

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

1. For the quarterly period ended **September 30, 2024**
2. SEC Identification Number **CS200602356**
3. BIR Tax Identification No. **244-658-896-000**
4. Exact name of issuer as specified in its charter **GMA Holdings, Inc.**
5. **Philippines**
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code
7. **Unit 3K, North Wing, Fairways Tower Condominium, 5th Avenue corner Mckinley Road, Fort Bonifacio, Taguig City**
Address of principal office Postal Code: **1630**
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 Sections 8 and 12 of the SRC and Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Philippine Depository Receipts (PDRs)	395,396,859 shares

11. Are any or all of the securities listed on a Stock Exchange?
Yes No

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 there under or Sections 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes No

- (b) has been subject to such filing requirements for the past ninety (90) days.
Yes No

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

GMA Holdings Inc. ended the first three quarters of 2024 with a net income after tax of ₱1.44 million, an increase from last year's net income after tax of ₱1.18 million as a result of higher revenues.

Revenues for the first nine months of 2024 increased to ₱2.34 million from last year's ₱2.03 million. Interest income earned from cash placements for the period amounted to ₱2.25 million, a 20% increase from last year's ₱1.87 million. However, exercise fees declined to ₱89 thousand, which were generated from the conversion of 2,001,800 PDRs compared to ₱160 thousand from 3,576,600 PDRs converted in 2023.

For the nine months ended September 30, 2024, operating expenses amounted to ₱616 thousand vis-a-vis ₱710 thousand in 2023, mainly due to lower listing fees, per diem and PDR conversion.

Year-to-date listing fees went down by 23% to ₱250 thousand from last year's ₱326 thousand. The unamortized portion of the listing fee was included under "Prepaid expenses and other current assets" in the statements of financial position. Taxes and licenses representing amortization of local business taxes for nine months amounting to ₱24 thousand were higher by ₱4 thousand compared with the same period in 2023. Per diem paid for 2024 amounted to ₱95 thousand, 18% lower than last year's ₱117 thousand, due to less number of board and officers meetings held as compared with the same period last year. Year-to-date miscellaneous expenses amounting to ₱8 thousand were incurred, primarily due to courier fees for the distribution of PDR cash dividends checks.

Financial Condition

As of September 30, 2024, total assets amounted to ₱49.50 million, almost the same level as end-2023 figures of ₱49.04 million. Accounts receivable went down by ₱664 thousand due to collections of receivables arising from conversions of PDRs to common shares. Other current assets increased by ₱132 thousand due to the unamortized portion of the listing fee, local taxes, and input VAT. Total liabilities were at ₱47.92 million, while total equity closed at ₱1.58 million as at September 30, 2024.

KEY PERFORMANCE INDICATORS

The Company's key performance indicators are focused on the dividends it receives to meet PDR holders' expectations and monitor cash and cash equivalents levels to meet its obligations concerning the Company's current and preceding year's operation.

KEY VARIABLES AND OTHER QUALITATIVE OR QUANTITATIVE FACTORS

- a) Trends, demands, commitments, events, or uncertainties will materially impact the issuer's liquidity.

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

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

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

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

No off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other company relationships with unconsolidated entities or persons were created as of September 30, 2024.

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

For the period January 1, 2024, to September 30, 2024, there were no commitments for capital expenditures.

- e) 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.

The Company's results of operations depend primarily on its ability to meet PDR holders' expectations from the dividends it receives and to monitor cash and cash equivalents levels to meet its obligations concerning the Company's current and preceding year's operation. As of September 30, 2024, no known trends, events, or uncertainties were reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

- f) Any significant elements of income or loss that did arise from the issuer's continuing operations.

As of September 30, 2024, no significant elements of income or loss arose from the issuer's continuing operations.

- g) Causes for material changes in the Financial Statements.

Statements of Financial Position [September 30, 2024 (Unaudited) vs. December 31, 2023 (Audited)]

- Current assets increased by ₱460 thousand to ₱49.50 million, mainly as a result of the increase in cash and cash equivalents.
- Current liabilities increased by ₱217 thousand to ₱47.92 million due to increased accounts payable and income tax payable.

