COVER SHEET

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SEC Registration Number

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

(Group's Full Name)

G M A Network Center, Timog Avenue corner EDSA, Quezon City

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

Mr. Ronaldo P. Mastrili
(Contact Person)

8982-7777
(Group Telephone Number)

0 6 **3 0**
Month *Day*
(Fiscal Year)

1 7 - Q
(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2024**

2. SEC Identification Number **5213**

3. BIR Tax Identification No. **000-917-916-000V**

4. Exact name of issuer as specified in its charter **GMA Network, Inc.**

5. **Philippines**
   Province, country or other jurisdiction of incorporation

6. [ ] (SEC Use Only)
   Industry Classification Code

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

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

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding……………..
Common Stock	**3,364,692,000**
Preferred Stock	**7,500,000,000**

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

    Yes [X] No [ ]

12. Indicate by check mark whether the registrant:

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

    Yes [X] No [ ]

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

    Yes [X] No [ ]

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Management's Discussion and Analysis of Financial Condition and Results of Operations for the Six Months Ended June 30, 2024 and 2023

GMA Network and Subsidiaries (GMA/the Company) sealed the first six months of the year with consolidated revenues of ₱7,777 million, lower by a single-digit 8% against last year's top line of ₱8,460 million.

On a per quarter basis, the 2nd quarter of this year showed better results than the opening quarter of 2024. Consolidated revenues in 2Q posted an improvement of ₱463 million or 13% to ₱4,120 million from the ₱3,657 million recorded during the opening quarter this year. Consolidated airtime sales propelled the increase in 2Q, up ₱309 million or 10%. However, compared to the same quarter last year's consolidated sales of ₱4,444 million, the Company recorded a reduction of ₱324 million or 7%. Airtime sales was likewise the hardest hit with the cutback versus Q2 2023.

Income Data	**6M 2024** *(in millions PhP)*	6M 2023 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Revenues				
Advertising revenue	**7,147.45**	7,752.99	(605.54)	-8%
Consumer sales				
Sale of services	**513.69**	512.82	0.87	0.2%
Sale of goods	**115.58**	193.91	(78.33)	-40%
	7,776.72	8,459.72	(683.01)	-8%
Total operating expenses	**7,084.17**	6,944.49	139.68	2%
EBITDA	**1,991.03**	2,557.54	(566.52)	-22%
Net income	**602.35**	1,182.87	(580.52)	-49%
Attributable to Equity Holders of Parent Co.	***604.62***	*1,185.08*	*(580.46)*	*-49%*
Noncontrolling Interest	***(2.27)***	*(2.22)*	*(0.05)*	*-2%*

Advertising revenues continued to be the primary driver for the Company, accounting for over 90% of total revenue.

Meanwhile, the Company's consolidated direct costs and operating expenses (OPEX) for the first six months reached ₱7,084 million, slightly higher by 2%, or ₱140 million more than the previous year. Both production and other direct costs, as well as general and administrative expenses, grew compared to the first half of 2023, though this was partially offset by a decrease in the cost of goods sold between periods.

As a result, consolidated Earnings before interest, taxes, depreciation, and amortization (EBITDA) by the end of June this year amounted to ₱1,991 million, down from ₱2,558 million in the same period last year. Similarly, the Company's consolidated Net income after tax stood at ₱602 million, compared to ₱1,183 million in the corresponding period last year.

Revenues

Revenues	**6M 2024** *(in millions PhP)*	6M 2023 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Advertising revenues	**7,147.45**	7,752.99	(605.54)	-8%
Consumer sales				
Sale of services	**513.69**	512.82	0.87	0.2%
Sale of goods	**115.58**	193.91	(78.33)	-40%
	7,776.72	8,459.72	(683.01)	-8%

Six months into the year, the Company reported mixed results, with a consolidated top line of ₱7,777 million. Advertising revenues fell short by ₱606 million compared to the same period last year, and sales of goods also saw a decline of ₱78 million. These decreases were only slightly offset by a modest improvement in service sales, which increased by less than a million pesos between periods.

On a per platform basis, core channel GMA 7 remained the biggest contributor to the Network's consolidated top line during the first semester. However, the channel missed last year's sales performance by some 7%. Ratings-wise, the *Kapuso* Network's flagship channel continued its ratings supremacy during the period with leading newscast *24 Oras* topping the charts as the most watched news program across the country. For public affairs, long-running and highly-acclaimed *Kapuso Mo, Jessica Soho* also remained in the forefront of the ratings game. The lead evening primetime entry *Black Rider*, which has been successful in the airwaves since November last year, has remained strong, even beating ABS-CBN's *Batang Quiapo* on occasion. On the side of entertainment programs, the Network has consistently produced top-rating and high caliber soaps. Running close to two (2) years, the multi-awarded afternoon drama, *Abot Kamay na Pangarap* still remained ahead in the ratings chart. Newly launched in March this year, another afternoon soap, *Lilet Matias: Atty-at-Law*, has been making its mark as well due to its higher rating.

The Company's second free-to-air channel, Good TV or GTV, continued to be a strong contender in the top-three spot in terms of ratings, vis-à-vis other channels. GTV has likewise shown its financial viability as a stand-alone channel. Revenue-wise, this year saw GTV also experiencing a slowdown in its top line, but nonetheless remaining profitable on a per segment basis.

Radio operations led by *Super Radyo DZBB 594 kHz* for the AM station and *Barangay LS 97.1 Forever! (DWLS)* for the FM station along with numerous provincial stations registered a total contraction in revenues by 9% after six months this year. Setting this aside, GMA continues its radio dominance in Mega Manila, with both DZBB and DWLS retaining their top spots in June based on Nielsen Radio Audience Measurement (RAM). DZBB cemented its position as the top AM station with a 38.7 percent total audience share, ahead of closest competitors. Similarly, according to the same data for Nielsen RAM, DWLS garnered a total audience share of 53.2 percent, way ahead competitors Love Radio's 11.2 percent and Wish's 7.1 percent.

Midway into 2024, Regional TV operations accumulated revenues was able to pull ahead against the first half of 2023 by 4%. National sales was the main driver for this year's sales uptick. Meanwhile the digital terrestrial television (DTT) channels, comprised of I Heart Movies, Heart of Asia, Hallypop and Pinoy Hits also contributed to revenue generation this year, albeit lower than same period last year on the overall. For advertising revenues abroad, the first semester was able to post revenues up by 8% from same period in 2023.

Airtime revenues remained challenged with the changing landscape in viewer and advertiser behavior as major factors. With this, the Company has ensured that it is keeping pace with these developments and had continuously made progress in positioning itself in the digital/online arena. For the past six months this year, online/digital advertising (advertising video on demand or AVOD) bagged sales higher by 7% from same period last year. GMA Network has remained resolute in bolstering its online presence across social media platforms, with viewership levels continuously on the uptrend. GMA continues to strengthen its presence and leadership in the online platform with *Kapuso* Stream wherein top-rating entertainment and news programs of the station are live-streamed daily for its millions of online viewers

Sale of services capped the first six months this year at ₱514 million, just inching by 0.2% from same period last year. Subscription revenues from the Company's International operations comprised the lion's share of this segment, albeit finishing behind versus same period in 2023. The attrition in subscriber count of GMA Pinoy and Life TV was the main reason for the decline, mitigated by the average increase in forex as well as growth in subscribers of GMA News TV International. Meanwhile, providing the boost this period for this revenue category were box-office receipts from movie production particularly from the multi-awarded comeback film of GMA Pictures – *Firely*. The movie was the back-to-back winner of the most coveted Best Picture Award in the most recent Metro Manila Film Festival and Manila International Film Festival. Apart from this, production revenues, which mainly consists of external sales from subsidiaries, grew considerably this first half.

Finally, sale of merchandise for the past six months wrapped up at ₱116 million against ₱194 million during comparable period in 2023. There were less units sold of the set-up box this period. Since launch in mid-2020, the set-top box has already sold more than three million units nationwide.

Expenses

In the first six months of 2024, total consolidated operating expenses amounted to ₱7,084 million, only ahead by a minimal 2%, compared to the same period in 2023. Direct production costs rose by 2%, or ₱64 million, while general and administrative expenses also increased by 2% or ₱76 million. On the other hand, cost of sales decreased by 41%, corresponding to a lower volume of set-top box units sold during this period compared to the first half of the previous year.

Operating Expenses	**6M 2024** *(in millions PhP)*	6M 2023 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Production costs	**3,802.17**	3,661.78	140.38	4%
Cost of sales	**110.09**	186.44	(76.35)	-41%
Total Direct Costs	**3,912.26**	3,848.22	64.03	2%
General and administrative expenses	**3,171.91**	3,096.27	75.64	2%
	7,084.17	6,944.49	139.68	2%

Production costs, consisting of both cash and non-cash direct expenses, reached ₱3,802 million, marking a 4% increase compared to the first six months of the previous year. Cash production costs experienced a modest 1% rise, especially in the primetime slots of the main channel. Non-cash direct costs increased by 16%, largely driven by higher program rights amortization. Additionally, depreciation and amortization rose by 14%, attributed to the continued nationwide rollout of the Company's DTT expansion projects, along with upgrades to other facilities and equipment.

Production Costs	**6M 2024** *(in millions PhP)*	6M 2023 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Talent fees and production personnel costs	**2,208.26**	1,948.61	259.65	13%
Rentals and outside services	**308.66**	359.50	(50.84)	-14%
Other program expenses	**386.91**	578.92	(192.01)	-33%
Sub-total - Cash Production Costs	**2,903.83**	2,887.03	16.80	1%
Program rights amortization	**634.31**	542.62	91.69	17%
Depreciation and amortization	**264.02**	232.13	31.89	14%
Sub-total - Non-cash Production Costs	**898.34**	774.75	123.58	16%
Total production costs	**3,802.17**	3,661.78	140.38	4%

The Group's consolidated general and administrative expenses (GAEX) for the first half of this year increased by only ₱76 million, or 2%, rising from ₱3,096 million to ₱3,172 million. Personnel costs, which made up the majority of this account, actually decreased by ₱60 million, or 3%. Although there were annual salary adjustments and an increase in the workforce, these were offset by the timing difference in payout of mid-year bonus this July of 2024 against June last year. Facilities costs also decreased, driven by lower utility charges following a decline in generation costs between periods. However, these reductions were offset by increases in outside services, which rose from ₱207 million to ₱248 million, and in taxes and licenses, which increased from ₱127 million to ₱174 million. Non-cash GAEX also saw a net increase of ₱7 million due to higher depreciation charges, despite a ₱3 million decrease in amortization costs compared to the previous year.

