b>16</b> Transportation and Travel	49,069,974
<b>17</b> Others (Deductions Subject to Withholding Tax and Other Expenses) <i>[Specify below; Add additional sheet(s), if necessary]</i>	
<b>a</b> Janitorial and Messengerial Services	25,576,548
<b>b</b> Professional Fees	332,373,337
<b>c</b> Security Services	71,201,924
<b>d</b> ADVERTISING AND PROMOTION	168,896,070
<b>e</b> COMMISSIONS	72,645,410
<b>f</b> COMMUNICATION, LIGHT AND WATER	388,575,789
<b>g</b> INSURANCE	30,026,844
<b>h</b> REALIZED FOREIGN EXCHANGE LOSS (GAIN)	68,299,104
<b>i</b> OTHERS	777,350,986
▼	
<b>i.1</b> MISCELLANEOUS	260,304,395
<b>i.2</b> OFFICE SUPPLIES	11,510,420
<b>i.3</b> FACILITIES RELATED EXPENSE	65,892,695
<b>i.4</b> REPAIRS AND MAINTENANCE	273,385,289
<b>i.5</b> DUES AND SUBSCRIPTION	31,486,231
<b>i.6</b> SOFTWARE LICENSES	123,428,128
<b>i.7</b> FREIGHT AND HANDLING	11,343,828
<b>18 Total Ordinary Allowable Itemized Deductions</b> <i>(Sum of Items 1 to 17i) (To Part IV Item 34)</i>	6,121,200,066

**Schedule II - Special Allowable Itemized Deductions** *(Attach additional sheet/s, if necessary)*

Description	Legal Basis	Amount
<b>1</b>		0
<b>2</b>		0
<b>3</b>		0
<b>4</b>		0
▼		
<b>5 Total Special Allowable Itemized Deductions</b> <i>(Sum of Items 1 to 4) (To Part IV Item 35)</i>		0

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 4	<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P4
<b>Taxpayer Identification Number (TIN)</b> 000 -917 -916 -000		<b>Registered Name</b> GMA NETWORK, INC.

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)	
1 Gross Income (From Part IV Item 33)	0
2 Less: Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	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)		
Net Operating Loss		B) NOLCO Applied Previous Year
Year Incurred	A) Amount	
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
5	0	0
6	0	0
7	0	0
8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV, Item 36)	0	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
2	0	0	0
3	0	0	0
Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV Item 47)	0	0	0

Schedule V - Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)	
1 Net Income/(Loss) per books	5,463,995,349
Add: Non-deductible Expenses/Taxable Other Income	
2 NONDEDUCTIBLE INTEREST EXPENSE	14,193,339
3 OTHERS	2,504,072,162
<input checked="" type="checkbox"/>	
3.1 ACCRUAL OF PBB	240,262,517
3.2 NONDEDUCTIBLE TAX DEFICIENCY PAYMENT	102,579,288
3.3 PROVISION FOR INCOME TAX	1,798,312,959
3.4 MOVEMENT IN PENSION LIABILITY	362,917,398
4 Total (Sum of Items 1 to 3)	7,982,260,850
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 INCOME ALREADY SUBJECTED TO FINAL TAX	9,803,236
6 OTHERS	262,176,953
<input checked="" type="checkbox"/>	
B) Special Deductions	
7	0
8	0
<input checked="" type="checkbox"/>	
9 Total (Sum of Items 5 to 8)	271,980,189
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	7,710,280,661

# UBP Payment Status

Filing Reference Number	462300053360736
Payment Transaction Number	233999207
TIN	000917916
Branch Number	000
Return Period	12/31/2022
Tax Type	IT
Amount Due	525,915,897.00
Actual Amount Paid	525,915,897.00
Transacting Bank's Code	043000
Depository Bank's Code	043000
UBP Acknowledgement Number	233999207S78518038A
Payment Transaction Date	04/14/2023

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.)

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