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

As of September 30, 2024, no seasonal aspects had a material effect on the financial condition or results of operations.

GMA HOLDINGS, INC.**STATEMENTS OF FINANCIAL POSITION**

	September 30, 2024	December 31, 2023
	Unaudited	Audited
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 13 and 14)	₱48,777,429	₱47,785,258
Accounts receivable (Notes 13 and 14)	373,121	1,036,943
Other current assets	354,209	222,310
Total Current Assets	49,504,760	49,044,511
Total Assets	₱49,504,760	₱49,044,511
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 8, 13 and 14)	₱553,477	₱431,339
Due to selling shareholders (Note 14)	47,271,600	47,271,600
Income tax payable	95,282	-
Total Current Liabilities	47,920,359	47,702,939
Total Liabilities	47,920,359	47,702,939
Equity		
Capital stock (Note 9)	100,000	100,000
Retained earnings (Note 9)	1,484,400	1,241,572
Total Equity	1,548,400	1,341,572
	₱49,504,760	₱49,044,511

See accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**

	3rd Quarter Ended September 30			Nine Months Ended September 30		
	2024	2023	2022	2024	2023	2022
REVENUE						
Interest income (Notes 7)	766,719	649,994	435,537	2,252,132	1,871,184	1,289,456
Exercise fees (Note 6)	-	43,839	57,107	89,366	159,670	3,196,705
	766,719	693,833	492,644	2,341,498	2,030,854	4,486,161
OPERATING EXPENSES (Note 10)	174,130	201,205	251,220	615,832	710,040	948,040
INCOME BEFORE INCOME TAX	592,589	492,628	241,424	1,725,666	1,320,813	3,538,121
PROVISION FOR INCOME TAX (Note 11)	97,310	49,442	24,557	282,836	139,769	597,686
NET INCOME	495,279	443,186	216,867	1,442,830	1,181,044	2,940,435
TOTAL COMPREHENSIVE INCOME	495,279	443,186	216,867	1,442,830	1,181,044	2,940,435
Basic/Diluted Earnings Per Share (Note 15)	49.53	44.32	21.69	144.28	118.10	294.04

See accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.**UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024, 2023 AND 2022**

	Capital Stock (Note 9)	Retained Earnings (Note 9)	Total
Balance as at January 1, 2024	₱100,000	₱1,241,570	₱1,341,570
Net income		1,442,830	1,442,830
Other comprehensive income		–	–
Total comprehensive income		1,442,830	1,442,830
Cash dividends		(1,200,000)	(1,200,000)
Balance as at September 30, 2024	₱100,000	₱1,484,400	₱1,584,400
Balance as at January 1, 2023	₱100,000	₱3,345,987	₱3,445,987
Net income		1,181,044	1,181,044
Other comprehensive loss		–	–
Total comprehensive income		1,181,044	1,181,044
Cash dividends		(3,300,000)	(3,300,000)
Balance as at September 30, 2023	₱100,000	₱1,227,031	₱1,327,031
Balance as at January 1, 2022	₱100,000	₱7,942,275	₱8,042,275
Net income		2,940,435	2,940,435
Other comprehensive loss		-	-
Total comprehensive income		2,940,435	2,940,435
Cash dividends		(7,900,000)	(7,900,000)
Balance as at September 30, 2022	₱100,000	₱2,982,711	₱ 3,082,711

See accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.**UNAUDITED STATEMENTS OF CASH FLOWS**

