

COVER SHEET

for
SEC FORM 17-Q

SEC Registration Number

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COMPANY NAME

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C	O	R	P	O	R	A	T	I	O	N)																							

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

N	L	E	X		C	O	M	P	O	U	N	D	,		B	A	L	I	N	T	A	W	A	K	,										
C	A	L	O	O	C	A	N		C	I	T	Y	,		M	E	T	R	O		M	A	N	I	L	A									

Form Type

1	7	-	Q
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Department requiring the report

M	S	R	D
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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

nlexsec@mptc.com.ph

Company's Telephone Number

(02) 8-580-8900

Mobile Number

0998-962-0895

No. of Stockholders

19

Annual Meeting (Month / Day)

Any Day in May

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Ms. Maria Theresa O. Wells

Email Address

nlexsec@mptc.com.ph

Telephone Number/s

(02) 8-580-8900

Mobile Number

0998-962-0895

CONTACT PERSON'S ADDRESS

NLEX Compound, Balintawak, Caloocan City, Metro Manila

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-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: March 31, 2024
2. Commission Identification Number: A1997-01451. 3. BIR Tax Identification No: 004-984-946-000

NLEX CORPORATION

4. Exact name of issuer as specified in its charter

Metro Manila, Philippines

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

NLEX Compound, Balintawak, Caloocan City

1400

7. Address of issuer's principal office Postal Code

+632-8-580-8900

8. Issuer's telephone number, including area code

N/A

9. Former name, former address and former fiscal year, if changed since last report

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

Title of each Class

Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding

Series A Bonds Due 2025

Php4,000,000,000.00

Series B Bonds Due 2028

Php2,000,000,000.00

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

Yes [] No [✓]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

N/A

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 [✓] No []

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

Yes [✓] No []

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PART I--FINANCIAL INFORMATION

Item 1. Financial Statements

NLEX CORPORATION
(A Subsidiary of Metro Pacific Tollways Corporation)

Interim Condensed Financial Statements (unaudited)
March 31, 2024 and 2023

NLEX CORPORATION
(A Subsidiary of Metro Pacific Tollways Corporation)

INTERIM CONDENSED BALANCE SHEET AS AT MARCH 31, 2024 (UNAUDITED)
AND CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2023 (AUDITED)

	March 31, 2024	December 31, 2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱4,062,951,546	₱4,048,262,416
Financial assets at fair value through profit or loss (FVTPL) (Note 5)	2,315,308	2,288,629
Receivables (Notes 6 and 13)	2,235,312,999	1,904,740,214
Inventories:		
At net realizable value	59,974,214	59,008,236
At cost	17,519,383	19,673,677
Other current assets (Note 10)	530,079,481	464,198,494
Total Current Assets	6,908,152,931	6,498,171,666
Noncurrent Assets		
Service concession assets (Note 7)	76,523,807,630	72,978,605,480
Goodwill (Note 26)	6,213,799,383	6,213,799,383
Property and equipment (Note 8)	440,278,474	404,162,463
Other intangible assets (Note 9)	74,452,162	69,861,710
Advances to contractors and other noncurrent assets	523,046,634	547,570,735
Total Noncurrent Assets	83,775,384,283	80,213,999,771
	₱90,683,537,214	₱86,712,171,437
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 11)	₱6,200,234,423	₱4,813,746,738
Income tax payable	1,199,554,972	593,248,525
Provisions (Note 12)	151,526,785	210,306,331
Dividends payable (Note 13)	-	2,800,000,000
Short-term loans payable	2,994,452,055	2,999,260,274
Current portion of long-term debt (Note 14)	6,947,076,555	6,890,034,589
Total Current Liabilities	17,492,844,790	18,306,596,457
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 14)	37,573,373,559	35,638,489,851
Service concession fees payable (Note 15)	3,753,356,897	3,701,582,561
Provisions (Note 12)	718,280,717	596,732,362
Pension liability - net	57,535,045	56,527,102
Long-term incentive plan payable	67,852,574	48,772,160
Deferred tax liabilities - net	201,842,272	221,088,787
Total Noncurrent Liabilities	42,372,241,064	40,263,192,823
Total Liabilities	59,865,085,854	58,569,789,280
Equity		
Capital stock (Note 16)	1,878,600,000	1,878,600,000
Additional paid-in capital	9,965,880,147	9,965,880,147
Retained earnings	19,076,421,988	16,400,352,785
Other comprehensive loss reserve - net	(102,450,775)	(102,450,775)
Total Equity	30,818,451,360	28,142,382,157
	₱90,683,537,214	₱86,712,171,437

See accompanying notes to Unaudited Interim Condensed Consolidated Financial Statements and Management Discussion and Analysis.

NLEX CORPORATION
(A Subsidiary of Metro Pacific Tollways Corporation)

INTERIM CONDENSED STATEMENT OF INCOME AS AT MARCH 31, 2024 (UNAUDITED)
AND AS AT MARCH 31, 2023 (UNAUDITED)

	Three Months ended March 31	
	2024	2023
OPERATING REVENUES		
Toll fees - net of discount	₱6,005,029,139	₱5,035,711,360
Sales of magnetic cards	446	447
Toll revenues	6,005,029,585	5,035,711,807
Non-toll revenues (Note 17)	32,234,856	41,621,704
Total revenues	6,037,264,441	5,077,333,511
Cost of services (Note 18)	(2,147,689,441)	(1,930,806,083)
Gross Profit	3,889,575,000	3,146,527,428
Construction revenue (Note 7)	3,489,158,189	764,750,278
Construction costs (Note 7)	(3,489,158,189)	(764,750,278)
General and administrative expenses (Note 19)	(402,763,505)	(390,802,389)
Interest expense and other finance cost (Note 19)	(289,342,712)	(284,848,904)
Interest income (Note 20)	11,832,977	41,997,900
Foreign exchange gain (loss) - Net	164,651	(700,881)
Other income	56,020,215	56,512,991
Income before income tax	3,265,486,626	2,568,686,145
Provision for (benefit from) income tax		
Current	608,663,937	488,933,837
Deferred	(19,246,514)	(17,604,758)
	589,417,423	471,329,079
Net income	₱2,676,069,203	₱2,097,357,066

See accompanying notes to Unaudited Interim Condensed Consolidated Financial Statements and Management Discussion and Analysis.

NLEX CORPORATION
(A Subsidiary of Metro Pacific Tollways Corporation)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME AS AT MARCH 31, 2024
(UNAUDITED) AND AS AT MARCH 31, 2023 (UNAUDITED)

	Three Months Ended March 31	
	2024	2023
NET INCOME	₱2,676,069,203	₱2,097,357,066
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Income tax effect	-	-
	-	-
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement gains (losses) on defined benefit Retirement plan (Note 16)	-	-
Income tax effect	-	-
	-	-
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	-	-
TOTAL COMPREHENSIVE INCOME	₱2,676,069,203	₱2,097,357,066

See accompanying notes to Unaudited Interim Condensed Consolidated Financial Statements and Management Discussion and Analysis.

NLEX CORPORATION

(A Subsidiary of Metro Pacific Tollways Corporation)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2024 (UNAUDITED)

AND AS AT DECEMBER 31, 2023 (AUDITED)

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Loss Reserve	Total Equity
At January 1, 2024	P1,878,600,000	P9,965,880,147	P16,400,352,785	(P102,450,775)	P28,142,382,157
Cash Dividends (see Note 16)	-	-	-	-	-
Net Income	-	-	2,676,069,203	-	2,676,069,203
Net Income/Total comprehensive income for the period	-	-	2,676,069,203	-	2,676,069,203
At March 31, 2024	P1,878,600,000	P9,965,880,147	P19,076,421,988	(P102,450,775)	P30,818,451,360
At January 1, 2023	P1,878,600,000	P9,965,880,147	P14,087,590,760	(P92,019,540)	P25,840,051,367
Cash dividends (Note 16)	-	-	(7,700,000,000)	-	(7,700,000,000)
Net income	-	-	10,012,762,025	-	10,012,762,025
Other comprehensive income (loss) (Note 16)	-	-	-	(10,431,235)	(10,431,235)
Total comprehensive income for the year	-	-	10,012,762,025	(10,431,235)	10,002,330,790
At December 31, 2023	P1,878,600,000	P9,965,880,147	P16,400,352,785	(P102,450,775)	P28,142,382,157

See accompanying notes to Unaudited Interim Condensed Consolidated Financial Statements and Management Discussion and Analysis.

NLEX CORPORATION
(A Subsidiary of Metro Pacific Tollways Corporation)

INTERIM CONDENSED STATEMENT OF CASH FLOWS AS AT MARCH 31, 2024 (UNAUDITED)
AND INTERIM CONDENSED STATEMENT OF CASH FLOWS AS AT MARCH 31, 2023
(UNAUDITED)

	Three Months Ended March 31	
	2024	2023
OPERATING ACTIVITIES		
Income before income tax	₱3,265,486,626	₱2,568,686,145
Adjustments to reconcile income before income tax to net cash flows:		
Interest expense and other finance costs (Note 21)	289,342,712	284,848,904
Amortization of service concession assets (Note 7)	394,205,554	333,292,855
Depreciation of property and equipment (Note 8, 18, and 19)	20,881,676	23,821,215
Interest income (Note 20)	(11,832,977)	(41,997,900)
Amortization of other intangible assets (Note 9)	362,840	2,681,934
Movements in:		
Provisions	52,408,894	80,533,458
Accrued retirement costs / pension costs	1,007,943	2,032,616
Gain on disposals of property and equipment	(137,531)	(27,307)
Unrealized foreign exchange gain (loss) - net	(303,032)	(6,373)
Unrealized gain on investments (FVTPL)	(26,679)	(20,078)
Operating income before working capital changes	4,011,396,026	3,253,845,469
Working capital changes:		
Decrease (increase) in:		
Receivables	(338,842,681)	97,245,159
Inventories	1,188,316	8,557,674
Other current assets	(65,880,987)	(306,591,121)
Increase (decrease) in:		
Accounts payable and other current liabilities	260,876,265	(178,380,644)
Long-term incentive plan payable	19,080,414	16,772,300
Cash generated from operation	3,887,817,353	2,891,448,837
Income tax paid	(2,357,490)	(8,387,319)
Net cash flows from operating activities	3,885,459,863	2,883,061,518
INVESTING ACTIVITIES		
Interest received	20,102,875	62,734,913
Additions to:		
Service concession asset (Note 7)	(2,693,709,807)	(837,850,939)
Property and equipment (Note 8)	(36,037,841)	(18,891,063)
Other intangible assets (Note 9)	(3,467,305)	(4,909,479)
Proceeds from:		
Sale of property and equipment (Note 8)	-	7,217,036
Decrease in advances to contractors and other noncurrent assets	24,524,101	(1,108,308,566)
Net cash flows used in investing activities	(2,688,587,977)	(1,900,008,098)

(Forward)

	Three Months Ended March 31	
	2024	2023
FINANCING ACTIVITIES		
Proceeds from availment of:		
Long-term debt (Note 14)	₱2,200,000,000	₱3,000,000,000
Short-term debt (Note 14)	3,000,000,000	-
Payments of:		
Dividends	(2,800,000,000)	(1,300,000,000)
Interest expense and other finance cost	(351,937,842)	(206,692,323)
Long-term and short-term debt	(3,225,000,000)	(225,000,000)
Debt issue costs	(5,547,945)	(22,500,000)
Net cash flows from (used in) financing activities	(1,182,485,788)	1,245,807,677
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,386,098	2,228,861,097
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	303,032	6,373
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,048,262,416	5,404,188,440
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	₱4,062,951,546	₱7,633,055,910

See accompanying notes to Unaudited Interim Condensed Financial Statements and Management Discussion and Analysis.

NLEX CORPORATION
(A Subsidiary of Metro Pacific Tollways Corporation)

NOTES TO UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

1. Corporate Information

General

NLEX Corporation (NLEX Corp. or the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on February 4, 1997. NLEX Corp.'s primary purpose is to engage in, and carry on, a construction and contracting business, involving tollways, its facilities, interchanges and related works, including the operation and maintenance thereof, or otherwise engage in any work upon roads, bridges, buildings, and structures of all kinds.

On October 19 and November 17, 2016, the Company's Board of Directors (BOD) and stockholders, respectively, approved the change in the Company's corporate name from "Manila North Tollways Corporation" to "NLEX Corporation". The SEC approved the change in the Company's corporate name on February 13, 2017.

Prior to November 4, 2022, the Company is 75.1% owned by Metro Pacific Tollways North Corporation (MPTNC) which is a wholly owned subsidiary of Metro Pacific Tollways Corporation (MPTC). Following the effectivity of the merger between MPTC and MPTNC, with MPTC as the surviving entity, MPTC currently owns 75.1% of the Company's shares. MPTC is 99.9% owned by Metro Pacific Investments Corporation (MPIC). MPIC is a publicly listed Philippine corporation and is 46.27% and 46.08% owned by Metro Pacific Holdings, Inc. (MPHI) as at March 31, 2024 and 2022, respectively.