General and Administrative Expenses	**6M 2024** *(in millions PhP)*	6M 2023 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Personnel costs	**1,854.59**	1,914.47	(59.88)	-3%
Facilities costs	**295.96**	296.38	(0.42)	-0.1%
Outside services	**247.65**	207.45	40.20	19%
Taxes and licenses	**173.56**	127.02	46.54	37%
Others	**410.87**	369.03	41.84	11%
Subtotal - Cash GAEX	**2,982.62**	2,914.34	68.28	2%
Depreciation and amortization	**171.33**	161.22	10.11	6%
Provision for doubtful accounts	**0.25**	0.25	-	0%
Amortization of software costs	**17.71**	20.45	(2.74)	-13%
Subtotal - Non-cash GAEX	**189.29**	181.92	7.37	4%
Total GAEX	**3,171.91**	3,096.27	75.64	2%

EBITDA

With revenues declining in between periods, the Company's consolidated Earnings before interest, taxes, depreciation and amortization (EBITDA) sealed first semester results at ₱1,991 million, short of last year's ₱ 2,558 million EBITDA by ₱567 million or 22%.

Net Income

Consolidated Net Income After Tax concluded at ₱602 million compared to ₱1,183 million during comparable period last year.

Balance Sheet Accounts

As of the end of June 2024, the Group's total consolidated assets stood at ₱26,379 million, slightly higher than the ₱26,255 million reported on December 31, 2023. This modest increase was mainly driven by a ₱240 million rise in Program and other rights inventory, resulting from acquisitions made during the first six months of the year. Cash and cash equivalents also grew by ₱217 million, or 16% to ₱1,592 million compared to the end of 2023. However, these increases were partially offset by a ₱253 million decrease in Trade and other receivables, due to lower revenue generated during the first half of 2024. Additionally, Merchandise and supplies inventory declined by ₱113 million, attributed to continuous sales of GMA Affordabox.

Meanwhile, total consolidated liabilities rose by 22%, or ₱2,444 million, reaching ₱13,761 million by the end of June 2024, compared to ₱11,317 million at the end of December 2023. This increase was primarily driven by a ₱1,997 million rise in Short-term loans, bringing the total to ₱3,524 million. Furthermore, Obligations for program and other rights, along with Pension liabilities, also increased during the reporting period due to the aforementioned acquisitions and higher retirement expenses relative to contributions to the fund.
Equity attributable to Parent Company stockholders decreased to ₱12,565 million as of June 30, 2024, representing a 16% decline or ₱2,316 million, compared to December 31, 2023. This reduction was primarily due to a decrease in retained earnings following the declaration of cash dividends in the second quarter of 2024, partially offset by net income after tax for the first two quarters of the year.

Cash Flows	**6M 2024** *(in millions PhP)*	6M 2023 *(in millions PhP)*
Net cash provided by operating activities	**1,521.77**	2,745.79
Net cash used in investing activities	**(344.35)**	(659.45)
Net cash used in financing activities	**(970.03)**	(1,922.39)
Effect of exchange rate changes on cash and cash equivalents	**9.64**	16.99
Net increase in cash and cash equivalents	**217.03**	180.94
Cash and cash equivalents at beginning of year	**1,374.98**	2,855.47
Cash and cash equivalents at end of the period	**1,592.01**	3,036.41

Operating Activities
Net cash provided by operating activities measured at ₱1,522 million in Q2 2024. This stemmed from income before income tax of ₱848 million, adjusted mainly for Program rights usage of ₱634 million, Depreciation expense of ₱435 million, Interest expense and financing charges equivalent to ₱64 million, Amortization of software costs of ₱18 million, Net unrealized foreign exchange gain of ₱10 million, Gain on sale of property and equipment of ₱12 million, and Interest income amounting to ₱8 million apart from the changes in working capital. The primary component of the changes in working capital included the decreases in Trade and other receivables and Inventories by ₱263 million and ₱113 million, respectively.

Investing Activities
Net cash used in investing activities amounted to ₱344 million, coming primarily from the ₱384 million additions to Property and equipment. These were partly offset by the ₱30 million decline in Other noncurrent assets.

Financing Activities
Net cash used in financing activities amounted to ₱970 million coming from the payments of cash dividends and short-term loans amounting to ₱2,919 million and ₱1,503 million, respectively. Proceeds from availments of additional loans amounted to ₱3,500 million.

Key Financial Performance Indicators
The key financial performance indicators that the Company monitors are the following:

Key Performance Indicators	**6M 2024** *(in millions PhP)*	6M 2023 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Revenues	**7,776.72**	8,459.72	(683.01)	-8%
Advertising revenues	**7,147.45**	7,752.99	(605.54)	-8%
Cash operating expenses	**5,996.54**	5,987.81	8.73	0.1%
EBITDA	**1,991.03**	2,557.54	(566.52)	-22%
Net income before tax	**848.15**	1,576.63	(728.48)	-46%
Net income after tax	**602.35**	1,182.87	(580.52)	-49%

Key Performance Indicators	**6M 2024**	6M 2023	Inc/(Dec)	%
Current ratio	**1.69**	1.62	0.07	4%
Asset-to-Equity ratio	**2.09**	2.25	(0.15)	-7%
Interest Rate Coverage Ratio	**14.13**	36.61	(22.48)	-61%
Gross Profit Margin	**50%**	55%	(0.05)	-9%
EBITDA Margin	**26%**	30%	(0.05)	-15%
Net Income Margin	**8%**	14%	(0.06)	-45%

* * * * * * * * * * * *

GMA NETWORK, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2024 Unaudited	December 31, 2023 Audited
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 8 and 32)	**1,592,013,520**	1,374,983,407
Trade and other receivables (Notes 9, 23 and 32)	**6,022,986,463**	6,275,604,966
Program and other rights (Note 10)	**2,247,599,892**	1,789,577,336
Inventories (Note 11)	**1,050,805,245**	1,164,269,440
Prepaid expenses and other current assets (Note 12)	**1,953,483,583**	1,831,589,912
Total Current Assets	**12,866,888,703**	12,436,025,061
Noncurrent Assets		
Property and equipment:		
At cost (Note 15)	**3,632,056,378**	3,669,998,218
At revalued amounts (Note 16)	**8,813,281,439**	8,813,281,439
Right-of-Use assets (Note 30)	**134,314,594**	140,666,823
Financial assets at fair value through comprehesive income (Notes 13, 32 and 33)	**354,022,416**	349,899,892
Investments and advances (Notes 14 and 23)	**166,128,767**	166,128,767
Program and other rights (Note 10)	**211,578,313**	429,707,160
Investment properties (Note 17)	**30,031,479**	30,722,673
Other noncurrent assets (Note 18)	**170,911,683**	218,082,008
Total Noncurrent Assets	**13,512,325,069**	13,818,486,980
TOTAL ASSETS	**26,379,213,772**	26,254,512,041
LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities (Notes 20, 24 and 32)	**3,198,728,096**	3,202,679,780
Short-term loans (Note 19)	**3,524,187,000**	1,527,307,000
Income tax payable	**167,640,550**	257,034,723
Current portion of lease liabilities (Notes 30 and 32)	**29,616,843**	43,848,796
Obligation for program and other rights (Notes 21 and 32)	**658,455,985**	325,503,020
Dividends payable (Note 32)	**39,218,323**	39,687,211
Total Current Liabilities	**7,617,846,797**	5,396,060,530

(Forward)

	June 30, 2024 Unaudited	December 31, 2023 Audited
Noncurrent Liabilities		
Pension liability	**5,336,048,602**	5,154,803,946
Other long-term employee benefits	**261,712,037**	240,752,386
Lease liabilities - net of current portion (Notes 30 and 32)	**120,948,756**	112,790,005
Dismantling provision (Note 30)	**51,717,585**	50,872,484
Obligation for program and other rights - net of current portion (Notes 21 and 32)	**-**	9,157,895
Deferred tax liabilities - net	**372,626,444**	352,227,764
Total Noncurrent Liabilities	**6,143,053,424**	5,920,604,480
Total Liabilities	**13,760,900,221**	11,316,665,010
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 23)	**4,864,692,000**	4,864,692,000
Additional paid-in capital (Note 23)	**1,686,556,623**	1,686,556,623
Revaluation increment in land - net of tax (Note 16)	**6,215,441,910**	6,215,441,910
Remeasurements loss on retirement plans - net of tax	**(2,211,880,492)**	(2,209,547,944)
Unrealized loss on available-for-sale financial assets - net of tax	**(105,454,012)**	(105,567,325)
Retained earnings (Note 23)	**2,115,969,755**	4,430,164,446
Total Equity Attributable to Parent Company	**12,565,325,784**	14,881,739,710
Equity Attributable to Non-controlling Interest	**52,987,767**	56,107,321
Total Equity	**12,618,313,551**	14,937,847,031
TOTAL LIABILITIES AND EQUITY	**26,379,213,772**	26,254,512,041

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME

	For the Quarters Ended June 30		For the Six Months Ended June 30	
	2024	2023	**2024**	**2023**
NET REVENUES (Note 25)	**4,119,919,753**	4,443,970,641	**7,776,718,319**	8,459,723,551
PRODUCTION COSTS (Note 26)	**1,997,508,467**	1,988,867,096	**3,802,165,105**	3,661,781,402
COST OF SALES (Note 11**)**	**44,596,228**	81,254,748	**110,093,577**	186,442,989
GROSS PROFIT	**2,077,815,058**	2,373,848,797	**3,864,459,637**	4,611,499,160
GENERAL AND ADMINISTRATIVE EXPENSES (Note 27)	**1,569,158,303**	1,610,476,488	**3,171,911,425**	3,096,267,168
OTHER INCOME (EXPENSE) - NET				
Interest expense	**(43,856,882)**	(40,268,907)	**(63,946,742)**	(43,735,706)
Interest income (Note 8)	**6,764,250**	10,807,616	**8,452,930**	19,254,775
Net foreign currency exchange gain (loss)	**25,785,627**	10,897,215	**25,171,907**	(508,186)
Others - net (Note 29)	**69,383,199**	29,227,065	**185,925,735**	86,390,477
	58,076,194	10,662,989	**155,603,830**	61,401,360
INCOME BEFORE INCOME TAX	**566,732,949**	774,035,298	**848,152,042**	1,576,633,352
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	**7,574,587**	331,635,998	**225,403,639**	631,624,040
Deferred	**160,159,686**	(138,155,191)	**20,398,680**	(237,855,748)
	167,734,273	193,480,807	**245,802,319**	393,768,292
NET INCOME	**398,998,676**	580,554,491	**602,349,723**	1,182,865,060
OTHER COMPREHENSIVE INCOME (LOSS) - net of tax				
Item to be reclassified to profit or loss in subsequent periods -				
Net change in fair market value of financial assets at FVOCI	**113,313**	255,000	**113,313**	255,000
Item not to be reclassified to profit or loss in subsequent periods -				
Remeasurement loss on retirement plan	**(2,332,548)**	(5,805)	**(2,332,548)**	(5,805)
	(2,219,235)	249,195	**(2,219,235)**	249,195
TOTAL COMPREHENSIVE INCOME	**396,779,441**	580,803,686	**600,130,488**	1,183,114,255
Net income (loss) attributable to:				
Equity holders of Parent Company	**400,501,304**	581,510,987	**604,620,509**	1,185,084,568
Non-controlling interest	**(1,502,628)**	(956,496)	**(2,270,786)**	(2,219,508)
	398,998,676	580,554,491	**602,349,723**	1,182,865,060
Total comprehensive income attributable to:				
Equity Holders of Parent Company	**399,130,837**	581,760,182	**603,250,042**	1,185,333,763
Non-controlling interest	**(2,351,396)**	(956,496)	**(3,119,554)**	(2,219,508)
	396,779,441	580,803,686	**600,130,488**	1,183,114,255
Basic/Diluted Earnings Per Share (Note 31)	**0.082**	0.120	**0.124**	0.244