	3rd Quarter Ended September 30			Nine Months Ended September 30		
	2024	2023	2022	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	592,589	492,628	241,425	1,725,666	1,320,813	3,538,121
Adjustment for interest income (Notes 7)	(766,719)	(649,994)	(435,537)	(2,252,132)	(1,871,184)	(1,289,456)
Operating income (loss) before working capital changes	(174,130)	(157,365)	(194,113)	(526,466)	(550,371)	2,248,665
Decrease (Increase) in:						
Accounts receivable	756,974	(49,100)	107,034	656,884	(146,864)	997,215
Other current assets	90,538	108,549	167,984	(131,899)	(168,124)	(167,984)
Increase (Decrease) in accounts payable and other current liabilities	77,519	18,903	7,282	122,138	122,996	(49,491)
Cash flows provided by (used in) operations	750,901	(79,013)	88,187	120,657	(742,363)	3,028,405
Interest received	761,770	641,238	453,575	2,259,069	1,774,202	1,303,975
Income taxes paid	(63,723)	(49,004)	(67,219)	(187,554)	(138,172)	(791,280)
Net cash provided by (used in) operating activities	1,448,947	513,221	474,544	2,192,172	893,667	3,541,100
CASH FLOW FROM INVESTING ACTIVITY	–	–	–	–	–	–
CASH FLOW FROM A FINANCING ACTIVITY						
Payment of cash dividends (Note 9)	–	–	–	(1,200,000)	(3,300,000)	(7,900,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,448,947	513,221	474,544	992,172	(2,406,333)	(4,358,900)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	47,328,482	47,651,826	49,676,884	47,785,258	50,571,380	54,510,327
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 7)	48,777,429	48,165,046	50,151,427	48,777,429	48,165,046	50,151,427

See accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

GMA Holdings, Inc. (the Company) is incorporated in the Philippines to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description. The registered office address of the Company is Unit 3K, North Wing, Fairways Tower Condominium, 5th Avenue corner McKinley Road, Fort Bonifacio, Taguig City. The Company was registered with the Securities and Exchange Commission (SEC) on February 15, 2006.

The accounting and administrative functions of the Company are undertaken by GMA Network, Inc. (GMA), a company under common control.

In 2007, the Company issued Philippine Deposit Receipts (PDRs), which were listed and traded in The Philippine Stock Exchange, Inc. (PSE) (see Note 6).

The Company will not engage in any business or purpose other than in connection with the issuance of the PDRs, the performance of the obligations under the PDRs, and the acquisition and holding of the underlying shares of GMA with respect to the PDRs issued. This includes maintaining the Company's listing with the PSE and maintaining its status as a Philippine person for as long as the Philippine law prohibits ownership of GMA's shares by non-Philippine persons. Any cash dividends distributed in respect of common shares underlying the PDRs received by the Company shall be applied towards its operating expenses then due for the preceding and current year. A further amount equal to the operating expenses in the preceding year shall be set aside to meet operating or other expenses for the succeeding year. Amounts remaining in excess of such requirements shall be distributed pro rata amongst the outstanding PDR holders pursuant to the PDR instrument.

Since the start of its operations, the BOD has approved to pass on the entire amount of the cash dividends received from GMA without deducting the Company's projected operating expenses. Such expenses shall be covered by the interest income from the Company's cash and cash equivalents and previously existing investment in FVOCI.

No reportable segment information is presented as the Company's limited operations are adequately presented in the statements of comprehensive income.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis. The financial statements are presented in Philippine peso, which is the Company's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance

The Company's financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

3. **Summary of Significant Changes in Accounting Policies and Disclosures**

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Company has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

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

Effective beginning on or after January 1, 2023

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

The amendments provide guidance and examples to help entities apply materiality judgments 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.

- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to 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 Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

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

4. **Summary of Significant Accounting Policies**

Financial Assets

Date of Recognition of Financial Assets. The Company recognizes financial assets in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

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 (FVTPL).

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

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

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

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

The Company has no financial assets at FVTPL and FVOCI as at September 30, 2024 and December 31, 2023.

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 FVTPL

The Company's financial assets are under the financial assets at amortized cost.

- *Financial Assets at Amortized Cost (Debt Instruments)*. This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:
 - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest 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 profit or loss when the asset is derecognized, modified or impaired.

As at September 30, 2024 and December 31, 2023, the Company's cash and cash equivalents and accounts receivable are classified under this category.

