

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: September 30, 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)
September 30, 2024 and 2023

NLEX CORPORATION
(A Subsidiary of Metro Pacific Tollways Corporation)

INTERIM CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2024 (UNAUDITED)
AND CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2023 (AUDITED)

	September 30, 2024	December 31, 2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	P4,323,866,205	P4,048,262,416
Financial assets at fair value through profit or loss (FVTPL) (Note 5)	12,466,631	2,288,629
Receivables (Notes 6 and 13)	2,634,260,698	1,904,740,214
Inventories:		
At net realizable value	52,956,027	59,008,236
At cost	13,914,277	19,673,677
Other current assets (Note 10)	432,472,069	464,198,494
Total Current Assets	7,469,935,907	6,498,171,666
Noncurrent Assets		
Service concession assets (Note 7)	79,024,618,883	72,978,605,480
Goodwill (Note 26)	6,213,799,383	6,213,799,383
Advances to contractors and other noncurrent assets	903,022,093	547,570,735
Property and equipment (Note 8)	399,661,429	404,162,463
Other intangible assets (Note 9)	105,768,661	69,861,710
Total Noncurrent Assets	86,646,870,449	80,213,999,771
	P94,116,806,356	P86,712,171,437
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 11)	P5,671,870,219	P4,813,746,738
Short-term Loans Payable	2,995,006,849	2,999,260,274
Current portion of long-term debt (Note 14)	8,485,114,422	6,890,034,589
Income tax payable	661,123,336	593,248,525
Provisions (Note 12)	157,879,145	210,306,331
Dividends payable	-	2,800,000,000
Total Current Liabilities	17,970,993,971	18,306,596,457
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 14)	39,082,088,077	35,638,489,851
Service concession fees payable (Note 15)	3,854,205,847	3,701,582,561
Provisions (Note 12)	1,139,524,431	596,732,362
Pension liability - net	42,414,388	56,527,102
Long-term incentive plan payable	67,852,574	48,772,160
Deferred tax liabilities – net	132,070,632	221,088,787
Total Noncurrent Liabilities	44,318,155,949	40,263,192,823
Total Liabilities	62,289,149,920	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	20,085,627,064	16,400,352,785
Other comprehensive loss reserve - net	(102,450,775)	(102,450,775)
Total Equity	31,827,656,436	28,142,382,157
	P94,116,806,356	P86,712,171,437

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 STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED
SEPTEMBER 30, 2024 (UNAUDITED) AND SEPTEMBER 30, 2023 (UNAUDITED)

	Nine Months ended September 30		Three Months ended September 30	
	2024	2023	2024	2023
OPERATING REVENUES				
Toll fees – net of discount	₱18,514,477,446	₱15,590,980,325	₱6,206,798,381	₱5,297,323,016
Sales of magnetic cards	1,473	5,937	580	2,366
Toll revenues	18,514,478,919	15,590,986,262	6,206,798,961	5,297,325,382
Non-toll revenues (Note 17)	165,710,271	88,679,328	91,854,054	23,337,602
Total revenues	18,680,189,190	15,679,665,590	6,298,653,015	5,320,662,984
Cost of services (Note 18)	(6,596,720,596)	(5,532,003,807)	(2,103,890,857)	(1,760,955,347)
Gross Profit	12,083,468,594	10,147,661,783	4,194,762,158	3,559,707,637
Construction revenue (Note 7)	6,412,132,164	3,342,645,852	2,606,356,636	977,113,101
Construction costs (Note 7)	(6,412,132,164)	(3,342,645,852)	(2,606,356,636)	(977,113,101)
General and administrative expenses (Note 19)	(870,956,917)	(945,990,482)	(217,679,079)	(259,138,790)
Interest expense and other finance cost (Note 21)	(961,342,250)	(873,465,306)	(352,994,252)	(292,359,531)
Interest income (Note 20)	81,989,890	119,043,012	39,785,752	26,465,027
Foreign exchange gain/(loss) – net	(256,270)	1,422,708	(1,374,223)	(93,228)
Other income	159,848,153	194,404,582	37,065,655	78,407,644
Income before income tax	10,492,751,200	8,643,076,297	3,699,566,011	3,112,988,759
Provision for (benefit from) income tax				
Current	1,926,182,088	1,599,604,220	669,075,310	556,715,834
Deferred	(89,018,155)	(35,658,370)	(30,363,726)	(8,821,866)
	1,837,163,933	1,563,945,850	638,711,584	547,893,968
Net income/				
Total comprehensive income	₱8,655,587,267	₱7,079,130,447	₱3,060,854,427	₱2,565,094,791

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 FOR THE PERIOD ENDED SEPTEMBER 30, 2024 (UNAUDITED)
AND FOR THE YEAR ENDED 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)	-	-	(4,970,312,988)	-	(4,970,312,988)
Net Income/Total comprehensive income	-	-	8,655,587,267	-	8,655,587,267
At September 30, 2024	P1,878,600,000	P9,965,880,147	P20,085,627,064	(P102,450,775)	P31,827,656,436
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 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 FOR THE PERIOD ENDED
SEPTEMBER 30, 2024 (UNAUDITED) AND SEPTEMBER 30, 2023 (UNAUDITED)

	Nine Months Ended September 30	
	2024	2023
OPERATING ACTIVITIES		
Income before income tax	₱10,492,751,605	₱8,643,076,297
Adjustments to reconcile income before income tax to net cash flows:		
Amortization of service concession assets (Note 7)	1,196,875,968	1,033,288,849
Interest expense and other finance costs (Note 21)	961,342,250	873,465,306
Movements in:		
Provisions	459,285,138	97,967,999
Accrued retirement costs / pension costs	(14,112,713)	(5,582,523)
Depreciation of property and equipment (Note 8)	60,332,158	70,391,613
Amortization of other intangible assets (Note 9)	882,196	7,445,261
Unrealized foreign exchange gain (loss) – net	609,828	873,039
Unrealized gain on investments (FVTPL)	(178,002)	(64,536)
Gain on disposals of property and equipment	(2,260,691)	(5,547,419)
Interest income (Note 20)	(81,989,890)	(119,043,012)
Operating income before working capital changes	13,073,537,847	10,596,270,874
Working capital changes:		
Decrease (increase) in:		
Receivables	(718,639,167)	(197,101,392)
Inventories	11,811,609	(2,183,471)
Other current assets	(329,975,798)	(410,785,652)
Increase (decrease) in:		
Accounts payable and other current liabilities	441,550,042	(465,098,749)
Long-term incentive plan payable	19,080,414	39,482,416
Cash generated from operations	12,497,364,947	9,560,584,024
Income tax paid	(1,858,307,277)	(1,534,766,058)
Net cash flows from operating activities	10,638,957,734	8,025,817,966
INVESTING ACTIVITIES		
Interest received	97,808,166	196,391,128
Additions to:		
Service concession asset (Note 7)	(7,063,216,119)	(5,058,544,404)
Property and equipment (Note 8)	(53,570,433)	(133,565,248)
Other intangible assets (Note 9)	(36,789,146)	(38,806,990)
Financial assets at FVTPL	(10,000,000)	–
Proceeds from:		
Sale of property and equipment (Note 8)	–	22,234,869
Increase in advances to contractors and other noncurrent assets	(20,449,134)	(2,862,606,741)
Net cash flows used in investing activities	(7,086,216,666)	(7,874,897,385)