As sole holder of the voting Class A Preferred Shares, MPHI's combined voting interest as a result of all its shareholdings is estimated at 58.32% and 59.09% as at March 31, 2024 and 2022, respectively. MPHI is a Philippine corporation whose stockholders are Enterprise Investment Holdings, Inc. (EIH) (60.0%), Intalink B.V. (26.7%) and First Pacific International Limited (FPIL) (13.3%). First Pacific Company Limited (FPC), a company incorporated in Bermuda and listed in Hong Kong, through its subsidiaries, Intalink B.V. and FPIL, holds 40.0% equity interest in EIH and an investment financing which under Hong Kong Generally Accepted Accounting Principles, require FPC to account for the results and assets and liabilities of EIH and its subsidiaries as part of FPC group of companies in Hong Kong.

The registered office address of the Company is NLEX Compound, Balintawak, Caloocan City, Metro Manila.

Toll Operations

Manila-North Expressway Project (MNEP). In April 1998, NLEX Corp. (then MNTC) was granted the concession for the rehabilitation, modernization, expansion, and operation of the North Luzon Expressway (NLEX) and the installation of the appropriate collection system therein referred to as the MNEP.

The MNEP consists of three phases as follows:

- | | |
|-----------|---|
| Phase I | Rehabilitation and expansion of approximately 84 kilometers (km) of the existing NLEX and an 8.5-km stretch of a Greenfield expressway that connects Tipo in Hermosa, Bataan to Subic (Segment 7) |
| Phase II | Construction of the northern parts of the 17-km circumferential road C-5 which connects the current C-5 expressway to the NLEX and the 5.85-km road from McArthur Highway to Letre |
| Phase III | Construction of the 57-km Subic arm of the NLEX to Subic Expressway |

The construction of Phase I was substantially completed in January 2005. On January 27, 2005, the Toll Regulatory Board (TRB) issued the Toll Operation Permit (TOP) for the operation and maintenance of Phase I consisting of Segments 1, 2, 3 and including Segment 7 in favor of NLEX Corp. Thereafter, NLEX Corp. took over the NLEX from Philippine National Construction Corporation (PNCC) and commenced its tollway operations on February 10, 2005.

Segment 8.1, a portion of Phase II, which is a 2.7 km-road designed to link Mindanao Avenue to the NLEX, had officially commenced tollway operation on June 5, 2010. Segment 9, a portion of Phase II, which is a 2.4 km-road connecting NLEX to the McArthur Highway, had officially commenced tollway operation on March 19, 2015. In May 2014, Segment 10, a portion of Phase II, which is a 5.76 km four-lane, elevated expressway that will start from the terminal of Segment 9 in Valenzuela City going to Circumferential Road 3 (C-3 Road) in Caloocan City above the alignment of Philippine National Railway (PNR) tracks. Segment 10 construction was completed on February 28, 2019, and officially opened to the public on March 1, 2019. The remaining portion of Phase II is under pre-construction works, while Phase III of the MNEP has not yet been started as at March 31, 2024.

Subic-Clark-Tarlac Expressway (SCTEX). Pursuant to the Toll Operation Certificate (TOC) received from the TRB and agreements covering the SCTEX, NLEX Corp. has commenced the management, operation and maintenance of the SCTEX on October 27, 2015. The SCTEX is a 93.77-km four-lane divided highway, traversing the provinces of Bataan, Pampanga and Tarlac.

NLEX-South Luzon Expressway (SLEX) Connector Road Project (NLEX-SLEX Connector Road). On November 23, 2016, NLEX Corp. was awarded the concession for the design, financing, construction, operation and maintenance of the NLEX-SLEX Connector Road. The NLEX-SLEX Connector Road is an elevated four-lane toll expressway structure with a length of 8 kilometers passing through and above the right of way of the PNR starting from NLEX Segment 10 at C-3 Road Caloocan City and seamlessly connecting to SLEX through Metro Manila Skyway Stage 3 Project in Manila.

As at March 31, 2024, the construction of NLEX-SLEX Connector Road Section 1 is 100% complete, while the construction of Section 2 is still ongoing with 84.78% completion rate. Full completion of the project is dependent on the completion of the interconnection structure that will connect the NLEX-SLEX Connector Road Section 2 to the Metro Manila Skyway Stage 3 (MMSS3).

2. Basis of Preparation and Changes to the Company's Accounting Policies

Basis of Preparation

The interim condensed financial statements have been prepared on a historical cost basis, except for financial assets at FVTPL which are measured at fair value and prepared in accordance with Philippine Accounting Standard (PAS) 34, "Interim Financial Reporting". The interim condensed financial statements are presented in Philippine peso, which is the Company's functional and presentation currency.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended December 31, 2023.

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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.

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

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

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

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

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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

Effective beginning on or after January 1, 2025

▪ PFRS 17, Insurance Contracts

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

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

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

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

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

- Amendments to PAS 21, Lack of exchangeability

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

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 and Sustainability 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. Seasonality of Operations

Based on historical traffic in the NLEX and SCTEX, the month of January is slightly below the normal average due to the end of the Christmas holidays. From February to May, traffic is above the normal average due to the summer holiday, which is traditionally a peak season for travel. The months of June to August registered the lowest seasonal traffic due to the rainy season. Traffic is expected to improve from September until November, while the month of December has the highest seasonal traffic mainly due to the Christmas holidays.

4. Cash and Cash Equivalents

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash and cash equivalents	₱4,042,800,866	₱2,689,518,425
Short-term deposits	20,150,680	1,358,743,991
	₱4,062,951,546	₱4,048,262,416

For purposes of the interim condensed statements of cash flows for the three months ended March 31, 2024 and 2023, cash and cash equivalents as at March 31 comprise of the following:

	2024 (Unaudited)	2023
Cash on hand and in banks	₱4,042,800,866	₱3,843,736,576
Short-term deposits	20,150,680	3,789,319,334
	₱4,062,951,546	₱7,633,055,910

5. Financial assets at FVTPL

Details of this account are shown below:

	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Fair Value	Principal Amount	Fair Value	Principal Amount
Financial assets at FVTPL				
Short-term	₱2,315,308	₱1,921,954	₱2,288,629	₱1,921,954

The movements in this account follow:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	₱2,288,629	₱2,196,992
Changes in fair value taken to profit or loss	26,679	91,637
Balance at end of year	₱2,315,308	₱2,288,629

6. Receivables

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Advances to Department of Public Works and Highways (DPWH)	₱1,025,633,052	₱1,016,516,531
Trade receivables		
Related parties (see Note 13)	598,105,680	328,313,674
Third parties	8,484,704	4,347,025
Non-trade receivables		
Related parties (see Note 13)	419,574,580	398,705,122
Third parties	105,899,904	72,845,878
Receivables from motorists	89,290,077	87,803,911
Advances to officers and employees	55,233,501	56,171,523
Due from related parties (see Note 13)	11,915,894	11,915,894
Interest receivables	8,455,042	9,100,091
	2,322,592,434	1,985,719,649
Less allowance for doubtful accounts	87,279,435	80,979,435
	₱2,235,312,999	₱1,904,740,214

Trade receivables are noninterest-bearing and are generally on terms of 30 to 45 days.

Non-trade receivables are noninterest-bearing and are collectible within a year.

Advances to DPWH are noninterest-bearing used in acquiring right-of-way requirements of the projects in accordance with the Reimbursement Agreement between NLEX and DPWH.

Advances to officers and employees are normally collectible or liquidated on the following month.

Interest receivables are collectible within three to six months.

Movements in the allowance for doubtful accounts as at March 31, 2024 and December 31, 2023 are as follows:

	2024		
	Trade Receivables	Other Receivables	Total
Balance at beginning of year	₱35,171,165	₱45,808,270	₱80,979,435
Provision for doubtful accounts (see Note 19)	6,300,000	–	6,300,000
	₱41,471,165	₱45,808,270	₱87,279,435

	2023		
	Trade Receivables	Other Receivables	Total
Balance at beginning of year	₱3,936,375	₱ 43,492,940	₱ 47,429,315
Provision for doubtful accounts (see Note 20)	31,234,790	3,675,330	34,910,120
Write-off	–	(1,360,000)	(1,360,000)
	₱35,171,165	₱45,808,270	₱80,979,435

7. Service Concession Assets

The movements in this account follow:

	MNEP	SCTEX	NLEX-SLEX Connector Road	Total
Cost:				
At January 1, 2023	₱52,357,796,601	₱5,347,939,710	₱17,622,234,577	₱75,327,970,888
Additions	4,069,040,441	152,520,560	7,490,513,345	11,712,074,346
Reclassifications			(65,023,560)	(65,023,560)
At December 31, 2023	56,426,837,042	5,500,460,270	25,047,724,362	86,975,021,674
Additions	2,459,463,045	47,181,398	1,432,763,260	3,939,407,703
At March 31, 2024	₱58,886,300,087	₱5,547,641,668	₱26,480,487,622	₱90,914,429,377
Accumulated amortization:				
At January 1, 2023	₱12,091,126,757	₱555,094,466	₱–	₱12,646,231,223
Amortization	1,270,842,997	79,341,974	–	1,350,184,971
At December 31, 2023	13,361,979,754	634,436,440	–	13,996,416,194
Amortization (see Note 18)	373,355,468	20,850,085	–	394,205,554
At March 31, 2024	₱13,735,335,222	₱655,286,525	₱–	₱14,390,621,747
Net book value:				
At March 31, 2024	₱45,150,964,865	₱4,892,355,143	₱26,480,487,622	₱76,523,807,630
At December 31, 2023	43,064,857,288	4,866,023,830	25,047,724,362	72,978,605,480

MNEP

Additions for the three months ended March 31, 2024 pertain primarily to the construction costs of new bridges, Tulaoc pavement raising project, new toll plazas, enhancement of existing ones in certain areas of Phase I and RFID advance reading project with aggregate amount of ₱4,069.0 million. Borrowing costs capitalized amounted to ₱163.2 million and ₱92.2 million for the three months ended March 31, 2024 and March 31, 2023, respectively. The interest rate used to determine the amount of borrowing costs eligible for capitalization was 4.00% to 7.15%.

SCTEX

Additions in SCTEX mainly pertain to the mitigation of Pasig Potrero bridge and SCTEX Toll Plaza Expansion, construction of toll booths, and other technical upgrades.

NLEX-SLEX Connector Road

Additions in NLEX-SLEX Connector Road pertain mainly to construction costs and the accretion in the present value of periodic payments to DPWH in consideration for the acquisition of the right of way. Other additions include professional fees and general and administrative expenses. Capitalized borrowing costs and accretion of interest is P235.3 million and P220.1 million and P51.8 million and P53.8 million for the three months ended March 31, 2024 and March 31, 2023 respectively.

8. Property and Equipment

The movements in this account are as follows:

	Land	Building, Building Improvements and Leasehold Improvements	Transportation Equipment	Office Equipment and Others	Total
Cost:					
At January 1, 2023	P-	P235,683,993	P204,572,637	P616,741,033	P1,056,997,663
Additions	-	11,955,559	48,465,811	36,852,154	97,273,524
Disposals	-	(1,120,714)	(10,979,062)	(6,060,719)	(18,160,495)
Reclassification	65,023,560	-	-	(532,694)	64,490,866
At December 31, 2023	P65,023,560	P246,518,838	P242,059,386	P646,999,773	P1,200,601,557
Additions	-	5,487,142	7,429,886	44,080,659	56,997,687
Disposals	-	-	-	-	-
At March 31, 2024	P65,023,560	P252,005,980	P249,489,272	P691,080,432	P1,258,957,674
Accumulated depreciation:					
At January 1, 2023	P-	P112,815,724	P131,740,381	P469,398,958	P713,955,062
Depreciation	-	17,412,170	29,992,274	51,626,438	99,030,882
Disposals	-	(1,120,714)	(9,629,062)	(5,797,074)	(16,546,850)
At December 31, 2023	P-	P129,107,180	P152,103,593	P515,228,321	P796,439,094
Depreciation (see Notes 18 and 19)	-	4,105,886	7,369,213	9,406,577	20,881,676
Disposal	-	-	-	-	-
At March 31, 2024	P-	P133,213,066	P159,472,806	P524,634,898	P817,320,770
Net book value:					
At March 31, 2024	P65,023,560	P118,792,914	P90,016,466	P166,445,534	P440,278,474
At December 31, 2023	65,023,560	117,411,658	89,955,793	131,771,452	404,162,463

Additions to property and equipment as at March 31, 2024 and December 31, 2023 amounted to P57.0 million and P97.3 million, respectively.

As at March 31, 2024 and December 31, 2023, there are no items of property and equipment with lien or encumbrances or used as security of any outstanding loan.