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

- the rights to receive cash flows from the asset have expired; and
- the Company transfers a financial asset and the transfer qualify for derecognition.

The Company transfers a financial asset if, and only if, it either: (a) transfers the contractual rights to receive the cash flows of the financial asset; or (b) retains the contractual rights to receive the cash flows of the financial asset (the "original asset"), but assumes a contractual obligation to pay the cash flows to one or more recipients (the "eventual recipients") in an arrangement that meets the following conditions:

- The Company has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the Company with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition.
- The Company is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows.
- The Company has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

When the Company transfers a financial asset, it shall evaluate the extent to which it retains the risks and rewards of ownership of the financial asset. In this case:

- if the Company transfers substantially all the risks and rewards of ownership of the financial asset, the Company shall derecognize the financial asset and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer.
- if the Company retains substantially all the risks and rewards of ownership of the financial asset, the Company shall continue to recognize the financial asset.
- if the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Company shall determine whether it has retained control of the financial asset. In this case: (a) if the Company has not retained control, it shall derecognize the financial asset and recognize separately as assets or liabilities any rights and obligations created or retained in the

transfer; and (b) if the Company has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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, or to realize the assets and settle the liabilities simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Equity

Cash dividends. The Company recognizes a liability to make cash distribution to its equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in the Philippines, a distribution is authorized when it is approved by the BOD. A corresponding amount is recognized directly in the equity. Dividends for the year that are approved after the financial reporting date are dealt with as an event after the reporting date.

Revenue

Exercise Fees. Exercise fees is recognized at a point in time upon conversion of PDRs to common shares.

5. **Summary of Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the financial statements in compliance with PFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Management is of the opinion that there is no significant judgment made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

6. **Philippine Deposit Receipts**

On July 30, 2007 and August 21, 2007, the Company issued 822,115,000 and 123,317,000 PDRs relating to GMA shares, respectively. Total number of issued PDRs is 945,432,000 for a consideration of ₱8.50 per share or ₱8,036,172,000.

Each PDR grants the holders, upon payment of the exercise price and subject to certain other conditions, the delivery of one GMA share or the sale of and delivery of the proceeds of such sale of one GMA share. The Company remains to be the registered owner of the GMA shares covered by the PDRs. The Company also retains the voting rights over the GMA shares.

The GMA shares are still subject to ownership restrictions on shares of corporations engaged in mass media and GMA may reject the transfer of shares to persons other than Philippine nationals. The PDRs were listed in the PSE on July 30, 2007, and the same may be exercised at any time from said date. Any cash dividends or other cash distributions in respect of GMA shares received by the Company shall be applied toward the operating expenses of the Company for the current and preceding years. A further amount equal to the operating expenses in the preceding year shall be set aside to meet operating or other expenses for the succeeding years. Any amount in excess of the aggregate of the operating expenses paid and the operating fund for such period shall be distributed to PDR holders pro-rata on the first business day after such cash dividends are received by the Company.

Upon exercise of the PDRs, an exercise price of ₱0.05 (VAT inclusive) per share shall be paid by the PDR holders. The exercise price is shown as "Exercise fees" account in the statement of comprehensive income. Exercise fees amounted to ₱0.09 million, ₱0.16 million and ₱3.20 million for the nine-month period ended September 30, 2024, 2023 and 2022, respectively.

Immediately prior to the closing of the PDR offering and additional issuances described above, GMA, to which the Company is affiliated, transferred 945,432,000 GMA shares to the Company in relation to which the PDRs were issued. For as long as the PDRs are not exercised, the shares underlying the PDRs will continue to be registered in the name of, and owned by the Company, and all rights pertaining to these shares, including voting rights, shall be exercised by the Company. The obligations of the Company to deliver the GMA shares on exercise of the right contained in the PDRs are secured by the Pledge of Shares in favor of the Pledge Trustee acting on behalf of each holder of a PDR over the GMA shares.