	Nine Months Ended September 30	
	2024	2023
FINANCING ACTIVITIES		
Proceeds from availment of:		
Short-term debt	₱4,500,000,000	
Long-term debt (Note 14)	8,000,000,000	₱3,000,000,000
Payments of:		
Short -term notes payable	(4,500,000,000)	-
Dividends	(7,770,312,988)	(6,200,000,000)
Interest expense and other finance cost	(476,989,058)	(583,310,465)
Long-term debt	(2,950,000,000)	(350,000,000)
Debt issue costs (Note 14)	(79,325,342)	(22,500,000)
Net cash flows used in financing activities	(3,276,627,388)	(4,155,810,465)
NET DECREASE IN CASH AND CASH EQUIVALENTS	276,213,616	(4,004,889,884)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(609,828)	(873,039)
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)	₱4,323,866,205	₱1,398,425,517

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 December 31, 2023 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 December 31, 2023 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 started 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 September 30, 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 September 30 2024, the construction of NLEX-SLEX Connector Road Section 1 is 100% complete, while the construction of Section 2 is still ongoing with 91.47% 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 remain to have the lowest seasonal factors due to the rainy season. Traffic is expected to improve from September until November, while the month of December has the highest seasonal factor due to the Christmas holidays.

This year, travel demand continued to be strong with traffic volume continuing to exceed pre-pandemic levels.

4. Cash and Cash Equivalents

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash on-hand and cash in banks	₱745,330,554	₱2,689,518,425
Short-term deposits	3,578,535,651	1,358,743,991
	₱4,323,866,205	₱4,048,262,416

For purposes of the interim condensed statements of cash flows for the nine months ended September 30, 2024 and 2023, cash and cash equivalents as at September 30 comprise of the following:

	2024	2023 (Unaudited)
Cash on hand and in banks	₱745,330,554	₱644,426,091
Short-term deposits	3,578,535,651	753,999,426
	₱4,323,866,205	₱1,398,425,517

5. Financial assets at FVTPL

Details of this account are shown below:

	September 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Fair Value	Principal Amount	Fair Value	Principal Amount
Financial assets at FVTPL				
Short-term	₱12,466,631	₱11,921,954	₱2,288,629	₱1,921,954

The movements in this account follow:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	₱2,288,629	₱2,196,992
Additions	10,000,000	-
Changes in fair value taken to profit or loss	178,002	91,637
Balance at end of year	₱12,466,631	₱2,288,629

6. Receivables

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Advances to Department of Public Works and Highways (DPWH)	₱1,083,337,078	₱1,016,516,531
Trade receivables		
Related parties (see Note 13)	866,988,054	328,313,674
Third parties	7,507,860	4,347,025
Non-trade receivables		
Related parties (see Note 13)	473,048,382	398,705,122
Third parties	124,746,661	72,845,878
Receivables from motorists	99,616,250	87,803,911
Advances to officers and employees	51,118,949	56,171,523
Due from related parties (see Note 13)	11,915,894	11,915,894
Interest receivables	15,861,005	9,100,091
	2,734,140,133	1,985,719,649
Less allowance for expected credit losses	99,879,435	80,979,435
	₱2,634,260,698	₱1,904,740,214

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

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 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 expected credit losses as at September 30, 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 expected credit losses (see Note 19)	18,900,000	-	18,900,000
	₱54,071,165	₱45,808,270	₱99,879,435

	2023		
	Trade Receivables	Other Receivables	Total
Balance at beginning of year	P3,936,375	P 43,492,940	P 47,429,315
Provision for expected credit losses (see Note 19)	31,234,790	3,675,330	34,910,120
Write-off	-	(1,360,000)	(1,360,000)
	P35,171,165	P45,808,270	P80,979,435

7. Service Concession Assets

The movements in this account follow:

	MNEP	SCTEX	NLEX-SLEX Connector Road	Total
Cost:				
At January 1, 2023	P52,357,796,601	P5,347,939,710	P17,622,234,577	P75,327,970,888
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	5,063,570,771	75,967,515	2,103,351,085	7,242,889,371
At September 30, 2024	P61,490,407,813	P5,576,427,785	P27,151,075,447	P94,217,911,045
Accumulated amortization:				
At January 1, 2023	P12,091,136,757	P555,094,466	P-	P12,646,231,223
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)	1,137,447,857	59,428,111	-	1,196,875,968
At September 30, 2024	P14,499,427,611	P693,864,551	P-	P15,193,292,162
Net book value:				
At September 30, 2024	P46,990,980,201	P4,882,563,234	P27,151,075,447	P79,024,618,883
At December 31, 2023	43,064,857,288	4,866,023,830	25,047,724,362	72,978,605,480

MNEP

Additions for the nine months ended September 30, 2024 pertain primarily to the construction costs of bridges, toll plazas, FOE enhancements and RFID advance reading project with aggregate amount of P4,553.7 million. Borrowing costs capitalized amounted to P509.9 million and P384.5 million for the nine months ended September 30, 2024 and 2023, respectively. The interest rate used to determine the amount of borrowing costs eligible for capitalization was 4.00% to 7.5%.