9. Other Intangible Assets

Other intangible assets pertain to computer software relating to the Company's accounting, reporting and asset management systems with estimated useful life of 5 years. The movements in this account follow:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost:		
Balance at beginning of year	P208,347,614	P148,974,728
Additions	4,953,292	59,372,886
Balance at end of the period	213,300,906	208,347,614
Accumulated amortization:		
Balance at beginning of year	138,485,904	129,014,862
Amortization (see Notes 19 and 20)	362,840	9,471,042
Balance at end of the period	138,848,744	138,485,904
Net book value	P74,452,162	P69,861,710

10. Other Current Assets

Details of other current assets are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Deferred input VAT	P227,377,042	P189,920,958
Advances to contractors and consultants	198,959,625	171,343,425
Prepayments	119,213,717	120,103,508
Input VAT	14,758,174	14,758,174
Creditable withholding tax	11,228,691	9,530,197
	571,537,249	505,656,262
Less: Allowance for unclaimable input VAT	(14,758,174)	(14,758,174)
Allowance for non-recoverability of advances	(26,699,594)	(26,699,594)
	P530,079,481	P464,198,494

11. Accounts Payable and Other Current Liabilities

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Accrued Expenses		
Third parties	P3,109,722,577	P1,435,495,933
Related parties (see Notes 13)	610,581,252	713,605,531
Retention payable		
Third parties	723,791,188	637,994,524
Related parties (see Notes 13)	102,994,362	102,653,726
Trade Payables		
Third parties	439,614,868	814,901,867
Related parties (see Notes 13)	141,207,036	184,821,004
Output VAT - net	426,366,576	441,593,957
Interest payable	338,342,913	109,053,061
Withholding taxes payable	73,754,746	147,993,421
Deferred output VAT	61,441,758	59,899,357
Unearned revenue		
Third parties	12,397,371	12,397,371
Related parties (see Notes 13)	2,502,624	2,502,624
Others	157,517,152	150,834,362
	P6,200,234,423	P4,813,746,738

Accrued expenses consist of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Construction costs	P2,075,162,623	P662,675,180
Outside services	450,200,669	436,513,850
TRB fee	329,813,486	315,283,738
BCDA Revenue Share	218,463,778	231,941,047
PNCC fee	94,617,087	99,164,553
Operating and maintenance costs	84,689,085	84,591,318
Transportation and travel	75,359,503	67,462,802
Taxes and Licenses	73,544,265	-
Advertising and marketing expenses	40,868,688	51,790,012
Repairs and maintenance	38,014,643	47,528,475
Professional fees	17,886,451	21,100,067
Management fees	13,956,418	10,293,742
Toll collection and medical services	2,659,013	328,113
Project insurance	-	10,680,174
Others	205,068,120	109,748,393
	P3,720,303,829	P2,149,101,464

Trade payables and accrued expenses are noninterest-bearing and are normally settled within 30 to 45 days.

Retention payable is a percentage of the amount certified as due to the contractor on an interim certificate that is deducted from the amount due and retained by the Company. Retention payable is usually released at the end of the warranty period.

Output VAT - net pertains to net amount of VAT payable to taxation authority. Deferred output VAT is reported as output VAT upon collection of related receivables within the next reporting period. Withholding taxes and VAT payable are remitted to the government the following month.

Interest payable is settled within three to six months.

12. Provisions

The movements in this account follow:

	Heavy Maintenance	Others	Total
At January 1, 2023	P537,966,502	P112,938,679	P650,905,181
Additions	98,119,803	109,454,342	207,574,145
Accretion	29,589,233	-	29,589,233
Payments	(1,298,253)	(66,844,364)	(68,142,617)
Reversal	-	(12,887,249)	(12,887,249)
At December 31, 2023	664,377,285	142,661,408	807,038,693
Additions (see Notes 19 and 20)	177,261,119	10,197,946	187,459,065
Accretion (see Note 21)	10,359,915	-	10,359,915
Payments	(66,072,678)	(68,977,492)	(135,050,170)
At March 31, 2024	P785,925,641	P83,881,862	P869,807,503
At March 31, 2024:			
Current	P101,070,481	P50,456,304	P151,526,785
Noncurrent	684,855,160	33,425,558	718,280,718
	P785,925,641	P83,881,862	P869,807,503
At December 31, 2023:			
Current	P101,070,481	P109,235,850	P210,306,331
Noncurrent	563,306,804	33,425,558	596,732,362
	P664,377,285	P142,661,408	P807,038,693

Provision for heavy maintenance pertains to the present value of the estimated contractual obligations of the Company to maintain the service concession asset to a specified level of serviceability during the service concession term and to restore the same assets in good working condition prior to turnover of the assets to the Grantor at the end of the concession period. The amount of provision is reduced by the actual obligations paid for heavy maintenance of the service concession assets.

Other provisions include employee leave entitlements that is also expected to be settled beyond one year after the reporting date and the provision for unclaimable input VAT pertaining to the adjustment made to deduct the tax benefit on depreciation of capitalized input VAT.

13. Related Party Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

The following table provides the total amount of significant transactions with related parties for the relevant period:

Related Party	Relationship		Management Fees (see Note 19)	Professional Fee (see Note 19)	Outside Services (see Notes 18 and 19)	Repairs and Maintenance (see Notes 18 and 19)	Communication, Light and Water (see Notes 18 and 19)	Advertising and Marketing Expenses (see Notes 18 and 19)	Fuel & Oil, Transportation and Travel Expenses, Rental (see note 18)	Income from Utility Facilities (see Note 17)	Other Income
MPTC	Parent Company	2024	₱7,738,046	₱240,000	₱-	₱176,269	₱-	₱-	₱-	₱-	₱17,811,333
		2023	7,738,046	180,000	-	176,269	-	-	-	-	13,927,006
MPIC	Parent Company of MPTC	2024	-	-	-	-	-	64,478	-	-	-
		2023	-	-	-	-	-	-	-	-	-
MPTDI (formerly MPTMSI)	Subsidiary of MPTC	2024	-	-	19,362,861	-	-	-	-	-	1,745,938
		2023	-	-	19,362,861	-	-	-	-	-	1,580,035
Easytrip Services Corp. (ESC)	Joint Venture of MPT North	2024	-	-	69,353,821	-	-	11,977,857	-	-	485,809
		2023	-	-	88,502,371	-	-	7,107,765	-	-	-
Smart Communications Inc. (Smart)	Associate of FPC	2024	-	-	-	-	1,348,046	-	-	600,630	-
		2023	-	-	-	-	1,909,166	-	-	-	-
Egis Projects Philippines Inc.	Associate of FPC	2024	-	6,442,914	-	6,941,804	-	-	-	-	-
		2023	-	6,532,182	-	6,941,804	-	-	-	-	-
Indra Philippines Inc.	Associate of FPC	2024	-	-	-	12,959,859	-	-	-	-	-
		2023	-	-	-	11,772,295	-	-	-	-	-
PLDT	Associate of FPC	2024	-	-	-	-	2,172,792	-	-	899,126	-
		2023	-	-	-	-	2,085,465	-	-	2,415,918	-
Cavitex Infrastructure Corp (CIC)	Subsidiary of MPTC	2024	-	-	-	-	-	-	-	-	3,446,351
		2023	-	-	-	-	-	-	-	-	18,098,344
Cebu Cordova Link Expressway (CCLEC)	Subsidiary of MPTC	2024	-	-	-	-	-	-	-	-	699,898
		2023	-	-	-	-	-	-	-	-	506,764
Metro Pacific Tollways Vizmin (MPTVizmin)	Subsidiary of MPTC	2024	-	-	-	-	-	-	-	-	-
		2023	-	-	-	-	-	-	-	-	-

(Forward)

Related Party	Relationship		Management Fees (see Note 19)	Professional Fee (see Note 19)	Outside Services (see Notes 18 and 19)	Repairs and Maintenance (see Notes 18 and 19)	Communication, Light and Water (see Notes 18 and 19)	Advertising and Marketing Expenses (see Notes 18 and 19)	Fuel & Oil, Transportation and Travel Expenses, Rental (see note 18)	Income from Utility Facilities (see Note 17)	Other Income
SAVVICE Inc. (formerly Southbend Express Services)	Subsidiary of MPTC	2024	P-	P-	P124,086,789	P1,645,435	P579,352	P-	P10,584,744	P-	P828,506
		2023	-	-	129,508,204	104,302	-	-	14,909,146	-	-
MPT Mobility (formerly NLEX Ventures Corporation)	Subsidiary of MPTC	2024	-	-	31,108,784	-	-	-	-	-	5,711,120
		2023	-	-	21,123,160	-	-	-	-	-	3,358,732
Metro Pacific Tollways South Management Corp (MPTSMC)	Subsidiary of MPTC	2024	-	-	-	-	-	-	-	-	-
		2023	-	-	-	-	-	-	-	-	-
MPCALA Holdings Inc	Subsidiary of MPTNC	2024	-	-	-	-	-	-	-	-	10,490,497
		2023	-	-	-	-	-	-	-	-	8,309,444
Manila Electric Company (Meralco)	Associate of MPIC	2024	-	-	-	-	17,673,272	-	-	-	-
		2023	-	-	-	-	18,125,559	-	-	-	-
Maynilad	Associate of MPIC	2024	-	-	-	-	344,813	-	-	-	-
		2023	-	-	-	-	543,271	-	-	-	-
Total		2024	P7,738,046	P6,682,914	P243,912,255	P21,723,367	P22,118,275	P12,042,335	P10,584,744	P1,499,756	P41,219,452
		2023	7,738,046	6,712,182	258,496,596	18,994,670	22,663,461	7,107,765	14,909,146	2,415,918	45,780,325

Outstanding balances of receivables from/payables to related parties are carried in the statements of financial position under the following accounts:

Related Party	Relationship		Advances to Suppliers (see Note 11)	Receivables ⁽²⁾ (see Note 6)	Due from Related Parties ⁽¹⁾ (see Note 6)	Due to Affiliate ⁽²⁾ (see Note 12)	Accounts Payable and Other Current Liabilities and Dividends Payable ⁽²⁾	Terms	Conditions
							(see Notes 12 and 17)		
MPTC	Intermediate Parent Company	2024	P-	P74,656,024	P1,681,966	P-	P18,048,343	(1) On demand; noninterest-bearing	Unsecured; no impairment
		2023	-	65,308,532	1,681,966	-	1,991,317,835	(2) 30-45 days; noninterest-bearing	impairment
Metro Pacific Tollways South Management Corp.	Subsidiary of MPTSC	2024	-	370,287	377,544	-	13,212,718	On demand; noninterest-bearing	Unsecured; no impairment
		2023	-	370,287	377,544	-	13,212,718		
MPCALA Holdings, Inc. (MHI)	Subsidiary of MPTNC	2024	-	9,930,724	-	-	-	On demand; noninterest-bearing	Unsecured; no impairment
		2023	-	6,168,214	-	-	-		
CIC	Subsidiary of MPTC	2024	-	877,431	233,805	-	89,033	On demand; noninterest-bearing	Unsecured; no impairment
		2023	-	19,113,919	233,805	-	89,328		
ESC	Subsidiary of MPTC	2024	-	574,417,432	91,350	-	232,323,943	(1) On demand; noninterest-bearing	Unsecured; no impairment
		2023	-	295,749,191	91,350	-	245,936,583	(2) 7 days; noninterest-bearing	impairment
Indra	Associate of MPIC	2024	-	-	-	-	84,469,132	Within one year; noninterest-bearing	Unsecured, no impairment
		2023	-	-	-	-	98,713,518		
Smart	Associate of FPC	2024	-	1,838,614	-	-	2,173,817	30-45 days; noninterest-bearing	Unsecured; no impairment
		2023	3,181	1,652,764	-	-	2,201,880		
PLDT	Associate of FPC	2024	-	29,993,979	-	-	1,519,867	30-45 days; noninterest-bearing	Unsecured; no impairment
		2023	-	29,776,113	-	-	700,671		
Meralco	Associate of MPIC	2024	-	-	-	-	9,057,291	Within one year; noninterest-bearing	Unsecured, no impairment
		2023	17,977,322	-	-	-	10,006,499		
Maynilad	Subsidiary of MPIC	2024	85,890	335,517	65,237	-	118,745	Within one year; noninterest-bearing	Unsecured, no impairment
		2023	85,890	335,517	65,237	-	84,935		
MPTDI	Subsidiary of MPTC	2024	-	16,909,179	8,708,393	-	48,779,372	On demand; noninterest-bearing	Unsecured; no impairment
		2023	-	16,418,464	8,708,393	-	34,192,684		
MPT Mobility	Subsidiary of MPTC	2024	-	277,819,682	752,168	-	85,885,233	On demand; noninterest-bearing	Unsecured; no impairment
		2023	-	258,858,827	752,168	-	83,911,068		
Cebu Cordova Link Expressway Corporation	Subsidiary of MPTC	2024	-	3,250,845	5,431	-	544,853	On demand; noninterest-bearing	Unsecured; no impairment
		2023	-	2,572,183	5,431	-	544,853		
SAVVICE	Subsidiary of MPTC	2024	-	27,174,824	-	-	249,597,675	On demand; noninterest-bearing	Unsecured; no impairment
		2023	48,189,643	30,589,064	-	-	333,954,847		
MPIC	Parent Company of MPTC	2024	-	8,159	-	-	2,713,635	On demand; noninterest-bearing	Unsecured; no impairment
		2023	-	8,159	-	-	2,713,635		
MPTVizmin	Subsidiary of MPTC	2024	-	-	-	-	-	On demand; noninterest-bearing	Unsecured; no impairment
		2023	-	-	-	-	-		
EPPi	Associate of FPC	2024	-	97,562	-	-	98,911,983	On demand; noninterest-bearing	Unsecured; no impairment
		2023	-	97,562	-	-	106,223,427		
Egis Investment Partners Philippines, Inc. (EIPI)	Stockholder	2024	-	-	-	-	-	On demand; noninterest-bearing	Unsecured
		2023	-	-	-	-	284,587,672		
Banco de Oro Unibank, Inc. (BDO)	Stockholder	2024	-	-	-	-	9,839,634	On demand; noninterest-bearing	Unsecured
		2023	-	-	-	-	389,237,363		
Global Fund Holdings, Inc. (Global Fund)	Stockholder	2024	-	-	-	-	-	On demand; noninterest-bearing	Unsecured
		2023	-	-	-	-	109,191,951		
Republic of the Philippines	Stockholder	2024	-	-	-	-	-	On demand; noninterest-bearing	Unsecured
		2023	-	-	-	-	96,761,418		
Total		2024	P85,890	P1,017,680,279	P11,915,894	P-	P857,285,274		
		2023	66,256,036	727,018,796	11,915,894	-	3,803,582,885		

14. Short-term loans and Long-term Debt

Short-term Loans Payable

On November 6, 2023, NLEX Corp availed of 91-day short-term loans from Rizal Commercial Banking Corporation (RCBC) and Philippine National Bank (PNB) amounting to ₱2.0 billion and ₱1.0 billion, respectively, both with an annual interest rate of 6.0% and maturity date of February 5, 2024. The proceeds were used to bridge finance the Company's capital expenditures. These short-term loans were paid on their maturity dates.