At any time after the PDR offering, a GMA shareholder may, at his option and from time to time, deliver shares to the Company in exchange for an equal number of PDRs. The exchange is based on prevailing traded value of GMA shares at the time of transaction with the corresponding PDR option price.

As mentioned above, the Company retains the rights to receive the cash flows from its investment in GMA and assumes a contractual obligation to pay those cash flows to the PDR holders, net of operating expenses (a "pass-through" arrangement). The "pass-through" test is met because the Company (a) has no obligation to the PDR holders unless it collects equivalent amounts from its investment in GMA, (b) is contractually prohibited from selling or pledging its investment in GMA other than as security to the PDR holders for the obligation to pay the cash flows, and (c) has an obligation to remit any cash flows from the investment in GMA to the PDR holders without material delay.

Under the "pass-through" test, the Company is deemed to have transferred substantially the risks and rewards of its investment in GMA. Accordingly, the investment in GMA and the liabilities related to the issuance of the PDRs are not recognized by the Company.

The following are the details and movements of the PDRs and the underlying GMA shares for the nine months ended September 30:

	PDRs		Number of Shares	
	2024	2023	2024	2023
Balance at beginning of year	₱3,377,888,602	₱3,408,439,302	397,398,659	400,992,859
Exercise of PDRs	(17,015,300)	(30,401,100)	(2,001,800)	(3,576,600)
Balance at end of year	₱3,360,873,302	₱3,378,038,202	395,396,859	397,416,259

On May 15, 2024, the Company remitted to PDR holders cash distribution of ₱0.60 per PDR totaling ₱238.4 million, in relation to dividends declared by GMA to all shareholders of record as at April 24, 2024.

On May 17, 2023, the Company remitted to PDR holders cash distribution of ₱1.10 per PDR totaling ₱439.7 million, in relation to dividends declared by GMA to all shareholders of record as at April 21, 2023.

On May 18, 2022, the Company remitted to PDR holders cash distribution of ₱1.45 per PDR totaling ₱593.6 million, in relation to dividends declared by GMA to all shareholders of record as at April 25, 2022.

The BOD approved a resolution to pass on the entire amount of the cash dividends received from GMA without deducting the Company's 2024, 2023 and 2022 projected operating expenses on April 03, 2024, March 31, 2023 and March 25, 2022, respectively. Such expenses shall be covered by the interest income from the Company's cash and cash equivalents. Accordingly, the entire amount of the cash dividends received from GMA were remitted to the PDR holders.

7. Cash and Cash Equivalents

	September 30, 2024	December 31, 2023
	Unaudited	Audited
Cash on hand and in bank	₱1,311,040	₱2,387,739
Short-term deposits	47,466,388	45,397,519
	₱48,777,429	₱47,785,258

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

Interest income earned from cash in bank and short-term deposits amounted to ₱2.25 million, ₱1.87 million and ₱1.29 million for the nine-month period ended September 30, 2024, 2023 and 2022, respectively.

8. Accounts Payable and Other Current Liabilities

	September 30, 2024	December 31, 2023
	Unaudited	Audited
Accounts payable	₱20,118	₱23,535
Accrued expenses:		
Professional fees	416,250	300,218
Output VAT	84,529	3,425
Deferred output VAT	32,580	102,961
Withholding tax payable	–	1,200
	₱553,477	₱431,339

Accounts payable, accrued expenses, deferred output VAT and output VAT are noninterest-bearing and are normally settled within the next financial year. Accrued expenses represent audit fees, retainer fees and miscellaneous expenses.

9. Equity

a. Capital Stock

The Company has 10,000 authorized, issued and outstanding common shares with ₱10.00 par value per share.

The following summarizes the information on the Company's registration of securities with the SEC as required by Revised Securities Regulation Code Rule 68:

<u>Date of SEC Approval</u>	<u>Authorized Number of Shares</u>	<u>Number of Issued Shares</u>	<u>Issue/ Offer Price</u>
July 30, 2007	945,432,000	945,432,000	₱8.50

b. Retained Earnings

On April 03, 2024, the BOD approved the Company's declaration and distribution of cash dividends amounting to ₱1.20 million to all stockholders of record as at April 24, 2024 and were paid on May 14, 2024.