SCTEX

Additions in SCTEX mainly pertain to the mitigation of Pasig Potrero bridge, FOE enhancements 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 P678.1 million and P676.2 million and P152.6 million and P644.7 million for the nine months ended September 30, 2024 and 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	₱–	₱235,683,993	₱204,572,637	₱616,741,032	₱1,056,997,662
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	₱65,023,560	₱246,518,838	₱242,059,386	₱646,999,773	₱1,200,601,557
Additions	–	8,709,403	36,117,075	77,541,150	122,367,628
Reclassification	(65,023,560)	(1,504,020)	(11,424)	–	(66,539,004)
At September 30, 2024	₱–	₱253,724,221	₱278,165,037	₱724,540,923	₱1,256,430,181
Accumulated depreciation:					
At January 1, 2023	₱–	₱112,815,724	₱131,740,381	₱469,398,957	₱713,955,062
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	₱–	₱129,107,180	₱152,103,593	₱515,228,321	₱796,439,094
Depreciation (see Notes 18 and 19)	–	12,317,657	22,255,441	25,756,560	60,329,658
At September 30, 2024	₱–	₱141,424,837	₱174,359,034	₱540,984,881	₱856,768,752
Net book value:					
At September 30, 2024	₱–	₱112,299,384	₱103,806,003	₱183,556,042	₱399,661,429
At December 31, 2023	65,023,560	117,411,658	89,955,793	131,771,452	404,162,463

As at September 30, 2024 and December 31, 2023, there are no items of property and equipment with liens 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:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost:		
Balance at beginning of year	₱208,347,614	₱148,974,728
Additions	36,789,147	59,372,886
Balance at end of the period	245,136,761	208,347,614
Accumulated amortization:		
Balance at beginning of year	138,485,904	129,014,862
Amortization (see Notes 18 and 19)	882,196	9,471,042
Balance at end of the period	139,368,100	138,485,904
Net book value	₱105,768,661	₱69,861,710

10. Other Current Assets

Details of other current assets are as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Deferred input VAT	P175,002,662	P189,920,958
Advances to contractors and consultants	150,444,252	171,343,425
Prepayments	130,561,319	120,103,508
Input VAT	14,758,174	14,758,174
Creditable withholding tax	3,163,430	9,530,197
	473,929,837	505,656,262
Less: Allowance for non-recoverability of advances (see Note 19)	(26,699,594)	(26,699,594)
Allowance for unclaimable input VAT	(14,758,174)	(14,758,174)
	P432,472,069	P464,198,494

11. Accounts Payable and Other Current Liabilities

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade Payables		
Third parties	P51,321,276	P814,901,867
Related parties (see Note 13)	147,150,159	184,821,004
Accrued Expenses		
Third parties	2,610,594,286	1,435,495,933
Related parties (see Note 13)	674,257,656	713,605,531
Retention payable		
Third parties	769,815,714	637,994,524
Related parties (see Note 13)	112,942,360	102,653,726
Output VAT – net	486,284,866	441,593,957
Interest payable	525,626,499	109,053,061
Deferred output VAT	67,169,262	59,899,357
Withholding taxes payable	54,893,182	147,993,421
Unearned revenue		
Third parties	12,397,052	12,397,371
Related parties (see Note 13)	2,502,624	2,502,624
Others	156,915,283	150,834,362
	P5,671,870,219	P4,813,746,738

Accrued expenses consist of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Construction costs	P1,608,168,791	P662,675,180
Outside services	514,500,544	436,513,850
TRB fee	369,508,101	315,283,738
Concession fees	176,515,181	231,941,047
PNCC fee	94,638,012	99,164,553
Operating and maintenance costs	94,424,806	84,591,318
Repairs and maintenance	49,864,511	47,528,475
Transportation and travel	48,752,547	67,462,802
Management fees	31,289,642	10,293,742
Advertising and marketing expenses	29,527,383	51,790,012
Professional fees	23,613,917	21,100,067
Taxes and licenses	19,544,721	–
Toll collection and medical services	2,349,750	328,113
Project insurance	–	10,680,174
Others	222,154,035	109,748,393
	P3,284,851,941	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 upon completion of the relevant warranty period stipulated in the construction contract.

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 are remitted to the government the following month, while VAT payable are remitted on quarterly basis.

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	₱537,966,502	₱112,938,679	₱650,905,181
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 18 and 19)	531,783,354	31,308,997	563,092,351
Accretion (see Note 21)	31,079,745	–	31,079,745
Payments	(10,084,124)	(93,723,089)	(103,807,213)
At September 30, 2024	₱1,217,156,260	₱80,247,316	₱1,297,403,576

At September 30, 2024:

Current	₱101,070,481	56,808,664	₱157,879,145
Noncurrent	1,116,085,779	23,438,652	1,139,524,431
	₱1,217,156,260	₱80,247,316	₱1,297,403,576

At December 31, 2023:

Current	₱101,070,481	₱109,235,850	₱210,306,331
Noncurrent	563,306,804	33,425,558	596,732,362
	₱664,377,285	₱142,661,408	₱807,038,693

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 are expected to be settled beyond one year after the reporting date.

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 year:

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	₱23,214,139	₱460,000	₱-	₱3,594,807	₱-	₱-	₱-	₱-	₱44,319,377
		2023	23,214,139	480,000	-	528,807	-	35,944,440	-	-	53,378,267
MPIC	Parent Company of MPTC	2024	-	-	-	-	-	64,478	-	-	-
		2023	-	-	-	-	-	-	-	-	-
MPTDI (formerly MPTMSI)	Subsidiary of MPTC	2024	-	-	58,088,583	-	-	-	-	-	5,306,936
		2023	-	-	58,088,583	-	-	-	-	-	4,531,232
Easytrip Services Corp. (ESC)	Joint Venture of MPT North	2024	-	-	216,939,626	-	-	39,528,117	-	-	1,746,104
		2023	-	-	219,990,419	-	-	23,936,419	-	-	757,890
Smart Communications Inc. (Smart)	Associate of FPC	2024	-	-	-	-	3,697,158	-	-	600,630	-
		2023	-	-	-	4,464	3,483,932	39,464	-	-	-
Egis Projects Philippines Inc.	Associate of FPC	2024	-	17,730,455	-	24,642,957	-	-	-	-	-
		2023	-	16,588,821	-	20,905,713	-	-	-	-	-
Indra Philippines Inc.	Associate of FPC	2024	-	-	-	41,028,047	-	-	-	-	-
		2023	-	-	-	36,731,927	-	-	-	-	-
PLDT	Associate of FPC	2024	-	-	-	-	6,249,540	-	-	4,052,359	-
		2023	-	-	-	-	5,768,680	-	-	2,415,918	-
Cavitex Infrastructure Corp (CIC)	Subsidiary of MPTC	2024	-	-	-	-	-	-	-	-	18,215,482
		2023	-	-	-	158	-	-	-	-	39,876,392
Cebu Cordova Link Expressway (CCLEC)	Subsidiary of MPTC	2024	-	-	-	-	-	-	-	-	2,718,606
		2023	-	-	-	-	-	-	-	-	1,347,639
Metro Pacific Tollways Vizmin (MPTVizmin)	Subsidiary of MPTC	2024	-	-	-	-	-	-	-	-	-
		2023	-	-	-	-	-	-	-	-	-
SAVVICE Inc. (formerly Southbend Express Services)	Subsidiary of MPTC	2024	-	-	427,915,423	6,913,617	579,352	-	1,069,937	-	4,285,591
		2023	-	-	332,562,911	382,441	-	-	42,016,794	-	989,080