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of Parent Company								
	Capital Stock (Note 23)	**Additional Paid-in Capital** (Note 23)	**Revaluation Increment in Land** - Net of Tax	**Remeasurements on Retirement Plans -** Net of Tax	**Net Unrealized Loss on Financial Assets at FVOCI -** Net of Tax	**Retained Earnings** (Note 23)	**Total Equity Attributable to Parent Company**	**Non-controlling Interests**	**Total Equity**
At January 1, 2024	**4,864,692,000**	**1,686,556,623**	**6,215,441,910**	**(2,209,547,944)**	**(105,567,325)**	**4,430,164,446**	**14,881,739,710**	**56,107,321**	**14,937,847,031**
Net income	-	-	-	-	-	**604,620,509**	**604,620,509**	**(2,270,786)**	**602,349,723**
Other comprehensive income (loss)	-	-	-	**(2,332,548)**	**113,313**	-	**(2,219,235)**	**(848,768)**	**(3,068,003)**
Total comprehensive income	-	-	-	**(2,332,548)**	**113,313**	**604,620,509**	**602,401,274**	**(3,119,554)**	**599,281,720**
Cash dividends (see Note 23)	-	-	-	-	-	**(2,918,815,200)**	**(2,918,815,200)**	-	**(2,918,815,200)**
At as June 30, 2024	**4,864,692,000**	**1,686,556,623**	**6,215,441,910**	**(2,211,880,492)**	**(105,454,012)**	**2,115,969,755**	**12,565,325,784**	**52,987,767**	**12,618,313,551**
At January 1, 2023	**4,864,692,000**	**1,686,556,623**	**4,570,402,192**	**(2,223,725,260)**	**(120,299,381)**	**6,611,146,364**	**15,388,772,538**	**77,250,009**	**15,466,022,547**
Net income	-	-	-	-	-	**1,185,084,568**	**1,185,084,568**	**(2,219,508)**	**1,182,865,060**
Other comprehensive income (loss)	-	-	-	**(5,805)**	**255,000**	-	**249,195**	-	**249,195**
Total comprehensive income	-	-	-	**(5,805)**	**255,000**	**1,185,084,568**	**1,185,333,763**	**(2,219,508)**	**1,183,114,255**
Cash dividends (see Note 23)	-	-	-	-	-	**(5,351,161,200)**	**(5,351,161,200)**	**(17,850,000)**	**(5,369,011,200)**
At as June 30, 2023	**4,864,692,000**	**1,686,556,623**	**4,570,402,192**	**(2,223,731,065)**	**(120,044,381)**	**2,445,069,732**	**11,222,945,101**	**57,180,501**	**11,280,125,602**

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**848,152,042**	1,576,633,352
Adjustments for:		
Depreciation and amortization (Notes 15, 17 and 30)	**435,355,457**	393,352,768
Interest expense	**63,946,742**	43,735,705
Amortization of software costs (Notes 18 and 27)	**17,711,659**	20,452,069
Gain on sale of property and equipment (Note 29)	**(12,322,272)**	(20,252,660)
Net unrealized foreign exchange gain	**(10,467,956)**	(27,666,499)
Interest income (Note 8)	**(8,452,930)**	(19,254,775)
Provision for doubtful accounts (Notes 9 and 27)	**250,000**	250,000
Operating income before working capital changes	**1,334,172,742**	1,967,249,960
Program rights usage (Note 10)	**634,313,291**	542,622,453
Decreases (increases) in:		
Trade and other receivables	**262,644,175**	622,038,276
Program and other rights	**(874,207,000)**	(1,026,931,833)
Inventories	**113,464,195**	190,698,946
Prepaid expenses and other current assets	**(121,893,671)**	(228,169,373)
Right-of-use assets	**(8,246,969)**	(6,213,484)
Increases (decreases) in:		
Trade payables and other current liabilities	**(15,014,611)**	1,136,899,079
Obligations for program and other rights	**314,128,004**	197,653,398
Lease liabilities	**(10,483,361)**	(11,464,200)
Pension liability	**178,063,340**	315,459,278
Other long-term employee benefits	**20,959,651**	3,235,701
Net cash generated from operations	**1,827,899,786**	3,703,078,201
Income taxes paid	**(314,797,812)**	(977,431,011)
Interest received	**8,669,056**	20,145,550
Net cash provided by operating activities	**1,521,771,030**	2,745,792,740
Acquisitions of:		
Property and equipment (Note 15)	**(383,688,653)**	(613,317,775)
Software costs (Note 18)	**(517,519)**	(1,119,891)
Proceeds from sale of properties	**13,887,700**	25,555,753
Decreases (increases) in:		
Financial asset at FVOCI	**(4,009,211)**	(15,852,960)
Investments and advances	**-**	50,180
Other noncurrent assets	**29,976,185**	(54,766,601)
Net cash used in investing activities	**(344,351,498)**	(659,451,294)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends (Note 23)	**(2,919,284,088)**	(5,392,852,541)
Short-term loans (Note 19)	**(1,503,120,000)**	-
Interest expense (Note 19)	**(47,628,555)**	(29,538,391)
Proceeds from availments of short-term loans (Note 18)	**3,500,000,000**	3,500,000,000
Net cash used in financing activities	**(970,032,643)**	(1,922,390,932)
EFFECT OF EXCHANGE RATE CHANGES ON CASH ON HAND AND CASH EQUIVALENTS	**9,643,224**	16,988,043
NET INCREASE IN CASH AND CASH EQUIVALENTS	**217,030,113**	180,938,557
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,374,983,407**	2,855,467,214
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,592,013,520**	3,036,405,771

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

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

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

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

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 June 30, 2024 and December 31, 2023 and for each of the two years in the period ended December 31, 2023.

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.

NCI represents the equity interest in RGMA Network, Inc. (RGMA Network), a subsidiary incorporated in the Philippines with principal place of business at GMA Network Center, Timog Avenue corner EDSA Quezon City.

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

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries as at June 30, 2024 and December 31, 2023:

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

**Under liquidation*
***Indirectly owned through Citynet*
****Ceased operations in 2023*
*****Indirectly owned through GNMI, ceased commercial operations in 2022*
******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 2023. 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, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies* 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. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

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

- Amendments to Philippine Accounting Standards (PAS) 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

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. 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, 2024

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

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- 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, 2024 and must be applied retrospectively. The amendments do not have impact on the Group's consolidated financial statements since the Group has no long-term borrowings but may have an impact in future long-term borrowings.

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

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

- Amendments to PAS 21, *Lack of exchangeability*

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.

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 six 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 33
- Land, see Note 16
- Investment properties, see Note 17
- Financial instruments (including those carried at amortized cost), see Note 33

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.

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 June 30, 2024 and December 31, 2023.

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 June 30, 2024 and December 31, 2023 (see Notes 8, 9, 18 and 33).

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 June 30, 2024 and December 31, 2023 (see Notes 13 and 33).

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

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

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

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

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

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

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

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

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

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

<u>Financial Liabilities</u>
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:

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 19, 20, 21 and 33).

<u>Derecognition of Financial Liabilities</u>
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.

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 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 or upon full airing of the acquired rights, whichever is earlier. The cost of program and other rights with indefinite lives are amortized using straight line method over 10 years.

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.

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

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

Inventories
Merchandise inventory and materials and supplies inventory, included under “Prepaid expenses and other current assets” account in the consolidated statement of financial position, is stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value of inventories that are for sale is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Net realizable value of inventories not held for sale is the current replacement cost.

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

As at June 30, 2024 and December 31, 2023, the Group’s tax credits are classified as current under “Prepaid expenses and other current assets” account in the consolidated statement of financial position.

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

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

Land is initially measured at cost. After intial recognition, land is carried at revalued amounts, being its fair value at the date of the revaluation, less any subsequent impairment losses 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.

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

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

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

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

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

Investments in an Associate and Joint Ventures

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

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

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

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

Equity

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value are recognized as additional paid-in capital.

Retained earnings include all current and prior period results of operations as reported in the consolidated statement of comprehensive income, net of any dividend declaration, adjusted for the effects of changes in accounting policies as may be required by PFRS' transitional provisions.

Treasury Stocks and Underlying Shares of the Acquired Philippine Deposit Receipts (PDRs)

The Parent Company's own reacquired equity instruments are deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

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

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 Artists. Revenue is recognized as revenue on an accrual basis in accordance with the terms of the related marketing agreements.

b. Revenue Recognition Outside the Scope of PFRS 15

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

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.

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

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

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

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

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

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

Past service costs are recognized in profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under "Production costs" and "General and administrative expenses" accounts in consolidated statements of comprehensive income (by function):
- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income

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

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

<u>Leases</u>

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

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

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

Land	2 to 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 7 to the consolidated financial statements.

Provisions

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

Contingencies

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

Events after Reporting Period

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

4. Significant Accounting Judgments, Estimates and Assumptions

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

Judgments

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

Consolidation of Entities in which the Group holds less than Majority of Voting Rights. The Group considers that it controls RGMA Network even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of RGMA Network with a 49% equity interest. The remaining 51% of the equity shares in RGMA Network are owned by several parties. Since September 27, 1995, which is the date of incorporation of RGMA Network, there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group. The carrying amount of NCI as at June 30, 2024 and December 31, 2023 amounted to ₱52.99 million and ₱56.11 million, respectively.

Assessment of Significant Influence over the Investee. The Parent Company holds 25% ownership interest in Optima Digital, Inc. as at June 30, 2024 and December 31, 2023. 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 ₱0.56 million as at June 30, 2024 and December 31, 2023.

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

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

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

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

Total rental income amounted to ₱3.53 million and ₱3.73 million in June 30, 2024 and 2023, respectively (see Note 29).

Estimates and Assumptions

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

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

The Group's lease liability amounted to ₱150.57 million and ₱156.64 million as at June 30, 2024 and December 31, 2023, respectively (see Note 30).

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

- Simplified approach for trade receivables

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

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

- Definition of default for trade receivables

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

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

- Grouping of instruments for losses measured on collective basis.

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

- Incorporation of forward-looking information

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

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

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

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

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

  Provision for ECL amounted to ₱0.25 million as of June 30, 2024 and 2023, respectively. The allowance for ECL amounted to ₱913.40 million as at June 30, 2024 and December 31, 2023, respectively. The carrying amounts of trade and other receivables amounted to ₱6,022.99 million and ₱6,275.60 million as at June 30, 2024 and December 31, 2023, respectively (see Note 9).