On March 31, 2023, the BOD approved the Company's declaration and distribution of cash dividends amounting to ₱3.30 million to all stockholders of record as at April 21, 2023 and were paid on May 16, 2023.

On March 25, 2022, the BOD approved the Company's declaration and distribution of cash dividends amounting to ₱7.90 million to all stockholders of record as at April 25, 2022 and were paid on May 17, 2022.

10. Operating Expenses

The components of the company's operating expenses for the nine-month period ended September 30 are as follows:

	2024	2023	2022
Listing fees	₱250,006	₱326,477	₱480,687
Professional fees	236,250	236,250	236,250
Per diem	95,000	116,500	170,000
Taxes and licenses	23,663	19,351	23,766
Transportation	1,440	2,198	3,188
PDR conversion expenses	1,154	2,044	10,679
Miscellaneous	8,320	7,221	23,470
	₱615,832	₱710,040	₱948,040

11. Income Taxes

Provision for income tax as shown in the statements of comprehensive income for the nine month-period ended September 30 consists of the following:

	2024	2023	2022
Final tax on interest income	₱187,554	₱138,172	₱74,002
Current	95,282	1,597	523,684
	₱282,836	₱139,769	₱597,686

The reconciliation of the provision for income tax computed at statutory income tax rate to provision for income tax as shown in the statements of comprehensive income for the nine-month period ended September 30 is summarized as follows:

	2024	2023	2022
Provision for income tax computed at statutory income tax rate of 20%/25%	345,133	264,163	707,624
Income tax effects of:			
Interest income subjected to final tax	(62,297)	(236,065)	(257,891)
Movement in unrecognized deferred tax assets	–	111,671	147,953
	₱282,836	₱139,769	₱597,686

Deferred Tax Assets

The components of unrecognized deferred tax assets are as follows:

	September 30, 2024 Unaudited	December 31, 2023 Audited
MCIT	₱6,408	₱6,408
NOLCO	–	–
	₱6,408	₱6,408

The movements in NOLCO and MCIT follow:

	September 30, 2024 Unaudited	December 31, 2023 Audited
NOLCO:		
Balance at beginning of year	₱–	₱–
Addition	–	–
Application	–	–
Expiration	–	–
Balance at end of year	₱–	₱–

MCIT:		
Balance at beginning of year	₱6,408	₱–
Addition	–	6,408
Expiration	–	–
Balance at end of year	₱6,408	₱6,408

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Reduction in the RCIT rate from 30% to 20% for entities with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding the value of land on which the business entity's office, plant and equipment are situated);
- Reduction in the RCIT from 30% to 25% for all other corporations;
- Reduction in the MCIT rate from 2% to 1% of gross income for 3 years or until June 30, 2023; and
- Repeal of the imposition of 10% improperly accumulated earnings tax (IAET).

12. 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.

The 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 of ten percent (10%) or higher of the Company's total assets based on its latest audited financial statements either individually, or in aggregate over a twelve (12)-month period with the same related party.

Terms and Conditions of Transactions with Related Parties

There have been no guarantees provided or recovered for any related party receivables or payables and settlements occur in cash. In January to September of 2024 and as at December 31, 2023, the Company's financial statements include the following amounts resulting from the transactions with related parties as at September 30:

Category	Year	Amount/Volume of Transactions	Outstanding Payable	Terms	Conditions
Shareholders					
Portion of proceeds retained from the issuance of PDRs	2024 2023	₱– –	₱47,271,600 47,271,600	On demand upon exercise of PDRs, noninterest-bearing	Unsecured

The outstanding balance of "Due to shareholders" account in the statements of financial position pertains to the portion of the original proceeds from the issuance of PDRs retained by the Company as the PDR

issuer in consideration for the rights granted under the PDRs equivalent to ₱0.05 per PDR. This amount will be used for the liquidation of expenses related to the issuance of the PDRs. Any excess is to be remitted to the selling shareholders.