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
MPT Mobility (formerly NLEX Ventures Corporation)	Subsidiary of MPTC	2024	P--	P--	P95,567,331	P--	P--	P--	P--	P--	P13,493,711
		2023	-	-	90,208,615	-	-	-	-	-	7,311,763
Metro Pacific Tollways South Management Corp (MPTSMC)	Subsidiary of MPTC	2024	-	-	-	-	-	-	-	-	-
		2023	-	-	-	-	-	-	-	-	-
MPCALA Holdings Inc	Subsidiary of MPTNC	2024	-	-	-	-	-	-	-	-	23,910,577
		2023	-	-	-	-	-	-	-	-	18,168,026
Manila Electric Company (Meralco)	Associate of MPIC	2024	-	-	-	-	57,348,431	-	-	-	-
		2023	-	-	-	-	55,389,119	-	-	-	-
Maynilad	Associate of MPIC	2024	-	-	-	-	1,138,969	-	-	-	-
		2023	-	-	-	-	736,381	-	-	-	-
Total		2024	P23,214,139	P18,190,455	P798,510,963	P76,179,427	P69,013,451	P39,592,596	P1,069,937	P4,652,990	P113,996,384
		2023	23,214,139	17,068,821	700,850,528	58,553,510	65,378,112	59,920,323	42,016,794	2,415,918	126,360,289

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 10)	Receivables (see Note 6)	Due from Related Parties (see Note 6)	Due to Affiliate (see Note 11)	Accounts Payable and Other Current Liabilities and Dividends Payable (see Notes 11 and 16)	Terms	Conditions
MPTC	Intermediate Parent Company	2024	P--	P64,541,818	P1,681,966	P--	P37,155,470	(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	
Metro Pacific Tollways South Management Corp.	Subsidiary of MPTSC	2024	-	1,278,042	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	-	20,243,320	-	-	-	On demand; noninterest-bearing	Unsecured; no impairment
		2023	-	6,168,214	-	-	-		
CIC	Subsidiary of MPTC	2024	-	16,411,028	233,805	-	89,033	On demand; noninterest-bearing	Unsecured; no impairment
		2023	-	19,113,919	233,805	-	89,328		
ESC	Subsidiary of MPTC	2024	-	850,520,935	91,350	-	271,187,494	(1) On demand; noninterest-bearing	Unsecured; no impairment
		2023	-	295,749,191	91,350	-	245,936,583	(2) 7 days; noninterest-bearing	
Indra	Associate of MPIC	2024	-	-	-	-	98,631,209	Within one year; noninterest-bearing	Unsecured, no impairment
		2023	-	-	-	-	98,713,518		
Smart	Associate of FPC	2024	-	1,838,614	-	-	1,879,527	30-45 days; noninterest-bearing	Unsecured; no impairment
		2023	3,181	1,652,764	-	-	2,201,880		
PLDT	Associate of FPC	2024	-	33,525,600	-	-	694,349	30-45 days; noninterest-bearing	Unsecured; no impairment
		2023	-	29,776,113	-	-	700,671		
Meralco	Associate of MPIC	2024	-	-	-	-	13,575,954	Within one year; noninterest-bearing	Unsecured, no impairment

Related Party	Relationship		Advances to Suppliers (see Note 10)	Receivables (see Note 6)	Due from Related Parties (see Note 6)	Due to Affiliate (see Note 11)	Accounts Payable and Other Current Liabilities and Dividends Payable	Terms	Conditions
							(see Notes 11 and 16)		
		2023	17,977,322	–	–	–	10,006,499		
Maynilad	Subsidiary of MPIC	2024	85,890	335,517	65,237	–	172,896	Within one year; noninterest-bearing	Unsecured; no impairment
		2023	85,890	335,517	65,237	–	84,935		
MPTDI	Subsidiary of MPTC	2024	–	14,608,380	8,708,393	–	70,853,034	On demand; noninterest-bearing	Unsecured; no impairment
		2023	–	16,418,464	8,708,393	–	34,192,684		
MPTMobility	Subsidiary of MPTC	2024	–	312,378,369	752,168	–	90,008,632	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	–	3,114,174	5,431	–	544,853	On demand; noninterest-bearing	Unsecured; no impairment
		2023	–	2,572,183	5,431	–	544,853		
SESI	Subsidiary of MPTC	2024	–	21,134,918	–	–	222,639,103	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	–	–	–	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	–	–	106,806,790	On demand; noninterest-bearing	Unsecured; no impairment
		2023	–	97,562	–	–	106,223,427		
Egis Investment Partners Philippines, Inc. (EIPPI)	Stockholder	2024	–	–	–	–	–	On demand; noninterest-bearing	Unsecured
		2023	–	–	–	–	284,587,672		
Banco de Oro Unibank, Inc. (BDO)	Stockholder	2024	–	–	–	–	9,401,737	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	₱85,890	₱1,340,036,436	₱11,915,894	₱–	₱936,852,799		
		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. On maturity date, the company renewed the loans with 180-day term and an annual interest rate of 5.9%, maturity date will be on December 20, 2024.

On April 29, 2024, the Company also availed of 91-day short-term loans from MBTC amounting to ₱1.5 billion with an annual interest rate of 5.98% and maturity date of July 29, 2024. The proceeds were used to bridge finance the Company's capital expenditures. This short-term loan was paid on its maturity date.

Long-term Debt

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Peso-denominated Notes and Loans:		
Term Loan Facilities	₱24,275,000,000	₱16,625,000,000
Corporate Notes	17,547,000,000	17,547,000,000
Fixed-rate Bonds	6,000,000,000	8,600,000,000
	47,822,000,000	42,772,000,000
Less: unamortized debt issue costs	254,797,501	243,475,560
	47,567,202,499	42,528,524,440
Less: current portion of long-term debt	8,485,114,422	6,890,034,589
	₱39,082,088,077	₱35,638,489,851

The unamortized debt issue costs incurred in connection with the availment of long-term debt amounting to ₱254.8 million and ₱243.5 million as at September 30, 2024 and December 31, 2023, respectively, were deducted against the long-term debt.

The movements in debt issue costs are as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	₱243,475,560	₱273,460,256
Amortization during the year*(see Notes 7 and 21)	(48,678,059)	(69,563,564)
Debt issue costs incurred during the year	60,000,000	39,578,868
Balance at end of period	₱254,797,501	₱243,475,560

*Includes amortization of debt issue costs capitalized to service concession assets amounting to ₱27,149,903 in 2024 and ₱40,041,571 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

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%. On July 26, 2024, the Company made the third drawdown amounting to ₱1.0 billion with an annual interest rate of 6.69%. The remaining ₱4.8 billion was fully drawn on September 3, 2024, with an annual interest rate of 6.57%.

Metropolitan Bank and Trust Company (Metrobank). On November 11, 2022, NLEX Corp 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 amounting to ₱4.0 billion with 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%.