On March 27, 2024, the Company availed of 90-day short-term loans from Metropolitan Bank and Trust Company (MBTC) and PNB amounting to ₱2.0 billion and ₱1.0 billion, respectively, both with an annual interest rate of 5.9% and maturity date of June 25, 2024. The proceeds were used to refinance its maturing loans and other general corporate purposes. Debt issue costs related to these drawdowns amounted to ₱5.5 million.

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Peso-denominated Notes and Loans:		
Corporate Notes	₱17,547,000,000	₱17,547,000,000
Term Loan Facilities	18,600,000,000	16,625,000,000
Fixed-rate Bonds	8,600,000,000	8,600,000,000
	44,747,000,000	42,772,000,000
Less: unamortized debt issue costs	226,549,886	243,475,560
	44,520,450,114	42,528,524,440
Less: current portion of long-term debt	6,947,076,555	6,890,034,589
	₱37,573,373,559	₱35,638,489,851

The unamortized debt issue costs incurred in connection with the availment of long-term debt amounting to ₱226.5 million and ₱243.5 million as at March 31, 2024 and December 31, 2023, respectively, were deducted against the long-term debt.

The movements in debt issue costs are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	₱243,475,560	₱ 273,460,256
Amortization during the year*(see Note 7 and 21)	(16,925,673)	(69,563,564)
Debt issue costs incurred during the year	-	39,578,868
Balance at end of period	₱226,549,887	₱243,475,560

*Includes amortization of debt issue costs capitalized to service concession assets amounting to ₱12,101,249 in 2024 and ₱52,915,359 in 2023.

2020 Corporate Notes Facility

On November 4, 2020, NLEX Corp. entered into a Corporate Notes Facility Agreement with various financial institutions for an unsecured note amounting to ₱20.0 billion (₱11.0 billion for Tranche A Facility and ₱9.0 billion for Tranche B Facility), with tenors ranging from 7 years (Tranche A) and 10 years (Tranche B). The noteholders for Tranche A are China Banking Corporation (CBC), Development Bank of the Philippines, KEB Hana Bank Manila Branch, Land Bank of the Philippines (LBP), and The Insular Life Assurance Company, Ltd. while the noteholders for Tranche B are CBC, LBP, Sun Life of Canada (Philippines) Inc., and United Coconut Planters Bank. The initial drawdown was made on November 11, 2020 amounting to ₱5.0 billion, of which, ₱2.75 billion refers to Tranche A while ₱2.25 billion refers to Tranche B.

The applicable interest rate for the initial drawdown for Tranche A (7-year tranche) was 4.040% from Issue Date until the day immediately prior to second (2nd) anniversary of the Initial Issue Date while for Tranche B (10-year tranche) was 4.293% from Issue Date until the day immediately prior to fifth (5th) anniversary of the Initial Issue Date. The proceeds will be primarily used to finance the NLEX Connector Road Project and other capital expenditures.

On March 26, 2021 until May 2, 2022, NLEX Corp. made subsequent drawdowns from ₱20.0 billion Corporate Notes Facility which were priced at prevailing market rates prior to drawdown date, ranging from 4.58% to 6.86% for Tranche A and 4.29% to 6.38% for Tranche B.

Term Loan Facilities

BDO Unibank Inc. On September 19, 2019, NLEX Corp. entered into a term loan facility agreement with BDO Unibank Inc. for a 10-year fixed-rate loan amounting to ₱5.0 billion. The proceeds of the loan will be used to partially finance the Company's capital expenditure projects.

By December 27, 2019, the Company has fully availed of the loan, with interest rates ranging from 4.73%. 5.21% p.a.

Unionbank of the Philippines (Unionbank). On January 29, 2016, NLEX Corp. entered into a new ten-year term loan facility agreement with Unionbank for a facility amount of ₱5.0 billion to finance capital expenditures which include Segment 10 and its exit ramps and the NLEX-SLEX Connector Road. On February 3 and December 29, 2016, NLEX Corp. made its initial and second drawdown amounting to ₱1.0 billion each. The undrawn amount will be available for drawing in one (1) or more availments on any banking day within one (1) year from July 24, 2015 with an extension period up to July 24, 2017, or such longer period as the parties may agree upon in writing. Total debt issue costs incurred on the initial and second drawdown amounted to ₱11.0 million.

On July 24, 2017, the Company opted not to extend the availability period of the undrawn amount of the term loan facility. On August 9, 2017, Unionbank, billed NLEX Corp. for the commitment fee of ₱12.1 million.

Interest payment shall be made quarterly until the date of maturity on February 3, 2026.

Metropolitan Bank and Trust Company (Metrobank). On November 11, 2022, the Company entered into a ₱7.0 billion, 10-year term loan agreement with Metrobank to finance its capital expenditures and other general corporate purposes. The loan is subject to intermediate re-pricing based on pre-agreed pricing options.

On November 16, 2022, the Company made an initial drawdown of ₱4.0 billion with an annual interest rate of 7.13%. On March 21, 2023, the Company made its second drawdown amounting to ₱3.0 billion with an annual interest rate of 7.50%.

Bank of the Philippine Islands (BPI). On December 18, 2023, the Company entered into a ₱10.0 billion, 10-year term loan agreement with BPI to finance partially fund its capital expenditures and refinance its maturing debt. The loan is subject to intermediate re-pricing based on pre-agreed pricing options.

On December 28, 2023, the Company made an initial drawdown of ₱2.0 billion with an annual interest rate of 6.57%. On February 2, 2024, the Company made its second drawdown amounting to ₱2.2 billion with an annual interest rate of 6.69%.

As at March 31, 2024, the loan facility has an undrawn balance of ₱5.8 billion which is available for drawdown until September 2024.

Fixed-rate Bonds

On March 31, 2014, the Company issued ₱4.4 billion principal amounts of fixed-rate bonds with a term of seven years at 5.07% per annum and ₱2.6 billion principal amounts of bonds with terms of ten years at 5.50% per annum, for public distribution and sale in the Philippines. Interest payments are payable quarterly in arrears on March 31, June 30, September 30 and December 31 starting on June 30, 2014. Total debt issue costs amounted to ₱76.0 million. The bonds are payable at the end of 7-year/10-year maturity periods. The proceeds will be used by the Company to partially fund the construction cost of Segment 10, portion of Phase II of MNEP, which will connect the MacArthur Highway in Valenzuela City to C-3 Road in Caloocan City.

On July 4, 2018, the Company issued ₱4.0 billion fixed-rate bonds with term of seven years at 6.6407% per annum and ₱2.0 billion with a term of ten years at 6.90% per annum, for public distribution and sale in the Philippines. Interest payments are payable quarterly in arrears on July 4, October 4, January 4 and April 4, starting on October 4, 2018.

The bonds will be payable at the end of the seven-year and ten-year maturity periods on July 4, 2025 and July 4, 2028, respectively. The proceeds will be used by the Company to partially fund the construction cost of Segment 10: C3-R10 Ramp Project, portion of Phase II of MNEP, which will connect the C-3 Road in Caloocan City to the R-10 in the Port area, and other general corporate purposes.

The bonds issued by the Company in 2014 and 2018 contain an early redemption option where the Company has the right, but not the obligation, to redeem in whole, and not in part, any series of the bonds before the relevant maturity dates. The early redemption option was assessed by the management as closely and clearly related to the host contract.

On maturity dates, NLEX Corp paid the fixed rate bonds issued on March 31, 2024. The 7-year tranche amounting to ₱4.4 billion was settled on March 31, 2021 while the 10-year tranche amounting to ₱2.6 billion was settled on April 1, 2024.

15. Service Concession Fees Payable

The movements in the service concession fees payable are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
At January 1	₱3,701,582,561	₱3,273,760,755
Accretion	51,774,336	217,515,473
Balance at end of period	3,753,356,897	₱3,701,582,561

16. Equity

Capital Stock

Details of shares of stock of the Company as at March 31, 2024 and December 31, 2023 follow:

	Number of Shares
Authorized - ₱100 par value	40,000,000
Issued	18,786,000

Cash dividends

The following cash dividends were declared as of March 31, 2024:

Declaration Date	Record Date	Payment Date	Cash Dividend per Share	Total
December 15, 2023	December 29, 2023	January 12, 2024	₱149.05	₱2,800,000,000
July 26, 2023	August 1, 2023	September 11, 2023	186.31	3,500,000,000
March 6, 2023	March 21, 2023	April 14, 2023	74.52	1,400,000,000
December 15, 2022	December 31, 2022	January 26, 2023	69.20	1,300,000,000

Other Comprehensive Loss Reserve

	Re-measurement of Defined Benefit Plan	Income Tax Related to Defined Benefit Plan	Total
Balance at January 1 and March 31, 2024	(P97,303,953)	(P5,146,822)	(P102,450,775)
	Re-measurement of Defined Benefit Plan	Income Tax Related to Defined Benefit Plan	Total
Balance at January 1, 2023	(P85,031,912)	(P6,987,628)	(P92,019,540)
Remeasurement loss (see Note 25)	(12,272,041)	1,840,806	(10,431,235)
Balance at December 31, 2023	(P97,303,953)	(P5,146,822)	(P102,450,775)

17. Non-Toll Revenue

Details of non-toll revenue follow:

	For Three Months Ended March 31	
	2024	2023
	<i>(Unaudited)</i>	
Income from toll service and utility facilities	P32,234,856	P41,621,704
	P32,234,856	P41,621,704

18. Cost of Services

This account consists of:

	Three Months Ended March 31	
	2024	2023
	<i>(Unaudited)</i>	
BCDA Revenue Share	P572,999,892	P487,502,191
Amortization of service concession assets (see Note 7)	394,205,554	333,292,855
PNCC fee (see Note 22)	275,201,407	258,492,028
Outside services (see Note 13)	265,795,272	306,139,303
Salaries and employee benefits	197,067,991	215,062,461
Provision for heavy maintenance (see Note 12)	177,261,119	80,916,218
Repairs and maintenance (see Note 13)	81,604,395	87,571,406
Insurance	39,693,715	35,543,872
Communication, light & water	28,099,045	33,345,084
Fuel & Oil (see Note 13)	22,635,305	26,835,110
Depreciation of property and equipment (see Note 8)	12,662,095	15,509,748
Advertising and promotions	12,026,670	7,159,908
Toll collection and medical services	5,460,000	3,869,075
Amortization of other intangible assets (see Note 9)	293,932	2,546,061
Others	62,683,049	37,020,763
	P2,147,689,441	P1,930,806,083

19. General and Administrative Expenses

This account consists of:

	Three Months Ended March 31	
	2024	2023
	<i>(Unaudited)</i>	
Taxes and licenses	P163,694,971	P129,411,508
Salaries and employee benefits	111,697,875	130,967,576
Professional fees	37,983,981	48,724,569
Outside services (see Note 13)	31,468,030	27,392,964
Advertising and marketing expenses	18,362,347	9,499,508

	Three Months Ended March 31	
	2024	2023
	<i>(Unaudited)</i>	
Provisions (see Note 12)	9,681,903	3,413,459
Depreciation of property and equipment (see Note 8)	8,219,581	8,311,468
Management fees (see Note 13)	7,738,046	7,738,046
Office supplies	5,287,626	3,032,986
Representation and travel	2,325,670	4,966,493
Training and development costs	1,740,455	2,046,723
Repairs and maintenance (see Note 13)	1,180,315	211,278
Rentals	722,825	794,947
Directors' fees	500,000	374,544
Communication, light & water	369,755	589,920
Amortization of other intangible assets (see Note 9)	68,908	135,872
Miscellaneous	1,721,217	13,190,526
	₱402,763,505	₱390,802,387

20. Interest Income

Sources of interest income follow:

	Three Months Ended March 31	
	2024	2023
	<i>(Unaudited)</i>	
Cash and cash equivalents	₱11,832,977	₱41,997,900
Others	-	-
	₱11,832,977	₱41,997,900

21. Interest Expense and Other Finance Costs

Sources of interest expense and other finance costs follow:

	Three Months Ended March 31	
	2024	2023
	<i>(Unaudited)</i>	
Interest expense on:		
Long-term debt (see Note 14)	₱272,302,975	₱257,599,188
Provision for heavy maintenance (see Note 12)	10,359,915	20,174,579
Finance costs:		
Amortization of debt issue costs (see Note 14)	5,564,151	4,112,891
Lenders' fees	1,080,565	2,946,911
Bank charges	35,106	15,335
	₱289,342,712	₱284,848,904

22. Significant Contracts and Commitments

PNCC Fee

In consideration of the assignment by PNCC of its usufructuary rights, interests and privileges under its franchise, PNCC is entitled to receive payment equivalent to 6% and 2% of the toll revenues from the NLEX and Segment 7, respectively. Any unpaid balance carried forward will accrue interest at the rate of the latest Philippine 91-day Treasury bill rate plus 1% per annum. This entitlement, as affirmed in the Amended and Restated Shareholders' Agreement (ARSA) dated September 30, 2004, shall be subordinated to operating expenses and the requirements of the financing agreements and shall be paid out subject to availability of funds. In December 2006, NLEX Corp. entered into a letter agreement with PNCC to set out the detailed procedure for payment.