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

The Group estimates the amortization of program and other rights with finite lives using straight line method up to the date of expiry, which is the manner and pattern of usage of the acquired rights. In addition, estimation of the amortization of program and other rights is based on the Group's experience with such rights. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Program and other rights usage amounted to ₱634.31 million and ₱542.62 million for the periods ended June 30, 2024 and 2023, respectively (see Note 26). Program and other rights, net of accumulated impairment loss of ₱2.70 million, amounted to ₱2,459.18 million and ₱2,219.28 million as at June 30, 2024 and December 31, 2023, respectively (see Note 10).

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

The carrying value of merchandise inventory and materials and supplies inventory in the consolidated statement of financial position, amounted to ₱1,050.81 million and ₱1,164.27 million as at June 30, 2024 and December 31, 2023, respectively (see Note 11). There were no provisions for inventory losses as of June 30, 2024 and 2023.

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

There has been no change in the Group's estimate of useful lives of its property and equipment, software costs and investment properties in as of June 30, 2024 and December 31, 2023.

Total depreciation and amortization expense for the periods ended June 30, 2024 and 2023 amounted to ₱453.07 million and ₱413.80 million, respectively (see Notes 15, 17, 18, 26 and 27).

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

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

In 2023, 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, 2023. For the land that were not appraised, the Group referred to the published comparable prices for the fair values. Total additional revaluation increment, net of tax, recognized in 2023 amounted to ₱1,645.04 million.

The revalued amount of land, which is classified under "Property and equipment" account in the statements of financial position, amounted to ₱8,813.28 million as at June 30, 2024 and December 31, 2023 (see Note 16).

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

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

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

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

As at June 30, 2024 and December 31, 2023, 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 June 30, 2024 and December 31, 2023 follow:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Land at revalued amounts (see Note 16)	**8,813,281,439**	8,813,281,439
Property and equipment - at cost (see Note 15)	**3,632,056,378**	3,669,998,218
Program and other rights (see Note 10)	**2,459,178,205**	2,219,284,496
Prepaid production costs (see Note 12)	**617,875,577**	653,974,022
Investments and advances (see Note 14)	**166,128,767**	166,128,767
Right-of-use assets (see Note 30)	**134,314,594**	140,666,823
Tax credits (see Note 12)	**58,222,994**	6,162,083
Software costs (see Note 18)	**28,270,303**	45,464,443
Investment properties (see Note 17)	**30,031,479**	30,722,673
Investment in artworks (see Note 18)	**10,186,136**	10,186,136
Deferred production costs (see Note 18)	**1,589,157**	1,502,800

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

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

Pension liability amounted to ₱5,336.05 million and ₱5,154.80 million as at June 30, 2024 and December 31, 2023, respectively.

Determination of Fair Value of Financial Assets and Financial Liabilities. Certain financial assets and financial liabilities are carried and disclosed at fair value, which requires extensive use of accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the amount of changes in fair value would differ if the Group utilized a different valuation methodology. Any changes in the assumptions could affect the fair value of these financial assets and financial liabilities. The fair value of financial assets and liabilities are enumerated in Note 33.

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 33.

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

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

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

5. Seasonality or Cyclicality of Interim Operations

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

6. Nature and Amount of Changes in Estimates

2023 figures were restated to conform to the current period's presentation.

7. Segment Information

<u>Business Segments</u>

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

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

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

Geographical Segments

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

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

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

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

Inter-segment Transactions

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

Measurement Basis

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

Please refer to Exhibit 1 for the comparative segment information for the six months ended June 30, 2024 and 2023.

8. Cash and Cash Equivalents

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash on hand and in banks	**1,218,530,348**	1,097,748,954
Short-term placements	**373,483,172**	277,234,453
	1,592,013,520	1,374,983,407

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

Interest income earned from bank deposits and short-term investments amounted to ₱8.45 million and ₱19.25 million for the six months ended June 30, 2024 and 2023, respectively.

9. Trade and Other Receivables

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade:		
Television and radio airtime	**6,579,217,341**	6,769,343,955
Subscription receivable	**153,841,308**	186,254,985
Others	**169,576,663**	175,154,046
Nontrade:		
Advances to officers and employees	**6,692,586**	7,367,183
Others	**27,311,143**	50,887,375
	6,936,639,041	7,189,007,544
Less allowance for doubtful accounts	**913,652,578**	913,402,578
	6,022,986,463	6,275,604,966

Trade Receivables

Television and Radio Airtime. Television and radio airtime receivables are unsecured, noninterest-bearing and are generally on a 60–90 days terms upon receipt of invoice by the customer. The receivables are normally collected within the next reporting period.

Television and radio airtime receivables include unbilled airtime receivables, arising when advertisements have been aired during the year but billing or acceptance by the customer has been delayed due to time lag in completing all required documents. As at June 30, 2024 and December 31, 2023, the total unbilled airtime receivables, assessed as contract assets, amounted to ₱343.69 million and ₱312.58 million, respectively.

Subscriptions Receivable. Subscriptions receivable include receivables pertaining to revenue generated from international channel subscriptions and advertisements. These are noninterest-bearing and normally collected within the next reporting period.

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 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

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

	June 30, 2024		
	Corporate	**Individual**	**Total**
Balance at beginning of the year	**903,093,040**	**10,309,538**	**913,402,578**
Provision (reversal) for the year	**250,000**	**-**	**250,000**
Balance at end of the period	**903,343,040**	**10,309,538**	**913,652,578**

	December 31, 2023		
	Corporate	Individual	Total
Balance at beginning of the year	898,757,935	9,908,350	908,666,285
Provision for the year	4,335,105	401,188	4,736,293
Balance at end of the year	903,093,040	10,309,538	913,402,578

10. **Program and Other Rights**

Details and movements in this account are as follows:

	June 30, 2024 (Unaudited)			
	Program and Film Rights	**Story / Format Rights**	**Program Rights - Incidentals**	**Total**
Cost:				
Balance at beginning of period	**1,941,867,036**	**238,918,717**	**41,201,003**	**2,221,986,756**
Additions	**817,858,581**	**3,783,895**	**52,564,524**	**874,207,000**
Program and other rights usage (see Note 2(	**(516,560,399)**	**(75,853,512)**	**(41,899,380)**	**(634,313,291)**
Balance at end of period	**2,243,165,218**	**166,849,100**	**51,866,147**	**2,461,880,465**
Accumulated impairment in value	**(2,702,260)**	**-**	**-**	**(2,702,260)**
	2,240,462,958	**166,849,100**	**51,866,147**	**2,459,178,205**
Less noncurrent portion	**211,578,313**	**-**	**-**	**211,578,313**
	2,028,884,645	**166,849,100**	**51,866,147**	**2,247,599,892**

	December 31, 2023 (Audited)			
	Program and Film Rights	Story / Format Rights	Program Rights - Incidentals	Total
Cost:				
Balance at beginning of period	1,425,742,313	41,070,810	14,907,560	1,481,720,683
Additions	1,534,438,788	270,543,708	126,762,973	1,931,745,469
Program and other rights usage	(1,018,314,065)	(72,695,801)	(100,469,530)	(1,191,479,396)
Balance at end of period	1,941,867,036	238,918,717	41,201,003	2,221,986,756
Accumulated impairment in value -	(2,702,260)	-	-	(2,702,260)
	1,939,164,776	238,918,717	41,201,003	2,219,284,496
Less noncurrent portion	429,707,160	-	-	429,707,160
	1,509,457,616	238,918,717	41,201,003	1,789,577,336

11. **Inventories**

This account consists of the following:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Merchandise inventory	**1,030,042,933**	1,144,275,233
Materials and supplies inventory	**20,762,312**	19,994,207
	1,050,805,245	1,164,269,440

The following are the details of merchandise inventory account:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Set-top box model	**823,459,782**	935,765,522
ITE chipset dongle	**206,583,151**	208,509,711
	1,030,042,933	1,144,275,233

Merchandise inventory consists mainly of set-top boxes, digital TV mobile receivers 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 ₱110.09 million and ₱186.44 million as of June 30, 2024 and 2023, respectively.

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

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

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Prepaid production costs	**617,875,577**	653,974,022
Advances to suppliers	**544,748,814**	688,865,538
Input VAT	**409,864,468**	278,970,842
Prepaid expenses	**278,007,576**	128,792,012
Tax credits	**58,222,994**	6,162,083
Creditable withholding taxes	**43,506,378**	73,156,929
Others	**1,257,776**	1,668,486
	1,953,483,583	1,831,589,912

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

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

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

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

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

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

13. Financial Assets at Fair Value Through Other Comprehensive Income

This account consists of the following:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Listed equity instruments	**335,396,475**	331,273,951
Non-listed equity instruments	**18,625,941**	18,625,941
	354,022,416	349,899,892

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.

In 2024, the Group purchased additional investments in TNB Aura Fund 2 Ltd, Wavemaker Three-Sixty Health II-A,LP. amounting to ₱5.76 million.

In 2023, the Group purchased additional investments in TNB Aura Fund 2 Ltd, Wavemaker Three-Sixty Health II-A,LP., PX Ventures PTE Ltd and Plastic Credit Exchange (PCX) Singapore Pte Ltd totaling ₱49.78 million.

In 2022, the Group purchased additional investments in TNB Aura Fund 2 Ltd, Wavemaker Three-Sixty Health II-A,LP., PX Ventures PTE Ltd and Cloudeats PTE Ltd totaling ₱168.67 million.

Dividend income earned from financial assets at FVOCI amounted to nil as of June 30, 2024 and 2023.

IP E-Games

In 2015, IP E-Games Ventures, Inc. (IPE) issued 13 billion of its own common shares to the Group in exchange of the Group's investment in X-Play Online Games Incorporated (X-Play) and in settlement of ₱30.00 million advances and ₱50.00 million airtime credits granted by the Group to X-Play. At initial recognition, the Group recognized at fair value the IPE shares as AFS financial assets amounting to ₱130.00 million. The carrying values of investment in IPE amounted to ₱22.19 million as at June 30, 2024 and December 31, 2023.

Of the ₱50.00 million airtime credits, ₱22.00 million has not been implemented at date of exchange and therefore was recognized by the Group as unearned revenue presented as "Contract liabilities", included as part of trade payables and other current liabilities as at June 30, 2024 and December 31, 2023.

14. Investments and Advances

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Investments in an associate and interests in joint ventures	**63,561,525**	63,561,525
Permanent advances in an associate (see Note 24)	**102,567,242**	102,567,242
	166,128,767	166,128,767

The movements in the accounts are as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Investments in an associate and joint ventures		
Acquisition cost -		
Balance at beginning and end of period	**131,722,056**	131,722,056
Accumulated equity in net losses:		
Balance at beginning of period	**(68,160,531)**	(57,817,272)
Equity in net losses during the period	**-**	(10,343,259)
Balance at end of period	**(68,160,531)**	(68,160,531)
	63,561,525	63,561,525
Advances to an associate:		
Balance at beginning of period	**100,439,293**	99,618,209
Advances during the period	**-**	821,084
Balance at end of period	**100,439,293**	100,439,293
Advances to joint ventures:		
Balance at beginning of period	**2,127,949**	2,182,013
Collections during the period	**-**	(54,064)
Balance at end of period	**2,127,949**	2,127,949
Total investments and advances	**166,128,767**	166,128,767

The ownership interests in an associate and joint ventures, which were all incorporated in the Philippines, and are accounted for under the equity method, as at June 30, 2024 and December 31, 2023 follows:

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

**Not operational.*
***Indirect investment through GNMI.*

The carrying values of investments and the related advances as at June 30, 2024 and December 31, 2023 are as follows:

	Investments	**Advances** (see Note 24)	**Total**
Associate - Mont-Aire	**38,350,619**	**100,439,293**	**138,789,912**
Joint ventures:			
Gamespan	**8,947,966**	**1,959,670**	**10,907,636**
PEP	**16,262,940**	**168,279**	**16,431,219**
	25,210,906	**2,127,949**	**27,338,855**
	63,561,525	**102,567,242**	**166,128,767**

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

Mont-aire
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. 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.