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% to 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 which is equivalent to 0.25% per annum of the undrawn amount, computed from January 29, 2016 up to July 24, 2017. The Company paid ₱100.0 million on February 3, 2020 and 2021.

Philippine National Bank (PNB). On December 4, 2015, NLEX Corp. entered into a new ten-year term loan facility agreement with PNB for a facility amount of ₱5.0 billion to finance capital expenditures such as the NLEX Lane Widening Project, NLEX-SCTEX Integration Project and the

upgrade of the SCTEX. On December 10, 2015, NLEX Corp. made its initial drawdown amounting to ₱3.0 billion. Debt issue costs incurred on the initial drawdown amounted to ₱15.0 million.

On October 24, 2017, NLEX Corp. made its second and final drawdown amounting to ₱2.0 billion. The Company paid ₱4.2 million in commitment fees for not being able to draw in accordance with the drawdown schedule. Total debt issue costs incurred on the second drawdown, including the commitment fees, amounted to ₱14.2 million.

The Company paid ₱250.0 million on December 15, 2019 and December 14, 2020.

On December 15, 2021, the Company partially prepaid its term loan facility with PNB amounting to ₱1.0 billion as well as paid the principal repayment of ₱150.0 million for the 2015 drawdown and ₱100.0 million for the 2017 drawdown.

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 and ₱2.6 billion principal amounts of bonds with a term of ten years, 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 will be payable with bullet payment at the end of 7-year/10-year maturity periods. The proceeds were 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 and ₱2.0 billion principal amounts of bonds with term of ten years, 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 were 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:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
At January 1	₱3,701,582,561	₱3,491,276,228
Accretion	152,623,286	210,306,333
Balance at end of period	3,854,205,847	₱3,701,582,561

16. Equity

Capital Stock

Details of shares of stock of the Company as at September 30, 2024 and December 31, 2023 follow:

	Number of Shares
Authorized - P100 par value	40,000,000
Issued	18,786,000

Cash dividends

The following cash dividends were declared as of September 30, 2024:

Declaration Date	Record Date	Payment Date	Cash Dividend per Share	Total
August 13, 2024	August 29, 2024	September 10, 2024	P208.47	P3,916,312,988
April 16, 2024	April 21, 2024	April 29, 2024	56.11	1,054,000,000
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 September 30, 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 24)	(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 Nine Months Ended September 30	
	2024	2023
	(Unaudited)	
Income from toll service and utility facilities	P165,710,271	P88,679,328
	P165,710,271	P88,679,328

18. Cost of Services

This account consists of:

	Nine Months Ended September 30	
	2024	2023
	(Unaudited)	
Concession fee	P1,683,833,766	P1,394,667,669
Amortization of service concession assets (see Note 7)	1,196,875,968	1,033,288,849
Outside services (see Note 13)	860,142,941	769,072,382
PNCC fee	854,930,935	792,127,902
Salaries and employee benefits	609,756,085	601,332,434
Provision for heavy maintenance (see Note 12)	531,783,354	242,748,653

	Nine Months Ended September 30	
	2024	2023
	<i>(Unaudited)</i>	
Repairs and maintenance (see Note 13)	367,383,350	226,331,059
Insurance	117,307,876	105,577,899
Communication, light & water	93,303,614	97,590,484
TRB Fee (Revenue Share-Non Toll)	55,133,093	–
Advertising and promotions	39,567,930	35,248,341
Fuel & Oil (see Note 13)	37,705,797	77,809,137
Depreciation of property and equipment (see Note 8)	35,279,754	45,278,230
Toll collection and medical services	16,482,250	11,505,995
Amortization of other intangible assets (see Note 9)	675,471	7,037,644
Others	96,558,410	92,387,129
	P6,596,720,596	P5,532,003,807

19. General and Administrative Expenses

This account consists of:

	Nine Months Ended September 30	
	2024	2023
	<i>(Unaudited)</i>	
Salaries and employee benefits	P299,715,150	P352,457,310
Taxes and licenses	145,988,572	131,060,864
Professional fees	121,679,087	105,624,192
Outside services (see Note 13)	89,237,869	75,162,530
Advertising and marketing expenses	60,337,265	103,035,458
Representation and travel	40,875,899	30,116,790
Depreciation of property and equipment (see Note 8)	25,052,404	25,113,381
Management fees (see Note 13)	23,214,139	23,214,139
Provision for expected credit losses	18,900,000	–
Office supplies	13,678,009	8,910,116
Provisions (see Note 12)	10,145,709	10,240,377
Training and development costs	7,800,315	6,603,470
Rentals	3,345,653	2,178,823
Repairs and maintenance (see Note 13)	3,182,052	1,033,753
Communications, light and water	1,333,571	–
Directors' fees	1,200,000	1,132,544
Amortization of other intangible assets (see Note 9)	206,725	407,617
Miscellaneous	5,064,498	69,699,118
	P870,956,917	P945,990,482

20. Interest Income

Sources of interest income follow:

	Nine Months Ended September 30	
	2024	2023
	<i>(Unaudited)</i>	
Cash and cash equivalents	P81,989,890	P118,511,512
Others	–	531,500
	P81,989,890	P119,043,012

21. Interest Expense and Other Finance Costs

Sources of interest expense and other finance costs follow:

	Nine Months Ended September 30	
	2024	2023
	<i>(Unaudited)</i>	
Interest expense on:		
Long-term debt (see Note 14)	₱880,152,085	₱786,695,136
Provision for heavy maintenance (see Note 12)	31,079,745	60,523,737
Finance costs:		
Amortization of debt issue costs (see Note 14)	36,700,010	12,539,569
Lenders' fees	13,311,306	13,644,202
Bank charges	99,104	62,662
	₱961,342,250	₱873,465,306

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 the 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 September 30, 2024 and 2023, the Company recorded PNCC fee amounting to ₱854.9 million and ₱792.1 million, respectively (see Note 18).

NLEX Harbor Link Port Extension to Anda Circle Project

On October 19, 2020, upon the recommendation of the Department of Public Works and Highways (DPWH), the Toll Regulatory Board (TRB) has notified NLEX Corp to proceed with the development of the proposed Harbor Link Port Extension to Anda Circle Project. NLEX Corp has been advised to proceed with the preparation, completion and submission of requirements, documents and processes that are necessary to implement project.