The PNCC franchise expired in May 2007. However, since payment is a continuing obligation under the ARSA, NLEX Corp. continues to accrue and pay the PNCC entitlement.

In accordance with the TRB directive, 90% of the PNCC fee are to be remitted to the National Treasury through the TRB, while the balance of 10% to PNCC.

As of March 31, 2024 and 2023, the Company recorded PNCC fee amounting to ₱275.2 million and ₱258.5 million, respectively (see Note 18).

NLEX Harbor Link Port Extension to Anda Circle Project

On October 19, 2020, the recommendation of the Department of Public Works and Highways (DPWH) to Toll Regulatory Board (TRB) to implement the proposed Harbor Link Port Extension to Anda Circle Project of the Company has been approved. This project will be within the scope of the existing NLEX concession. The Company has been advised to proceed on the preparation, completion and submission of requirements, documents and processes that are necessary on the implementation of the project.

As at March 31, 2024, the Company is still waiting for the approval of the project's legal framework.

Construction of NLEX Connector Road

On November 5, 2019, the Company awarded an ₱8.0 billion contract to DM Consunji Inc. (DMCI) for the construction of the first section of the Connector Road. The contract covers the main civil works for the Caloocan to España Boulevard section.

On December 1, 2021, the Company awarded a ₱4.2 billion contract to China Road and Bridge Corporation for the construction of the second section of the Connector Road. The contract covers the main civil works for the España Boulevard to Sta. Mesa section.

As at March 31, 2024, the construction of NLEX-SLEX Connector Road Section 1 is 100% complete, while the construction of Section 2 is 84.78% complete.

Candaba Central Infill (3rd Viaduct)

On February 1, 2023, the Company entered into a ₱6.12 billion target cost contract with Leighton Contractors (Asia) Limited for the design and construction of the Candaba 3rd Viaduct Project over a period of 23 months. The project will entail the design and construction of a new five-km viaduct along the Candaba Viaduct. The Project has been approved by the TRB last June 2022 based on the preliminary cost estimate.

In January 2023, after completing the competitive selection of contractor with the most responsive preliminary engineering design (PED) and costing, the Company submitted an updated supplemental project information memorandum to the TRB. This incorporates the actual bid price of the preferred contractor and the corresponding investment recovery scheme in the form of an add-on toll in the closed system of NLEX.

As at March 31, 2024, the construction of Candaba Central Infill (3rd Viaduct) is 57.86% complete.

Toll Collection Interoperability Agreement

On September 15, 2017, NLEX Corp., together with together with San Miguel Holdings Corporation, Private Infra Development Corporation, Citra Metro Manila Tollways Corporation, Skyway O&M Corporation, Citra Central Expressway Corporation, Vertex Tollways Development Incorporation, South Luzon Tollways Corporation, Manila Toll Expressway Systems Incorporated, Star Infrastructure Development Corporation, Star Tollway Corporation, MPTC, CIC, MHI, BCDA, Ayala Corporation, MCX Tollway, Inc., Department of Transportation, DPWH, and Land Transportation Office, has signed the MOA for Toll Collection Interoperability with TRB; whereby the concessionaires or facility operators agreed to timely, smoothly, and fairly implement the interoperability of the electronic toll collection systems and cash payment systems of the covered expressways and of future toll expressways, consistent with and subject to the concessionaires and operators' respective concession agreements, toll operations agreements, and supplemental toll operations agreement, as applicable.

The agreement will be implemented in two phases and to be operationalized within twelve (12) months from signing of the MOA. The first phase covers electronic collection interoperability, while the second phase covers cash collection interoperability. As at March 31, 2024, the implementation is still in progress.

Traffic Management Memorandum of Agreement

On January 18, 2006, NLEX Corp., DPWH and the City of Valenzuela entered into a memorandum of agreement to develop a traffic engineering management plan in coordination and cooperation with other government agencies and local government units and to address traffic build-up and congestion within the Valenzuela interchange. Under the MOA, DPWH shall improve pavements and construct road widening while NLEX Corp and Valenzuela City shall implement measures such as improvement of pedestrian barriers, crossing markings and road signs, deployment of traffic enforcers, clearing of sidewalks.

On July 9, 2019, NLEX Corp. renewed its agreement with the City Government of San Fernando, Pampanga. Under the agreement, both parties shall adopt and execute the agreed traffic management plan to address the traffic situation within the territorial jurisdiction of San Fernando, Pampanga.

On June 29, 2020, NLEX Corp. renewed its memorandum of agreement with City Government of Meycauayan to address the traffic situation within the territorial jurisdiction of Meycauayan City.

On November 23, 2020, the officials of NLEX Corp. and City of Angeles Pampanga entered into a memorandum of agreement to address the traffic situation within the Angeles Interchange. Under the MOA, both parties shall implement measures around the traffic management zone which include the deployment of traffic personnel, improvement of service time at the toll plaza, clearing of sidewalks, and prohibition of illegal parking, loading/unloading and jaywalking affecting the NLEX traffic flow.

23. Financial Assets and Financial Liabilities

Fair values

A comparison of carrying and fair values of all of the Company's financial instruments other than those with carrying amounts that are reasonable approximate of fair values, by category as at March 31, 2024 and December 31, 2023 is as follows:

	March 31, 2024		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Asset				
Financial Assets at FVTPL:				
Unit investment trust fund	P2,315,308	P2,315,308	P2,288,629	P2,288,629
	P2,315,308	P2,315,308	P2,288,629	P2,288,629
Financial Liability				
Other financial liability:				
Long-term debt	P44,520,450,114	P43,382,926,872	P42,528,524,440	P41,241,623,095
Service concession fee payable	3,753,356,897	1,698,423,380	3,701,582,561	1,995,769,628
	P48,273,807,011	P45,081,350,252	P46,230,107,001	P43,237,392,723

The management assessed that the fair values of cash and cash equivalents, receivables, restricted cash, accounts payable and other current liabilities, and dividends payable approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

Investments in UITFs

Fair value of investments in UITFs is determined based on published net asset value per share (NAVPS). NAVPS is computed as total assets of the fund less total liabilities over the total units outstanding as of the end of the reporting period. The funds are primarily invested in quoted securities in various industries and quoted government securities.

Long-term Debt

For fixed rate peso-denominated notes and loans, except the fixed-rate bonds where the fair value is based on its quoted market price as at March 31, 2024 and December 31, 2023, estimated fair value is based on the discounted value of future cash flows using the prevailing peso interest rates. In 2024 and 2023 the prevailing peso interest rates ranged from 5.83% to 6.44% and 5.12% to 7.22%.

Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

	March 31, 2024	Level 1	Level 2	Level 3
Assets measured at fair value:				
Financial assets at FVTPL:				
UITF	₱2,315,308	₱-	₱2,315,308	₱-
Liabilities for which fair values are disclosed:				
Other financial liabilities:				
Long-term debt				
Fixed-rate bonds	₱8,977,230,968	₱8,977,230,968	₱-	₱-
Peso-denominated notes and loans	34,405,695,904	-	34,405,695,904	-
Service concession fee payable	1,698,423,380	-	-	1,698,423,380
	₱45,081,350,252	₱8,682,053,844	₱34,405,695,904	₱1,698,423,380

	2023	Level 1	Level 2	Level 3
Assets Measured at Fair Value				
Financial assets at FVTPL:				
Investments in UITFs	₱2,288,629	₱-	₱2,288,629	₱-
Liabilities for which Fair Values are Disclosed				
Other financial liabilities:				
Long-term debt				
Fixed-rate bonds	₱8,682,053,844	₱8,682,053,844	₱-	₱-
Peso-denominated notes and loans	32,559,569,251	-	32,559,569,251	-
Service concession fees payable	1,698,423,380	-	-	1,995,769,628
	₱43,237,392,723	₱8,682,053,844	₱32,559,569,251	₱1,995,769,628

During the periods ended March 31, 2024 and December 31, 2023, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

24. Contingencies and Others

a. VAT

NLEX Corp. received the following VAT assessments from the BIR:

- The BIR issued a Formal Letter of Demand on March 16, 2009 requesting NLEX Corp. to pay deficiency VAT plus penalties amounting to ₱1,010.5 million for taxable year 2006.
- A Final Assessment Notice was received from the BIR dated November 15, 2009 assessing NLEX Corp. deficiency VAT plus penalties amounting to ₱584.6 million for taxable year 2007.
- The BIR issued a Notice of Informal Conference dated October 5, 2009 assessing NLEX Corp. for deficiency VAT plus penalties amounting to ₱470.9 million for taxable year 2008. On May 21, 2010, the BIR issued another notice increasing the deficiency VAT for taxable year 2008 to ₱1,209.2 million (including penalties). On June 11, 2010, NLEX Corp. filed its Position Paper with the BIR reiterating its claim that it is not subject to VAT on toll fees.
- The BIR issued a Notice of Informal Conference on May 21, 2010 assessing NLEX Corp. deficiency VAT plus penalties amounting to ₱1,026.6 million for taxable year 2009. On June 11, 2010, NLEX Corp. filed its Position Paper with the BIR reiterating its claim that it is not subject to VAT on toll fees.

On April 3, 2014, the BIR accepted and approved NLEX Corp.'s application for abatement and issued a Certificate of Approval for the cancellation of the basic output tax, interest and compromise penalty amounting to ₱1,010.5 million and ₱584.6 million for taxable years 2006 and 2007, respectively. As at March 31, 2024, the VAT assessments for taxable years 2008 and 2009 remain pending with the BIR and there were no abatements made for these assessments.

Notwithstanding the foregoing, management believes, in consultation with its legal counsel, that in any event, the STOA amongst NLEX Corp., ROP, acting by and through the TRB, and PNCC, provides NLEX Corp. with legal recourse in order to protect its lawful interests in case there is a change in existing laws which makes the performance by NLEX Corp. of its obligations materially more expensive.

b. RPT

In July 2008 and April 2013, NLEX Corp filed Petitions for Review under Section 226 of the Local Government Code with the Local Board of Assessment Appeals of the Province of Bulacan seeking to declare as null and void tax declarations issued by the Provincial Assessor of the Province of Bulacan. The said tax declarations were issued in the name of NLEX Corp as owner/administrator/beneficial user of the NLEX and categorized the NLEX as a commercial property subject to real property tax. NLEX Corp argues that NLEX is property of the public dominion and exempt from RPT. The cases are pending as of March 31, 2024.

In September 2013, NLEX Corp. received notices of realty tax delinquencies for the years 2006 to 2012 and 2013 issued by the Provincial Treasurer of Bulacan stating that if NLEX Corp fails to pay or remit the alleged delinquent taxes, the remedies provided for under the law for the collection of delinquent taxes shall be applied to enforce collection. On September 27, 2013, the Bureau of Local Government Finance of the Department of Finance wrote a letter to the Province of Bulacan advising it to hold in abeyance any further course of action pertaining to the alleged real property tax delinquency. In January 2017, the Provincial Treasurer of Bulacan issued a notice of realty tax delinquencies of ₱459M for the years 2006 to 2017 stating that it could apply the remedies provided under the law for the collection of delinquent taxes. The matter is pending as of March 31, 2024.

In December 2023 and January 2024, NLEX Corp. received notices of tax assessment with tax declarations for the year 2023 and 2024 issued by the Municipal Assessor Office of the Municipality of Guiguinto, Bulacan for the properties located in Municipality of Guiguinto Bulacan. On January 31, 2024, NLEX Corp. filed with LBAA, Province of Bulacan a Petition for Annulment of Assessment of Real Properties. On February 12, 2024, the Respondents filed its Opposition to NLEX Corp.'s Petition. The LBAA rules provides for the suppletory application of the Rules of Court. Thus, NLEX Corp. need not to file a reply as Respondent's allegations are deemed controverted. The case is pending as of March 31, 2024.