No share in net earnings (losses) of PEP was recognized for the six months period ended June 30, 2024 and 2023.

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 June 30, 2024 and December 31, 2023, 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 doormant bank accounts. Since Gamespan has yet to start its operations, the Group did not recognize any share in net earnings as of June 30, 2024 and 2023.

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 June 30, 2024 and December 31, 2023. INQ7 ceased operations in 2007. In 2013, INQ7 submitted a request to liquidate its assets to SEC. The liquidation is still ongoing as at June 30, 2024.

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

15. Property and Equipment at Cost

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

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

The Group leases out a portion of its property and equipment at cost. Total rental income recognized for the leased portion amounted to ₱3.53 million and ₱3.73 million as of June 30, 2024 and 2023, respectively (see Note 29).

The Group disposed various property and equipment as at June 30, 2024 and 2023 resulting to the recognition of gain on sale amounting to ₱12.32 million and ₱20.25 million, respectively (see Note 29).

As at June 30, 2024 and December 31, 2023, no property and equipment have been pledged as collateral or security for any of the Group's liabilities.

16. **Land at Revalued Amounts**

The following are the details of this account as at June 30, 2024 and December 31, 2023:

Cost	**526,025,559**
Revaluation increment	**8,287,255,880**
	8,813,281,439

In 2023, the Group assessed that the fair value of certain parcels of land at revalued amounts have significant movements from its carrying values and obtained updated appraisals as at December 31, 2023. Revaluation increment recognized in 2023based on appraisal reports and management estimates amounted to ₱2,193.39 million.

The fair value from the 2023 appraisals were determined using the "Market Data Approach" as determined by independent professionally qualified appraisers and based on its highest and best use. 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 in accordance with International Valuation Standards. The fair value is categorized under Level 3 of the fair value hierarchy.

As of December 31, 2023, the fair value of land is directly proportional to the asking price of the comparable land and adjusted according to the following appraisal considerations:

Significant unobservable input	Range
Asking price per square meter	**₱270 to ₱350,000**
Sales price adjustment	**10%**
Lot size adjustment	**5% to 20%**

Significant increase (decrease) in asking price per square meter would result to significantly higher (lower) fair value of the properties. Significant increase (decrease) in the sales price adjustment and lot size adjustment would result in a significantly lower (higher) fair value.

Management believes that the fair value of certain land acquired in 2022 and 2021 approximates the fair values as at December 31, 2023 and 2022.

As at June 30, 2024 and December 31, 2023, 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.

17. **Investment Properties**

	June 30, 2024 (Unaudited)		
	Land and Improvements	**Buildings and Improvements**	**Total**
Cost:			
Balance at beginning and end of period	**23,761,823**	**72,276,684**	**96,038,507**
Accumulated depreciation:			
Balance at beginning of period	-	**61,463,193**	**61,463,193**
Depreciation during the period	-	**691,194**	**691,194**
Balance at end of period	-	**62,154,387**	**62,154,387**
Accumulated impairment:			
Balance at beginning and end of period	-	**3,852,641**	**3,852,641**
	23,761,823	**6,269,656**	**30,031,479**

	December 31, 2023 (Audited)		
	Land and Improvements	Buildings and Improvements	Total
Cost:			
Balance at beginning and end of period	23,761,823	72,276,684	96,038,507
Accumulated depreciation:			
Balance at beginning of period	-	60,080,806	60,080,806
Depreciation during the period	-	1,382,387	1,382,387
Balance at end of period	-	61,463,193	61,463,193
Accumulated impairment:			
Balance at beginning and end of period	-	3,852,641	3,852,641
	23,761,823	6,960,850	30,722,673

The fair value of investment properties owned by the Group amounted to ₱305.18 million as at June 30, 2024 and December 31, 2023. Land used in operations was last appraised on December 31, 2023 by an accredited firm of appraisers and is valued in terms of its highest and best use.

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

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

	Valuation Technique	Significant Unobservable Inputs	Range
Land	Market comparable assets	Price per square metre	₱1,400-₱11,700
Building for lease	Market comparable assets	Price per square metre	₱22,000-₱117,000

As at June 30, 2024 and December 31, 2023, 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.

18. Other Noncurrent Assets

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Refundable deposits (see Notes 32 and 33)	**63,931,857**	89,657,828
Restricted cash	**51,393,686**	51,393,686
Software costs	**28,270,303**	45,464,443
Investments in artworks	**10,186,136**	10,186,136
Facilities	**6,747,292**	6,747,292
Deferred input VAT	**6,108,012**	10,444,582
Guarantee deposits	**2,162,420**	2,162,420
Deferred production costs	**1,589,157**	1,502,800
Others	**522,820**	522,821
	170,911,683	218,082,008

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

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

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

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

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

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

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

Deferred production costs pertain to the costs incurred in relation to the production of music compact discs and are measured at cost upon recognition. Deferred production costs are being amortized as the related compact discs are sold.

The movements in software costs follow:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost:		
Balance at beginning of period	**565,571,720**	553,398,992
Additions during the period	**517,519**	12,172,728
Balance at end of period	**566,089,239**	565,571,720
Accumulated amortization:		
Balance at beginning of period	**520,107,277**	479,607,123
Amortization during the period (see Notes 27)	**17,711,659**	40,500,154
Balance at end of period	**537,818,936**	520,107,277
	28,270,303	45,464,443

19. Short-term Loans

The Group obtained unsecured short-term peso from local bank in 2024 and 2023. Details and movements of the short-term loans are as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	**1,527,307,000**	27,125,200
Additions	**3,500,000,000**	3,527,307,000
Payments	**(1,503,120,000)**	(2,027,125,200)
Balance at end of period	**3,524,187,000**	1,527,307,000

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

Lender	Annual interest rate	Terms	**June 30, 2024**	December 31, 2023
Metro Bank & Trust Co.	5.87% - 5.95%	Availed in 2024, payable in 90-355 days	**₱2,000,000,000**	₱–
Banco de Oro	6.85%%	Availed in 2024, payable in 152-180 days	**1,500,000,000**	–
Bank of the Philippine Islands (BPI)	6.30%	Availed in 2023, payable in 300-330 days	–	1,000,000,000
Banco de Oro	6.30%	Availed in 2023, payable in 273 days	**–**	500,000,000
Security Bank	2.75%	Availed in 2023, payable in 270 to 360 days	**24,187,000**	27,307,000
			₱3,524,187,000	₱1,527,307,000

Interest expense on peso denominated loans amounted to ₱63.95 million and ₱43.74 million for the six-month period ended June 30, 2024 and 2023, respectively.

20. Trade Payables and Other Current Liabilities

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Payable to government agencies	**1,369,367,563**	1,169,139,598
Contract liabilities	**480,814,215**	179,893,494
Trade payables	**304,803,110**	606,140,618
Accrued expenses:		
Utilities and others	**456,878,633**	586,041,832
Payroll and talent fees	**223,384,457**	219,878,105
Production costs	**157,002,518**	224,144,048
Commissions	**68,562,828**	67,314,295
Customers' deposits	**70,556,181**	61,439,738
Others	**67,358,591**	88,688,052
	3,198,728,096	3,202,679,780

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

Contract liabilities pertain to payments received before broadcast and before delivery of goods and services amounting to ₱439.99 million and ₱179.89 million as at June 30, 2024 and December 31, 2023, respectively. These are recognized as revenue when the Group performs the obligation under the contract. 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 13).

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

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

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

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

21. 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 June 30, 2024 and December 31, 2023 are as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current obligation for program rights	**658,455,985**	325,503,020
Noncurrent obligation for program rights	**-**	9,157,895
	658,455,985	334,660,915

Obligations for program and other rights are noninterest-bearing and are generally payable in equal monthly or quarterly installments.

22. Material Events

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

As of June 30, 2024, there are no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

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

The 2024 Capital Expenditure budget of the parent company amounts to ₱950.28 million. This will be financed from internally-generated funds.

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

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

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

As of June 30, 2024, there are no events which may trigger a direct or contingent financial obligation that is material to the Company.

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

As of June 30, 2024, there are no significant elements of income or loss that did arise from the issuer's continuing operations.

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

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

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

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

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

23. **Equity**

a. Capital Stock

Details of capital stock as at June 30, 2024 and December 31, 2023 are as follow:

	No. of Shares	Amount
Common - ₱1.00 par value		
Authorized	5,000,000,000	₱5,000,000,000
Subscribed and issued	3,364,692,000	₱3,364,692,000
Preferred - ₱0.20 par value		
Authorized	7,500,000,000	₱1,500,000,000
Subscribed and issued	7,500,000,000	₱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 dividend paid to common shares, the rate of which is adjusted proportionately by the Parent Company's BOD consequent to any stock split or stock dividend declaration affecting the common shares and preferred shares. Preferred shares are convertible at the option of the shareholders at the ratio of five preferred shares to one common share, based on par value.

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

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

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

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

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

On 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, , which resulted to additional paid-in capital amounted to ₱27.52 million.

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 Declaration
2024	**April 3, 2024**	**April 24, 2024**	**P0.60**	**P2,918,815,200**
2023	March 31, 2023	April 21, 2023	1.10	5,351,161,200
2022	March 25, 2022	April 22, 2022	1.45	7,053,803,400

The Parent Company's outstanding dividends payable amounts to ₱39.21 million and ₱39.69 million as at June 30, 2024 and December 31, 2023, respectively.