As at September 30, 2024, NLEX Corp 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 September 30, 2024, the construction of NLEX-SLEX Connector Road Section 1 is 100% complete, while the construction of Section 2 is 91.47% 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 September 30, 2024, the construction of Candaba Central Infill (3rd Viaduct) is 94.09% 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 September 30, 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 September 30, 2024 and December 31, 2023 is as follows:

	September 30, 2024		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Asset				
Financial Assets at FVTPL:				
Unit investment trust fund	P12,466,631	P12,466,631	P2,288,629	P2,288,629
	P12,466,631	P12,466,631	P2,288,629	P2,288,629
Financial Liability				
Other financial liability:				
Long-term debt	P47,567,202,499	P43,382,926,872	P42,528,524,440	P41,241,623,095
Service concession fee payable	3,854,205,847	1,814,350,235	3,701,582,561	1,995,769,628
	P51,421,408,346	P45,197,277,107	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 September 30, 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 5.11% to 7.13% and 5.12% to 7.22%, respectively.

Fair Value Hierarchy

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

	September 30, 2024	Level 1	Level 2	Level 3
Assets measured at fair value:				
Financial assets at FVTPL:				
UITF	P12,466,631	P-	P12,466,631	P-
Liabilities for which fair values are disclosed:				
Other financial liabilities:				
Long-term debt				
Fixed-rate bonds	P8,977,230,968	P8,977,230,968	P-	P-

	September 30, 2024	Level 1	Level 2	Level 3
Peso-denominated notes and loans	P34,405,695,904		P– P34,405,695,904	P–
Service concession fee payable	1,814,350,235		– –	1,814,350,235
	P45,197,277,107	P8,977,230,968	P34,405,695,904	P1,814,350,235

	2023	Level 1	Level 2	Level 3
Assets Measured at Fair Value				
Financial assets at FVTPL:				
Investments in UITFs	P2,288,629	P–	P2,288,629	P–
Liabilities for which fair values are disclosed:				
Other financial liabilities:				
Long-term debt				
Fixed-rate bonds	P8,682,053,844	P8,682,053,844	P–	P–
Peso-denominated notes and loans	32,559,569,251	–	32,559,569,251	–
Service concession fees payable	1,995,769,628	–	–	1,995,769,628
	P43,237,392,723	P8,682,053,844	P32,559,569,251	P1,995,769,628

During the periods ended September 30, 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 Notice of Informal Conference dated October 5, 2009 assessing NLEX Corp. for deficiency VAT plus penalties amounting to P470.9 million for taxable year 2008. On May 21, 2010, the BIR issued another notice increasing the deficiency VAT for taxable year 2008 to P1,209.2 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 P1,026.6 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 P1,010.5 million and P584.6 million for taxable years 2006 and 2007, respectively. As at September 30, 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 at September 30, 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 October 2013, the Provincial Treasurer of Bulacan has respected the directive from the DOF-BLGF to hold the enforcement of any collection remedies in abeyance. In January 2017, the Provincial Treasurer of Bulacan issued a notice of realty tax delinquencies of ₱459 million 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 at September 30, 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 matter is pending as at September 30, 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. Toll Rate Adjustments

NLEX Toll Rate Adjustments

NLEX Corp. as petitioner-applicant, filed Petitions 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 and January 1, 2021, (the "2018 and 2020 NLEX Petitions"), and January 1, 2023 (the "2022 NLEX Petition"), and January 1, 2025 (the "2024 NLEX Petition").

Petition	Date Filed	Effectivity
2018 Petition	September 2018	January 1, 2019
2020 Petition	September 2020	January 1, 2021
2022 Petition	September 2022	January 1, 2023
2024 Petition	September 2024	January 1, 2025

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) (the "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 (the "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 (the "NLEX Lane Widening Phase 2 Add-on Toll Rate Petition").

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 May 14, 2024, the TRB issued a Notice to Start Collection of the second tranche. On June 4, 2024, NLEX Corp. implemented the second and last tranche of the periodic toll rate adjustments.

2022 Petition. On September 20, 2022, NLEX Corp. filed a Petition for Periodic Toll Rate Adjustment effective 2023 ("2022 NLEX Petition"). NLEX Corp. has yet to receive regulatory approval for 2022 Petition as at September 30, 2024.

2024 NLEX Petition. On 30 September 2024, NLEX Corp. filed a Petition for Period Toll Rate Adjustment effective 2025. NLEX Corp. has yet to receive regulatory approval for the 2024 NLEX Petition.

Segment 10 Add-on Toll Rate Petition

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). 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 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. 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 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 (“SFEX”) and San Fernando Interchange. 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 Toll Rate Adjustments

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 SCTEX effective January 1, 2021 and January 1, 2023 (the “2020 & 2022 SCTEX Petitions”), and January 1, 2024 (the “2023 SCTEX Petition”).

Petition	Date Filed	Effectivity
2020 SCTEX Petition	September 2020	January 1, 2021
2022 SCTEX Petition	September 2022	January 1, 2023
2023 SCTEX Petition	September 2023	January 1, 2024
2024 SCTEX Petition	September 2024	January 1, 2025

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 01 July 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. On October 2, 2024, the TRB issued a Notice to Start Collection of the second tranche.

2023 SCTEX Petition. On September 29, 2023, NLEX Corp filed a Petition for Periodic Toll Rate Adjustment effective 2024 (“2023 SCTEX Petition”). NLEX Corp has yet to receive regulatory approval for this Petition as at September 30, 2024.

2024 SCTEX Petition. On September 30, 2024, NLEX Corp. Filed a Petition for Periodic Toll Rate Adjustment effective 2025. 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 Petition”). On July 3, 2023, NLEX 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 Petition, along with the applicable toll fee matrix, in a newspaper of general circulation at least once a week for three (3) consecutive weeks, within fifteen (15) days from receipt of the Order. NLEX Corp. Published on July 25, August 1 & 8, 2023, respectively. 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. On July 26, 2024, the TRB issued a

Notice to Start Collection of the updated fractional initial base toll rate. On October 15, 2024, NLEX Corp. Implemented the Updated Fractional Initial Base Toll Rate Adjustment.

Petition on Operations and Maintenance of SCTEX

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 P1,000 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 March 28, 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 still pending as of September 30, 2024.

- d. 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 September 30, 2024 and 2023 are as follows:

	2024	2023
Net toll revenues	₱18,514,477,446	₱15,590,980,325
Other income	325,381,895	283,036,747
Total revenues	18,839,859,341	15,874,017,072
Operating and maintenance costs	(4,832,106,048)	(4,188,620,451)
Operating expenses	(842,074,324)	(814,092,416)
EBITDA	13,165,678,969	10,871,304,205
Financing costs	(857,394,012)	(765,024,678)
Core income before depreciation, amortization and provisions	12,308,284,957	10,106,279,527
Depreciation, amortization and provisions*	(1,826,573,686)	(1,366,413,943)
Core income before tax	10,481,711,271	8,739,865,584
Provision for income tax	(1,822,896,494)	(1,539,863,093)
Core income after tax	8,658,814,777	7,200,002,491
Nonrecurring items	(3,227,510)	(120,872,044)
Net income	₱8,655,587,267	₱7,079,130,447
EBITDA margin for the year	71%	70%
Core income margin for the year	47%	46%
Net income margin for the year	47%	45%
Total assets	₱94,116,806,356	₱81,655,475,622
Total liabilities	62,289,149,920	53,636,293,808
Total equity	31,827,656,436	28,019,181,814

	2024	2023
Other disclosures:		
Capital expenditure (consists of additions to service concession asset, property and equipment, investment properties and other intangible assets)	₱4,607,753,462	₱4,544,203,894

* Excludes provision for current and deferred taxes.