The outcome of the claims on RPT cannot be presently determined. Management believes that these claims will not have a significant impact on NLEX Corp.'s consolidated financial statements. Management and its legal counsel also believe that the STOA also provides NLEX Corp. with legal recourse in order to protect its lawful interests in case there is a change in existing laws which makes the performance by NLEX Corp. of its obligations materially more expensive.

c. Local Business Taxes (LBT)

In March 2019, TMC filed an application for cessation of its business operations in Caloocan City pursuant to its merger with NLEX Corp. In April 2019, NLEX Corp received an assessment for alleged deficiency local business taxes for taxable year 2018 in the total amount of ₱13.4 million. In June 2019, NLEX Corp filed its protest on the assessment. Due to the inaction of the Office of the City Treasurer, in September 2019, NLEX Corp filed a complaint for annulment of the assessment with the Regional Trial Court of Caloocan City with a claim for refund in the amount of ₱5.4 million, representing excess LBT paid for taxable year 2018. The parties submitted their respective memoranda. On June 7, 2023, the Regional Trial Court of Caloocan City issued a decision dismissing the NLEX Corp complaint and ruled in favor of the City of Caloocan. On August 2, 2023, NLEX Corp. filed a motion for reconsideration while the City of Caloocan filed its opposition to NLEX Corp's motion for reconsideration on September 5, 2023.

On September 11, 2023, NLEX Corp filed a motion to admit with reply with the Regional Trial Court of Caloocan City. On October 31, 2023, the Regional Trial Court of Caloocan City denied the NLEX's Motion for Reconsideration. Hence, on December 7, 2023, NLEX Corp. filed a Petition for Review with the Court of Tax Appeals ("CTA"). On March 19, 2024, the CTA issued a Resolution directing the parties to file their respective Memoranda. The case is pending with the CTA as of March 31, 2024.

In September 2019, the Business Permit and Licensing Office ("BPLO") of the City of Valenzuela issued a demand to pay billing statement for alleged deficiency local business tax amounting to ₱47.8 million. Subsequently, the BPLO cancelled the initial billing and issued a revised assessment for alleged deficiency local business taxes in the reduced amount of ₱26.5 million. In November 2019, NLEX Corp paid the reduced amount under protest. In January 2020, NLEX Corp filed its protest with a claim for refund of the revised assessment. Due to the inaction of the Office of the City Treasurer, NLEX Corp filed a complaint for annulment of the assessment with the Regional Trial Court of Caloocan City. In April 2023, NLEX Corp received the Regional Trial Court's decision dated March 13, 2023 granting the refund of the ₱22.8M representing revenues from toll services. The refund of the ₱3M portion pertaining to signage services was denied on the ground of lack of jurisdiction. NLEX Corp and the City of Valenzuela filed their respective partial motion for reconsideration. In May 2023, the Regional Trial Court issued an order denying NLEX Corp's and the City of Valenzuela's respective partial motion for reconsideration. In June 2023, the City of Valenzuela filed a petition for review before the Court of Tax Appeals ("CTA"), which was docketed as CTA Case No. 296 while in July 2023, NLEX Corp filed a petition for review before the CTA which was docketed as CTA Case No. 297. On August 22, 2023, the City of Valenzuela filed its comment/opposition to the petition filed by NLEX Corp. On August 23, 2023, NLEX Corp filed with the CTA a motion for consolidation of the CTA Case Nos. 296 and 297. On August 30, 2023, the CTA issued a resolution for CTA Case No. 296 directing NLEX Corp. to file a comment to the petition filed by the City of Valenzuela and a resolution for CTA Case No. 297 directing the parties to submit their respective memoranda. The City of Valenzuela was ordered in the CTA's resolution for CTA Case No. 296 to file its comment to the motion for consolidation of the CTA Case Nos. 296 and

297. On October 9, 2023, NLEX Corp filed its memorandum in CTA Case No. 297. On October 16, 2023, NLEX Corp filed its comment to the petition filed by the City of Valenzuela. On November 15, 2023, the CTA issued a Minute of Resolution, noting the Comment/Opposition filed by the City of Valenzuela to NLEX Motion to Consolidate. On February 1, 2024, the CTA, issued a Notice of Resolution, denying the NLEX Corp.'s Motion for Consolidation for being moot and academic considering that the CTA Case No. 297 was deemed submitted for decision last November 20, 2023. CTA Case Nos. 296 and 297 are both pending with the CTA for decision as of March 31, 2024.

In November 2019, the City Treasurer of Valenzuela issued to NLEX Corp an assessment for alleged deficiency LBT for the years 2013 to 2019 in the amount of ₱9.9 million. The assessment pertains to the imposition of LBT on the VAT component of NLEX Corp's gross receipts for the said years. In November 2019, NLEX Corp timely filed its protest to the assessment. The City Treasurer of Valenzuela failed to act on the protest filed by NLEX Corp within the period provided in the Local Government Code. Hence, in February 2020, NLEX Corp filed a complaint for the annulment of the assessment with the Regional Trial Court of Valenzuela City. The Regional Trial Court issued a decision cancelling and setting aside the deficiency assessment. The City of Valenzuela filed a motion for reconsideration but the trial court issued a resolution denying the motion for reconsideration. In April 2023, the City of Valenzuela filed a petition for review with the CTA, while NLEX Corp filed its comment to the City of Valenzuela's petition on August 24, 2023. On September 12, 2023, the CTA issued a resolution ordering NLEX Corp to file a Memorandum. On October 12, 2023, NLEX Corp filed a Memorandum. On November 23, 2023, the City of Valenzuela filed its Memorandum with the CTA. The case is submitted for resolution as both parties have filed their respective Memorandum. The case is pending with CTA as of March 31, 2024.

d. Toll Rate Adjustments

In June 2012, NLEX Corp, as petitioner-applicant, filed a Petition for Approval of Periodic Toll Rate Adjustment with the Toll Regulatory Board (TRB) praying for the adjustment of the toll rates for the NLEX, effective January 1, 2013 (2012 Petition).

In September 2014, NLEX Corp, as petitioner-applicant, filed a Petition for Approval of Periodic Toll Rate Adjustment with the TRB praying for the adjustment of the toll rate for the NLEX, effective January 1, 2015 (2014 Petition).

On September 30, 2016, NLEX Corp as petitioner-applicant, filed a Petition for Approval of Periodic Toll Rate Adjustment with the TRB praying for the adjustment of the toll rate for the NLEX effective January 1, 2017 (2016 Petition).

On September 28, 2018, NLEX Corp as petitioner-applicant, filed a Petition for Approval of Periodic Toll Rate Adjustment with the TRB praying for the adjustment of the toll rate for the NLEX effective January 1, 2019 (2018 Petition).

On September 30, 2020, NLEX Corp as petitioner-applicant, filed a Petition for Approval of Periodic Toll Rate Adjustment with the TRB praying for the adjustment of the toll rate for the NLEX effective January 1, 2019 (2020 Petition).

On September 23, 2022, NLEX Corp as petitioner-applicant, filed a Petition for Approval of Periodic Toll Rate Adjustment with the TRB praying for the adjustment of the toll rate for the NLEX effective January 1, 2023 (2022 Petition).

On October 27, 2015, NLEX Corp was granted the right and obligation to manage, operate, and maintain the SCTEX under the terms of the Business Agreement between NLEX Corp. and BCDA. Under the agreements covering the SCTEX, toll rate adjustment petitions shall be filed with the TRB yearly. Prior to October 27, 2015, the BCDA filed petitions for toll rate adjustment effective in 2012, 2013, and 2015 (SCTEX Petitions). Thereafter, on September 29, 2016 (2016 SCTEX Petition), September 30, 2020 (2020 SCTEX Petition), and September 28, 2022 (2022 SCTEX Petition), NLEX Corp, as petitioner-applicant, filed a petition for toll rate adjustment effective January 1, 2017, January 1, 2021, and January 1, 2023, respectively.

On January 22, 2019, NLEX Corp as petitioner-applicant, filed a Petition for Implementation of Approved Adjustment to Authorized Toll Rates with Application for Provisional Relief with the TRB praying for the adjustment of the toll rate for the NLEX Open System effective February 15, 2019 upon completion of the NLEX Harbor Link Project (NLEX Segments 9 and 10) (Segment 10 Add-on Toll Rate Petition).

On June 6, 2020, NLEX Corp. as petitioner-applicant, filed an Amended Petition for Implementation of Approved Adjustment to Authorized Toll Rates with Application for Provisional Relief with the TRB praying for the adjustment of the toll rate for the substantially completed Segment 10: C3-R10 Section (C3-R10 Add-on Toll Rate Petition).

On February 18, 2021, NLEX Corp. as petitioner-applicant, filed a Petition for Implementation of Adjustment to Authorized Toll Rates with Application for Provisional Relief with the TRB praying for the adjustment of the toll rate for the substantially completed expansion of NLEX Segment 7 and San Fernando Interchange (NLEX Lane Widening Phase 2 Add-on Toll Rate Petition).

2012 and 2014 Petitions

On February 15, 2019, NLEX Corp received a Consolidated Resolution dated October 2018 issued by the TRB which approved and allowed NLEX Corp. to implement the toll rate adjustment indicated therein on a staggered basis in 2018, 2020, 2021, and 2023. On March 20, 2019, the TRB issued a Notice to Start Collection of the first tranche effective March 21, 2019. On September 30, 2020, NLEX Corp filed with the TRB a Manifestation of Compliance stating the completion of publication of the toll fee matrix with the second tranche and praying for the issuance of a Notice to Start Collection. On October 9, 2020, the TRB issued a Notice to Start Collection of the second tranche effective immediately. On May 6, 2021, the TRB issued a Notice to Start Collection of the third tranche. On February 7, 2023, the TRB issued a Notice to Start Collection of the fourth tranche. On June 15, 2023, NLEX Corp implemented the fourth and last tranche of the periodic toll rate adjustments.

2016 Petition

On January 6, 2022, NLEX Corp received a Resolution dated July 2021 issued by the TRB which approved and allowed NLEX Corp to implement the toll rate adjustments indicated therein on a date not earlier than January 1, 2022 to protect the general welfare. The TRB directed NLEX Corporation to cause the publication of the adjusted authorized toll rates in a newspaper of general circulation prior to the issuance of a Notice to Start Collection. On March 22, 2022, the TRB issued a Notice to Start Collection. On May 12, 2022, NLEX Corp implemented the periodic toll rate adjustment.

2018 and 2020 Petitions

On April 17, 2023, NLEX Corp received a Consolidated Resolution dated February 16, 2023 issued by the TRB which approved and allowed NLEX Corp to implement the provisional toll rate adjustments in the said 2018 and 2020 Petitions on a staggered basis, equally distributed in two tranches for the years 2023 and 2024, not earlier than April 1, 2023. On May 25, 2023, the TRB issued a Notice to Start Collection. On June 15, 2023, NLEX Corp implemented the first tranche of the periodic toll rate adjustments. On March 18, 2024, NLEX Corp filed with the TRB an Urgent Motion for Implementation of the Second Tranche of Provisionally Approved Toll Rate Adjustment.

2022 Petition

NLEX Corp has yet to receive regulatory approval for this Petition.

Segment 10 Add-on Toll Rate Petition

On March 5, 2019, the TRB issued a letter to NLEX Corp stating that the TRB (a) conditionally approved the subject Petition and granted NLEX Corp. provisional authority to collect the add-on tolls for the Open System of the NLEX and (b) allowing the implementation of the new authorized toll price for the NLEX (Integrated Toll Fee Matrix) which is attached to the said letter. The Integrated Toll Fee Matrix includes both: (a) the first tranche of the approved adjusted toll rates in the 2012 and 2014 Petitions stated in the TRB's Consolidated Resolution dated October 2018; and (b) the provisionally approved add-on toll rates in the Segment 10

Add-on Toll Rate Petition. On March 20, 2019, the TRB issued a Notice to Start Collection effective March 21, 2019.

C3-R10 Add-on Toll Rate Petition

On August 5, 2020, the TRB issued a Resolution which provisionally approved and allowed NLEX Corp to implement the add-on toll for the Open System subject of the Petition. On November 20, 2020, the TRB issued a Notice to Start Collection effective November 23, 2020.

NLEX Lane Widening Phase 2 Add-on Toll Rate Petition

On October 21, 2021, the TRB issued a Notice to Start Collection of the provisional add-on toll for the Closed System. On May 12, 2022, NLEX Corp implemented the add-on toll rate adjustment.

SCTEX Petitions

On June 14, 2019, NLEX Corp implemented the Petition for Periodic Toll Rate Adjustment effective 2012 in the SCTEX. On June 1, 2022, NLEX Corp implemented the 2020 SCTEX Petition effective 2017 in the SCTEX.

2020 and 2022 SCTEX Petitions

On July 5, 2023, NLEX Corp received a Consolidated Resolution dated April 24, 2023 issued by the TRB which approved and allowed NLEX Corp to implement the provisional toll rate adjustments in the 2020 and 2022 SCTEX Petitions on a staggered basis, in three (3) tranches, equally distributed for the years 2023, 2024 and 2025, not earlier than July 1, 2023. On August 15, 2023, the TRB issued a Notice to Start Collection of the first tranche. On October 17, 2023, NLEX Corp implemented the first tranche of the periodic toll rate adjustments.

2023 SCTEX Petition

On September 28, 2023, NLEX Corp filed a Petition for Periodic Toll Rate Adjustment effective 2024. NLEX Corp has yet to receive regulatory approval for this Petition.