24. Related Party Disclosures

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

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

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. For periods ended

June 30, 2024 and December 31, 2023, the Group has not recorded any impairment of receivables on amounts owed by the related parties. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

The transactions and balances of accounts as at and for the periods ended June 30, 2024 and December 31, 2023 with related parties are as follows:

Related Party	Category	Year	Amount/ Volume of Transactions	Receivables (Payables)	Terms	Conditions
Associate -						
Mont-Aire	Advances	**2024**	**-**	**100,439,293**	Noninterest-	Unsecured;
	(see Note 14)	2023	-	100,439,293	bearing	not impaired
Common stockholders:						
GMA Kapuso Foundation, Inc.	Reimbursable charges	**2024**	**94,000**	**2,132,381**	On demand, noninterest-bearing	Unsecured; not impaired
		2023	350,000	2,038,381		
Belo, Gozon, Elma Law	Legal, consulting retainers' fees	**2024**		**-**	On demand, noninterest-bearing	Unsecured; not impaired
		2023	2,665,600	-		
Joint ventures:						
Gamespan	Advances	**2024**	**-**	**1,959,670**	Noninterest-	Unsecured;
	(see Note 14)	2023	-	1,959,670	bearing	not impaired
PEP	Advances	**2024**	**-**	**168,279**	Noninterest-	Unsecured;
	(see Note 14)	2023	-	168,279	bearing	not impaired

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

Compensation of Key Management Personnel

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

	June 30, 2024 (Unaudited)	June 30, 2023
Salaries and short-term benefits	**355,020,445**	449,108,919
Pension benefits	**94,821,603**	96,474,924
	449,842,048	545,583,843

Equity Investments of the Retirement Fund

The Group's retirement fund includes equity investments in GMA Network, Inc. and GMA PDRs amounting to ₱486.00 million and ₱132.08 million as at December 31, 2023, respectively.

25. **Revenues**

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

	June 30, 2024	June 30, 2023
	(Unaudited)	
Type of service		
Sale of service		
Advertising revenue	**7,147,447,432**	7,752,986,960
Subscription revenue	**368,682,227**	371,939,873
Production revenue	**139,184,855**	83,603,700
Revenue from distribution and content provisioning	**5,823,743**	57,280,597
Sale of goods	**115,580,062**	193,912,421
	7,776,718,319	8,459,723,551
Geographical markets		
Local	**7,415,062,960**	8,016,640,835
International	**361,655,359**	443,082,716
	7,776,718,319	8,459,723,551
Timing of revenue recognition		
Services transferred at one point in time	**7,408,036,092**	8,087,783,678
Services transferred over time	**368,682,227**	371,939,873
	7,776,718,319	8,459,723,551

26. **Production Costs**

	June 30, 2024	June 30, 2023
	(Unaudited)	
Talent fees and production personnel costs (see Note 28)	**2,208,261,499**	1,948,609,425
Program and other rights usage	**634,313,291**	542,622,453
Rental	**308,655,874**	359,496,253
Depreciation (see Note 15)	**264,024,166**	232,131,134
Facilities and production services	**144,490,217**	287,211,963
Transportation and communication	**68,199,493**	89,035,542
Tapes sets and production supplies	**174,220,565**	202,674,632
	3,802,165,105	3,661,781,402

27. General and Administrative Expenses

	June 30, 2024 (Unaudited)	June 30, 2023
Personnel costs (see Note 28)	**1,854,588,262**	1,914,469,685
Taxes and licenses	**173,555,093**	127,016,921
Communication, light and water	**178,741,034**	206,167,907
Professional fees	**177,627,169**	125,677,447
Repairs and maintenance	**117,216,158**	90,212,600
Depreciation (see Notes 15, 17 and 30)	**171,331,291**	161,221,634
Software maintenance	**71,480,456**	66,424,105
Advertising	**70,024,133**	81,770,881
Research and surveys	**58,288,843**	56,183,888
Security services	**41,114,640**	35,814,618
Facilities	**28,933,651**	29,970,988
Marketing expenses	**21,406,381**	30,760,540
Transportation and travel	**18,549,304**	19,512,968
Amortization of software costs (see Note 18)	**17,711,659**	20,452,069
Insurance	**17,924,739**	17,025,252
Janitorial services	**12,019,607**	12,124,535
Rental	**8,157,748**	11,079,651
Materials and supplies	**5,050,095**	5,368,085
Entertainment, amusement and recreation	**4,829,139**	3,575,130
Provision for ECL	**250,000**	250,000
Others	**123,112,023**	81,188,264
	3,171,911,425	3,096,267,168

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

Depreciation and Amortization

	June 30, 2024 (Unaudited)	June 30, 2023
Property and equipment:		
Production costs (see Note 26)	**254,264,652**	223,520,691
General and administrative expenses	**165,800,413**	154,247,146
Right-of-Use assets:		
Production costs (see Note 26)	**9,759,514**	8,610,443
General and administrative expenses	**4,839,684**	6,283,294
Investment properties -		
General and administrative expenses	**691,194**	691,194
	435,355,457	393,352,768

28. **Personnel Costs**

This account consists of:

	June 30, 2024 (Unaudited)	June 30, 2023
Salaries and wages	**1,585,040,952**	1,545,703,327
Talent fees	**1,520,603,015**	1,305,217,779
Employee benefits and allowances	**454,484,763**	520,950,533
Sick and vacation leaves expense	**167,346,259**	164,287,009
Pension expense	**335,374,772**	326,920,462
	4,062,849,761	3,863,079,110

The said amounts were distributed as follows:

	June 30, 2024 (Unaudited)	June 30, 2023
Production costs (see Note 26)	**2,208,261,499**	1,948,609,425
General and administrative expenses (see Note 27)	**1,854,588,262**	1,914,469,685
	4,062,849,761	3,863,079,110

29. **Others -** Net

This account consists of the following income (expenses):

	June 30, 2024 (Unaudited)	June 30, 2023
Commissions from Artist Center	**108,351,691**	56,306,211
Tax credits	**50,000,000**	-
Gain on sale of property and equipment	**12,322,272**	20,252,660
Merchandising license fees and others	**9,128,961**	5,007,627
Rental	**3,527,680**	3,731,027
Bank charges	**(777,451)**	(704,308)
Others	**3,372,582**	1,797,260
	185,925,735	86,390,477

30. **Agreements**

Lease Agreements

Group as a Lessee

The Group entered into various lease agreements for land, building, studio and office spaces that it presently occupies and uses for periods ranging from two to 12 years. The lease agreements can be renewed subject to mutual agreement and can be terminated at the option of the Group. Previously, these leases were classified as operating leases under PAS 17.

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

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

	June 30, 2024 (Unaudited)		
	Right-of-use: Land	**Right-of-use: Buildings, studio and office spaces**	**Right-of-use: Total**
Cost -			
Balance at the beginning of the year	**188,940,715**	**81,152,897**	**270,093,612**
Additions	**-**	**18,632,042**	**18,632,042**
Balance at the end of the period	**188,940,715**	**99,784,939**	**288,725,654**
Accumulated Depreciation			
Balance at the beginning of the year	**74,471,581**	**65,340,281**	**139,811,862**
Depreciation (see Note 27)	**7,333,395**	**7,265,803**	**14,599,198**
Balance at the end of the period	**81,804,976**	**72,606,084**	**154,411,060**
Net Book Value	**107,135,739**	**27,178,855**	**134,314,594**

	December 31, 2023 (Audited)		
	Right-of-use: Land	Right-of-use: Buildings, studio and office spaces	Right-of-use: Total
Cost			
Balance at the beginning of the year	188,940,715	81,152,897	270,093,612
Additions	4,080,530	6,304,543	10,385,073
Balance at the end of the year	193,021,245	87,457,440	280,478,685
Accumulated Depreciation			
Balance at the beginning of the year	60,688,849	49,504,378	110,193,227
Depreciation	13,782,732	15,835,903	29,618,635
Balance at the end of the year	74,471,581	65,340,281	139,811,862
Net Book Value	118,549,664	22,117,159	140,666,823

The rollforward analysis of lease liabilities follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at the beginning of the year	**156,638,801**	167,111,004
Additions	**8,201,997**	10,385,073
Accretion of interest	**4,410,159**	8,969,967
Payments	**(18,685,358)**	(29,827,243)
Balance at the end of the period	**150,565,599**	156,638,801

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current portion	**29,616,843**	43,848,796
Noncurrent portion	**120,948,756**	112,790,005
	150,565,599	156,638,801

The rollforward analysis of dismantling provision follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at the beginning of the year	**50,872,484**	49,009,014
Accretion of interest	**845,101**	1,863,470
Balance at the beginning of the period	**51,717,585**	50,872,484

Total rental expense on short-term leases amounted to ₱188.42 million and ₱151.73 million as of June 30, 2024 and 2023, respectively (see Notes 26 and 27).

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 ₱3.53 million and ₱3.73 million as of June 30, 2024 and 2023, respectively (see Note 29).

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 revenues amounted to ₱368.68 million and ₱371.94 million for the six months ended June 30, 2024 and 2023, respectively (see Note 25).

31. EPS Computation

The computation of basic EPS follows:

	June 30, 2024 (Unaudited)	June 30, 2023
Net income attributable to Equity Holders of Parent Company (a)	**604,620,509**	1,185,084,568
Less attributable to preferred shareholders	**186,431,281**	365,414,059
Net income attributable to common shareholders (b)	**418,189,228**	819,670,509
Weighted average number of common shares for basic EPS (c)	**3,362,494,500**	3,362,494,500
Weighted average number of common shares	**3,362,494,500**	3,362,494,500
Effect of dilution - assumed conversion of preferred shares	**1,500,000,000**	1,500,000,000
Weighted average number of common shares adjusted for the effect of dilution (d)	**4,862,445,219**	4,862,494,500
Basic EPS (b/c)	**0.124**	0.244
Diluted EPS (a/d)	**0.124**	0.244

32. Financial Risk Management Objectives and Policies

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

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

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

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

The tables below summarize the maturity profile of the Group's financial assets used for liquidity risk based on contractual undiscounted payments as at June 30, 2024 and December 31, 2023:

	June 30, 2024 (Unaudited)				
	On Demand	**> 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Cash and cash equivalents	**1,218,530,348**	**373,483,172**	**-**	**-**	**1,592,013,520**
Trade receivables:					
Television and radio airtime	**1,800,112,554**	**4,779,104,787**	**-**	**-**	**6,579,217,341**
Subscription	**88,776,728**	**65,064,580**	**-**	**-**	**153,841,308**
Others	**119,090,483**	**50,486,180**	**-**	**-**	**169,576,663**
Nontrade receivables					
Advances to officers and employees	**5,802,152**	**890,434**	**-**	**-**	**6,692,586**
Others	**21,237,104**	**6,074,039**	**-**	**-**	**27,311,143**
Refundable deposits*	**-**	**-**	**-**	**63,931,857**	**63,931,857**
Financial assets at FVOCI	**-**	**-**	**-**	**354,022,416**	**354,022,416**
	3,253,549,369	**5,275,103,192**	**-**	**417,954,273**	**8,946,606,834**
Trade payables and other current liabilities*	**294,907,214**	**703,489,142**	**279,593,781**	**-**	**1,277,990,137**
Short-term loans***	**-**	**1,006,228,000**	**2,517,959,000**	**-**	**3,524,187,000**
Obligation for program and other rights	**-**	**223,494,591**	**434,961,394**	**-**	**658,455,985**
Lease liability	**-**	**16,439,411**	**13,177,432**	**120,948,756**	**150,565,599**
Dividends payable	**39,218,323**		**-**	**-**	**39,218,323**
	334,125,537	**1,949,651,144**	**3,245,691,607**	**120,948,756**	**5,650,417,044**
Liquidity Portion (Gap)	**2,919,423,832**	**3,325,452,048**	**(3,245,691,607)**	**297,005,517**	**3,296,189,790**

**Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 18).*
*** Excluding payable to government agencies, customers' deposits and contract liabilities amounting to P1,369.37 million, P70.56 million, and P480.81 million, respectively (see Note 20).*
****Gross contractual payments.*

	December 31, 2023 (Audited)				
	On Demand	> 3 Months	3 to 12 Months	More than 1 year	Total
Financial assets at amortized cost:					
Cash and cash equivalents	1,097,748,954	277,234,453	-	-	1,374,983,407
Trade receivables:					
Television and radio airtime	2,008,873,144	3,949,444,897	-	-	5,958,318,041
Subscriptions	99,816,850	64,123,178	-	-	163,940,028
Others	20,832,683	74,259,656	-	-	95,092,339
Nontrade receivables					
Advances to officers and employees	2,422,132	4,945,051	-	-	7,367,183
Others	49,646,637	1,240,738	-	-	50,887,375
Refundable deposits*	-	-	-	89,657,828	89,657,828
Financial assets at FVOCI	-	-	-	349,899,892	349,899,892
	3,279,340,400	4,371,247,973	-	439,557,720	8,090,146,093
Loans and borrowings:					
Trade payables and other current liabilities*	609,583,647	879,934,754	302,688,549	-	1,792,206,950
Short-term loans***	-	1,003,260,000	524,047,000	-	1,527,307,000
Obligation for program and other rights	-	44,993,033	280,509,987	9,157,895	334,660,915
Lease liabilities	-	6,439,411	37,409,385	112,790,005	156,638,801
Dividends payable	39,687,211	-	-	-	39,687,211
	649,270,858	1,934,627,198	1,144,654,921	121,947,900	3,850,500,877
Liquidity Portion (Gap)	2,630,069,542	2,436,620,775	(1,144,654,921)	317,609,820	4,239,645,216

**Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 18).*
*** Excluding payable to government agencies, customers' deposits and contract liabilities amounting to P1,169.14 million, P179.89 million and P61.44 million, respectively (see Note 20).*
****Gross contractual payments.*

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

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

	June 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
Assets				
Cash and cash equivalents	**$5,135,798**	**P301,009,124**	$4,742,936	P262,616,370
	C$258,632	**11,115,986**	C$102,357	4,298,986
Short-term investments	**$618,577**	**36,254,775**	$746,464	41,331,694
Trade receivables	**$2,098,301**	**122,981,413**	$2,517,087	139,371,098
	C$443,649	**19,068,038**	C$791,162	33,228,820
	S$238,025	**10,323,161**	S$289,532	12,186,337
	A$20,106	**786,533**	A$20,727	786,533
	DH42,555	**682,162**	DH45,083	682,162
		P502,221,192		P494,502,000
Liabilities				
Trade payables	**$496,727**	**P29,113,169**	$1,461,137	P80,903,156
	€4,040	**254,601**	€1,141,705	70,184,945
	£-	**-**	£2,470	174,775
	C$-	**-**	C$2,000	84,000
Obligations for program and other rights	**$9,588,205**	**561,964,695**	$5,686,614	314,867,817
		P591,332,465		P466,214,693
		(P89,111,273)		P28,287,307

In translating the foreign currency-denominated monetary assets and liabilities into Philippine peso amounts, the exchange rate used were ₱58.61 to US$1.00 and ₱55.37 to US$1.00 as at June 30, 2024 and December 31, 2023, respectively. The exchange rate for Philippine peso to Canadian dollar was ₱42.98 to CAD$1.00 as at June 30, 2024. The peso equivalents for the Singaporean Dollar, Australian Dollar, Dirham, and Euro are ₱43.37, ₱39.12, ₱16.03, and ₱63.02, respectively as at June 30, 2024.

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

		Effect on Income before Income Tax							
	Appreciation/ (Depreciation) of Peso	**USD**	**CAD**	**SGD**	**AUD**	**AED**	**EUR**	**GBP**	**Total**
June 30, 2024	**0.50**	**(₱47,066)**	**₱87,785**	**₱29,753**	**₱2,513**	**₱5,319**	**(₱505)**	**₱–**	**₱77,800**
	(0.50)	**47,066**	**(87,785)**	**(29,753)**	**(2,513)**	**(5,319)**	**505**	**–**	**(77,800)**
December 31, 2023	0.50	₱7,577,119	₱447,760	₱144,766	₱10,364	₱22,541	₱570,853	₱1,235	₱8,774,637
	(0.50)	(7,577,119)	(447,760)	(144,766)	(10,364)	(22,541)	(570,853)	(1,235)	(8,774,637)

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

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

The following table shows the maximum exposure to credit risk for the components of the consolidated financial position as at June 30, 2024 and December 31, 2023:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Financial assets at amortized cost		
Cash and cash equivalents*	**1,592,013,520**	1,155,407,252
Trade receivables:		
Television and radio airtime	**6,579,217,341**	5,958,318,041
Subscription	**153,841,308**	163,940,028
Others	**169,576,663**	95,092,339
Nontrade receivables:		
Advances to officers and employees	**6,692,586**	7,367,183
Others	**27,311,143**	50,887,375
Refundable deposit**	**63,931,857**	89,657,828
	8,592,584,418	7,520,670,046
Financial assets at FVOCI	**354,022,416**	349,899,892
	8,946,606,834	7,870,569,938

**Excluding cash on hand and production fund amounting to P321.13 million and P202.22 million as at June 30, 2024 and December 31, 2023, respectively.*

***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 18).*

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:

	June 30, 2024 (Unaudited)			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Total**
Financial assets at amortized cost				
Cash and cash equivalents*	**1,592,013,520**	**-**	**-**	**1,592,013,520**
Nontrade receivables:				
Advances to offices and				**-**
employees	**7,367,183**	**-**	**-**	**7,367,183**
Others	**50,887,375**	**-**	**-**	**50,887,375**
Refundable deposits**	**63,931,857**	**-**	**-**	**63,931,857**
	1,714,199,935	**-**	**-**	**1,714,199,935**

Excluding cash on hand amounting to P321.13 million as at June 30, 2024.

*****Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 18).***

	December 31, 2023 (Audited)			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Financial assets at amortized cost				
Cash and cash equivalents*	1,155,407,252	-	-	1,155,407,252
Nontrade receivables:				
Advances to offices and				
employees	2,422,132	-	-	2,422,132
Others	49,646,637	-	-	49,646,637
Refundable deposits**	89,657,828	-	-	89,657,828
	1,297,133,849	-	-	1,297,133,849

**Excluding cash on hand amounting to P202.22 million as at December 31, 2023.*

***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 18).*

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:

	June 30, 2024 (Unaudited)						
		Days past due					
	Current	**0-30 days**	**31-60 days**	**61-90 days**	**91-360 days**	**Over 360 days**	**Total**
Expected credit loss rate	**0.42%**	**5.33%**	**7.98%**	**8.21%**	**31.81%**	**78.15%**	
Total gross carrying amount	**₱4,894,655,547**	**₱228,070,386**	**₱270,367,440**	**₱191,056,004**	**₱403,508,452**	**₱914,977,483**	**₱6,902,635,312**
Expected credit loss	**20,552,979**	**12,161,707**	**21,584,158**	**15,692,947**	**128,356,534**	**715,054,253**	**913,402,578**

	December 31, 2023 (Audited)						
		Days past due					
	Current	0-30 days	31-60 days	61-90 days	91-360 days	Over 360 days	Total
Expected credit loss rate	0.50%	2.89%	4.89%	7.91%	20.51%	50.72%	
Total gross carrying amount	₱4,092,816,385	₱421,100,491	₱441,146,467	₱198,449,231	₱625,675,551	₱1,409,819,419	₱7,189,007,544
Expected credit loss	20,552,979	12,161,707	21,584,158	15,692,947	128,356,534	715,054,253	913,402,578

Capital Management

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

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

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

No changes were made in the objectives, policies or processes for periods ended June 30, 2024 and December 31, 2023.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loan to total equity. The Group's interest-bearing loans, which are short-term loans, amounted to ₱3,524.19 million and ₱1,527.31 million as at June 30, 2024 and December 31, 2023, respectively. The Group's total equity attributable to equity holders of the Parent Company as at June 30, 2024 and December 31, 2023 amounted to ₱12,565.33 million and ₱14,937.85 million, respectively.

33. **Fair Value Measurement**

The table below presents the carrying values and fair values of the Group's assets and liabilities, by category and by class, as at June 30, 2024 and December 31, 2023:

	June 30, 2024 (Unaudited)			
		Fair Value		
	Carrying Value	Quoted Prices in Active Market (Level 1)	Significant bservable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value				
Land at revalued amount	**8,813,281,439**	**-**	**-**	**8,813,281,439**
AFS financial assets	**354,022,416**		**23,775,258**	**330,247,158**
Assets for which Fair Value are Disclosed				
Investment properties	**30,031,479**	**-**	**-**	**305,177,948**
	9,197,335,334	**-**	**-**	**9,448,706,545**

	December 31, 2023 (Audited)			
		Fair Value		
	Carrying Value	Quoted Prices in Active Market (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value				
Land at revalued amount	8,813,281,439	-	-	8,813,281,439
Financial assets at FVOCI	349,899,892	-	23,775,258	326,124,634
Assets for which Fair Value are Disclosed				
Investment properties	30,722,673	-	-	305,177,948
	9,193,904,004	-	23,775,258	9,444,584,021
Liabilities				
Financial liabilities at amortized cost -				
Obligation for program and other rights	9,157,895	-	-	9,157,895

As at June 30, 2024 and December 31, 2023, 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 market approach valuation of the Group's financial assets as at June 30, 2024 and December 31, 2023:

		Range	
Description	**Unobservable Inputs**	**June 30, 2024**	December 31, 2023
Listed equity instrument:			
Casinos and gaming industry	Discount for lack of marketability	**10%-30%**	10%-30%
	Discount for lack of control	**10%-30%**	10%-30%
Non-listed equity instruments:			
Media and entertainment industry	Discount for lack of marketability	**10%-30%**	10%-30%
	Discount for lack of control	**10%-30%**	10%-30%

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

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

Cash and Cash Equivalents, Trade and Other Receivables, Refundable Deposits, Trade Payables and Other Current Liabilities (excluding Payable to Government Agencies, Contract Liabilities and Customer Deposits), Short-term Loans, Obligations for Program and Other Rights and Dividends Payable

The carrying values of cash and cash equivalents and trade and other receivables, 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 primarily due to the relatively short-term maturity of these financial instruments.

The carrying value of refundable deposits (included under “Other noncurrent assets” account in the consolidated statements of financial position) approximates fair value due to unavailability of information as to the repayment date that would provide a reasonable basis for the fair value measurement.

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 and lot size adjustments (see Notes 14 and 16).