The Company's key management personnel are employed by GMA and no part of their salaries was allocated to the Company.

13. Financial Risk Management Objectives and Policies

The Company's principal financial instruments include cash and cash equivalents, accounts receivable and debt instrument at FVOCI. The main purpose of these financial instruments is to finance the Company's operations. The Company has other financial assets and liabilities such as accounts receivable, accounts payable and other current liabilities (excluding deferred output VAT) and due to shareholders, which arise directly from its operations.

The main risks arising from the Company's financial statements are as follows:

- *Liquidity Risk.* Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial instruments.
- *Interest Rate Risk.* Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.
- *Credit Risk.* Credit risk arises from default of the counterparty.

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

Liquidity Risk

The Company's objective in liquidity management is to ensure that the Company has sufficient liquidity to meet obligations under normal and adverse circumstances and is able to take advantage of investment opportunities as they arise.

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

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

	<u>As at September 30, 2024 (Unaudited)</u>			<u>Total</u>
	<u>On Demand</u>	<u>3 to 12 Months</u>	<u>More than 1 year</u>	
Financial Assets				
Cash and cash equivalents	₱48,777,429	₱–	₱–	₱48,777,429
Accounts receivable	373,121	–	–	373,121
	₱49,150,550	₱–	₱–	₱49,151,550

As at September 30, 2024 (Unaudited)				
	On Demand	3 to 12 Months	More than 1 year	Total
Financial Liabilities				
Accounts payable and other current liabilities*	P436,368	P-	P-	P436,368
Due to shareholders	47,271,600	-	-	47,271,600
	P47,707,968	P-	P-	P47,707,968
Liquidity portion (gap)	P1,442,582	P-	P-	P1,442,582

*Excluding Output VAT, deferred output VAT and withholding tax payable amounting to P117,109.

2023				
	On Demand	3 to 12 Months	More than 1 year	Total
Financial assets at amortized cost				
Cash and cash equivalents	P48,165,046	P-	P-	P48,165,046
Accounts receivable	1,078,211	-	-	1,078,211
	P49,243,257	P-	P-	P49,243,257
Loans and borrowings				
Accounts payable and other current liabilities*	P787,486	P-	P-	P787,486
Due to selling shareholders	47,271,600	-	-	47,271,600
	P48,059,086	P-	P-	P48,059,086
Liquidity portion (gap)	P1,184,171	P-	P-	P1,184,171

*Excluding deferred output VAT and withholding tax payable amounting to P107,491.

Credit Risk

With respect to credit risk arising from cash and cash equivalents, accounts receivable and debt security, the Company's exposure to credit risk arises from default of the counterparty. The maximum exposure of accounts receivables and debt security is equal to their carrying amounts. For cash and cash equivalents, the maximum exposure is P48.28 million and P47.29 million as at September 30, 2024 and December 31, 2023, respectively, or the carrying amount less insured amount by the Philippine Deposit Insurance Corporation equivalent to the actual cash in bank balance to a maximum of P0.50 million per depositor per bank. It is the Company's policy to enter into transactions with a diversity of credit worthy parties to mitigate any significant concentration of credit risk. The Company has an internal mechanism to monitor the granting of credit and management of credit exposures. The Company will make provisions, when necessary, for potential losses on credits extended. The Company does not require any collateral for its financial assets.

As at September 30, 2024 and December 31, 2023, the financial assets are generally viewed by management as good and collectible considering the credit history of the counterparties. No financial assets were identified by the Company as past due or impaired financial assets as at September 30, 2024 and December 31, 2023.

Credit Quality of Financial Assets

The credit quality of financial assets is managed by the Company using high grade and standard grade as internal credit ratings.

High Grade. This pertains to a counterparty who is not expected by the Company to default in settling its obligations, thus, credit risk exposure is minimal. This normally includes large prime financial institutions and related parties.

Standard Grade. Other financial assets not classified as high grade are included in this category.