NLEX - SLEX Connector Road Project Petition

On March 9, 2023, NLEX Corp filed a Petition for the Implementation of the Fractional Initial Base Toll for Section 1 of the NLEX - SLEX Connector Road Project with application for Provisional Relief with the TRB (Connector Section 1 Petition). On July 3, 2023, NLEX Corp received the TRB Notice to Start Collection for the provisional Fractional Opening Base Toll Rate for Section 1 of the NLEX - SLEX Connector Road Project which shall take effect immediately. On July 20, 2023, the TRB issued an Order directing NLEX Corp to publish in full the contents of the Connector Section 1 Petition, along with the applicable toll fee matrix, in a newspaper of general circulation at least once a week for three (3) consecutive weeks. On August 8, 2023, NLEX Corp filed a Manifestation of Compliance of its full and complete compliance with the TRB Order dated July 20, 2023. On August 8, 2023, NLEX Corp implemented the provisional Fractional Initial Toll for Section 1 of the NLEX - SLEX Connector Road Project. On November 6, 2023, NLEX Corp filed a Supplemental Petition for Implementation of the Updated Fractional Initial Base Toll for Section 1 and the Commercially Operable Portion of Section 2 of the NLEX- SLEX Connector Road Project. NLEX Corp has yet to receive regulatory approval for this Supplemental Petition.

- e. *Garlitos, Jr. vs. Bases Conversion and Development Authority, NLEX Corporation and the Executive Secretary, SC* (G.R. No. 217001)

Atty. Onofre G. Garlitos, Jr. filed with the Supreme Court a Petition for Prohibition and Mandamus with Prayer for Issuance of Temporary Restraining Order and/or Writ of Preliminary Injunction dated March 17, 2015 against the BCDA, NLEX Corp, and the Executive Secretary. The Petition prays that (a) a writ of preliminary mandatory and prohibitory injunction be issued enjoining the BCDA, NLEX Corp, and Executive Secretary from proceeding with the SCTEX project and compelling the BCDA to rebid the SCTEX operation and maintenance project, and (b) an order be issued (i) annulling the bidding procedure, direct negotiations, and the Price Challenge conducted by the BCDA, and the Concession Agreement, Business and Operating Agreement, and all subsequent amendments and modifications thereto and (ii) compelling the BCDA to rebid the operation and maintenance of the SCTEX.

NLEX Corp filed its comment praying that the Petition be denied. The BCDA, through the Office of the Government Corporate Counsel, and the Executive Secretary, through the OSG, also filed their respective Comment praying that the Petition be denied due course and dismissed for lack of merit. In November and December 2015, the petitioner filed a Manifestation and Motion to Resolve Prayer for TRO and/ or Writ of Preliminary Injunction. On July 4, 2016, the Supreme Court issued a Resolution noting the Manifestations of the petitioner. In February 2020, the Supreme Court issued a Notice that petitioner's counsel had failed to pay the ₱1,000 fine due to his failure to comply with a show cause resolution for non-filing of a consolidated reply to the separate comments of the Executive Secretary and BCDA. In July 2020, the Supreme Court issued another Notice for the petitioner's counsel to pay an increased fine of P2,000 and to comply with the resolution to file a consolidated reply to the separate comments of the Executive Secretary and BCDA. On October 28, 2020, NLEX Corp's counsel received from BCDA's counsel a Motion for Leave to File Manifestation with Motion for Submission for Resolution dated October 1, 2020. In a Resolution dated January 27, 2021, the Supreme Court noted the notice of withdrawal of petitioner's counsel. In a Resolution dated 28 March 2022, the Supreme Court (a) imposed upon petitioner's (withdrawing) counsel an additional fine which, together with the original fine, shall be paid to the Supreme Court and (b) ordered petitioner's (withdrawing) counsel to submit a consolidated reply to the separate comments of the Executive Secretary and BCDA. The case is pending as of March 31, 2024.

- f. *Arbitration and Petition for Recognition and Enforcement of a Foreign Arbitral Award*

In August 2015, NLEX Corp wrote the ROP, acting by and through the TRB, a Final Demand for Compensation (Final Demand) based on the 2012 and 2014 petitions for overdue toll rate adjustments (Petitions) pursuant to the parties' STOA dated April 30, 1998.

In the Final Demand, NLEX Corp stated that the ROP's/TRB's refusal to act on, and grant, the 2012 and 2014 Petitions violates both the express STOA provisions on the matter and the basic principles of obligations and contracts, to the prejudice of NLEX Corp which has continuously relied in good faith on the ROP's/TRB's timely performance of their express obligations and undertakings under the STOA and the applicable laws.

In view of the failure of the ROP/TRB to heed the Final Demand, NLEX Corp sent a Notice of Dispute to the ROP/TRB dated September 11, 2015 invoking STOA Clause 19 (Settlement of Disputes). On April 4, 2016, NLEX Corp was constrained to issue a Notice of Arbitration and Statement of Claim to the ROP/TRB to preserve its rights under the STOA.

On June 24 to 27, 2019, the arbitration hearings were held in Singapore. In August 2019, NLEX Corp and the ROP/TRB submitted their respective Post-Hearing Briefs.

On September 7, 2021, NLEX Corp received notice of the ruling of the Arbitral Tribunal. While the Arbitral Tribunal ruled that it has jurisdiction over the claims presented by NLEX Corp, the Arbitral Tribunal held that under the factual circumstances of the case, the TRB is not liable for unreasonable delay on the petitions for toll rate adjustment filed in 2012 and 2014 (2012 and 2014 Petitions). The rejection of the claim is without prejudice to further review by the TRB of the said petitions. The Arbitral Tribunal also noted that the TRB already decided on the 2012 and 2014 Petitions when the TRB issued its resolution in 2018 approving an upward adjustment in the toll rates in NLEX, which have been implemented since March 2019. Based on the foregoing, the Tribunal also denied NLEX Corp's claim for damages. The Arbitral Tribunal also ruled that each Party will bear the costs of arbitration in equal shares and will bear their own costs of legal representation and assistance.

NLEX Corp respects the decision of the Arbitral Tribunal and will continue to work with the TRB on pending toll rate petitions.

Meanwhile, the ROP/TRB filed a petition for recognition and enforcement of a foreign arbitral award dated February 2, 2022 (Petition) with the Regional Trial Court (RTC). On May 12, 2022, NLEX Corp received the RTC's Order dated April 21, 2022 (Order), with the Petition attached to the Order, requiring it to file its opposition to the Petition. On June 13, 2022, NLEX Corp filed its opposition and prayed that the RTC deny the Petition insofar as it pertains to a particular paragraph of the foreign arbitral award's dispositive portion. On January 19, 2023, the RTC issued its Decision dated December 23, 2022 recognizing and enforcing in the Philippines the final award rendered in Singapore. On February 2, 2023, NLEX Corp filed a manifestation ad cautelam stating that even as NLEX Corp takes respectful exception to the grant of the Petition, it does not need to and will not file either a motion for reconsideration of, or an appeal from, the Decision. On March 31, 2023, the RTC issued a Certificate of Finality and Entry of Judgment. The Decision has been recorded in the Book of Entries of Judgements.

- g. NLEX Corp. is also a party to other cases and claims arising from the ordinary course of business filed by third parties which are either pending decisions by the courts or are subject to settlement agreements. The outcome of these claims cannot be presently determined. In the opinion of management and the Company's legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material adverse effect on the Company's financial position and financial performance.

25. Operating Segment Information

The Company has only one operating segment which is the tollways business. The Company's results of operations are reviewed by the chief operating decision maker to make decisions and to assess Company performance, and for which discrete financial information is available.

The Company's performance is evaluated based on net income for the year; earnings before interest, taxes and depreciation and amortization (EBITDA); EBITDA margin; core income; and core income margin. Net income for the year is measured consistent with the net income in the financial statements.

EBITDA is measured as net income excluding amortization of service concession asset and other intangible assets, depreciation of property and equipment, provision for heavy maintenance and other provisions, asset impairment on noncurrent assets, interest expense and other finance costs, interest income, net foreign exchange gain (loss), gain (loss) on derivative financial instruments, provision for (benefit from) income tax and other nonrecurring income and expenses. Nonrecurring items represent income and expenses that, through occurrence or size, are not considered usual operating items. EBITDA margin pertains to EBITDA divided by net toll revenues.

Core income for the year is measured as net income, excluding adjustments on net foreign exchange gain (loss), gain (loss) on derivative financial instruments, gain (loss) on prepayment or extinguishment of debt, asset impairment on noncurrent assets, net of tax effects of aforementioned adjustments and other nonrecurring income and expenses, as defined under the Company's policy.

Core income margin pertains to core income divided by net toll revenues. Net income margin pertains to net income divided by net toll revenues.

The revenues, net income, assets, liabilities, and other information of the Company's operations as at and for the period ended March 31, 2024 and 2023 are as follows:

	2024	2023
Net toll revenues	₱6,005,029,139	₱5,035,711,360
Other income	85,135,794	98,115,065
Total revenues	6,090,164,933	5,133,826,425
Operating and maintenance costs	(1,563,266,741)	(1,496,537,502)
Operating expenses	(390,412,538)	(380,194,511)
EBITDA	4,136,485,654	3,257,094,412
Financing costs	(279,840,545)	(247,105,354)
Core income before depreciation, amortization and provisions	3,856,645,109	3,009,989,057
Depreciation, amortization and provisions*	(592,711,190)	(444,825,113)
Core income before tax	3,263,933,919	2,565,163,945
Provision for income tax	(587,234,431)	(463,596,559)
Core income after tax	2,676,699,488	2,101,567,386
Nonrecurring items	(630,285)	(4,210,320)
Net income	₱2,676,069,203	₱2,097,357,066
EBITDA margin for the year	68%	65%
Core income margin for the year	44%	42%
Net income margin for the year	44%	42%
Total assets	₱90,683,537,214	₱86,712,171,437
Total liabilities	59,865,085,854	58,569,789,280
Total equity	30,818,451,360	28,142,382,157

	2023	2022
Other disclosures:		
Capital expenditure (consists of additions to service concession asset, property and equipment, investment properties and other intangible assets)	₱1,912,081,621	₱861,651,481

* Excludes provision for current and deferred taxes.

The following table shows the reconciliation of EBITDA to net income for the period ended March 31, 2024 and 2023.

	2024	2023
EBITDA	₱4,136,485,653	₱3,257,094,412
Interest expense and other finance costs	(289,342,712)	(264,654,247)
Amortization of service concession asset (see Note 7)	(394,205,554)	(333,292,855)
Interest income (see Note 21)	9,475,488	33,590,503
Provision for heavy maintenance (see Note 20)	(177,261,119)	(101,090,797)
Depreciation of property and equipment (see Note 8)	(21,244,516)	(26,503,149)
Unrealized Gain on Investments (see Note 5)	26,679	20,078

	2024	2023
Nonrecurring items:		
Provisions (see Note 13)	(794,936)	(3,509,439)
Foreign exchange gain (loss) – net	164,651	(700,881)
Income before income tax	3,263,303,634	2,560,953,625
Provision for income tax:		
Current	606,480,945	481,201,317
Deferred	(19,246,514)	(17,604,758)
	587,234,431	463,596,559
Net income for the year	P2,676,069,203	P2,097,357,066

The following table shows the reconciliation of the core income to the net income for the period ended March 31, 2024 and 2023.

	2024	2023
Core income for the year	P2,676,699,488	P2,101,567,386
Provisions (see Note 13)	(794,936)	(3,509,439)
Foreign exchange gain (loss) - net	164,651	(700,881)
Net income for the year	P2,676,069,203	P2,097,357,066

26. Goodwill

Impairment Testing of Goodwill

In assessing the impairment for goodwill, the Company compares the carrying amounts of the underlying assets against their recoverable amounts (the higher of the assets' fair value less costs of disposal and their value in use (VIU)).

The pre-tax discount rates of 14.9% and 13.4% applied to cash flow projections reflects the weighted average cost of capital as at December 31, 2023 and 2022, respectively. In the assessment of the recoverable amounts, the VIUs were calculated based on cash flow projections as per the most recent financial budgets and forecasts, which represent management's reasonable and best estimates of the ranges of economic conditions that will exist over the forecast period. The average forecast period used in the computation is 14 years and 15 years for 2023 and 2022, respectively. The forecasted period is more than 5 years as management can reliably estimate the cash flows for their entire concession period. The cash flows during the projection periods are derived using estimated average growth rates of traffic volume. Assumptions used in 2023 for traffic volume growth is at 7.4% average growth rate of daily vehicle traffic for NLEX open system, and 6.2% and 9.7% average growth rate of daily vehicle traffic for NLEX and SCTEX closed system, respectively. Assumptions used in 2022 for traffic volume growth is at 2.7% average growth rate of daily vehicle traffic for NLEX open system, and 3.8% and 7.8% average growth rate of daily vehicle traffic for NLEX and SCTEX closed system, respectively. Based on the impairment test, management did not identify an impairment loss for goodwill. Management also believes that no reasonably possible change in any of the key assumptions used would cause the carrying value of goodwill to materially exceed its recoverable amount.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying unaudited interim financial statements.