The following table shows the reconciliation of EBITDA to net income for the period ended September 30, 2024 and 2023.

	2024	2023
EBITDA	₱13,165,678,969	₱10,871,304,204
Amortization of service concession asset (see Note 7)	(1,196,875,969)	(1,033,288,849)
Interest expense and other finance costs (see Note 21)	(961,342,250)	(873,400,770)
Provision for heavy maintenance (see Note 18)	(531,783,354)	(242,748,653)
Depreciation of property and equipment (see Note 8)	(60,332,158)	(77,836,873)
Amortization of other intangible assets	(882,196)	-

	2024	2023
Interest income (see Note 20)	67,070,227	95,836,523
Unrealized gain on investments	178,002	–
Nonrecurring items:		
Provisions (see Note 12)	(2,971,241)	(122,294,752)
Foreign exchange gain – net	(256,270)	1,422,708
Income before income tax	10,478,483,760	8,618,993,538
Current	1,911,914,648	1,575,521,461
Deferred	(89,018,155)	(35,658,370)
	1,822,896,493	1,539,863,091
Net income for the year	P8,655,587,267	P7,079,130,447

The following table shows the reconciliation of the core income to the net income for the period ended September 30, 2024 and 2023.

	2024	2023
Core income for the year	P8,658,814,777	P7,200,002,491
Provisions (see Note 12)	(2,971,241)	(122,294,752)
Foreign exchange gain - net	(256,270)	1,422,708
Net income for the year	P8,655,587,267	P7,079,130,447

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 13.4% and 14.9% applied to cash flow projections reflects the weighted average cost of capital as at September 30, 2024 and December 31, 2023, 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 management believes are reasonable and are management's best estimates of the ranges of economic conditions that will exist over the forecast period. The average forecast period used in the computation is 15 years and 16 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 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. The assumptions used in 2021 for traffic volume growth is at 3.2% average growth rate of daily vehicle traffic for NLEX open system, and 3.6% and 7.5% 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 Third Quarter ended September 30, 2024

Financial Highlights and Key Performance Indicators:

Statement of Income Data

In PhP, Millions	30-Sep-24	30-Sep-23	Increase (Decrease)	
	(unaudited)	(unaudited)	Amount	%
Operating revenue	₱18,680	₱15,680	₱3,000	19
Cost of services	(6,597)	(5,532)	1,065	19
General and administrative expenses	(871)	(946)	(75)	(8)
Interest expense and other financing costs, net of interest income of ₱82 million in 2024 and ₱119 million in 2023	(879)	(754)	125	17
Foreign exchange gain – net	(0)	1	(2)	(118)
Other income	160	194	(34)	(18)
Provision for income tax	(1,837)	(1,564)	273	17
Net income	₱8,656	₱7,079	₱1,577	22
Net income margin	46%	45%		

Statement of Financial Position

In PhP, Millions	30-Sep-24	31-Dec-23	Increase (Decrease)	
	Unaudited	(Audited)	Amount	%
Balance Sheet Data:				
Total assets	₱94,117	₱86,712	₱7,405	9
Total liabilities	62,289	58,570	3,719	6
Total equity	31,828	28,142	3,686	13

Result of Operation

NLEX Corporation recorded revenues amounting to ₱18.7 billion for the nine-month period, 19% higher than the same period in 2023 due to increase in traffic and toll rate adjustments. Net income for the period ending September 30, 2024 amounted to ₱8.7 billion, 22% higher than the same period last year.

The table below shows the consolidated revenues, expenses, and net income of NLEX Corp for the period ended September 30, 2024, and 2023.

Statement of Income Data

In PhP, Millions	30-Sep-24	30-Sep-23	Increase (Decrease)	
	(unaudited)	(unaudited)	Amount	%
Operating revenue	₱18,680	₱15,680	₱3,000	19
Cost of services	(6,597)	(5,532)	1,065	19
General and administrative expenses	(871)	(946)	(75)	(8)
Interest expense and other financing costs, net of interest income of ₱82 million in 2024 and ₱119 million in 2023	(879)	(754)	125	17
Foreign exchange gain – net	(0)	1	(2)	(118)
Other income	160	194	(34)	(18)
Provision for income tax	(1,837)	(1,564)	273	17
Net income	₱8,656	₱7,079	₱1,577	22
Net income margin	46%	45%		

September 30, 2024 Compared to September 30, 2023

Revenues

In PhP, Millions	30-Sep-24		30-Sep-23		Increase (Decrease)	
	(unaudited)		(unaudited)		Amount	%
	Amount	%	Amount	%		
Toll Revenues	₱18,514	99	₱15,591	99	₱2,923	19
Non-toll Revenues	166	1	89	1	77	87
Total Revenues	₱18,680	100	₱15,680	100	₱3,000	19

The Company's operating revenues are generated mainly from toll fees collected in NLEX, SCTEX and Connector Road project, which, on the aggregate, accounted for 99% of total revenues for the quarter. Non-toll revenues, which consist of fees collected from toll service facilities as well as utility companies utilizing NLEX right of way, accounted for 1%.

As of September 30, 2024, toll revenues reached ₱18.7 billion, higher by 19% or ₱3.0 billion from ₱15.7 billion posted as of the third quarter of 2023 mainly due to higher traffic volume and the impact of NLEX toll rate adjustments implemented in June 2024. All vehicle classes posted double digit growth in revenues with Class 1 revenues growing by 16%, Class 2 by 22%, and Class 3 by 22%.

The average daily traffic for the NLEX concession reached 333,051 vehicle entries, 4% higher than 2023 figures, while average daily traffic in SCTEX reached 78,525 vehicle entries or 1% above last year's figures year on year. Average daily traffic for the Connector Road is steadily increasing with 18,893 vehicle entries per day.