The Company classified its cash and cash equivalents (excluding cash on hand), accounts receivable and debt security as high grade financial assets as at September 30, 2024 and December 31, 2023.

Capital Management

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

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

No changes were made in the objectives, policies or processes as at September 30, 2024 and December 31, 2023.

The Company's capital management is undertaken by GMA. The Company's capital includes the total equity, before other comprehensive income, which amounted to ₱1.58 million and ₱1.34 million as at September 30, 2024 and December 31, 2023, respectively.

The Company is not subject to externally imposed capital requirements.

14. **Fair Value Measurement**

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

Cash and Cash Equivalents, Accounts Receivable, Accounts Payable and Other Current Liabilities (excluding VAT) and Due to Shareholders

The carrying amounts of these financial instruments approximate their fair values due to the short-term maturities of these financial instruments.

15. **Basic/Diluted Earnings Per Share Computation**

Basic/diluted EPS for the nine-month period ended September 30 are computed as follows:

	2024	2023	2022
Net income attributable to equity holders (a)	₱1,442,830	₱1,181,044	₱2,940,435
Common shares issued at beginning and end of year (b)	10,000	10,000	10,000
Basic/diluted earnings per share (a/b)	₱144.28	₱118.10	₱294.04

The Company has no dilutive potential common shares outstanding therefore basic EPS is same as diluted EPS.

GMA HOLDINGS, INC.**Schedule of Financial Ratios**

Financial Ratios	Description	September 30, 2024 Unaudited	December 31, 2023 Audited
Current/liquidity ratio	Current assets over current liabilities	1.03	1.03
Asset to equity ratio	Total asset over total equity	31.25	36.56
Debt to equity ratio	Total liabilities over total equity	30.25	35.56

Financial Ratios	Description	September 30, 2024 Unaudited	September 30, 2023 Unaudited	September 30, 2022 Unaudited
Return on equity	Net income over total equity	91%	89%	95%
Return on asset	Net income over total assets	3%	2%	6%
EBITDA margin	Earnings before interest, tax and depreciation and amortization over total revenue	74%	65%	79%

OTHER FINANCIAL INFORMATION

The Company has no other information that needs to be disclosed other than disclosures made under SEC Form 17-C, if any.

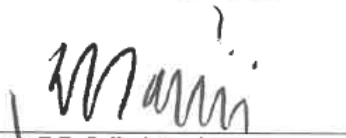
SIGNATURES

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

Issuer: **GMA HOLDINGS, INC.**

By:


FELIPE S. YALONG
Chief Operating Officer/Chief Financial Officer


RONALDO P. MASTRILI
Comptroller

Certification

We FELIPE S. YALONG, Chief Operating Officer/ Chief Financial Officer and RONALDO P. MASTRILI, Comptroller of GMA HOLDINGS, INC. with SEC registration number CS200602356 with principal office at Unit 3K, North Wing, Fairways Tower Condominium, 5th Ave. corner McKinley Road Fort Bonifacio Taguig City), on oath state:

- 1) That on behalf of GMA Holdings, Inc., we have caused this Quarterly Report (SEC Form 17-Q) to be prepared;
- 2) That we read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company GMA Holdings, 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 _____ day of _____, 20____.


FELIPE S. YALONG

Chief Operating Officer/ Chief Financial Officer


RONALDO P. MASTRILI

Comptroller

SUBSCRIBED AND SWORN to before me this _____ day of NOV 13 2024_____.

affiants exhibited to me their TIN 102-874-052 (Felipe S. Yalong) and TIN 102-091-842 (Ronaldo P. Mastrili).

NOTARY PUBLIC


ATTY. JANELLE CRYSTEL J. JAVIER

Notary Public for and in Quezon City
Until December 31, 2024

Adm. Matter No. NP-188 (2023-2024)

PTR No. 3985877-Jan. 6, 2023, QC

IBP Lifetime No. 016879

Roll of Attorney's No. 69611

MCLE Compliance No. VI-0002754

Doc. No. 207.

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