This discussion may contain forward-looking statements that reflect our current views with respect to future events and our future financial performance. These statements involve risks and uncertainties, and our actual results may differ materially from those anticipated in these forward-looking statements.

For the First Quarter ended March 31, 2024

Financial Highlights and Key Performance Indicators:

Statement of Income Data

In PhP, Millions	31-Mar-24	31-Mar-23	Increase (Decrease)	
	(unaudited)	(unaudited)	Amount	%
Operating revenue	₱6,037	₱5,077	960	19
Cost of services	(2,148)	(1,931)	217	11
General and administrative expenses	(403)	(391)	12	3
Interest expense and other financing costs, net of interest income of ₱12 million and ₱42 million in 2024 and 2023, respectively	(277)	(243)	34	14
Foreign exchange loss – net	0	0	–	–
Other income	56	57	(1)	(2)
Provision for income tax	(589)	(471)	118	25
Net income	₱2,676	₱2,098	578	28
Net income margin	44%	41%		

Statement of Financial Position

In PhP, Millions	31-Mar-24	31-Dec-23	Increase (Decrease)	
	(unaudited)	(Audited)	Amount	%
Balance Sheet Data:				
Total assets	₱90,684	₱86,712	3,972	5
Total liabilities	59,865	58,570	1,295	2
Total equity	30,819	28,142	2,677	10

Result of Operation

The table below shows the consolidated revenues, expenses, and net income of NLEX Corporation for the quarters ended March 31, 2024 and March 31, 2023.

Statement of Income Data

In PhP, Millions	31-Mar-24	31-Mar-23	Increase (Decrease)	
	(unaudited)	(unaudited)	Amount	%
Operating revenue	₱6,037	₱5,077	960	19
Cost of services	(2,148)	(1,931)	217	11
General and administrative expenses	(403)	(391)	12	3
Interest expense and other financing costs, net of interest income of ₱12 million and ₱42 million in 2024 and 2023, respectively	(277)	(243)	34	14
Foreign exchange loss – net	0	0	–	–
Other income	56	57	(1)	(2)
Provision for income tax	(589)	(471)	118	25
Net income	₱2,676	₱2,098	578	28
Net income margin	44%	41%		

March 31, 2024 Compared to March 31, 2023

Revenues

In PhP, Millions	31-Mar-24		31-Mar-23		Increase (Decrease)	
	(unaudited)		(unaudited)		Amount	%
	Amount	%	Amount	%		
Toll Revenues	₱6,005	99	₱5,036	99	969	19
Non-toll Revenues	32	1	41	1	(9)	(22)
Total Revenues	₱6,037	100	₱5,077	100	960	19

The Company's operating revenues were derived mainly from toll fees at NLEX, SCTEX and NLEX Connector. The Company also generated other income from fees collected from toll service facilities located along NLEX.

For the first quarter of 2024, toll revenues reached ₱6.0 billion, higher by 19% or ₱1.0 billion from ₱5.0 billion posted during the first quarter of 2023 because of higher traffic volume and impact of toll rate adjustments implemented in June and October 2023. In addition, NLEX Connector started to contribute to the Company's toll revenues starting August 2023.

As of March 31, 2024, average daily traffic for the NLEX reached 333,270 daily vehicle entries, higher than 2023 figures by 4%, while average daily traffic in SCTEX reached 81,446 daily vehicle entries or 1% above last year's figures covering the same three-month period. In addition, NLEX Connector traffic reached 17,173 daily entries for the 1st quarter of 2024.

Cost of Services

As of March 31, 2024, major cost items include the concession fees being paid to Government partners and asset amortization costs. The table below shows the details of these accounts for the period ended March 31, 2024 and 2023:

In PhP, Millions	31-Mar-24		31-Mar-23		Increase / (Decrease)	
	Amount	%	Amount	%	Amount	%
BCDA Revenue Share	₱573	27	₱488	25	₱85	17
Amortization of service concession assets	394	18	333	17	61	18
PNCC fee	275	13	258	13	17	7
Outside services	266	12	306	16	(40)	(13)
Salaries and employee benefits	197	9	215	11	(18)	(8)
Provision for heavy maintenance	177	8	81	5	96	119
Repairs and maintenance	82	4	88	5	(6)	(7)
Insurance	40	2	36	2	4	11
Light & Water	28	1	33	2	(5)	(15)
Fuel & Oil	23	1	27	1	(4)	(15)
Depreciation	13	1	16	1	(3)	(19)
Toll collection and medical services	5	0	4	0	1	25
Others	75	4	46	2	29	63
Total cost of services	₱2,148	100	₱1,931	100	217	11

BCDA Revenue Share of ₱573 million pertain to fees paid to BCDA, representing 50% of toll revenues in SCTEX. As of the first quarter of 2024, BCDA Revenue Share increased by 17% versus the same period in 2023, driven by higher toll revenues in the SCTEX. On the other hand, PNCC fee consists of the Government share in NLEX revenues, of which 90% is remitted directly to the National Government and the balance of 10% to PNCC. PNCC fee increased by 7% during the quarter from ₱258 million in 2023 to ₱275 million in 2024, proportional to the increase in NLEX toll revenues during the period.

Amortization of service concession assets for the first quarter reached ₱394 million, higher by 18% or ₱61 million from ₱333 million last year due to the higher traffic volume in 2024 which is an input to the units-of-production (UOP) method of amortization.

Provision for heavy maintenance reached ₱177 million as of the first quarter of 2024, higher by 119% or ₱96 million from ₱81 million last year.

Total cost of services as of the first quarter of 2024 amounted to ₱2.1 billion, higher by 11% or ₱217 million versus ₱1.9 billion recorded during the same period last year.

General and Administrative Expenses

In Php millions	31-Mar-24		31-Mar-23		Increase / (Decrease)	
	Amount	%	Amount	%	Amount	%
Taxes and Licenses	₱164	41	₱129	33	₱35	27
Salaries and Employee benefits	112	28	131	34	(19)	(15)
Professional fees	38	9	49	13	(11)	(22)
Outside services	31	8	27	7	4	15
Advertising and marketing expenses	18	5	9	2	9	100
Provisions	10	3	3	1	7	233
Management fees	8	1	8	2	–	–
Depreciation	8	1	8	2	–	–
Representation and travel	2	1	5	1	(3)	(60)
Others	12	3	22	5	(10)	(45)
Total	₱403	100	₱391	100	12	3

As of March 31, 2024, general and administrative expenses amounted to ₱403 million, ₱12 million or 3% higher than the ₱391 million incurred during the same period last year due to the increase of provisions, advertising and marketing expenses, and taxes and licenses, partially offset by lower professional fees and salaries and employee benefits expense.

Interest and Financing Costs

Net financing costs for the three-month ended March 31, 2024 amounted to ₱277 million higher by 14% or ₱35 million versus last year due to lower interest income in 2024.

As of March 31, 2024, net capitalized borrowing costs amounted to ₱399 million.

In PhP, Millions	31-Mar-24		31-Mar-23		Increase / (Decrease)	
	Amount	%	Amount	%	Amount	%
Interest and financing costs:						
Interest expense	₱283	98	₱278	98	5	2
Amortization of debt issue costs	6	2	4	1	2	50
Lenders' fees and bank charges	0	0	3	1	(3)	(100)
Total interest & financing costs	289	100	285	100	4	1
Interest Income:						
Cash and cash equivalents	12	100	42	100	(30)	(71)
Total interest income	12	100	42	100	(30)	(71)
Net Financing costs	₱277		₱243		35	14

Net Income

Net Income for the three months of 2024 is at ₱2.7 billion, 28% higher than last year driven by traffic recovery and increase in toll rates.

Balance Sheet

In PhP, Millions	31-Mar-24	31-Dec-23	Increase (Decrease)	
	Unaudited	(Audited)	Amount	%
Balance Sheet Data:				
Total assets	P90,684	P86,712	3,972	5
Total liabilities	59,865	58,570	1,295	2
Total equity	30,819	28,142	2,677	10

March 31, 2024 Compared to December 31, 2023

Assets

Cash and cash equivalents as of March 31, 2024 stood at P4.1 billion, slightly higher by P15 million from P4.0 billion in December 31, 2023.

Receivables comprising of advances for the right-of-way acquisition, utility facility fees and receivables from affiliates reached P2.2 billion, higher by P330 million compared to P1.9 billion as of December 2023.

Service concession assets grew to P76.5 billion, 5% or P3.5 billion higher than the December 31, 2023 balance of P73.0 billion, mainly due to the construction costs and capitalized interests of NLEX Connector and Candaba 3rd Viaduct Project.

As of March 31, 2024, total assets amounted to P90.7 billion, higher than December 31, 2023 figures by 5% or P4.0 billion.

Liabilities and Stockholder's Equity

As of March 31, 2024, current liabilities decreased to P17.5 billion, 4% or P1.0 billion lower than December 31, 2023 figures of P18.3 billion, due to the payment of dividends in January 2024.

Long-term debt as of March 31, 2024 stood at P37.6 billion, up by P2.0 billion from the loan drawdown in March 2024.

Total liabilities as of March 31, 2024 was at P59.9 billion, higher by P1.3 billion from P58.6 billion posted in December 2023.

Stockholders' equity reached P30.8 billion, up by 10% or P2.7 billion from the P28.1 billion as of December 2023 due to the net income reported for the period.

Key Financial Indicators

The following table shows the Company's relevant financial ratios:

		31-Mar-24	31-Dec-23
Current ratio	Current Assets	0.39	0.35
	Current liabilities		
Debt-to-equity (DE) ratio	Interest bearing liabilities	1.55	1.51
	Stockholders' equity		
Net profit margin	Net Income	44%	46%
	Revenues		
Return on assets	Net income*	12%	12%
	Average total assets		
Return on stockholders' equity	Net income*	36%	37%
	Average stockholders' equity		

*annualized

Current ratio stood at 0.39 times as at quarter-end from 0.35 times as at end-2023. The Company has adequate sources of liquidity including daily cash flows from operations and available short-term lines amounting to ₱16.7 billion as of March 31, 2024.

Debt-to-Equity Ratio as of the first quarter of 2024 slightly increased to 1.55 times from 1.51 times as of December 2023 due to the increase in debt to finance expansion projects.

The net profit margin slightly went down to 44% from 46% posted in 2023 due to higher operating and maintenance costs during the quarter.

Return on assets remained stable at 12% while return on stockholder's equity slightly decreased to 36% due to the higher retained earnings balance.

Cash Flows

The table below summarizes the Company's comparative cash flows as of March 31, 2024, and 2023.

Cash Flows	31-Mar-24	31-Mar-23
	<i>(in ₱ Millions)</i>	
Cash and cash equivalents, beginning balance	₱4,048	₱5,404
Net cash provided by operating activities	3,886	2,883
Net cash used in investing activities	(2,689)	(1,900)
Net cash provided by financing activities	(1,182)	1,246
Net increase (decrease) in cash	15	2,229
Cash and cash equivalents, ending balance	₱4,063	₱7,633

Cash Flows from Operating Activities

Net cash flows generated from operating activities during the first quarter of 2024 reached ₱3.9 billion, higher than 2023 figures due to the higher toll revenues.

Cash Flows from Investing Activities

For the first quarter of 2024, net cash flows used for investing activities amounted to ₱2.7 billion, as the pace of construction of the NLEX Connector Road Project accelerated leading to the substantial completion of the Ramon Magsaysay Section by the end of the first quarter. Additional cash outflows pertain to the ongoing construction of Candaba 3rd Viaduct Project.

Cash Flows from Financing Activities

Net cash flows used for financing activities amounted to ₱1.2 billion. Total proceeds from long-term and short-term loans amounting to ₱5.2 billion was partially offset by the payment of dividends, interest and principal amortization amounting to ₱2.8 billion, ₱0.4 billion and ₱3.2 billion, respectively.

Other Financial Information

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

Any future quarantine measures that can be implemented by government that severely limit the mobility of people, goods and services may have a material impact on the issuer's liquidity. Thus, the Company maintains adequate short-term credit lines to cover any liquidity requirements.

(ii) Any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

The registrant's concession agreements include standard provisions relating to events of default. Any breach of the loan covenants or material adverse change may result in an event of default.

(iii) All 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.

The Company has no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

(iv) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described.

The Company has no new material commitments for capital expenditures during the 1st quarter of 2024 aside from the ongoing construction of the NLEX Connector Road Project and Candaba 3rd Viaduct Project.

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

- a. Tariff Increase – The uncertainty in regulatory approval of petitions for toll rate adjustments could temper the growth in net revenues of the Company moving forward.
- b. Higher Fuel Prices – Vehicle operating costs normally go higher with the increase in fuel prices, thereby decreasing the demand for travel. Uncertainties in the movement of crude prices in the world market could affect the expected traffic volume growth in NLEX and SCTEX.

(vi) Any significant elements of income or loss that did not arise from the registrant's continuing operations.

During the period, there were no significant elements of income or loss that arose from transactions outside the registrant's continuing operations.

PART II-- OTHER INFORMATION

List of Disclosures Not Made Under SEC Form 17-C

The Company has disclosed all reportable events under SEC Form 17-C.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on May 14, 2024.

By:



Maria Theresa O. Wells
Chief Finance Officer