Cost of Services

As of September 30, 2024, major cost items include concession fees paid to Government partners and asset amortization costs. The table below shows the details of these accounts for the period ended September 30, 2024 and 2023:

In PhP, Millions	30-Sep-24		30-Sep-23		Increase / (Decrease)	
	Amount	%	Amount	%	Amount	%
BCDA concession fee	₱1,683	26	₱1,395	25	₱288	21
Amortization of service concession assets	1,197	18	1,033	19	164	16
Outside services	860	13	769	14	91	12
PNCC fee	855	13	792	14	63	8
Salaries and employee benefits	610	9	601	11	9	1
Provision for heavy maintenance	532	8	243	4	289	119
Repairs and maintenance	367	6	226	4	141	62
Insurance	117	2	106	2	11	11
Light & Water	93	1	98	2	(5)	(5)
TRB Fee (Revenue Share-Non Toll)	55	1			55	100
Fuel & Oil	38	1	78	1	(40)	(51)
Depreciation	35	1	45	1	(10)	(22)
Toll collection and medical services	16	0	12	0	4	33
Others	139	2	134	2	5	4
Total cost of services	₱6,597	100	₱5,532	100	₱1,065	19

BCDA concession fee of ₱1,683 million pertains 50% share in toll revenues generated from the Company's management, operation and maintenance of SCTEX. The BCDA share increased by 21% 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 8% from ₱792 million during the same period in 2023 to ₱855 million in 2024.

General and Administrative Expenses

As of September 30, 2024, general and administrative expenses amounted to ₱871 million, ₱75 million or 8% lower than the ₱946 million incurred during the same period last year mainly due to lower advertising expenses and salaries and benefits reclassified as part of project cost.

In Php millions	30-Sep-24		30-Sep-23		Increase / (Decrease)	
	Amount	%	Amount	%	Amount	%
Salaries and Employee benefits	₱300	34	₱352	37	(₱52)	(15)
Taxes and Licenses	146	17	131	14	15	11
Professional fees	122	14	106	11	16	15
Outside services	89	10	75	8	14	19
Advertising and marketing expenses	60	7	103	11	(43)	(42)

Representation and travel	41	5	30	3	11	36
Depreciation	25	3	25	3	(0)	0
Management fees	23	3	23	2	0	0
Provisions	29	3	10	1	19	190
Others	36	4	90	10	(54)	(60)
Total	P871	100	P946	100	(P75)	(8)

Interest and Financing Costs

Net financing costs for the nine-month ended September 30, 2024 amounted to P879 million, higher by 17% or P125 million versus last year due to slight increase in interest expense, higher amortization of debt issue costs and lower interest income during the period.

Net borrowing costs capitalized amounted to P5.9 billion as of September 30, 2024 (Note 7).

In PhP, Millions	30-Sep-24		30-Sep-23		Increase / (Decrease)	
	Amount	%	Amount	%	Amount	%
Interest and financing costs:						
Interest expense	P911	95	P847	97	P64	8
Amortization of debt issue costs	37	4	12	1	25	208
Lenders' fees and bank charges	13	1	14	2	(1)	(7)
Total interest & financing costs	961	100	873	100	88	10
Interest Income:						
Cash and cash equivalents	82	100	118	99	(36)	(31)
Others	-	-	1	1	(1)	(100)
Total interest income	82	100	119	100	(37)	(31)
Net Financing costs	P879		P754		P125	17

Net Income

Net Income for the nine months of 2024 is at P8.7 billion, 22% higher than last year, driven by strong revenues and prudent cost management measures.

Balance Sheet

In PhP, Millions	30-Sep-24	31-Dec-23	Increase (Decrease)	
	Unaudited	(Audited)	Amount	%
Balance Sheet Data:				
Total assets	P94,117	P86,712	P7,405	9
Total liabilities	62,289	58,570	3,719	6
Total equity	31,828	28,142	3,686	13

September 30, 2024 Compared to December 31, 2023

Assets

Total assets as at September 30, 2024, stood at P94.1 billion, higher than the December 31, 2023 figures by 9% or P7.4 billion. Asset growth was driven by the continuing investment in service concession assets, namely: the Candaba 3rd Viaduct Project, the remaining works of Section 2 of the NLEX-SLEX Connector Road Project, and enhancements of the Toll Collection System (TCS).

Liabilities and Stockholder's Equity

Total liabilities as at September 30, 2024 amounted to P62.3 billion, higher by P3.7 billion from P58.6 billion balance in December 31, 2023. The increase was mainly due to additional loan drawdowns from BPI, Metrobank and PNB.

Stockholders' equity reached P31.8 billion, up by 13% or P3.7 billion coming from retained earnings generated during the nine-month period.

Key Financial Indicators

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

		30-Sep-24	31-Dec-23
Current ratio	Current Assets	0.42	0.35
	Current liabilities		
Debt-to-equity (DE) ratio	Interest bearing liabilities	1.60	1.63
	Stockholders' equity		
Net profit margin	Net Income	46%	46%
	Revenues		
Return on assets	Net income*	13%	12%
	Average total assets		
Return on stockholders' equity	Net income*	38%	37%
	Average stockholders' equity		

**annualized*

The Current Ratio stood at 0.42 times as at September 30, 2024, from 0.35 times as at end of 2023. The Company has adequate sources of liquidity including daily cash flows from operations and available short-term lines amounting to P15.8 billion as of September 2024.

Debt-to-Equity Ratio as at September 30, 2024 resulted to 1.60 times from 1.63 times as of end-December 2023 due to the increase in net income during the period.

As of September 30, 2024, net profit margin was maintained at 46% slightly higher by 1% versus same period last year.

Return on assets and stockholders' equity increased to 13% and 38%, respectively.

Cash Flows

The table below summarizes the Company's comparative cash flows as of September 30, 2024, and 2023.

Cash Flows	30-Sep-24	30-Sep-23
	<i>(in ₱ Millions)</i>	
Cash and cash equivalents, beginning balance	₱4,048	₱5,404
Net cash provided by operating activities	10,639	8,026
Net cash used in investing activities	(7,086)	(7,875)
Net cash provided by financing activities	(3,277)	(4,156)
Effect of exchange rate changes	(1)	1
Net increase (decrease) in cash	276	(4,005)
Cash and cash equivalents, ending balance	₱4,324	₱1,398

Cash Flows from Operating Activities

Net cash provided by operating activities during the nine-month period ending September 30, 2024 reached ₱10.6 billion, higher by ₱2.6 billion than same period in 2023 due to higher toll revenues.

Cash Flows from Investing Activities

For the period, net cash used in investing activities amounted to ₱7.1 billion, lower by ₱0.8 billion due to continuing investments in the construction of the NLEX-SLEX Connector Road Project and the Candaba 3rd Viaduct Project.

Cash Flows from Financing Activities

Net cash flows used in financing activities amounted to ₱3.3 billion, mainly due to loan maturities amounting to ₱7.5 billion and proceeds from loans amounting to ₱12.5 billion during the period.

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 tightness in liquidity.

(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 nine-month period 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 November 13 , 2024.

By:



Maria Theresa O. Wells 
Chief Finance Officer