34. **Causes for Material Changes in the Financial Statements**

Statements of Financial Position (June 30, 2024 vs. December 31, 2023)

- Cash and cash equivalents of ₱1,592 million climbed by ₱217 million or 16% from 2023 balance of ₱1,375 million as a result of higher net cash flows provided by operating activities which as of end of reporting period amounted to ₱1,521 million. This was primarily offset by acquisition of property and equipment during the six-month period of 2024 amounting to ₱384 million. There were also payments of cash dividends and short-term loans amounting to ₱2,919 million and ₱1,503 million, respectively. Meanwhile, a ₱3,500 million proceeds from availments of short-term loans was also recorded.
- Trade and other receivables declined by 4% or ₱253 million as collections were more than the revenues generated.
- Inventories declined by 10% or ₱113 million due to continuous sales of merchandise inventory during the first six months of 2024.

- Equity attributable to Parent Company stockholders of ₱12,565 million as at June 30, 2024 decreased by 52% or ₱2,316 million, mainly due declaration of cash dividends during the 2nd quarter of the year, partly evened out by the net income attributable to Parent Company earned as of end-June 2024.

35. **Other Notes to 2024 and 2023 Operations and Financials**

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

	June 30, 2024	June 30, 2023
	(Unaudited)	
Revenues	**7,776,718,319**	8,459,723,551
Airtime revenues	**6,464,176,520**	7,115,133,910
Cash operating expenses	**5,996,539,700**	5,987,814,269
EBITDA	**1,991,026,261**	2,557,541,573
Net income before tax	**848,152,042**	1,576,633,352
Net income after tax	**602,349,723**	1,182,865,060

	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Current ratio	**1.69**	2.30
Asset-to-Equity ratio	**2.09**	1.76
Debt-to-Equity ratio	**0.28**	0.10

	June 30, 2024	June 30, 2023
	(Unaudited)	
Interest Rate Coverage ratio	**14.13**	36.61
EBITDA margin	**26%**	30%
Net income margin	**8%**	14%

GMA NETWORK, INC. AND SUBSIDIARIES
UNAUDITED SEGMENTED RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 **EXHIBIT 1**

Business Segment Data

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

	Television and Radio Airtime		**International**		**Other Businesses**		**Eliminations**		**Consolidated**	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
NET REVENUES										
External sales	**6,464,176,520**	7,115,133,910		385,853,866	**928,791,369**	958,735,775	**-**	-	**7,392,967,889**	8,459,723,551
Inter-segment sales	**-**	-	**383,750,430**	-	**208,639,106**	179,051,893	**(208,639,106)**	(179,051,893)	**383,750,430**	-
	6,464,176,520	7,115,133,910	**383,750,430**	385,853,866	**1,137,430,475**	1,137,787,668	**(208,639,106)**	(179,051,893)	**7,776,718,319**	8,459,723,551
NET INCOME										
Segment results	**277,258,862**	1,151,100,076	**269,191,105**	291,177,561	**57,846,897**	65,454,355	**88,251,348**	7,500,000	**692,548,212**	1,515,231,992
Interest expense	**(63,573,732)**	(43,359,110)	**-**	-	**(373,010)**	(376,596)	**-**	-	**(63,946,742)**	(43,735,706)
Foreign exchange gain (loss)	**(11,524,188)**	(3,408,291)	**30,965,357**	767,692	**5,730,738**	2,132,413	**-**	-	**25,171,907**	(508,186)
Interest income	**7,246,951**	18,823,530	**-**	-	**1,205,979**	431,245	**-**	-	**8,452,930**	19,254,775
Other income	**321,056,712**	220,750,736	**-**	-	**2,520,371**	2,289,741	**(137,651,348)**	(136,650,000)	**185,925,735**	86,390,477
Income tax	**(149,027,751)**	(297,779,441)	**(75,039,115)**	(72,986,313)	**(19,485,453)**	(20,752,538)	**(2,250,000)**	(2,250,000)	**(245,802,319)**	(393,768,292)
	381,436,854	1,046,127,500	**225,117,347**	218,958,940	**47,445,522**	49,178,620	**(51,650,000)**	(131,400,000)	**602,349,723**	1,182,865,060
ASSETS AND LIABILITIES										
Assets										
Segment assets	**25,698,997,860**	24,294,728,581	**302,571,804**	323,515,737	**1,048,448,568**	1,247,897,291	**(744,599,244)**	(976,791,360)	**26,305,418,988**	24,889,350,249
Investment in an associate - at equity	**38,350,619**	38,350,619	**-**	-	**35,554,165**	35,554,165	**-**	-	**73,904,784**	73,904,784
Deferred income tax assets	-	245,549,238	-	-	-	28,666,684	-	91,913,334	-	366,129,256
	25,737,348,479	24,578,628,438	**302,571,804**	323,515,737	**1,084,002,733**	1,312,118,140	**(744,599,244)**	(884,878,026)	**26,379,323,772**	25,329,384,289
Liabilities										
Segment liabilities	**13,597,257,208**	13,697,325,313	**244,308,227**	131,278,380	**603,930,059**	665,947,619	**(684,595,273)**	(445,292,625)	**13,760,900,221**	14,049,258,687
Deferred income tax liabilities	**339,759,317**	-	**-**	-	**32,867,127**	-	**-**	-	**372,626,444**	-

	Local									
	Television and Radio Airtime		**Other Businesses**		**International**		**Eliminations**		**Consolidated**	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
NET REVENUES										
External sales	**6,464,176,520**	7,115,133,910	**928,791,369**	958,735,775	-	385,853,866	**-**	-	**7,392,967,889**	8,459,723,551
Inter-segment sales	**-**	-	**208,639,106**	179,051,893	-	-	**(208,639,106)**	(179,051,893)	-	-
	6,464,176,520	7,115,133,910	**1,137,430,475**	1,137,787,668	-	385,853,866	**(208,639,106)**	(179,051,893)	**7,392,967,889**	8,459,723,551

GMA NETWORK, INC. AND SUBSIDIARIES
UNAUDITED AGING OF RECEIVABLES
AS OF JUNE 30, 2024 **EXHIBIT 2**

	Trade				
	Television and Radio Airtime	**Subscriptions**	**Others**	**Nontrade**	**Total**
Neither past due or impaired	4,779,104,787	65,064,580	50,486,180	6,964,473	4,901,620,020
Past due but not impaired:					
1 - 30 days	209,608,443	11,790,796	6,671,147	309,558	228,379,944
31 - 60 days	267,593,085	349,022	2,425,333	875,572	271,243,012
61 - 90 days	172,110,138	11,437,062	7,508,804	544,353	191,600,357
91 - 180 days	182,537,084	7,005,208	15,416,240	8,500,078	213,458,610
181 - 365 days	186,972,936	8,403,001	3,173,983	2,214,373	200,764,293
Over 1 year	781,290,868	49,791,639	83,894,976	14,595,322	929,572,805
	6,579,217,341	153,841,308	169,576,663	34,003,729	6,936,639,041

GMA NETWORK, INC. AND SUBSIDIARIES
UNAUDITED ROLLFORWARD OF PROPERTY AND EQUIPMENT
AS OF JUNE 30, 2024

EXHIBIT 3

	DECEMBER 31, 2023	ADDITIONS	DISPOSALS	RECLASSIFICATIONS	JUNE 30, 2024
At cost					
Buidings and leasehold improvements	3,502,230,888	15,148,740	-	36,624,030	3,554,003,658
Broadcast equipment	9,063,916,339	53,439,692	(8,802,243)	20,256,987	9,128,810,775
Communication & mechanical equipment	1,954,797,514	81,088,865	(6,710,466)	12,093,161	2,041,269,074
Transportation equipment	710,654,395	53,594,310	(33,558,918)	-	730,689,787
Furniture, fixtures and equipment	177,488,125	240,483	(4,509)	1,015,086	178,739,185
	15,409,087,261	203,512,090	(49,076,136)	69,989,264	15,633,512,479
Accumulated Depreciation					
Buidings and leasehold improvements	(2,689,685,330)	(56,848,401)	-	-	(2,746,533,731)
Broadcast equipment	(7,130,498,711)	(240,093,107)	8,670,685	-	(7,361,921,133)
Communication & mechanical equipment	(1,629,416,015)	(74,282,679)	5,384,534	-	(1,698,314,160)
Transportation equipment	(503,895,661)	(46,825,137)	33,450,980	-	(517,269,818)
Furniture, fixtures and equipment	(167,760,336)	(2,015,741)	4,509	-	(169,771,568)
	(12,121,256,053)	(420,065,065)	47,510,708	-	(12,493,810,410)
Equipment for installation	382,167,010	180,176,563	-	(69,989,264)	492,354,309
Net book value	**3,669,998,218**	**(36,376,412)**	**(1,565,428)**	**-**	**3,632,056,378**

GMA Network, Inc. and Subsidiaries
Financial Ratios **Exhibit 4**
For the Three Months Ended March 31, 2024

Ratios	Formula	In PhP	June 30, 2024	December 31, 2023
Current Ratio	Current Assets	12,866,888,703	1.69	2.30
	Current Liabilities	7,617,846,797		
	Interest-bearing loans and borrowings			
Net Debt-to-Equity Ratio	less cash and cash equivalents	1,932,173,480	0.15	0.01
	Total Equity	12,618,313,551		
Assets-to-Equity Ratio	Total Assets	26,379,213,772	2.09	1.76
	Total Equity	12,618,313,551		
Interest Rate Coverage Ratio	EBIT	903,645,854	14.13	32.59
	Interest expense	63,946,742		

Profitability Ratios	Formula	In PhP	June 30, 2024	March 31, 2023
Gross Profit Margin	Gross Profit	3,864,459,637	50%	55%
	Net Revenues	7,776,718,319		
Net Income Margin	Net Income	602,349,723	8%	7%
	Net Revenues	7,776,718,319		

SIGNATURE

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

Issuer: **GMA NETWORK, INC.**

By:

Felipe S. Yalong
Treasurer, EVP & Chief Financial Officer

Ronaldo P. Mastrili
SVP – Group Head, Finance & ICT

Date: August 14, 2024

Certification

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

1) That on behalf of GMA Network, Inc., we have caused this SEC Form 17-Q to be prepared;

2) That we read and understood its contents which are true and correct of our own personal knowledge and/or based on true records;

3) That the company GMA Network, Inc. will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and

4) That we are fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, we have hereunto set our hands this AUG 1 3 2024.

FELIPE S. YALONG
Treasurer, EVP and CFO

RONALDO P. MASTRILI
SVP – Group Head, Finance and ICT

SUBSCRIBED AND SWORN to before me this AUG 1 3 2024 affiants exhibiting to me their government IDs as follows:

Names	Government I.D.	ID Number
Felipe S. Yalong	SSS	CRN-0111-2468315-3
Ronaldo P. Mastrili	Driver's License	N15-83-035933

ATTY. MARIPER B. AGUILAR
Notary Public for Quezon City
NOTARY PUBLIC 2025
IBP No. 390487-Jan. 3, 2024
MCLE Compliance No.VII-0001663
Appointment No. NP-093 (2024-2025)
PTR No. 5555049 Jan. 2, 2024 Quezon City
Quezon City Roll No. 73209
28 Baker St., Fairmont Subd. Brgy.
North Fairview, Quezon City

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